

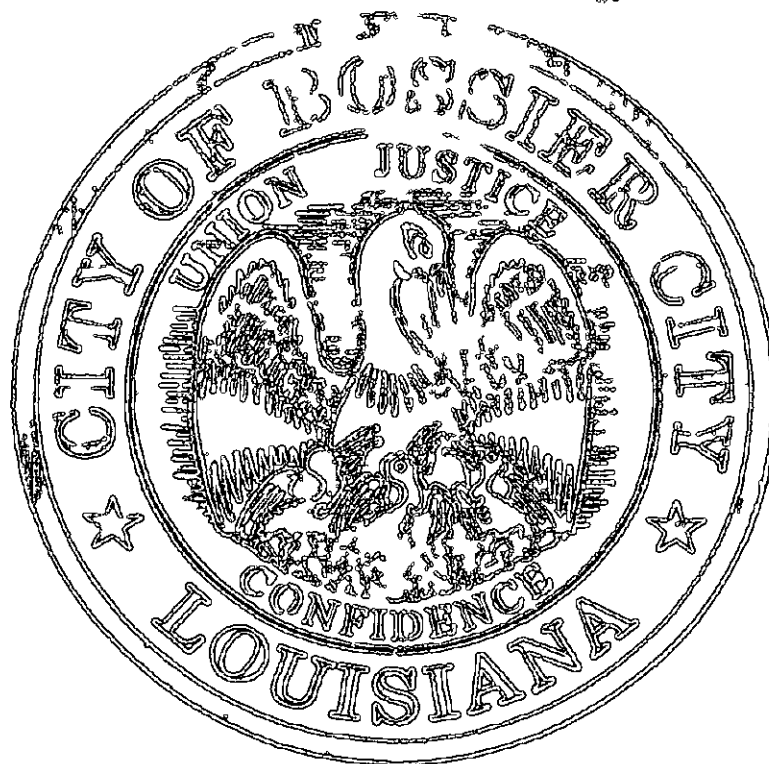
COMPREHENSIVE ANNUAL

FINANCIAL REPORT

Of The

City of

Wossier City, Louisiana



For The
Year Ended December 31, 2005

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

of the

CITY OF BOSSIER CITY, LOUISIANA

for the

Year Ended December 31, 2005

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.

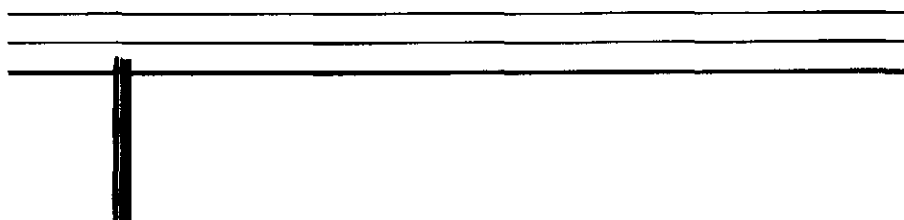
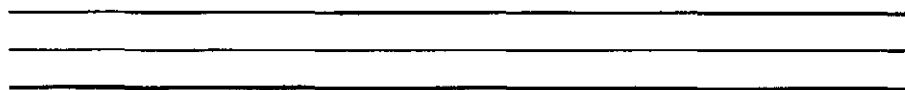
Release Date 8-2-06

Lorenz "Lo" Walker
Mayor

Charles E. Glover
Director of Finance

Prepared by Department of Finance

**INTRODUCTORY
SECTION**



CITY OF BOSSIER CITY, LOUISIANA
Comprehensive Annual Financial Report
Year ended December 31, 2005

Table of Contents

	Page(s)
INTRODUCTORY SECTION	
Title Page	i
Table of Contents	ii-iv
Letter of Transmittal	v-x
Certificate of Achievement for Excellence in Financial Reporting	xi
Organization Chart	xii
Elected Officials	xiii
FINANCIAL SECTION	
Independent Auditors' Report	1-2
Required Supplemental Information (Unaudited) Management's Discussion and Analysis (MD&A)	3-15
Basic Financial Statements	
Government-Wide Financial Statements (GWFS)	
Statement of Net Assets	16
Statement of Activities	17
Fund Financial Statements:	
Balance Sheet – Governmental Funds	18
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Assets	19
Statement of Revenues, Expenditures, and Changes in Fund Balance – Governmental Funds	20
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, Changes in Fund Balances to the Statement of Activities	21
Statement of Net Assets – Proprietary Funds	22
Statement of Revenues, Expenses, and Changes in Net Assets – Proprietary Funds	23
Statement of Cash Flows – Proprietary Funds	24-25
Statement of Fiduciary Net Assets – Fiduciary Funds	26
Statement of Changes in Fiduciary Net Assets – Pension Trust Funds	27
Statement of Net Assets – Component Units	28
Statement of Activities – Component Units	29
Notes to Basic Financial Statements	30-69

CITY OF BOSSIER CITY, LOUISIANA

Comprehensive Annual Financial Report

Year ended December 31, 2005

Table of Contents

	Page(s)
Required Supplementary Information (Unaudited)	
Schedules of Funding Progress	70
Notes to Required Supplementary Information	71
Schedule of Revenues, Expenditures, and Changes in Fund Balance -- Budget and Actual on a Budgetary Basis -- General Fund	72-73
Schedule of Revenues, Expenditures, and Changes in Fund Balance -- Budget and Actual -- Arena Fund	74
Notes to Budgetary Comparison Schedules	75-76
Combining and Individual Fund Financial Statements:	
Combining Balance Sheet -- By Fund Type -- Nonmajor Governmental Funds	77
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances -- By Fund Type -- Nonmajor Governmental Funds	78
Combining Balance Sheet -- Nonmajor Special Revenue Funds	79
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances -- Nonmajor Special Revenue Funds	80
Combining Balance Sheet -- Nonmajor Debt Service Funds	81
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances -- Nonmajor Debt Service Funds	82
Combining Balance Sheet -- Nonmajor Capital Projects Funds	83
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances -- Nonmajor Capital Projects Funds	84
Combining Statement of Plan Net Assets -- Pension Trust Funds	85
Combining Statement of Changes in Plan Net Assets -- Pension Trust Funds	86
Combining Statement of Changes in Assets and Liabilities -- Agency Funds	87
Combining Statement of Net Assets -- Internal Service Funds	88
Combining Statement of Revenues, Expenses, and Changes in Fund Net Assets -- Internal Service Funds	89
Combining Statement of Cash Flows -- Internal Service Funds	90
Individual Fund Schedules:	
Schedules of Revenues, Expenditures, and Changes in Fund Balance -- Budget and Actual (unaudited):	
Civic Center Fund	91
Hotel/Motel Taxes	92
Fire Improvements and Operations Fund	93
Jail and Municipal Buildings Fund	94
Streets and Drainage Fund	95

CITY OF BOSSIER CITY, LOUISIANA
Comprehensive Annual Financial Report
Year ended December 31, 2005

Table of Contents

	Table	Page(s)
STATISTICAL SECTION (UNAUDITED)		
General Governmental Expenditures by Function – Last Ten Fiscal Years	1	96
General Revenues by Source – Last Ten Fiscal Years	2	97
Property Tax Levies and Collections – Last Ten Fiscal Years	3	98
Assessed and Estimated Actual Value of Taxable Property – Last Ten Fiscal Years	4	99
Property Tax Rates and Tax Levies – Direct and Overlapping Governments – Last Ten Fiscal Years	5	100
Ratio of Net General Bonded Debt to Assessed Value and Net Bonded Debt Per Capita – Last Ten Fiscal Years	6	101
Computation of Legal Debt Margin	7	102
Computation of Direct and Overlapping Debt	8	103
Ratio of Annual Debt Service Expenditures for General Bonded Debt to Total General Expenditures – Last Ten Fiscal Years	9	104
Revenue Bond Coverage – Utility Bonds – Last Ten Fiscal Years	10A	105
Revenue Bond Coverage – Sales Tax Bonds – Last Ten Fiscal Years	10B	106
Demographic Statistics – Last Ten Fiscal Years	11	107
Property Value, Construction, and Bank Deposits – Last Ten Fiscal Years	12	108
Principal Taxpayers	13	109
Miscellaneous Statistics	14	110
Compensation Paid to City Council Members	15	111



CITY OF BOSSIER CITY

P. O. BOX 5337

BOSSIER CITY, LOUISIANA 71171-5337

June 13, 2006

The Honorable Lorenz "Lo" Walker, Mayor
and Members of the City Council
City of Bossier City, Louisiana:

In accordance with Section 4.06 paragraph (7), of the City Charter, I am pleased to submit the Comprehensive Annual Financial Report for the year ended December 31, 2005. The financial statements were prepared in conformity with generally accepted accounting principles (GAAP) and audited 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 by a firm of licensed certified public accountants. I believe this report presents comprehensive information about the City's financial and operating activities during 2005 that is useful to taxpayers, citizens, and other interested persons.

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

In accordance with Section 3.10 of the City Charter, the City Council is required to provide for an annual independent audit of the accounts and financial transactions of the City by a firm of independent certified public accountants duly licensed to practice in the State of Louisiana. The accounting firm of KPMG LLP was selected by the City to conduct its annual audit. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City for the fiscal year ended December 31, 2005, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the City's financial statements for the fiscal year ended December 31, 2005, are fairly presented in conformity with GAAP. The independent auditors' report is presented as the first component of the financial section of this report.

The Honorable Lorenz "Lo" Walker, Mayor
and Members of the City Council
June 13, 2006

The independent audit of the financial statements of the City was part of a broader, federally mandated "Single Audit" designed to meet the special needs of federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited government's internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal awards. These reports are available in the City's separately issued Single Audit Report.

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

PROFILE OF THE CITY OF BOSSIER

The City of Bossier City was incorporated in 1907. It is located on the east bank of the Red River in Northwest Louisiana, approximately 35 miles south of Arkansas and 20 miles east of Texas. The area dates back to the 1830's when it was the Elysian Groves Plantation of James and Mary Cane. Steamboat loads of cotton, corn, and sweet potatoes were shipped to markets in the south and east, from the plantation port known to many as "Canes Landing." The current area of the City is approximately 43 square miles.

The City of Bossier has been organized under a mayor-council form of government since 1977, when the current City charter was adopted by the voters. The charter provides for a seven-member council, with five members selected for four-year terms from separate districts of the City and two members elected at large by all the qualified electors of the City. The mayor is elected at-large for a four-year term, is not a member of the council, but has veto power over council action.

The City provides a wide range of services including public safety, highways and streets, sanitation, water and sewer services, culture and recreational activities, general government functions, and others.

These financial statements present the City of Bossier (the primary government) and its component units. The component units are included in the City's reporting entity because of the significance of their operational or financial relationships with the City. Included as discretely presented component units is the financial data for the City Court, City Marshal, the Metropolitan Planning Commission, and the Bossier Public Trust Financing Authority. They are reported separately within the City's financial statements to emphasize that they are legally separate from the City. Additional information on these legally separate entities can be found in the notes to the financial statements.

BUDGETARY CONTROL

The annual budget serves as the foundation for the City's financial planning and control. Prior to October 15, the Mayor files with the City Clerk a proposed operating budget for the fiscal year commencing the following January. The operating budget includes proposed expenditures and related financing sources. The City Council conducts public hearings and proposes adoption of the various budget ordinances. Prior to December 15, the City Council adopts the final budgets controlling the financial operations of the City for the ensuing fiscal year.

The Honorable Lorenz "Lo" Walker, Mayor
and Members of the City Council
June 13, 2006

Legal budgetary control for operating budgets is exercised at the department/object class. The ordinances provide lump sum appropriation at the object level. The City Charter allows the Mayor to authorize the transfer of budgeted amounts from one activity to another within the same lump sum appropriation, within the same department. The City Charter provides that expenditures may not legally exceed appropriations. Formal budgetary integration and encumbrance accounting are employed as management control devices during the year. Budget-to-actual comparisons are provided in this report for each individual governmental fund for which an appropriated annual budget has been adopted.

LOCAL ECONOMY

Bossier City is a dynamic growing area with a proud past and a future filled with the promise of continued growth. It is an area that continues to be defined by the Red River and major cultural features including Barksdale Air Force Base and riverboat casinos. Some of the key factors in the development of the area include its central location among major southern cities and its importance as a transportation hub. Barksdale Air Force Base is one of the largest military installations in the nation and by far the most significant employment generator in the area. The direct impact of Barksdale Air Force Base on the local economy is estimated to be in excess of \$430 million. Bossier City and Parish have continued to gain in population in recent decades with both growing at a faster pace than statewide rates for Louisiana. The City added 15,000 residents between 1970 and 2000 and is currently estimated to have a population of 58,661. Bossier Parish has been documented as one of the fastest growing parishes in the state and grew by nearly 34,000 persons in the three decades ending in year 2000.

The Bossier Riverfront has undergone significant change over the last decade. The area has seen the addition of Red River locks and dams stabilizing navigation channels, the Arthur Ray Teague Parkway extension, and the riverboat casinos. Bossier's Riverfront Development District is evolving into an entertainment area and is anchored by our new Louisiana Boardwalk Project adjacent to the Horseshoe Casino and Hotel, the top-grossing casino in Louisiana. It consists of entertainment, retail, hospitality, and restaurant elements. The approximately 56 acres of riverfront property is situated in the heart of the Bossier/Shreveport metropolitan area. The project includes a variety of live music, performance theaters, restaurants, a blend of retail specialty shops, multiplex movie theater, and a hotel is expected soon. It is not only a major attraction for our 14 million plus gaming tourist visitors annually, but also to residents of the metropolitan area and surrounding region's growing population. A recent independent feasibility study of the local market indicates that the "Louisiana Boardwalk" development will generate \$200-\$300 million annually.

Also along the Riverfront District is the Bossier City CenturyTel Arena. The arena can house a variety of sporting and performance programs, as well as serve as a major assembly hall for the community. Since opening in late 2000, the CenturyTel Center has grown in national prominence within the event and entertainment industry, consistently placing in the top 100 venues in the world for ticket sales, according to Pollstar Magazine, the leading industry tracking firm.

Overall, the local economy is stable and the outlook is good.

The Honorable Lorenz "Lo" Walker, Mayor
 and Members of the City Council
 June 13, 2006

LONG-TERM FINANCIAL PLANNING

In accordance with Section 6.09 of our City Charter, the Mayor submitted the year 2006-2010 Capital Improvement Program to the City Council in the first quarter of 2006. There are 13 projects which total approximately \$32 million in progress as of December 31, 2005. There are 70 planned projects from year 2006 through 2010 which total approximately \$134 million. Some of the major projects and funding of these projects are summarized as follows:

Project	Funding	Amount
Benton Road Overpass	Riverboat Capital Projects Fund	\$12,000,000
Upgrade Viking Drive	Sales Tax Bonds	\$5,300,000
Stirling Properties Infrastructure	Sales Tax Bonds	\$6,500,000
\$20 Million Water Plant Expansion	Utility Revenue Bonds	\$15,000,000
North Ramp Off of Jimmy Davis Bridge to Northbound Arthur Ray Teague Parkway	State Grant	\$8,500,000
Sewer Plant & Infrastructure near Red River in North Bossier	Utility Revenue Bonds	\$15,000,000
Extension of Arthur Ray Teague Parkway South to Sligo Road	Bonds	\$15,000,000
North Construction of Arthur Ray Teague Parkway	Bonds	\$8,000,000
Municipal Complex Expansion	Bonds	\$10,000,000

The City administration plans to continue the process of looking ahead financially for its operational and capital needs.

CASH MANAGEMENT POLICIES AND PRACTICES

The City maintains a pooled cash and investment account that is available for use by all funds except those restricted by statutes or other legal reasons. At the end of each business day, collected balances in all City bank accounts are deposited into a SWEEP Account. These funds are invested in U.S. government and U.S. Agency securities under the terms of an overnight repurchase agreement. As of December 31, 2005, the City's cash resources were invested as follows:

U.S. government securities	62.2%
Certificate of deposits	37.4
Money market funds	0.4
Total	<u>100%</u>

The City's investment policy is to exercise that judgment and care which men of prudence, discretion, and intelligence exercise in the management of their own affairs. Investments are selected as investments, not for speculation, considering the probable safety of the capital, as well as the probable income to be derived.

The Honorable Lorenz "Lo" Walker, Mayor
and Members of the City Council
June 13, 2006

Accordingly, deposits are either insured by federal depository insurance or collateralized. State statutes require that all public funds should be insured or collateralized. The City's policy is not to have uninsured/uncollateralized funds which it controls.

RISK MANAGEMENT

The City retains the risk for property, liability, workers' compensation, and dental insurance. As part of this comprehensive plan, resources are being accumulated in internal service funds to meet potential losses. In addition, various risk control techniques including an employee safety program, drug-free workplace program with mandatory drug screening for new employees, and pre-employment physicals have been implemented to minimize accident-related losses. The City has third-party coverages subject to self-insured retentions, which are more fully described in the notes to the financial statements.

PENSION AND OTHER POSTEMPLOYMENT BENEFITS

The City administers two defined benefit pension plans: the Firemen's Pension and Relief Fund (FPRF) and the Policemen's Pension and Relief Fund (PPRF). Each year an independent actuary calculates the amount of the annual contribution the City must make to the pension plans. In 2004, the City contributed 84% of the annual required contribution of the FPRF and 95% of the annual required contribution of the PPRF. In 2005, the City contributed 98% of the annual required contribution of the FPRF and 147% of the annual required contribution of the PPRF. In 2004, the City had funded 41.5% of the actuarial accrued liability of the FPRF and 33.4% of the actuarial accrued liability of the PPRF. The current percents funded are FPRF 44.4% and PPRF 36.2%. The remaining unfunded amounts for FPRF and PPRF are being amortized over ten years.

The City also provides pension benefits for firemen hired after January 1, 1980 and policemen hired after September 9, 1977 through the Statewide Firefighters Retirement System and the Municipal Police Employees' Retirement System. The City has no obligations in connection with employee benefits offered through this plan beyond its annual required payment to the pension boards.

Additional information on the City's pension arrangements and postemployment benefits can be found in the notes to the financial statements.

AWARDS AND ACKNOWLEDGMENTS

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Bossier City for its Comprehensive Annual Financial Report for the fiscal year ended December 31, 2004. The Certificate of Achievement is the highest form of recognition in governmental accounting and financial reporting, and its attainment represents a significant accomplishment by the City and its management. We are proud to have received this award each year for more than 20 years (beginning with our Comprehensive Annual Financial Report for the fiscal year ended December 31, 1981).

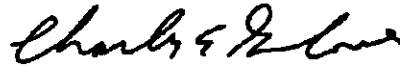
In order to be awarded a Certificate of Achievement, a governmental unit must publish an easily readable and efficiently organized Comprehensive Annual Financial Report, the contents of which conform to program standards. Such reports must satisfy both GAAP and applicable legal requirements.

The Honorable George Dement, Mayor
and Members of the City Council
March 25, 2005

A Certificate of Achievement is valid for a period of one year. We believe our current report continues to conform to Certificate of Achievement Program requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate.

Sincere appreciation is expressed to the entire staff in the Finance Department and especially to the professional accounting staff whose dedicated and efficient services have made the timely preparation of this report possible. Thanks to the Mayor and City Council for your support of excellence in financial reporting and fiscal integrity.

Respectfully submitted,



Charles E. Glover
Director of Finance

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Bossier City,
Louisiana

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
December 31, 2004

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



Carla E. Fudge

President

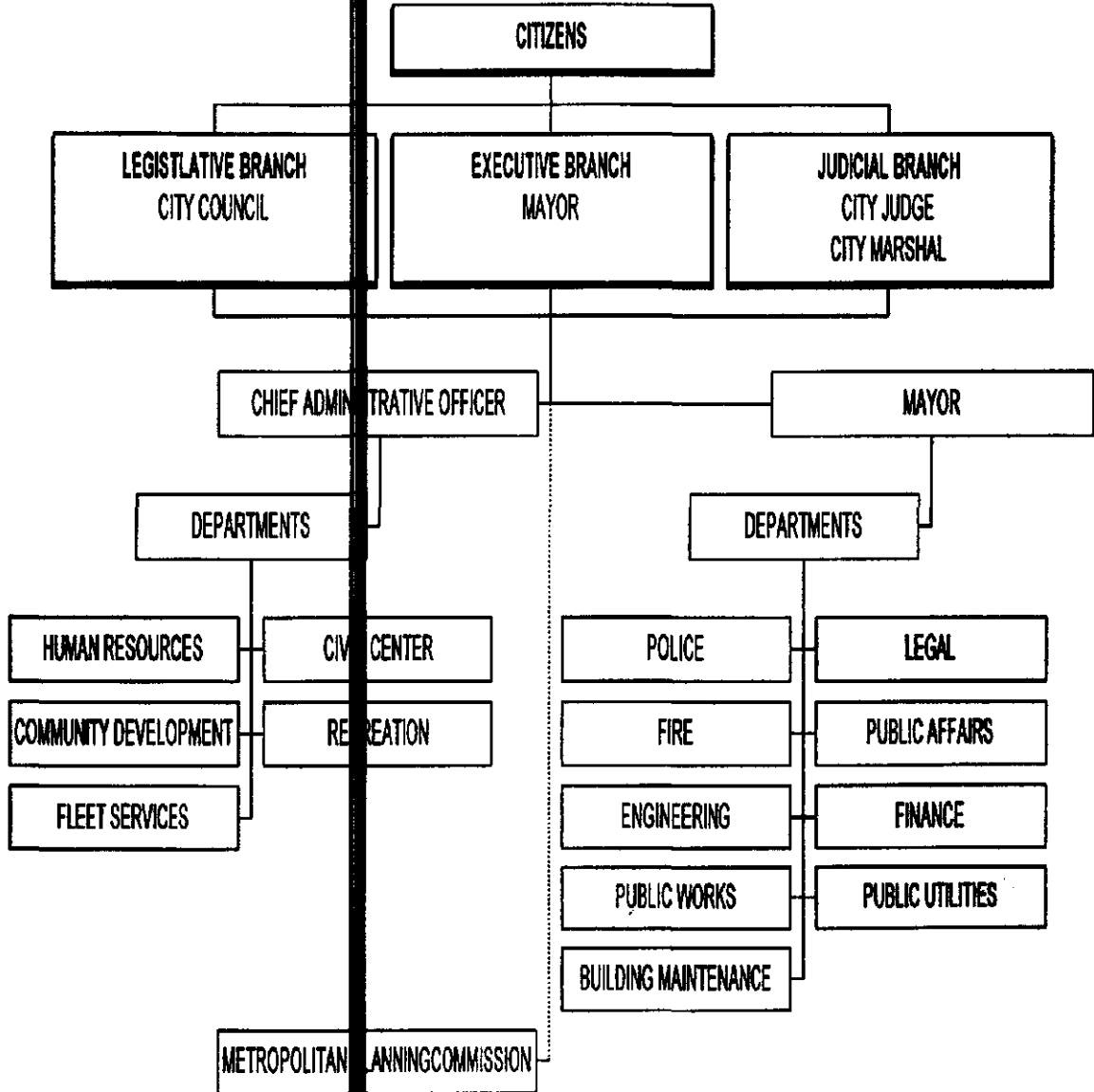
Jeffrey R. Emmer

Executive Director



CITY OF BOSSIER CITY

P. O. BOX 5337
BOSSIER CITY, LOUISIANA 71171-5337



Source: Mayor Walker
February 1, 2006

ELECTED OFFICIALS



MAYOR LORENZ "LO" WALKER



**Council Member at Large
TIMOTHY A. LARKIN**



**Council Member at large
DAVID MONTGOMERY, JR.**



**Council Member District 1
SCOTT IRWIN**



**Council Member District 2
JEFFERY D. DARBY**



**Council Member District 3
DON W. WILLIAMS**



**Council Member District 4
DAVID JONES**



**Council Member District 5
JAMES W. ROGERS**

**FINANCIAL
SECTION**

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KPMG LLP
Suite 1900
333 Texas Street
Shreveport, LA 71101-3692

Independent Auditors' Report

To the Honorable Members of the City Council
and the Honorable Lorenz "Lo" Walker, Mayor
City of Bossier City, Louisiana:

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Bossier City, Louisiana (City), as of and for the year ended December 31, 2005, which collectively comprise the City's basic financial statements as listed in the table of contents. We have also audited the financial statements of each of the City's nonmajor governmental, nonmajor enterprise, internal service, and fiduciary funds presented as supplementary information in the accompanying combining and individual fund financial statements as of and for the year ended December 31, 2005, as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Bossier Public Trust Financing Authority (Authority), the Bossier City Court (Court), and the Bossier City Marshal (Marshal), which represent 97%, 95%, and 71%, respectively, of the assets, net assets, and revenues of the aggregate discretely presented component units. Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinion, insofar as it relates to the amounts included for the Authority, the Court, and the Marshal, is based on the reports of the other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit and the reports of the other auditors provide a reasonable basis for our opinions.

In our opinion, based on our audit and the reports of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City as of December 31, 2005, and the respective changes in financial position and, where applicable, cash flows, thereof for the year then ended in conformity with U.S. generally accepted accounting principles. In addition, in our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of each nonmajor governmental, nonmajor enterprise, internal service, and fiduciary fund of the City as of

December 31, 2005, and the respective changes in financial position and where applicable, cash flows, thereof for the year then ended in conformity with U.S. generally accepted accounting principles.

As described in note 2 to the basic financial statements, the City adopted the provisions of Governmental Accounting Standards Board Statement No. 40, *Deposit and Investment Risk Disclosures* in 2005.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 13, 2006 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis, schedules of funding progress, and budgetary comparison information listed as Required Supplementary Information in the table of contents are not a required part of the basic financial statements but are supplementary information required by U.S. generally accepted accounting principles. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, the individual fund schedules, and the statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The individual fund schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly we express no opinion on them.

KPMG LLP

June 13, 2006

CITY OF BOSSIER CITY, LOUISIANA

Management's Discussion and Analysis

December 31, 2005

We offer readers of the City of Bossier City's financial statements this narrative overview and analysis of the financial activities of the City of Bossier City for the fiscal year ended December 31, 2005. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal.

Financial Highlights

Key financial highlights for the 2005 fiscal year include the following:

- The assets of the City of Bossier City exceeded its liabilities at the close of the most recent fiscal year by \$322 million (net assets). Of this amount, approximately \$85 million (unrestricted net assets) may be used to meet the City's obligations to citizens and creditors.
- The total net assets of the City of Bossier City increased by \$9.8 million for the year ended December 31, 2005. Net assets of governmental activities increased by \$8.4 million and net assets of business-type activities increased by \$1.5 million.
- As of the close of the current fiscal year, the City of Bossier City's governmental funds reported combined ending fund balance of \$104 million, a decrease of \$2.6 million in comparison with the prior fiscal year. Of this amount, \$20.8 million was unreserved, undesignated, and available for spending; \$54.2 million was unreserved, but designated for subsequent years' expenditures; \$9.0 million was reserved for debt service, inventories, and prepaid items; \$2.0 million was reserved for encumbrances; and \$18.0 million is held in a permanent trust in which \$17.9 million may not be spent.
- At the end of the current fiscal year, unreserved, undesignated fund balance for the General Fund was \$10.8 million or 20.4% of total General Fund expenditures.
- The City of Bossier City's total debt decreased \$5.3 million (4.9%) during the current fiscal year primarily as a result of principal payments.

Overview of the Financial Statements

This MD&A is intended to serve as an introduction to the City of Bossier City's basic financial statements. The City of Bossier City's basic financial statements comprise three components: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide Financial Statements The government-wide financial statements are designed to provide readers with a broad overview of the City of Bossier City's finances, in a manner similar to a private-sector business.

The Statement of Net Assets presents information on all of the City of Bossier City's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the City of Bossier City is improving or deteriorating.

CITY OF BOSSIER CITY, LOUISIANA

Management's Discussion and Analysis

December 31, 2005

The Statement of Activities presents information showing how the City of Bossier City's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned, but unused vacation leave).

The Statement of Net Assets and the Statement of Activities distinguish functions of the City of Bossier City that are principally supported by taxes, intergovernmental revenues, and charges for services (governmental activities) from other functions that are intended to recover all of or a significant portion of their costs through user fees and charges (business-type activities). The City of Bossier City's governmental activities include general government, public safety, highways and streets, cultural and recreation, and City Court and Marshal. The business-type activities of the City of Bossier City include water and sewerage and sanitation.

Fund Financial Statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City of Bossier City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City of Bossier City can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources at the end of the fiscal year. Such information may be useful in evaluating the City of Bossier City near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the City of Bossier City's near-term financing decisions. Both the governmental fund Balance Sheet and the governmental fund Statement of Revenues, Expenditures, and Changes in Fund Balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City of Bossier City maintains 21 individual governmental funds. Information is presented separately in the governmental funds Balance Sheet and the governmental funds Statement of Revenues, Expenditures, and Changes in Fund Balances for the General Fund, Riverboat Gaming Special Revenue Fund, Arena Special Revenue Fund, Riverboat Gaming Capital Projects Fund, and Public Health and Safety Permanent Fund, all of which are considered to be major funds. Data for the other 16 governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

The City of Bossier City adopts an annual appropriated budget for its General Fund and certain special revenue funds. Budgetary comparison schedules have been provided to demonstrate compliance with these budgets.

Proprietary funds. The City of Bossier City maintains two different types of proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements, only in more detail. The City of Bossier City uses enterprise funds to account for its water and

CITY OF BOSSIER CITY, LOUISIANA

Management's Discussion and Analysis

December 31, 2005

sewerage and sanitation. Internal service funds are an accounting device used to accumulate and allocate costs internally among the City of Bossier City's various functions. The City of Bossier City uses internal service funds to account for its dental healthcare and workers' compensation. Because these services predominantly benefit governmental, rather than business-type functions, they have been included within governmental activities in the government-wide financial statements.

Proprietary fund financial statements provide separate information for the water and sewerage operations which is considered to be a major fund of the City of Bossier City. Data from the other proprietary fund is presented separately in the proprietary fund financial statements.

Both internal service funds are combined into a single, aggregated presentation in the proprietary fund financial statements with the other nonmajor enterprise fund. Individual fund data for the internal service funds is provided in the form of combining statements elsewhere in the report.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the City of Bossier City. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the City of Bossier City's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

Notes to the basic financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the City of Bossier City's progress in funding its obligation to provide pension benefits to its employees and compliance with budgets for its major funds.

The combining statements referred to earlier in connection with nonmajor governmental funds, nonmajor proprietary funds, and internal service funds are presented immediately following the required supplementary information on pensions and budgetary comparisons.

Financial Analysis of Government-wide Activities

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the City of Bossier City, assets exceed liabilities by \$322,169,463 at the close of the most recent fiscal year.

