

**COMPREHENSIVE
ANNUAL FINANCIAL
REPORT**



CITY OF SHREVEPORT, LOUISIANA

As of and for the year ended December 31, 2017

Finance Department
Charles J. Madden, III, Director



**CITY OF SHREVEPORT, LOUISIANA
 COMPREHENSIVE ANNUAL FINANCIAL REPORT
 AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2017**

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CITY OF SHREVEPORT

P.O. BOX 31109 SHREVEPORT, LA 71130 • 505 TRAVIS STREET SHREVEPORT, LA 71101

Website: www.shreveportla.gov

June 29, 2018

Mayor Ollie S. Tyler
Members of the City Council
City of Shreveport, Louisiana

Mayor and Members of the City Council:

In accordance with Section 10.02, paragraph (j), of the City Charter, and pursuant to Louisiana State Statutes I am pleased to submit the Comprehensive Annual Financial Report for the year ended December 31, 2017. The financial statements were prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) and audited in accordance with generally accepted government auditing standards by a firm of licensed certified public accountants. I believe this report presents comprehensive information about the City's financial and operating activities during 2017 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 a comprehensive internal control framework that is designed both to protect the government's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the 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. In addition to internal controls established by management and those built into the accounting system, the Office of Internal Audit periodically reviews the adequacy of internal controls. The Internal Auditor and her staff are independent of the Finance Department. As management, 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 4.28 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 Carr, Riggs & Ingram, LLC, was selected by the City Council 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 year ended December 31, 2017, 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 unmodified opinion that the City's financial statements for the year ended December 31, 2017, 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 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 require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. The City's MD&A can be found immediately following the report of the independent auditors.

Profile of the City of Shreveport

The City of Shreveport was incorporated in 1839. It is located on the west bank of the Red River in Northwest Louisiana, approximately thirty (30) miles south of Arkansas and fifteen (15) miles east of Texas. Shreveport is the seat of Caddo Parish and the center of a metropolitan area that includes Bossier, Caddo, and Webster Parishes. Although located primarily in Caddo Parish, a small portion of the City extends into Bossier Parish. The current area of the City is approximately 123 square miles.

The City of Shreveport has been organized under a mayor-council form of government since 1978, when the current City charter was adopted by the voters. The charter provides for a seven member council, with each member selected for four-year terms from separate districts 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, airports, transportation, recreational activities, general administration functions, and others.

These financial statements present the City of Shreveport (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 Shreveport Home Mortgage Authority, City Courts, City Marshal, Downtown Development Authority, Metropolitan Planning Commission, and Shreve Memorial Library. 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. The City Council is required to adopt the final budgets no later than December 15 each year. Budgets are adopted at the fund, department and object level. The exception is the Community Development Department where the budget is at the fund, department, division and object level. Budgetary transfers across department lines or between classes of lump sum appropriations require the approval of the City Council.

In developing and evaluating the accounting system of the City, the Finance Department considers the adequacy of internal accounting controls. Internal accounting controls are designed to provide reasonable, but not absolute, assurance regarding the safeguarding of assets against loss from unauthorized use or disposition and regarding the reliability of financial records for preparing financial statements and maintaining accountability for assets. The concept of reasonable assurance recognizes that the cost of control should not exceed benefits likely to be derived and that the valuation of costs and benefits requires estimates and judgments by management.

As a recipient of federal and state financial assistance, the City government is responsible for ensuring that adequate internal controls are in effect. All internal control evaluations occur within the framework described. The Finance Department believes that the internal controls of the City adequately safeguard assets and provide reasonable assurance of the proper recording of financial transactions.

Local Economy

Sales taxes make up the largest part of local revenues. While collections of sales taxes have fluctuated in recent years, with an increase in gas exploration and the privatization of the state hospital, sales tax collections have rebounded slowed they rebounded to 2015 levels and expected to remain steady through 2018. The five year trend for sales tax has been as follows:

| | |
|------|---------------|
| 2013 | \$114,192,366 |
| 2014 | 119,809,168 |
| 2015 | 117,990,678 |
| 2016 | 115,450,214 |
| 2017 | 118,856,148 |

Casino revenues continue to drop as competition within the region increases. Casino revenues are expected to remain stable through 2018. The five-year history of gaming revenues is as follows:

| | |
|------|--------------|
| 2013 | \$11,003,579 |
| 2014 | 10,241,584 |
| 2015 | 10,035,079 |
| 2016 | 9,615,662 |
| 2017 | 8,916,942 |

Work continues on the Water & Sewerage projects to improve and upgrade the sewer system throughout the City. With most major arterial routes overlaid in last several years, another \$5.5 million was appropriated from the Streets Special Revenue Fund to start overlaying feeder streets throughout the city.

The Shreveport Aquarium was opened in late 2017 to rave reviews. It transformed the aged Barnwell Center located on the riverfront into a state of the arts aquarium. It has provided an additional attraction for families visiting the riverfront.

Long-term Financial Planning

A consent decree, with the United States Environmental Protection Agency (EPA) and the Louisiana Department of Environmental Quality (DEQ), relative to wastewater improvements in Shreveport was officially filed in early 2014. The consent decree will require the city to make various wastewater treatment plant and sanitary sewer infrastructure improvements in order to reduce sanitary sewer overflows in the sewer collection system and meet wastewater discharge permit requirements under wet weather conditions.

To fund the sewer improvement program, the City Council approved rate increases over a 10 year period. The first of those increases went into effect October 1, 2013. A 15% increase in sewer rates went into effect January 1, 2017. The Water & Sewerage department continues to work with the EPA to make sure the project stays on schedule. With most of the Phase 1 projects completed the City has started on Phase 2 projects while laying the ground work for Phase 3. To help fund that work an additional \$120 million of Water & Sewer revenue bonds were sold in 2017.

Relevant Financial Policies

The City continues to pay off General Obligation Bonds; the City will pay off all but the 2011 and 2014 GOB debt in the next 3 years. Increases in Water and Sewer rates will fund the additional debt required to complete the project required by the consent decree. With most revenues flat, continuing services at current levels will be a challenge without additional revenues.

Awards and Acknowledgements

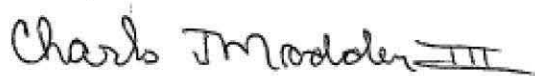
The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Shreveport for its comprehensive annual

financial report for the fiscal year ended December 31, 2016. This was the eight consecutive year that the government has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both GAAP and applicable legal requirements.

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

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 preparation of this report possible. I also acknowledge the thorough and professional help in completing the audit from our independent auditors, Carr, Riggs & Ingram, LLC. Thanks to the Mayor and City Council for your support of excellence in financial reporting and fiscal integrity.

Sincerely,

A handwritten signature in black ink that reads "Charles J. Madden III". The signature is written in a cursive style with a horizontal line under the name.

Charles J. Madden III
Director of Finance



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

City of Shreveport
Louisiana

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

December 31, 2016

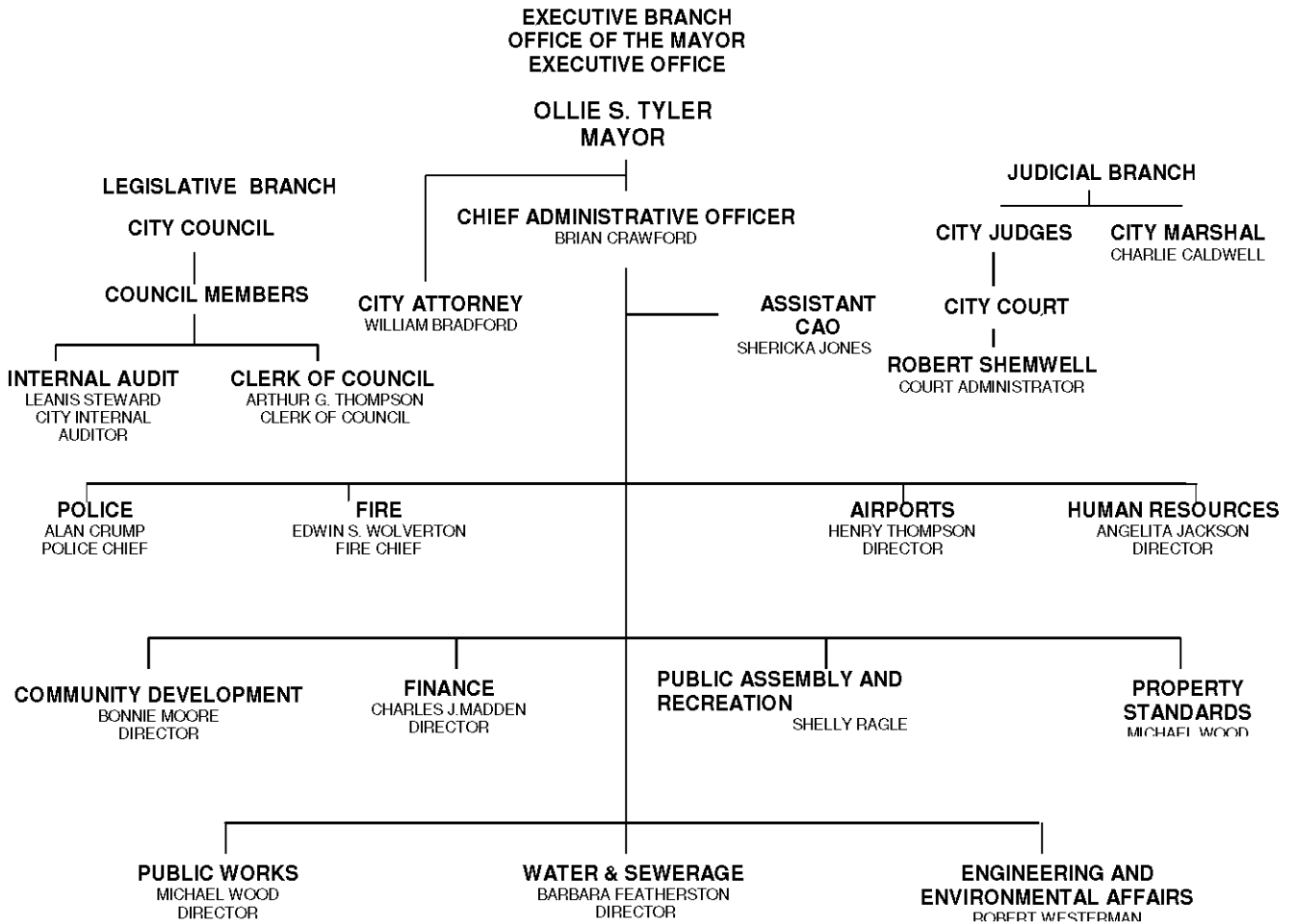
Christopher P. Morill

Executive Director/CEO

CITY OF SHREVEPORT

ORGANIZATION CHART

December 31, 2017



CITY OF SHREVEPORT, LOUISIANA

Principal Officials

Ollie S. Tyler
Mayor

Brian Crawford
Chief Administrative Officer

Members of City Council

| | |
|-----------------|------------|
| Willie Bradford | District A |
| Jeff Everson | District B |
| Oliver Jenkins | District C |
| Michael Corbin | District D |
| James Flurry | District E |
| Stephanie Lynch | District F |
| Jerry Bowman | District G |

CITY OF SHREVEPORT, LOUISIANA

Finance Department

Department Director

Charles J. Madden III

Division Managers

David Creswell
Angela Duncan
Wendy Wagnon

Accounting
Revenue Collection
Purchasing

Accounting Staff

Rosalyn Atkins
Drucilla Carter
Barbara Dunn
Evelyn Jones
Marie LaFontant
Tobi Maiden
Diane Pharr
Linda Smith
Vernell Wiggins

Shiwanda Brown
Dorothy Cole
Ella Francis
Doris LaCour
Linda Long
Abigail Monette
Lashonda Samuels
Sharon Tillman



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Independent Auditors' Report

**Members of the City Council and
Honorable Ollie S. Tyler, Mayor
City of Shreveport, Louisiana**

Report on the Financial Statements

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 Shreveport, Louisiana (the City) as of and for the year ended December 31, 2017, and related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of Downtown Development Authority, City of Shreveport City Court, and Charlie Caldwell, Jr. City Marshal. These three entities collectively represent 14 percent of the assets, 14 percent of the net position and 19 percent of the revenues of the aggregate discretely presented component units. Those statements were audited by other auditors, whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for Downtown Development Authority, City of Shreveport City Court, and Charlie Caldwell, Jr. City Marshal, is based solely 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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, based on the 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 of Shreveport, as of December 31, 2017, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis (page 13-22), and the budgetary comparison information (page 103-107), the schedule of employer contributions – other postemployment benefits (page 111), schedule of funding progress – other postemployment benefits (page 112), the schedule of changes in the net pension liability (page 113), the schedule of investment returns (page 115), the schedule of pension contributions (page 116), the schedule of employer's proportionate share of net pension liability - state (page 118), and the schedule of employer's contributions to the plans - state (page 119), listed as Required Supplementary Information in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We and other auditors have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, the nonmajor fund budgetary comparison schedules, the schedule of compensation, benefits and other payments to agency head or chief executive officer, and statistical section, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements, the nonmajor fund budgetary comparison schedules and the schedule of compensation, benefits and other payments to agency head or chief executive officer are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America by us and other auditors. In our opinion, based on our audit, the procedures performed as described above, and the report of the other auditors, the combining and individual nonmajor fund financial statements, the nonmajor fund budgetary comparison schedules and the schedule of compensation, benefits, and other payments to agency head or chief executive officer are fairly stated in all material respects in relation to the financial statements 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 do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 29, 2018, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely 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 effectiveness of the City of Shreveport's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Carr, Riggs & Ingram, L.L.C.

CARR, RIGGS & INGRAM, LLC

Shreveport, Louisiana
June 29, 2018

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Management's Discussion and Analysis

The Management's Discussion and Analysis (MD&A) offers the readers of the City of Shreveport's financial statements this narrative overview and analysis of the financial activities of the City of Shreveport for the year ended December 31, 2017.

Financial Highlights

- The assets and deferred outflows of resources of the City exceeded its liabilities and deferred inflows of resources at December 31, 2017 by \$487 million (net position). Unrestricted net position is a deficit of \$870 million.
- The City's total net position increased \$4.19 million. Net position of governmental activities decreased \$55.9 million and net position of business-type activities increased \$60.05 million.
- As of December 31, 2017, the City's governmental funds reported combined fund balances of \$132 million, a decrease of \$37 million from the prior year. Of this amount, \$156 thousand of the General Fund was unassigned and available for spending.
- The unassigned fund balances for the General Fund represented .07% of total General Fund expenditures.
- The City's total debt increased \$90.81 million.

Overview of the Financial Statements

The management's discussion and analysis serves as an introduction to the City's basic financial statements which are the government-wide financial statements, fund financial statements, and notes to the financial statements. Also included in the report is required supplementary information.

Government-wide financial statements. The government-wide financial statements report information about the overall finances of the City similar to a business enterprise. These statements combine and consolidate short-term, spendable resources with capital assets and long-term obligations.

The statement of net position presents information on all of the City's assets, liabilities and deferred inflows/outflows of resources, with the difference reported as net position. The statement is designed to display the financial position of the City. Over time, increases or decreases in net position help determine whether the City's financial position is improving or deteriorating.

The statement of activities provides information which shows how the City's net position changed as a result of the year's activities. The statement uses the accrual basis of accounting, which is similar to the accounting used by private-sector businesses. All of the revenues and expenses are reported regardless of the timing of when cash is received or paid. The statement distinguishes functions of the City that are financed primarily by taxes, intergovernmental revenues, and charges for services (governmental activities) from functions where user fees and charges to customers help to cover all or most of the cost of services (business-type activities). The City's governmental activities include general government, public safety, public works, culture and recreation, health and welfare, community development, economic development, and economic opportunity. The business-type activities of the City include airports, water and sewerage systems, convention center, hotel, transit, golf, and parking operations.

Not only do the government-wide financial statements include the City itself which is the primary government, but also its component units, Shreveport Home Mortgage Authority, City Court, City Marshal, Downtown Development Authority, Metropolitan Planning Commission, and Shreve Memorial Library. Although these component units are legally separate, their operational or financial relationship with the City makes the City financially accountable.

Fund financial statements. A fund is a grouping of self-balancing related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City uses fund accounting to ensure and demonstrate fiscal accountability. The City uses governmental, proprietary, and fiduciary fund financial statements to provide more detailed information about the City's most significant funds rather than the City as a whole.

Governmental funds. Governmental funds are used to report most of the City's basic services. The funds focus on the inflows and outflows of current financial resources and the balances of spendable resources available at the end of the year. Governmental fund statements provide a near- or short-term view of the City's operations. A reconciliation is prepared of the governmental funds Balance Sheet to the Statement of Net Position and the Statement of Revenues, Expenditures, and Changes in Fund Balances of governmental funds to the Statement of Activities.

Fifteen governmental funds are used by the City. There are four major funds which have separately presented information in the governmental fund Balance Sheet and Statement of Revenues, Expenditures, and Changes in Fund Balances. The major funds are the General Fund, Debt Service, the 2014 General Obligation Bond Fund, and the Community Development Fund. The eleven nonmajor funds are presented in the aggregate in the governmental fund financial statements. The individual fund information is presented in combining statements.

The City adopts an annual appropriated budget for its general fund and certain special revenue funds. Budgetary comparison statements have been provided to demonstrate compliance with these budgets.

Proprietary funds. The 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. The City uses enterprise funds to account for its airports, water and sewer, convention center, hotel, and other operations. Internal service funds are an accounting device used to accumulate and allocate costs internally among the City's various functions. The City uses internal service funds to account for its health care and retained risk. 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 funds provide the same type of information as the government-wide financial statements, only in more detail. Proprietary fund financial statements provide separate information for the airports, water and sewerage, convention center, and hotel operations which are considered to be major funds of the City.

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

Fiduciary funds. Fiduciary funds are used to account for assets held by the City in a trustee capacity or as an agent for others. Activities from fiduciary funds are not included in the government-wide financial statements because the City cannot use these assets for its operations. The accounting for fiduciary funds is much like that used in proprietary funds.

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

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the City's progress in funding its obligation to provide pension and postemployment benefits to its employees.

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The combining statements for nonmajor governmental funds, enterprise funds, internal service funds, and fiduciary funds are presented immediately following the required supplementary information on pensions and postemployment benefits.

Government-wide Financial Analysis

Net Position. The following table reflects condensed information on the City's net position:

| | Net Position (in millions) | | | | | |
|----------------------------------|-------------------------------|-------------------|--------------------------|------------------|------------------|------------------|
| | Governmental Activities | | Business-type Activities | | Total | |
| | 2017 | 2016 | 2017 | 2016 | 2017 | 2016 |
| Current and other assets | \$ 158.34 | \$ 201.69 | \$ 311.85 | \$ 336.41 | \$ 470.19 | \$ 538.10 |
| Capital assets | 604.85 | 594.40 | 999.91 | 814.70 | 1,604.76 | 1,409.10 |
| Total assets | <u>763.20</u> | <u>796.08</u> | <u>1,311.76</u> | <u>1,151.11</u> | <u>2,074.95</u> | <u>1,947.19</u> |
| Deferred outflows of resources | 37.76 | 60.32 | 11.48 | 11.61 | 49.24 | 71.92 |
| Long-term liabilities | 795.93 | 828.01 | 714.18 | 642.29 | 1,510.11 | 1,470.30 |
| Other liabilities | 17.28 | 16.82 | 45.57 | 19.78 | 62.85 | 36.60 |
| Total liabilities | <u>813.21</u> | <u>844.83</u> | <u>759.75</u> | <u>662.08</u> | <u>1,572.96</u> | <u>1,506.90</u> |
| Deferred inflows of resources | 36.47 | 32.62 | 3.43 | 0.63 | 39.90 | 12.62 |
| Net position | | | | | | |
| Net investment in capital assets | 604.85 | 594.40 | 614.52 | 570.19 | 1,219.38 | 1,164.58 |
| Restricted | 133.10 | 168.90 | 3.96 | 3.96 | 137.06 | 172.86 |
| Unrestricted (Deficit) | (786.67) | (784.34) | (58.42) | (74.14) | (845.10) | (858.48) |
| Total net position | <u>\$ (48.72)</u> | <u>\$ (21.05)</u> | <u>\$ 560.06</u> | <u>\$ 500.01</u> | <u>\$ 511.34</u> | <u>\$ 478.96</u> |

At December 31, 2017, the City as a whole had assets and deferred outflows greater than its liabilities by \$487 million compared to \$479 million at December 31, 2016. The majority of the City's net position of governmental activities is invested in capital assets (streets, drainage, construction in progress, buildings, equipment, etc.). The capital assets are net of the outstanding principal of the debt associated with their acquisition. These assets are not available for future spending since they will not be sold. Restrictions are imposed upon 36.09% of the governmental activities net position. These assets are unavailable for general expenses but must be used for the intended purposes. Unrestricted net position of governmental activities is a deficit of \$811.43 million at the end of the year, an increase in the deficit from a \$784.34 million deficit in the prior year. The deficit does not mean that the City has insufficient resources to pay bills for the next year; however, it does show that on a long-term basis, the City has commitments beyond which it has current resources to fund its obligations. The largest of these commitments, besides the general obligation bonds, are certificates of indebtedness which were issued to fund state pension obligations, notes issued for remodeling of the Independence Stadium and the recognition of net pension liability, and other postemployment benefit obligations.

The net position of the City's business-type activities is \$560 million, an increase of \$60.05 million from 2016. As with the governmental activities, the majority of the net position is invested in capital assets. The City uses these assets to provide services to the citizens. The unrestricted net position of the business-type activities is a deficit of \$58.42 million at December 31, 2017 compared to \$74.14 million in the prior year. The increase in the deficit was mainly due to recording the net pension total OPEB liabilities.

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Changes in net position. The City's total revenues and expenses for governmental and business-type activities are reflected in the following table:

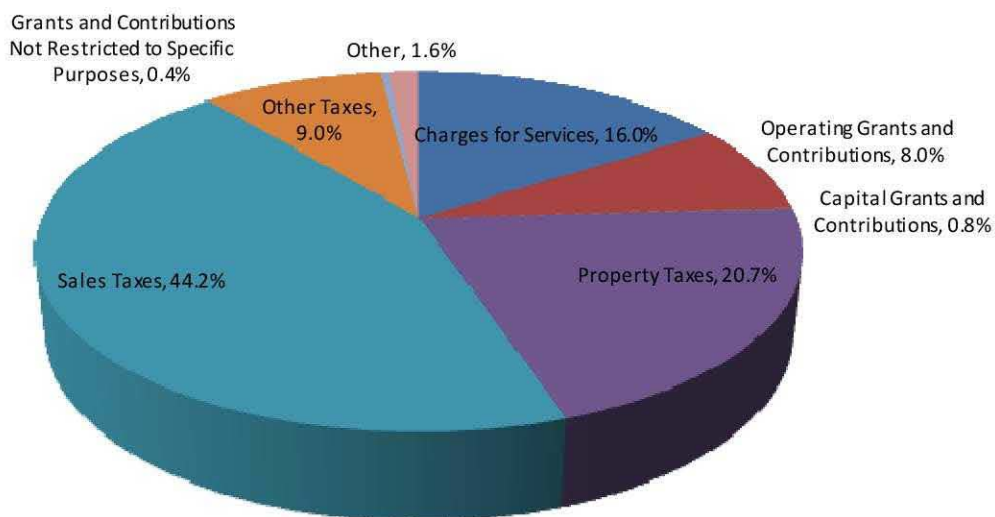
| | Changes in Net Position (in millions) | | | | | |
|--|---|-------------------|---------------------------------|------------------|------------------|------------------|
| | Governmental Activities | | Business-type Activities | | Total | |
| | 2017 | 2016 | 2017 | 2016 | 2017 | 2016 |
| Revenues: | | | | | | |
| Program revenues: | | | | | | |
| Charges for services | \$ 43.14 | \$ 36.01 | \$ 115.54 | \$ 110.84 | \$ 158.68 | \$ 146.85 |
| Operating Grants and Contributions | 21.53 | 20.51 | 4.65 | 6.61 | 26.18 | 27.11 |
| Capital grants and contributions | 0.14 | - | 21.59 | 5.07 | 21.73 | 5.07 |
| General Revenues: | | | | | | |
| Property taxes | 55.63 | 55.58 | - | - | 55.63 | 55.58 |
| Sales taxes | 118.86 | 115.45 | - | - | 118.86 | 115.45 |
| Other taxes | 24.24 | 24.95 | - | - | 24.24 | 24.95 |
| Grants and contributions not restricted to specific programs | 1.15 | 1.19 | - | - | 1.15 | 1.19 |
| Other Revenues | 4.18 | 3.34 | 3.54 | 3.58 | 7.72 | 6.92 |
| (Rounding) | - | - | - | - | - | - |
| Total Revenues | <u>268.87</u> | <u>257.02</u> | <u>145.32</u> | <u>126.10</u> | <u>414.18</u> | <u>383.12</u> |
| Expenses | | | | | | |
| General government | 61.78 | 55.32 | - | - | 61.78 | 55.32 |
| Public Safety | 116.16 | 140.96 | - | - | 116.16 | 140.96 |
| Public Works | 66.26 | 55.85 | - | - | 66.26 | 55.85 |
| Culture and recreation | 36.08 | 25.19 | - | - | 36.08 | 25.19 |
| Health and welfare | 0.00 | - | - | - | 0.00 | - |
| Community development | 2.89 | 6.68 | - | - | 2.89 | 6.68 |
| Economic development | 3.24 | 0.91 | - | - | 3.24 | 0.91 |
| Economic opportunity | 2.27 | 0.01 | - | - | 2.27 | 0.01 |
| Interest on long-term debt | 9.03 | 9.66 | - | - | 9.03 | 9.66 |
| Municipal and regional airports | - | - | 13.71 | 14.12 | 13.71 | 14.12 |
| Water and sewerage | - | - | 65.82 | 76.30 | 65.82 | 76.30 |
| Convention Center | - | - | 7.15 | 7.34 | 7.15 | 7.34 |
| Convention Center Hotel | - | - | 12.28 | 11.12 | 12.28 | 11.12 |
| Shreveport area transit | - | - | 16.77 | 15.30 | 16.77 | 15.30 |
| Golf | - | - | (3.77) | 4.45 | (3.77) | 4.45 |
| Downtown parking | - | - | 0.37 | 0.36 | 0.37 | 0.36 |
| (Rounding) | - | - | - | - | - | 0.01 |
| Total expenses | <u>297.70</u> | <u>294.56</u> | <u>112.32</u> | <u>128.99</u> | <u>410.02</u> | <u>423.56</u> |
| Increase (decrease) in net position before transfers | (28.84) | (37.54) | 33.00 | (2.89) | 4.16 | (40.44) |
| Transfers | (27.02) | (37.23) | 27.02 | 37.23 | (0.00) | - |
| Net position -beginning | (21.05) | 53.72 | 500.01 | 465.28 | 478.96 | 519.00 |
| Prior period adjustments | 3.43 | - | - | 0.39 | 3.43 | 0.39 |
| Net position -beginning, as restated | (17.62) | 53.72 | 500.01 | 465.67 | 482.39 | 519.39 |
| (Rounding) | - | - | - | - | - | - |
| Net position -ending | <u>\$ (73.48)</u> | <u>\$ (21.05)</u> | <u>\$ 560.03</u> | <u>\$ 500.01</u> | <u>\$ 486.55</u> | <u>\$ 478.95</u> |

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Governmental Activities. Revenues for the City’s governmental activities for the year ended December 31, 2017 were \$268.87 million compared to \$257.02 million in the prior year.

- Program revenues increased \$8.3 million in 2017 compared to 2016 as a result of increases in charges for services, operating grants and contributions and decreases in capital grants and contributions.
- General revenues are, for the most part, comprised of sales and property taxes (85.51%).
 - Sales taxes represent 58.25% of general revenues at \$118.86 million compared to \$115.45 million for 2016. Collections were up 3.41% for 2017.
 - Property tax revenues represent 27.26% at \$55.63 million.

Revenues by Source - Governmental Activities



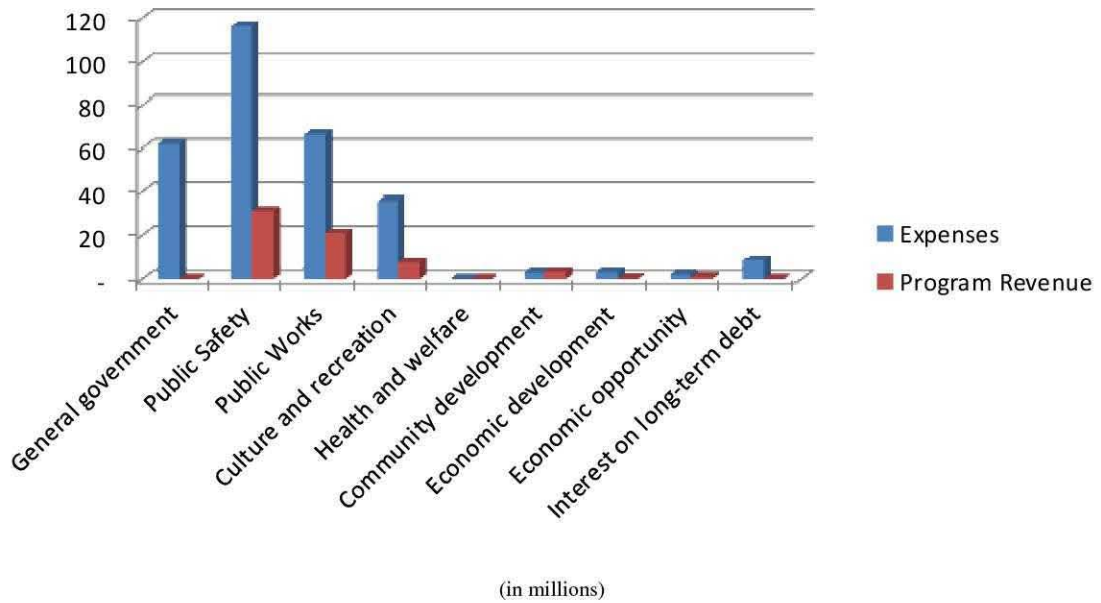
The cost of providing all governmental activities this year was \$297.70 million, an increase of \$3.14 million from the prior year. The key factors for the increase were:

- General government expenses were \$61.78 million compared to \$55.32 million in 2016.
- Public safety expenses were \$116.16 million compared to \$140.96 million in 2016. Public works expenses were \$66.26 million compared to \$55.85 million in 2016. The increase was mainly due to increases in OPEB and pension costs.

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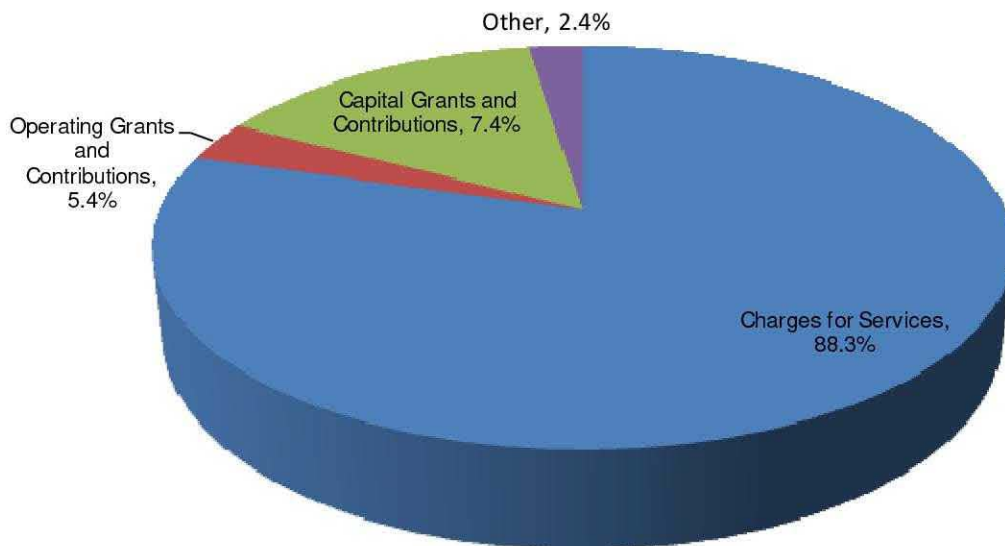
The City's five largest governmental activities are public safety, public works, general government, interest on long-term debt and cultural and recreation. The graph below shows the expenses and program revenues generated by governmental activities:

Expenses and Program Revenues - Governmental Activities

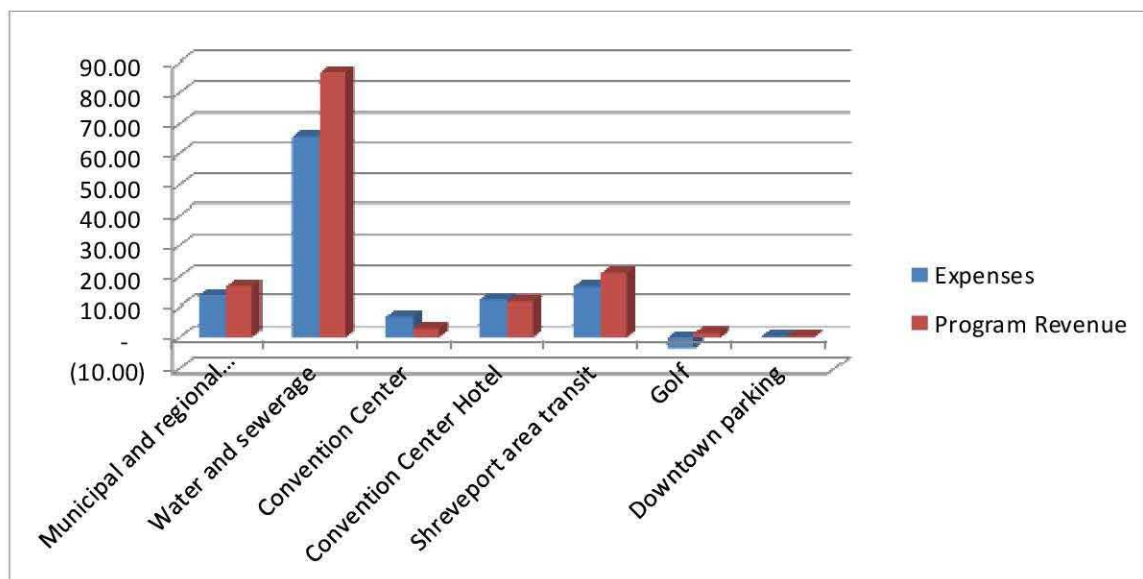


Business-type Activities. Charges for services for the City's business-type activities were \$115.54 million for 2017, an increase of \$4.7 million from 2016.

Revenues by Source - Business-type Activities



Expenses and Program Revenues - Business-type Activities



The costs of these business-type activities were \$112.32 million for 2017, a decrease of \$10.48 million from 2016.

- Decrease was mainly due to a reallocation of OPEB liability for 2017.
- Other funds had small increases and decreases.

Financial Analysis of the City's Funds

Governmental funds. The analysis of governmental funds serves the purpose of looking at what resources came into the funds, how they were spent and what is available for future expenditures. Did the government generate enough revenue to pay for current obligations? What is available for spending at the end of the year? The City's governmental funds for the year ended December 31, 2017 reflect combined fund balances of \$131 million, a decrease of \$68 million compared to the prior year. The decreases in fund balances were mostly associated with the spending down of the 2014 General Obligation Bonds and increased other postemployment benefit and retirement costs, as well as disciplined pending on the part of City of Departments. There was 85% or \$112 million restricted primarily for debt service and capital projects. Balances assigned to the future years are \$12 million and \$155 thousand million is unassigned and available for spending.

The General Fund is the City's operating fund which provides most basic services. Its fund balance had a decrease of \$222 thousand from the prior year. The major revenue sources are property taxes, sales taxes, and charges for services.

- Property tax collections decreased \$0.05 million from 2016.
- Sales tax collections decreased \$3.41 million from 2016.
- Charges for services increased \$7.13 million from 2016.
- Various other revenue increases and expense decreases.

The Debt Service Fund has a total fund balance of \$51 million which is restricted for payment of principal and interest on debt outstanding. The fund balance for 2017 remained about the same as 2016.

Proprietary funds. The proprietary funds had an increased net position of \$560 million. There was an overall increase of \$19 million in revenues due to increased sewer rates. The Municipal and Regional Airport decreased their personnel and operating expenses. The biggest change in net position was the 2015 adoption of GASB 68, thereby not having to modify current year's net position.

Capital Assets and Debt Administration

Capital assets. The City's investment in capital assets as of December 31, 2017, for its governmental and business-type activities was \$1.1 billion net of depreciation as reflected in the following schedule.

| Capital Assets (net of depreciation in millions) | | | | | | |
|--|--------------------------------|------------------|---------------------------------|------------------|--------------------|--------------------|
| | Governmental Activities | | Business-type Activities | | Total | |
| | 2017 | 2016 | 2017 | 2016 | 2017 | 2016 |
| Land | \$ 112.63 | \$ 110.39 | \$ 45.14 | \$ 46.71 | \$ 157.77 | \$ 157.10 |
| Construction in progress | 26.96 | 25.66 | 301.22 | 80.92 | 328.18 | 106.58 |
| Buildings | 117.38 | 121.62 | 143.04 | 147.57 | 260.42 | 269.19 |
| Improvement other than buildings | 45.17 | 40.40 | 48.07 | 45.01 | 93.24 | 85.41 |
| Equipment | 22.95 | 19.31 | 26.31 | 31.44 | 49.25 | 50.75 |
| Distribution and collection systems | - | - | 436.13 | 412.54 | 436.13 | 412.54 |
| Infrastructure | 279.77 | 274.89 | - | - | 279.77 | 274.89 |
| Total | \$ 604.85 | \$ 592.27 | \$ 999.91 | \$ 764.19 | \$ 1,604.76 | \$ 1,356.46 |

Major additions to capital assets during the current year included the following (in millions):

| Asset | Amount |
|---|----------------|
| General Aviation Apron-Regional | \$ 1.6 |
| Rehab Taxiway N,D,E-Downtown | 0.8 |
| Rehab Taxiway B,C,D,F-SHV | 3.0 |
| Extension of Taxiway N-DTN | 0.8 |
| Russell Road Water Main Improvements | 1.3 |
| South Highland Lift Station Improvements | 1.3 |
| Broadmoor Sewer Outfall 48 Sewer Main Rehab | 5.2 |
| Cedar Grove Trunk Main Repair | 6.3 |
| | \$ 20.4 |

Construction commitments

The government has one active major construction projects as of December 31, 2017 for improvements to Water and Sewerage facilities. At year end, the government's commitments with contractors are as follows:

| <u>Project Number</u> | <u>Project Description</u> | <u>Remaining Commitment</u> | <u>Financing Sources</u> |
|-----------------------|-------------------------------------|-----------------------------|--------------------------|
| F14006 | Sanitary Sewer Assessment - Phase I | \$ 12,931,411 | 2014B&C W&S Rev Bonds |
| | | <u>\$ 12,931,411</u> | |

Note: Construction Commitments listed are project encumbrances at year end that total \$500,000 or greater for any given project.

For further information, refer to Note E in the notes to the financial statements.

Long-term debt. At year end, the City had \$854 million in bonds and other lending agreements, including \$1.3 million in Section 108 Housing and Urban Development guaranteed loans as shown in the following table.

Outstanding Debt
General Obligation and Revenue Bonds and Other Lending Agreements
(in millions)

| | <u>Governmental Activities</u> | | <u>Business-type Activities</u> | | <u>Total</u> | |
|--------------------------|--------------------------------|------------------|---------------------------------|------------------|------------------|------------------|
| | <u>2017</u> | <u>2016</u> | <u>2017</u> | <u>2016</u> | <u>2017</u> | <u>2016</u> |
| General obligation bonds | \$ 189.58 | \$ 208.24 | \$ - | \$ - | \$ 189.58 | \$ 208.24 |
| Revenue bonds | - | - | 631.14 | 539.82 | 631.14 | 539.82 |
| Other lending agreements | 32.11 | 36.03 | 1.64 | 2.42 | 33.75 | 38.45 |
| Total | <u>\$ 221.69</u> | <u>\$ 244.26</u> | <u>\$ 632.78</u> | <u>\$ 542.24</u> | <u>\$ 854.47</u> | <u>\$ 786.50</u> |

In governmental activities, the City issued \$50 million in Refunding Bonds, Series 2017.

In business-type activities, Water and Sewerage issued \$55.9 million in Water and Sewer Revenue Bonds, Series 2017A, \$35.8 million in Water and Sewer Revenue Bonds, Junior Lien Series 2017B, and \$43.1 million in Water and Sewer Revenue Refunding Bonds, 2017C.

State statutes limit the amount of government obligation debt a municipality may issue at a maximum of 10% of the assessed valuation for any purpose. The maximum may be exceeded if the aggregate issued for all purposes does not exceed 35% of the total assessed valuation. The City's outstanding general obligation debt is below the state limit. Approximately \$345 million of additional general obligation bonded debt is available for issuance.

For further information, refer to Note H in the notes to the financial statements.

Economic Factors and Next Year's Budgets and Rates

Sales and Use taxes for the first half of 2018 are in line with 2017 levels. They are expected to remain stable for the rest of 2018. The increased contributions to the Employee Retirement System approved by the City Council in 2014 continue to put pressure on a tight General Fund budget. Despite a 5% increase in health care premiums, claims cost continue to rise faster. The board will have to make decisions about what changes need to be made in the City's insurance to help control cost.

Requests for Information

This financial report is designed to provide a general overview of the City's finances for all those with an interest in the City's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Director of Finance, City of Shreveport, 505 Travis Street, Suite 670, Shreveport, Louisiana 71101.

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BASIC FINANCIAL STATEMENTS

CITY OF SHREVEPORT, LOUISIANA
STATEMENT OF NET POSITION
DECEMBER 31, 2017

| | Primary Government | | | Component Units |
|---|---------------------------|-----------------------|-----------------------|----------------------------|
| | Governmental | Business-type | Total | |
| | Activities | Activities | | |
| ASSETS | | | | |
| Cash and cash equivalents | \$ 91,960,361 | \$ 46,278,808 | \$ 138,239,169 | \$ 18,058,202 |
| Investments | 964,229 | - | 964,229 | 1,808,994 |
| Interest receivable | 3,063 | - | 3,063 | - |
| Receivable, net | 36,388,972 | 12,128,949 | 48,517,921 | 18,675,083 |
| Due from other governments | 18,595,940 | 6,867,393 | 25,463,333 | - |
| Due from primary government | - | - | - | 379,702 |
| Internal balances | 2,285,767 | (2,285,767) | - | - |
| Inventories | 1,614,238 | 2,733,027 | 4,347,265 | - |
| Prepaid items | 517,959 | 367,865 | 885,824 | 31,575 |
| Notes receivable | 5,827,515 | - | 5,827,515 | 7,455 |
| Other assets | 184,250 | - | 184,250 | 116,706 |
| Restricted assets: | | | | |
| Cash and cash equivalents | - | 240,532,499 | 240,532,499 | - |
| Investments | - | 2,959,890 | 2,959,890 | - |
| Prepaid items | - | 2,267,592 | 2,267,592 | - |
| Capital assets: | | | | |
| Land and construction in progress | 139,591,495 | 346,362,618 | 485,954,113 | 6,096,195 |
| Other capital assets, net of depreciation | 465,262,992 | 653,544,606 | 1,118,807,598 | 30,279,344 |
| Total assets | <u>763,196,781</u> | <u>1,311,757,480</u> | <u>2,074,954,261</u> | <u>75,453,256</u> |
| DEFERRED OUTFLOWS OF RESOURCES | | | | |
| Deferred charge on refunding | 2,881,589 | 9,690,536 | 12,572,125 | - |
| Deferred outflows for pensions | 34,877,219 | 1,788,263 | 36,665,482 | 968,334 |
| Total deferred outflows of resources | <u>37,758,808</u> | <u>11,478,799</u> | <u>49,237,607</u> | <u>968,334</u> |
| LIABILITIES | | | | |
| Accounts payable | 7,162,771 | 30,338,275 | 37,501,046 | 290,978 |
| Accrued liabilities | 19,570 | 11,553,693 | 11,573,263 | 247,309 |
| Accrued interest payable | 2,228,851 | 2,647,235 | 4,876,086 | - |
| Due to other governments | 710,537 | - | 710,537 | 112,964 |
| Due to component unit | - | - | - | - |
| Unearned revenue | 6,345,111 | 182,357 | 6,527,468 | - |
| Deposits and other | 812,464 | 847,147 | 1,659,611 | - |
| Non-current liabilities: | | | | |
| Due within one year | 38,921,298 | 21,740,031 | 60,661,329 | 673,704 |
| Due in more than one year | 226,206,977 | 612,848,851 | 839,055,828 | 5,375,651 |
| Net pension obligation | 304,568,058 | 56,442,690 | 361,010,748 | 30,563,413 |
| Other post-employment benefit obligation | 250,990,952 | 23,146,563 | 274,137,515 | 14,729,630 |
| Total liabilities | <u>837,966,589</u> | <u>759,746,842</u> | <u>1,597,713,431</u> | <u>51,993,649</u> |
| DEFERRED INFLOWS OF RESOURCES | | | | |
| Deferred inflows on bond refunding | 2,168,610 | - | 2,168,610 | - |
| Deferred inflows for pensions | 34,297,066 | 3,431,695 | 37,728,761 | 2,631,183 |
| Total deferred inflows of resources | <u>36,465,676</u> | <u>3,431,695</u> | <u>39,897,371</u> | <u>2,631,183</u> |
| NET POSITION | | | | |
| Net investment in capital assets | 604,854,487 | 614,521,810 | 1,219,376,297 | 36,044,166 |
| Restricted for: | | | | |
| Capital projects | 61,101,728 | - | 61,101,728 | - |
| Debt service | 50,716,946 | 3,960,404 | 54,677,350 | 155,006 |
| Community development | 943,896 | - | 943,896 | - |
| Streets | 1,519,554 | - | 1,519,554 | - |
| Enrichment | 1,121,370 | - | 1,121,370 | - |
| Downtown entertainment economic development | 557,299 | - | 557,299 | - |
| Environmental grants | 1,366,642 | - | 1,366,642 | - |
| Other purposes | 15,773,407 | - | 15,773,407 | 819,561 |
| Unrestricted (deficit) | (811,432,005) | (58,424,472) | (869,856,477) | (15,221,975) |
| Total net position (deficit) | <u>\$ (73,476,676)</u> | <u>\$ 560,057,742</u> | <u>\$ 486,581,066</u> | <u>\$ 21,796,758</u> |

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

CITY OF SHREVEPORT, LOUISIANA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2017

| Functions/Programs | Program Revenues | | | | Net (Expenses) Revenue and Changes in Net Position | | | Component Units |
|--|-----------------------|-----------------------|------------------------------------|----------------------------------|--|--------------------------|-------------------------|------------------------|
| | Expenses | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions | Primary Government | | Total | |
| | | | | | Governmental Activities | Business-type Activities | | |
| Primary Government: | | | | | | | | |
| Governmental Activities: | | | | | | | | |
| General government | \$ 61,780,900 | \$ - | \$ - | \$ - | \$ (61,780,900) | \$ - | \$ (61,780,900) | \$ - |
| Public safety | 116,156,813 | 20,908,980 | 10,350,834 | - | (84,896,999) | - | (84,896,999) | - |
| Public works | 66,261,441 | 20,133,031 | 697,180 | 137,421 | (45,293,809) | - | (45,293,809) | - |
| Culture and recreation | 36,076,061 | 2,101,051 | 5,879,971 | - | (28,095,039) | - | (28,095,039) | - |
| Health and welfare | 2,791 | - | - | - | (2,791) | - | (2,791) | - |
| Community development | 2,893,364 | - | 3,390,489 | - | 497,125 | - | 497,125 | - |
| Economic development | 3,235,826 | - | 185,442 | - | (3,050,384) | - | (3,050,384) | - |
| Economic opportunity | 2,265,807 | - | 1,023,627 | - | (1,242,180) | - | (1,242,180) | - |
| Interest on long-term debt | 9,029,444 | - | - | - | (9,029,444) | - | (9,029,444) | - |
| Total governmental activities | 297,702,447 | 43,143,062 | 21,527,543 | 137,421 | (232,894,421) | - | (232,894,421) | - |
| Business-type activities | | | | | | | | |
| Municipal and Regional Airports | 13,708,757 | 10,942,803 | - | 5,869,539 | - | 3,103,585 | 3,103,585 | - |
| Water and Sewerage | 65,808,452 | 85,830,305 | 38,993 | 1,098,540 | - | 21,159,386 | 21,159,386 | - |
| Convention Center | 7,148,971 | 3,072,879 | - | - | - | (4,076,092) | (4,076,092) | - |
| Convention Center Hotel | 12,278,765 | 11,671,322 | - | - | - | (607,443) | (607,443) | - |
| Shreveport Area Transit System | 16,756,528 | 2,061,377 | 4,610,179 | 14,622,531 | - | 4,537,559 | 4,537,559 | - |
| Golf | (3,768,584) | 1,509,499 | - | - | - | 5,278,083 | 5,278,083 | - |
| Downtown Parking | 367,630 | 448,267 | - | - | - | 80,637 | 80,637 | - |
| Total business-type activities | 112,300,519 | 115,536,452 | 4,649,172 | 21,590,610 | - | 29,475,715 | 29,475,715 | - |
| Total primary government | \$ 410,002,966 | \$ 158,679,514 | \$ 26,176,715 | \$ 21,728,031 | \$ (232,894,421) | \$ 29,475,715 | \$ (203,418,706) | \$ - |
| Component units: | | | | | | | | |
| Shreveport Home Mortgage Authority | 242,581 | 218,770 | - | - | - | - | - | (23,811) |
| City Court | 708,244 | 507,059 | - | - | - | - | - | (201,185) |
| City Marshal | 2,673,760 | 926,211 | 2,008,374 | - | - | - | - | 260,825 |
| Downtown Development Authority | 1,295,568 | 637,459 | - | - | - | - | - | (658,109) |
| Metropolitan Planning Commission | 1,574,534 | 305,162 | 217,580 | - | - | - | - | (1,051,792) |
| Shreve Memorial Library | 19,891,597 | 330,784 | - | - | - | - | - | (19,560,813) |
| Total component units | \$ 26,386,284 | \$ 2,925,445 | \$ 2,225,954 | \$ - | \$ - | \$ - | \$ - | \$ (21,234,885) |
| General Revenues: | | | | | | | | |
| Taxes: | | | | | | | | |
| Property taxes levied for general purposes | | | | | 28,063,849 | - | 28,063,849 | 16,078,650 |
| Property taxes levied for debt service | | | | | 27,563,502 | - | 27,563,502 | - |
| Sales taxes | | | | | 118,856,149 | - | 118,856,149 | - |
| Franchise taxes | | | | | 8,258,569 | - | 8,258,569 | - |
| Occupational licenses | | | | | 7,066,000 | - | 7,066,000 | - |
| Gaming | | | | | 8,916,942 | - | 8,916,942 | - |
| Grants and contributions not restricted to specific programs | | | | | 1,152,947 | - | 1,152,947 | - |
| Investment earnings | | | | | 343,143 | 1,364,644 | 1,707,787 | (26,099) |
| Miscellaneous | | | | | 3,836,263 | 2,186,864 | 6,023,127 | 764,993 |
| Transfers | | | | | (27,019,950) | 27,019,949 | (1) | - |
| Total general revenues and transfers | | | | | 177,037,414 | 30,571,457 | 207,608,871 | 17,858,922 |
| Change in Net Position | | | | | (55,857,007) | 60,047,172 | 4,190,165 | (3,375,963) |
| Net position - beginning | | | | | (21,048,966) | 500,010,570 | 478,961,604 | 25,172,721 |
| Prior Period Adjustments | | | | | 3,429,297 | - | 3,429,297 | - |
| Net position - beginning - as restated, see Note IV.H | | | | | (17,619,669) | 500,010,570 | 482,390,901 | 25,172,721 |
| Net position - ending | | | | | \$ (73,476,676) | \$ 560,057,742 | \$ 486,581,066 | \$ 21,796,758 |