The largest portion of the City of Bossier City's net assets totaling approximately \$207 million (64.2%) reflects its investment in capital assets (e.g., land, buildings, streets, drainage, machinery, and equipment), less any related debt used to acquire those assets that are still outstanding. The City of Bossier City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City of Bossier City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

CITY OF BOSSIER CITY, LOUISIANA

Management's Discussion and Analysis

December 31, 2005

City of Bossier City's Net Assets

December 31, 2005 and 2004

	Governmental activities		Business-type activities		Total	
	2005	2004	2005	2004	2005	2004
Current and other assets	\$ 112,636,892	117,782,601	17,855,021	20,844,483	130,491,913	138,627,084
Capital assets	227,502,500	220,454,230	80,335,265	76,911,980	307,837,765	297,366,210
Total assets	340,139,392	338,236,831	98,190,286	97,756,463	438,329,678	435,993,294
Current and other liabilities	5,491,633	8,527,526	1,332,410	1,099,495	6,824,043	9,627,021
Long-term liabilities	81,834,659	85,254,582	27,501,513	28,776,849	109,336,172	114,031,431
Total liabilities	87,326,292	93,782,108	28,833,923	29,876,344	116,160,215	123,658,452
Net assets:						
Invested in capital assets, net of related debt	151,362,489	144,172,168	55,314,909	57,275,837	206,677,398	201,448,005
Restricted	27,479,073	27,793,422	2,760,263	3,420,135	30,239,336	31,213,557
Unrestricted	73,971,538	72,489,133	11,281,191	7,184,147	85,252,729	79,673,280
Total net assets	\$ 252,813,100	244,454,723	69,356,363	67,880,119	322,169,463	312,334,842

There were 9.4% of net assets which represent resources that are subject to external restrictions on how they may be used. Debt Service Funds account for \$11,573,940 of the total of restricted net assets. The remaining balance is monies restricted for public health and safety. State law requires the proceeds from the sale of the Bossier Medical Center be held in perpetuity; however, the investment earnings may be spent each year for purposes of public health and safety. As of December 31, 2005, the nonexpendable portion was \$17,911,368 and the expendable balance, which represents unspent investment earnings, was \$754,028.

The remaining balance of unrestricted net assets of \$85,252,729 is used to meet the City of Bossier City's ongoing obligations to citizens and creditors.

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

CITY OF BOSSIER CITY, LOUISIANA

Management's Discussion and Analysis

December 31, 2005

The City of Bossier City's net assets increased by \$9,834,621 during the current fiscal year. Key elements of this increase are as follows:

City of Bossier City's Changes in Net Assets

	Governmental activities		Business-type activities		Total	
	2005	2004	2005	2004	2005	2004
Revenues:						
Program revenues:						
Charges for services	\$ 10,679,850	10,869,453	14,974,488	13,652,549	25,654,338	24,522,002
Grants and contributions	7,194,494	5,223,428	—	—	7,194,494	5,223,428
General revenues:						
Sales taxes	35,249,876	31,910,135	—	—	35,249,876	31,910,135
Other taxes	10,614,934	10,236,735	—	—	10,614,934	10,236,735
Gaming	14,842,388	14,932,147	—	—	14,842,388	14,932,147
Other general revenues	5,404,423	4,196,313	1,168,127	836,073	6,572,550	5,032,386
Total revenues	83,985,965	77,368,211	16,142,615	14,488,622	100,128,580	91,856,833
Expenses:						
General government	11,961,389	10,969,102	—	—	11,961,389	10,969,102
Public safety	39,309,494	37,711,185	—	—	39,309,494	37,711,185
Highways and streets	11,079,601	6,710,590	—	—	11,079,601	6,710,590
Culture and recreation	7,104,623	7,297,540	—	—	7,104,623	7,297,540
City Court and Marshal	1,635,432	1,384,667	—	—	1,635,432	1,384,667
Payments to component units	161,474	115,399	—	—	161,474	115,399
Interest on long-term debt	3,736,672	3,886,658	—	—	3,736,672	3,886,658
Water and sewerage	—	—	12,485,709	11,611,928	12,485,709	11,611,928
Sanitation	—	—	2,819,565	2,733,210	2,819,565	2,733,210
Total expenses	74,988,685	68,075,141	15,305,274	14,345,138	90,293,959	82,420,279
Excess before transfers	8,997,280	9,293,070	837,341	143,484	9,834,621	9,436,554
Transfers	(638,903)	(585,671)	638,903	585,671	—	—
Change in net assets	8,358,377	8,707,399	1,476,244	729,155	9,834,621	9,436,554
Net assets, beginning of year	244,454,723	235,747,324	67,880,119	67,150,964	312,334,842	302,898,288
Net assets, end of year	\$ 252,813,100	244,454,723	69,356,363	67,880,119	322,169,463	312,334,842

CITY OF BOSSIER CITY, LOUISIANA

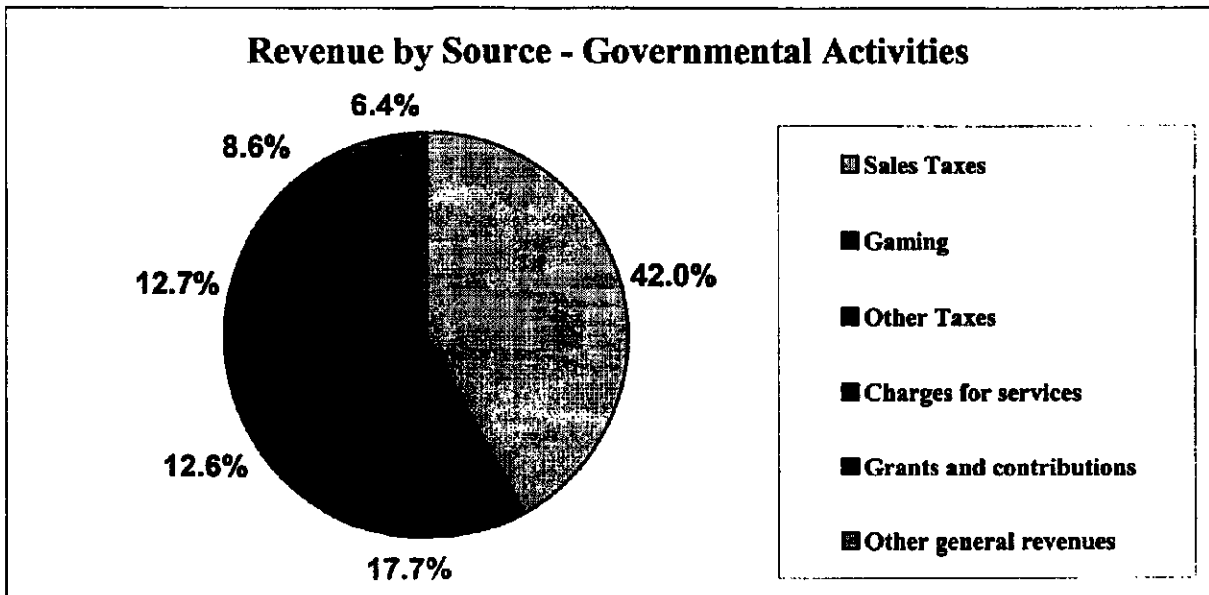
Management's Discussion and Analysis

December 31, 2005

Revenues for the City of Bossier City's governmental activities for the year ended December 31, 2005 were \$84.0 million, compared to \$77.4 million in 2004.

Program revenues for governmental activities increased \$1.8 million in 2005, compared to 2004 as a result of increases in emergency medical fees, permit fees, court fines, state supplemental pay, and a payment from the Red River Waterway Commission.

In total, general revenues increased \$4.8 million. Sales tax (53.3%) is the largest component of general revenues. Sales tax revenue increased \$3.3 million as a result of increased economic activity with the most significant increase coming from the retail outlets at the Boardwalk.



The cost of all governmental activities this year was \$75 million, an increase of \$6.9 million. The key factors for the increase were:

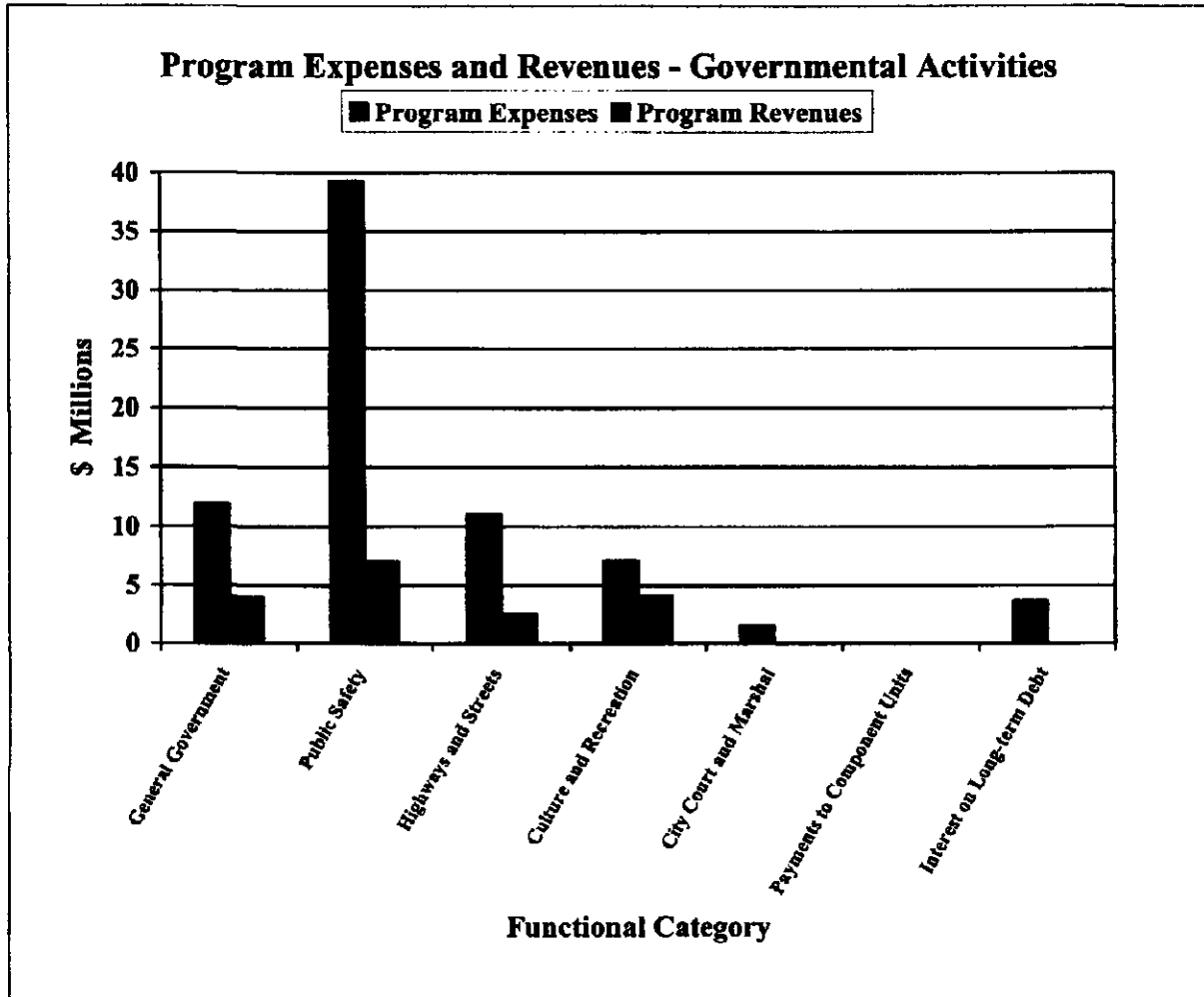
- General government expenses increased \$1.0 million due to (1) additional operating expenses related to the operations of the Boardwalk facility; (2) expenses related to investigation of theft of funds by the Assistant Comptroller; and (3) an increase in the cost of fuel and electricity.
- Public safety expenses increased \$1.6 million due to (1) increased overtime and other expenses related to Hurricanes Katrina and Rita providing security and medical services to evacuees that were housed in CenturyTel and our Civic Center, and (2) increased cost of fuel and electricity.
- Highways and streets expenses increased \$4.4 million as a result of (1) increase in concrete repairs in 2005 over 2004, and (2) the completion of the streets, parking, and drainage infrastructure for the Boardwalk project that were below the capitalization threshold of \$250,000 and were, therefore, included as an expense in 2005.

CITY OF BOSSIER CITY, LOUISIANA

Management's Discussion and Analysis

December 31, 2005

The City of Bossier City's largest programs are public safety, general government, highways and streets, and culture and recreation. The graph below shows the expenses and program revenues generated by governmental activities:



Business-type activities

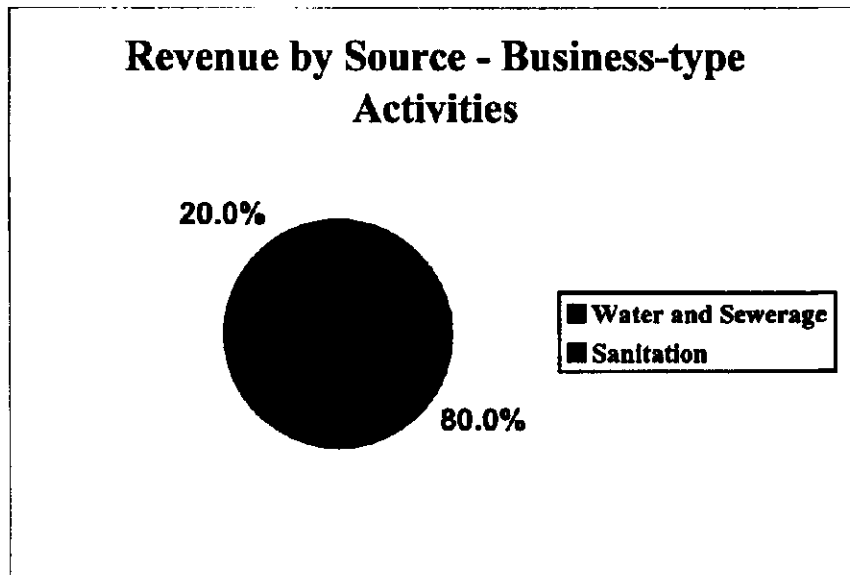
Charges for services for the City of Bossier City's business-type activities were \$15.0 million, an increase of \$1.3 million.

- Water and Sewerage revenues increased \$1.2 million as a result of dry weather in 2005.

CITY OF BOSSIER CITY, LOUISIANA

Management's Discussion and Analysis

December 31, 2005



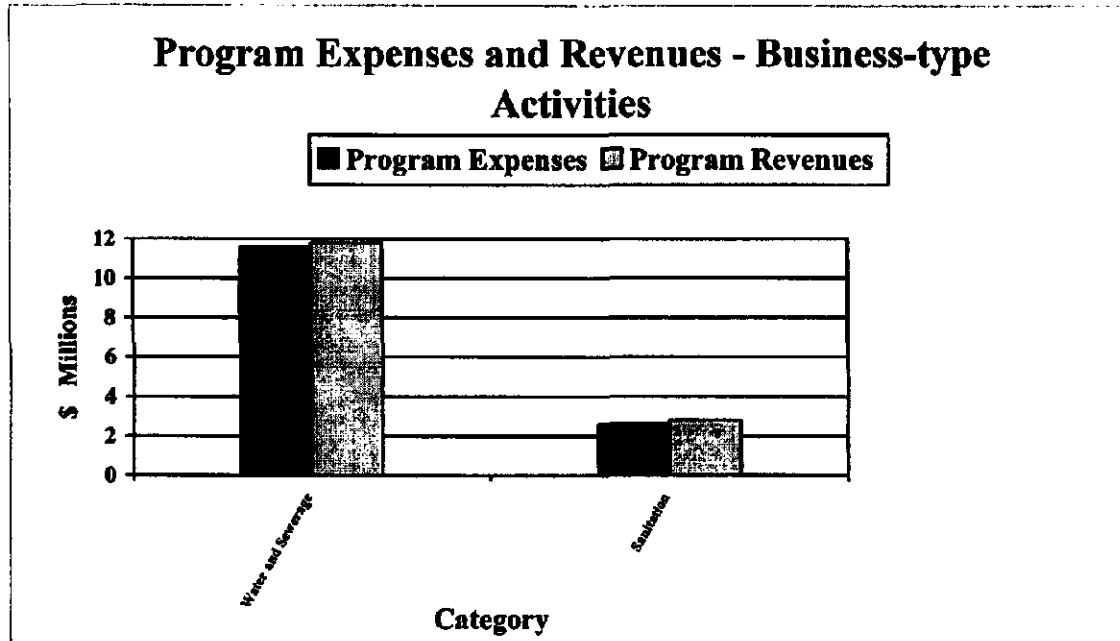
Expenses and Program Revenues – Business-type Activities

The costs of these activities were \$15.3 million, an increase of \$0.9 million, as a result of increased costs of chemicals, fuel, electricity, and equipment repairs.

CITY OF BOSSIER CITY, LOUISIANA

Management's Discussion and Analysis

December 31, 2005



Financial Analysis of the City of Bossier City's Funds

Governmental Funds

As noted earlier, the City of Bossier City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

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

- As of the close of the current fiscal year, the City of Bossier City's governmental funds reported a combined ending fund balance of \$103,760,251, a decrease of \$2,593,389 in comparison with the prior fiscal year. Of this amount, \$20,768,393 million or 20.0% was unreserved, undesignated and available for spending. The amount of \$48,782,720 or 47.0% was unreserved, but designated for subsequent years' expenditures. The remainder of the fund balance is reserved to indicate that it is not available for new spending because it has already been committed: (1) to liquidate contracts and purchase orders of the prior period (\$1,966,623), (2) to pay debt service (\$8,813,677), (3) to generate income to fund public health and safety expenses (\$18,665,396), or (4) for other restricted purposes (\$148,602).
- The General Fund is the chief operating fund of the City of Bossier City. At the end of the current fiscal year, unreserved fund balance of the General Fund was \$10,779,879. The total (undesignated) is available for spending at the City Council's discretion. The fund balance of the City of Bossier City's General Fund increased by \$2,811,136. A key factor in this growth was (1) unfilled positions in the fire and police departments; (2) a reduction in the City's required match for the State Fire and Police Retirement Systems;

CITY OF BOSSIER CITY, LOUISIANA

Management's Discussion and Analysis

December 31, 2005

(3) increased sales and use tax revenues primarily from the opening of additional retail outlets at Boardwalk; and (4) increase in property tax revenues as a result of our continued growth.

- The Riverboat Gaming Special Revenue Fund has a total fund balance of \$30,319,566, all of which is unreserved, but designated for subsequent years' expenditures. Riverboat gaming revenues collected prior to 1999 were accumulated in this fund until a base amount of \$30 million was attained, as required by City ordinance. A net decrease of \$567,316 occurred during the current fiscal year due to (1) downturn in the local market, and (2) many of the hotel rooms related to the casinos were occupied by hurricane evacuees who did not participate in gaming activities.
- The Arena Special Revenue Fund accounts for the operations of the CenturyTel Arena. The Arena has a deficit balance of \$49,817, which reflected a decrease of \$110,941 in 2005. The Arena was used as a shelter for Hurricanes Katrina from September 3 through September 14 and Rita from September 16 through October 10, 2005. The expenses and loss of revenue related to the use as a shelter are \$89,349 and \$45,816, respectively.
- The Riverboat Gaming Capital Projects Fund has a total fund balance of \$18,024,166, of which \$315,040 is reserved to liquidate contracts and purchase orders. A net increase of \$258,227 occurred during the current fiscal year due to right-of-way acquisition issues on the Benton Road Overpass project resulting in construction being delayed until 2006.
- The Public Health and Safety Permanent Fund has a total fund balance of \$18,665,396, all of which is restricted for public health and safety. The fund experienced a net decrease in fund balance of \$650,746 as a result of a transfer to the General Fund in excess of revenues received.

Proprietary Funds

Water and sewerage net assets increased by \$1,264,708 as a result of increased usage due to an extremely dry summer and fall while maintaining expenses fairly stable.

General Fund Budgetary Highlights

The budget policy of the City of Bossier City complies with state law, as amended, and as set forth in Louisiana Revised Statutes Title 39, Chapter 9, Louisiana Local Government Budget Act (LSA-R.S. 39:1301 et seq.).

The original budget for the General Fund of the City of Bossier City was adopted on November 2, 2004. One amendment was made to the General Fund to reduce the transfer from the Riverboat Gaming Special Revenue Fund by \$800,000 to allow the use of same for Capital Projects. Differences between the budget and the actual results of the General Fund are as follows:

Revenues

- Ambulance fees were \$1,208,109 higher than the original projection due to a budgeting error.

CITY OF BOSSIER CITY, LOUISIANA

Management's Discussion and Analysis

December 31, 2005

- Sales and use tax revenues were estimated to increase based on estimates from the Sales and Use Tax Division. Actual results were less than budget by \$2,905,978. For budgeting purposes, the Director of Finance included transfers from Sales Tax Special Revenue Funds as Sales Tax Revenues instead of Transfers in. This resulted in the majority of this difference.
- License and permit revenues were \$356,023 higher than the budget due to increased construction activity in commercial as well as residential construction.
- Fines and penalties were \$302,438 higher than the budget due to increased activity in City Court proceedings.
- Racing commission – Louisiana Downs were \$188,173 higher than the budget due to increased activity at Louisiana Downs as a result of the addition of some 1,250 slot machines at the casino co-located at the track.
- Utility tax revenues were \$266,908 higher than the budget due to hot weather resulting in an increase in electrical franchise fees.
- Investment earnings were \$162,751 higher than the budget due to increased interest rates.
- Police department revenues were \$101,367 less than the budget due to housing fewer parish prisoners. The expenses related to these prisoners are paid for by the Bossier Parish Police Jury. Fewer prisoners equal less revenue.

Expenditures

- Municipal building expenditures were greater than budget by \$358,583 due to increased activity in building maintenance requirements, the majority of which related to the first full year of operations for the Boardwalk project.
- Fire department expenditures were less than budget by \$527,980 due to not having all budgeted employees on board for the entire year and a reduction in the City's required match to the State Firefighter's Retirement System.
- Police department expenses were less than budget by \$1,094,840 due to not having all budgeted employees on board for the entire year and a reduction in the City's required match to the State Police Retirement System.

Capital Assets and Debt Administration

Capital Assets: The City of Bossier City's investment in capital assets as of December 31, 2005 amounts to \$227,502,500 (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements, streets, drainage, furniture and equipment, and construction in progress. The table below shows the value at the end of the fiscal year.

CITY OF BOSSIER CITY, LOUISIANA

Management's Discussion and Analysis

December 31, 2005

**City of Bossier City's Capital Assets
(net of depreciation)**

	<u>Governmental activities</u>		<u>Business-type activities</u>	
	<u>2005</u>	<u>2004</u>	<u>2005</u>	<u>2004</u>
Land and land improvements	\$ 63,538,320	59,835,705	861,184	861,184
Buildings and structures	86,114,579	67,785,351	—	—
Equipment and vehicles	4,322,537	3,327,283	2,143,301	1,923,032
Water and reservoir treatment plant	—	—	41,116,005	41,910,652
Transmission and distribution system	—	—	34,906,591	31,819,361
Infrastructure	64,769,896	49,983,681	—	—
Construction in progress – buildings	<u>8,757,168</u>	<u>39,522,210</u>	<u>1,308,184</u>	<u>397,751</u>
Total	<u>\$ 227,502,500</u>	<u>220,454,230</u>	<u>80,335,265</u>	<u>76,911,980</u>

Major capital asset events during the fiscal year included the following:

- Payment of \$2,070,509 for the purchase of right-of-way and engineering and design of the Benton Road Overpass
- Construction in progress of \$ 1,289,157 for a 2.0 million gallon water tower to enhance pressure in the northern sector of the City
- Construction in progress of \$1,131,477 for a 20" water main from the Water Plant along Brownlee Road to accommodate growth and pressure in the area
- Payment of \$1,650,000 for a portion of the construction of the Shreveport/Barksdale on/off ramps
- Payment of \$212,586 for additional Engineering for the Benton Road Overpass
- Construction in progress of \$338,666 related to the major renovations to Fire Station #2 along Barksdale Boulevard and Waller Avenue
- Construction in progress of \$752,730 related to the North Bossier Recreational Facility, which is a joint project between the City of Bossier City, the Bossier Parish Police Jury and the Bossier Parish School Board. This project will provide a major recreational facility north of the City with tennis courts and a jogging trail.

CITY OF BOSSIER CITY, LOUISIANA

Management's Discussion and Analysis

December 31, 2005

Long-term debt: At the end of the current fiscal year, the City of Bossier City had total debt outstanding of \$104,009,098. The City of Bossier City has no general bonded debt outstanding. The following table summarizes bonds outstanding at December 31, 2005 and 2004:

	City of Bossier City's Outstanding Debt			
	Governmental activities		Business-type activities	
	2005	2004	2005	2004
Revenue bonds	\$ 76,756,306	80,804,495	27,252,792	28,507,792

There were no changes in the ratings of the City's bonds. Moody's Investors assigned an A2 rating to the City of Bossier City related to the 2003 refunding.

For additional information regarding capital assets and long-term debt, see the notes to the basic financial statements.

Economic Factors and Next Year's Budgets and Rates

The following economic factors were considered when the budget for FY 2006 was presented to the Council:

- Three riverboats operate in Bossier City and represent some 4,500 direct jobs and another 4,000 indirect jobs at restaurants, hotels, and retail stores in this region, and the completion of and opening of the Boardwalk's retail outlets will impact 2006. Major commercial developments include the construction of a shopping center in the northeast section of the City, continued expansion of the Port of Shreveport-Bossier, which now includes a cargo wharf, a heavy rail sidetrack, a petroleum wharf, a 50-ton bridge crane, and a 30,000 square foot storage shed. Also, Barksdale Air Force Base had over \$50 million in new construction during the past year.
- For the year 2006, the City has budgeted a 4% increase in sales tax dollars. Preliminary 2006 figures reflect an increase of closer to 9.3%. In 2005, the assessed value of property within the City increased by 6%. Actual licenses and permits collected during 2005 were \$356,023 higher than projected, and in 2006 are budgeted to be 6% higher.

Requests for Information

This financial report is designed to provide a general overview of the City of Bossier City's finances for all those with an interest in the City of Bossier City's finances. Questions concerning any of the information provided in this report, or requests for additional financial information should be addressed to: Director of Finance of the City of Bossier City, P.O. Box 5337, Bossier City, LA 71171, or by calling (318) 741-8525.

**BASIC FINANCIAL
STATEMENTS**

CITY OF BOSSIER CITY, LOUISIANA

Statement of Net Assets

December 31, 2005

Assets	Primary Government			Component units
	Governmental activities	Business-type activities	Total	
Cash and cash equivalents	\$ 15,668,226	2,372,102	18,040,328	1,328,199
Investments	80,396,411	12,083,692	92,480,103	2,337,019
Receivables, net	14,003,790	2,321,773	16,325,563	48,249
Prepaid items and other assets	479,824	180,000	659,824	—
Inventories	86,900	320,291	407,191	—
Net pension asset	1,385,446	—	1,385,446	—
Bond issue costs, net	616,295	577,163	1,193,458	—
Capital assets:				
Land and construction in progress	72,295,488	2,169,368	74,464,856	—
Other capital assets, net of depreciation	155,207,012	78,165,897	233,372,909	159,698
Total assets	340,139,392	98,190,286	438,329,678	3,873,165
Liabilities				
Accounts payable	2,088,031	712,257	2,800,288	63,261
Accrued liabilities	900,353	135,683	1,036,036	7,916
Accrued interest payable	361,358	308,613	669,971	17,227
Unearned revenue	1,919,939	—	1,919,939	—
Deposits and deferred charges	221,952	175,857	397,809	—
Noncurrent liabilities:				
Due within one year	6,032,249	1,482,800	7,515,049	55,000
Due in more than one year	75,802,410	26,018,713	101,821,123	1,660,000
Total liabilities	87,326,292	28,833,923	116,160,215	1,803,404
Net Assets				
Invested in capital assets, net of related debt	151,362,489	55,314,909	206,677,398	159,698
Restricted for:				
Debt service – expendable	8,813,677	2,760,263	11,573,940	283,901
Public Health and Safety – nonexpendable	17,911,368	—	17,911,368	—
Public Health and Safety – expendable	754,028	—	754,028	—
Victims of juvenile crime	—	—	—	3,346
Facility expenses	—	—	—	387,684
Unrestricted	73,971,538	11,281,191	85,252,729	1,235,132
Total net assets	\$ 252,813,100	69,356,363	322,169,463	2,069,761

See accompanying notes to basic financial statements.

CITY OF BOSSIER CITY, LOUISIANA

Statement of Activities

Year ended December 31, 2005

Functions/programs	Program Revenues				Net (expenses) revenue and changes in net assets			Component units
	Expenses	Charges for services	Operating grants and contributions	Capital grants and contributions	Primary Government			
					Governmental activities	Business-type activities	Total	
Primary government:								
Governmental activities:								
General government	\$ 11,961,389	2,580,024	239,619	1,259,588	(7,882,158)	—	(7,882,158)	—
Public safety	39,309,494	5,640,922	1,431,755	—	(32,236,817)	—	(32,236,817)	—
Highways and streets	11,079,601	127,128	—	2,493,776	(8,458,697)	—	(8,458,697)	—
Cultural and recreation	7,104,623	2,331,776	1,769,756	—	(3,003,091)	—	(3,003,091)	—
City court and marshal	1,635,432	—	—	—	(1,635,432)	—	(1,635,432)	—
Metropolitan planning - payments to component units	161,474	—	—	—	(161,474)	—	(161,474)	—
Interest on long-term debt	3,736,672	—	—	—	(3,736,672)	—	(3,736,672)	—
Total governmental activities	74,988,685	10,679,850	3,441,130	3,753,364	(57,114,341)	—	(57,114,341)	—
Business-type activities:								
Water and sewerage	12,485,709	12,109,022	—	—	—	(376,687)	(376,687)	—
Sanitation	2,819,565	2,865,466	—	—	—	45,901	45,901	—
Total business-type activities	15,305,274	14,974,488	—	—	—	(330,786)	(330,786)	—
Total primary government	\$ 90,293,959	25,654,338	3,441,130	3,753,364	(57,114,341)	(330,786)	(57,445,127)	—
Component units:								
Bossier Public Trust Financing Authority	\$ 145,857	155,020	—	—	—	—	—	9,163
City court	173,596	360,965	—	—	—	—	—	187,369
City marshal	263,423	260,969	—	—	—	—	—	(2,454)
Metropolitan Planning Commission	303,831	169,525	—	—	—	—	—	(134,306)
Total component units	\$ 886,707	946,479	—	—	—	—	—	59,772
General revenues:								
Taxes:								
Property taxes levied for general purposes					8,497,236	—	8,497,236	—
Sales taxes levied for general purposes					12,505,450	—	12,505,450	—
Sales taxes levied for capital projects					8,493,460	—	8,493,460	—
Sales taxes levied for debt service					7,195,791	—	7,195,791	—
Sales taxes levied for pension plans					7,055,175	—	7,055,175	—
Franchise taxes					2,117,698	—	2,117,698	—
Gaming					14,842,388	—	14,842,388	—
Intergovernmental					356,841	—	356,841	—
Investment earnings					2,445,567	380,564	2,826,131	45,206
Payments from City of Bossier City					—	—	—	161,474
Miscellaneous					2,602,015	787,563	3,389,578	7,462
Transfers					(638,903)	638,903	—	—
Total general revenues and transfers					65,472,718	1,807,030	67,279,748	214,142
Change in net assets					8,358,377	1,476,244	9,834,621	273,914
Net assets, beginning					244,454,723	67,880,119	312,334,842	1,795,847
Net assets, ending					\$ 252,813,100	69,356,363	322,169,463	2,069,761

See accompanying notes to basic financial statements.

CITY OF BOSSIER CITY, LOUISIANA

Balance Sheet

Governmental Funds

December 31, 2005

Assets	General	Riverboat	Arena	Riverboat	Public Health	Other	Total
		Gaming Special	Special	Gaming Capital	and Safety	Governmental	Governmental
		Revenue Fund	Revenue Fund	Projects Fund	Permanent Fund	Funds	Funds
Cash and cash equivalents	\$ 635,827	4,920,906	384,317	2,753,548	3,035,191	3,821,232	15,551,021
Investments	5,908,981	25,056,930	—	14,020,890	15,454,995	19,400,177	79,841,973
Receivables, net	8,073,272	444,902	469,035	1,499,845	178,417	3,271,324	13,936,795
Due from other funds	97,661	—	—	—	—	670,293	767,954
Prepaid items and other assets	—	—	61,702	—	—	—	61,702
Inventories, at cost	86,900	—	—	—	—	—	86,900
Investments - restricted	—	—	—	—	100,575	—	100,575
Total assets	\$ 14,802,641	30,422,738	915,054	18,274,283	18,769,178	27,163,026	110,346,920
Liabilities and Fund Balance							
Liabilities:							
Accounts payable	\$ 461,147	103,172	364,378	201,533	3,782	259,168	1,393,180
Accrued liabilities	791,152	—	—	—	100,000	9,201	900,353
Due to other funds	831,676	—	—	—	—	514,597	1,346,273
Deferred revenue	1,626,097	—	378,541	48,584	—	671,689	2,724,911
Deposits and deferred charges	—	—	221,952	—	—	—	221,952
Total liabilities	3,710,072	103,172	964,871	250,117	103,782	1,454,655	6,586,669
Fund balance:							
Reserved for:							
Debt service	—	—	—	—	—	8,813,677	8,813,677
Encumbrances	225,790	—	—	315,040	—	1,425,793	1,966,623
Inventories	86,900	—	—	—	—	—	86,900
Prepaid items	—	—	61,702	—	—	—	61,702
Public health and safety	—	—	—	—	17,911,368	—	17,911,368
Unreserved, designated for subsequent years' expenditures	—	30,319,566	—	17,709,126	754,028	—	48,782,720
Unreserved:							
Undesignated	10,779,879	—	(111,519)	—	—	—	10,668,360
Designated reported in nonmajor capital projects funds	—	—	—	—	—	5,368,868	5,368,868
Undesignated, reported in nonmajor special revenue funds	—	—	—	—	—	10,100,033	10,100,033
Total fund balance	11,092,569	30,319,566	(49,817)	18,024,166	18,665,396	25,708,371	103,760,251
Total liabilities and fund balance	\$ 14,802,641	30,422,738	915,054	18,274,283	18,769,178	27,163,026	110,346,920

See accompanying notes to basic financial statements.

CITY OF BOSSIER CITY, LOUISIANA

Reconciliation of the Governmental Funds Balance Sheet
to the Statement of Net Assets

Year ended December 31, 2005

Fund balances – total governmental funds		\$ 103,760,251
Amounts reported for governmental activities in the statement of net assets are different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds		
Governmental capital assets	273,784,274	
Less accumulated depreciation	<u>(46,281,774)</u>	227,502,500
Other assets used in governmental activities that are not financial resources and, therefore, are not reported in the governmental funds		
Unamortized bond issuance costs		616,295
Net pension assets represent the excess cumulative contributions to pension plans and are not considered as financial resources for governmental funds		
Policemen's Pension and Relief Fund		1,385,446
Some of the City of Bossier City's property taxes will be collected after year-end, but are not available soon enough to pay for the current period's expenditures and, therefore, are deferred in the governmental funds		
		804,972
Long-term liabilities including bonds payable are not due and payable in the current period and, therefore, are not reported in the governmental funds		
Deferred loss on refunding	440,179	
Accrued interest payable	(361,358)	
Compensated absences	(1,326,447)	
Claims	(967,000)	
Bonds, notes, and loans payable	(77,196,485)	
Net pension obligation – Firemen's Pension and Relief Fund	<u>(1,945,748)</u>	<u>(81,356,859)</u>
Internal service funds are used by management to charge the costs of certain activities to individual funds. The assets and liabilities of the internal service funds are reported with governmental activities.		
		<u>100,495</u>
Net assets of governmental activities		\$ <u><u>252,813,100</u></u>

See accompanying notes to basic financial statements.

CITY OF BOSSIER CITY, LOUISIANA
Statement of Revenues, Expenditures, and Changes in Fund Balance
Governmental Funds
Year ended December 31, 2005

Revenues	General	Riverboat	Arena	Riverboat	Public	Other	Total
		Gaming Special Revenue Fund	Special Revenue Fund	Gaming Capital Projects Fund	Health and Safety Permanent Fund		
Taxes	\$ 30,196,568	—	—	—	—	15,689,251	45,885,819
Licenses and permits	2,580,024	—	—	—	—	—	2,580,024
Intergovernmental	1,762,161	—	—	797,488	—	2,928,647	5,488,296
Video poker	527,424	—	—	—	—	—	527,424
Fees and rentals	—	—	2,064,269	127,128	—	267,507	2,458,904
Fines and penalties	1,302,438	—	—	—	—	40,375	1,342,813
Charges for services	4,298,109	—	—	—	—	—	4,298,109
Racing commission - Louisiana							
Downs	1,008,173	—	—	—	—	—	1,008,173
Gaming	—	2,396	—	13,304,395	—	—	13,306,791
Investment earnings	207,751	790,065	—	372,026	460,972	614,753	2,445,567
Miscellaneous	1,163,149	—	—	1,359,903	38,490	40,473	2,602,015
Total revenues	43,045,797	792,461	2,064,269	15,960,940	499,462	19,581,006	81,943,935
Expenditures							
Current:							
General government	10,104,616	—	—	—	—	463,677	10,568,293
Public safety	37,839,269	—	—	—	50,208	232,695	38,122,172
Highways and streets	1,367,818	—	—	—	—	—	1,367,818
Culture and recreation	1,730,249	—	2,805,611	—	—	713,808	5,249,668
City court and marshal	1,525,500	—	—	—	—	72,650	1,598,150
Debt service:							
Principal	—	—	—	—	—	4,015,000	4,015,000
Interest and other charges	—	—	—	—	—	3,725,706	3,725,706
Capital outlay	—	—	—	5,862,490	—	13,227,650	19,090,140
Metropolitan planning - payments to component units	161,474	—	—	—	—	—	161,474
Total expenditures	52,728,926	—	2,805,611	5,862,490	50,208	22,451,186	83,898,421
Excess (deficiency) of revenues over (under) expenditures	(9,683,129)	792,461	(741,342)	10,098,450	449,254	(2,870,180)	(1,954,486)
Other Financing Sources (Uses)							
Transfers in	12,494,265	7,010,000	630,401	169,777	—	4,057,675	24,362,118
Transfers out	—	(8,369,777)	—	(10,010,000)	(1,100,000)	(5,521,244)	(25,001,021)
Total other financing sources and uses	12,494,265	(1,359,777)	630,401	(9,840,223)	(1,100,000)	(1,463,569)	(638,903)
Net change in fund balances	2,811,136	(567,316)	(110,941)	258,227	(650,746)	(4,333,749)	(2,593,389)
Fund balances, beginning	8,281,433	30,886,882	61,124	17,765,939	19,316,142	30,042,120	106,353,640
Fund balances, ending	\$ 11,092,569	30,319,566	(49,817)	18,024,166	18,665,396	25,708,371	103,760,251

See accompanying notes to basic financial statements.

CITY OF BOSSIER CITY, LOUISIANA

**Reconciliation of the Governmental Funds Statement of Revenues, Expenditures,
Changes in Fund Balances to the Statement of Activities**

Year ended December 31, 2005

Net change in fund balances – total governmental funds		\$ (2,593,389)
Amounts reported for governmental activities in the statement of activities are 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	11,707,400	
Depreciation expense	<u>(6,679,197)</u>	5,028,203
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to increase net assets.		2,020,067
Revenues reported in the statement of activities which are not reported in governmental funds because they do not provide current financial resources. This adjustment is to recognize the net change in unavailable revenues. (Property taxes)		(21,009)
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. The detail of these differences in the treatment of long-term and related items is as follows:		
Principal payments		4,015,000
The changes in other long-term assets and liabilities are reported in the statement of activities, but do not affect current financial resources of governmental funds. The changes are as follows:		
Policemen's Pension and Relief Fund net asset	805,740	
Firemen's Pension and Relief Fund net obligation	<u>(74,389)</u>	731,351
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.		
Amortization of deferred loss on refunding	(24,454)	
Amortization of bond issue costs	(63,972)	
Amortization of bond premium	57,643	
Increase in compensated absences	(60,410)	
Claims	(757,000)	
Decrease in accrued interest	<u>19,817</u>	(828,376)
Internal service funds are used by management to charge the costs of certain activities to individual funds. The net revenue of the internal service funds is reported with governmental activities.		<u>6,530</u>
Change in net assets of governmental activities		\$ <u><u>8,358,377</u></u>

See accompanying notes to basic financial statements.

CITY OF BOSSIER CITY, LOUISIANA

Statement of Net Assets

Proprietary Funds

December 31, 2005

Assets	Business-type Activities Enterprise Funds			Governmental Activities Internal Service Funds
	Water and Sewerage	Public Service and Sanitation Fund	Total	
Current assets:				
Cash and cash equivalents	\$ 975,623	111,996	1,087,619	117,205
Investments	8,443,372	570,274	9,013,646	453,863
Receivables, net	1,827,486	464,940	2,292,426	—
Prepaid items	—	—	—	418,122
Inventories	320,291	—	320,291	—
Restricted:				
Cash and cash equivalents	1,284,483	—	1,284,483	—
Investments	309,783	—	309,783	—
Receivables, net	29,347	—	29,347	—
Total current assets	13,190,385	1,147,210	14,337,595	989,190
Noncurrent assets:				
Restricted:				
Investments	2,760,263	—	2,760,263	—
Capital assets:				
Land and land improvements	861,184	—	861,184	—
Construction in process	1,308,184	—	1,308,184	—
Water reservoir and treatment plant	58,102,241	—	58,102,241	—
Transmission and distribution system	52,045,018	—	52,045,018	—
Equipment	7,625,330	—	7,625,330	—
Less accumulated depreciation	(39,606,692)	—	(39,606,692)	—
Total capital assets (net of accumulated depreciation)	80,335,265	—	80,335,265	—
Deferred bond costs, net	577,163	—	577,163	—
Other deferred charges	180,000	—	180,000	—
Total other assets	757,163	—	757,163	—
Total noncurrent assets	83,852,691	—	83,852,691	—
Total assets	97,043,076	1,147,210	98,190,286	989,190
Liabilities				
Current liabilities (payable from current assets):				
Accounts payable	391,906	9,393	401,299	49,537
Accrued liabilities	119,410	16,273	135,683	—
Retainages payable	169,201	141,757	310,958	—
Customer deposits	175,857	—	175,857	—
Accrued claims	—	—	—	839,158
Compensated absences	145,051	22,749	167,800	—
Total current liabilities (payable from current assets)	1,001,425	190,172	1,191,597	888,695
Current liabilities (payable from restricted assets):				
Accrued interest on revenue bonds	308,613	—	308,613	—
Current portion of long-term debt	1,315,000	—	1,315,000	—
Total current liabilities (payable from restricted assets)	1,623,613	—	1,623,613	—
Total current liabilities	2,625,038	190,172	2,815,210	888,695
Noncurrent liabilities:				
Compensated absences	68,251	12,670	80,921	—
Bonds and notes payable	25,937,792	—	25,937,792	—
Total noncurrent liabilities	26,006,043	12,670	26,018,713	—
Total liabilities	28,631,081	202,842	28,833,923	888,695
Net Assets				
Invested in capital assets, net of related debt	55,314,909	—	55,314,909	—
Restricted for debt service	2,760,263	—	2,760,263	—
Unrestricted	10,336,823	944,368	11,281,191	100,495
Total net assets	\$ 68,411,995	944,368	69,356,363	100,495

See accompanying notes to basic financial statements.

CITY OF BOSSIER CITY, LOUISIANA
Statement of Revenues, Expenses, and Changes in Net Assets
Proprietary Funds
Year ended December 31, 2005

	<u>Business-type Activities Enterprise Funds</u>			<u>Governmental Activities Internal Service Funds</u>
	<u>Water and Sewerage</u>	<u>Public Service and Sanitation Fund</u>	<u>Total</u>	
Operating Revenues				
Charges for services pledged as security for revenue bonds (net of allowance of \$195,577)	\$ 12,109,022	—	12,109,022	—
Charges for services (net of allowance of \$93,372)	—	2,865,466	2,865,466	2,484,166
Miscellaneous	637,819	149,744	787,563	—
Total operating revenues	<u>12,746,841</u>	<u>3,015,210</u>	<u>15,762,051</u>	<u>2,484,166</u>
Operating Expenses				
Personal services	4,794,131	771,439	5,565,570	—
Supplies	1,036,425	153,313	1,189,738	—
Utilities	959,694	16,794	976,488	—
Repairs and maintenance	799,167	9,294	808,461	—
Contractual expenses	—	1,789,457	1,789,457	1,072,321
Miscellaneous	937,240	79,268	1,016,508	79,272
Claims	—	—	—	1,324,718
Depreciation and amortization	2,582,297	—	2,582,297	—
Total operating expenses	<u>11,108,954</u>	<u>2,819,565</u>	<u>13,928,519</u>	<u>2,476,311</u>
Operating income	<u>1,637,887</u>	<u>195,645</u>	<u>1,833,532</u>	<u>7,855</u>
Nonoperating Revenues (Expenses)				
Investment earnings	364,673	15,891	380,564	(1,325)
Interest expense	(1,281,586)	—	(1,281,586)	—
Amortization	(92,951)	—	(92,951)	—
Fiscal charges	(2,218)	—	(2,218)	—
Total nonoperating revenues (expenses)	<u>(1,012,082)</u>	<u>15,891</u>	<u>(996,191)</u>	<u>(1,325)</u>
Income before transfers	625,805	211,536	837,341	6,530
Transfers in	638,903	—	638,903	—
	638,903	—	638,903	—
Change in net assets	1,264,708	211,536	1,476,244	6,530
Total net assets, beginning	<u>67,147,287</u>	<u>732,832</u>	<u>67,880,119</u>	<u>93,965</u>
Total net assets, ending	<u>\$ 68,411,995</u>	<u>944,368</u>	<u>69,356,363</u>	<u>100,495</u>

See accompanying notes to basic financial statements.

CITY OF BOSSIER CITY, LOUISIANA

Statement of Cash Flows

Proprietary Funds

Year ended December 31, 2005

	Business-type Activities Enterprise Funds			Governmental Activities Internal Service Funds
	Water and Sewerage	Public Service and Sanitation Fund	Total	
Cash flows from operating activities:				
Receipts from operations	\$ 11,713,764	2,711,140	14,424,904	2,484,166
Payments to suppliers	(3,531,696)	(2,047,265)	(5,578,961)	(1,063,607)
Payments to employees	(4,817,479)	(769,875)	(5,587,354)	—
Claims paid	—	—	—	(1,588,251)
Other receipts	659,433	149,744	809,177	—
Net cash provided by (used in) operating activities	4,024,022	43,744	4,067,766	(167,692)
Cash flows from noncapital financing activities:				
Transfers in	638,903	—	638,903	—
Net cash provided by noncapital financing activities	638,903	—	638,903	—
Cash flows from capital and related financing activities:				
Acquisition and construction of capital assets	(6,005,582)	—	(6,005,582)	—
Principal paid on debt	(1,255,000)	—	(1,255,000)	—
Bond issue costs paid	(11,647)	—	—	—
Interest paid	(1,288,988)	—	(1,288,988)	—
Fiscal charges	(2,218)	—	(2,218)	—
Net cash used in capital and related financing activities	(8,563,435)	—	(8,551,788)	—
Cash flows from investing activities:				
Sale of investments	585,233	—	585,233	152,812
Purchase of investments	—	(134,912)	(134,912)	(103,421)
Interest received	443,426	24,285	467,711	—
Net cash provided by (used in) investing activities	1,028,659	(110,627)	918,032	49,391
Net decrease in cash and cash equivalents	(2,871,851)	(66,883)	(2,927,087)	(118,301)
Cash and cash equivalents, beginning of year	5,131,957	178,879	5,310,836	235,506
Cash and cash equivalents, end of year	\$ 2,260,106	111,996	2,383,749	117,205

CITY OF BOSSIER CITY, LOUISIANA

Statement of Cash Flows

Proprietary Funds

Year ended December 31, 2005

	Business-type Activities Enterprise Funds			Governmental Activities Internal Service Funds
	Water and Sewerage	Public Service and Sanitation Fund	Total	
Reconciliation of operating income to net cash provided by (used in) operating activities:				
Operating income	\$ 1,637,887	195,645	1,833,532	7,855
Adjustments to reconcile operating income to net cash provided by (used in) operating activities:				
Depreciation	2,582,297	—	2,582,297	—
Provision for bad debts	195,577	93,372	288,949	—
(Increase) decrease in assets:				
Accounts receivable	(576,096)	(247,698)	(823,794)	—
Inventories	(43,199)	—	(43,199)	—
Prepaid items	10,000	—	10,000	79,844
Increase (decrease) in liabilities:				
Accounts payable	244,029	861	244,890	8,142
Accrued liabilities	(1,500)	1,564	64	—
Compensated absences	(21,848)	—	(21,848)	—
Customer deposits	(3,125)	—	(3,125)	—
Accrued claims	—	—	—	(263,533)
Total adjustments	2,386,135	(151,901)	2,234,234	(175,547)
Net cash provided by (used in) operating activities	\$ 4,024,022	43,744	4,067,766	(167,692)
Noncash items:				
Amortization	\$ 92,951	—	92,951	—
Change in fair value of investments	28,201	(1,863)	26,338	(1,325)

See accompanying notes to basic financial statements.

CITY OF BOSSIER CITY, LOUISIANA

Statement of Fiduciary Net Assets

Fiduciary Funds

December 31, 2005

Assets	Pension Trust Funds	Agency Funds
Cash and cash equivalents	\$ 1,328,022	193,097
Receivables:		
Interest receivable	157,724	—
Other	—	185,973
Due from other funds	638,285	7,029
Investments, at fair value:		
U.S. government securities	34,970,268	983,240
Certificates of deposit	2,837,710	—
Total investments	<u>37,807,978</u>	<u>983,240</u>
Total assets	<u>39,932,009</u>	<u>1,369,339</u>
Liabilities		
Accounts payable	—	10,711
Accrued liabilities	—	9,741
Due to other funds	—	66,994
Taxes paid under protest	—	1,210,825
Refundable deposits	—	71,068
Total liabilities	<u>—</u>	<u>1,369,339</u>
Net Assets		
Held in trust for pension benefits	\$ <u>39,932,009</u>	<u>—</u>

See accompanying notes to basic financial statements.

CITY OF BOSSIER CITY, LOUISIANA
Statement of Changes in Fiduciary Net Assets
Pension Trust Funds
December 31, 2005

Additions

Contributions from City:			
Sales taxes, net	\$	7,055,175	
Fire insurance premiums		150,097	
City Court fines		244,759	
City liquor licenses		6,123	
Total contributions		<u>7,456,154</u>	
Investment earnings		1,583,093	
Less investment expense		<u>(128,776)</u>	
Net investment earnings		<u>1,454,317</u>	
Total additions		<u>8,910,471</u>	

Deductions

Pensions and benefits			6,097,066
Administrative expenses			<u>51,389</u>
Total deductions			<u>6,148,455</u>
Change in net assets			2,762,016
Net assets, beginning			<u>37,169,993</u>
Net assets, ending	\$		<u><u>39,932,009</u></u>

See accompanying notes to basic financial statements.

CITY OF BOSSIER CITY, LOUISIANA

Statement of Net Assets

Component Units

December 31, 2005

Assets	Bossier Public Trust Financing Authority	Bossier City Court	Bossier City Marshal	Metropolitan Planning Commission	Total
Cash and cash equivalents	\$ 4,090	1,234,535	71,882	17,692	1,328,199
Investments	2,000,827	132,104	114,002	90,086	2,337,019
Receivables, net	—	1,263	3,877	—	5,140
Accrued interest	11,211	207	—	1,029	12,447
Due from other governments	—	—	30,662	—	30,662
Capital assets:					
Other capital assets, net of depreciation	—	—	159,698	—	159,698
Total assets	2,016,128	1,368,109	380,121	108,807	3,873,165
Liabilities					
Accounts payable	—	4,946	58,194	121	63,261
Accrued liabilities	—	1,985	—	5,931	7,916
Accrued interest payable	17,227	—	—	—	17,227
Noncurrent liabilities:					
Due within one year	55,000	—	—	—	55,000
Due in more than one year	1,660,000	—	—	—	1,660,000
Total liabilities	1,732,227	6,931	58,194	6,052	1,803,404
Net Assets					
Invested in capital assets	—	—	159,698	—	159,698
Restricted for:					
Debt service	283,901	—	—	—	283,901
Victims of juvenile crime	—	3,346	—	—	3,346
Facility expenses	—	387,684	—	—	387,684
Unrestricted	—	970,148	162,229	102,755	1,235,132
Total net assets	\$ 283,901	1,361,178	321,927	102,755	2,069,761

See accompanying notes to basic financial statements.

CITY OF BOSSIER CITY, LOUISIANA

Statement of Activities

Component Units

Year ended December 31, 2005

	Program Revenues		Net (Expenses) Revenues and Changes in Net Assets					Total
	Expenses	Charges for Services	Bossier Public Trust Financing Authority	Bossier City Court	Bossier City Marshal	Metropolitan Planning Commission		
Bossier Public Trust Financing Authority								
Mortgage operations	\$ 145,857	155,020	9,163	—	—	—	9,163	
Bossier City Court								
Judicial	173,596	360,965	—	187,369	—	—	187,369	
Bossier City Marshal								
Judicial	263,423	260,969	—	—	(2,454)	—	(2,454)	
Metropolitan Planning Commission								
Planning and zoning	303,831	169,525	—	—	—	(134,306)	(134,306)	
	886,707	946,479						
General revenues:								
Investment earnings				38,127	4,554	2,525	45,206	
Payment from the City of Bossier City				—	—	161,474	161,474	
Miscellaneous				4,258	1,424	1,780	7,462	
				42,385	5,978	165,779	214,142	
Total general revenues			9,163	229,754	3,524	31,473	273,914	
Change in net assets			274,738	1,131,424	318,403	71,282	1,795,847	
Net assets, beginning			283,901	1,361,178	321,927	102,755	2,069,761	
Net assets, ending			\$					

See accompanying notes to basic financial statements.

CITY OF BOSSIER CITY, LOUISIANA

Notes to Basic Financial Statements

December 31, 2005

(1) Summary of Significant Accounting Policies

The City of Bossier City, Louisiana (the City) was incorporated in 1907 and operates under a City Charter dated July 1, 1977, which provides for a strong Mayor-Council form of government. The City provides the following services as authorized by its charter: public safety, highways and streets, sanitation, water and sewerage, culture and recreation, and general administrative services. Education and welfare are administered by other governmental entities.

The basic criterion for determining whether a governmental department, agency, institution, commission, public authority, or other governmental organization should be included in a primary governmental unit's reporting entity for basic financial statements is financial accountability. Financial accountability includes the appointment of a voting majority of the organization's governing body and the ability of the primary government to impose its will on the organization or if there is a financial benefit/burden relationship. In addition, an organization which is fiscally dependent on the primary government should be included in its reporting entity.

The financial statements present the City (the primary government) and its component units. The component units discussed below are included in the City's reporting entity because of the significance of their operational or financial relationships with the City.

Discretely Presented Component Units

The component unit columns in the basic financial statements include the financial data of the City's component units. They are reported in a separate column to emphasize that they are legally separate from the City.

Metropolitan Planning Commission

The Metropolitan Planning Commission (Commission) is responsible for the orderly physical development of the City and the surrounding planning area. The Commission makes recommendations to the City Council and the Parish Police Jury. The Commission consists of nine members with four appointed by both the City and the Bossier Parish Police Jury, and one member is elected by joint action of the governing authorities. Although the Commission is legally separate, the City acts as its fiscal agent and has the ability to modify and approve its budget. The Commission serves the citizenry of the City of Bossier City and parish.

Bossier City Court

The Bossier City Court (City Court) was created by the special legislative act. Its jurisdiction includes the incorporated area of the City. The City judge is elected and cannot be removed by City officials. The City Court is fiscally dependent on the City. The City has the ability to modify or approve its budget which comes from the General Fund. There are certain funds collected by the City Court, pursuant to State statute, which are under the control of the City Court. The City Court serves the citizenry of the City. The financial statements of the City Court included in the accompanying financial statements are as of and for the fiscal year ended December 31, 2005.

CITY OF BOSSIER CITY, LOUISIANA

Notes to Basic Financial Statements

December 31, 2005

Bossier City Marshal

The Bossier City Marshal (City Marshal) is an elected official. The City Marshal is fiscally dependent on the City. The City has the ability to modify or approve the budget which comes from the General Fund. There are certain funds collected as court costs, pursuant to State statute, which are under the control of the City Marshal. The City Marshal serves the citizenry of the City. The financial statements of the City Marshal included in the accompanying financial statements are as of and for the fiscal year ended December 31, 2005.

Bossier Public Trust Financing Authority

The Bossier Public Trust Financing Authority was created by a trust indenture, pursuant to state enabling legislation, which made the City the beneficiary. There are five trustees appointed by the City Council for terms of five years. In accordance with the terms of the trust indenture, the City has no power to transact business for the trustees nor to control or direct the actions of the trustees. The City is entitled solely to the benefits of the trust, and at the termination of the trust it shall receive the residual of the trust. The City cannot access the organization's funds at will, although there is some ability to access them at the discretion of the Bossier Public Trust Financing Authority. The Bossier Public Trust Financing Authority serves the citizenry of the City. The financial statements of the Bossier Public Trust Financing Authority included in the accompanying financial statements are as of and for the fiscal year ended November 30, 2005.

The Commission does not issue separate financial statements and consists of only one fund. Their financial statements are included in this report and these financial statements can be obtained from the Finance Department, P. O. Box 5337, Bossier City, Louisiana 71171. Complete financial statements of the other individual component units may be obtained at the following addresses:

Bossier City Court
P.O. Box 5337
Bossier City, Louisiana 71171

Bossier City Marshal
P.O. Box 5337
Bossier City, Louisiana 71171

Bossier Public Trust Financing Authority
710 Benton Road
Bossier City, Louisiana 71171

CITY OF BOSSIER CITY, LOUISIANA

Notes to Basic Financial Statements

December 31, 2005

Other Related Organizations

Bossier Housing Authority

The Bossier Housing Authority was created by State statute, and it is legally separate from the City. The Mayor appoints the five commissioners; however, the City cannot impose its will on the Bossier Housing Authority since it does not have the ability to modify or approve the budget or overrule or modify the decisions of the commissioners. The Bossier Housing Authority is fiscally independent and there is no financial benefit or burden relationship with the City. Therefore, it is not included in the City's financial statements.

The accounting policies of the City of Bossier City, Louisiana, conform to generally accepted accounting principles as applicable to governmental units. The accounting policies of the discretely presented component units are consistent with those of the City. The following is a summary of the more significant policies:

(a) Government-wide and Fund Financial Statements

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

The statement of net assets presents information on all of the City's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Depreciation expense is identified by function and is included in the direct expense of each function. Interest on general long-term debt is considered an indirect expense and is reported separately on the statement of activities. Program revenues include: 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate fund financial statements (FFS) are provided for governmental funds, proprietary funds and fiduciary funds, even though the latter are excluded from the GWFS. Major individual governmental and proprietary funds are reported as separate columns in the FFS.

CITY OF BOSSIER CITY, LOUISIANA

Notes to Basic Financial Statements

December 31, 2005

(b) *Measurement Focus, Basis of Accounting, and Financial Statement Presentation*

The GWFS are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and pension trust fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements have been met.

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

Ad valorem taxes are considered "measurable" at the time of levy, whereas such items as beer taxes are considered "measurable" when in the hands of intermediary collecting agencies and are recognized as revenue at that time. Substantially all other non-intergovernmental revenues are susceptible to accrual and are recognized when earned or the underlying transaction occurs. Sales taxes are accrued in the individual funds to which they pertain. For intergovernmental revenues, the legal and contractual requirements of the numerous individual programs are used as guidance. Grants and similar items are recognized as revenues as soon as all eligibility requirements have been met. In reimbursement-type programs, monies must be expended on the specific purpose or project before any amounts will be paid to the City; therefore, revenues are recognized based upon the expenditures recorded. In other programs in which monies are virtually unrestricted as to purpose of expenditure and are usually revocable only for failure to comply with prescribed compliance requirements, the resources are reflected as revenues at the time of receipt or earlier if susceptible to accrual criteria are met.

The accounts of the City are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund balance/net assets, revenues, and expenditures/expenses. The various funds are summarized by type in the financial statements. The following fund types are used by the City:

CITY OF BOSSIER CITY, LOUISIANA

Notes to Basic Financial Statements

December 31, 2005

Governmental Funds

Governmental funds are those through which most governmental functions of the City are financed. The acquisition, use, and balances of the City's expendable financial resources and the related liabilities (except those accounted for in proprietary funds) are accounted for through governmental funds. The City reports the following major 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.