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

CITY OF SHREVEPORT, LOUISIANA
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2017

| | General | Debt Service | 2014 General Obligation Bonds | Community Development | Other Governmental Funds | Total Governmental Funds |
|--|----------------------|-------------------------|--|----------------------------------|---|---|
| ASSETS | | | | | | |
| Cash and cash equivalents | \$ 6,883 | \$ 15,201,734 | \$ 40,473,148 | \$ 1,112,359 | \$ 23,864,870 | \$ 80,658,994 |
| Property taxes receivable, net | 4,106,540 | 4,232,533 | - | - | - | 8,339,073 |
| Franchise taxes receivable | 1,940,368 | - | - | - | - | 1,940,368 |
| Accounts receivable, net | 2,955,522 | - | - | 58,395 | 2,484,078 | 5,497,995 |
| Due from other governments | 16,042,143 | 503,336 | - | 1,211,336 | 839,125 | 18,595,940 |
| Due from other funds | 79,174 | 31,893,485 | - | - | 2,251,581 | 34,224,240 |
| Inventories | 1,614,238 | - | - | - | - | 1,614,238 |
| Notes receivable, net | - | - | - | 5,827,515 | - | 5,827,515 |
| Assets held for resale | - | - | - | - | 196,066 | 196,066 |
| Restricted assets | - | 232 | - | - | - | 232 |
| Total assets | <u>\$ 26,744,868</u> | <u>\$ 51,831,320</u> | <u>\$ 40,473,148</u> | <u>\$ 8,209,605</u> | <u>\$ 29,635,720</u> | <u>\$ 156,894,661</u> |
| LIABILITIES | | | | | | |
| Liabilities: | | | | | | |
| Accounts payable | 3,431,239 | - | 160,974 | 369,378 | 2,236,820 | 6,198,411 |
| Accrued liabilities | 19,570 | - | - | - | - | 19,570 |
| Due to other governments | 673,867 | - | - | - | 36,670 | 710,537 |
| Due to other funds | 6,471,566 | - | - | - | 1,230,703 | 7,702,269 |
| Unearned revenue | 517,596 | - | - | 5,827,515 | - | 6,345,111 |
| Deposits and other | 812,464 | - | - | - | - | 812,464 |
| Notes payable | - | - | - | 1,057,000 | - | 1,057,000 |
| Items held in escrow | - | - | - | 11,816 | - | 11,816 |
| Total liabilities | <u>11,926,302</u> | <u>-</u> | <u>160,974</u> | <u>7,265,709</u> | <u>3,504,193</u> | <u>22,857,178</u> |
| DEFERRED INFLOWS OF RESOURCES | | | | | | |
| Unavailable revenue-property taxes | 1,083,169 | 1,114,374 | - | - | - | 2,197,543 |
| Total deferred inflows of resources | <u>1,083,169</u> | <u>1,114,374</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>2,197,543</u> |
| FUND BALANCES | | | | | | |
| Nonspendable: | | | | | | |
| Inventories | 1,614,238 | - | - | - | - | 1,614,238 |
| Endowments | 14,719 | - | - | - | - | 14,719 |
| Restricted for: | | | | | | |
| Debt service | - | 50,716,946 | - | - | - | 50,716,946 |
| Community development | - | - | - | 943,896 | - | 943,896 |
| Streets | - | - | - | - | 1,519,554 | 1,519,554 |
| Capital projects | - | - | 40,312,174 | - | 20,789,554 | 61,101,728 |
| Other purposes | 354,446 | - | - | - | 3,822,419 | 4,176,865 |
| Assigned to: | | | | | | |
| Purchases on order | 7,885,639 | - | - | - | - | 7,885,639 |
| Landfill | 3,710,903 | - | - | - | - | 3,710,903 |
| Unassigned | 155,452 | - | - | - | - | 155,452 |
| Total fund balance | <u>13,735,397</u> | <u>50,716,946</u> | <u>40,312,174</u> | <u>943,896</u> | <u>26,131,527</u> | <u>131,839,940</u> |
| Total liabilities, deferred inflows of resources and fund balances | <u>\$ 26,744,868</u> | <u>\$ 51,831,320</u> | <u>\$ 40,473,148</u> | <u>\$ 8,209,605</u> | <u>\$ 29,635,720</u> | <u>\$ 156,894,661</u> |

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

CITY OF SHREVEPORT, LOUISIANA
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
FOR THE YEAR ENDED DECEMBER 31, 2017

Fund balances - total governmental funds \$ 131,839,940

Amounts reported for governmental activities in the statement of net position 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 | 1,079,612,768 | |
| Less accumulated depreciation | <u>(474,758,281)</u> | 604,854,487 |

Some of the 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. 2,197,543

Long-term liabilities including bonds payable are not due and payable in the current period and therefore are not reported in the governmental funds. Long-term liabilities at year-end consist of:

| | | |
|--------------------------------------|--------------------|---------------|
| Bonds, notes, and loans payable | (196,712,533) | |
| Unamortized bond discount | 12,417 | |
| Deferred outflow charge on refunding | 2,881,589 | |
| Deferred inflow charge on refunding | (2,168,610) | |
| Unamortized bond premium | (23,932,860) | |
| Accrued interest payable | (2,228,851) | |
| Compensated absences | <u>(2,096,313)</u> | (224,245,161) |

| | | |
|--|--|---------------|
| Net pension liability and deferred inflows and outflows for pensions | | (303,987,905) |
| Landfill postclosure care | | (3,710,903) |
| Net OPEB obligation | | (250,990,952) |

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. (29,433,725)

Net position of governmental activities. \$ (73,476,676)

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

CITY OF SHREVEPORT, LOUISIANA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2017

| | 2014 | | | | | |
|--|----------------------|----------------------|--|--------------------------|--------------------------------|--------------------------------|
| | General | Debt Service | 2014 General Obligation Bonds | Community Development | Other Governmental Funds | Total Governmental Funds |
| REVENUES | | | | | | |
| Taxes: | | | | | | |
| Property | \$ 27,651,743 | \$ 27,563,502 | \$ - | \$ - | \$ - | \$ 55,215,245 |
| Sales | 118,856,149 | - | - | - | - | 118,856,149 |
| Franchise | 8,258,569 | - | - | - | - | 8,258,569 |
| Licenses and permits | 9,060,734 | - | - | - | - | 9,060,734 |
| Intergovernmental | 9,044,153 | 1,761,967 | - | 4,599,558 | 6,183,453 | 21,589,131 |
| Charges for services | 31,948,695 | - | - | - | - | 31,948,695 |
| Fines and forfeitures | 2,547,015 | - | - | - | - | 2,547,015 |
| Gaming | - | - | - | - | 8,916,942 | 8,916,942 |
| Investment earnings | 11,880 | 23,387 | 230,784 | 2,519 | 49,054 | 317,624 |
| Miscellaneous | 2,049,774 | - | - | 457,831 | 9,720,806 | 12,228,411 |
| Total revenues | <u>209,428,712</u> | <u>29,348,856</u> | <u>230,784</u> | <u>5,059,908</u> | <u>24,870,255</u> | <u>268,938,515</u> |
| EXPENDITURES | | | | | | |
| Current: | | | | | | |
| General government | 37,516,274 | - | - | - | 137,421 | 37,653,695 |
| Public safety | 107,744,040 | - | - | - | 3,996,733 | 111,740,773 |
| Public works | 39,290,998 | - | - | - | - | 39,290,998 |
| Culture and recreation | 19,111,604 | - | - | 7,185 | 149,358 | 19,268,147 |
| Health and welfare | - | - | - | 2,791 | - | 2,791 |
| Community development | - | - | - | 2,678,717 | - | 2,678,717 |
| Economic development | - | - | - | 1,978,131 | 1,250,882 | 3,229,013 |
| Economic opportunity | - | - | - | 2,262,389 | - | 2,262,389 |
| Debt service: | | | | | | |
| Principal | - | 22,195,408 | - | - | - | 22,195,408 |
| Interest and other charges | - | 11,367,611 | - | - | - | 11,367,611 |
| Bond issuance costs | - | 715,873 | - | - | - | 715,873 |
| Capital outlay | 7,068,732 | - | 915,774 | - | 20,952,955 | 28,937,461 |
| Total expenditures | <u>210,731,648</u> | <u>34,278,892</u> | <u>915,774</u> | <u>6,929,213</u> | <u>26,487,349</u> | <u>279,342,876</u> |
| Excess (deficiency) of revenues over (under) expenditures | (1,302,936) | (4,930,036) | (684,990) | (1,869,305) | (1,617,094) | (10,404,361) |
| OTHER FINANCING SOURCES (USES) | | | | | | |
| Transfers in | 13,547,100 | 3,666,642 | - | 996,800 | 12,352,163 | 30,562,705 |
| Transfers out | (12,465,952) | - | (22,064,054) | - | (23,052,649) | (57,582,655) |
| Refunding bonds issued | - | 50,000,000 | - | - | - | 50,000,000 |
| Premium on bonds issued | - | 7,085,177 | - | - | - | 7,085,177 |
| Payments to refunded bond escrow agent | - | (56,369,303) | - | - | - | (56,369,303) |
| Total other financing sources and (uses) | <u>1,081,148</u> | <u>4,382,516</u> | <u>(22,064,054)</u> | <u>996,800</u> | <u>(10,700,486)</u> | <u>(26,304,076)</u> |
| Net change in fund balances | (221,788) | (547,520) | (22,749,044) | (872,505) | (12,317,580) | (36,708,437) |
| Fund balances-beginning | 13,957,185 | 51,264,466 | 63,061,218 | 1,816,401 | 38,449,107 | 168,548,377 |
| Fund balances-ending | <u>\$ 13,735,397</u> | <u>\$ 50,716,946</u> | <u>\$ 40,312,174</u> | <u>\$ 943,896</u> | <u>\$ 26,131,527</u> | <u>\$ 131,839,940</u> |

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

CITY OF SHREVEPORT, LOUISIANA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF
GOVERNMENTAL FUNDS TO THE STATEMENTS OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2017

Net change in fund balances - total funds \$ (36,708,437)

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 | 28,937,461 | |
| Disposals | (210,029) | |
| Depreciation expense | <u>(21,699,049)</u> | 7,028,383 |

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 | | 412,106 |
|----------------|--|---------|

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 position. Also, governmental funds report the effect of 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 debt and related items is as follows

| | | |
|--|-------------------|------------|
| Principal payments | 22,195,408 | |
| Refunding bonds issued | (50,000,000) | |
| Premium on refunding bonds issued | (7,085,177) | |
| Payments to refunding bonds escrow agent | <u>56,369,303</u> | 21,479,534 |

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:

| | | |
|--|---------------------|--------------|
| Net pension liability and deferred inflows and outflows for pensions | (461,632) | |
| Net OPEB obligation | <u>(42,843,959)</u> | (43,305,591) |

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. These expenses consist of:

| | | |
|--|------------------|-----------|
| Amortization of deferred outflow charge on refunding | (274,823) | |
| Amortization of deferred inflow charge on refunding | 213,306 | |
| Amortization of certificate of indebtedness discount | (3,219) | |
| Amount of certificate of indebtedness premium | 218,518 | |
| Amortization of bond premiums | 1,931,645 | |
| Decrease in accrued interest | 968,613 | |
| Decrease in other bond items | 960,721 | |
| Decrease in compensated absences | 328,640 | |
| Increase in landfill closure and postclosure care | <u>(300,721)</u> | 4,042,680 |

Internal service funds are used by management to charge the costs of certain activities to individual funds. The change in net position of the internal service funds is reported with governmental activities.

| | | |
|--|--|--------------------|
| | | <u>(8,805,682)</u> |
|--|--|--------------------|

| | | |
|--|--|-------------------------------|
| Change in net position of governmental activities. | | <u><u>\$ (55,857,007)</u></u> |
|--|--|-------------------------------|

CITY OF SHREVEPORT, LOUISIANA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
DECEMBER 31, 2017

| | Business-type Activities Enterprise Funds | | | | | Total | Activities Internal Service Funds |
|--|--|--------------------------|----------------------|-------------------------------|------------------------------|----------------------|--|
| | Municipal and Regional Airports | Water and Sewerage | Convention Center | Convention Center Hotel | Other Enterprise Funds | | |
| ASSETS | | | | | | | |
| Current Assets: | | | | | | | |
| Cash and cash equivalents | \$ 8,455,360 | \$ 36,623,156 | \$ 86,393 | \$ - | \$ 1,113,899 | \$ 46,278,808 | \$ 11,301,367 |
| Investments | - | - | - | - | - | - | 963,997 |
| Receivables, net | 498,893 | 10,666,933 | 195,191 | 512,654 | 255,278 | 12,128,949 | 4,358,014 |
| Interest Receivable | - | - | - | - | - | - | 3,063 |
| Due from other funds | - | - | - | - | 53,007 | 53,007 | - |
| Due from other governments | 3,564,363 | - | - | - | 3,303,030 | 6,867,393 | - |
| Inventories | 90,748 | 1,799,708 | 69,651 | 24,540 | 748,380 | 2,733,027 | - |
| Prepaid items | - | - | 4,618 | 164,686 | 198,561 | 367,865 | 517,959 |
| Total current assets | <u>12,609,364</u> | <u>49,089,797</u> | <u>355,853</u> | <u>701,880</u> | <u>5,672,155</u> | <u>68,429,049</u> | <u>17,144,400</u> |
| Noncurrent Assets: | | | | | | | |
| Restricted: | | | | | | | |
| Cash and cash equivalents | 6,585,677 | 232,606,632 | - | 1,340,190 | - | 240,532,499 | - |
| Investments | - | 2,959,890 | - | - | - | 2,959,890 | - |
| Prepaid items | 216,579 | 2,051,013 | - | - | - | 2,267,592 | - |
| Total restricted assets | <u>6,802,256</u> | <u>237,617,535</u> | <u>-</u> | <u>1,340,190</u> | <u>-</u> | <u>245,759,981</u> | <u>-</u> |
| Capital Assets: | | | | | | | |
| Land | 37,627,729 | 996,201 | 6,147,743 | - | 368,877 | 45,140,550 | - |
| Buildings | 72,679,136 | - | 88,822,703 | 43,855,094 | 13,791,166 | 219,148,099 | - |
| Improvements other than buildings | 115,502,246 | - | 3,553,819 | 210,011 | 1,164,965 | 120,431,041 | - |
| Equipment | 6,859,025 | 24,355,596 | 8,137,094 | 6,791,455 | 24,337,331 | 70,480,501 | - |
| Distribution and collection systems | - | 718,525,251 | - | - | - | 718,525,251 | - |
| Construction in progress | 9,070,045 | 291,681,687 | - | - | 470,336 | 301,222,068 | - |
| Less accumulated depreciation | <u>(115,942,456)</u> | <u>(299,983,010)</u> | <u>(30,836,158)</u> | <u>(14,330,439)</u> | <u>(13,948,223)</u> | <u>(475,040,286)</u> | <u>-</u> |
| Total capital assets (net of accumulated depreciation) | <u>125,795,725</u> | <u>735,575,725</u> | <u>75,825,201</u> | <u>36,526,121</u> | <u>26,184,452</u> | <u>999,907,224</u> | <u>-</u> |
| Total noncurrent assets | <u>132,597,981</u> | <u>973,193,260</u> | <u>75,825,201</u> | <u>37,866,311</u> | <u>26,184,452</u> | <u>1,245,667,205</u> | <u>-</u> |
| Total assets | <u>145,207,345</u> | <u>1,022,283,057</u> | <u>76,181,054</u> | <u>38,568,191</u> | <u>31,856,607</u> | <u>1,314,096,254</u> | <u>17,144,400</u> |
| DEFERRED OUTFLOWS OF RESOURCES | | | | | | | |
| Deferred amount on refunding | 4,295,767 | 3,027,633 | - | 2,367,136 | - | 9,690,536 | - |
| Deferred pension | 312,556 | 1,418,945 | - | - | 56,762 | 1,788,263 | - |
| Total deferred outflows of resources | <u>4,608,323</u> | <u>4,446,578</u> | <u>-</u> | <u>2,367,136</u> | <u>56,762</u> | <u>11,478,799</u> | <u>-</u> |

(continued)

(continued)

CITY OF SHREVEPORT, LOUISIANA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
DECEMBER 31, 2017

| | Business-type Activities Enterprise Funds | | | | | Total | Governmental Activities Internal Service Funds |
|--------------------------------------|--|--------------------------|----------------------|-------------------------------|------------------------------|-----------------------|--|
| | Municipal and Regional Airports | Water and Sewerage | Convention Center | Convention Center Hotel | Other Enterprise Funds | | |
| LIABILITIES | | | | | | | |
| Current Liabilities: | | | | | | | |
| Accounts payable | 2,085,170 | 27,178,014 | 584,017 | 433,291 | 57,783 | 30,338,275 | 964,360 |
| Accrued liabilities | 1,009,690 | 9,807,022 | 117,542 | 335,109 | 284,330 | 11,553,693 | - |
| Accrued interest payable | 649,931 | 1,937,908 | - | 59,396 | - | 2,647,235 | - |
| Due to other funds | - | - | - | 874,169 | 1,464,608 | 2,338,777 | 7,982,682 |
| Unearned revenue | 58,120 | - | - | - | 124,237 | 182,357 | - |
| Customer deposits | 76,992 | 524,770 | 213,729 | 31,656 | - | 847,147 | - |
| Compensated absences | 6,477 | 5,492 | - | - | 198,461 | 210,430 | - |
| Claims and judgments | - | - | - | - | - | - | 12,859,104 |
| Leases payable | - | 408,976 | - | - | - | 408,976 | - |
| Revenue bonds and notes payable, net | 2,400,000 | 17,751,933 | - | 962,100 | - | 21,114,033 | - |
| Total current liabilities | <u>6,286,380</u> | <u>57,614,115</u> | <u>915,288</u> | <u>2,695,721</u> | <u>2,129,419</u> | <u>69,640,923</u> | <u>21,806,146</u> |
| Noncurrent Liabilities: | | | | | | | |
| Accrued liabilities | - | 848,907 | - | - | - | 848,907 | - |
| Claims and judgments | - | - | - | - | - | - | 24,757,801 |
| Compensated absences | 138,956 | 572,160 | - | - | 40,390 | 751,506 | 14,178 |
| Leases payable | - | - | - | - | - | - | - |
| Net OPEB obligation | 4,404,209 | 16,833,864 | - | - | 1,908,490 | 23,146,563 | - |
| Net pension liability | 9,865,162 | 44,785,949 | - | - | 1,791,579 | 56,442,690 | - |
| Revenue bonds and notes payable, net | 30,589,525 | 543,595,002 | - | 37,070,500 | - | 611,255,027 | - |
| Total noncurrent liabilities | <u>44,997,852</u> | <u>606,635,882</u> | <u>-</u> | <u>37,070,500</u> | <u>3,740,459</u> | <u>692,444,693</u> | <u>24,771,979</u> |
| Total liabilities | <u>51,284,232</u> | <u>664,249,997</u> | <u>915,288</u> | <u>39,766,221</u> | <u>5,869,878</u> | <u>762,085,616</u> | <u>46,578,125</u> |
| DEFERRED INFLOWS OF RESOURCES | | | | | | | |
| Deferred pensions | 599,798 | 2,722,970 | - | - | 108,927 | 3,431,695 | - |
| NET POSITION (DEFICIT) | | | | | | | |
| Net investment in capital assets | 101,244,956 | 409,791,811 | 75,825,201 | 1,475,390 | 26,184,452 | 614,521,810 | - |
| Restricted for debt service | 3,960,404 | - | - | - | - | 3,960,404 | - |
| Unrestricted (deficit) | (7,273,722) | (50,035,143) | (559,435) | (306,284) | (249,888) | (58,424,472) | (29,433,725) |
| Total net position (deficit) | <u>\$ 97,931,638</u> | <u>\$ 359,756,668</u> | <u>\$ 75,265,766</u> | <u>\$ 1,169,106</u> | <u>\$ 25,934,564</u> | <u>\$ 560,057,742</u> | <u>\$ (29,433,725)</u> |

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

(concluded)

CITY OF SHREVEPORT, LOUISIANA
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2017

| | Business-type Activities Enterprise Funds | | | | | Total | Governmental Activities |
|---|--|--------------------------|----------------------|-------------------------------|------------------------------|-----------------------|------------------------------|
| | Municipal and Regional Airports | Water and Sewerage | Convention Center | Convention Center Hotel | Other Enterprise Funds | | Internal Service Funds |
| | | | | | | | |
| OPERATING REVENUES | | | | | | | |
| Charges for services | \$ 10,942,803 | \$ 85,830,305 | \$ 3,072,879 | \$ 11,671,322 | \$ 4,019,143 | \$ 115,536,452 | \$ 44,268,536 |
| Miscellaneous | 367,792 | 1,459,604 | 198,635 | 65,895 | 420,292 | 2,512,218 | 1,761,661 |
| Total operating revenues | <u>11,310,595</u> | <u>87,289,909</u> | <u>3,271,514</u> | <u>11,737,217</u> | <u>4,439,435</u> | <u>118,048,670</u> | <u>46,030,197</u> |
| OPERATING EXPENSES | | | | | | | |
| Personal services | 3,478,611 | 5,325,507 | 1,925,435 | - | 4,723,588 | 15,453,141 | 324,547 |
| Contractual services and other expenses | 2,367,646 | 10,387,291 | 1,899,976 | 8,601,939 | 1,913,686 | 25,170,538 | 6,001,653 |
| Utilities | 943,325 | 4,264,688 | 818,641 | 597,029 | 314,231 | 6,937,914 | - |
| Repairs and maintenance | (82,038) | 2,566,467 | 385,710 | 494,693 | 156 | 3,364,988 | - |
| Materials and supplies | 255,748 | 8,982,691 | 77,748 | - | 2,257,744 | 11,573,931 | 7,995 |
| Claims | - | - | - | - | - | - | 48,527,203 |
| Depreciation | 4,901,116 | 15,010,560 | 2,041,461 | 1,761,478 | 4,145,888 | 27,860,503 | - |
| Total operating expenses | <u>11,864,408</u> | <u>46,537,204</u> | <u>7,148,971</u> | <u>11,455,139</u> | <u>13,355,293</u> | <u>90,361,015</u> | <u>54,861,398</u> |
| Operating income (loss) | <u>(553,813)</u> | <u>40,752,705</u> | <u>(3,877,457)</u> | <u>282,078</u> | <u>(8,915,858)</u> | <u>27,687,655</u> | <u>(8,831,201)</u> |
| NONOPERATING REVENUES (EXPENSES) | | | | | | | |
| Investment earnings (loss) | 27,859 | 1,336,889 | (748) | - | 643 | 1,364,643 | 25,519 |
| Interest expense | (1,844,349) | (18,129,376) | - | (823,626) | (281) | (20,797,632) | - |
| Intergovernmental | 136,320 | 38,993 | - | - | 4,473,859 | 4,649,172 | - |
| Passenger facility charges | 1,032,951 | - | - | - | - | 1,032,951 | - |
| Bond issuance costs | - | (1,141,872) | - | - | - | (1,141,872) | - |
| Gain / (Loss) on disposal of capital assets | (133) | (40,822) | - | (8,580) | (1,308,770) | (1,358,305) | - |
| Net nonoperating revenues (expenses) | <u>(647,352)</u> | <u>(17,936,188)</u> | <u>(748)</u> | <u>(832,206)</u> | <u>3,165,451</u> | <u>(16,251,043)</u> | <u>25,519</u> |
| Income (loss) before contributions and transfers | (1,201,165) | 22,816,517 | (3,878,205) | (550,128) | (5,750,407) | 11,436,612 | (8,805,682) |
| Capital contributions | 5,869,539 | 1,098,540 | - | - | 14,622,531 | 21,590,610 | - |
| Transfers in | - | 19,327,130 | 1,691,600 | 151,500 | 7,484,719 | 28,654,949 | - |
| Transfers out | - | (1,635,000) | - | - | - | (1,635,000) | - |
| Change in net position | 4,668,374 | 41,607,187 | (2,186,605) | (398,628) | 16,356,843 | 60,047,171 | (8,805,682) |
| Total net position-beginning of year | <u>93,263,264</u> | <u>318,149,481</u> | <u>77,452,371</u> | <u>1,567,734</u> | <u>9,577,721</u> | <u>500,010,571</u> | <u>(20,628,043)</u> |
| Total net position-ending | <u>\$ 97,931,638</u> | <u>\$ 359,756,668</u> | <u>\$ 75,265,766</u> | <u>\$ 1,169,106</u> | <u>\$ 25,934,564</u> | <u>\$ 560,057,742</u> | <u>\$ (29,433,725)</u> |