Riverboat Gaming Special Revenue Fund – This fund accounts for the monies received from the riverboats prior to 1999 and the earnings on those monies. City ordinance required the riverboat monies be accumulated in this fund until a base amount of \$30 million was attained. The funds will be used for capital and other undetermined projects.

Arena Special Revenue Fund – This fund accounts for the revenues received and operating expenses incurred in the operations of the City's CenturyTel Center Arena Fund (the Arena).

Riverboat Gaming Capital Projects Fund – This fund is used to account for expenditures associated with downtown development, major park improvements, and other major capital projects and is funded by a percentage of gross gaming receipts and the initial payments made by three riverboat casinos and related interest earnings.

Public Health and Safety Permanent Fund – This fund was created to account for the proceeds from the sale of the Bossier Medical Center. The proceeds from the sale of \$17,911,368 may not be spent. Earnings on the principal may only be spent for the purpose of public health and safety.

Additionally, the City reports the following governmental fund types:

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

Debt Service Funds – The 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. The debt service funds receive a portion of all ad valorem and sales taxes paid to the City.

Capital Project Funds – Capital project funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds and trust funds).

CITY OF BOSSIER CITY, LOUISIANA

Notes to Basic Financial Statements

December 31, 2005

Proprietary Funds

Proprietary funds are used to account for the City's ongoing organizations and activities which are similar to those often found in the private sector. All proprietary funds and the pension trust funds are accounted for on a capital maintenance measurement focus; that is, the measurement focus is upon determination of the change in net assets. The City reports the following major proprietary fund:

Department of Water and Sewerage Enterprise Fund – Operated as a self-sustaining utility of the City and is responsible for providing the residents of the City of Bossier City, Louisiana, with water and sewerage treatment.

Additionally, the City reports the following proprietary fund types:

Enterprise Funds – Enterprise funds are used to account for activities in which established fees and charges are designed to recover its costs, including capital costs such as depreciation and debt service. The City's Public Service and Sanitation Fund is operated as a self-sustaining service of the City and is responsible for providing the residents of the City sanitation services.

Internal Service Funds – Internal service funds are used to account for the financing of services provided by one department of the City to other departments on a cost-reimbursement basis. The City maintains two internal service funds for workmen's compensation and general insurance coverage.

Fiduciary Funds

Fiduciary funds are used to account for assets held by the City in a trustee capacity or as an agent for individuals, private organizations, other governmental units, and/or other funds.

Pension Trust Funds – The City maintains two retirement funds, which are accounted for and reported as fiduciary funds since capital maintenance is critical. These funds are the Firemen's Pension and Relief Fund, and the Policemen's Pension and Relief Fund.

Agency Funds – Agency funds are custodial in nature and do not present results of operations or have a measurement focus. The Consolidated Sales Tax Fund accounts for the collection and distribution of sales taxes levied by the Bossier Parish School Board and various municipalities within the parish. The Riverboat Gaming Agency Fund accounts for the receipt and distribution of funds received from the riverboats and paid to other local government agencies under the terms of the agreements with the riverboats.

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

CITY OF BOSSIER CITY, LOUISIANA

Notes to Basic Financial Statements

December 31, 2005

As a general rule, the effect of interfund activity has been eliminated from the GWFS. Exceptions to this general rule are charges between the government's water and sewer function and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned. Transactions that would be treated as revenues, expenditures or expenses if they involved organizations external to the City, such as routine employer contributions from the General Fund to the pension trust funds, are accounted for as revenues and expenditures or expenses in the funds involved.

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

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

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

Unbilled service receivables of the Department of Water and Sewerage Fund, Public Service and Sanitation Fund, and General Fund are reflected in the accompanying financial statements at \$842,141, \$247,135, and \$199,880, respectively, at December 31, 2005.

(c) Capital Assets

Capital assets, which include property, plant, equipment and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities column in the GWFS. Capital assets are recorded at historical cost or estimated historical cost for assets where actual historical cost is not available and depreciated over their estimated useful lives. Donated capital assets are recorded at their estimated fair value at the date of donation. The City maintains a threshold level for capitalization of assets except land and construction in progress. All land and construction in progress is capitalized, regardless of the amount. All other capital assets are capitalized utilizing a threshold of \$25,000 for land improvements, \$50,000 for buildings and building improvements, \$5,000 for furniture, equipment and vehicles, and \$250,000 for infrastructure. 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.

Capital assets are not reported in the governmental FFS.

CITY OF BOSSIER CITY, LOUISIANA

Notes to Basic Financial Statements

December 31, 2005

Estimated useful life is management's estimate of how long the asset is expected to meet service demands. Capital assets have not been assigned a salvage value because management feels that the salvage value is immaterial. Straight-line depreciation is calculated based on the following estimated useful lives:

Land improvements	20 – 30 years
Infrastructure	40 years
Buildings	40 years
Building improvements	40 years
Water reservoir and treatment plant	10 – 60 years
Transmission and distribution system	10 – 50 years
Furniture and equipment	5 – 10 years
Vehicles	5 years

(d) Long-term Liabilities

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

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

(e) Investments

For all funds, investments are stated at fair value based on quoted market prices. The investments at December 31, 2005 were primarily U.S. government instrumentalities (see note 2 for the City's investment policy).

(f) Prepaid Items

Prepaid items consist of items such as prepaid insurance and other prepaid expenditures. The cost is recorded as an asset at the time such items are purchased in both government-wide and fund financial statements. The reserve for prepaid expenditures in governmental fund types is equal to the amount of prepaid expenditures to indicate a portion of the fund balance is not available for future expenditures.

CITY OF BOSSIER CITY, LOUISIANA

Notes to Basic Financial Statements

December 31, 2005

(g) Inventories

Inventories are valued at cost (first-in, first-out). Inventories in the General Fund consist of expendable supplies held for consumption. The cost is recorded as an asset at the time individual inventory items are purchased and charged as an expenditure when used in both government-wide and fund financial statements. Inventories in the enterprise funds consist of repair materials and spare parts.

(h) Refundable Deposits

The Department of Water and Sewerage of the City of Bossier City requires that its first time water and sewer customers or customers not in good standing place a deposit before service is rendered. If customers maintain the status of good standing for one year, the deposits are returned. These monies are not restricted by law and are generally used by the Department of Water and Sewerage in meeting current operating cash requirements.

The Sales Tax Department requires deposits of certain establishments involved in special events and before being allowed to sell alcohol. The deposits are used to offset delinquent tax bills or are returned upon the respective activity ceasing.

Proceeds from ticket sales for Arena events sold in advance are reflected as a deposit until the event occurs and settlement with the event promoter is complete.

(i) Deferred Revenues

Taxes not collected within 60 days after year-end are deferred in the governmental fund financial statements. Certain licenses are collected in advance; therefore, the recognition of revenue is deferred until the following year. Rental fees for luxury boxes and advertising at the Arena are collected in advance. The revenue is recognized over the term of the agreements.

(j) Vacation and Sick Leave

City employees are granted vacation and sick leave in varying amounts. The maximum allowable accumulation of vacation and sick leave is up to 40 days and 100 days, respectively. In the event of termination, an employee is reimbursed for accumulated vacation days up to the maximum allowable accumulation. The City does not accrue vacation until matured in the governmental fund financial statements. Vacation and sick leave are recorded as an expenditure when paid in governmental funds. The estimated liability for unused vacation for governmental funds is recorded in the GWFS. Accumulated vacation leave of proprietary funds is recorded as an expense and liability of those funds as it is earned by the employees.

(k) Pension Plans

The City of Bossier City, Louisiana, and the State of Louisiana collectively have five pension plans which cover substantially all employees who meet certain length of service requirements. See note 8 for details of these plans.

CITY OF BOSSIER CITY, LOUISIANA

Notes to Basic Financial Statements

December 31, 2005

(l) *Restricted Assets*

Certain proceeds of the City's enterprise fund revenue bonds, as well as certain resources set aside for their repayment, are classified as restricted assets on the balance sheet because their use is limited by applicable bond covenants.

(m) *Fund Equity*

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

(n) *Interfund Receivables and Payables*

All outstanding balances between funds are reported as due to/from other funds. There is no activity between funds that is representative of lending/borrowing arrangements at the end of the fiscal year.

(o) *Property Taxes*

Property taxes attach as an enforceable lien on property when the assessment is approved by the Louisiana Tax Commission. Taxes are normally levied in November of each year and are due on or before December 31. The City bills and collects its own property taxes. Historically, 95% of the taxes have been collected within 60 days after the due date.

The City currently levies the maximum tax allowed by State statutes and the Louisiana Constitution for general governmental services other than taxes for special purposes (such as the funds designated for the Fire and Police Departments) or the payment of long-term debt. The City is permitted to levy taxes up to 10% of the assessed property valuation for each specified purpose for the payment of principal and interest on long-term debt after approval by the voters of the City.

(p) *Grants From Other Governmental Agencies*

Federal and state governmental agencies represent an important source of supplementary funding to finance housing, employment and construction programs, and other activities beneficial to the community. These funds, primarily in the form of grants, are recorded in the General Fund, special revenue funds, capital projects funds, and enterprise funds. The grants normally specify the purpose for which the funds may be used and are subject to audit by the granting agency or its representative.

(q) *Cash and Cash Equivalents*

For purposes of the statement of cash flows, the City considers each fund's equity investment in the pooled cash account and all highly liquid debt instruments (including restricted assets) with an original maturity of three months or less when purchased to be cash equivalents.

CITY OF BOSSIER CITY, LOUISIANA

Notes to Basic Financial Statements

December 31, 2005

(r) Self-Insurance Claims

The City is self-insured up to \$250,000 for non-civil service employees and \$350,000 for civil service employees for workmen's compensation coverage. Self-insured claims are recorded in the City's internal service funds in accordance with GASB Statement No. 10.

Incurred but not reported claims are recorded as liabilities in the Insurance Fund and Liability Insurance Fund. An estimate for these claims is provided by a third-party administrator based on historical experience.

(2) Cash and Investments

City of Bossier City (Primary Government)

The City maintains a consolidated cash management pool that is available for use by all funds except the Pension Trust Funds. Each fund type's portion of the consolidated cash pool is displayed on the Statement of Net Assets as "Cash and cash equivalents" or "Investments." The City adopted Governmental Accounting Standards Board Statement No. 40, *Deposit and Investment Risk Disclosures*, during 2005.

(a) Deposits

Primary government, including agency funds and excluding pension trust funds:

Deposits (including demand deposit accounts and certificates of deposits) at December 31, 2005, for the City are summarized as follows:

<u>Carrying Amount</u>	<u>Bank Balance</u>
\$50,779,806	\$56,535,894

Certificates of deposit with a maturity of three months or more are classified on the Statement of Net Assets as "Investments" (\$36,382,087). There were no certificates of deposits with a maturity of three months or less.

The City's bank balance of deposits at December 31, 2005, is not exposed to any custodial credit risk. Custodial credit risk is the risk that in the event of a bank failure, the City's deposits may not be returned. The City does not have a written policy for custodial credit risk.

The carrying amount of deposits does not include a cash on hand balance of \$13,609 which is not on deposit with a financial institution. Cash on hand includes petty cash and cash received but not yet deposited at year-end.

CITY OF BOSSIER CITY, LOUISIANA

Notes to Basic Financial Statements

December 31, 2005

Pension Trust Funds:

Deposits (including demand deposit accounts and certificates of deposits) at December 31, 2005, for the Fiduciary Funds are summarized as follows:

<u>Carrying Amount</u>	<u>Bank Balance</u>
\$4,168,488	\$4,178,570

Certificates of deposit with a maturity of three months or more are classified on the Statement of Net Assets as "Investments" (\$2,840,466). There were no certificates of deposits with a maturity of three months or less.

The Pension Trust Funds' bank balance of deposits at December 31, 2005, is not exposed to any custodial credit risk. Custodial credit risk is the risk that in the event of a bank failure, the Pension Trust Funds' deposits may not be returned. The Pension Trust Funds do not have a written policy for custodial credit risk.

(b) Investments

Primary government:

The primary government's investments are made in accordance with Louisiana Revised Statute 33:2955. The State authorized investments are as follows:

United States Treasury Obligations

United States Government Agencies

United States Government Instrumentalities

Collateralized repurchase agreements

Collateralized certificates of deposit with Louisiana-domiciled institutions

Collateralized interest-bearing bank accounts

Mutual or trust funds which are registered with the Securities and Exchange Commission which have underlying investments consisting of and limited to securities of the U.S. government or its agencies

Guaranteed investment contracts having one of the two highest short-term rating categories of either Standard and Poor's Corporation or Moody's Investors Service

Investment grade (A-1/P-1) commercial paper of domestic U.S. corporations

Louisiana Asset Management Pool (LAMP)

Any other investments allowed by state statute for local governments

CITY OF BOSSIER CITY, LOUISIANA

Notes to Basic Financial Statements

December 31, 2005

At December 31, 2005, investments for the primary government, excluding Pension Trust Funds were as follows:

	<u>Investment maturity in years</u>		<u>Fair value</u>
	<u>Less than 1 year</u>	<u>1 - 3 years</u>	
U.S. government instrumentalities	\$ 33,569,012	26,896,981	60,465,993
Money market	437,363		<u>437,363</u>
Total investments			<u><u>60,903,356</u></u>

The investments with original maturities of three months or more when purchased totaling \$57,081,256 are classified as "Investments" on the Statement of Net Assets. The investments with original maturities of three months or less when purchased totaling \$3,384,737 are classified as "Cash and cash equivalents" on the Statement of Net Assets.

Interest Rate Risk. The City's investment policy does not include a policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk. State law limits investments in guaranteed investment contracts to those having one of the two highest short-term rating categories of either Standard and Poor's Corporation (AAA or AA) or Moody's (Aaa or Aa) Investors Service. State law also limits investments in commercial paper of domestic U. S. corporations with investment grade (A-1/P-1). The City's investment policy does not further limit its investment choices. The City's investment in money market funds is unrated. The remaining investments as of December 31, 2005, were all in U.S. government instrumentalities, the ratings of which are summarized in the table below:

S&P A-1+	\$ 15,422,339
S&P AAA	34,834,881
Moody's Aaa	<u>10,208,773</u>
	\$ <u><u>60,465,993</u></u>

Concentration of Credit Risk. The City places no limit on the amount the City may invest in any one issuer. More than five percent of the City's investments are in the Federal Home Loan Bank, Federal National Mortgage Association, and Freddie Mac. These investments are 31.66%, 50.24%, and 15.74%, respectively, of the district's total investments.

Custodial Credit Risk. For an investment, custodial credit risk is the risk that, in the event of failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. At December 31, 2005, the City did not have any investments that were exposed to custodial credit risk. All investments were either insured,

CITY OF BOSSIER CITY, LOUISIANA

Notes to Basic Financial Statements

December 31, 2005

registered in the name of the City, or held by a counterparty in the City's name. The City does not have a policy with respect to custodial credit risk for investments.

Pension Trust Funds

The Pension Trust Funds are composed of two funds: the Firemen's Pension and Relief Fund and the Policemen's Pension and Relief Fund.

The Firemen's Pension and Relief Fund investments are made in accordance with Louisiana Revised Statute 11:3509. Such investments shall be only in interest-bearing bonds or securities issued or backed by the United States, the State of Louisiana, or the City of Bossier City, or in certificates of deposit in banks of the United States and/or the State of Louisiana.

The Policemen's Pension and Relief Fund investments are made in accordance with Louisiana Revised Statute 11:3197. Such investments shall be only in interest-bearing bonds of the United States of America, the State of Louisiana, the City of Bossier City, or any other municipality of Louisiana, any parish, any drainage or levee district, or any school board district, or the State Board of Highways, or may be deposited in savings accounts of banks, loan companies or associations, or any other agencies whose deposits are insured by the United States government.

At December 31, 2005, the Pension Trust Funds' investments were all in U.S. government instrumentalities. Maturities of those investments were as follows:

Less than 1 year	\$ 3,684,878
1-5 years	4,290,174
5-10 years	3,885,447
10-15 years	7,815,899
15-20 years	9,871,005
20-25 years	3,761,122
25-30 years	1,356,293
30-35 years	—
35-40 years	305,450
	<u>\$ 34,970,268</u>

The investments with original maturities of three months or more when purchased totaling \$34,970,268 are classified as "Investments" on the Statement of Net Assets. There were no investments with an original maturity of three months or less when purchased.

Interest Rate Risk. The Pension Trust Funds do not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk. The Pension Trust Funds' investments are restricted by state law. State law does not restrict investments by rating. The Pension Trust Funds do not have an investment policy that further restricts investment choices by minimum ratings. At December 31, 2005, the Policemen's Pension and Relief Fund's investments were in obligations of the U.S. government or obligations

CITY OF BOSSIER CITY, LOUISIANA

Notes to Basic Financial Statements

December 31, 2005

explicitly guaranteed by the U.S. government, which are not considered to have credit risk and do not require disclosure of credit quality. The Firemen's Pension and Relief Fund investments as of December 31, 2005, were all in U.S. government instrumentalities, the ratings of which are summarized in the table below:

Unrated	\$ 7,190,479
Moody's AAA/S&P Aaa	<u>21,106,834</u>
	<u>\$ 28,297,313</u>

Concentration of Credit Risk. The Pension Trust Funds place no limit on the amount they may invest in any one issuer. At December 31, 2005, the Pension Trust Funds did not have concentrations of investment of more than five percent of total investments in any one issuer.

Custodial Credit Risk. For an investment, custodial credit risk is the risk that, in the event of failure of the counterparty, the Pension Trust Funds will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. At December 31, 2005, the Pension Trust Funds did not have any investments that were exposed to custodial credit risk. All investments were either insured, registered in the name of the Pension Trust Funds, or held by a counterparty in the Pension Trust Funds' name. The Pension Trust Funds do not have a policy with respect to custodial credit risk for investments.

Component Units

City Court of Bossier City (Court)

Cash includes amounts in demand deposits and interest-bearing demand deposits. Cash equivalents include amounts in time deposits and those investments with original maturities of ninety (90) days or less when purchased. Under state law, the Court may deposit funds in demand deposits, interest-bearing demand deposits, or time deposits with state banks organized under Louisiana law or any other state of the United States, or under the laws of the United States.

CITY OF BOSSIER CITY, LOUISIANA

Notes to Basic Financial Statements

December 31, 2005

At December 31, 2005, the Court, including its fiduciary funds which are not part of this report, had cash, cash equivalents, and investments (book balances) totaling \$2,016,099 as follows:

Governmental Funds:	
General Fund – operating	\$ 843,409
Building Fund – operating	387,684
Victims of Juvenile Crime – operating	<u>3,442</u>
Total Governmental Funds	<u>1,234,535</u>
Fiduciary (Agency) Funds:	
Cash Bond Fund – operating	142,044
Civil Fund – operating	224,191
Fines Fund – operating	155,490
Registry of Court Fund – operating	<u>6</u>
Total Fiduciary (Agency) Funds	<u>521,731</u>
Total Funds	<u>\$ 1,756,266</u>

These deposits with financial institutions are stated at cost, which approximates market value. At December 31, 2005, the carrying amount of the Court's deposits was \$1,756,266, and the collected bank balance was \$1,759,461. 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 Court in a holding or custodial bank that is mutually acceptable to both parties.

At December 31, 2005, the Court held certificates of deposit totaling \$259,833 that were classified as investments since their maturity was in excess of 90 days subsequent to their initial purchase. These certificates of deposits are carried at cost which approximates market value and are secured by federal deposit insurance and the pledge of securities owned by the fiscal agent bank. Investments are limited by Louisiana Revised Statute (R.S.) 33:2955.

Custodial Credit Risk: Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the government will not be able to recover its deposits. At year-end, bank balances of \$2,019,294 were protected by \$388,790 of federal depository insurance. The remaining bank balance of \$1,630,504 was exposed to custodial credit risk as uninsured deposits protected with pledged securities held by the custodial banks in the name of the Court.

Interest Rate Risk: The Court's certificates of deposit have maturities of two years or less which limits exposure to fair value losses arising from rising interest rates.

Credit Risk: The Court's investments comply with LSA R.S. 33:2955. Under state law, the Court may deposit funds with a fiscal agent organized under the laws of Louisiana, the laws of any other state in the union, or the laws of the United States. The Court may invest in United States bonds,

CITY OF BOSSIER CITY, LOUISIANA

Notes to Basic Financial Statements

December 31, 2005

treasury notes and bills, government-backed agency securities, or certificates and time deposits of state banks organized under Louisiana law and national banks having principal offices in Louisiana.

Bossier City Marshal

Cash includes amounts in demand deposits and interest-bearing demand deposits. Cash equivalents include amounts in time deposits and those investments with original maturities of 90 days or less when purchased. Time deposits with original maturities in excess of 90 days are recorded as investments. Investments are stated at cost, which approximates market value.

The Marshal's investments comply with LSA R.S. 33:2955. Under state law, the Marshal may deposit funds in demand deposits, interest-bearing demand deposits, or time deposits with state banks organized under Louisiana law or any other state of the United States, or under the laws of the United States.

At December 31, 2005, the Marshal, including its fiduciary funds which are not part of this report, had cash and cash equivalents (book balances) totaling \$111,190 as follows:

	<u>Book balance</u>	<u>Bank balance</u>
Governmental Funds:		
Contingency Fund – operating	\$ 25,059	28,025
Contingency Fund – operating	5	5
Probation Fund – operating	44,599	44,629
General Fund – operating	<u>2,219</u>	<u>2,219</u>
Total Governmental Funds	<u>71,882</u>	<u>74,878</u>
Fiduciary (Agency) Funds:		
Garnishment Fund – operating	39,303	44,780
Garnishment Fund – savings	<u>5</u>	<u>5</u>
Total Fiduciary (Agency) Funds	<u>39,308</u>	<u>44,785</u>
Total Funds	<u>\$ 111,190</u>	<u>119,663</u>

These deposits are stated at cost, which approximates market value. 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 or exceed the amount on deposit with the fiscal agent bank.

At December 31, 2005, the Marshal had \$233,665 in cash and cash equivalents and time deposits classified as investments (collected bank balances). These deposits are secured from custodial credit risk by \$233,665 of federal deposit insurance and by the National Credit Union Administration.

CITY OF BOSSIER CITY, LOUISIANA

Notes to Basic Financial Statements

December 31, 2005

At December 31, 2005, the Marshal held certificates of deposit totaling \$114,002 that were classified as investments since their maturity was in excess of 90 days subsequent to their initial purchase. These certificates of deposits are carried at cost which approximates market value and are secured by federal deposit insurance. Investments are limited by LSA R.S. 33:2955.

(3) Ad Valorem Property Taxes

The City levies taxes on real and business personal property located within its boundaries. Property taxes are levied by the City on property values assessed by the Bossier Parish Tax Assessor and approved by the State of Louisiana Tax Commission. Total assessed value was \$387,762,750 and \$363,852,350 in 2005 and 2004, respectively. Property taxes are recorded as receivables and revenues in the year for which it was levied. The General Fund property tax receivable at December 31, 2005 and 2004 is shown net of an allowance for uncollectible taxes as of each year-end of \$65,000. The distribution of the City's levy (tax rate per \$1,000 assessed value) was as follows for 2005 and 2004:

	<u>Levy</u>	
	<u>2005</u>	<u>2004</u>
General Fund – unrestricted	\$ 6.02	6.02
General Fund – restricted for Fire and Police Departments	17.35	17.35
	<u>\$ 23.37</u>	<u>23.37</u>

A revaluation of all property is required to be completed no less than every four years. A revaluation was completed for the tax roll as of January 1, 2004.

CITY OF BOSSIER CITY, LOUISIANA

Notes to Basic Financial Statements

December 31, 2005

(4) Receivables

Receivables as of year-end for the City's individual major funds and nonmajor, internal service and fiduciary funds in the aggregate, including the applicable allowances for uncollectible accounts, are outlined below:

	Customers	Property taxes	Other taxes	Gaming fees	Accrued interest	Due from other governments	Other	Allowance for uncollectible accounts	Net receivables
Governmental activities:									
General Fund	\$ 2,985,323	3,688,412	1,347,404	—	125,798	767,506	889,150	(1,730,321)	8,073,272
Riverboat Gaming Special Revenue Fund	—	—	—	148,013	289,264	7,625	—	—	444,902
Arena Special Revenue Fund	469,035	—	—	—	—	—	—	—	469,035
Riverboat Gaming Capital Projects Fund	—	—	—	1,208,132	161,861	129,852	—	—	1,499,845
Public Health and Safety Permanent Fund	—	—	—	—	178,417	—	—	—	178,417
Nonmajor governmental funds	—	—	1,912,039	—	223,199	1,136,086	—	—	3,271,324
Total governmental activities	\$ 3,454,358	3,688,412	3,259,443	1,356,145	978,539	2,041,069	889,150	(1,730,321)	13,936,795
Business-type activities:									
Water and Sewerage Fund	2,296,939	—	—	—	103,258	—	6,507	(579,218)	1,827,486
Nonmajor business-type activities	65,902	—	—	—	6,583	—	—	(197,545)	464,940
Total business-type activities	\$ 2,952,841	—	—	—	109,841	—	6,507	(776,763)	2,292,426

CITY OF BOSSIER CITY, LOUISIANA

Notes to Basic Financial Statements

December 31, 2005

Governmental funds report deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, the various components of deferred revenue and unearned revenue reported in the governmental funds were as follows:

	<u>Unavailable</u>	<u>Unearned</u>
Delinquent property taxes receivable (General Fund)	\$ 154,972	—
Hotel/Motel Taxes (Hotel/Motel Taxes Special Revenue Fund)	650,000	—
Licenses collected in advance (General Fund)	—	51,035
Civic center rental revenue collected in advance	—	17,400
Arena rental and advertising revenues collected in advance	—	378,541
Taxes paid in protest (General Fund)	—	554,221
Grant drawdowns prior to meeting all eligibility requirements:		
General Fund	—	865,869
Riverboat Gaming Capital Projects Fund	—	48,584
State and Federal Grant Fund	—	4,289
	<hr/>	<hr/>
Total deferred revenue for governmental funds	\$ <u>804,972</u>	<u>1,919,939</u>

CITY OF BOSSIER CITY, LOUISIANA

Notes to Basic Financial Statements

December 31, 2005

(5) Capital Assets

A summary of changes in capital assets is as follows:

	<u>Balance December 31, 2004</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance December 31, 2005</u>
Governmental activities:				
Capital assets not being depreciated:				
Land and land improvements	\$ 59,835,705	3,702,615	—	63,538,320
Construction in progress	39,522,210	7,342,233	(38,107,275)	8,757,168
Total capital assets not being depreciated	<u>99,357,915</u>	<u>11,044,848</u>	<u>(38,107,275)</u>	<u>72,295,488</u>
Capital assets being depreciated:				
Buildings and structures	84,457,413	20,964,784	—	105,422,197
Equipment and vehicles	19,592,814	3,223,128	(1,098,921)	21,717,021
Infrastructure	57,704,614	16,644,954	—	74,349,568
Total capital assets being depreciated	<u>161,754,841</u>	<u>40,832,866</u>	<u>(1,098,921)</u>	<u>201,488,786</u>
Less accumulated depreciation for:				
Buildings and structures	(16,672,062)	(2,635,556)	—	(19,307,618)
Equipment and vehicles	(16,265,531)	(2,184,902)	1,055,949	(17,394,484)
Infrastructure	(7,720,933)	(1,858,739)	—	(9,579,672)
Total accumulated depreciation	<u>(40,658,526)</u>	<u>(6,679,197)</u>	<u>1,055,949</u>	<u>(46,281,774)</u>
Total capital assets being depreciated, net	<u>121,096,315</u>	<u>34,153,669</u>	<u>(42,972)</u>	<u>155,207,012</u>
Capital assets, net	<u>\$ 220,454,230</u>	<u>45,198,517</u>	<u>(38,150,247)</u>	<u>227,502,500</u>

Construction in progress consisted of: \$835,975 for the North Bossier Recreational Facility Project; \$561,465 for the Marshal's City Hall Addition Project; \$3,183,047 for the Shreveport Barksdale Interchange Project; \$100,876 for the Traffic Street Widening Project; \$358,830 for the Riverside Drive Project; \$463,750 for the Hamilton Road Project; \$1,558,436 for the Old Shed Road/Highway 80 Project; \$187,285 for the Walker Road/Barksdale Turn Lane Project; \$29,835 for the Shed Road (4 Lane) Project; and \$1,477,669 for the Benton Road Overpass Project.

CITY OF BOSSIER CITY, LOUISIANA

Notes to Basic Financial Statements

December 31, 2005

	<u>Balance December 31, 2004</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance December 31, 2005</u>
Business-type activities - Water and Sewerage:				
Capital assets not being depreciated:				
Land and land improvements	\$ 861,184	—	—	861,184
Construction in progress	<u>397,751</u>	<u>1,222,102</u>	<u>(311,669)</u>	<u>1,308,184</u>
Total capital assets not being depreciated	<u>1,258,935</u>	<u>1,222,102</u>	<u>(311,669)</u>	<u>2,169,368</u>
Capital assets being depreciated:				
Water reservoir and treatment plant	57,688,964	413,277	—	58,102,241
Transmission and distribution system	47,892,514	4,152,504	—	52,045,018
Equipment	<u>7,095,962</u>	<u>529,368</u>	—	<u>7,625,330</u>
Total capital assets being depreciated	<u>112,677,440</u>	<u>5,095,149</u>	—	<u>117,772,589</u>
Less accumulated depreciation for:				
Water reservoir and treatment plant	(15,778,312)	(1,207,924)	—	(16,986,236)
Transmission and distribution system	(16,073,153)	(1,065,274)	—	(17,138,427)
Equipment	<u>(5,172,930)</u>	<u>(309,099)</u>	—	<u>(5,482,029)</u>
Total accumulated depreciation	<u>(37,024,395)</u>	<u>(2,582,297)</u>	—	<u>(39,606,692)</u>
Total capital assets being depreciated, net	<u>75,653,045</u>	<u>2,512,852</u>	—	<u>78,165,897</u>
Capital assets, net	\$ <u>76,911,980</u>	<u>3,734,954</u>	<u>(311,669)</u>	<u>80,335,265</u>

Construction in progress consisted of \$1,308,184 for the Water Tower at Kingston.

CITY OF BOSSIER CITY, LOUISIANA

Notes to Basic Financial Statements

December 31, 2005

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

Governmental activities:	
General government	\$ 1,262,148
Public safety	1,565,612
Highways and streets	2,061,215
Culture and recreation	1,752,940
City court and marshal	<u>37,282</u>
Total depreciation expense – governmental activities	\$ <u>6,679,197</u>
Business-type activities:	
Water and sewer	\$ <u>2,582,297</u>
Total depreciation expense -- business-type activities	\$ <u>2,582,297</u>

(6) Long-Term Debt

City of Bossier City (Primary Government)

The following is a summary of the long-term obligation activity for the year ended December 31, 2005:

	<u>Beginning balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending balance</u>	<u>Due within one year</u>
Governmental activities:					
Revenue bonds payable	\$ 80,305,000	—	4,015,000	76,290,000	4,200,000
Premium on bonds	964,128	—	57,643	906,485	—
Deferral on refunding	(464,633)	24,454	—	(440,179)	—
Claims and judgments payable	1,312,691	1,874,180	1,380,713	1,806,158	839,158
Net pension obligation	1,871,359	74,389	—	1,945,748	—
Compensated absences	<u>1,266,037</u>	<u>1,053,502</u>	<u>993,092</u>	<u>1,326,447</u>	<u>993,091</u>
Governmental activity long-term liabilities	\$ <u>85,254,582</u>	<u>3,026,525</u>	<u>6,446,448</u>	<u>81,834,659</u>	<u>6,032,249</u>
Business-type activities – Water and Sewerage:					
Revenue bonds payable	\$ 28,507,792	—	1,255,000	27,252,792	1,315,000
Compensated absences	<u>235,150</u>	<u>123,203</u>	<u>145,051</u>	<u>213,302</u>	<u>145,051</u>
Water and sewerage long-term liabilities	\$ <u>28,742,942</u>	<u>123,203</u>	<u>1,400,051</u>	<u>27,466,094</u>	<u>1,460,051</u>
Other business-type activities:					
Compensated absences	\$ <u>33,907</u>	<u>24,261</u>	<u>22,749</u>	<u>35,419</u>	<u>22,749</u>
Total business-type activities	\$ <u>28,776,849</u>	<u>147,464</u>	<u>1,422,800</u>	<u>27,501,513</u>	<u>1,482,800</u>

CITY OF BOSSIER CITY, LOUISIANA

Notes to Basic Financial Statements

December 31, 2005

Internal service funds predominantly serve the governmental funds. Accordingly, long-term liabilities for them are included as part of the above totals for governmental activities. The claims and judgments liability will be liquidated through the City's Insurance Fund and Liability Insurance Fund. These funds will finance the payment of these claims by charging other funds based on the origination of the claims. The General Fund normally bears approximately 76% of these costs. For the governmental activities, the balance of compensated absences is generally liquidated by the General Fund. The net pension obligation will also be liquidated by the General Fund.

The following is a summary of bond transactions (all revenue bonds) for the year ended December 31, 2005:

Bonds payable, January 1, 2005	\$ 109,312,287
New issue	—
Debt retired	(5,270,000)
Amortization of premium	(57,643)
Deferral on refunding bonds	24,454
Bonds payable, December 31, 2005	<u>\$ 104,009,098</u>

In addition to \$5,270,000 of bonds retired, the City paid \$5,010,461 in interest.

CITY OF BOSSIER CITY, LOUISIANA

Notes to Basic Financial Statements

December 31, 2005

Bonds payable at December 31, 2005 are comprised of the following issues:

Revenue bonds – applicable to general city operations:

\$8,765,000 1997 Revenue Refunding Bonds due in annual installments of \$520,000 to \$830,000 through 2014; maturing November 1 of each year; interest at 4.45% to 5.2%	\$ 5,990,000
\$34,750,000 1998 Public Improvement Sales Tax Serial Bonds due in annual installments of \$1,070,000 to \$2,515,000 through 2022; maturing December 1 of each year; interest at 4.6% to 6.75%; callable on or after December 1, 2007	28,845,000
\$9,355,000 2001 Public Improvement Sales Tax Refunding Bonds due in annual installments of \$820,000 to \$1,010,000 through 2012; maturing November 1 of each year; interest at 3.0% to 4.25%	6,365,000
\$4,880,000 2001 Revenue Bonds due in annual installments of \$475,000 to \$570,000 through 2011; maturing October 1 of each year; interest at 3.0% to 4.0%	3,115,000
\$29,260,000 2002 Public Improvement Sales Tax Bonds due in annual installments of \$595,000 to \$2,620,000 through 2022; maturing December 1 of each year; interest at 3.0% to 5.0% (plus a premium of \$878,009)	29,068,009
\$5,190,000 2003 Public Improvement Sales Tax Bonds due in annual installments of \$720,000 to \$800,000 through 2010; maturing December 1 of each year; interest at 2.0% to 3.0% (plus premium of \$28,476 and net of deferred amount on refunding \$440,179)	<u>3,373,297</u>
	<u>76,756,306</u>

Revenue bonds – applicable to water and sewer operations:

\$7,595,000 1996 Utilities Revenue Refunding Bonds due in annual installments of \$725,000 to \$880,000 through 2010; maturing October 1 of each year; interest at 4.3% to 5.1%	3,995,000
\$6,500,000 Utility Revenue Bonds, Series 1997 due in annual installments of \$250,000 to \$415,000 through 2019; maturing October 1 of each year; interest at 3.45%	4,545,000
\$3,500,000 Utility Revenue Bonds, Series 2001 due in annual installments of \$130,000 to \$245,000 through 2022; maturing October 1 of each year; interest at 3.45%	2,962,792
\$16,410,000 Utility Revenue Refunding Bonds, Series 2002 due in annual installments of \$210,000 to \$1,510,000 through 2022; maturing October 1 of each year, interest at 3.5% to 5.0%	<u>15,750,000</u>
Total water and sewer bonds	<u>27,252,792</u>
Total revenue bonds	\$ <u>104,009,098</u>

CITY OF BOSSIER CITY, LOUISIANA

Notes to Basic Financial Statements

December 31, 2005

The annual requirements, excluding \$906,485 premium on bonds and deferral of \$404,178, to amortize all debt outstanding as of December 31, 2005 are as follows:

	<u>Governmental activities</u>		<u>Business-type activities</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	
Year ending December 31:					
2006	\$ 4,200,000	3,560,867	1,315,000	1,196,911	10,272,778
2007	4,380,000	3,395,104	1,375,000	1,142,376	10,292,480
2008	4,575,000	3,217,295	1,435,000	1,084,571	10,311,866
2009	4,765,000	3,042,013	1,495,000	1,021,271	10,323,284
2010	4,965,000	2,851,886	1,565,000	955,486	10,337,372
2011 – 2015	22,215,000	10,910,466	7,975,000	3,789,855	44,890,321
2016 – 2020	21,165,000	5,784,250	8,835,000	1,752,599	37,536,849
2021 – 2025	10,025,000	758,000	3,257,792	236,226	14,277,018
	<u>\$ 76,290,000</u>	<u>33,519,881</u>	<u>27,252,792</u>	<u>11,179,295</u>	<u>148,241,968</u>

There are a number of limitations and restrictions contained in the various bond indentures. Management believes the City is in compliance with all significant limitations and restrictions.

Changes in the Department of Water and Sewerage assets restricted for debt service and unrestricted and invested in capital assets during the year ended December 31, 2005 were as follows:

Department of Water and Sewerage Fund:	
Restricted:	
Balance, beginning of year	\$ 3,420,135
Transfer from (to) unreserved net assets	<u>(659,872)</u>
Balance, end of year	<u>2,760,263</u>
Invested in capital assets and unrestricted:	
Balance, beginning of year	63,727,152
Changes in net assets	1,264,708
Transferred from (to) net assets	<u>659,872</u>
Balance, end of year	<u>65,651,732</u>
Total net assets	<u>\$ 68,411,995</u>

CITY OF BOSSIER CITY, LOUISIANA

Notes to Basic Financial Statements

December 31, 2005

Details of restricted assets at December 31, 2005 are as follows:

Department of Water and Sewerage:	
Water Division:	
Utility Revenue Bond Funds – 1996, 1997, 2001, and 2002	
Utility Revenue Serial Bonds Debt Service Fund:	
Cash and cash equivalents	\$ 724,702
Investments	3,070,046
Accrued interest receivable	23,695
	<hr/>
	3,818,443
Water Capital Additions and Contingencies Fund:	
Cash and cash equivalents	132,241
Accrued interest receivable	1,527
	<hr/>
Total restricted assets applicable to the Water Division	<hr/>
	133,768
Sewerage Division – Sewerage Capital Additions and Contingencies Fund:	
Cash and cash equivalents	427,540
Accrued interest receivable	4,125
	<hr/>
Total restricted assets applicable to the Sewerage Division	<hr/>
	431,665
Total Department of Water and Sewerage restricted assets	<hr/>
	\$ 4,383,876

State law allows a maximum of 10% of assessed valuation of bonded debt for any one purpose or 35% of the total assessed value for all purposes. The City assessed property value at December 31, 2005 is \$387,762,750. The maximum debt allowable for any one purpose and total debt allowable by state law as of December 31, 2005 is \$38,776,275 and \$135,716,963, respectively. The City currently has no general bonded debt outstanding. Therefore, at December 31, 2005, the City has a debt margin of \$135,716,963 available for issuance pursuant to the 35% limitation.

Component Units

The following is a summary of the long-term obligation activity for the year ended November 30, 2005:

Balance, November 30, 2004	\$ 2,270,000
Additions	—
Reductions	<hr/>
	(555,000)
Balance, November 30, 2005	<hr/>
	\$ 1,715,000

CITY OF BOSSIER CITY, LOUISIANA

Notes to Basic Financial Statements

December 31, 2005

At November 30, 2005, bonds payable consist of Single Family Mortgage Revenue Bonds, 1995 Series as follows:

Term Bonds, 6.0% interest, maturing on August 1, 2015	\$ 415,000
Term Bonds, 6.125% interest, maturing on August 1, 2028	1,140,000
Serial Bonds, 4.2% - 5.5% interest, annual maturities beginning on August 1, 1998 and ending on August 1, 2008	<u>160,000</u>
Total bonds	<u>\$ 1,715,000</u>

The principal amount of bonds called for early redemption for the year ended November 30, 2005, was \$500,000.

Portions of cash, temporary investments, and investments included in the Mortgage Program Fund, as prescribed in the indentures, are restricted for bond principal reduction. As of November 30, 2005 these restricted amounts totaled approximately \$18,400.

Scheduled bond principal maturities are as follows:

2006	\$ 55,000
2007	55,000
2008	50,000
2009	—
2010-2014	165,000
2015-2019	250,000
2020-2024	—
2025-2028	<u>1,140,000</u>
	<u>\$ 1,715,000</u>

In years 2009 and 2020-2024, scheduled bond principal maturities are zero due to early redemption of bonds in prior years.

Under provisions of the indenture, the Authority has the option to redeem remaining outstanding bonds in whole at any time on or after August 1, 2005 from available funds at an initial redemption price of 102% of par and subsequently at prices declining to par. The bonds are collateralized by the income derived from the mortgage loans and the funds and accounts held under or pledged to the program pursuant to the indenture.

CITY OF BOSSIER CITY, LOUISIANA

Notes to Basic Financial Statements

December 31, 2005

(7) Sales Tax

The Consolidated Sales Tax Agency Fund accounts for the collection of a two and one-half cent City sales and use tax and the distribution of this tax to other funds of the City. This fund also accounts for the collection and distribution of sales taxes levied by the Bossier Parish School Board, Bossier Parish Police Jury, Bossier Parish Sheriff, and various municipalities within the parish. For financial reporting purposes, sales taxes are recorded as revenue in the individual funds which account for operations or projects for which the taxes were levied and as approved for expenditure by ordinance of the Council.

The original one-cent sales tax is used initially to pay operating expenses incurred in the administration and collection of sales taxes. Scheduled payments are made on a monthly basis into the Sales Tax Bond and Interest Sinking Funds for debt service requirements. After these payments, the amount, if any, up to one-half of the total monthly sales tax revenues (net of collection expense) are payable to the General Fund for Fire and Police Department operations and maintenance. The remaining amount, if any, is payable to the Sales Tax Capital Improvement Fund.

A half-cent sales tax was approved by the voters in 1982. This revenue, net of expenses incurred in collecting the tax, is to be paid to the Firemen's and Policemen's Pension and Relief Funds to liquidate the unfunded liabilities of the plans over 30 years. The remaining amount, if any, is payable to the General Fund for salaries of police, fire, and other City employees.

In 1987, a half-cent sales tax was approved by the voters. The additional revenue, net of expenses incurred in collecting the tax, is to be used for retirement of principal and payment of interest on sales tax bonds issued for the design and construction of a parkway adjacent to the Red River. During 2002, the voters approved a rededication of sales tax revenues whereby any amounts in excess of debt service requirements are payable for the purpose of operating and maintaining fire, police, and other departments of the City and for previously authorized purposes which would include payments to the Parkway Capital Projects Fund.

In 1991, an additional half-cent sales tax was approved by the voters for the purposes of constructing and operating two new fire stations and a training facility, operating and maintaining the City jail and municipal buildings, maintaining and upgrading streets and drainage, and for salaries for personnel other than firemen and policemen.

The cost associated with collecting and distributing the sales tax is funded by the City and the Bossier Parish School Board. The two entities fund the sales tax departmental expenditures on a pro rata basis. The various municipalities are charged a 1% commission on sales tax collected and distributed. The amounts recorded as sales tax revenue in the various funds are net of operating expenses of the sales tax department and includes other miscellaneous revenues related to the operation of the department and the collection of the tax.

CITY OF BOSSIER CITY, LOUISIANA

Notes to Basic Financial Statements

December 31, 2005

(8) Defined Benefit Pension Plans

The City administers two defined benefit pension plans: the Firemen's Pension and Relief Fund (Firemen's Fund) and the Policemen's Pension and Relief Fund (Policemen's Fund).

A. Summary of Significant Accounting Policies

Basis of Accounting – The two City administered pension plans' financial statements are prepared using the accrual basis of accounting. Employer and plan member contributions are recognized in the period in which employees provide services to the entity. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan.

Method Used to Value Investments – Investments are reported at fair value. Short-term investments are reported at cost, which approximates fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates. Investments that do not have an established market are reported at estimated fair value.

B. Concentration of Investments

The Firemen's Fund and Policemen's Fund had no investments in any one organization representing 5% or more of the fund balance reserved for employees' pension benefits except for obligations of the federal government and its agencies. There are no investments in loans to or leases with parties related to the pension plans.

C. Plan Descriptions and Contribution Information

Membership of each plan consisted of the following at December 31, 2005:

	<u>Firemen's Fund</u>	<u>Policemen's Fund</u>
Retirees and beneficiaries receiving benefits	98	52

Administrative costs of the Firemen's Fund and Policemen's Fund are financed through the plan revenues. These plans do not have any legally required reserves.

Firemen's Pension and Relief Fund (Firemen's Fund)

Plan Description – The Firemen's Fund is a single-employer defined benefit pension plan that covers substantially all members of the City's Fire Department employed by the City before January 1, 1980. All firemen employed by the City on or after January 1, 1980 must join the Firefighter's Retirement System of Louisiana Plan.

Pension Benefits – Employees with 20 years of service are eligible to receive monthly retirement benefits. These benefits are equal to two-thirds (2/3) of average final compensation, as defined. The beneficiary receives an additional amount equal to one (1) percent of such salary for each year of service after the member has reached the age of 50 years and has served 20 years, provided that the maximum benefit shall not exceed seventy-five (75) percent of the salary. Benefits can only be paid out monthly and employee

CITY OF BOSSIER CITY, LOUISIANA

Notes to Basic Financial Statements

December 31, 2005

and employer contributions are forfeited upon termination of an employee without the required length of service.

Death and Disability Benefits – If an active employee or an employee eligible for or receiving benefits shall die from any cause, a monthly benefit shall be paid to the member's surviving spouse and children. The spouse, while remaining unmarried, shall receive fifty (50) percent of the eligible benefits to which the deceased member would be entitled. Each surviving minor child under the age of eighteen (18) years shall receive twenty-four (24) percent of said benefits until the age of eighteen (18) or until married, whichever is sooner. If there is no widow, but there are children, each child receives thirty (30) percent until age eighteen (18) years or until married, whichever is sooner. These amounts paid to the family of the deceased will not exceed two-thirds (2/3) of the member's salary.

If an active employee becomes disabled by reason of serving the department, he shall receive monthly a sum which, with the benefits from the Workmen's Compensation Act, shall be equal to seventy-five (75) percent of the monthly salary of the active member holding the position corresponding to that held by the beneficiary at the time he became disabled. The benefits shall continue as long as the disability shall continue or until he becomes eligible for retirement on a service basis, whichever is sooner. If an active member with at least ten years of service becomes disabled by reason of causes not arising or developing directly from employment, with certain exceptions, he shall receive monthly a sum equal to one-third (1/3) of the monthly salary of the active member holding the position corresponding to that held by the beneficiary at the time he became disabled, plus an additional two (2) percent of such salary for each year of active service rendered over five years. The maximum benefit shall not exceed two-thirds (2/3) of the monthly salary of the active member holding the position corresponding to that held by the beneficiary at the time he became disabled.

Deferred Retirement Option Plan – The Firemen's Fund provides for a Deferred Retirement Option Plan (DROP). Under the DROP, any member who has at least 20 years of creditable service and who is eligible for a service retirement allowance may elect to defer receipt of these benefits for a period of three years. The monthly retirement benefits that would have been payable had the member elected to cease employment and receive a service retirement allowance will be paid into the DROP account. Upon termination of employment at the end of the specified period of participation, the monthly benefits that were being paid into the DROP account during the period of participation begin being paid to the retiree. The participant may elect to receive payment in the form of one lump sum or an annuity based upon the account balance.

Funding Sources – The Plan is funded from the following sources, as established and may be amended by City ordinance:

- Proceeds from the City's portion of the State of Louisiana 2% Fire Insurance Tax Account
- The sale of condemned property owned and used by the Fire Department
- A matching five percent of employees' salaries paid by the General Fund
- Reimbursement by the General Fund for the operating deficit, if any
- Income from investments owned by the Firemen's Plan

CITY OF BOSSIER CITY, LOUISIANA

Notes to Basic Financial Statements

December 31, 2005

- Amounts from the sales tax levy sufficient to liquidate the unfunded liability over a period not to exceed 30 years

Annual Pension Cost and Net Pension Obligation – A pension liability at transition was determined in accordance with GASB Statement No. 27, *Accounting for Pensions by State and Local Governmental Employers* and equaled zero before and after transition. The City's annual pension cost and net pension obligation to the Firemen's Fund for the current year were as follows:

Annual required contribution	\$ 4,727,509
Interest	120,694
Change in amortization	<u>(454,504)</u>
Annual pension cost	4,393,699
Contributions made	<u>4,319,310</u>
Increase in net pension obligation	74,389
Net pension obligation, beginning of year	<u>1,871,359</u>
Net pension obligation, end of year	\$ <u><u>1,945,748</u></u>

The annual required contribution for the current year was determined as part of the December 31, 2005 actuarial valuation using the entry age normal actuarial cost method. Significant actuarial assumptions included: (a) 6.5% investment rate of return, compounded annually, including inflation of 3.25%, (b) cost of living adjustments of 3.25%, and (c) amortization method of level percentage of payroll over an eight-year closed period. The actuarial value of assets is based upon fair value.

	<u>Annual pension cost</u>	<u>Percentage of annual pension cost contributed</u>	<u>Net pension asset (obligation)</u>
Fiscal year ended:			
12/31/03	\$ 5,151,543	84%	(938,998)
12/31/04	5,496,188	84%	(1,871,359)
12/31/05	4,393,699	98%	(1,945,748)

The Firemen's Fund issues a publicly available financial report that includes required supplementary information. That report may be obtained by writing to Mr. Charles E. Glover, Director of Finance, City of Bossier City, P. O. Box 5337, Bossier City, Louisiana 71171-5337.

Policemen's Pension and Relief Fund (Policemen's Fund)

Plan Description – The Policemen's Fund is a single-employer defined benefit pension plan that covers a limited number of members of the City's Police Department not covered under the Municipal Police Employee Retirement System of Louisiana. All policemen employed on or after September 9, 1977 must join the Municipal Police Employee Retirement System of Louisiana Plan.

CITY OF BOSSIER CITY, LOUISIANA

Notes to Basic Financial Statements

December 31, 2005

Pension Benefits – Employees with 20 years of service or employees with 18 consecutive years of service and that have reached 65 years of age are eligible for monthly retirement benefits. These benefits shall be two-thirds (2/3) of average final compensation, as defined, but not less than \$100 per month. Benefits can only be paid monthly and employee contributions are forfeited upon termination of an employee without the required length of service.

The Policemen's Plan provides for a joint and survivor benefit option. This option gives the recipient the choice of reducing the amount of retirement drawn and increases amounts paid to survivors upon death. This option is actuarially equivalent to the original service retirement benefit. Benefits paid, regardless of option, remains at two-thirds (2/3) of monthly salary, but not less than \$100 per month.

Deferred Retirement Option Plan – The Policemen's Plan provides for a Deferred Retirement Option Plan (DROP). Under the DROP, any member who has at least 20 years of creditable service and who is eligible for a service retirement allowance may elect to defer receipt of these benefits for a period of three years. The monthly retirement benefits that would have been payable had the member elected to cease employment and receive a service retirement allowance will be paid into the DROP account. Upon termination of employment at the end of the specified period of participation, the monthly benefits that were being paid into the DROP account during the period of participation will begin being paid to the retiree. The participant may elect to receive payment in the form of no more than two payments per year in increments of at least \$1,000 or an annuity based upon the account balance.

Death and Disability Benefits – All participants are either retired or under the DROP program. Therefore, if a member dies while receiving a pension and leaves a child or children under 18 years of age, a widow, or a dependent mother, these survivors should be paid as follows: dependent mother, \$100 per month; widow, survivor benefits based upon the election of the participant; each child under 18 years of age or who is attending college, \$150 per month, regardless of the number of children.

Funding Sources – The Policemen's Fund is funded from the following sources, as established by City ordinance:

- Twenty percent of all amounts collected for City Court fines
- Ten percent of all funds collected by the City for taxes, licenses, or permits for the sale of alcoholic beverages
- Income from investments owned by the Policemen's Plan
- Reimbursement by the General Fund for the operating deficit of the prior year, if any
- Amounts from the 1982 sales tax levy sufficient to liquidate the unfunded liability over a period not to exceed 30 years

CITY OF BOSSIER CITY, LOUISIANA

Notes to Basic Financial Statements

December 31, 2005

Annual Pension Cost and Net Pension Asset – A pension liability at transition was determined in accordance with GASB Statement No. 27, *Accounting for Pensions by State and Local Governmental Employers* and equaled zero before and after transition. The City's annual pension cost and net pension asset to the Policemen's Fund for the current year were as follows:

Annual required contribution	\$ 1,951,116
Interest	(63,021)
Change in amortization	<u>(195,300)</u>
Annual pension cost	1,692,795
Contributions made	<u>2,498,535</u>
Decrease in net pension asset	(805,740)
Net pension asset, beginning of year	<u>(579,706)</u>
Net pension asset, end of year	\$ <u><u>(1,385,446)</u></u>

The annual required contribution for the current year was determined as part of the December 31, 2005 actuarial valuation using the entry age normal actuarial cost method. Significant actuarial assumptions included: (a) 6.5% investment rate of return, compounded annually, including inflation of 3.25%, (b) cost of living adjustments of 3.25%, and (c) amortization method of level percentage of payroll over an eight-year closed period. The actuarial value of assets is based upon fair value.

	<u>Annual pension cost</u>	<u>Percentage of annual pension cost contributed</u>	<u>Net pension asset</u>
Fiscal year ended:			
12/31/03	\$ 2,170,058	90%	648,339
12/31/04	2,185,973	95%	579,706
12/31/05	1,692,795	147%	1,385,446

The Policemen's Fund issues a publicly available financial report that includes required supplementary information. That report may be obtained by writing to Mr. Charles E. Glover, Director of Finance, City of Bossier City, P. O. Box 5337, Bossier City, Louisiana 71171-5337.

Multiple-Employer Cost-Sharing Benefit Plans – Public Employee Retirement Systems

Municipal Employees' Retirement System of Louisiana (MERS)

Plan Description – The City contributes to the Municipal Employees' Retirement System of Louisiana, a cost-sharing multiple-employer defined benefit pension plan administered by the board of trustees of the Municipal Employees' Retirement System of Louisiana. MERS covers substantially all employees of the City not covered by the fire and police pension plans. Benefits are established and may be amended by State statutes. The MERS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the board of trustees,

CITY OF BOSSIER CITY, LOUISIANA

Notes to Basic Financial Statements

December 31, 2005

Municipal Employees' Retirement System of Louisiana, 7937 Office Park Boulevard, Baton Rouge, Louisiana 70809 or by calling 504-925-4810.

Funding Policy – Plan members are required to contribute 5% of their annual compensation and the City is required to contribute 9.75% of annual compensation. The contribution requirements of plan members and the City are established and may be amended by State statute. The City's contributions to MERS for the years ended December 31, 2005, 2004, and 2003 were \$1,092,494, \$960,732, and \$761,401, respectively, equal to the required contributions for each year. The plan's net pension obligation was zero at December 31, 2005.

The City's pension liability at transition was determined in accordance with GASB Statement No. 27 and equaled zero before and after transition.

Municipal Police Employees' Retirement System of Louisiana (MPERS)

Plan Description – The City contributes to the Municipal Police Employees' Retirement System Pension Plan, a cost-sharing multiple-employer defined benefit pension plan administered by the MPERS. MPERS covers any full-time police officer empowered to make arrests, employed by a municipality of the State and engaged in law enforcement, earning at least \$375 per month excluding state supplemental pay, or an elected Chief of Police whose salary is at least \$100 per month, and any employee of this system may participate in the MPERS. Benefits are established and may be amended by State statutes. The MPERS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the board of trustees of the Municipal Police Employees' Retirement System, 8401 United Plaza Blvd., Room 305, Baton Rouge, Louisiana 70806, or by calling 1-800-443-4248.

Funding Policy – Plan members are required to contribute 7.5% of their annual compensation. The City was required to contribute 16.25% of annual compensation, excluding overtime, but including state supplemental pay in 2005. The contribution requirements of plan members and the City are established and may be amended by State statute. The City's contributions to MPERS for the years ended December 31, 2005, 2004, and 2003 were \$1,560,100, \$1,399,400, \$772,561, respectively, equal to the required contributions for each year. The plan's net pension obligation was zero at December 31, 2005.

The City's pension liability at transition was determined in accordance with GASB Statement No. 27 and equaled zero before and after transition.

Statewide Firefighters' Retirement System (SFRS)

Plan Description – The City contributes to the Statewide Firefighters' Retirement System Pension Plan, a cost-sharing multiple-employer defined benefit pension plan administered by the SFRS. SFRS covers firefighters employed by any municipality, parish, or fire protection district of the State of Louisiana under the provisions of Louisiana Revised Statutes 11:2251 through 2269 effective January 1, 1980. Benefits are established and may be amended by State statutes. The SFRS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the Board of Trustees, Firefighters' Retirement System, 2051 Silverside Drive, Suite 210, Baton Rouge, Louisiana 70808-4136, or by calling 504-925-4060.

CITY OF BOSSIER CITY, LOUISIANA

Notes to Basic Financial Statements

December 31, 2005

Funding Policy – The contribution requirements of plan members and the City are established and may be amended by the SFRS Board of Trustees. Plan members are required to contribute 9% of their annual compensation. The City was required to contribute 21% of annual compensation, excluding overtime, but including state supplemental pay. The City’s contributions to SFRS for the years ended December 31, 2005, 2004, and 2003 were \$1,844,796, \$783,740, and \$717,185, respectively, equal to the required contributions for each year prior to the settlement discussed above. The plan’s net pension obligation was zero at December 31, 2005.

The City’s pension liability at transition was determined in accordance with GASB Statement No. 27 and equaled zero before and after transition.

(9) Lease Commitments

The City has commitments under several operating lease agreements for equipment, land, and a water supply reservoir. With the exception of the water supply reservoir, these lease agreements are cancelable by the City at any time. City management does feel, however, that such leases will generally be renewed or replaced each year. The City’s lease agreement for the water supply reservoir calls for fixed annual payments of \$1,000 for the next 19 years.

Total rental expense for 2005 for all City operating leases was \$521,697.

(10) Other Required Individual Fund Disclosures

(a) Interfund Receivables and Payables

Interfund balances at December 31, 2005 were as follows:

<u>DUE FROM</u>	<u>DUE TO</u>			<u>Total</u>
	<u>General Fund</u>	<u>Nonmajor governmental funds</u>	<u>Agency Funds</u>	
General fund	\$ —	97,661	—	97,661
Nonmajor special revenue funds	—	—	66,994	66,994
Nonmajor debt service funds	65,256	—	—	65,256
Nonmajor capital projects funds	121,106	416,937	—	538,043
Pension trust funds	638,285	—	—	638,285
Agency funds	7,029	—	—	7,029
	<u>831,676</u>	<u>514,598</u>	<u>66,994</u>	<u>1,413,268</u>

All balances resulted from the time lag between the dates that: (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

CITY OF BOSSIER CITY, LOUISIANA

Notes to Basic Financial Statements

December 31, 2005

(b) Transfers

Transfers for the year ended December 31, 2005 were as follows:

TRANSFERS IN	TRANSFERS OUT				Total
	Riverboat Gaming Special Revenue Fund	Riverboat Gaming Capital Projects Fund	Public Health and Safety Permanent Fund	Nonmajor governmental activities	
General Fund	\$ 8,200,000	—	1,100,000	3,194,265	12,494,265
Water and Sewerage Enterprise Fund	—	—	—	638,903	638,903
Riverboat Gaming Special Revenue Fund	—	7,010,000	—	—	7,010,000
Riverboat Gaming Capital Projects Fund	169,777	—	—	—	169,777
Arena Special Revenue Fund	—	—	—	630,401	630,401
Nonmajor governmental activities	—	3,000,000	—	1,057,675	4,057,675
	<u>\$ 8,369,777</u>	<u>10,010,000</u>	<u>1,100,000</u>	<u>5,521,244</u>	<u>25,001,021</u>

Transfers are used to: (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend, (2) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund as debt service payments become due, and (3) use unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

(c) Fund Deficits

At December 31, 2005, the liability insurance fund had a deficit net asset balance of \$49,309. Funding is from City contributions. Those contributions will be increased in future years as necessary to eliminate the deficit. At December 31, 2005, the Arena fund had a deficit fund balance of \$49,817. The deficit will be funded by transfers from Hotel/Motel taxes or reimbursements for expenditures related to Hurricane Katrina.

(11) Federal and State Financial Assistance

Federal and state governmental units represent an important source of supplementary funding to finance housing, employment, and construction programs, and other activities beneficial to the community. These funds, primarily in the form of grants, are recorded in the General and Special Revenue Funds. A grant receivable is recorded when the City has a right to reimbursement under the related grant. The grants normally specify the purpose for which the funds may be used and are audited annually under the single audit as mandated by the Single Audit Act of 1996 and U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Nonprofit Organizations*.