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

CITY OF SHREVEPORT, LOUISIANA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2017

| | Business-type Activities Enterprise Funds | | | | | Total | Governmental Activities Internal Service Funds |
|---|--|--------------------------|----------------------|-------------------------------|------------------------------|----------------|--|
| | Municipal and Regional Airports | Water and Sewerage | Convention Center | Convention Center Hotel | Other Enterprise Funds | | |
| Cash flows from operating activities: | | | | | | | |
| Receipts from operations | \$ 10,945,411 | \$ 84,569,781 | \$ 3,255,740 | \$ 11,663,469 | \$ 4,096,122 | \$ 114,530,523 | \$ 45,428,452 |
| Payments to suppliers | (3,117,093) | (20,482,352) | (3,273,148) | (5,193,143) | (21,358,360) | (53,424,096) | (23,122,015) |
| Payments to employees | (4,647,090) | (16,242,811) | (1,911,166) | (4,291,872) | 8,242,181 | (18,850,758) | (321,207) |
| Claims | - | - | - | - | - | - | (27,538,536) |
| Other receipts | 371,685 | 1,459,604 | 198,366 | 136,343 | 411,917 | 2,577,915 | - |
| Other payments | (292,200) | (2,908,233) | - | - | (86,993) | (3,287,426) | - |
| Net cash provided by (used in) operating activities | 3,260,713 | 46,395,989 | (1,730,208) | 2,314,797 | (8,695,133) | 41,546,158 | (5,553,306) |
| Cash flows from noncapital financing activities: | | | | | | | |
| Cash bond | - | 20 | - | - | - | 20 | - |
| Transfers out | - | (1,635,000) | 1,691,600 | - | - | 56,600 | - |
| Intergovernmental | 136,320 | 38,993 | - | - | 1,436,472 | 1,611,785 | - |
| Transfers in | - | 19,327,130 | - | 151,500 | 7,644,598 | 27,123,228 | - |
| Interest expense on operations | - | - | - | (2,668) | (281) | (2,949) | - |
| Net cash provided by (used in) noncapital financing activities | 136,320 | 17,731,143 | 1,691,600 | 148,832 | 9,080,789 | 28,788,684 | - |
| Cash flows from capital and related financing activities: | | | | | | | |
| Acquisition and construction of capital assets | (5,530,741) | (166,148,194) | (78,333) | (909,702) | (9,929,906) | (182,596,876) | - |
| Principal paid on debt | (1,930,475) | (10,079,400) | - | (1,005,300) | 9,425,423 | (3,589,752) | - |
| Interest paid on debt | (1,324,313) | (11,445,257) | - | (670,795) | - | (13,440,365) | - |
| Capitalized lease payment | - | (628,941) | - | - | - | (628,941) | - |
| Proceeds from bond issuance | - | 96,114,792 | - | - | - | 96,114,792 | - |
| Payment of bond issuance cost | - | (1,162,770) | - | - | - | (1,162,770) | - |
| Payment used in refunded revenue bonds issued | - | - | - | - | - | - | - |
| Payment of bonds prepaid insurance | - | (513,162) | - | - | - | (513,162) | - |
| Capital grants | 441,060 | - | - | - | - | 441,060 | - |
| Contributed capital by others | 2,817,738 | - | - | - | - | 2,817,738 | - |
| Passenger facility charges | 1,032,951 | - | - | - | - | 1,032,951 | - |
| Net cash provided by (used in) capital and related financing activities | (4,493,780) | (93,862,932) | (78,333) | (2,585,797) | (504,483) | (101,525,325) | - |
| Cash flows from investing activities: | | | | | | | |
| Purchase of investments | - | - | - | - | (20) | (20) | (968,781) |
| Proceeds from sale and maturity of investments | 388 | - | - | - | - | 388 | 968,619 |
| Interest on investments | 8,517 | 1,336,889 | (748) | - | 663 | 1,345,321 | 30,102 |
| Net cash provided by (used in) investing activities | 8,905 | 1,336,889 | (748) | - | 643 | 1,345,689 | 29,940 |
| Net increase (decrease) in cash and cash equivalents | (1,087,842) | (28,398,911) | (117,689) | (122,168) | (118,184) | (29,844,794) | (5,523,366) |
| Cash and cash equivalents, beginning of year | 16,128,879 | 300,588,589 | 204,082 | 1,462,358 | 1,232,083 | 319,615,991 | 16,824,733 |
| Cash and cash equivalents, end of year | \$ 15,041,037 | \$ 272,189,678 | \$ 86,393 | \$ 1,340,190 | \$ 1,113,899 | \$ 289,771,197 | \$ 11,301,367 |

(continued)

(continued)

CITY OF SHREVEPORT, LOUISIANA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2017

| | Business-type Activities Enterprise Funds | | | | | Total | Governmental Activities Internal Service Funds |
|--|--|--------------------------|----------------------|-------------------------------|------------------------------|---------------|--|
| | Municipal and Regional Airports | Water and Sewerage | Convention Center | Convention Center Hotel | Other Enterprise Funds | | |
| Reconciliation of operating income (loss) to net cash provided by (used in) operating activities: | | | | | | | |
| Operating income (loss) | \$ (553,813) | \$ 40,752,705 | \$ (3,877,457) | \$ 282,078 | \$ (8,915,858) | \$ 27,687,655 | \$ (8,831,201) |
| Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities: | | | | | | | |
| Depreciation | 4,901,116 | 15,010,560 | 2,041,461 | 1,761,478 | 4,145,888 | 27,860,503 | - |
| (Increase) Decrease in assets: | | | | | | | |
| Receivables | - | (1,219,968) | 182,077 | (31,898) | 19,190 | (1,050,599) | (654,752) |
| Due from other funds | - | - | - | - | (53,007) | (53,007) | 249,997 |
| Due from other governments | - | - | - | - | - | - | - |
| Inventories | (604) | 138,185 | 13,893 | (1,542) | 25,401 | 175,333 | - |
| Deferred outflows for pensions | (45,352) | - | - | - | 2,666 | (42,686) | - |
| Prepaid items | - | - | 10,879 | (54,430) | (39,040) | (82,591) | 12,606 |
| Increase (Decrease) in liabilities: | | | | | | | |
| Accounts payable | 98,965 | 1,598,524 | (115,845) | (43,857) | (122,237) | 1,415,550 | 60,637 |
| Accrued liabilities | (23,803) | 1,131,509 | 12,723 | 16,260 | 3,195 | 1,139,884 | 913,971 |
| Net OPEB obligation | (1,717,761) | (11,646,607) | - | - | (4,958,764) | (18,323,132) | - |
| Net pension liability | 36,222 | 722,424 | - | - | (394,461) | 364,185 | - |
| Deferred inflows for pensions | 491,090 | - | - | - | 84,750 | 575,840 | - |
| Due to other funds | - | - | - | 292,215 | 1,420,533 | 1,712,748 | 2,692,096 |
| Unearned revenue | (4,362) | - | - | - | 92,677 | 88,315 | - |
| Customers' deposits | 7,800 | (40,556) | 514 | 24,045 | - | (8,197) | - |
| Compensated absences | 12,837 | (50,787) | 1,546 | - | 3,927 | (32,477) | 3,340 |
| Other increases (decreases) | 58,377 | - | 1 | 70,448 | (9,993) | 118,833 | - |
| Total adjustments | 3,814,526 | 5,643,284 | 2,147,249 | 2,032,719 | 220,725 | 13,858,503 | 3,277,895 |
| Net cash provided by (used in) operating activities | \$ 3,260,713 | \$ 46,395,989 | \$ (1,730,208) | \$ 2,314,797 | \$ (8,695,133) | \$ 41,546,158 | \$ (5,553,306) |

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

(concluded)

CITY OF SHREVEPORT, LOUISIANA
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
DECEMBER 31, 2017

| | Employee Retirement Funds |
|---|--|
| | |
| ASSETS | |
| Cash and cash equivalents | \$ 1,143,806 |
| Receivables: | |
| Interest and dividends receivable | 78,568 |
| Accounts receivable | 458,067 |
| Prepaid items | 223,497 |
| Investments, at fair value: | |
| U.S. government obligations | 3,671,531 |
| Investment pool | - |
| Mutual Bond Funds | 74,279,186 |
| Mutual funds | 137,610,187 |
| Domestic corporate bonds | 7,334,936 |
| Domestic equities | 12,926,960 |
| International equities | 8,991,114 |
| Total investments | 244,813,914 |
| Other assets: | |
| Cash surrender value of life insurance policies | 4,497,599 |
| Total assets | 251,215,451 |
| LIABILITIES | |
| Due to other funds | 16,253,520 |
| Accrued liabilities | 16,021 |
| Employees' deposits held in escrow | 1,935,171 |
| Total liabilities | 18,204,712 |
| Net position restricted for pensions | \$ 233,010,739 |

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

CITY OF SHREVEPORT, LOUISIANA
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2017

| | Employee Retirement Funds |
|--------------------------------------|--|
| ADDITIONS | |
| Contributions: | |
| Employer | \$ 9,831,599 |
| Plan members | 5,123,652 |
| Total contributions | 14,955,251 |
| Investment earnings: | |
| Net appreciation | |
| in fair value of investments | 29,389,253 |
| Interest | 131,690 |
| Dividends | 457,650 |
| Total investment earnings | 29,978,593 |
| Less investment expense | 1,233,421 |
| Net investment earnings | 28,745,172 |
| Life insurance proceeds | 1,210,061 |
| Miscellaneous | 14,547 |
| Total additions | 44,925,031 |
| DEDUCTIONS | |
| Benefits | 29,657,196 |
| Refund of member contribution | 1,414,611 |
| Administrative expenses | 137,125 |
| Life insurance premiums | 1,658,899 |
| Total deductions | 32,867,831 |
| Change in net position | 12,057,200 |
| Net position restricted for pensions | |
| Beginning of year | 220,953,539 |
| End of year | \$ 233,010,739 |

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

CITY OF SHREVEPORT, LOUISIANA
STATEMENT OF NET POSITION
COMPONENT UNITS
DECEMBER 31, 2017

| | <u>Shreveport Home Mortgage Authority</u> | <u>City Court</u> | <u>City Marshal</u> | <u>Downtown Development Authority</u> | <u>Metropolitan Planning Commission</u> | <u>Shreve Memorial Library</u> | <u>Total</u> |
|---|---|-----------------------|-------------------------|---|---|--|----------------------|
| ASSETS | | | | | | | |
| Cash and cash equivalents | \$ 2,380,726 | \$ 5,046,869 | \$ 1,454,512 | \$ 1,316,834 | \$ 88,075 | \$ 7,771,186 | \$ 18,058,202 |
| Investments | 1,808,994 | - | - | - | - | - | 1,808,994 |
| Receivables, net | 3,288,333 | 18,396 | - | 780,128 | - | 14,588,226 | 18,675,083 |
| Due from primary governments | - | - | 6,883 | - | - | 372,819 | 379,702 |
| Prepaid items | - | 7,235 | - | 24,340 | - | - | 31,575 |
| Notes receivable | 7,455 | - | - | - | - | - | 7,455 |
| Other assets | - | - | - | - | - | 116,706 | 116,706 |
| Capital assets: | | | | | | | |
| Land | - | - | - | 130,237 | 704,514 | 5,261,444 | 6,096,195 |
| Other capital assets, net of depreciation | - | 81,743 | 694,027 | 1,118,816 | 102,034 | 28,282,724 | 30,279,344 |
| Total assets | <u>7,485,508</u> | <u>5,154,243</u> | <u>2,155,422</u> | <u>3,370,355</u> | <u>894,623</u> | <u>56,393,105</u> | <u>75,453,256</u> |
| DEFERRED OUTFLOWS OF RESOURCES | | | | | | | |
| Deferred outflows | - | - | 176,027 | - | - | 792,307 | 968,334 |
| Total deferred outflows of resources | <u>-</u> | <u>-</u> | <u>176,027</u> | <u>-</u> | <u>-</u> | <u>792,307</u> | <u>968,334</u> |
| LIABILITIES | | | | | | | |
| Accounts payable | - | 22,126 | 33,671 | 13,369 | 12,440 | 209,372 | 290,978 |
| Accrued liabilities | 12,709 | - | - | 18,207 | - | 216,393 | 247,309 |
| Due to other governments | - | - | - | 37,329 | 75,635 | - | 112,964 |
| Noncurrent liabilities: | | | | | | | |
| Due within one year | 174,421 | - | - | 157,130 | - | 342,153 | 673,704 |
| Due in more than one year | 4,526,508 | - | - | 849,143 | - | - | 5,375,651 |
| Net Pension Obligation | - | - | 5,555,922 | - | - | 25,007,491 | 30,563,413 |
| Other postemployment benefit obligation | - | - | - | - | - | 14,729,630 | 14,729,630 |
| Total liabilities | <u>4,713,638</u> | <u>22,126</u> | <u>5,589,593</u> | <u>1,075,178</u> | <u>88,075</u> | <u>40,505,039</u> | <u>51,993,649</u> |
| DEFERRED INFLOWS OF RESOURCES | | | | | | | |
| Deferred inflows | - | - | 337,798 | 772,938 | - | 1,520,447 | 2,631,183 |
| Total deferred inflows of resources | <u>-</u> | <u>-</u> | <u>337,798</u> | <u>772,938</u> | <u>-</u> | <u>1,520,447</u> | <u>2,631,183</u> |
| NET POSITION | | | | | | | |
| Net investments in capital assets | - | 81,743 | 694,027 | 917,680 | 806,548 | 33,544,168 | 36,044,166 |
| Restricted for: | | | | | | | |
| Debt service | 155,006 | - | - | - | - | - | 155,006 |
| Other purposes | - | 782,034 | - | 37,527 | - | - | 819,561 |
| Unrestricted | 2,616,864 | 4,268,340 | (4,289,969) | 567,032 | - | (18,384,242) | (15,221,975) |
| Total net position | <u>\$ 2,771,870</u> | <u>\$ 5,132,117</u> | <u>\$ (3,595,942)</u> | <u>\$ 1,522,239</u> | <u>\$ 806,548</u> | <u>\$ 15,159,926</u> | <u>\$ 21,796,758</u> |

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

CITY OF SHREVEPORT, LOUISIANA
STATEMENT OF ACTIVITIES
COMPONENT UNITS
FOR THE YEAR ENDED DECEMBER 31, 2017

| | Program Revenues | | | Net (Expenses) Revenues and Changes in Net Position | | | | | | |
|--|----------------------|----------------------|--------------------------|---|---------------------|-----------------------|--------------------------------|----------------------------------|-------------------------|----------------------|
| | Expenses | Charges for Services | Grants and Contributions | Shreveport Home Mortgage Authority | City Court | City Marshal | Downtown Development Authority | Metropolitan Planning Commission | Shreve Memorial Library | Total |
| Shreveport Home Mortgage Authority | | | | | | | | | | |
| Mortgage Operations | \$ 242,581 | \$ 218,770 | \$ - | \$ (23,811) | - | \$ - | \$ - | \$ - | \$ - | \$ (23,811) |
| City Court | | | | | | | | | | |
| Judicial | 708,244 | 507,059 | - | - | (201,185) | - | - | - | - | (201,185) |
| City Marshal | | | | | | | | | | |
| Judicial | 2,673,760 | 926,211 | 2,008,374 | - | - | 260,825 | - | - | - | 260,825 |
| Downtown Development Authority | | | | | | | | | | |
| Downtown development | 568,157 | - | - | - | - | - | (568,157) | - | - | (568,157) |
| Streetscape program | 274,340 | 274,419 | - | - | - | - | 79 | - | - | 79 |
| Parking program | 414,229 | 363,040 | - | - | - | - | (51,189) | - | - | (51,189) |
| Interest on long-term debt | 38,842 | - | - | - | - | - | (38,842) | - | - | (38,842) |
| Total Downtown Development Authority | 1,295,568 | 637,459 | - | (23,811) | (201,185) | 260,825 | (658,109) | - | - | (658,109) |
| Metropolitan Planning Commission | | | | | | | | | | |
| Planning and zoning | 1,574,534 | 305,162 | 217,580 | - | - | - | - | (1,051,792) | - | (1,051,792) |
| Shreve Memorial Library | | | | | | | | | | |
| Culture and recreation | 19,891,597 | 330,784 | - | - | - | - | - | - | (19,560,813) | (19,560,813) |
| | <u>\$ 26,386,284</u> | <u>\$ 2,925,445</u> | <u>\$ 2,225,954</u> | (23,811) | (201,185) | 260,825 | (658,109) | (1,051,792) | (19,560,813) | (21,234,885) |
| General Revenues: | | | | | | | | | | |
| Property taxes levied for general purposes | | | | - | - | - | 772,442 | - | 15,306,208 | 16,078,650 |
| Investment earnings (loss) | | | | (53,498) | 9,053 | 2,623 | 6,228 | - | 9,495 | (26,099) |
| Payment from City of Shreveport | | | | - | - | - | - | 1,041,378 | - | 1,041,378 |
| Miscellaneous | | | | 2,629 | 15,114 | - | 71,159 | 1 | 676,090 | 764,993 |
| Total general revenues (expenses) | | | | <u>(50,869)</u> | <u>24,167</u> | <u>2,623</u> | <u>849,829</u> | <u>1,041,379</u> | <u>15,991,793</u> | <u>17,858,922</u> |
| Change in Net Position | | | | (74,680) | (177,018) | 263,448 | 191,720 | (10,413) | (3,569,020) | (3,375,963) |
| Net position - beginning | | | | <u>2,846,550</u> | <u>5,309,135</u> | <u>(3,859,390)</u> | <u>1,330,519</u> | <u>816,961</u> | <u>18,728,946</u> | <u>25,172,721</u> |
| Net position - ending | | | | <u>\$ 2,771,870</u> | <u>\$ 5,132,117</u> | <u>\$ (3,595,942)</u> | <u>\$ 1,522,239</u> | <u>\$ 806,548</u> | <u>\$ 15,159,926</u> | <u>\$ 21,796,758</u> |

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

CITY OF SHREVEPORT, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2017

I. Summary of Significant Accounting Policies

The accounting policies of the City of Shreveport conform to generally accepted accounting principles as applicable to governments. The following is a summary of the more significant accounting policies:

A. The Financial Reporting Entity

The City of Shreveport (the “City”) was incorporated in 1839, under the provisions of Louisiana R.S. 33:1. In May of 1978, the present City Charter was adopted which established a mayor-council form of government. The City provides a full range of municipal services as authorized by the charter. These include police and fire protection, emergency medical services, public works (streets and waste collection), public improvements, water and sewer services, parks and recreation, planning and zoning, public transportation, social, cultural, and general administrative services.

The basic criterion for determining whether another 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 and there is a financial benefit/burden relationship should be included in its reporting entity.

The financial statements present the City of Shreveport (the primary government) and its component units. The operations of the Shreveport Municipal and Regional Airports and the Shreveport Area Transit System are included as a part of the primary government. The discrete 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. There are no blended component units in the City.

Discretely Presented Component Units

The component units' columns in the government-wide 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.

City Court

The City Court has jurisdiction over all violations of City ordinances and state misdemeanor cases. The Court was created by special legislative act. Their jurisdiction includes the incorporated area of the City of Shreveport plus the fourth ward of Caddo Parish. City judges are elected and cannot be removed by City officials. The City Court is fiscally dependent on the City of Shreveport and there is a financial benefit/burden relationship. 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 court. The City Court serves the citizenry of the City of Shreveport plus Ward Four of Caddo Parish.

City Marshal

The City Marshal is the executive officer of the City Court. The Marshal has the power of a sheriff in the execution of the court's orders and mandates in making requests and preserving the peace. The City Marshal is an elected official. The City Marshal is fiscally dependent on the City of Shreveport and there is a financial benefit/burden relationship. The City has the ability to modify or approve the budget which comes from the General Fund. Certain funds are collected such 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 of Shreveport plus Ward Four of Caddo Parish.

Downtown Development Authority

The Downtown Development Authority was established by an ordinance of the City of Shreveport to provide for the revitalization of downtown Shreveport. Its purpose is to coordinate the efforts of the public and private sectors for the economic and overall development of the Downtown Development District. The Downtown Development District is a special taxing district within the City of Shreveport created by an act of the State legislature. The City Council appoints the seven voting members of the Authority. The Authority must submit to the City Council its proposals, programs and recommendations for the levy of special ad valorem taxes. The City has the ability to modify or approve the budget of the Authority and its plan of work. The Authority's governing body is not substantively the same as the City's. The Authority provides services for a limited area of the City of Shreveport, which consists basically of the downtown area.

Metropolitan Planning Commission

The Metropolitan Planning Commission is responsible for the orderly, physical development of the City of Shreveport and the surrounding planning area. The Commission makes recommendations to the City Council and the Parish Commission. The Metropolitan Planning Commission consists of nine members with four appointed by both the City of Shreveport and the Caddo Parish Commission and one member elected by joint action of the governing authorities. Although the Commission is legally separate, the City acts as its fiscal agent and has the authority to modify and approve its budget. The Metropolitan Planning Commission is fiscally dependent on the City and there is a financial benefit/burden relationship due to the General Fund subsidy of the majority of their operating budget. The Metropolitan Planning Commission serves the citizenry of the City of Shreveport.

Shreveport Home Mortgage Authority

The Shreveport Home Mortgage Authority is a public trust, created by state statute, with the City of Shreveport as beneficiary. The Authority is authorized to undertake various programs to assist in the financing of housing for persons of low to moderate income in the City of Shreveport. There are five trustees that are appointed by the City Council for terms of five years. Per 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 assets 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 Authority. The City is financially accountable since it appoints all of the governing body and there is a potential for Shreveport Home Mortgage Authority to provide specific financial benefits to the City. The Shreveport Home Mortgage Authority serves the citizenry of the City of Shreveport.

Shreve Memorial Library

The Shreve Memorial Library (the "Library"), a parish-wide system, was established in compliance with the provisions of Louisiana Revised Statute 25:211 and created by an agreement between the City and Caddo Parish Commission (the "Commission" or "Parish") and established as a joint city-parish public library. Under the City of Shreveport's City Charter Section 8.05, the Library is under control of a Board of Trustees, which shall have all of the powers and duties conferred on boards of control of joint city-parish public libraries by the laws of the state. The Library is fiscally dependent on both the City and the Parish; however, the City appoints the majority of the Board members and indirectly controls the financial

operations of the Library. The City provides the accounting, payroll, purchasing, cash management, and some legal services (contract review) to support the Library's infrastructure and operations creating a financial benefit/burden relationship.

Metropolitan Planning Commission

The Metropolitan Planning Commission does not issue separate financial statements. The government-wide financial statements are presented within the basic financial statements. The fund financial statements are included as supplementary information within the section entitled Discretely Presented Component Unit. Complete financial statements of the other individual component units may be obtained from their respective administrative offices.

Administrative Offices:

City Court
1244 Texas Avenue
Shreveport, Louisiana 71101

Shreveport Home Mortgage Authority
1215 Hawn Avenue
Shreveport, Louisiana 71107

City Marshal
1244 Texas Avenue
Shreveport, Louisiana 71101

Downtown Development Authority
400 Edwards Street
Shreveport, Louisiana 71101

Shreve Memorial Library
885 Bert Kouns Industrial Loop
Shreveport, Louisiana 71118

Related Organization

Shreveport Housing Authority

The 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 Authority since it does not have the ability to modify or approve the budget or overrule or modify the decisions of the commissioners. The Authority is fiscally independent and no financial benefit or burden relationship exists with the City. Therefore, it is not included in the City's financial statements.

Jointly Governed Organization

Caddo-Shreveport Sales and Use Tax Commission

The Caddo-Shreveport Sales and Use Tax Commission is an independent agency which collects sales taxes. It is legally separate from the City. The Commission is a jointly governed organization. The City does not retain an ongoing financial interest or responsibility in its operations. It is not included in the City's financial statements.

B. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes, intergovernmental revenues, and other nonexchange transactions, 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 activities demonstrates the degree to which the direct expenses of a given function of governmental activities and different business-type activities are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or program. Program revenues include 1) fees, fines, and charges to customers or applicants who purchase, use, or directly benefit from goods, services, or

privileges provided by a given function or program and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or program. Taxes and other items not properly included among program revenues are reported instead as general revenues.

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

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For property taxes, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. For revenues other than property taxes, the City considers them to be available if they are collected within 90 days of the end of the current 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 are recorded only when payment is due.

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

The City reports the following major governmental funds:

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

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

The 2014 General Obligation Bonds Fund accounts for proceeds of bonds issued for the purpose of constructing, acquiring and improving the water and sewer system, parks and recreation, police, fire, finance and streets and drainage.

The Community Development Fund accounts for the City's activities and grants in its community development programs and initiatives.

The City reports the following major proprietary funds:

The Water and Sewerage Fund accounts for the activities involved in operating the sewerage treatment plant, sewerage pumping stations and collection systems, and the water distribution system.

The Municipal and Regional Airports Fund accounts for the activities involved in operating the City's two airports.

The Convention Center Fund accounts for the conventions, conferences, and rentals of the convention center.

The Convention Center Hotel Fund accounts for the activities involved in the operations of the hotel, which is separately operated and adjacent to the convention center.

Additionally, the City reports the following fund types:

Internal Service Funds account for health care and risk management services provided to other departments on a cost reimbursement basis.

The Fiduciary Funds account for the activities of the Firemen's Pension and Relief Fund, the Policemen's Pension and Relief Fund, and the Employee's Retirement System, which accumulate resources for pension benefit payments to qualified employees.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes and other charges between the government's water and sewerage 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. The City does not use an indirect cost allocation system; however, the General Fund charges certain funds an administrative overhead charge based on a cost allocation plan. This is eliminated like a reimbursement and reduces the revenue and expense in the General Fund.

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 enterprise funds and the internal service funds are charges to customers for sales and services. Operating expenses for enterprise funds 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, it is the City's policy for the government-wide and propriety fund financial statements to use restricted – net position first, followed by unrestricted – net position.

Use of Estimates – The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows, liabilities, deferred inflows, and disclosure of contingent assets and liabilities at the date of the financial statements along with reported amounts of revenues and expenses/expenditures during the reporting period. Actual results could differ from estimates.

D. Assets, liabilities, deferred outflows/inflows of resources, and net position/fund balance

1. Cash, Cash Equivalents and Investments

The City maintains a pooled cash and investment account that is available for use by all funds, except those restricted by state statutes or other legal requirements. Each fund's positive equity in the pooled cash and investment account is presented as cash and cash equivalents and investments on the balance sheet or statement of net position. Negative equity balances have been reclassified and are reflected as due to/from other funds. Interest income and expense are allocated to the various funds based upon their average daily equity balances.

Investments are reported at fair value based on quoted market prices. Fair value is the amount at which a financial instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. Interest is accrued as earned. For purposes of the Statement of Cash Flows, the City considers all highly liquid investments (including restricted assets) with a maturity of three months or less when purchased to be cash equivalents.

The City has investment policies for the primary government and its fiduciary funds. The fiduciary funds are the Employees' Retirement System, the Policemen's Pension and Relief Fund, and the Firemen's Pension and Relief Fund.

The primary government's investments are made in accordance with Louisiana Revised Statutes and are further defined in the City's investment policy which has been approved by the Mayor and Chief Administrative Officer and implements Section 26-55 of the City Code.

The State authorized investments are as follows:

1. U.S. Treasury obligations
2. U.S. government agencies
3. U.S. government instrumentalities
4. Collateralized repurchase agreements
5. Collateralized certificates of deposit with Louisiana domiciled institutions
6. Collateralized interest bearing bank accounts
7. 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
8. Guaranteed investment contracts issued by a bank, financial institution, insurance company or other entity having one of the two highest short-term rating categories of either Standard and Poor's Corporation or Moody's Investors Service
9. Investment grade (A-1/P-1) commercial paper of domestic U.S. corporations
10. Louisiana Asset Management Pool (LAMP)
11. Any other investments allowed by state statute for local governments

LAMP, a local government investment pool, is administered by LAMP, Inc., a non-profit corporation organized under the laws of the State of Louisiana, which was formed by an initiative of the State Treasurer in 1993. The primary objective of LAMP is to provide a safe environment for the placement of public funds in short-term, high-quality investments. The LAMP portfolio includes only securities and other obligations in which local governments in Louisiana are authorized to invest. Accordingly, LAMP investments are restricted to securities issued, guaranteed, or backed by the U.S. Treasury, the U.S. Government, or one of its agencies, enterprises, or instrumentalities, as well as repurchase agreements collateralized by those securities. The dollar weighted average portfolio maturity of LAMP assets is restricted to not more than 90 days, and consists of no securities with a maturity in excess of 397 days. The fair value of investments is determined on a weekly basis to monitor any variances between amortized cost and fair value. For purposes of determining participants' shares, investments are valued at amortized cost. The fair value of the participants' position is the same as the value of the pool shares. LAMP is designed to be highly liquid to give its participants immediate access to their account balances.

In addition to the above types of securities, the Employees' Retirement System is authorized by a separate investment policy in accordance with Article II, Chapter 66 of the City Code or Ordinances to invest in the following with a mix of 60% equities and 40% fixed:

1. Domestic securities registered with the Securities and Exchange Commission and traded on a recognized U.S. stock exchange or over-the-counter market. Equity securities include common stocks, real estate securities and securities convertible into common stock of U.S.-based companies. Individual convertible securities should be rated "B" or higher at the time of purchase.
2. International securities registered (or filed) with the Securities and Exchange Commission and traded on a recognized national exchange or over-the-counter market. Non-U.S. dollar denominated equity securities traded on recognized exchanges or over-the-counter markets outside the U.S. may also be purchased.
3. Fixed income securities in the form of bonds, notes, securitized mortgages, collateralized mortgage obligations, asset-backed securities, taxable municipal bonds, and preferred stock. Fixed income securities shall be rated "BBB" or higher at the time of purchase except for asset-backed securities, mortgage-backed securities, and collateralized mortgage obligations which shall be rated "AAA" at the time of purchase. The minimum dollar-weighted average credit quality rating of the fixed income portfolio should be "AA". The maximum effective maturity of any single issue should not exceed 30 years.
4. Cash reserves shall be held in the custodians' money market funds, short-term maturity treasury securities or high quality money market instruments.

The Policemen's Pension and Relief Fund is authorized by the Board of Trustees to invest in the same types of investments listed above with a mix of 55% equity 35% fixed and 10% alternative investments.

The Firemen's Pension and Relief Fund is authorized by the Board of Trustees to invest in the same types of investments listed above with a mix of 60% equity and 40% fixed.

2. Receivables and Payables

All outstanding balances between funds are reported as "due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

Within the City's Water and Sewerage Fund, an estimated amount has been recorded for services rendered but not yet billed as of the close of the year. The receivable was computed by taking the cycle billings the City sent to its customers in January and prorating the amount of days applicable to the current year. All trade and property tax receivables are shown net of an allowance for uncollectibles.

3. Inventories and Prepaid Items

Inventories are valued at cost using the first in, first out (FIFO) method. Inventory in the General Fund consists of materials and supplies held for consumption. Inventories in the Enterprise Funds consist of pipes, meters, fittings and valves, repair materials, spare parts, and items held for sale at the Municipal Golf Courses. Inventories are accounted for using the consumption method.

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

4. Restricted Assets

Certain proceeds of the general obligation bonds and the enterprise fund revenue bonds, as well as certain resources set aside for their repayment, are classified as restricted assets on the statement of net position because their use is limited by applicable bond covenants. The bond construction funds are used to report those proceeds of bond issuances that are restricted for use in construction. The bond and interest sinking funds are used to segregate resources accumulated for debt service payments over the next twelve months. The debt service reserve funds are used to report resources set aside to make up potential future deficiencies in the revenue bond current debt service account.

5. 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 columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$2,500 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation.

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.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

Total interest expense and the capitalized portion by fund were as follows:

| | Municipal and Regional Airports | Water and Sewerage | Total |
|---|--|-------------------------------|----------------------|
| Interest expense before capitalized portion | \$ 1,861,858 | \$ 19,556,942 | \$ 21,418,800 |
| Capitalized interest portion | (17,509) | (1,427,566) | (1,445,075) |
| Total interest expense | <u>\$ 1,844,349</u> | <u>\$ 18,129,376</u> | <u>\$ 19,973,725</u> |

Property, plant, and equipment of the primary government are depreciated using the straight line method over the following estimated useful lives:

| <u>Assets</u> | <u>Years</u> |
|-------------------------------------|--------------|
| Buildings | 10-50 |
| Improvements other than buildings | 10-50 |
| Infrastructure | 20-75 |
| Distribution and collection systems | 10-50 |
| Equipment | 3-20 |

6. Compensated Absences

It is the City's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. There is no liability for unpaid accumulated sick leave since the City does not have a policy to pay any amounts when employees separate from service with the City. All vacation pay is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

Vacation earned is based on the number of years of services as follows:

| <u>Total Employment</u> | <u>Days Earned Per Year</u> |
|-------------------------|-----------------------------|
| Less than five years | 10 |
| Five to ten years | 12 |
| Ten to fifteen years | 15 |
| Fifteen to twenty years | 18 |
| Twenty or more years | 21 |

For classified employees, a maximum of 240 hours of accrued vacation leave can be vested and carried forward to succeeding calendar years. For non-classified employees, the maximum is 320 hours. All accrued sick leave credited to an employee can be carried forward to succeeding calendar years without limitation. Accumulated sick leave is forfeited at the time an employee terminates employment. However, accumulated sick leave is counted as creditable service at retirement if the employee has accumulated at least 175 hours.

7. Long-term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums, discounts, and gains (losses) on refunding are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount or deferred amount on refunding.

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

8. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position and/or balance sheet will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City has three items that qualify for reporting in this category. One is the deferred charge on refunding which results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded and refunding debt. The second one is deferred pension related items reported in the government-wide statement of net position, and the third one is deferred Other Postemployment Benefit (OPEB) items reported in the government-wide statement of net position.

In addition to liabilities, the statement of net position and/or balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City has three types of items that qualify for reporting in this category. At the governmental fund level, revenues that have been billed but not yet collected are reported as unavailable revenues. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. Deferred pension related items are reported in the government wide statement of net position. Deferred OPEB items are reported in the government-wide statement of net position.

9. Fund Balance

Nonspendable Fund Balance

Nonspendable fund balance includes amounts that cannot be spent because they are not in spendable form or legally or contractually required to be maintained intact including inventories and endowments.

Restricted Fund Balance

Restricted fund balance includes amounts that are constrained for specific purposes which are externally imposed by creditors, grantors, contributors, or laws or regulations of other governments, or by law through constitutional provisions or enabling legislation.

Assigned Fund Balance

Assigned fund balance includes amounts that are intended to be used for specific purposes that are not considered restricted. Fund balance may be assigned by the Finance Director as provided through the City Charter.

Unassigned Fund Balance

Unassigned fund balance is the residual classification for the general fund which represents fund balance that has not been restricted or assigned. In other governmental funds, it represents a negative fund balance.

It is the City's policy to consider restricted fund balances to be used before using any of the components of unrestricted fund balances. Also, when the components of unrestricted fund balance can be used for the same purpose, assigned fund balance is used first followed by unassigned fund balance.

10. Net Position

The government-wide statement of net position reports of \$ \$137,061,246 restricted assets, of which \$ 61,101,728 is restricted by enabling legislation.

E. Future Accounting Pronouncements

The Governmental Accounting Standards Board (GASB) has issued the following statements that will become effective for fiscal years ending December 31, 2018 – 2020.

- Statement 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions
- Statement 85, Omnibus 2017
- Statement 86, Certain Debt Extinguishment Issues
- Statement 83, Certain Asset Retirement Obligations
- Statement 84, Fiduciary Activities
- Statement 87, Leases
- Statement 88, Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements

The City is currently evaluating the effects that these statements will have on its financial statements.

II. Stewardship, Compliance, and Accountability

A. Budgetary Information

Prior to October 1, the Mayor files with the Clerk of Council 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.

Legal budgetary control for operating budgets is exercised at the department/object class with the exception of the Community Development Department where control is exercised at the division/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 with the exception of the Community Development Department where funds must be spent within the same division. Budgetary transfers across department lines or between classes of lump sum appropriations must be approved by the City Council. During the year, the City Council approves several amendments to the budget. 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 for the General, Debt Service, Special Revenue Funds (except for the Enrichment Fund), Capital Projects, and Proprietary Funds. The capital project funds adopt project length budgets. The budgets for governmental funds are adopted on a basis substantially consistent with generally accepted accounting principles except for state supplemental pay for fire and police which is included but not budgeted in the General Fund.

All appropriations which are not expended or encumbered lapse at year end. Encumbrances outstanding at year end will be re-appropriated and honored during the subsequent year. Encumbrances outstanding at year end by fund are as follows:

| | |
|-----------------------------------|----------------------|
| General fund | \$ 7,885,639 |
| Debt Service fund | - |
| 2014 General Obligation Bond fund | 7,308 |
| Community Development | 3,780,108 |
| Nonmajor governmental funds | 858,552 |
| Total encumbrances | <u>\$ 12,531,607</u> |

Revisions were made to the following major governmental funds' original budgets (expenditures including transfers out) as follows:

| | Original Budget Including Carry Forwards | Revisions | Final Revised Budget |
|--------------|---|----------------------|---------------------------------|
| General Fund | <u>\$ 214,770,800</u> | <u>\$ 15,891,206</u> | <u>\$ 230,662,006</u> |

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

| <u>Revenues</u> | <u>General Fund</u> |
|---|-----------------------|
| Actual on the budgetary basis | \$ 203,085,200 |
| Adjustment for state supplemental pay | 6,343,512 |
| GAAP basis | <u>\$ 209,428,712</u> |
| | |
| <u>Expenditures (Including transfers out)</u> | |
| Actual on the budgetary basis | \$ 216,854,088 |
| Adjustment for state supplemental pay | 6,343,512 |
| GAAP basis | <u>\$ 223,197,600</u> |

B. Excess of Expenditures over Appropriations

During the year, the City Council revised the City's general fund budget several times. After the first quarter, amendments and supplemental appropriations were approved to reflect the actual beginning fund balances estimated during the budget process which must be submitted by October 1st for the next year. Additional changes were made as new information indicated a need. The major differences between the original budget and the final budget were overall revenues increased by \$7,578,525 and transfers in remain unchanged, while expenditures including transfers out were increased by \$15,891,206. During the year, revenues including transfers in were \$2,742,725 less than the revised budget, while expenditures including transfers out were \$13,807,918 less than the revised budget.

During 2017, based on the legally adopted level of control for budgetary purposes, the General Fund had excess expenditures over appropriations as follows:

| | <u>Final Budget</u> | <u>Actual on a budgetary basis</u> | <u>Variance</u> |
|---------------------------------------|-------------------------|--|-----------------|
| General government: | | | |
| <u>Office of the Mayor:</u> | | | |
| Materials and supplies | \$ 15,418 | \$ 17,292 | \$ (1,874) |
| Contractual services | 33,200 | 35,423 | (2,223) |
| Other charges | 600 | 805 | (205) |
| <u>City Attorney:</u> | | | |
| Materials and supplies | 26,274 | 30,044 | (3,770) |
| Contractual services | 157,528 | 168,203 | (10,675) |
| Other charges | 2,700 | 3,099 | (399) |
| <u>Personnel:</u> | | | |
| Materials and supplies | 5,913 | 7,977 | (2,064) |
| Other charges | 2,000 | 2,473 | (473) |
| Improvements and equipment | 17,330 | 18,952 | (1,622) |
| <u>Finance:</u> | | | |
| Materials and supplies | 86,863 | 142,843 | (55,980) |
| Contractual services | 1,004,975 | 1,305,297 | (300,322) |
| <u>Other - unclassified</u> | | | |
| Contractual services | 655,200 | 768,153 | (112,953) |
| Payments to component units | 6,380,852 | 6,482,656 | (101,804) |
| Public Safety | | | |
| <u>Police:</u> | | | |
| Contractual services | 1,276,449 | 1,452,051 | (175,602) |
| <u>Fire:</u> | | | |
| Contractual services | 7,130,196 | 7,554,316 | (424,120) |
| Culture and recreation: | | | |
| Salaries, wages and employee benefits | 9,818,741 | 10,477,425 | (658,684) |
| Other charges | 306,074 | 309,724 | (3,650) |

C. Deficit Net Position

The following funds had a deficit net position at December 31, 2017.

| | <u>Golf</u> | <u>Employees Health Care</u> | <u>Retained Risk</u> |
|----|-------------|----------------------------------|--------------------------|
| \$ | (3,035,645) | \$ (4,964,403) | \$ (24,469,322) |

The Golf Fund, a nonmajor enterprise fund, had a deficit net position balance of \$(3,035,645). The deficit was due to the accrual of Other Postemployment Benefits (OPEB) and the net pension liability as described in Note IV. A.

The Employee's Healthcare Fund, an internal service fund, had a deficit net position balance of \$(4,964,403), which will be recovered through future charges to other funds.

The Retained Risk Fund, an internal service fund, had a deficit net position balance of \$(24,469,322), which will be recovered through future charges to other funds.

III. Detailed Notes on All Funds

A. Deposits and Investments

1. Investments – Primary Government excluding Fiduciary Funds

Interest rate risk. The City investment policy limits its exposure to declines in fair value by limiting investment maturities to 3 years from the date of settlement unless matched to a specific cash flow requirement.

Credit risk. The standard of prudence to be used for managing the City's assets is the "prudent investor" rule which states, "Investments shall be made with judgment and care under circumstances then prevailing, which persons of prudence, discretion and intelligence exercise in the management of their own affairs, not for speculation but for investment considering the probable safety of their capital as well as the probable income to be derived." The City's investment policy limits investments to those discussed previously. The investments in U.S. treasuries and instrumentalities were rated AA+ and Aaa, the Investment Agreements and Money Market investments were unrated and the LAMP investment was rated AAA.

Concentration of credit risk. The City has no investments in one issuer greater than 5 percent except those backed by the full faith and credit of the U.S. Government.

Custodial credit risk – deposits. In the case of deposits; this is the risk that in the event of a bank failure, the City's deposits may not be returned to it. The City's policy is that banks holding deposits are required to pledge securities to fully collateralize these transactions. The pledged securities are held by another bank or through book entry in a custodial account in the Federal Reserve System. The City must authorize in writing the release or substitution of the pledged securities.

Custodial credit risk – investments. For an investment, this is the risk that, in the event of the 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. The City's policy is that all investments purchased by the City, except certificates of deposit, local government investment pools, and money market funds, will be delivered by book entry and will be held in third-party safekeeping by a City-approved custodian bank.

Fair value measurements. - GASB Statement No. 72 establishes a hierarchy of inputs to valuation techniques used to measure fair value. The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The implementation of this new statement did not change the method of measuring the fair value of the City's assets.

These guidelines recognize a three-tiered fair value hierarchy, as follows:

- Level 1—Investments reflect prices quoted in active markets.
- Level 2—Investments reflect prices that are based on a similar observable asset either directly or indirectly, which may include inputs in markets that are not considered to be active.
- Level 3—Investments reflect prices based upon unobservable sources.

The categorization of investments within the hierarchy is based upon the pricing transparency of the instrument and should not be perceived as the particular investment's risk. The investments with LAMP and money market accounts are not categorized by fair value level.

Information about the fair value level and exposure of the City's investments to this risk, using the segmented time distribution model is as follows:

| <u>Investment Type by Fair Value Level</u> | <u>Amount</u> | <u>Level</u> |
|--|-----------------------|--------------|
| U.S. Treasuries | \$ 15,345,090 | 1 |
| U.S. Instrumentalities | 52,714,366 | 1 |
| Money Market | 255,785,202 | 1 |
| LAMP | 40,347,292 | 1 |
| Capital One Investment Account | 1,583,627 | 1 |
| Certificates of Deposit | 199,773 | 1 |
| Pooled Cash | 16,720,437 | 1 |
| Total | <u>\$ 382,695,787</u> | |

| <u>Investment Maturities (in years)</u> | | | |
|---|-----------------------|----------------------|----------------------|
| <u>Investment Type</u> | <u>Fair Value</u> | <u>Less Than 1</u> | <u>1-3</u> |
| U.S. Treasuries | \$ 15,345,090 | \$ 7,200,533 | \$ 8,144,558 |
| U.S. Instrumentalities | 52,714,366 | 6,864,314 | 45,850,052 |
| Certificates of Deposit | 199,773 | - | 199,773 |
| Money Market | 255,785,202 | 255,785,201 | - |
| LAMP | 40,347,292 | 40,347,292 | - |
| Capital One Investment Account | 1,583,627 | 1,583,627 | - |
| Pooled Cash | 16,720,437 | 16,720,435 | - |
| Total | <u>\$ 382,695,787</u> | <u>\$328,501,403</u> | <u>\$ 54,194,383</u> |

A reconciliation of the above schedule to the Statement of Net Position follows:

| | |
|---------------------|-----------------------|
| Unrestricted Assets | |
| Cash | \$138,239,169.00 |
| Investments | \$964,229.00 |
| Restricted assets | |
| Cash | \$240,532,499.00 |
| Investments | \$2,959,890.00 |
| Less: Pooled Cash | |
| Total per above | <u>\$ 382,695,787</u> |

2. Investments – Fiduciary Funds

Interest rate risk. The Fiduciary Funds do not have a policy to limit investment maturities as a means of managing exposure to fair value losses arising from increasing interest rates. The funding obligations of the plan are long-term in nature; consequently, the investment of the Plan's assets shall have a long-term focus, but shall not exceed 30 years.

Credit risk. Fixed income securities shall be rated "BBB" or higher at the time of purchase except for asset-backed securities, mortgage-backed securities, and collateralized mortgage obligations which shall be rated "AAA." Convertible securities shall be rated "B" or higher at the time of purchase. The minimum dollar-weighted average credit quality rating of the fixed income portfolio should be "AA."

Concentration of credit risk. Holdings of any single issue shall not exceed more than 5% of the market value of the issuer.

Currency risk. The international equities are held through "American Depository Receipts" which are traded in U.S. dollars on the American Stock Exchanges. There were no investments in international fixed-income securities.

Information about the fair value level and exposure of the City's investments risk, using the segmented time distribution model is as follows:

| <u>Investment Type by Fair Value Level</u> | <u>Amount</u> | <u>Level</u> |
|--|-----------------------|--------------|
| U.S. Instrumentalities | 1,638,817 | 1 |
| Asset-backed Securities | 2,032,714 | 1 |
| Corporate Bonds | 7,334,935 | 1 |
| Money Market | 1,143,806 | 1 |
| Mutual Bond Funds | 74,279,186 | 1 |
| Mutual Funds | 137,610,187 | 1 |
| Domestic Equities | 12,926,959 | 1 |
| International Equities | 8,991,116 | 1 |
| Total | <u>\$ 245,957,720</u> | |

\$245,957,720 of the fair value above is classified as on the Statement of Fiduciary Net Position as "Investments". The money market amount of \$1,143,806 is classified as "Cash and cash equivalents."

A reconciliation of the above schedule to the Statement of Fiduciary Net Position follows:

| | |
|---------------------|-----------------------|
| Unrestricted Assets | |
| Cash | \$ 1,143,806 |
| Investments | 244,813,914 |
| Total per above | <u>\$ 245,957,720</u> |

Investment Maturities (in years)

| <u>Investment Type</u> | <u>Fair Value</u> | <u>Less Than 1</u> | <u>1-5</u> | <u>5-10</u> | <u>>10</u> |
|-------------------------|----------------------|---------------------|---------------------|---------------------|---------------------|
| U.S. Instrumentalities | \$ 1,638,817 | \$ - | \$ 416,825 | \$ 486,565 | \$ 735,427 |
| Asset-backed Securities | 2,032,714 | - | 635 | 175,849 | 1,856,230 |
| Corporate Bonds | 7,334,935 | 110,400 | 3,763,193 | 2,005,372 | 1,455,969 |
| Money Market | 1,143,806 | 1,170,003 | - | - | - |
| Total | <u>\$ 12,150,272</u> | <u>\$ 1,280,403</u> | <u>\$ 4,180,654</u> | <u>\$ 2,667,786</u> | <u>\$ 4,047,626</u> |

| S&P/Moody's Rating | Fair Value |
|-----------------------|----------------------|
| Government | \$ - |
| AAA | \$ 6,241,527 |
| AA | 967,102 |
| A | 1,902,347 |
| BBB | 1,869,293 |
| BB | - |
| B | - |
| Money Market | 1,170,003 |
| Total | <u>\$ 12,150,272</u> |

3. Discretely Presented Component Units

Deposits

Shreveport Home Mortgage Authority – The Authority has no deposits since all funds are maintained at trust departments at financial institutions.

The City Court, City Marshal, and Downtown Development Authority do not have a policy for custodial risk nor do they have collateral in their names.