CITY OF BOSSIER CITY, LOUISIANA

Notes to Basic Financial Statements

December 31, 2005

Supplementary salary payments are made by the State to certain groups of employees. The City is not legally responsible for these salaries. Therefore, the basis for recognizing the revenue and expenditure payments is the actual contribution from the State. For 2005, the State paid supplemental salaries to the following groups of employees: Fire Department employees, \$703,120; Police Department employees, \$677,000; and City Marshal employees (a component unit), \$25,200.

(12) Commitments and Contingencies

Construction Projects

There are certain construction projects in progress at December 31, 2005. In 2002, the City issued \$12,245,000 in utility revenue bonds for the purpose of providing additions and improvements to the utility system. With the exception of a \$2.2 million waterline where the City has encountered right-of-way problems, all planned projects should be complete in early 2006. The City also entered into a contract with the State of Louisiana Department of Transportation and Development to provide all services necessary to design, acquire right-of-way, relocate utilities, and construct the Arthur Ray Teague Parkway Interchange at State Route LA 3032 in Bossier Parish. The City paid \$833,000 in 2001 and \$700,000 in 2003, which represented a preliminary estimate of costs to purchase remaining right-of-way and relocate utilities. The total estimate to construct the interchange is \$5.0 million, which will be paid by the City. The City has budgeted to spend approximately \$3.5 million in 2006 on this project. In 2002, the City issued \$29,260,000 in public improvement sales tax bonds for the purpose of purchasing, constructing, acquiring, extending, or improving public works to construct the City's share of these two projects. The City's share of the two Boardwalk projects was completed in the spring of 2005. The City has purchased \$6.7 million in right-of-way as of 2005 for the purpose of constructing the Benton Road overpass. The City has appropriated \$12.0 million of riverboat gaming funds in 2006 for the Benton Road overpass construction. Construction should start in the first quarter of 2006.

Pension Funds

According to existing legislative acts of the State of Louisiana, the City is required to reimburse the Firemen's Pension and Relief Fund and the Policemen's Pension and Relief Fund for operating deficits that may occur in any fiscal year.

Insurance Funds

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions, and natural disasters. The Insurance and Liability Insurance Funds are used to account for self-insured activities involving workmen's compensation coverage, group dental coverage, and the self-insured retention for automobile, general liability, and property claims.

Payments are made from the operating funds to the Insurance Fund and the Liability Insurance Fund, which are accounted for as internal service funds. Payments are accounted for as revenues by the receiving fund and expenditures/expense by the paying funds. The City maintains stop-loss coverage with an insurance company of \$250,000 per occurrence related to non-civil service employees and \$350,000 related to civil service employees for workmen's compensation coverage with an aggregate limit of \$1,000,000. Employee life insurance premiums are also paid from the Insurance Fund.

CITY OF BOSSIER CITY, LOUISIANA

Notes to Basic Financial Statements

December 31, 2005

Liability policies are maintained by the City with third-party insurance carriers for its automobile, general liability, and property damage exposures. These policies are subject to a \$1,000,000 per occurrence limit with a \$100,000 per occurrence retention for claims involving third parties. The City maintained property insurance during 2005 on approximately \$95 million in City property, subject to a \$100,000 per occurrence retention for property claims. The maximum cumulative amount of self-insured retentions related to automobile and general liability claims is \$750,000.

There were no reductions in insurance coverage from coverage in the prior year. No claims exceeded the City's insurance coverage for each of the past three fiscal years.

A reconciliation of changes in the aggregate liabilities for claims for the self-insurance funds is as follows:

	<u>Accrued claims January 1</u>	<u>Claims incurred</u>	<u>Claims paid</u>	<u>Accrued claims December 31</u>
Insurance Fund:				
2004	\$ 50,578	269,429	260,429	59,578
2005	59,578	29,825	52,566	36,837
Liability Insurance Fund:				
2004	\$ 849,476	1,351,094	1,157,457	1,043,113
2005	1,043,113	1,087,355	1,328,147	802,321

Litigation

The City is the defendant in a number of legal actions, most of which are partially covered by insurance. There are certain suits, including employee discrimination and civil rights violations suits, which are in the early stages of discovery and for which the availability of insurance coverage or estimates of the ultimate liability of the City cannot be determined. Resolution of some of these cases could involve liability to the City in excess of insurance limits if the courts find in favor of the various plaintiffs. The City evaluates the existing litigation and accrues appropriate amounts in accordance with Financial Accounting Standards No. 5 as liabilities become probable and can be estimated. It is the policy of the City to pay uninsured judgments against the City on a current basis from the excess of revenues over expenditures.

Grant Disallowances

The City participates in federally assisted grant programs, principally Community Development Block Grant, and various construction grants. These programs are subject to program compliance audits under the Single Audit Act. Such audits could lead to requests for reimbursement by the grantor a agency for expenditures disallowed under terms of the grants. City management believes that the amount of disallowances, if any, which may arise from future audits will not be material.

Revenues From the State of Louisiana

The General Fund receives various revenues from the State of Louisiana including beer tax, and traffic signalization revenues. The continuation of these revenues at these amounts is contingent on a variety of factors at the state level.

CITY OF BOSSIER CITY, LOUISIANA

Notes to Basic Financial Statements

December 31, 2005

(13) Subsequent Events

In March 2006, the City issued \$7,160,000 of Public Improvement Sales Tax Bonds, Series 2006. The bonds were issued for the purpose of purchasing, constructing, acquiring, extending, or improving any public works or capital improvements for the City.

**REQUIRED
SUPPLEMENTARY
INFORMATION**

CITY OF BOSSIER CITY, LOUISIANA

Required Supplementary Information

Schedules of Funding Progress

Fiscal years ended December 31, 2003 through December 31, 2005
(unaudited)

Fiscal Year	(1) Actuarial Value of Assets	(2) Actuarial Liability (AAL) - Entry Age	(3) Unfunded AAL (UAAL) (2-1)	(4) Funded Ratio (1/2)	(5) Covered Payroll	(6) UAAL as a Percentage of Covered Payroll (3/5)
Firemen's Fund:						
2005	\$ 29,831,582	67,148,190	37,316,609	44.4%	\$	N/A
2004	28,581,426	68,862,434	40,281,008	41.5%		N/A
2003	26,951,107	69,039,691	42,088,584	39.0%	143,064	29,416.6%
Policemen's Fund:						
2005	9,480,354	26,181,258	16,700,904	36.2%		N/A
2004	8,588,567	25,732,656	17,144,089	33.4%		N/A
2003	8,079,611	26,034,824	17,955,213	31.0%		N/A

See accompanying independent auditors' report

CITY OF BOSSIER CITY, LOUISIANA
Notes to Required Supplementary Information
Year ended December 31, 2005
(unaudited)

The information presented in the required supplementary schedules was determined as part of the actuarial valuations at the dates indicated. Additional information as of the latest actuarial valuation follows:

	<u>Firemen's Fund</u>	<u>Policemen's Fund</u>
Valuation date	1/1/06	1/1/06
Actuarial cost method	Entry age normal cost	Entry age normal cost
Amortization method	Level percentage (closed basis)	Level percentage (closed basis)
Remaining amortization period	10 years (minimum)	10 years (minimum)
Asset valuation method	Fair value	Fair value
Actuarial assumptions:		
Investment rate of return	6.50%	6.50%
Projected salary increases	N/A	N/A
Cost-of-living adjustments	3.25%	3.25%
Amortization increase rate	2.65%	3.40%

See accompanying independent auditors' report.

CITY OF BOSSIER CITY, LOUISIANA

General Fund

Schedule of Revenues, Expenditures, and
Changes in Fund Balance -- Budget and Actual on a Budgetary Basis

Year ended December 31, 2005
(unaudited)

	Original budget	Final budget	Actual on a budgetary basis	Variance with final budget positive (negative)
Revenues:				
Taxes:				
Sales, net	\$ 15,411,429	15,411,429	12,505,451	2,905,978
Ad valorem	8,328,850	8,328,850	8,518,245	(189,395)
Utility	1,200,000	1,200,000	1,466,908	(266,908)
Telephone	200,000	200,000	157,395	42,605
Franchise:				
Cable television	455,000	455,000	432,113	22,887
Chain store	62,500	62,500	53,692	8,808
Taxi	8,000	8,000	7,590	410
	<u>25,665,779</u>	<u>25,665,779</u>	<u>23,141,394</u>	<u>2,524,385</u>
Licenses and permits	2,224,000	2,224,000	2,580,023	(356,023)
Intergovernmental:				
Grants	150,000	150,000	98,160	51,840
State and parish revenues:				
Supplemental pay	1,532,000	1,532,000	1,405,320	126,680
Beer tax	110,000	110,000	137,763	(27,763)
Special funds from State of Louisiana	181,000	181,000	219,078	(38,078)
	<u>1,973,000</u>	<u>1,973,000</u>	<u>1,860,321</u>	<u>112,679</u>
Fines and penalties	1,000,000	1,000,000	1,302,438	(302,438)
Racing Commission -- Louisiana Downs	820,000	820,000	1,008,173	(188,173)
Ambulance fees	3,090,000	3,090,000	4,298,109	(1,208,109)
Video poker	560,000	560,000	527,424	32,576
Investment earnings	45,000	45,000	207,751	(162,751)
Miscellaneous:				
Payment in lieu of taxes -- Federal Housing Authority	49,000	49,000	41,366	7,634
Parks and recreation	182,500	182,500	165,540	16,960
Engineering fees	25,000	25,000	85,141	(60,141)
Enterprise funds and Civic Center Fund pro rata share of general and administrative expenses	428,500	428,500	392,500	36,000
Police Department revenues	310,000	310,000	208,633	101,367
Other income	215,000	215,000	269,969	(54,969)
Total miscellaneous	<u>1,210,000</u>	<u>1,210,000</u>	<u>1,163,149</u>	<u>46,851</u>
Total revenues	<u>36,587,779</u>	<u>36,587,779</u>	<u>36,088,782</u>	<u>498,997</u>

CITY OF BOSSIER CITY, LOUISIANA

General Fund

Schedule of Revenues, Expenditures, and
Changes in Fund Balance – Budget and Actual on a Budgetary Basis

Year ended December 31, 2005
(unaudited)

	<u>Original budget</u>	<u>Final budget</u>	<u>Actual on a budgetary basis</u>	<u>Variance with final budget positive (negative)</u>
Expenditures:				
Current:				
General government:				
Administration	\$ 457,097	457,097	486,130	(29,033)
Municipal building	1,475,159	1,475,159	1,833,742	(358,583)
Finance	889,851	889,851	964,059	(74,208)
City garage	758,450	758,450	717,913	40,537
Traffic engineering and safety	831,132	831,132	795,038	36,094
Purchasing	364,646	364,646	345,274	19,372
Engineering	772,438	772,438	741,970	30,468
Personnel	385,570	385,570	381,116	4,454
Permits and inspections	879,285	879,285	892,180	(12,895)
City attorney	308,209	308,209	301,775	6,434
Public works	247,835	247,835	267,126	(19,291)
City council	268,272	268,272	299,608	(31,336)
Community development	189,381	189,381	138,031	51,350
Information services	757,877	757,877	791,845	(33,968)
Payments to other governmental agencies	1,249,154	1,249,154	1,246,969	2,185
	<u>9,834,356</u>	<u>9,834,356</u>	<u>10,202,776</u>	<u>(368,420)</u>
Public safety:				
Fire	16,765,329	16,765,329	16,237,349	527,980
Police	15,641,585	15,641,585	14,546,745	1,094,840
	<u>32,406,914</u>	<u>32,406,914</u>	<u>30,784,094</u>	<u>1,622,820</u>
Highways and streets	1,340,702	1,340,702	1,367,818	(27,116)
Culture and recreation	1,698,572	1,698,572	1,730,249	(31,677)
City court and marshal:				
City court	661,425	661,425	673,351	(11,926)
Marshal's office	758,513	758,513	852,149	(93,636)
	<u>1,419,938</u>	<u>1,419,938</u>	<u>1,525,500</u>	<u>(105,562)</u>
Total expenditures	<u>46,700,482</u>	<u>46,700,482</u>	<u>45,610,437</u>	<u>1,090,045</u>
Excess of expenditures over revenues	(10,112,703)	(10,112,703)	(9,521,655)	591,048
Other financing sources (uses):				
Transfers in	10,100,000	9,300,000	12,494,265	(3,194,265)
Transfer to component unit	(161,474)	(161,474)	(161,474)	—
	<u>9,938,526</u>	<u>9,138,526</u>	<u>12,332,791</u>	<u>(3,194,265)</u>
Excess (deficiency) of revenues and other sources over (under) expenditures and other uses	(174,177)	(974,177)	2,811,136	2,985,313
Fund balance, beginning of year	8,281,433	8,281,433	8,281,433	—
Fund balance, end of year	\$ <u>8,107,256</u>	<u>7,307,256</u>	<u>11,092,569</u>	<u>2,985,313</u>

See accompanying independent auditors' report.

CITY OF BOSSIER CITY, LOUISIANA

Special Revenue Fund
Arena Fund

Schedule of Revenues, Expenditures, and Changes
in Fund Balance – Budget and Actual

Year ended December 31, 2005
(unaudited)

	<u>Original budget</u>	<u>Final budget</u>	<u>Actual</u>	<u>Variance with final budget positive (negative)</u>
Revenues:				
Direct event income	\$ 242,750	243,767	105,991	(137,776)
Ancillary income	1,308,105	794,511	695,089	(99,422)
Advertising	872,847	746,851	733,345	(13,506)
Luxury box income	492,053	502,453	509,996	7,543
Other income	229,293	66,032	19,848	(46,184)
Total revenues	<u>3,145,048</u>	<u>2,353,614</u>	<u>2,064,269</u>	<u>(289,345)</u>
Expenditures – current – culture and recreation:				
Executive	226,552	216,952	211,914	5,038
Finance	213,333	207,208	185,678	21,530
Operations	1,346,264	1,188,847	1,149,093	39,754
Marketing	212,630	160,278	155,475	4,803
Box office	124,221	102,213	103,762	(1,549)
Facility overhead	986,261	921,327	999,689	(78,362)
Total expenditures	<u>3,109,261</u>	<u>2,796,825</u>	<u>2,805,611</u>	<u>(8,786)</u>
Excess (deficiency) of revenues over (under) expenditures	35,787	(443,211)	(741,342)	(298,131)
Other financing sources – Transfers in	100,000	500,000	630,401	130,401
Excess (deficiency) of revenues and other financing sources over (under) expenditures	135,787	56,789	(110,941)	(167,730)
Fund balance, beginning of year	61,124	61,124	61,124	—
Fund balance, end of year	\$ <u>196,911</u>	<u>117,913</u>	<u>(49,817)</u>	<u>(167,730)</u>

See accompanying independent auditors' report.

CITY OF BOSSIER CITY, LOUISIANA

Notes to Budgetary Comparison Schedules

December 31, 2005

(unaudited)

Budget and Budgetary Accounting

The City utilizes the following procedures in establishing the budgetary data reflected in the financial statements:

- (1) Prior to October 15, the Mayor submits to the City Council a proposed operating budget for the fiscal year commencing the following January 1. The operating budget includes proposed expenditures and the means of financing them.
- (2) A public hearing is then conducted, after proper official journal notification, to obtain taxpayer comments.
- (3) Prior to December 15, the budget is legally enacted through passage of an ordinance.
- (4) The budget ordinance is structured such that revenues are budgeted by source, and appropriations are budgeted by department and by principal object of expenditure. The City Charter provides that expenditures may not legally exceed appropriations on a departmental basis after considering fund surpluses or deficits. The Council may revise or amend the budget at its discretion during legally convened sessions. Management may amend the budget only below the department level. For the year ended December 31, 2005, an amendment was made to the General Fund budget to decrease transfers in from the Riverboat Gaming capital projects fund. The Arena fund had one amendment in 2005 to lower revenue and expenditure estimates based on a decline in the industry and the effects of Hurricane Katrina on operations while the Arena was being utilized as a shelter.
- (5) Comparison of budgeted and actual amounts, as shown in the accompanying financial statements, includes the General Fund and those special revenue funds which are included in the annual operating budget (Civic Center, Hotel/Motel Taxes, Fire Improvements and Operations, Jail and Municipal Buildings, Streets and Drainage, and Arena). Annual operating budgets are not prepared for the State and Federal Grant, Court Witness Fee, Public Safety Pension Reserve, and Riverboat Gaming special revenue funds, but rather these funds are budgeted on a project basis. The capital budget ordinances, which encompass the capital projects funds, present cumulative as opposed to annual budget amounts and, thus, budget and actual comparisons are not reported in the accompanying financial statements for these funds. Budgetary control for the debt service funds is achieved through general bond indenture provisions.
- (6) All budgets are adopted on a basis substantially consistent with generally accepted accounting principles (GAAP), except that payments to the Firemen's and Policemen's Pension Funds are not budgeted in the General Fund and administrative expenditures allocated to the State and Federal Grant special revenue fund are budgeted in the General Fund. Appropriations which are not expended lapse at year-end, except appropriations for capital improvements, which do not lapse until the purpose of the appropriation has been accomplished or abandoned.
- (7) The City is legally required to prepare annual operating budgets for the Department of Water and Sewerage and Sanitation. The City is not, however, required to present an actual-to-budget comparison for the enterprise funds. Budgets are not prepared for the internal service funds.

CITY OF BOSSIER CITY, LOUISIANA

Notes to Budgetary Comparison Schedules

December 31, 2005

(unaudited)

Reconciliation of the Budgetary Basis and the GAAP Basis

Adjustments necessary to convert the expenditures at the end of the year on the budgetary basis to the GAAP basis are as follows:

	<u>General Fund</u>
Budgetary basis expenses	\$ 45,610,437
Administrative costs of State and Federal Grant Special Revenue Fund	(98,160)
Sales taxes dedicated to Firemen's and Policemen's Pension and Relief Funds	7,055,175
Payments to component units	<u>161,474</u>
GAAP basis expenses	\$ <u>52,728,926</u>

Excess of Expenditures Over Budget - Major Funds

For those funds for which a budget-to-actual comparison was made, actual expenditures on a budgetary basis exceeded budgeted expenditures on a line-item basis as follows:

Fund	<u>Budget</u>	<u>Actual on a budgetary basis</u>	<u>Negative variance</u>
General Fund:			
General government:			
Administration	\$ 457,097	486,130	(29,033)
Municipal building	1,475,159	1,833,742	(358,583)
Finance	889,851	964,059	(74,208)
Permits and inspections	879,285	892,180	(12,895)
Public works	247,835	267,126	(19,291)
City council	268,272	299,608	(31,336)
Information services	757,877	791,845	(33,968)
Highways and streets	1,340,702	1,367,818	(27,116)
Culture and recreation	1,698,572	1,730,249	(31,677)
City court	661,425	673,351	(11,926)
City marshal	758,513	852,149	(93,636)
Arena fund - culture and recreation	2,796,825	2,805,611	(8,786)

The unfavorable variance in municipal building and the City Marshal is due to higher than expected electricity costs. The unfavorable variance in finance is due to investigative and audit costs related to a theft by the assistant controller.

**COMBINING AND INDIVIDUAL
FUND FINANCIAL
STATEMENTS**

NONMAJOR GOVERNMENTAL FUNDS

Special Revenue Funds

State and Federal Grant – This fund accounts for the receipt and disbursement of funds received under the Community Development Block Grant and other grant programs.

Court Witness Fee – This fund accounts for the proceeds of a special case charge on criminal matters. The revenues generated are dedicated to the payment of a special witness fee to law officers who are called to testify in City Court.

Civic Center – This fund accounts for the revenues received and operating expenses incurred in the operations of the City's Civic Center Complex.

Hotel/Motel Taxes – This fund accounts for the revenues received from taxes levied on the occupancy of hotel/motel rooms and related facilities. The revenues can only be used for riverboat/downtown development and the operation and maintenance of the civic center and multi-purpose arena.

Fire Improvements and Operations – This fund accounts for the revenues received and operating expenses incurred in the construction and operation of two new fire stations and a new training facility.

Jail and Municipal Buildings – This fund accounts for the revenues received and the operating expenses incurred to operate and maintain the City Jail in accordance with Federally Mandated Standards and to operate and maintain City buildings.

Streets and Drainage – This fund accounts for the revenues received and the operating expenses incurred in maintaining and upgrading streets and drainage.

Public Safety Pension Reserve – This fund accounts for funds reserved for the potential liability that may need to be paid due to the increase of contribution requirements of the State Firefighters Retirement System and the State Police Retirement System.

Debt Service Funds

Sales Tax Bond Sinking and Reserve Fund – Used to account for the accumulation of resources for, and the payment of, long-term debt principal, interest, and related costs of the 1998, 2002, and 2003 bond series.

Parkway Sales Tax Bond Sinking and Reserve Fund – Used to account for the accumulation of resources for, and the payment of, long-term debt principal, interest, and related costs of the 1997 and 2001 bond series.

Hotel/Motel Bond Sinking and Reserve Fund – Used to account for the accumulation of resources for, and the payment of, long-term debt principal, interest, and related costs of the 2001 bond series.

Capital Projects Funds

Sales Tax Capital Improvement Fund – This fund is used to account for expenditures associated with street improvements, the Shed Road projects, and the Golden West project and is funded by the excess one-half cent sales tax after payment of debt service sales tax revenue bond issues and interest earned.

Parkway Capital Projects Fund – This fund is used to account for miscellaneous capital expenditures, as budgeted by the City Council, and is funded by the excess one-half cent sales tax after payment of debt service on the Parkway Bond Issue and interest earned.

Sales Tax Bond Capital Projects Fund – This fund was established in 2002 to account for the proceeds received from the Public Improvement Sales Tax Bonds, Series 2002 and the expenditures of the bond monies.

Traffic Street Bond Construction Fund – This fund is used to account for the capital improvements associated with riverfront and downtown development and is funded by the 2001 bond proceeds and interest earned.

Land Acquisition Fund – This fund is used to account for special land purchases and sales not associated with bond issue-related expenditures.

CITY OF BOSSIER CITY, LOUISIANA

Nonmajor Governmental Funds

Combining Balance Sheet – By Fund Type

December 31, 2005

Assets	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	Total
Assets:				
Cash and cash equivalents	\$ 1,647,364	1,317,872	855,996	3,821,232
Investments	8,330,985	6,710,516	4,358,676	19,400,177
Receivables, net				
Taxes – other	598,785	645,265	675,081	1,919,131
Accrued interest	95,659	77,468	42,980	216,107
Due from other funds	66,994	65,256	538,043	670,293
Due from other governmental units	1,136,086	—	—	1,136,086
Total assets	\$ 11,875,873	8,816,377	6,470,776	27,163,026
Liabilities and Fund Balances				
Liabilities:				
Accounts payable	\$ 103,474	2,700	152,994	259,168
Accrued liabilities	9,201	—	—	9,201
Due to other funds	514,597	—	—	514,597
Deferred revenue	671,689	—	—	671,689
Total liabilities	1,298,961	2,700	152,994	1,454,655
Fund balances:				
Reserved:				
Debt service	—	8,813,677	—	8,813,677
Encumbrances	476,879	—	948,914	1,425,793
Unreserved:				
Designated for subsequent year's expenditure	—	—	5,368,868	5,368,868
Undesignated	10,100,033	—	—	10,100,033
Total fund balances	10,576,912	8,813,677	6,317,782	25,708,371
Total liabilities and fund balances	\$ 11,875,873	8,816,377	6,470,776	27,163,026

See accompanying notes to basic financial statements.

CITY OF BOSSIER CITY, LOUISIANA
Nonmajor Governmental Funds
Combining Statement of Revenues, Expenditures,
and Changes in Fund Balances – By Fund Type
Year ended December 31, 2005

	<u>Special Revenue Funds</u>	<u>Debt Service Funds</u>	<u>Capital Projects Funds</u>	<u>Total</u>
Revenues:				
Taxes	\$ 4,874,064	7,195,791	3,619,396	15,689,251
Intergovernmental	2,795,398	—	133,249	2,928,647
Fees and rentals	267,507	—	—	267,507
Fines and penalties	40,375	—	—	40,375
Investment earnings	234,538	224,679	155,536	614,753
Miscellaneous	38,340	1,434	699	40,473
Total revenues	<u>8,250,222</u>	<u>7,421,904</u>	<u>3,908,880</u>	<u>19,581,006</u>
Expenditures:				
Current:				
General government	463,677	—	—	463,677
Public safety	232,695	—	—	232,695
Culture and recreation	713,808	—	—	713,808
City court and marshal	72,650	—	—	72,650
Capital outlay	2,152,083	—	11,075,567	13,227,650
Debt service:				
Principal retirement	—	4,015,000	—	4,015,000
Interest and fiscal charges	—	3,725,706	—	3,725,706
Total expenditures	<u>3,634,913</u>	<u>7,740,706</u>	<u>11,075,567</u>	<u>22,451,186</u>
Excess (deficiency) of revenues over (under) expenditures	4,615,309	(318,802)	(7,166,687)	(2,870,180)
Other financing sources (uses):				
Transfers in	500,000	655,199	2,902,476	4,057,675
Transfers out	(4,979,866)	—	(541,378)	(5,521,244)
Total other financing sources (uses)	<u>(4,479,866)</u>	<u>655,199</u>	<u>2,361,098</u>	<u>(1,463,569)</u>
Net change in fund balances	135,443	336,397	(4,805,589)	(4,333,749)
Fund balances, beginning of year	<u>10,441,469</u>	<u>8,477,280</u>	<u>11,123,371</u>	<u>30,042,120</u>
Fund balances, end of year	<u>\$ 10,576,912</u>	<u>8,813,677</u>	<u>6,317,782</u>	<u>25,708,371</u>

See accompanying notes to basic financial statements.

CITY OF BOSSIER CITY, LOUISIANA

Nonmajor Special Revenue Funds

Combining Balance Sheet

December 31, 2005

Assets	State and Federal Grant	Court Witness Fee	Civic Center	Hotel/Motel Taxes	Fire Improvements and Operations	Jail and Municipal Buildings	Streets and Drainage	Public Safety Pension Reserve	Total
Cash and cash equivalents	\$ —	10,750	170,510	590,085	48,176	490,986	336,857	—	1,647,364
Investments	—	—	865,676	3,004,674	245,311	2,500,069	1,713,255	—	8,330,985
Tax receivables - other	—	—	—	24,601	226,439	161,742	186,003	—	598,785
Interest receivables	—	—	9,959	34,687	2,642	28,725	19,646	—	95,659
Due from other government agencies	137,830	—	—	998,256	—	—	—	—	1,136,086
Due from other funds	—	—	—	66,994	—	—	—	—	66,994
Total assets	\$ 137,830	10,750	1,046,145	4,719,297	522,568	3,181,522	2,237,761	—	11,875,873
Liabilities and Fund Balances									
Liabilities:									
Accounts payable	\$ 350	—	4,282	—	—	11,791	87,051	—	103,474
Accrued liabilities	—	—	9,201	—	—	—	—	—	9,201
Due to other funds	97,661	—	—	—	165,011	117,090	134,835	—	514,597
Deferred revenue	4,289	—	17,400	650,000	—	—	—	—	671,689
Total liabilities	102,300	—	30,883	650,000	165,011	128,881	221,886	—	1,298,961
Fund balances:									
Reserved for encumbrances	—	—	523	9,129	—	50,631	416,596	—	476,879
Unreserved - undesignated	35,530	10,750	1,014,739	4,060,168	357,557	3,002,010	1,619,279	—	10,100,033
Total fund balances	35,530	10,750	1,015,262	4,069,297	357,557	3,052,641	2,035,875	—	10,576,912
Total liabilities and fund balances	\$ 137,830	10,750	1,046,145	4,719,297	522,568	3,181,522	2,237,761	—	11,875,873

See accompanying notes to basic financial statements.

CITY OF BOSSIER CITY, LOUISIANA
Nonmajor Special Revenue Funds
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Year ended December 31, 2005

	State and Federal Grant	Court Witness Fee	Civic Center	Hotel/Motel Taxes	Fire Improvements and Operations	Jail and Municipal Buildings	Streets and Drainage	Public Safety Pension Reserve	Total
Revenues:									
Sales tax, net	—	—	—	—	1,881,000	1,388,432	1,604,632	—	4,874,064
Fees and rentals	—	—	267,507	—	—	—	—	—	267,507
Intergovernmental:									
U.S. government grants and entitlements	499,207	—	—	1,769,756	—	—	—	—	499,207
State and parish-shared revenues	—	26,435	—	—	—	500,000	—	—	2,296,191
Total intergovernmental	499,207	26,435	—	1,769,756	—	500,000	—	—	2,795,398
Fines and penalties	—	40,375	—	—	—	—	—	—	40,375
Investment earnings	—	41	24,071	97,562	5,552	60,851	50,501	(4,040)	234,538
Miscellaneous	—	—	3,340	35,000	—	—	—	—	38,340
Total revenues	499,207	66,851	294,918	1,902,318	1,886,552	1,949,283	1,655,133	(4,040)	8,250,222
Expenditures:									
Current:									
General government	463,677	—	—	—	—	—	—	—	463,677
Public safety	—	—	—	—	—	—	—	232,695	232,695
Culture and recreation	—	—	713,808	—	—	—	—	—	713,808
City Court and Marshal	—	72,650	—	—	—	—	—	—	72,650
Capital outlay	—	—	23,766	1,037,320	9,750	147,513	933,734	—	2,152,083
Total expenditures	463,677	72,650	737,574	1,037,320	9,750	147,513	933,734	232,695	3,634,913
Excess (deficiency) of revenues over (under) expenditures	35,530	(5,799)	(442,656)	864,998	1,876,802	1,801,770	721,399	(236,735)	4,615,309
Other financing sources (uses):									
Transfers in	—	—	500,000	—	—	—	—	—	500,000
Transfers out	—	—	—	(1,705,344)	(1,849,522)	(825,000)	(600,000)	—	(4,979,866)
Net change in fund balances	35,530	(5,799)	57,344	(840,346)	27,280	976,770	121,399	(236,735)	135,443
Fund balances, beginning of year	—	16,549	957,918	4,909,643	330,277	2,075,871	1,914,476	236,735	10,441,469
Fund balances, end of year	35,530	10,750	1,015,262	4,069,297	357,557	3,052,641	2,035,875	—	10,576,912

See accompanying notes to basic financial statements.