The following is a schedule of deposit and the amounts exposed to custodial risk by fund:

| | <u>Shreveport Home Mortgage Authority</u> | <u>City Court</u> | <u>City Marshal</u> | <u>Downtown Development Authority</u> | <u>Shreve Memorial Library</u> |
|----------------------------------|---|-----------------------|-------------------------|---|--|
| Total on deposit | \$ 2,380,726 | \$ 7,876,684 | \$ 1,939,942 | \$ 1,324,827 | \$ 7,771,186 |
| Amount exposed to custodial risk | - | 7,376,684 | 1,252,160 | 1,074,827 | - |

Louisiana Revised Statute 39:1229 imposes statutory requirements on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the component unit that the fiscal agent has failed to pay deposited funds upon demand.

Investments

Shreveport Home Mortgage Authority – The \$1,808,994 consists of guaranteed mortgage-backed securities.

B. 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 and Caddo Parish Tax Assessors and approved by the State of Louisiana Tax Commission.

| | |
|-------------------------------------|-------------------------------|
| Assessment date | January 1, 2017 |
| Levy date | Not later than June 1, 2017 |
| Tax bills mailed | On or about November 15, 2017 |
| Total taxes are due | December 31, 2017 |
| Penalties and interest are added | January 1, 2018 |
| Lien date | January 1, 2018 |
| Tax sale - 2016 delinquent property | July 1, 2018 |

Property taxes levied for the current year are recognized as revenues, even though a portion is collectible in the period subsequent to the levy. The City's property tax collection records show that 96.8% of the property taxes due

were collected within 60 days after the due date. Assessed values are established by the Bossier Parish and Caddo Parish Tax Assessors each year on a uniform basis at the following ratios to fair market value.

| | |
|------------------------------|--|
| 10% Land | 15% Machinery |
| 10% Residential Improvements | 15% Commercial Improvements |
| 15% Industrial Improvements | 25% Public Service properties, excluding land |

A re-evaluation of all property is required to be completed no less than every 4 years. A re-evaluation was completed for the tax roll of January 1, 2016.

Tax Abatements

As of December 31, 2017, the City has entered into property and sales tax abatement agreements with individuals and businesses through four programs — the Restoration Tax Abatement (RTA), Industrial Tax Exemption (ITEP), Tax Rebate Incentive Pay (TRIP), and the Film Industry Incentive Program, (FIIP). Each agreement was negotiated under a particular authority allowing localities to abate property taxes for a variety of economic development purposes, including job creation, as well as, business relocation, retention, and expansion.

The City has not made any commitments as part of the agreements other than to reduce taxes, and the City is not subject to any tax abatement agreements entered into by other governmental entities.

Restoration Tax Abatement (RTA):

The Restoration Tax Abatement (RTA) program is a program, which provides an up to-year abatement of the City-portion of ad valorem property taxes on the renovations and improvements of existing commercial structures and owner-occupied residences. It is a five-year award with an option for a five-year renewal with local governing authority approval. The legal authority is Louisiana Revised Statute 47:4311, et seq.

Eligibility Criteria:

This incentive is open to all Louisiana businesses and homeowners with existing structures to be expanded, restored, improved or developed in qualifying locations, and as approved by the local governing authority. Qualifying locations for properties include Downtown Development Districts, Historic Districts (includes properties listed on the National Register of Historic Places), and Economic Development Districts. Eligible expenses are building and materials, machinery and equipment (only that which becomes an integral part of the structure), and labor and engineering.

The property owner must apply and pay an application fee, and upon approval by the state and local authorities, the contract is issued.

Mechanism By Which the Taxes are Abated:

The property tax valuation before the restoration is frozen, whereby the property owner is not taxed on the increase in value that they would otherwise have to pay for the restoration.

Provisions for Recapturing Abated Taxes:

Per LA R.S. 47:1313, any remaining portion of the exemption provided may be terminated for a violation of the contract.

Types of Commitments Made by the Recipients of the Tax Abatements:

The property owner agrees to file annually with the assessor of the parish in which the structure is located. Within six months after construction has been completed, the property owner must file an affidavit of final cost showing complete cost of the exempted project.

Gross Dollar Amount by Which the City's Tax Revenues Were Reduced:

The City estimates property tax revenues have been reduced by \$103,562 for the year.

Industrial Tax Exemption (ITEP):

The Louisiana Industrial Ad Valorem Tax Exemption Program (ITEP) is an original state incentive program which offers an attractive tax incentive for manufacturers within the state. The program abates, up to ten years, City property taxes (Ad Valorem) on a manufacturer's new investment and annual capitalized additions related

to the manufacturing site. The legal authority is Article 7, Section 21(F) of the Louisiana Constitution and Executive Order JBE 2016-73.

Eligibility Criteria:

Businesses must be classified as a manufacturer or related to the manufacturing project in order to receive the benefits of the ITEP program. ITEP is only available for activities related to manufacturers that meet the constitutional definition of manufacturing. The program can be used by manufacturers new to Louisiana and is also available to existing manufacturers in Louisiana with new investments and miscellaneous capital additions to existing facilities. The property owner must apply and pay an application fee, and upon approval by the state and local authorities, the contract is issued.

Note that the eligibility criteria have been modified by Executive Order Number JBE2016-73 (effective October 21, 2016) as follows:

Only contracts accompanied by advance notifications will be considered by the Governor. Applications for miscellaneous capital additions and applications for tax exemptions for maintenance capital, required environmental capital upgrades, and new replacements for existing machinery will not be approved or issued contracts by the Governor.

The Governor will not approve contracts unless the Board of Commerce and Industry has specifically determined that the establishment meets the constitutional definition of manufacturing. Exemption contracts for new manufacturing plants or establishments are favored by the Governor and exemption contracts for additions to any existing plant or establishment are not favored by the Governor unless they provide for new jobs or present compelling reasons for the retention of existing jobs.

Mechanism By Which the Taxes are Abated:

The property tax valuation before the construction is frozen, whereby the property owner is not taxed on the increase in value that they would otherwise have to pay for the restoration.

Provisions for Recapturing Abated Taxes:

The contract may be terminated or modified if a violation has been found, but currently, there is no provision to recapture taxes.

Types of Commitments Made by the Recipients of the Tax Abatements:

The property owner agrees to file annually with the assessor of the parish in which the structure is located. Within six months of the beginning of operations, completion of construction, or receipt of the executed contract, whichever occurs last, the owner of a manufacturing establishment or addition must file an affidavit of final cost showing complete cost of the exempted project.

Gross Dollar Amount by Which the City's Tax Revenues Were Reduced:

The City estimates property tax revenues have been reduced by \$2,133,167 for the year.

Tax Rebate Incentive Pay (TRIP):

City has determined that there are significant benefits to the community in having police officers living within the city limits and in having marked police cars parked at those residences; therefore, the City has developed the TRIP whereby property taxes of certain police officers may be refunded back to them under certain conditions. The goal is to have a visible law enforcement presence in the neighborhood in which the officer lives. The legal authority for this is Resolution 92 of 2007.

Eligibility Criteria:

The rebate will only apply to taxes paid on the member's primary domiciliary residence and, only for taxes paid by December 31st of the calendar year in which the taxes are due. The Tax Rebate Incentive Pay is not retroactive. In addition, 1) the member must be a post certified police officer, 2) the member must be assigned a marked take-home patrol unit, which is parked at the member's residence when not in use, 3) the member must be a homeowner within the city limits of Shreveport, and the member must pay all property taxes owed to the City of Shreveport by December 31st of each calendar year

The commissioned member must own and reside in the property within the city limits of Shreveport, and the property must be in a Community Development Block Grant Targeted Area (CDBG) – targeted areas within the City Limits of Shreveport as defined by the Department of Community Development in accordance with federal and grant requirements.

Mechanism By Which the Taxes are Abated:

The property taxes are then refunded to officers through payroll.

Provisions for Recapturing Abated Taxes:

There is no provision to recapture refunded taxes.

Types of Commitments Made by the Recipients of the Tax Abatements:

Police officers must park the vehicles at their residence.

Gross Dollar Amount by Which the City's Tax Revenues Were Reduced:

The City estimates property tax revenues have been reduced by \$22,471 for the year.

Film Industry Incentive Program:

The Film Industry Incentive Program (FIIP) is a City administered incentive program whereby the City's portion of sales taxes paid for lodging, lease and rental expenses, and other production expenses, etc. for a production are rebated to the recipient in exchange for doing business in the City. The legal authority for this program is Resolution 86 of 2009.

Eligibility Criteria:

The program is open to any business that will promise to have a production office or utilize a sound stage in Caddo Parish and have production expenditures of \$300,000.

Mechanism By Which the Taxes are Abated:

The recipient must file a sales tax return whereby the taxes are abated.

Provisions for Recapturing Abated Taxes:

There is no provision to recapture refunded taxes.

Types of Commitments Made by the Recipients of the Tax Abatements:

The recipient must do two things: First, it must either 1) have its production office located within Caddo Parish, or 2) utilize a soundstage within Caddo Parish AND must have production expenditures of \$300,000.

Gross Dollar Amount by Which the City's Tax Revenues Were Reduced:

The City estimates sales tax revenues have been reduced by \$23,942 for the year.

C. Receivables

Receivables as of December 31, 2017 consisted of the following:

| | | |
|----------------------------|----|-------------------|
| Interest receivable | \$ | 3,063 |
| Receivable, net | | 48,517,921 |
| Due from other governments | | 25,463,333 |
| | \$ | <u>73,984,317</u> |

A reconciliation of receivables for the City's individual major funds and nonmajor, and internal service funds in the aggregate, including the applicable allowances for uncollectible accounts, are outlined below.

| | General | Debt Service | Community Development | Municipal and Regional Airports | Water and Sewerage | Convention Center | Convention Center Hotel | Nonmajor and Other Funds | Total |
|--------------------------------|---------------------|--------------------|-----------------------|---------------------------------|---------------------|-------------------|-------------------------|--------------------------|----------------------|
| Interest | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | 3,063 | 3,063 |
| Taxes | 22,908,152 | 4,849,158 | - | - | - | - | - | - | 27,757,310 |
| Accounts | 6,925,409 | - | 58,395 | 499,723 | 18,194,768 | 195,191 | 512,654 | 7,098,302 | 33,484,442 |
| Intergovernmental | 16,042,143 | 503,336 | 1,211,336 | 3,564,363 | - | - | - | 4,142,155 | 25,463,333 |
| Gross receivables | 45,875,704 | 5,352,494 | 1,269,731 | 4,064,086 | 18,194,768 | 195,191 | 512,654 | 11,243,520 | 86,708,148 |
| Less: Allowance for uncollecti | (4,577,609) | (616,625) | - | (830) | (7,527,835) | - | - | (932) | (12,723,831) |
| Net total receivables | <u>\$41,298,095</u> | <u>\$4,735,869</u> | <u>\$ 1,269,731</u> | <u>\$ 4,063,256</u> | <u>\$10,666,933</u> | <u>\$ 195,191</u> | <u>\$ 512,654</u> | <u>\$11,242,588</u> | <u>\$ 73,984,317</u> |

D. 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, Special Revenue, Capital Projects, and Enterprise 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 Office of Management and Budget Circular A-133 under the "Single Audit Concept" for grants awarded prior to December 26, 2014, and in accordance with 2 CFR Part 200 Uniform Administrative Requirements, Cost Principles and Audit Requirements, for grants awarded on or after December 26, 2014.

The following amounts under various grants and entitlements are recorded as revenues, passenger facility charges, subsidies, or contributions in the accompanying financial statements:

| | |
|---------------------------------|----------------------|
| General Fund | \$ 9,044,153 |
| Debt Service Fund | 1,761,967 |
| Special Revenue Funds: | |
| Community Development | 4,599,558 |
| Police Grants | 3,156,808 |
| Environmental Grants | 137,421 |
| Capital Projects Funds | 2,889,224 |
| Enterprise Funds: | |
| Municipal and Regional Airports | 6,005,859 |
| Water and Sewerage | 1,137,533 |
| Shreveport Area Transit System | 19,096,390 |
| Totals | <u>\$ 47,828,913</u> |

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. The State paid supplemental salaries as follows:

| | |
|-------------------|---------------------|
| Fire Department | \$ 3,133,045 |
| Police Department | 3,210,467 |
| Total | <u>\$ 6,343,512</u> |

These amounts were paid directly to the employees. There were no payments made for fringe benefits. The amounts for fire and police employees have been recorded in the General Fund financial statements as revenue and expenditures.

E. Capital Assets

Capital asset activity for the year ended December 31, 2017, is as follows:

| | <u>Beginning Balance</u> | <u>Increases</u> | <u>Decreases</u> | <u>Ending Balance</u> |
|--|------------------------------|----------------------|------------------------|---------------------------|
| Governmental activities: | | | | |
| Capital assets, not being depreciated: | | | | |
| Land | \$ 110,753,162 | \$ 1,875,755 | \$ - | \$ 112,628,917 |
| Construction in progress | 35,499,960 | 21,779,002 | (30,316,384) | 26,962,578 |
| Total capital assets not being depreciated | <u>146,253,122</u> | <u>23,654,757</u> | <u>(30,316,384)</u> | <u>139,591,495</u> |
| Capital assets, being depreciated: | | | | |
| Buildings | 192,313,851 | 3,322,527 | - | 195,636,378 |
| Improvements other than buildings | 86,289,408 | 3,638,280 | - | 89,927,688 |
| Equipment | 92,719,923 | 3,663,025 | (5,058,079) | 91,324,869 |
| Infrastructure | 538,170,262 | 24,975,257 | (13,182) | 563,132,337 |
| Total capital assets being depreciated | <u>909,493,444</u> | <u>35,599,089</u> | <u>(5,071,261)</u> | <u>940,021,273</u> |
| Less accumulated depreciation for: | | | | |
| Buildings | (74,336,312) | (3,919,937) | - | (78,256,249) |
| Improvements other than buildings | (42,364,594) | (2,392,099) | - | (44,756,693) |
| Equipment | (68,998,057) | (4,230,356) | 4,849,638 | (68,378,775) |
| Infrastructure | (272,221,500) | (11,156,657) | 11,592 | (283,366,564) |
| Total accumulated depreciation | <u>(457,920,462)</u> | <u>(21,699,049)</u> | <u>4,861,230</u> | <u>(474,758,281)</u> |
| Total capital assets, being depreciated, net | <u>451,572,982</u> | <u>13,900,040</u> | <u>(210,031)</u> | <u>465,262,992</u> |
| Governmental activities capital assets, net | <u>\$ 597,826,104</u> | <u>\$ 37,554,797</u> | <u>\$ (30,526,415)</u> | <u>\$ 604,854,487</u> |
| | | | | |
| | <u>Beginning Balance</u> | <u>Increases</u> | <u>Decreases</u> | <u>Ending Balance</u> |
| Business-type activities: | | | | |
| Municipal and Regional Airports | | | | |
| Capital assets, not being depreciated: | | | | |
| Land | \$ 37,627,729 | \$ - | \$ - | \$ 37,627,729 |
| Construction in progress | 9,929,379 | 6,679,097 | (7,538,430) | 9,070,045 |
| Total capital assets not being depreciated | <u>47,557,108</u> | <u>6,679,097</u> | <u>(7,538,430)</u> | <u>46,697,774</u> |
| Capital assets, being depreciated: | | | | |
| Buildings | 72,668,130 | 11,006 | - | 72,679,136 |
| Improvements other than buildings | 108,544,845 | 6,957,401 | - | 115,502,247 |
| Equipment | 7,902,723 | 628,136 | (1,671,833) | 6,859,026 |
| Total capital assets being depreciated | <u>189,115,699</u> | <u>7,596,543</u> | <u>(1,671,833)</u> | <u>195,040,409</u> |
| Less accumulated depreciation for: | | | | |
| Buildings | (39,550,973) | (1,375,088) | - | (40,926,061) |
| Improvements other than buildings | (66,770,078) | (3,247,396) | - | (70,017,473) |
| Equipment | (6,231,992) | (278,632) | 1,511,702 | (4,998,922) |
| Total accumulated depreciation | <u>(112,553,043)</u> | <u>(4,901,116)</u> | <u>1,511,702</u> | <u>(115,942,456)</u> |
| Total capital assets, being depreciated, net | <u>76,562,656</u> | <u>2,695,427</u> | <u>(160,131)</u> | <u>79,097,953</u> |
| Municipal and Regional Airports capital assets | <u>\$ 124,119,764</u> | <u>\$ 9,374,524</u> | <u>\$ (7,698,560)</u> | <u>\$ 125,795,725</u> |

| | Beginning Balance | Increases | Decreases | Ending Balance |
|--|------------------------------|-----------------------|------------------------|---------------------------|
| Water and Sewerage: | | | | |
| Capital assets, not being depreciated: | | | | |
| Land | \$ 996,201 | \$ - | \$ - | \$ 996,201 |
| Construction in progress | 116,342,606 | 190,088,849 | (14,749,768) | 291,681,687 |
| Total capital assets not being depreciated | <u>117,338,807</u> | <u>190,088,849</u> | <u>(14,749,768)</u> | <u>292,677,888</u> |
| Capital assets, being depreciated: | | | | |
| Equipment | 24,463,572 | 926,835 | (1,034,810) | 24,355,596 |
| Distribution and collection systems | 702,676,944 | 15,888,546 | (40,238) | 718,525,252 |
| Total capital assets being depreciated | <u>727,140,516</u> | <u>16,815,380</u> | <u>(1,075,048)</u> | <u>742,880,848</u> |
| Less accumulated depreciation for: | | | | |
| Equipment | (4,131,378) | (14,055,188) | 595,660 | (17,590,906) |
| Distribution and collection systems | (281,436,732) | (955,373) | - | (282,392,104) |
| Total accumulated depreciation | <u>(285,568,110)</u> | <u>(15,010,560)</u> | <u>595,660</u> | <u>(299,983,010)</u> |
| Total capital assets, being depreciated, net | <u>441,572,407</u> | <u>1,804,820</u> | <u>(479,388)</u> | <u>442,897,838</u> |
| Water and Sewerage capital assets, net | <u>\$ 558,911,214</u> | <u>\$ 191,893,669</u> | <u>\$ (15,229,156)</u> | <u>\$ 735,575,725</u> |

| | Beginning Balance | Increases | Decreases | Ending Balance |
|--|------------------------------|-----------------------|------------------|---------------------------|
| Convention Center: | | | | |
| Capital assets, not being depreciated: | | | | |
| Land | \$ 6,147,743 | \$ - | \$ - | \$ 6,147,743 |
| Construction in progress | - | - | - | - |
| Total capital assets not being depreciated | <u>6,147,743</u> | <u>-</u> | <u>-</u> | <u>6,147,743</u> |
| Capital assets, being depreciated: | | | | |
| Buildings | 88,791,627 | 31,076 | - | 88,822,703 |
| Improvements other than buildings | 3,553,819 | - | - | 3,553,819 |
| Equipment | 8,089,837 | 47,258 | - | 8,137,095 |
| Total capital assets being depreciated | <u>100,435,283</u> | <u>78,334</u> | <u>-</u> | <u>100,513,617</u> |
| Less accumulated depreciation for: | | | | |
| Buildings | (19,350,418) | (1,865,850) | - | (21,216,268) |
| Improvements other than buildings | (1,494,088) | (146,728) | - | (1,640,816) |
| Equipment | (7,950,190) | (28,883) | - | (7,979,073) |
| Total accumulated depreciation | <u>(28,794,696)</u> | <u>(2,041,461)</u> | <u>-</u> | <u>(30,836,157)</u> |
| Total capital assets, being depreciated, net | <u>71,640,587</u> | <u>(1,963,128)</u> | <u>-</u> | <u>69,677,459</u> |
| Convention Center capital assets, net | <u>\$ 77,788,330</u> | <u>\$ (1,963,128)</u> | <u>\$ -</u> | <u>\$ 75,825,202</u> |

| | Beginning Balance | Increases | Decreases | Ending Balance |
|--|------------------------------|---------------------|-----------------------|---------------------------|
| Convention Center Hotel: | | | | |
| Capital assets, being depreciated: | | | | |
| Buildings | \$ 43,627,612 | \$ 236,277 | \$ (8,795) | \$ 43,855,094 |
| Improvements other than buildings | 202,195 | 7,816 | - | 210,011 |
| Equipment | 6,132,313 | 3,198,896 | (2,539,753) | 6,791,456 |
| Total capital assets being depreciated | <u>49,962,120</u> | <u>3,442,989</u> | <u>(2,548,548)</u> | <u>50,856,561</u> |
| Less accumulated depreciation for: | | | | |
| Buildings | (9,166,763) | (1,002,127) | 1,627 | (10,167,263) |
| Improvements other than buildings | (85,250) | (9,675) | - | (94,925) |
| Equipment | (3,322,361) | (749,676) | 3,785 | (4,068,252) |
| Total accumulated depreciation | <u>(12,574,374)</u> | <u>(1,761,478)</u> | <u>5,412</u> | <u>(14,330,440)</u> |
| Total capital assets, being depreciated, net | <u>37,387,746</u> | <u>1,681,511</u> | <u>(2,543,136)</u> | <u>36,526,121</u> |
| Convention Center Hotel capital assets, net | <u>\$ 37,387,746</u> | <u>\$ 1,681,511</u> | <u>\$ (2,543,136)</u> | <u>\$ 36,526,121</u> |

| | Beginning Balance | Increases | Decreases | Ending Balance |
|---|------------------------------|-----------------------|------------------------|---------------------------|
| Other business-type activity programs: | | | | |
| Capital assets, not being depreciated: | | | | |
| Land | \$ 1,940,407 | \$ 190,000 | \$ (1,761,531) | \$ 368,876 |
| Construction in progress | 132,717 | 337,619 | - | 470,336 |
| Total capital assets not being depreciated | <u>2,073,124</u> | <u>527,619</u> | <u>(1,761,531)</u> | <u>839,212</u> |
| Capital assets, being depreciated: | | | | |
| Buildings | 11,780,498 | 5,574,876 | (3,564,207) | 13,791,167 |
| Improvements other than buildings | 1,164,965 | - | - | 1,164,965 |
| Equipment | 21,484,845 | 9,496,889 | (6,644,403) | 24,337,331 |
| Total capital assets being depreciated | <u>34,430,308</u> | <u>15,071,765</u> | <u>(10,208,610)</u> | <u>39,293,463</u> |
| Less accumulated depreciation for: | | | | |
| Buildings | (5,597,900) | (1,645,467) | 3,441,547 | (3,801,820) |
| Improvements other than buildings | (567,678) | (42,337) | - | (610,015) |
| Equipment | (13,845,368) | (2,458,084) | 6,767,063 | (9,536,389) |
| Total accumulated depreciation | <u>(20,010,946)</u> | <u>(4,145,888)</u> | <u>10,208,610</u> | <u>(13,948,224)</u> |
| Total capital assets, being depreciated, net | <u>14,419,362</u> | <u>10,925,877</u> | <u>-</u> | <u>25,345,239</u> |
| Other enterprise funds capital assets, net | <u>\$ 16,492,486</u> | <u>\$ 11,453,496</u> | <u>\$ (1,761,531)</u> | <u>\$ 26,184,452</u> |
| Business-type activities capital assets, net | <u>\$ 814,699,539</u> | <u>\$ 212,440,072</u> | <u>\$ (27,232,384)</u> | <u>\$ 999,907,225</u> |

In some cases, the reduction in construction in progress is greater than the increase in capital assets due to items not meeting the capitalization criteria. Also, in the other business-type activities, the Shreveport Area Transit System's operating and capital grants are tracked through the City's capital project system. Operating expenses are expensed out of construction in progress.

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

| | |
|---|----------------------|
| Governmental activities: | |
| General government | \$ 1,997,293 |
| Public safety | 2,685,260 |
| Public works, including depreciation of general infrastructure assets | 11,232,558 |
| Community development | 171,110 |
| Culture and recreation | 5,602,597 |
| Economic Development | 6,813 |
| Economic Opportunity | 3,418 |
| Total depreciation expense-governmental activities | <u>\$ 21,699,049</u> |
| Business-type activities: | |
| Municipal and Regional Airports | \$ 4,901,116 |
| Convention Center Hilton Hotel | 1,761,478 |
| Convention Center | 2,041,461 |
| Water and Sewerage | 15,010,560 |
| Shreveport Area Transit System | 4,089,200 |
| Golf | 56,688 |
| Total depreciation expense-business-type activities | <u>\$ 27,860,503</u> |

Construction commitments

The government has active major construction projects as of December 31, 2017. The projects include public works projects, Airport additions, and improvements to Water and Sewerage facilities. At year end, the government's commitments with contractors are as follows:

| <u>Project Number</u> | <u>Project Description</u> | <u>Remaining Commitment</u> | <u>Financing Sources</u> |
|-----------------------|-------------------------------------|-----------------------------|--------------------------|
| F14006 | Sanitary Sewer Assessment - Phase I | \$ 12,931,411 | 2014B&C W&S Rev Bonds |
| | | <u>\$ 12,931,411</u> | |

Discretely presented component unit

Activity for the Metropolitan Planning Commission (MPC) for the year ended December 31, 2017, was as follows:

| | <u>Beginning Balance</u> | <u>Increases</u> | <u>Decreases</u> | <u>Ending Balance</u> |
|--|--------------------------|--------------------|------------------|-----------------------|
| Metropolitan Planning Commission | | | | |
| Capital assets, not being depreciated: | | | | |
| Land | \$ 704,514 | \$ - | \$ - | \$ 704,514 |
| Capital assets, being depreciated: | | | | |
| Improvements other than buildings | 999,234 | - | - | 999,234 |
| Equipment | 93,135 | - | - | 93,135 |
| Total capital assets being depreciated | <u>1,092,369</u> | <u>-</u> | <u>-</u> | <u>1,092,369</u> |
| Less accumulated depreciation for: | | | | |
| Improvements other than buildings | (916,692) | (10,414) | - | (927,106) |
| Equipment | (63,230) | - | - | (63,230) |
| Total accumulated depreciation | <u>(979,922)</u> | <u>(10,414)</u> | <u>-</u> | <u>(990,336)</u> |
| Total capital assets, being depreciated, net | <u>112,447</u> | <u>(10,414)</u> | <u>-</u> | <u>102,033</u> |
| MPC capital assets, net | <u>\$ 816,961</u> | <u>\$ (10,414)</u> | <u>\$ -</u> | <u>\$ 806,548</u> |

All depreciation expense was charged to planning and zoning.