CITY OF BOSSIER CITY, LOUISIANA

Nonmajor Debt Service Funds

Combining Balance Sheet

December 31, 2005

Assets	Sales Tax Bond Sinking and Reserve Fund	Parkway Sales Tax Bond Sinking and Reserve Fund	Hotel/ Motel Bond Sinking and Reserve Fund	Total
Cash and cash equivalents	\$ 858,273	336,110	123,489	1,317,872
Investments	4,370,270	1,711,447	628,799	6,710,516
Accounts receivable – taxes	488,259	157,006	—	645,265
Accrued interest	50,452	19,757	7,259	77,468
Due from other funds	65,256	—	—	65,256
Total assets	\$ 5,832,510	2,224,320	759,547	8,816,377
 Liabilities and Fund Balances				
Liabilities – vouchers payable	1,500	1,200	—	2,700
Fund balances – reserved for debt service	\$ 5,831,010	2,223,120	759,547	8,813,677
Total liabilities and fund balance	\$ 5,832,510	2,224,320	759,547	8,816,377

See accompanying notes to basic financial statements.

CITY OF BOSSIER CITY, LOUISIANA

Nonmajor Debt Service Funds

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances

Year ended December 31, 2005

	<u>Sales Tax Bond Sinking and Reserve Fund</u>	<u>Parkway Sales Tax Bond Sinking and Reserve Fund</u>	<u>Hotel/ Motel Bond Sinking and Reserve Fund</u>	<u>Total</u>
Revenues:				
Sales taxes, net	\$ 5,321,648	1,874,143	—	7,195,791
Investment earnings	147,375	57,543	19,761	224,679
Miscellaneous	<u>1,434</u>	<u>—</u>	<u>—</u>	<u>1,434</u>
Total revenues	<u>5,470,457</u>	<u>1,931,686</u>	<u>19,761</u>	<u>7,421,904</u>
Expenditures – debt service:				
Principal retirement	2,275,000	1,280,000	460,000	4,015,000
Interest and fiscal charges	<u>3,000,323</u>	<u>594,940</u>	<u>130,443</u>	<u>3,725,706</u>
Total expenditures	<u>5,275,323</u>	<u>1,874,940</u>	<u>590,443</u>	<u>7,740,706</u>
Excess (deficiency) of revenues over (under) expenditures	195,134	56,746	(570,682)	(318,802)
Other financing sources – transfers in	<u>65,256</u>	<u>—</u>	<u>589,943</u>	<u>655,199</u>
Net change in fund balances	260,390	56,746	19,261	336,397
Fund balances, beginning of year	<u>5,570,620</u>	<u>2,166,374</u>	<u>740,286</u>	<u>8,477,280</u>
Fund balances, end of year	<u>\$ 5,831,010</u>	<u>2,223,120</u>	<u>759,547</u>	<u>8,813,677</u>

See accompanying notes to basic financial statements.

CITY OF BOSSIER CITY, LOUISIANA

Nonmajor Capital Projects Funds

Combining Balance Sheet

December 31, 2005

Assets	Sales Tax Capital Improvement Fund	Parkway Capital Projects Fund	Sales Tax Bond Capital Projects Fund	Traffic Street Bond Construction Fund	Land Acquisition Fund	Total
Cash and cash equivalents	\$ 525,916	188,781	120,650	1	20,648	855,996
Investments	2,677,928	961,262	614,341	5	105,140	4,358,676
Taxes receivable - other	320,451	347,538	7,092	—	—	675,081
Accrued interest	30,778	10,988	—	—	1,214	42,980
Due from other funds	234,390	303,653	—	—	—	538,043
Total assets	\$ 3,789,463	1,812,222	742,083	6	127,002	6,470,776

Liabilities and Fund Balances

Liabilities:						
Accounts payable	\$ 66,317	82,303	4,374	—	—	152,994
Total liabilities	66,317	82,303	4,374	—	—	152,994
Fund balances:						
Reserved for encumbrances	541,541	352,328	55,045	—	—	948,914
Unreserved - designated for subsequent years' expenditures	3,181,605	1,377,591	682,664	6	127,002	5,368,868
Total fund balances	3,723,146	1,729,919	737,709	6	127,002	6,317,782
Total liabilities and fund balances	\$ 3,789,463	1,812,222	742,083	6	127,002	6,470,776

See accompanying notes to basic financial statements.

CITY OF BOSSIER CITY, LOUISIANA

Nonmajor Capital Projects Funds

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances

Year ended December 31, 2005

	Sales Tax Capital Improvement Fund	Parkway Capital Projects Fund	Sales Tax Bond Capital Projects Fund	Traffic Street Bond Construction Fund	Land Acquisition Fund	Total
Revenues:						
Sales taxes, net	\$ 1,900,484	1,718,912	—	—	—	3,619,396
Intergovernmental	64,801	68,448	—	—	—	133,249
Investment earnings	83,475	51,544	17,635	(164)	3,046	155,536
Other income	699	—	—	—	—	699
Total revenues	2,049,459	1,838,904	17,635	(164)	3,046	3,908,880
Expenditures:						
Capital outlay -- project expenditures and engineering fees	3,924,652	4,326,059	2,812,844	12,012	—	11,075,567
Total expenditures	3,924,652	4,326,059	2,812,844	12,012	—	11,075,567
Excess (deficiency) of revenues over (under) expenditures	(1,875,193)	(2,487,155)	(2,795,209)	(12,176)	3,046	(7,166,687)
Other financing sources (uses):						
Transfers in	1,402,476	1,500,000	—	—	—	2,902,476
Transfers out	—	(541,378)	—	—	—	(541,378)
Total other financing sources (uses)	1,402,476	958,622	—	—	—	2,361,098
Net change in fund balances	(472,717)	(1,528,533)	(2,795,209)	(12,176)	3,046	(4,805,589)
Fund balances, beginning of year	4,195,863	3,258,452	3,532,918	12,182	123,956	11,123,371
Fund balances, end of year	\$ 3,723,146	1,729,919	737,709	6	127,002	6,317,782

See accompanying notes to basic financial statements.

FIDUCIARY FUNDS

Pension Trust Funds – The pension trust funds are used to account for assets held by the City in a trustee capacity. The pension trust funds reported in this section are the Firemen’s Pension and Relief Fund, and the Policemen’s Pension and Relief Fund.

Agency Funds – The Consolidated Sales Tax Fund accounts for the collection of a two percent City sales and use tax and the distribution of this tax to the various funds which account for operations and projects for which the tax was levied. This fund also accounts for the collection and distribution of sales taxes levied by the Bossier Parish School Board and various municipalities within the parish. The Riverboat Gaming Agency Fund accounts for the receipt and disbursement of funds from the riverboats that the City receives and disburses to other local government agencies in accordance with the contractual provisions.

CITY OF BOSSIER CITY, LOUISIANA

Pension Trust Funds

Combining Statement of Plan Net Assets

December 31, 2005

Assets	<u>Firemen's Pension and Relief Fund</u>	<u>Policemen's Pension and Relief Fund</u>	<u>Total</u>
Cash and cash equivalents	\$ 539,266	788,756	1,328,022
Investments, at fair value:			
U.S. treasury bonds and U.S. government and agency obligations	28,297,313	6,672,955	34,970,268
Certificates of deposit	<u>861,244</u>	<u>1,976,466</u>	<u>2,837,710</u>
	29,158,557	8,649,421	37,807,978
Accrued interest receivables	115,546	42,178	157,724
Due from other funds	<u>416,627</u>	<u>221,658</u>	<u>638,285</u>
Total assets	<u>\$ 30,229,996</u>	<u>9,702,013</u>	<u>39,932,009</u>
 Liabilities and Fund Balances			
Fund balances reserved for employees' retirement system	<u>\$ 30,229,996</u>	<u>9,702,013</u>	<u>39,932,009</u>

See accompanying notes to basic financial statements.

CITY OF BOSSIER CITY, LOUISIANA
Pension Trust Funds
Combining Statement of Changes in Plan Net Assets
December 31, 2005

	Firemen's Pension and Relief Fund	Policemen's Pension and Relief Fund	Total
Additions			
Contributions from City:			
Sales taxes, net	\$ 4,585,864	2,469,311	7,055,175
Fire insurance premiums	150,097	—	150,097
City court fines	—	244,759	244,759
City liquor licenses	—	6,123	6,123
Total contributions	<u>4,735,961</u>	<u>2,720,193</u>	<u>7,456,154</u>
Investment earnings	1,372,735	210,358	1,583,093
Less investment expense	(101,305)	(27,471)	(128,776)
Net investment earnings	<u>1,271,430</u>	<u>182,887</u>	<u>1,454,317</u>
Total additions	<u>6,007,391</u>	<u>2,903,080</u>	<u>8,910,471</u>
Deductions			
Pensions and benefits	4,331,233	1,765,833	6,097,066
Administrative expenses	27,588	23,801	51,389
Total deductions	<u>4,358,821</u>	<u>1,789,634</u>	<u>6,148,455</u>
Change in net assets	1,648,570	1,113,446	2,762,016
Net assets, beginning	<u>28,581,426</u>	<u>8,588,567</u>	<u>37,169,993</u>
Net assets, ending	<u>\$ 30,229,996</u>	<u>9,702,013</u>	<u>39,932,009</u>

See accompanying notes to basic financial statements.

CITY OF BOSSIER CITY, LOUISIANA

Fiduciary Funds

Combining Statement of Changes in Assets and Liabilities – Agency Funds

Year ended December 31, 2005

	<u>Balance January 1, 2005</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance December 31, 2005</u>
Consolidated Sales Tax Fund				
Assets				
Cash and cash equivalents	\$ 419,920	92,992,972	93,219,795	193,097
Investments	1,026,105	—	42,865	983,240
Other receivable	1,748	195,221	10,996	185,973
Due from other funds	—	7,029	—	7,029
Total assets	\$ 1,447,773	93,195,222	93,273,656	1,369,339
Liabilities				
Accounts payable	\$ 15,183	52,214,302	52,218,774	10,711
Accrued liabilities	—	9,741	—	9,741
Due to other funds	—	66,994	—	66,994
Taxes paid under protest	1,354,560	2,060,806	2,204,541	1,210,825
Refundable deposits	78,030	162,065	169,027	71,068
Total expenditures	\$ 1,447,773	54,513,908	54,592,342	1,369,339
Riverboat Gaming				
Assets				
Cash and cash equivalents	\$ —	9,451,122	9,451,122	—
Liabilities				
Due to other governmental units	\$ —	9,451,122	9,451,122	—
Total all Agency Funds				
Assets				
Cash and cash equivalents	\$ 419,920	102,444,094	102,670,917	193,097
Investments	1,026,105	—	42,865	983,240
Other receivable	1,748	195,221	10,996	185,973
Due from other funds	—	7,029	—	7,029
Total assets	\$ 1,447,773	102,646,344	102,724,778	1,369,339
Liabilities				
Accounts payable	\$ 15,183	52,214,302	52,218,774	10,711
Accrued liabilities	—	9,741	—	9,741
Due to other funds	—	66,994	—	66,994
Taxes paid under protest	1,354,560	2,060,806	2,204,541	1,210,825
Refundable deposits	78,030	162,065	169,027	71,068
Due to other governmental units	—	9,451,122	9,451,122	—
Total expenditures	\$ 1,447,773	63,965,030	64,043,464	1,369,339

See accompanying notes to basic financial statements.

INTERNAL SERVICE FUNDS

The internal service funds are used to account for the costs of providing insurance coverage for the City. The City has two internal service funds.

Insurance Fund – This fund is used to account for contributions from City departments and withholdings from employee’s payroll used to pay the costs of providing group dental coverage for City employees.

Liability Insurance Fund – This fund is used to account for contributions from City departments for the payment of workmen’s compensation and liability insurance claims.

CITY OF BOSSIER CITY, LOUISIANA

Internal Service Funds

Combining Statement of Net Assets

December 31, 2005

Assets	Insurance Fund	Liability Insurance Fund	Total
Cash and cash equivalents	\$ 54,101	63,104	117,205
Investments	132,540	321,323	453,863
Prepaid items	—	418,122	418,122
Total assets	<u>\$ 186,641</u>	<u>802,549</u>	<u>989,190</u>
 Liabilities and Net Assets			
Accounts payable	\$ —	49,537	49,537
Accrued claims	36,837	802,321	839,158
Total liabilities	36,837	851,858	888,695
Net assets – unrestricted	149,804	(49,309)	100,495
Total liabilities and net assets	<u>\$ 186,641</u>	<u>802,549</u>	<u>989,190</u>

See accompanying notes to basic financial statements.

CITY OF BOSSIER CITY, LOUISIANA

Internal Service Funds

Combining Statement of Revenues, Expenses, and Changes in Fund Net Assets

Year ended December 31, 2005

	<u>Insurance Fund</u>	<u>Liability Insurance Fund</u>	<u>Total</u>
Revenues:			
Employers' contributions/premiums	\$ 316,922	1,796,426	2,113,348
Employees' contributions	288,705	—	288,705
Refunds and reimbursements	<u>1,792</u>	<u>80,321</u>	<u>82,113</u>
Total operating revenues	<u>607,419</u>	<u>1,876,747</u>	<u>2,484,166</u>
Expenses:			
Claims	284,518	1,040,200	1,324,718
Employee insurance premiums	145,076	927,245	1,072,321
Other	<u>32,750</u>	<u>46,522</u>	<u>79,272</u>
Total operating expenses	<u>462,344</u>	<u>2,013,967</u>	<u>2,476,311</u>
Operating income (loss)	145,075	(137,220)	7,855
Nonoperating revenues – investment earnings	<u>(688)</u>	<u>(637)</u>	<u>(1,325)</u>
Change in net assets	144,387	(137,857)	6,530
Net assets, beginning of year	<u>5,417</u>	<u>88,548</u>	<u>93,965</u>
Net assets, end of year	\$ <u><u>149,804</u></u>	<u><u>(49,309)</u></u>	<u><u>100,495</u></u>

See accompanying notes to basic financial statements.

CITY OF BOSSIER CITY, LOUISIANA

Internal Service Funds

Combining Statement of Cash Flows

Year ended December 31, 2005

	<u>Insurance Fund</u>	<u>Liability Insurance Fund</u>	<u>Total</u>
Cash flows from operating activities:			
Receipts from operations	\$ 607,419	1,876,747	2,484,166
Payments to suppliers	(183,998)	(879,609)	(1,063,607)
Claims paid	<u>(307,259)</u>	<u>(1,280,992)</u>	<u>(1,588,251)</u>
Net cash provided by (used in) operating activities	<u>116,162</u>	<u>(283,854)</u>	<u>(167,692)</u>
Cash flows from investing activities:			
Sales of investments	—	152,812	152,812
Purchases of investments	<u>(103,421)</u>	<u>—</u>	<u>(103,421)</u>
Net cash provided by (used in) investing activities	<u>(103,421)</u>	<u>152,812</u>	<u>49,391</u>
Net increase in cash	12,741	(131,042)	(118,301)
Cash and cash equivalents, beginning of year	<u>41,360</u>	<u>194,146</u>	<u>235,506</u>
Cash and cash equivalents, end of year	\$ <u><u>54,101</u></u>	\$ <u><u>63,104</u></u>	\$ <u><u>117,205</u></u>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:			
Operating income (loss)	\$ 145,075	(137,220)	7,855
(Increase) decrease in assets:			
Prepaid items	—	79,844	79,844
Increase (decrease) in liabilities:			
Accounts payable	(6,172)	14,314	8,142
Accrued claims	<u>(22,741)</u>	<u>(240,792)</u>	<u>(263,533)</u>
Net cash provided by (used in) operating activities	\$ <u><u>116,162</u></u>	\$ <u><u>(283,854)</u></u>	\$ <u><u>(167,692)</u></u>
Noncash items:			
Change in fair value of investments	(688)	(637)	(1,325)

See accompanying notes to basic financial statements.

**INDIVIDUAL FUND
SCHEDULES**

CITY OF BOSSIER CITY, LOUISIANA

Special Revenue Fund
Civic Center Fund

Schedule of Revenues, Expenditures, and
Changes in Fund Balance – Budget and Actual

December 31, 2005
(unaudited)

	<u>Original and final budget</u>	<u>Actual</u>	<u>Variance with final budget positive (negative)</u>
Revenues:			
Rental fees	\$ 325,300	267,507	(57,793)
Investment earnings	15,000	24,071	9,071
Miscellaneous	100	3,340	3,240
Total revenues	<u>340,400</u>	<u>294,918</u>	<u>(45,482)</u>
Expenditures:			
Culture and recreation:			
Salaries, fringe benefits, and payroll taxes	477,482	451,046	26,436
Insurance	23,000	15,727	7,273
Professional services	2,000	2,000	—
Contract services	6,500	4,254	2,246
Utilities	148,600	139,160	9,440
Office and operating supplies	57,225	38,710	18,515
Administrative expenses	27,300	26,521	779
Travel and training	4,000	—	4,000
Maintenance	33,895	36,109	(2,214)
Other	500	281	219
Capital outlay	40,000	23,766	16,234
Total expenditures	<u>820,502</u>	<u>737,574</u>	<u>82,928</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(480,102)</u>	<u>(442,656)</u>	<u>37,446</u>
Other financing sources:			
Transfer in	500,000	500,000	—
Net change in fund balance	19,898	57,344	37,446
Fund balance, beginning of year	957,918	957,918	—
Fund balance, end of year	<u>\$ 977,816</u>	<u>1,015,262</u>	<u>37,446</u>

See accompanying independent auditors' report.

CITY OF BOSSIER CITY, LOUISIANA

Special Revenue Fund
Hotel/Motel Taxes

Schedule of Revenues, Expenditures, and
Changes in Fund Balance – Budget and Actual

December 31, 2005
(unaudited)

	<u>Original budget</u>	<u>Final budget</u>	<u>Actual</u>	Variance with final budget positive (negative)
Revenues:				
Intergovernmental – state and parish-shared revenues	\$ 1,650,000	1,300,000	1,769,756	469,756
Investment earnings	50,000	50,000	97,562	47,562
Miscellaneous	—	111,000	35,000	(76,000)
Total revenues	<u>1,700,000</u>	<u>1,461,000</u>	<u>1,902,318</u>	<u>517,318</u>
Expenditures:				
Capital outlay	—	1,086,624	1,037,320	49,304
Total expenditures	<u>—</u>	<u>1,086,624</u>	<u>1,037,320</u>	<u>49,304</u>
Excess of revenues over expenditures	1,700,000	374,376	864,998	468,014
Other financing sources (uses):				
Transfer out	<u>(1,589,943)</u>	<u>(1,839,943)</u>	<u>(1,705,344)</u>	<u>134,599</u>
Total other financing sources (uses)	<u>(1,589,943)</u>	<u>(1,839,943)</u>	<u>(1,705,344)</u>	<u>134,599</u>
Net change in fund balance	110,057	(1,465,567)	(840,346)	602,613
Fund balance, beginning of year	<u>4,909,643</u>	<u>4,909,643</u>	<u>4,909,643</u>	—
Fund balance, end of year	<u>\$ 5,019,700</u>	<u>3,444,076</u>	<u>4,069,297</u>	<u>602,613</u>

See accompanying independent auditors' report.

CITY OF BOSSIER CITY, LOUISIANA
Special Revenue Fund
Fire Improvements and Operations Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balance – Budget and Actual
December 31, 2005
(unaudited)

	<u>Original and final budget</u>	<u>Actual</u>	<u>Variance with final budget positive (negative)</u>
Revenues:			
Sales tax, net	\$ 1,834,522	1,881,000	46,478
Investment earnings	—	5,552	5,552
Total revenues	<u>1,834,522</u>	<u>1,886,552</u>	<u>52,030</u>
Expenditures:			
Capital outlay	—	9,750	(9,750)
Excess of revenues over expenditures	<u>1,834,522</u>	<u>1,876,802</u>	<u>42,280</u>
Other financing uses:			
Transfer out	<u>(1,834,522)</u>	<u>(1,849,522)</u>	<u>15,000</u>
Net change in fund balance	—	27,280	57,280
Fund balance, beginning of year	<u>330,277</u>	<u>330,277</u>	—
Fund balance, end of year	<u>\$ 330,277</u>	<u>357,557</u>	<u>57,280</u>

See accompanying independent auditors' report.

CITY OF BOSSIER CITY, LOUISIANA
Special Revenue Fund
Jail and Municipal Buildings Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balance – Budget and Actual
December 31, 2005
(unaudited)

	Original and final budget	Actual	Variance with final budget positive (negative)
Revenues:			
Sales tax, net	\$ 1,310,373	1,388,432	78,059
Intergovernmental revenue	—	500,000	500,000
Investment earnings	<u>50,000</u>	<u>60,851</u>	<u>10,851</u>
Total revenues	<u>1,360,373</u>	<u>1,949,283</u>	<u>588,910</u>
Expenditures:			
Capital outlay	<u>450,000</u>	<u>147,513</u>	<u>302,487</u>
Excess of revenues over expenditures	<u>910,373</u>	<u>1,801,770</u>	<u>891,397</u>
Other financing uses:			
Transfer out	<u>(875,000)</u>	<u>(825,000)</u>	<u>50,000</u>
Net change in fund balance	35,373	976,770	941,397
Fund balance, beginning of year	<u>2,075,871</u>	<u>2,075,871</u>	<u>—</u>
Fund balance, end of year	<u>\$ 2,111,244</u>	<u>3,052,641</u>	<u>941,397</u>

See accompanying independent auditors' report.

CITY OF BOSSIER CITY, LOUISIANA
Special Revenue Fund
Streets and Drainage Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balance – Budget and Actual
December 31, 2005
(unaudited)

	<u>Original and final budget</u>	<u>Actual</u>	<u>Variance with final budget positive (negative)</u>
Revenues:			
Sales tax, net	\$ 1,506,929	1,604,632	97,703
Investment earnings	15,000	50,501	35,501
Total revenues	<u>1,521,929</u>	<u>1,655,133</u>	<u>133,204</u>
Expenditures:			
Capital outlay	<u>1,000,000</u>	<u>933,734</u>	<u>66,266</u>
Excess of revenues over expenditures	521,929	721,399	199,470
Other financing uses:			
Transfer out	<u>(600,000)</u>	<u>(600,000)</u>	<u>—</u>
Net change in fund balance	(78,071)	121,399	199,470
Fund balance, beginning of year	<u>1,914,476</u>	<u>1,914,476</u>	<u>—</u>
Fund balance, end of year	<u>\$ 1,836,405</u>	<u>2,035,875</u>	<u>199,470</u>

See accompanying independent auditors' report.

**STATISTICAL
SECTION**

Table 1

CITY OF BOSSIER CITY, LOUISIANA

General Governmental Expenditures by Function (1)

Fiscal years ended December 31, 1996 through December 31, 2005

Fiscal Year	General Government	Public Safety	Highways and Streets	Solid Waste	Culture and Recreation	City Court	Marshal's Office	Total
1996	\$ 5,572,647	12,817,480	724,786	1,802,337	1,267,192	339,091	330,992	22,854,525
1997	6,293,329	16,589,161	883,776	1,872,005	1,382,773	371,564	390,877	27,783,485
1998	6,589,604	18,695,928	825,058	1,856,190	1,349,568	371,410	415,301	30,103,059
1999	7,090,563	20,039,055	834,241	2,010,192	1,355,155	412,574	427,787	32,169,567
2000	7,231,031	21,448,506	825,203	2,067,610	1,421,097	430,874	482,407	33,906,728
2001	7,918,641	22,989,537	933,967	2,164,617	1,294,494	462,809	522,765	36,286,830
2002	7,998,555	23,921,766	1,049,714	— (2)	1,309,890	492,278	541,299	35,313,502
2003	9,292,357	27,017,076	1,221,209	—	1,833,789	591,260	656,227	40,611,918
2004	9,239,714	34,058,410 (3)	1,405,612	—	1,697,420	633,295	684,320	47,718,771
2005	10,104,616	37,839,269	1,367,818	—	1,730,249	673,351	852,149	52,567,452

Notes:

- (1) Includes General Fund expenditures only. Payments to component units are excluded.
(2) Beginning in 2002, solid waste expenditures were reported in an enterprise fund.
(3) Prior to 2004, emergency medical services were reported in an enterprise fund.

Unaudited - see accompanying independent auditors' report.

Table 2

CITY OF BOSSIER CITY, LOUISIANA

General Revenues by Source (1)

Fiscal years ended December 31, 1996 through December 31, 2005

Fiscal Year	Licenses and Permits		Intergovernmental	Fines and Penalties	Louisiana Downs	Video Poker	Charges for Services	Interest and Miscellaneous	Total
	Taxes	Permits							
1996	\$ 13,368,192	1,978,433	1,331,709	681,889	457,424	—	1,632,552	1,239,503	20,689,702
1997	17,586,080	1,844,425	1,514,097	710,104	303,304	173,335	1,639,911	1,272,480	25,043,736
1998	18,588,959	1,903,456	1,590,529	998,030	325,271	431,185	1,642,548	1,322,887	26,802,865
1999	19,617,190	1,966,087	1,606,765	1,142,734	290,635	388,916	1,706,796	1,355,276	28,074,399
2000	21,642,566	1,867,440	1,497,985	1,142,734	261,995	384,099	1,643,345	1,315,669	29,826,838
2001	22,500,370	1,958,687	1,482,146	1,167,719	195,125	496,226	1,628,997	1,409,186	30,838,456
2002	23,835,258	2,045,831	1,521,287	1,130,637	188,639	544,952	—	1,325,972	30,592,576
2003	27,861,394	2,540,673	1,510,524	1,077,117	412,977	562,293	—	1,410,014	35,374,992
2004	28,652,774	2,648,743	1,621,479	1,194,808	816,756	563,119	3,866,045	1,246,230	40,609,954
2005	30,406,048	2,580,023	1,762,161	1,302,438	1,008,173	527,424	4,298,109	1,370,900	43,255,276

Notes:

- (1) Includes General Fund revenues only. Operating transfers are not included.
- (2) In 1996, the City began recording video poker receipts in the Riverboat Gaming Fund.
- (3) In 1997, the City resumed recording video poker receipts in the General Fund.
- (4) In 2002, the City began recording sanitation receipts in an enterprise fund.
- (5) In 2004, the City began recording ambulance fees in the General Fund. Those fees had previously been reported in an enterprise fund.

Unaudited — see accompanying independent auditors' report.

Table 3

CITY OF BOSSIER CITY, LOUISIANA

Property Tax Levies and Collections

Fiscal years ended December 31, 1996 through December 31, 2005

Fiscal Year	Total Tax Levy (3)	Current Tax Collections (2)	Percent of Levy Collected	Delinquent Tax Collections (1)	Total Taxes Collected (1)	Total Outstanding Delinquent Taxes Receivable (1)	Percent of Total Tax Collections to Tax Levy (4)
1996	\$ 5,355,276	3,758,997	70.19%	1,442,509	5,201,506	153,770	97.13%
1997	5,854,571	4,267,938	72.90%	1,449,765	5,717,703	136,868	97.66%
1998	6,411,901	4,489,905	70.02%	1,569,246	6,059,151	352,750	94.50%
1999	6,761,107	4,597,220	68.00%	1,741,980	6,339,200	421,907	93.76%
2000	7,817,364	4,528,320	57.93%	2,677,108	7,205,428	611,936	92.17%
2001	7,881,807	5,430,702	68.90%	2,202,006	7,632,708	249,099	96.84%
2002	8,321,702	5,657,331	67.98%	2,373,768	8,031,099	290,603	96.51%
2003	8,544,055	5,701,105	66.73%	2,488,171	8,189,276	354,779	95.85%
2004	8,503,249	5,051,656	59.41%	3,210,612	8,262,268	240,981	97.17%
2005	9,062,015	5,373,553	59.30%	3,533,440	8,906,993	155,022	98.29%

Notes:

- (1) Includes collections through February 28 of the subsequent year
(2) Includes collections through December 31
(3) Does not include adjustments from Louisiana Tax Commission
(4) Percent of total tax collections to tax levy represents only those collections through February 28 of the subsequent year.
After considering all adjustments by the Louisiana Tax Commission and collections for the remainder of the year, the City has collected from 92.17% to 98.29% of the tax levy for the years 1996 through 2005.

Unaudited – see accompanying independent auditors' report.

Table 4

CITY OF BOSSIER CITY, LOUISIANA
 Assessed and Estimated Actual Value of Taxable Property
 Fiscal years ended December 31, 1996 through December 31, 2005

<u>Fiscal Year</u>	<u>Assessed Value</u>	<u>Estimated Actual Value</u>	<u>Percent of Total Assessed to Estimated Actual Value</u>
1996	\$ 203,005,170	1,746,294,018	11.62%
1997	225,760,430	1,938,471,413	11.65%
1998	243,058,780	2,089,466,520	11.63%
1999	256,358,740	2,176,533,580	11.78%
2000	296,336,780	2,613,187,787	11.34%
2001	296,288,890	2,690,417,219	11.01%
2002	309,006,730	2,776,340,791	11.13%
2003	314,566,810	2,821,226,996	11.15%
2004	363,852,350	3,263,249,776	11.15%
2005	<u>387,762,750</u>	<u>3,391,817,696</u>	<u>11.43%</u>

Note:

Assessed values are established by the Bossier Parish Tax Assessor on January 1 of each year at approximately 10-15% of assumed market value. A revaluation of all property is required to be completed no less than every four years. The last revaluation was completed for the roll of January 1, 2004.

Unaudited – see accompanying independent auditors' report.

Table 5

CITY OF BOSSIER CITY, LOUISIANA

Property Tax Rates and Tax Levies - Direct and Overlapping Governments

Fiscal years ended December 31, 1996 through December 31, 2005

Fiscal Year	Tax Rates per \$1,000 Assessed Value					Tax Levies				
	City	School	Parish	Recreational Districts	Total	City	School	Parish	Recreational Districts	Total
1996	\$ 26.38	61.39	43.23	1.54	132.54	5,355,276	13,747,843	9,217,196	268,930	28,589,245
1997	26.38	61.38	43.23	1.54	132.53	5,955,560	15,368,791	10,829,235	385,774	32,539,360
1998	26.38	61.39	43.23	1.54	132.54	6,411,901	16,521,978	11,133,897	339,382	34,407,158
1999	26.38	55.14	43.48	1.54	126.54	6,761,107	15,190,241	11,975,734	344,113	34,271,195
2000	26.38	55.16	42.64	1.54	125.72	7,817,364	18,206,129	13,493,489	408,296	39,925,278
2001	26.77	54.64	42.69	1.54	125.64	7,929,897	20,162,108	14,953,886	464,671	43,510,562
2002	26.77	53.14	42.11	1.54	123.56	8,272,141	20,468,369	15,722,021	481,802	44,944,333
2003	26.77	53.14	42.11	1.54	123.56	8,544,055	20,920,480	16,073,035	490,411	46,027,981
2004	23.37	56.53	37.10	1.54	118.54	8,503,249	26,298,710	16,822,476	570,752	52,195,187
2005	23.37	56.53	39.95	1.54	121.39	9,062,015	28,504,976	20,144,592	611,053	58,322,636

Unaudited -- see accompanying independent auditors' report.