Activity for the Downtown Development Authority for the year ended December 31, 2017, was as follows:

| | Beginning Balance | Increases | Decreases | Ending Balance |
|--|------------------------------|------------------|------------------|---------------------------|
| Downtown Development Authority | | | | |
| Capital assets, not being depreciated: | | | | |
| Idle assets | \$ 50,237 | \$ - | \$ - | \$ 50,237 |
| Land | 80,000 | - | - | 80,000 |
| Total capital assets, not being depreciated | <u>130,237</u> | <u>-</u> | <u>-</u> | <u>130,237</u> |
| Capital assets, being depreciated: | | | | |
| Leasehold improvements | - | - | - | - |
| Buildings | 1,511,123 | - | - | 1,511,123 |
| Equipment | 7,097 | - | - | 7,097 |
| Streetscape equipment | 90,917 | 63,165 | (15,665) | 138,417 |
| Parking program equipment | 112,003 | 19,900 | (16,200) | 115,703 |
| Total capital assets being depreciated | <u>1,721,140</u> | <u>83,065</u> | <u>(31,865)</u> | <u>1,772,340</u> |
| Less accumulated depreciation for: | | | | |
| Leasehold improvements | - | - | - | - |
| Buildings | (425,581) | (62,531) | - | (488,112) |
| Equipment | (888) | - | - | (888) |
| Streetscape equipment | (62,800) | (11,461) | 15,665 | (58,596) |
| Parking program equipment | (117,900) | (4,228) | 16,200 | (105,928) |
| Total accumulated depreciation | <u>(607,169)</u> | <u>(78,220)</u> | <u>31,865</u> | <u>(653,524)</u> |
| Total capital assets, being depreciated, net | <u>1,113,971</u> | <u>4,845</u> | <u>-</u> | <u>1,118,816</u> |
| Downtown Development Authority capital assets, net | <u>\$ 1,244,208</u> | <u>\$ 4,845</u> | <u>\$ -</u> | <u>\$ 1,249,053</u> |

Depreciation expense was charged to functions/programs as follows:

| | |
|----------------------|------------------|
| Downtown development | \$ 62,531 |
| Streetscape program | 11,461 |
| Parking program | 4,228 |
| Total | <u>\$ 78,220</u> |

Activity for the Shreve Memorial Library for the year ended December 31, 2017, was as follows:

| | Beginning Balance | Increases | Decreases | Ending Balance |
|--|------------------------------|---------------------|------------------|---------------------------|
| Shreve Memorial Library | | | | |
| Capital assets, not being depreciated: | | | | |
| Land and land improvements | \$ 5,261,444 | \$ - | \$ - | \$ 5,261,444 |
| Construction in progress | - | - | - | - |
| Total capital assets, not being depreciated | <u>5,261,444</u> | <u>-</u> | <u>-</u> | <u>5,261,444</u> |
| Capital assets, being depreciated: | | | | |
| Buildings and structures | 33,875,750 | - | - | 33,875,750 |
| Improvements | 284,995 | - | - | 284,995 |
| Equipment and books | 22,439,362 | 1,146,971 | (269,508) | 23,316,825 |
| Total capital assets being depreciated | <u>56,600,107</u> | <u>1,146,971</u> | <u>(269,508)</u> | <u>57,477,570</u> |
| Less accumulated depreciation for: | | | | |
| Buildings and structures | (9,333,058) | (673,780) | - | (10,006,838) |
| Improvements | (222,049) | (5,319) | - | (227,368) |
| Equipment and books | (18,154,044) | (1,076,104) | 269,508 | (18,960,639) |
| Total accumulated depreciation | <u>(27,709,151)</u> | <u>(1,755,203)</u> | <u>269,508</u> | <u>(29,194,846)</u> |
| Total capital assets, being depreciated, net | <u>28,890,956</u> | <u>(608,232)</u> | <u>0</u> | <u>28,282,724</u> |
| Shreve Memorial Library capital assets, net | <u>\$ 34,152,399</u> | <u>\$ (608,232)</u> | <u>\$ 0</u> | <u>\$ 33,544,168</u> |

All depreciation expense was charged to culture and recreation.

| | Beginning Balance | Increases | Decreases | Ending Balance |
|--|------------------------------|--------------------|------------------|---------------------------|
| City Court: | | | | |
| Capital assets, being depreciated: | | | | |
| Computer equipment | \$ 234,281 | \$ - | \$ (1,980) | \$ 232,301 |
| Office equipment | 291,072 | 14,079 | - | 305,151 |
| Office furniture and improvements | 510,135 | - | - | 510,135 |
| Vehicles | 38,160 | - | - | 38,160 |
| Total capital assets being depreciated | <u>1,073,648</u> | <u>14,079</u> | <u>(1,980)</u> | <u>1,085,747</u> |
| Less accumulated depreciation for: | | | | |
| Computer equipment | (184,055) | (24,065) | 1,980 | (206,140) |
| Office equipment | (258,021) | (14,965) | - | (272,986) |
| Office furniture and improvements | (479,199) | (7,519) | - | (486,718) |
| Vehicles | (38,160) | - | - | (38,160) |
| Total accumulated depreciation | <u>(959,435)</u> | <u>(46,549)</u> | <u>1,980</u> | <u>(1,004,004)</u> |
| Total capital assets, being depreciated, net | <u>114,213</u> | <u>(32,470)</u> | <u>-</u> | <u>81,743</u> |
| City Court capital assets, net | <u>\$ 114,213</u> | <u>\$ (32,470)</u> | <u>\$ -</u> | <u>\$ 81,743</u> |

| | |
|-------------------|------------------|
| Judicial expenses | \$ 46,263 |
| Probation | 286 |
| | <u>\$ 46,549</u> |

| | Beginning Balance | Increases | Decreases | Ending Balance |
|--|------------------------------|-------------------|-------------------|---------------------------|
| City Marshal: | | | | |
| Capital assets, being depreciated: | | | | |
| Buildings | \$ 45,730 | \$ 17,413 | \$ - | \$ 63,143 |
| Vehicles | 1,151,609 | 301,039 | (55,421) | 1,397,227 |
| Communication | 157,350 | - | - | 157,350 |
| Computers | 73,692 | - | - | 73,692 |
| Other Equipment | 366,293 | - | - | 366,293 |
| Weapons | 48,047 | - | - | 48,047 |
| Total capital assets being depreciated | <u>1,842,721</u> | <u>318,452</u> | <u>(55,421)</u> | <u>2,105,752</u> |
| Less accumulated depreciation for: | | | | |
| Buildings | (23,926) | (3,043) | - | (26,969) |
| Vehicles | (750,406) | (115,430) | 51,640 | (814,196) |
| Communication | (136,772) | (7,535) | - | (144,307) |
| Computers | (52,563) | (8,382) | - | (60,945) |
| Other Equipment | (305,498) | (23,034) | - | (328,532) |
| Weapons | (34,028) | (2,748) | - | (36,776) |
| Total accumulated depreciation | <u>(1,303,193)</u> | <u>(160,172)</u> | <u>51,640</u> | <u>(1,411,725)</u> |
| Total capital assets, being depreciated, net | <u>539,528</u> | <u>158,280</u> | <u>(3,781)</u> | <u>694,027</u> |
| City Marshal capital assets, net | <u>\$ 539,528</u> | <u>\$ 158,280</u> | <u>\$ (3,781)</u> | <u>\$ 694,027</u> |

| | |
|-------------------|-------------------|
| Judicial expenses | \$ 160,172 |
| | <u>\$ 160,172</u> |

F. Interfund Receivables, Payables, and Transfers

The composition of interfund balances as of December 31, 2017, is as follows:

| <u>Fund</u> | <u>Due from</u> | <u>Due to</u> |
|-----------------------------|----------------------|----------------------|
| General Fund | \$ 79,174 | \$ 6,471,566 |
| Debt Service | 31,893,485 | - |
| Nonmajor governmental funds | 2,251,582 | 1,230,703 |
| Convention Center Hotel | - | 874,169 |
| Nonmajor enterprise funds | 53,007 | 1,464,608 |
| Internal Service | - | 7,982,682 |
| Fiduciary | - | 16,253,520 |
| Total | \$ 34,277,248 | \$ 34,277,248 |

These 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.

The composition of interfund transfers as of December 31, 2017, is as follows:

| <u>Fund</u> | <u>Transfers In</u> | <u>Transfers Out</u> |
|-----------------------------|----------------------|----------------------|
| General Fund | \$ 13,547,100 | \$ 12,465,952 |
| Debt Service | 3,666,642 | - |
| Nonmajor governmental funds | 13,348,963 | 45,116,703 |
| Water & Sewerage | 19,327,130 | 1,635,000 |
| Convention Center | 1,691,600 | - |
| Convention Center Hotel | 151,500 | - |
| Major enterprise funds | - | - |
| Nonmajor enterprise funds | 7,484,720 | - |
| Internal Service | - | - |
| Fiduciary | - | - |
| Total | \$ 59,217,655 | \$ 59,217,655 |

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 them, (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.

G. Capital Leases

In previous years, the City entered into lease agreements totaling \$55,527,924 . The lease agreements qualify as capital leases for accounting purposes, and have been recorded at the present value of their future minimum lease payments as of the inception date. The payment schedule below includes all of the current leases in effect at year end.

| | Governmental Activities | Business-type Activities |
|--------------------------------|------------------------------------|-------------------------------------|
| Equipment | \$ 50,413,602 | \$ 5,114,322 |
| Less: accumulated depreciation | (31,466,261) | (2,914,640) |
| | <u>\$ 18,947,341</u> | <u>\$ 2,199,682</u> |

The future minimum lease obligations and the net present value of these minimum lease payments as of December 31, 2017 were as follows:

| Ending December 31, | Governmental Activities | Business-type Activities |
|---|------------------------------------|-------------------------------------|
| 2018 | \$ 1,721,367 | \$ 413,275 |
| 2019 | 1,721,367 | - |
| 2020 | 1,721,367 | - |
| 2021 | 1,564,967 | - |
| 2022 | - | - |
| Total minimum lease payments | <u>6,729,068</u> | <u>413,275</u> |
| Less: amount representing interest | (261,333) | (4,299) |
| Present value of minimum lease payments | <u>\$ 6,467,735</u> | <u>\$ 408,976</u> |

H. Long-term Liabilities

Long-term liability activity (in thousands of dollars) for the year ended December 31, 2017, was as follows:

| | <u>Beginning Balance</u> | <u>Additions</u> | <u>Reductions</u> | <u>Ending Balance</u> | <u>Due Within One Year</u> |
|--|------------------------------|-------------------|---------------------|---------------------------|--------------------------------|
| Governmental activities: | | | | | |
| General obligation bonds | \$ 188,035 | \$ 50,000 | \$ (70,170) | \$ 167,865 | \$ 17,580 |
| Plus unamortized premium | 20,202 | 7,085 | (5,576) | 21,711 | 2,412 |
| Total bonds payable | <u>208,237</u> | <u>57,085</u> | <u>(75,746)</u> | <u>189,576</u> | <u>19,992</u> |
| Certificate of indebtedness | 1,940 | - | (360) | 1,580 | 370 |
| Less unamortized discount | (16) | - | 3 | (13) | (3) |
| Total certificates of indebtedness | <u>1,924</u> | <u>-</u> | <u>(357)</u> | <u>1,567</u> | <u>367</u> |
| Capital lease | 9,543 | - | (3,075) | 6,468 | 1,612 |
| Notes | 20,800 | - | - | 20,800 | 1,535 |
| Plus unamortized premium | 2,440 | - | (219) | 2,221 | 219 |
| Total notes | <u>23,240</u> | <u>-</u> | <u>(219)</u> | <u>23,021</u> | <u>1,754</u> |
| Net pension liability | 333,049 | - | (28,481) | 304,568 | - |
| Net OPEB obligation | 208,147 | 42,844 | - | 250,991 | - |
| Landfill postclosure care | 3,410 | 301 | - | 3,711 | - |
| Claims and judgments | 36,703 | 914 | - | 37,617 | 12,858 |
| Compensated absences | 2,437 | - | (327) | 2,110 | 2,077 |
| Governmental activities (Excluding: Community Development notes) | 826,690 | 101,144 | (108,205) | 819,629 | 38,660 |
| Community Development notes | 1,320 | - | (263) | 1,057 | 261 |
| Total long-term liabilities | <u>\$ 828,010</u> | <u>\$ 101,144</u> | <u>\$ (108,468)</u> | <u>\$ 820,686</u> | <u>\$ 38,921</u> |
| | <u>Beginning Balance</u> | <u>Additions</u> | <u>Reductions</u> | <u>Ending Balance</u> | <u>Due Within One Year</u> |
| Business-type activity | | | | | |
| Municipal and Regional Airports: | | | | | |
| Revenue bonds and notes | \$ 34,920 | \$ - | \$ (1,970) | 32,950 | \$ 2,400 |
| Plus unamortized premium | 40 | - | - | 40 | - |
| Total bonds payable | <u>34,960</u> | <u>-</u> | <u>(1,970)</u> | <u>32,990</u> | <u>2,400</u> |
| Net pension liability | 9,829 | 36 | - | 9,865 | - |
| Net OPEB obligation | 6,122 | - | (1,718) | 4,404 | - |
| Compensated absences | 133 | 12 | - | 145 | 6 |
| Total | <u>51,044</u> | <u>49</u> | <u>(3,688)</u> | <u>47,404</u> | <u>2,407</u> |
| Water and Sewerage: | | | | | |
| Revenue bonds and notes | 432,736 | 139,305 | (53,084) | 518,957 | 15,618 |
| Plus unamortized premium | 34,451 | 9,879 | (1,940) | 42,390 | 2,140 |
| Total bonds payable | <u>467,187</u> | <u>149,184</u> | <u>(55,024)</u> | <u>561,347</u> | <u>17,758</u> |
| Capital lease | 1,038 | - | (629) | 409 | 409 |
| Net pension liability | 44,792 | - | (6) | 44,786 | - |
| Net OPEB obligation | 28,480 | - | (11,646) | 16,834 | - |
| Compensated absences | 628 | - | (50) | 578 | 5 |
| Accrued liability | 782 | 40 | - | 848 | - |
| Total | <u>542,907</u> | <u>149,224</u> | <u>(67,355)</u> | <u>624,802</u> | <u>18,172</u> |
| Convention Center Hotel | | | | | |
| Notes | 1,363 | - | (135) | 1,228 | 142 |
| Revenue bonds | 37,675 | - | (870) | 36,805 | 820 |
| Total | <u>39,038</u> | <u>-</u> | <u>(1,005)</u> | <u>38,033</u> | <u>962</u> |
| Other business-type activities: | | | | | |
| Net pension liability | 2,186 | - | (394) | 1,792 | - |
| Net OPEB obligation | 6,867 | - | (4,959) | 1,908 | - |
| Capital lease | 17 | - | (17) | - | - |
| Compensated absences | 235 | 13 | (9) | 239 | 199 |
| Total | <u>9,305</u> | <u>13</u> | <u>(5,378)</u> | <u>3,939</u> | <u>199</u> |
| Business-type activity long-term liabilities | <u>\$ 642,294</u> | <u>\$ 149,286</u> | <u>\$ (77,426)</u> | <u>\$ 714,179</u> | <u>\$ 21,740</u> |

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 Employees Health Care Fund and the Retained Risk 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 90% of these costs. At year end, \$8,191 of internal service funds compensated absences is included in the above amounts. For the governmental activities, the balance of compensated absences is generally liquidated by the General Fund. Net pension liability, Net OPEB obligation and landfill post-closure care will also be liquidated by the General Fund.

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

State law allows a maximum of 10% of the assessed valuation for general obligation bonded debt for any one purpose. However, the 10% maximum can be exceeded if the aggregate issued for all purposes does not exceed 35% of the total assessed valuation. A total of approximately \$369,947,259 of additional general obligation bonded debt is available for issuance on a total assessed valuation of \$1,536,606,456 pursuant to the 35% limitation. Included in the total assessed valuation of property within the City is \$8,266,379 of assessed valuation which has been adjudicated to Caddo and Bossier Parish. The table below shows the computation of the City's legal debt margin calculated at 10% of assessed valuation as of December 31, 2017.

| | Debt limit-10% of assessed value for any one purpose | Deduct-amount of debt applicable to debt limit | Legal Debt margin |
|-----------------------------|--|--|----------------------|
| Street Improvements | \$ 153,660,646 | \$ 36,913,818 | \$ 116,746,828 |
| Police and Fire | 153,660,646 | 533,835 | 153,126,811 |
| Water and Sewer Improvement | 153,660,646 | 78,664,618 | 74,996,028 |
| Parks and Recreation | 153,660,646 | 26,880,033 | 126,780,613 |
| Public Buildings | 153,660,646 | 17,847,350 | 135,813,296 |
| Drainage | 153,660,646 | 6,584,664 | 147,075,982 |
| Sanitation and Incinerator | 153,660,646 | - | 153,660,646 |
| Industrial Bond | 153,660,646 | - | 153,660,646 |
| Airports | 153,660,646 | - | 153,660,646 |
| Sportran | 153,660,646 | 51,480 | 153,609,166 |
| Riverfront Park | 153,660,646 | 389,202 | 153,271,444 |

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| Maturities (in thousands of dollars) | | | | | | | | | | |
|---------------------------------------|----------------|---------------|---------------|--------------|--------------|--------------|---------------|---------------|---------------|-----------|
| | Total | 2018 | 2019 | 2020 | 2021 | 2022 | 2023-2027 | 2028-2032 | 2033-2037 | 2038-2042 |
| Principal Requirements: | | | | | | | | | | |
| General Obligation Debt: | | | | | | | | | | |
| 2005B Refunding Issue - 4.50 - 5.25 % | 5,790 | 2,820 | 2,970 | - | - | - | - | - | - | - |
| Plus: Unamortized Premium | 209 | 179 | 30 | - | - | - | - | - | - | - |
| | <u>5,999</u> | <u>2,999</u> | <u>3,000</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| 2008 Refunding Issue - 4.00% | 1,980 | 1,980 | - | - | - | - | - | - | - | - |
| Plus: Unamortized Premium | 12 | 12 | - | - | - | - | - | - | - | - |
| | <u>1,992</u> | <u>1,992</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| 2011 Issue - 2.00-5.00% | 13,995 | 3,225 | 3,400 | 3,585 | 3,785 | - | - | - | - | - |
| Plus: Unamortized Premium | 1,520 | 380 | 380 | 380 | 380 | - | - | - | - | - |
| | <u>15,515</u> | <u>3,605</u> | <u>3,780</u> | <u>3,965</u> | <u>4,165</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| 2014 Issue - 2.00-5.00% | 83,425 | 3,365 | 3,465 | 3,585 | 3,730 | 3,915 | 22,710 | 28,950 | 13,705 | - |
| Plus: Unamortized Premium | 12,094 | 726 | 726 | 726 | 726 | 726 | 3,630 | 3,630 | 1,204 | - |
| | <u>95,519</u> | <u>4,091</u> | <u>4,191</u> | <u>4,311</u> | <u>4,456</u> | <u>4,641</u> | <u>26,340</u> | <u>32,580</u> | <u>14,909</u> | <u>-</u> |
| 2015 Refunding Issue - 2.00-5.00% | 12,675 | 6,190 | 6,485 | - | - | - | - | - | - | - |
| Plus: Unamortized Premium | 791 | 593 | 198 | - | - | - | - | - | - | - |
| | <u>13,466</u> | <u>6,783</u> | <u>6,683</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| 2017 Refunding Issue 3.00-5.00% | 50,000 | - | - | - | - | 4,005 | 23,140 | 22,855 | - | - |
| Plus: Unamortized Premium | 7,085 | 522 | 522 | 522 | 522 | 522 | 2,610 | 1,865 | - | - |
| | <u>57,085</u> | <u>522</u> | <u>522</u> | <u>522</u> | <u>522</u> | <u>4,527</u> | <u>25,750</u> | <u>24,720</u> | <u>-</u> | <u>-</u> |
| Total General Obligation Bonds | <u>189,576</u> | <u>19,992</u> | <u>18,176</u> | <u>8,798</u> | <u>9,143</u> | <u>9,168</u> | <u>52,090</u> | <u>57,300</u> | <u>14,909</u> | <u>-</u> |

| Maturities (in thousands of dollars) | | | | | | | | | | |
|--|----------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|-----------|
| | Total | 2018 | 2019 | 2020 | 2021 | 2022 | 2023-2027 | 2028-2032 | 2033-2037 | 2038-2042 |
| General Obligation Notes | | | | | | | | | | |
| 2000A LCDA Convention Center Hotel - Variable | 1,228 | 142 | 152 | 160 | 170 | 179 | 425 | - | - | - |
| 2004 Certificate of Indebtedness - 2.00-4.20% | 1,580 | 370 | 385 | 405 | 420 | - | - | - | - | - |
| Less: Unamortized Discount | (12) | (3) | (3) | (3) | (3) | - | - | - | - | - |
| | <u>1,568</u> | <u>367</u> | <u>382</u> | <u>402</u> | <u>417</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| 2008A Refunding LCDA Convention Center Hotel - | 36,805 | 820 | 1,025 | 1,180 | 1,385 | 1,360 | 9,320 | 12,470 | 9,245 | - |
| 2016 COI Independence Stadium Project | 20,800 | 1,535 | 1,580 | 1,660 | 1,710 | 1,760 | 10,200 | 2,355 | - | - |
| Plus: Unamortized premium | 2,222 | 219 | 219 | 219 | 219 | 219 | 1,093 | 36 | - | - |
| | <u>23,022</u> | <u>1,754</u> | <u>1,799</u> | <u>1,879</u> | <u>1,929</u> | <u>1,979</u> | <u>11,293</u> | <u>2,391</u> | <u>-</u> | <u>-</u> |
| 2013 Capital Lease - W&S | 409 | 409 | - | - | - | - | - | - | - | - |
| 2016A Capital Lease -1.7% | 1,059 | 296 | 301 | 306 | 156 | - | - | - | - | - |
| 2016B Capital Lease - 1.830% | 5,409 | 1,316 | 1,340 | 1,364 | 1,389 | - | - | - | - | - |
| | <u>6,468</u> | <u>1,612</u> | <u>1,641</u> | <u>1,670</u> | <u>1,545</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Total General Obligation Debt | <u>259,075</u> | <u>25,096</u> | <u>23,174</u> | <u>14,088</u> | <u>14,588</u> | <u>12,685</u> | <u>73,127</u> | <u>72,162</u> | <u>24,154</u> | <u>-</u> |