Table 6

CITY OF BOSSIER CITY, LOUISIANA

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

Fiscal years ended December 31, 1996 through December 31, 2005

Fiscal Year	Population	Assessed Value	Gross Bonded Debt (2)	Less Debt Service Funds	Net Bonded Debt	Percent of Net Bonded Debt to Assessed Value	Net Bonded Debt Per Capita
1996	56,304 (3)	\$ 203,005,170	—	—	—	—	\$ —
1997	57,141 (3)	225,760,430	—	—	—	—	—
1998	57,533 (3)	243,058,780	—	—	—	—	—
1999	56,667 (3)	256,358,740	—	—	—	—	—
2000	56,466 (1)	296,336,780	—	—	—	—	—
2001	57,002 (3)	296,288,890	—	—	—	—	—
2002	57,075 (3)	309,006,730	—	—	—	—	—
2003	57,771 (3)	314,566,810	—	—	—	—	—
2004	58,241 (3)	363,852,350	—	—	—	—	—
2005	58,661	387,762,750	—	—	—	—	—

Notes:

- (1) Per Special Census
- (2) Includes all general obligation debt
- (3) Louisiana Tech Research Division

Unaudited - see accompanying independent auditors' report.

Table 7

CITY OF BOSSIER CITY, LOUISIANA

Computation of Legal Debt Margin (1)

December 31, 2005

	<u>Industrial Bonds</u>	<u>Water and Sewerage Improvements</u>	<u>Public Buildings</u>	<u>Parks and Recreation</u>	<u>Street Improvements</u>	<u>Drainage Improvements</u>	<u>Solid Waste Disposal</u>
Assessed value of \$387,762,750							
Debt limit - 10% of assessed value for any one purpose (1)	\$ 38,776,275	38,776,275	38,776,275	38,776,275	38,776,275	38,776,275	38,776,275
Less general bonded debt							
Legal debt margin	<u>\$ 38,776,275</u>	<u>38,776,275</u>	<u>38,776,275</u>	<u>38,776,275</u>	<u>38,776,275</u>	<u>38,776,275</u>	<u>38,776,275</u>

Note:

(1) State law allows a maximum of 10% of assessed valuation for bonded debt for any one purpose or 35% of the total assessed value for all purposes. A total of approximately \$135,716,963 is available for issuance pursuant to the 35% limitation.

Unaudited - see accompanying independent auditors' report.

Table 8

CITY OF BOSSIER CITY, LOUISIANA
 Computation of Direct and Overlapping Debt
 December 31, 2005

Jurisdiction	<u>Net Debt</u>	<u>Percentage of Debt Applicable to the City (1)</u>	<u>City's Share of Debt</u>
Total direct and overlapping debt – Bossier Parish, Louisiana, Bossier Parish School Board	\$ <u>58,766,545</u>	67%	\$ <u>39,373,858</u>

Notes:

- (1) Based on 2005 assessed valuation
- (2) As of December 31, 2005, there are no general obligation bonds recorded in the financial statements of the City.

Unaudited – see accompanying independent auditors' report.

Table 9

CITY OF BOSSIER CITY, LOUISIANA

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

Fiscal years ended December 31, 1996 through December 31, 2005

Fiscal Year	Principal	Interest	Total Debt Service	Total General Expenditures (1)	Debt Service as a Percentage of Total General Expenditures
1996	\$ --- (2)	---	---	22,854,525	---
1997	---	---	---	27,783,485	---
1998	---	---	---	30,103,059	---
1999	---	---	---	32,169,567	---
2000	---	---	---	33,906,728	---
2001	---	---	---	36,286,830	---
2002	---	---	---	35,313,502	---
2003	---	---	---	40,611,918	---
2004	---	---	---	47,718,771	---
2005	---	---	---	52,567,452	---

Notes:

- (1) Includes General Fund expenditures only. Payments to component units are not included.
(2) All general bonded debt was advance refunded in 1995.

Unaudited – see accompanying independent auditors' report.

Table 10A

CITY OF BOSSIER CITY, LOUISIANA

Revenue Bond Coverage – Utility Bonds

Fiscal years ended December 31, 1996 through December 31, 2005

Fiscal Year	Gross Revenues (1)	Operating Expenses (2)	Net Revenue Available for Debt Service	Debt Service Requirements		
				Principal	Interest	Total
1996	\$ 9,775,188	6,022,240	3,752,948	605,000	671,525	1,276,525
1997	10,323,463	5,737,727	4,585,736	705,000	894,458	1,599,458
1998	10,574,654	5,975,922	4,598,732	740,000	773,380	1,513,380
1999	9,981,751	5,967,889	4,013,862	785,000	899,590	1,684,590
2000	10,694,230	6,237,520	4,456,710	1,059,130	884,293	1,943,423
2001	10,016,659	6,896,976	3,119,683	1,090,000	820,324	1,910,324
2002	10,942,806	6,878,647	4,064,159	1,395,000	903,059	2,298,059
2003	11,050,788	7,726,193	3,324,595	1,160,000	1,332,566	2,492,566
2004	11,664,125	7,867,197	3,796,928	1,215,000	1,315,880	2,530,880
2005	13,111,514	8,310,305	4,801,209	1,255,000	1,288,988	2,543,988

Notes:

(1) Includes operating revenues and interest income

(2) Includes all operating expenses except depreciation and excludes interest paid on debt service and other nonoperating expenses

Unaudited – see accompanying independent auditors' report.

Table 10B

CITY OF BOSSIER CITY, LOUISIANA

Revenue Bond Coverage - Sales Tax Bonds

Fiscal years ended December 31, 1996 through December 31, 2005

Fiscal Year	Gross Revenues	Operating Expenses (1)	Net Revenue Available for Debt Service	Debt Service Requirements			Coverage
				Principal	Interest	Total	
1996	\$ 21,334,315	315,583	21,018,732	1,835,000	2,297,819	4,132,819	5.0858
1997	22,877,414	428,720	22,448,694	1,960,000 (2)	2,032,736	3,992,736	5.6224
1998	23,950,939	359,679	23,591,260	1,925,000	2,786,991	4,711,991	5.0066
1999	25,497,052	437,159	25,059,893	2,740,000	3,584,193	6,324,193	3.9625
2000	27,499,793	441,888	27,057,905	2,900,000	3,415,507	6,315,507	4.2844
2001	29,277,883	482,368	28,795,515	3,060,000 (3)	3,249,580	6,309,580	4.5638
2002	29,893,353	551,648	29,341,705	3,750,000	3,046,832	6,796,832	4.3170
2003	30,763,157	645,653	30,117,504	3,965,000	3,878,267	7,843,267	3.8399
2004	32,606,975	696,840	31,910,135	3,860,000	3,871,175	7,731,175	4.1275
2005	35,448,832	684,231	34,764,601	4,015,000	3,721,471	7,736,471	4.4936

Notes:

- (1) Sales tax department operating expenditures
(2) Does not include \$8,135,000 paid by the City in connection with refunding the 1989 Series Bonds
(3) Does not include \$9,000,000 paid by the City in connection with refunding the 1992 Series Bonds

Unaudited - see accompanying independent auditors' report.

Table 11

CITY OF BOSSIER CITY, LOUISIANA

Demographic Statistics

Fiscal years ended December 31, 1996 through December 31, 2005

Fiscal Year	Population	Median Age (1)	School Enrollment (2)	Unemployment Rate (1)
1996	56,304 (3)	29.8	12,772	6.9%
1997	57,141 (3)	30.0	12,915	6.3%
1998	57,533 (3)	31.6	12,277	5.6%
1999	56,667 (3)	31.6	11,601	5.0%
2000	56,466 (4)	31.6	11,719	4.9%
2001	57,002 (3)	31.6	11,844	6.7%
2002	57,075 (3)	31.6	18,874	7.4%
2003	57,771 (3)	33.8	18,928	6.3%
2004	58,241 (3)	32.1	19,048	6.0%
2005	58,661	32.1	19,462	5.3%

Notes:

- (1) State of Louisiana Research and Statistics for 1988-1992, Shreveport, Bossier, and Webster Parish Unemployment and Median Age Information from the Louisiana Office of Statistics for 1993-1998
- (2) Bossier Parish School Board (inside City limits)
- (3) Louisiana Tech Research Division
- (4) Per Census Bureau

Unaudited – see accompanying independent auditors' report.

Table 12

CITY OF BOSSIER CITY, LOUISIANA

Property Value, Construction, and Bank Deposits

Fiscal years ended December 31, 1996 through December 31, 2005

Fiscal Year	Commercial Construction (1)		Residential Construction (1)		Property Value		Total (2)
	Number of Units	Value	Number of Units	Value	Commercial	Residential	
1996	39	\$ 88,580,367	300	\$ 33,972,659	514,711,160	1,231,582,858	1,746,294,018
1997	33	28,332,238	181	20,271,988	592,270,413	1,346,201,000	1,938,471,413
1998	43	58,718,256	184	24,461,455	636,499,920	1,452,966,600	2,089,466,520
1999	49	57,085,843	259	35,803,461	726,211,480	1,450,322,100	2,176,533,580
2000	53	10,110,135	241	30,593,016	1,026,896,387	1,586,291,400	2,613,187,787
2001	27	13,194,647	286	35,236,652	1,074,112,419	1,616,304,800	2,690,417,219
2002	38	19,166,296	319	41,383,444	1,110,536,316	1,665,804,475	2,776,340,791
2003	53	153,213,147	439	57,192,113	1,128,490,798	1,692,736,198	2,821,226,996
2004	40	31,638,413	722	70,309,294	1,305,299,910	1,957,949,866	3,263,249,776
2005	124	48,465,649	697	81,573,133	1,355,702,093	2,036,115,602	3,391,817,695

Notes:

- (1) Permits and Inspection Department, City of Bossier City, Louisiana
(2) A revaluation of all property is required to be completed no less than every four years. During 1996, 2000, and 2004 evaluations were completed.

Unaudited – see accompanying independent auditors' report.

Table 13

CITY OF BOSSIER CITY, LOUISIANA

Principal Taxpayers

December 31, 2005

Taxpayer	Type of Business	2005 Assessed Valuation	Percentage of Total Assessed Valuation
Horseshoe Entertainment	Riverboat Gaming	\$ 28,564,370	7.37%
Harrah's Louisiana Downs	Racetrack Casino	9,674,270	2.49%
Southwestern Electric Power Company	Electric Utility	8,872,240	2.29%
Boomtown Casino	Riverboat Gaming	8,088,490	2.22%
ICH LLC	Riverboat Gaming	7,648,750	1.97%
Bellsouth Telecommunications	Telephone Utility	5,000,190	1.29%
Isle of Capri	Riverboat Gaming	4,841,330	1.25%
Louisiana Riverboat Gaming	Riverboat Gaming	4,384,810	1.13%
Halliburton	Oil and Gas Services	3,012,980	0.78%
Hibernia Bank	Banking	2,960,830	0.76%
Total amount for ten principal taxpayers		83,048,260	21.55%
Total for remaining taxpayers		304,714,490	78.58%
Total amount for all taxpayers		\$ 387,762,750	100.13%

Unaudited – see accompanying independent auditors' report.

Table 14**CITY OF BOSSIER CITY, LOUISIANA****Miscellaneous Statistics**

December 31, 2005

Date of settlement	1843
Form of government	Mayor – Council
Date established	1977
Date of incorporation	1907
Area-square miles	42.82
Miles of streets:	
Paved	210.1
Unimproved	—
Police protection – number of policemen and officers	247
Fire protection – number of firemen and officers	225
Recreation:	
Parks – number of acres	287
Number of playgrounds	18
Number of picnic areas	9
Number of street lights	5,670
Number of water storage tanks	3
Total capacity of water storage tanks	5,500,000 gallons
Raw water reservoir capacity	5,700,000 gallons
Municipal water plant:	
Number of accounts	23,414
Daily average consumption	13,000,000 gallons
Employees – classified, appointed, elected, and exempt	854

Unaudited – see accompanying independent auditors' report.

Table 15

CITY OF BOSSIER CITY, LOUISIANA
Compensation Paid to City Council Members
December 31, 2005

City Council Member	<u>Compensation</u>
Jeffery Darby	\$ 10,800
Scott Irwin	10,800
David Jones	11,428
Timothy Larkin	10,800
David Montgomery	10,800
James Rogers	10,800
Don Williams	<u>11,372</u>
	<u>\$ 76,800</u>

Unaudited – see accompanying independent auditors' report.



CITY OF BOSSIER CITY, LOUISIANA

OMB Circular A-133 Reports

December 31, 2005

(With Independent Auditors' Reports Thereon)

CITY OF BOSSIER CITY, LOUISIANA

Table of Contents

	Page
Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With <i>Government Auditing Standards</i>	1
Independent Auditors' Report on Compliance With Requirements Applicable to each Major Program and on Internal Control Over Compliance in Accordance With OMB Circular A-133 and on the Schedule of Expenditures of Federal Awards	3
Schedule of Expenditures of Federal Awards	5
Schedule of Findings and Questioned Costs	7



KPMG LLP
Suite 1900
333 Texas Street
Shreveport, LA 71101-3692

**Independent Auditors' Report on Internal Control Over Financial Reporting and
on Compliance and Other Matters Based on an Audit of Financial Statements
Performed in Accordance With *Government Auditing Standards***

The Honorable Lorenz Walker, Mayor
and Members of the City Council
City of Bossier City, Louisiana:

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, the aggregate remaining fund information, each nonmajor governmental, nonmajor enterprise, and internal service fund of City of Bossier City, Louisiana (the City) as of and for the year ended December 31, 2005, and have issued our report thereon dated June 13, 2006, which included a reference to other auditors and an explanatory paragraph due to a change in accounting principle for the adoption of Governmental Accounting Standards Board Statement No. 40, *Deposit and Investment Risk Disclosures* in 2005. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide an opinion on the internal control over financial reporting. 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. The reportable condition is described in the accompanying schedule of findings and questioned costs as item 05-1.

A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. 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.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain matters that we reported to management of the City in a separate letter dated June 13, 2006.

This report is intended solely for the information and use of the Mayor, City Council, management, State of Louisiana Legislative Auditor, federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

KPMG LLP

June 13, 2006



KPMG LLP
Suite 1900
333 Texas Street
Shreveport, LA 71101-3692

**Independent Auditors' Report on Compliance With Requirements Applicable to each
Major Program and on Internal Control Over Compliance in Accordance With
OMB Circular A-133 and on the Schedule of Expenditures of Federal Awards**

The Honorable Lorenz Walker, Mayor
and Members of the City Council
City of Bossier City, Louisiana:

Compliance

We have audited the compliance of the City of Bossier City, Louisiana (the City) with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended December 31, 2005. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the City's management. Our responsibility is to express an opinion on the City's compliance based on our audit.

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

In our opinion, the City of Bossier City, Louisiana complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended December 31, 2005.

Internal Control Over Compliance

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

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

Schedule of Expenditures of Federal Awards

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, the aggregate remaining fund information, each nonmajor governmental, nonmajor enterprise, and internal service fund of City of Bossier City, Louisiana as of and for the year ended December 31, 2005, and have issued our report thereon dated June 13, 2006, which includes a reference to other auditors and an explanatory paragraph due to a change in accounting principle for the adoption of Governmental Accounting Standards Board Statement No. 40, *Deposit and Investment Risk Disclosures* in 2005. Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise City of Bossier City, Louisiana's basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

This report is intended solely for the information and use of the Mayor, City Council, management, State of Louisiana Legislative Auditor, federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

KPMG LLP

June 13, 2006

CITY OF BOSSIER CITY, LOUISIANA
Schedule of Expenditures of Federal Awards
Year ended December 31, 2005

<u>Federal grantor/pass-through grantor/program or cluster</u>	<u>Federal CFDA number</u>	<u>Pass-through number</u>	<u>Federal expenditures</u>
U.S. Department of Housing and Urban Development			
Direct programs:			
Community Development Block Grant	14.218	N/A	\$ 463,677
Emergency Shelter Grants Program	14.231	N/A	<u>15,991</u>
Total U.S. Department of Housing and and Urban Development			<u>479,668</u>
U.S. Department of Justice			
Passed through Louisiana Commission on Law Enforcement:			
Domestic Violence	16.588	M02-1-001	37,464
Local Law Enforcement	16.592	2003-LB-Bx-0849	28,789
Bulletproof Vest Program	16.607	5026281	16,093
Organized Crime Drug Enforcement Task Force	16.XXX	Se-Law-094H	<u>17,667</u>
Total U.S. Department of Justice			<u>100,013</u>
U.S. Department of Homeland Security			
Passed through Louisiana Department of Public Safety and Services – Office for Domestic Preparedness Homeland Security Grant – Law Enforcement Terrorism Prevention Program			
	97.074	X04-1-003	68,448
Passed through Louisiana Department of Military Affairs – Office of Homeland Security and Emergency Preparedness – Public Assistance Grants			
	97.036	FIPS-015-08920-00	<u>568,967</u>
Total U.S. Department of Homeland Security			<u>637,415</u>
U.S. Department of Interior – National Park Service			
Passed through State of Louisiana Department of Culture, Recreation, and Tourism Office of State Parks – Outdoor Recreation			
	15.916	22-00842	<u>34,191</u>
U.S. Department of Transportation			
National Highway Traffic Safety Administration – Passed through Louisiana Highway Planning and Construction – State and Community Highway Safety:			
Louisiana Highway Safety Commission Statewide 2004 Fatal and Injury Crash Reduction Effort	20.600	PT-05-11-00	5,674
Louisiana Highway Safety Commission Year-Long Law Enforcement Contract	20.600	PT-05-11-00	<u>11,700</u>
			17,374
Federal Highway Administration – Passed through Louisiana Department of Transportation – Highway Planning and Construction:			
Hamilton Road Improvements	20.205	742-08-0003	149,939
Boardwalk Federal Landscape Project	20.205	744-08-0003	150,808
McDade Street	20.205	744-08-0002; 808-07-0045	<u>75,935</u>
			<u>376,682</u>
Total U.S. Department of Transportation			<u>394,056</u>
Total expenditures of federal awards			<u>\$ 1,645,343</u>

See accompanying notes to schedule of expenditures of federal awards.

CITY OF BOSSIER CITY, LOUISIANA

Notes to Schedule of Expenditures of Federal Awards

Year ended December 31, 2005

(1) Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the City of Bossier City, Louisiana and is presented using the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

(2) Subrecipients

Of the federal expenditures presented in the schedule, the City of Bossier City, Louisiana provided federal awards to subrecipients as follows:

<u>Program title</u>	<u>Federal CFDA number</u>		<u>Amount provided to subrecipients</u>
Community Development Block Grant	14.218	\$	78,046

CITY OF BOSSIER CITY, LOUISIANA
Schedule of Findings and Questioned Costs
Year ended December 31, 2005

Section 1 – Summary of Auditor’s Results

Basic Financial Statements

Type of report issued: unqualified opinion

Internal control over financial reporting:

- Material weaknesses identified? Yes
- Reportable conditions in internal control were disclosed by the audit of the basic financial statements? Yes

Noncompliance material to basic financial statements noted? No

Federal Awards

Internal control over major programs:

- Material weaknesses identified? No
- Reportable conditions in internal control over major programs? None reported

Type of auditor’s report issued on compliance for major programs: unqualified opinion

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of OMB Circular A-133? No

Identification of major programs:

<u>CFDA number</u>	<u>Name of federal program or cluster</u>
20.205	Department of Transportation – Federal Highway Administration – Passed through Louisiana Department of Transportation – Highway Planning and Construction
97.036	Department of Homeland Security – Passed through Louisiana Department of Military Affairs - Office of Homeland Security and Emergency Preparedness – Public Assistance Grants

Dollar threshold used to distinguish between Type A and Type B programs: \$300,000

Auditee qualified as a low-risk auditee under section 530 of OMB Circular A-133: Yes

CITY OF BOSSIER CITY, LOUISIANA
Schedule of Findings and Questioned Costs
Year ended December 31, 2005

Section 2 – Basic Financial Statement Findings Reported in Accordance With *Government Auditing Standards*

Item: 05-1

Specific Requirement: Misappropriation of public funds

Type of Finding: Material Weakness

Condition: During the audit, we noted two instances involving cash that we believe have greatly increased the risk that public funds could be misappropriated.

At December 31, 2005, there was a discrepancy totaling approximately \$430,000 between the balance of cash in the individual funds compared with each fund's interest in pooled cash. The pooled cash has been reconciled to the bank statement and is correct. Management believes the discrepancy is a result of errors made in the City's accounting system. Cash in the individual funds was adjusted to agree with pooled cash.

Additionally, subsequent to December 31, 2004, it was discovered the Assistant Controller had been writing unauthorized City checks to herself. The actions began in late 2004 and extended into 2005. The impact on 2005 is \$47,223. Checks were written in amounts less than \$1,000 and posted to various expense accounts to avoid detection. The City was alerted to the theft by the bank, which noted duplicate check numbers for several checks.

Context: Total operating budget of the City is over \$41 million.

Effect: \$47,223 of public funds were misappropriated in 2005. In 2005, an adjustment of approximately \$430,000 was necessary to reduce the cash balance in the individual funds as compared to pooled cash.

Cause: The weaknesses in the cash reconciliation process were caused by changes in personnel, changes in the system without proper testing of those changes, and the lack of a reconciliation control between pooled cash and each funds' interest in pooled cash.

The City was allowing the disbursement of funds by typing a manual check upon request by various departments and not entering the check into the accounting system until a later date. The Assistant Controller was responsible for reconciling the bank statement and also had access to write checks.

Recommendation: We recommend the City implement a control to reconcile pooled cash and the individual funds' interest in pooled cash. We also recommend the City require all changes to the system go through adequate testing before implementation.

CITY OF BOSSIER CITY, LOUISIANA
Schedule of Findings and Questioned Costs
Year ended December 31, 2005

Subsequent to year-end, the City began a new check writing procedure in which all checks must be entered directly into the accounting system. We concur with this new procedure, which allows for better internal control. We also recommend the responsibility for reconciling the bank statement be assigned to an individual that does not have access to checks.

Management's response:

- | | |
|----------------------------------|--|
| A) Name of contact responsible – | Charles E. Glover |
| B) Corrective action planned – | Assigned the reconciling of the bank statement to an individual who does not have access to checks |
| C) Anticipated completion date – | November 2005 |



KPMG LLP
Suite 1900
333 Texas Street
Shreveport, LA 71101-3692

June 13, 2006

CONFIDENTIAL

The Honorable Lorenz "Lo" Walker, Mayor
and Members of the City Council
City of Bossier City, Louisiana:

We have audited the financial statements of the City of Bossier City, Louisiana (the City) for the year ended December 31, 2005, and have issued our report thereon dated June 13, 2006. In planning and performing our audit of the financial statements of the City, we considered internal control in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements. An audit does not include examining the effectiveness of internal control and does not provide assurance on internal control. We have not considered internal control since the date of our report.

During our audit, we noted certain matters involving internal control and other operational matters that are presented for your consideration. These comments and recommendations, all of which have been discussed with the appropriate members of management, are intended to improve internal control or result in other operating efficiencies and are summarized as follows:

CASH RECEIPTS

The City has various departments that collect cash, each of which make a cash posting entry in the system. Historically, this entry was not supposed to get posted until the Accounting department received the support for the entries and accessed the system to release the entries for posting. During the year, individual departments were able to post cash entries themselves and when Accounting received the support they were also accessing the system and posting the entries again, resulting in duplicate entries. The system is automated in that the cash modules will interface to create general ledger entries for posting of cash receipts. Historically, this automation was disabled because it was preferred that Accounting makes the cash entries directly in the general ledger module. With new personnel in Accounting, a decision was made to turn the automation on; however, there was inadequate communication and testing of the effects of such a change into the system, and therefore, Accounting was still making entries and the entries were recorded twice.

We recommend that the overall process for posting cash receipts be reviewed and designed to ensure that the entries are performed by the appropriate individuals. Should the City decide to keep the automation "turned on" then the interface between the cash modules and general ledger needs to be reconciled to verify that entries are complete, accurate, and timely. Individuals in the various departments responsible for posting to the system should be adequately trained. Any future changes to the system should not be made without first assessing the impact to current business processes and performing testing. This would also include analyzing access rights to determine what functionality should or should not be restricted.

The Honorable Lorenz "Lo" Walker, Mayor
and Members of the City Council
City of Bossier City
June 13, 2006
Page 2

Management's response – We have and are reviewing all cash handling processes to insure that the mistakes that were made after the replacement of both the Comptroller and Assistant Comptroller are not repeated. Further, any changes to the system will be thoroughly evaluated and affected personnel sufficiently trained prior to implementation of any changes.

INFORMATION TECHNOLOGY (IT) CONTROLS

IT Security – Users are not required to sign an acknowledgement of their agreement to abide by predefined standards on the proper use of IT resources. Not requiring users to sign a formal acknowledgement of having read and agreed to the City's policies on proper use of IT resources, increases the risk that users lack accountability for their actions as well as the risk that users are not adequately aware of the City's position with regard to information security. We recommend the City implement an acknowledgement form to be signed by all individuals who use IT resources indicating that they have read and agree to the policies on IT security.

Management's Response – The Information Services Division will implement an Information Services Resource Acknowledgement Form. All employees who utilize the City's computer networks will be required to sign this form indicating that they have read and agree to the policies concerning information services resources and security.

Password Controls – During our review of the controls over passwords, we noted that network domain password parameters are not adequate. Specifically, passwords are not forced to expire, minimum password length is set to only four, password history is not enforced, and account lockout is not enforced. Lack of adequate password parameters for the network increases the risk that a user's network account could be compromised, resulting in unauthorized access to sensitive data and network resources.

Management's Response – The Information Services Division will implement a network domain password policy. This policy will meet the minimum recommendations.

User Access – Although informal reviews are performed, formalized review of the appropriateness of user access to the network and AS/400 is not periodically performed and documented. Lack of formal periodic review of user access at the network and AS/400 level increases the risk that access becomes inappropriate over time, as the environment evolves (i.e. users gain additional responsibilities, job transfers, etc.) and that inappropriate and/or unauthorized system access is not detected and remediated timely. Periodic reviews of user access are also a means to detect segregation of duties conflicts within system access, which may have resulted from inadequate analysis upon initial account setup or modifications made over time which did not adequately consider the segregation of duties concerns. The City should require that user access reviews be performed by appropriate business management personnel on a periodic basis to verify that user's access is commensurate with job responsibilities and to specifically detect high-risk segregation of duties conflicts. Reviewing and maintaining the appropriateness of user access is ultimately the responsibility of user management. The IT department should play a facilitator role in this review process.

The Honorable Lorenz "Lo" Walker, Mayor
and Members of the City Council
City of Bossier City
June 13, 2006
Page 3

Management's Response – A user access review policy will be created. This policy will require Information Services personnel to meet with the appropriate department managers to review employee access to software applications and City data files.

Controls Over Terminated Employees – Terminated employees have network and AS/400 accounts that remain enabled in the system. Failure to timely delete/disable network and AS/400 access for terminated employees increases the risk of unauthorized access to the financial system. The City should perform a review of all network and AS/400 accounts periodically to identify and deactivate the accounts of terminated employees. Also, the City should investigate to determine the cause for network and AS/400 accounts for terminated employees' remaining enabled and remediate the process to ensure terminated employees' network and AS/400 access is deactivated in a timely manner.

Management's Response – A policy will be implemented to address the handling of terminated employees' computer and e-mail accounts.

Backup Restore Process – Periodic testing of the backup restore process is not performed. Failure to perform complete backup restore testing on a periodic basis increases the risk that the restore process fails during an actual restoration resulting in the permanent loss of critical data and/or loss of network availability for a prolonged period of time. The City should perform scheduled periodic testing of their network restore process to verify that their restoration procedures and backup processes are effective to provide for timely and complete restoration.

Management's Response – A policy for testing the backup and restore procedures will be implemented. The actual testing will occur at least quarterly.

INVESTMENT POLICY

During procedures over investments, we obtained a copy of the City's investment policy. We noted the policy was adopted in 1996, approximately 10 years ago. It reflects what is discussed in the revised statutes regarding investments of local municipalities. We recommend that the policy be reviewed and any necessary changes to update the policy be made. The City may also want to consider addressing some of the disclosure requirements of GASB 40.

Management's Response – The City's 10 year old investment policy coupled with a very conservative approach to investing the taxpayer's money has served the City well. We will review it and make any necessary changes we deem necessary while taking into account GASB 40 disclosure requirements.

TAX RECONCILIATIONS

The subledgers for the property tax collections are not reconciled to the general ledger. Currently, the property tax department operates a module of the HiE system that indicates the amount received and remaining amount receivable. We recommend that a control be implemented to reconcile the subledgers for property taxes to the general ledger on at least a monthly basis. However, we recommend that this

The Honorable Lorenz "Lo" Walker, Mayor
and Members of the City Council
City of Bossier City
June 13, 2006
Page 4

control be performed at least weekly during the months of November, December, and January, as the majority of property taxes are collected during this period.

Management's Response – The Accounting department made significant progress in trying to reconcile the general ledger to the property tax system last year. We will continue work with the tax department to reconcile the general ledger to the HtE tax system subledgers.

FEDERAL PROGRAMS

Federal programs are primarily accounted for in the State and Federal Grants Fund. Reimbursement requests are prepared and recorded based on the expenditures incurred. When recording receivables for reimbursement requests, the City should consider adjustments that may need to be made to the deferred revenue accounts in this fund.

Management's response – We will review recent activity in the State and Federal Grants Fund to determine if any adjustments to the receivables and related deferred revenue account should be made.

CIVIC CENTER

The Civic Center revenue is recorded on a cash basis. Nonrefundable deposits for future events should be recorded as deferred revenue. Once the event has occurred, the respective revenue may be recognized. We recommend the City implement procedures to capture revenue for future events and ensure they are recorded in the proper period.

Management's response – We have discussed this matter with Civic Center personnel and we will make an entry at year-end to record deferred revenue at year-end for future events.

* * * * *

Our audit procedures are designed primarily to enable us to form an opinion on the financial statements, and therefore, may not bring to light all weaknesses in policies or procedures that may exist. We aim, however, to use our knowledge of the City's organization gained during our work to make comments and suggestions that we hope will be useful to you.

This report is intended solely for the information and use of the Mayor, City Council, management, the State of Louisiana Legislative Auditor, and federal awarding agencies, and is not intended to be and should not be used by anyone other than these specified parties.

We appreciate the assistance and cooperation of all of the personnel of the City. We will be pleased to discuss these comments and recommendations with you at any time.

Very truly yours,

KPMG LLP