Maturities (in thousands of dollars)

| | Total | 2018 | 2019 | 2020 | 2021 |
|---|---------------------|------------------|------------------|------------------|------------------|
| Municipal and Regional Airports | | | | | |
| 2015A Revenue Refunding | 23,620 | - | - | - | 315 |
| Plus: Unamortized premium | 40 | - | - | - | 10 |
| | <u>23,660</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>325</u> |
| 2015B Taxable PFC Revenue | 9,330 | 2,400 | 2,645 | 2,810 | 1,475 |
| Total Municipal and Regional Airports - Notes | <u>32,990</u> | <u>2,400</u> | <u>2,645</u> | <u>2,810</u> | <u>1,800</u> |
| Water and Sewerage | | | | | |
| 2009A Revenue Bonds RLF - 3.45% | 703 | 47 | 48 | 49 | 50 |
| 2009B Revenue Bonds RLF - 3.45% | 6,179 | 410 | 420 | 430 | 440 |
| 2010D Revenue Bonds RLF - .95% | 8,340 | 570 | 575 | 575 | 575 |
| 2013 Revenue Bonds RLF - .95% | 1,842 | 368 | 368 | 368 | 368 |
| 2013 Revenue Bonds | 4,386 | 235 | 237 | 239 | 241 |
| 2014A Refunding Revenue Bonds | 59,595 | 7,185 | 7,490 | 7,870 | 8,285 |
| Plus: Unamortized Reoffer Call Premium | 7,823 | 656 | 656 | 656 | 656 |
| | <u>67,418</u> | <u>7,841</u> | <u>8,146</u> | <u>8,526</u> | <u>8,941</u> |
| 2014B Revenue Bonds | 67,045 | - | - | - | - |
| Plus: Unamortized Reoffer Call Premium | 1,466 | 70 | 70 | 70 | 70 |
| | <u>68,511</u> | <u>70</u> | <u>70</u> | <u>70</u> | <u>70</u> |
| 2014C Revenue Bonds | 7,955 | - | - | - | - |
| Plus: Unamortized Reoffer Call Premium | 614 | 28 | 28 | 28 | 28 |
| | <u>8,569</u> | <u>28</u> | <u>28</u> | <u>28</u> | <u>28</u> |
| 2015 Revenue Refunding | 119,095 | 485 | 515 | 545 | 570 |
| Plus: Unamortized premium | 15,663 | 683 | 683 | 683 | 683 |
| | <u>134,758</u> | <u>1,168</u> | <u>1,198</u> | <u>1,228</u> | <u>1,253</u> |
| 2016A RLF Revenue Bonds | 1,520 | 913 | 607 | - | - |
| 2016B Revenue Bonds | 100,000 | - | - | - | - |
| Plus: Unamortized premium | 7,148 | 299 | 299 | 299 | 299 |
| | <u>107,148</u> | <u>299</u> | <u>299</u> | <u>299</u> | <u>299</u> |
| 2016C Revenue Bonds | 7,290 | 1,145 | 1,165 | 1,195 | 1,225 |
| 2017A Revenue Bonds | 55,975 | 1,500 | - | - | - |
| Plus: Unamortized premium | 6,862 | 286 | 286 | 286 | 286 |
| | <u>62,837</u> | <u>1,786</u> | <u>286</u> | <u>286</u> | <u>286</u> |
| 2017B Revenue Bonds | 35,840 | 700 | - | - | - |
| Plus: Unamortized premium | 2,814 | 117 | 117 | 117 | 117 |
| | <u>38,654</u> | <u>817</u> | <u>117</u> | <u>117</u> | <u>117</u> |
| 2017C Revenue Bonds | 43,190 | 2,060 | 2,130 | 2,205 | 2,285 |
| Total Revenue Bonds - Water and Sewerage | <u>561,347</u> | <u>17,759</u> | <u>15,696</u> | <u>15,617</u> | <u>16,180</u> |
| Community Development Notes | | | | | |
| Fairmont Towers Note | 260 | 130 | 130 | - | - |
| Shreveport ICEDI | 797 | 131 | 131 | 131 | 131 |
| Total Community Development Notes | <u>1,057</u> | <u>261</u> | <u>261</u> | <u>131</u> | <u>131</u> |
| Total Principal | <u>\$ 854,468</u> | <u>\$ 45,516</u> | <u>\$ 41,776</u> | <u>\$ 32,646</u> | <u>\$ 32,699</u> |
| Interest Requirements: | | | | | |
| General Obligation Debt | 99,682 | 10,595 | 10,657 | 10,006 | 9,578 |
| Revenue Bonds and Notes | | | | | |
| Convention Center Hotel | - | - | - | - | - |
| Water and Sewerage | 371,386 | 23,460 | 22,984 | 22,443 | 21,866 |
| Municipal and Regional Airports | 13,945 | 1,276 | 1,220 | 1,146 | 1,077 |
| Total Interest Requirements | <u>485,012</u> | <u>35,331</u> | <u>34,860</u> | <u>33,595</u> | <u>32,521</u> |
| Total Future Debt Requirements | <u>\$ 1,339,480</u> | <u>\$ 80,846</u> | <u>\$ 76,636</u> | <u>\$ 66,241</u> | <u>\$ 65,220</u> |

Maturities (in thousands of dollars)

| 2022 | 2023-2027 | 2028-2032 | 2033-2037 | 2038-2042 |
|------------------|-------------------|-------------------|-------------------|-------------------|
| 1,950 | 6,290 | 5,100 | - | 9,965 |
| 10 | 20 | - | - | - |
| <u>1,960</u> | <u>6,310</u> | <u>5,100</u> | <u>-</u> | <u>9,965</u> |
| - | - | - | - | - |
| <u>1,960</u> | <u>6,310</u> | <u>5,100</u> | <u>-</u> | <u>9,965</u> |
| 51 | 276 | 182 | - | - |
| 451 | 2,427 | 1,601 | - | - |
| 580 | 2,968 | 2,497 | - | - |
| 368 | - | - | - | - |
| 244 | 1,262 | 1,309 | 619 | - |
| 8,710 | 18,450 | 1,605 | - | - |
| 656 | 3,282 | 1,258 | - | - |
| <u>9,366</u> | <u>21,732</u> | <u>2,863</u> | <u>-</u> | <u>-</u> |
| - | 1,400 | 23,935 | 34,060 | 7,650 |
| 70 | 351 | 351 | 351 | 64 |
| <u>70</u> | <u>1,751</u> | <u>24,286</u> | <u>34,411</u> | <u>7,714</u> |
| - | - | - | 7,955 | - |
| 28 | 140 | 140 | 140 | 54 |
| <u>28</u> | <u>140</u> | <u>140</u> | <u>8,095</u> | <u>54</u> |
| 600 | 7,975 | 31,125 | 22,755 | 54,525 |
| 683 | 3,417 | 3,417 | 3,417 | 1,993 |
| <u>1,283</u> | <u>11,392</u> | <u>34,542</u> | <u>26,172</u> | <u>56,518</u> |
| - | - | - | - | - |
| - | 9,590 | 16,880 | 24,790 | 48,740 |
| 299 | 1,494 | 1,494 | 1,494 | 1,171 |
| <u>299</u> | <u>11,084</u> | <u>18,374</u> | <u>26,284</u> | <u>49,911</u> |
| 1,260 | 1,300 | - | - | - |
| - | - | - | 19,525 | 34,950 |
| 286 | 1,430 | 1,430 | 1,430 | 1,144 |
| <u>286</u> | <u>1,430</u> | <u>1,430</u> | <u>20,955</u> | <u>36,094</u> |
| - | - | - | 10,740 | 24,400 |
| 117 | 586 | 586 | 586 | 469 |
| <u>117</u> | <u>586</u> | <u>586</u> | <u>11,326</u> | <u>24,869</u> |
| 2,365 | 13,115 | 15,580 | 3,450 | - |
| <u>16,770</u> | <u>69,464</u> | <u>103,391</u> | <u>131,312</u> | <u>175,160</u> |
| - | - | - | - | - |
| 131 | 142 | - | - | - |
| <u>131</u> | <u>142</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| <u>\$ 31,546</u> | <u>\$ 149,042</u> | <u>\$ 180,653</u> | <u>\$ 155,466</u> | <u>\$ 185,125</u> |
| 9,087 | 34,776 | 13,947 | 1,036 | - |
| - | - | - | - | - |
| 21,260 | 98,794 | 82,491 | 78,087 | - |
| 1,013 | 3,874 | 2,565 | 1,775 | - |
| <u>31,360</u> | <u>137,444</u> | <u>99,003</u> | <u>80,898</u> | <u>-</u> |
| <u>\$ 62,906</u> | <u>\$ 286,486</u> | <u>\$ 279,656</u> | <u>\$ 236,364</u> | <u>\$ 185,125</u> |

General Obligation Bonds

General obligation bonds are direct general obligations of the City. Principal and interest are payable from ad valorem taxes levied on all taxable property within the City.

In December 2017, the City issued \$50,000,000 in General Obligation Refunding Bonds, Series 2017. The Bonds were issued for the purpose of advance refunding the City’s outstanding General Obligation Bonds, Series 2011 and paying the costs of issuance of the Bonds. The net proceeds of \$58,373,096 (including a premium of \$7,085,176 and issuance cost of \$715,873) were placed in an irrevocable trust with an escrow agent to provide funds for the advance refunding for the above bonds. As a result, these amounts are considered defeased and the liabilities have been removed from the statement of net position. \$13,955,000 remains on the books. The outstanding amounts of all the bonds will be called on August 1, 2021, and the amounts outstanding at December 31, 2017, were \$50,000,000.

The General Obligation Refunding Bonds, Series 2017 bear interest rates between 3% and 5% maturities from 2022 to 2031. The reacquisition price exceeded the carrying amount by \$2,603,171 and is amortized over the life of the refunding debt. The refunding was undertaken to reduce future debt service payments by \$2,317,456 and resulted in an economic gain of \$1,777,220.

In November 2016, the City issued \$20,800,000 in Refunding Bonds, Series 2016. The bonds were issued to defease and refund the Series 2008 – Stadium Debt Bonds \$24,665,000, and pay the costs of issuance, including the premiums for the municipal bond insurance policy and debt service reserve surety bond. The net proceeds of \$26,241,121 (including a premium of \$2,476,543, issuance costs of \$314,840, insurance premiums \$86,412, underwriter’s discount \$127,982, and surety expense \$66,824) were placed in an irrevocable trust with an escrow agent to provide funds for the advance refunding for the above bonds. As a result, the Series 2008 – Stadium Debt bonds are considered defeased and the liabilities have been removed from the statement of net position. The outstanding amounts of all the bonds will be called on March 1, 2018, and the amounts outstanding at December 31, 2016, were \$20,800,000.

The 2016 Refunding Bonds bear interest rates of 3% to 5% with maturities from 2018 to 2028. The reacquisition price exceeded the carrying amount by \$3,023,654.77 and is amortized over the life of the refunding debt. The refunding was undertaken to reduce future debt service payments by \$6,439,525 and resulted in an economic gain of \$2,434,519.45.

Community Development Notes

The City has two Housing and Urban Development (HUD) loans received in prior years. The loans are secured by a note receivable from the developer with a first lien mortgage and a pledge of the City’s current and future CDBG funds. The note receivable and loan payable are recorded in the Community Development Fund due to the flow of funds between the developer, the City, and HUD. The developer makes payments to the City and the City services the loan to HUD.

The debt service requirements to maturity for these loans are as follows:

| <u>Year Ending December 31,</u> | <u>Principal</u> | <u>Interest</u> |
|---------------------------------|---------------------|-------------------|
| 2018 | \$ 261,000 | \$ 49,068 |
| 2019 | 261,000 | 39,719 |
| 2020 | 131,000 | 29,914 |
| 2021 | 131,000 | 22,696 |
| 2022-2023 | 273,000 | 23,437 |
| Total | <u>\$ 1,057,000</u> | <u>\$ 164,833</u> |

Municipal and Regional Airports Revenue Bonds

The resolutions applicable to the Municipal and Regional Airports Revenue Bonds require the establishment of various bond principal and interest sinking funds and the establishment of a debt service reserve fund. For financial statement reporting, these funds have been consolidated within the Municipal and Regional Airport fund. Net position of the Municipal and Regional Airport fund has been restricted in accordance with the provisions of the respective bond indentures in the amount of \$ 101,244,956 at December 31, 2017, which represents the restricted assets included in the debt service funds at that date with no current liabilities payable from these restricted assets.

The City has covenanted in the General Bond Resolution that it will at all times fix, prescribe and collect rents, fees and other charges for the services and facilities furnished by the Airport System sufficient to yield net revenues during each fiscal year equal to at least 125% of debt service for such fiscal year and to yield revenues during each fiscal year equal to at least 100% of the aggregate amounts required to be deposited during the first year in each account created by the General Bond Resolution.

Restricted assets of the Municipal and Regional Airport fund primarily represent amounts which are required to be maintained pursuant to ordinances relating to bonded indebtedness. A summary of restricted assets at December 31, 2017, follows:

| | |
|--------------------------------------|---------------------|
| <u>Fund</u> | |
| Other Miscellaneous Restricted Funds | \$ 2,009,336 |
| Bond and Interest Sinking Funds | <u>4,576,341</u> |
| Total restricted assets | <u>\$ 6,585,677</u> |

Water and Sewerage Revenue Bonds

In June 2017, the City issued \$55,975,000 in Water and Sewer Revenue Bonds, Series 2017A. The bonds were issued for the purpose of paying the costs of improvements to the Water System, including capitalized interest, purchasing a reserve fund surety, and paying the costs of issuance of the Series 2017A Bonds, including the premium for the municipal bond insurance policy and the premium for the debt service reserve fund surety bond for the Series 2017A Bonds. The bonds bear interest rates between 4% and 5% with maturities from 2018 to 2042.

In June 2017, the City issued \$35,840,000 in Water and Sewer Revenue Bonds, Junior Lien Series 2017B. The bonds were issued for the purpose paying the costs of improvements to the System, including capitalized interest, purchasing a reserve fund surety, and paying the costs of issuance of the Series 2017B Bonds, including the premium for the municipal bond insurance policy and the premium for the debt service reserve fund surety bond for the Series 2017B Bonds. The bonds bear interest rates between 3.375% and 5% with maturities from 2018 to 2042.

In July 2017, the City issued \$43,190,000 in Refunding Bonds, Series 2017C. The bonds were issued for the purpose of refunding, readjusting, restructuring and/or refinancing the City's repayment obligations under a Loan Agreement dated as of October 1, 2005 (the "Loan Agreement"), by and between the City, as borrower, and the Louisiana Local Government Environmental Facilities and Community Development Authority, as lender (the "Authority"), pursuant to which the City is indebted to the Authority for the repayment of certain sums of money, together with interest and other payments described in the Loan Agreement in connection with the issuance by the Authority of its Revenue Bonds (Shreveport Utility System Project) Series 2005 (the "Refunded Bonds"), and paying costs of issuance. The net proceeds of \$43,005,000 (including payment of accrued interest on refunded bonds of \$67,518 and cost of issuance of \$185,000) were placed in an irrevocable trust with an escrow agent to provide funds for the advance refunding for the above bonds. As a result, the Revenue Bonds (Shreveport Utility System Project) Series 2005 are considered defeased and the liabilities have been removed from the statement of net position.

The 2017C Refunding Bonds bear an interest rate of 3.50% with maturities from 2018 to 2033. The carrying amount exceeded the reacquisition price by \$596,032 and is amortized over the life of the refunding debt. The refunding was undertaken to fix the outstanding variable rate, align the governing documents with the new General Bond Ordinance and extend the final maturity to match the useful life of the original project – Utility System Debt Bonds \$43,005,000.

In December 2016, the City issued \$20,000,000 in Taxable Water and Sewer Revenue Bonds (LDEQ Sewer Project), Series 2016A. The bonds were sold by the City to the Louisiana Department of Environmental Quality. The bonds bear an interest rate of .45% plus an administrative fee of .50%. The bonds were issued to finance a portion of the costs of constructing and acquiring improvements, extensions and replacements to the sewerage portion of the City's combined drinking water and wastewater collection, treatment and disposal system, and paying the costs of issuance. The proceeds of the bonds are received

through drawdowns and interest is payable from the date of the drawdown. The amount drawn down in 2017 was \$1,459,197 for a total of \$1,520,267.

In December 2016, the City issued \$100,000,000 in Water and Sewer Revenue Bonds, Series 2016B. The bonds were issued for the purpose of paying the costs of improvements to the System, including capitalized interest, funding a reserve fund surety, and paying the costs of issuance. The bonds bear an interest rate of 5% with maturities from 2024 to 2041.

In December 2016, the City issued \$8,420,000 in Taxable Water and Sewer Revenue Bonds, Junior Lien Series 2016C. The bonds were issued for the purpose of paying an interest rate swap termination fee in connection with previous indebtedness incurred in relation to the System, funding a reserve fund surety, and paying the costs of issuance. The bonds bear interest rates from 1.6% to 3.5% with maturities from 2017 to 2023.

In November 2014, the City issued \$75,835,000 in Water and Sewer Revenue Refunding Bonds, Series 2014 A. The bonds were issued to currently refund the outstanding 2001A, 2001B, 2001C, 2002A, 2002B, 2003A, 2003B, 2004A and 2010C bonds in the amount of \$65,981,906 and to advance refund \$16,135,000 of the 2007 bonds. The net proceeds of \$85,387,973 (including a premium of \$9,792,379, a contribution from the City of \$947,000 and issuance costs and insurance premiums of \$1,186,406) were used for the current refunding \$66,832,837 and \$18,555,136 was placed in an irrevocable trust with an escrow agent to provide funds for the advance refunded 2007 bonds. As a result, all of the bonds are considered defeased and the liabilities have been removed from the statement of net position. The 2007 bonds will be called on December 1, 2017, and the amount outstanding at December 31, 2017 is \$59,595,000.

In November 2013, the City entered into a Loan and Pledge Agreement with the Louisiana Department of Environmental Quality. The Department purchased the City's \$5,000,000 Taxable Utility Revenue Bonds (LDEQ Series Project) Series 2013. The bonds were issued for the purpose of financing a portion of the costs of constructing and acquiring improvements, extensions and replacements to the sewerage portion of the combined water and sewer system of the City. The bonds bear an interest rate of .45% plus an administrative fee of .50%. The proceeds of the bonds are received through drawdowns and interest is payable from the date of the drawdown. The amount drawdown in 2017 was \$0 for a total of \$5,000,000.

In June 2010, the City issued \$11,560,000 of Taxable Water and Sewer Revenue Bonds (DEQ Sewer Project), Series 2010D. The bonds were sold by the City to the Louisiana Department of Environmental Quality, Municipal Facilities Revolving Loan Fund. The bonds are Build America Bonds and are entitled to a credit equal to 35% of the interest paid on the bonds. The bonds bear an interest rate of .45% plus an administrative fee of .50%. The proceeds of the bonds are received through drawdowns and interest is payable from the date of the drawdown. The amount drawn down in 2017 was \$2,840,594 for a total of \$11,510,608.

In November 2009, the City entered into a Loan and Pledge Agreement for \$11,000,000 with the Louisiana Department of Health and Hospitals. The Department purchased the City's \$2,000,000 Water and Sewer Revenue Bonds, Series 2009A and the City's \$9,000,000 Water and Sewer Revenue Bonds, Series 2009B. The proceeds of the bonds are received through drawdowns. There were no drawdowns in 2017 for either of the bonds. The total to date is \$2,000,000 for the 2009A bonds and \$8,692,302 for the 2009B bonds (\$1,000,000 of the 2009A bonds has been forgiven through the American Recovery and Investment Act of 2009).

The resolutions applicable to the Water and Sewerage Revenue Bonds require the establishment of various bond principal and interest sinking funds and the establishment of a debt service reserve fund. For financial statement reporting, these funds have been consolidated within the Department of Water and Sewerage.

The City has debt covenants with respect to the various Water and Sewer bond issues to fix and collect rates and charges for all water and sewerage services supplied by the System which will be sufficient in each fiscal year, after making due allowance for delinquencies in collection and after providing for the payment of the reasonable and necessary expenses of operating and maintaining the System, to produce net revenues (i) sufficient to pay debt service on all outstanding City bonds and to maintain the funds and accounts as provided in the bond resolution and (ii) which result in each fiscal year in the greater of (a) the sum of debt service payable on the City bonds in the ensuing fiscal year plus any required deposit to the Debt Service Reserve Fund, or (b) a ratio of net revenues to average annual debt service of not less than 1.25 to 1, the required debt service coverage ratio.

Restricted assets in the Water and Sewerage Fund primarily represent amounts which are required to be maintained pursuant to ordinances relating to bonded indebtedness (construction, debt service, and bond principal and interest sinking funds). A summary of restricted assets at December 31, 2017, follows:

| <u>Fund</u> | |
|---------------------------------|-----------------------|
| Debt Service Reserve Funds | \$ 2,072,175 |
| Bond and Interest Sinking Funds | 43,361 |
| 2001C Bond Construction Fund | 2 |
| 2007 LCDA Revenue Bonds | 887,790 |
| 2014B Bond Project Fund | 3,577 |
| 2014C Bond Project Fund | 1,803 |
| 2015 Bond Project Fund | 25,951,238 |
| 2016B Bond Project Fund | 106,202,064 |
| 2017A Bond Project Fund | 62,249,065 |
| 2017B Bond Project Fund | 38,155,446 |
| Total restricted assets | <u>\$ 235,566,521</u> |

Convention Center Hotel

In May 2014, the City remarketed the \$39,085,000 remaining principal balance of the \$40,980,000 Louisiana Local Government Environmental Facilities and Community Development Authority Revenue Refunding Bonds (Shreveport Convention Center Hotel Project) Series 2008. The bonds were placed with Regions Capital Advantage, Inc. for a period of five years through May 30, 2019 and shall bear interest at a variable rate of 65.1% of one-month LIBOR plus 0.92%. The bonds were remarketed without credit enhancement or rating. In the event the bonds are not remarketed at the end of the holding period, the interest rate will increase to 12%.

Restricted assets of the Convention Center Hotel Fund primarily represent amounts required to be maintained in accordance with the trust indenture and loan agreement. A summary of restricted assets at December 31, 2017 follows:

| <u>Fund</u> | |
|--------------------------------|---------------------|
| Bond Interest Sinking Fund | \$ 674,129 |
| Miscellaneous Restricted Funds | <u>666,061</u> |
| Total restricted assets | <u>\$ 1,340,190</u> |

Shreveport Home Mortgage Authority Bonds

On February 1, 2004, the Authority issued \$4,360,000 in bonds, the 2004 Multi-Family Housing Revenue Refunding Bonds, to advance refund the \$4,360,000 1995 Multi-Family Issue. Bond costs of \$130,569 were paid by the Authority. At December 31, 2017, the principal outstanding on the 2004 bonds was \$4,700,929. The Authority issued on August 1, 2003 \$7,500,000 in revenue refunding bonds, originally due April 1, 2037; the payments have been accelerated with the estimated maturities reflected below.

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

The annual requirements to amortize all debt outstanding as of December 31, 2017 including interest requirements are as follows:

| <u>Year Ending December 31,</u> | <u>Total</u> | <u>Principal</u> | <u>Interest</u> |
|---------------------------------|---------------------|---------------------|---------------------|
| 2017 | \$ 388,614 | \$ 174,421 | \$ 214,193 |
| 2018 | 383,453 | 177,416 | 206,037 |
| 2019 | 398,079 | 200,577 | 197,502 |
| 2020 | 392,059 | 203,911 | 188,148 |
| 2021 | 392,327 | 217,429 | 174,898 |
| 2022-2024 | 4,118,727 | 3,727,175 | 391,552 |
| Total | <u>\$ 6,073,259</u> | <u>\$ 4,700,929</u> | <u>\$ 1,372,330</u> |

Note of Future Advance Refundings

Per the Tax Reform and Jobs Act of 2017, advance refundings of debt are no longer an available option for governmental entities.

Arbitrage Rebate

In accordance with the Tax Reform Act of 1986 any interest earnings on borrowed funds since August 31, 1986 in excess of the interest costs are required to be rebated to the federal government. The City has determined that there was no material liability at December 31, 2017. Additional rebate calculations are scheduled to be performed in 2019.

IV. Other Information

A. Retirement Commitments - Defined Benefit Pension Plans and Other Postemployment Benefits

The City of Shreveport administers three defined benefit pension plans: the Firemen’s Pension and Relief Fund (FPRF), the Policemen’s Pension and Relief Fund (PPRF) and the Employees’ Retirement System (ERS), a cost-sharing multiple employer plan. These plans do not issue stand-alone financial reports and are not included in the report of a public employee retirement system or another entity and are therefore included in this report as combining statements under the section entitled “Combining and Individual Fund Statements and Schedules”. The City also provides medical, dental and life insurance coverage through a cost-sharing multiple-employer defined benefit plan. The City also participates in two state-administered cost-sharing multiple-employer defined benefit pension plans. They are the Municipal Police Employees Retirement Systems (MPERS) and the Firefighters’ Retirement System (FRS).

Summary of Significant Accounting Policies – City Administered Plans

Basis of Accounting - The three City administered pension plans’ financial statements are prepared using the accrual basis of accounting. Plan members’ contributions are recognized in the period in which the contributions are due. The City’s contributions are recognized when due and a formal commitment to provide the contributions has been made. 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. The cash surrender value of life insurance policies is recorded as other assets for the FPRF and PPRF. The policies are valued at their cash value as of the date of the financial statements. The policies provide assets to fund benefits of the plan. The pension investment policies are described in Note I.D.1. Cash, Cash Equivalents and Investments.

Concentration of Investments - The FPRF, PPRF and ERS had no investments in any one organization representing 5% or more of the fiduciary net position except for obligations of the federal government. There are no investments in loans to or leases with parties related to the pension plans.

Membership - Each pension plan administered by the City consisted of the following participants at December 31, 2017:

| | <u>FPRF</u> | <u>PPRF</u> | <u>ERS</u> |
|---|-------------|-------------|--------------|
| Retirees and beneficiaries receiving benefits | 361 | 183 | 1,053 |
| Active plan members: | | | |
| Vested | 11 | - | 534 |
| Nonvested | - | - | 823 |
| Terminated plan members due a future benefit | - | - | 14 |
| Total | <u>372</u> | <u>183</u> | <u>2,424</u> |
| Number of participating employers | 1 | 1 | 3 |

Administrative costs of the ERS are financed through contributions from the employers, members and investment income. Administrative costs of the FPRF and PPRF are financed through contributions from the employer and investment income.

Plan Descriptions

The FPRF is a single-employer defined benefit pension plan that temporarily covers firefighters who retire after January 1, 1983 and meet the eligibility requirements of the local retirement plans but not the State plan. The pension plan is closed to new members.

The PPRF is a single-employer defined benefit pension plan that temporarily covers policemen who retire after January 1, 1983 and meet the eligibility requirements of the local retirement plans but not the state plan. The pension plan is closed to new members.

The ERS is a cost-sharing multiple-employer defined benefit pension plan that covers all full-time classified employees of the City other than policemen and firemen and is administered by the City.

Pension Liability:

The Net Pension Liability was measured as of December 31, 2017 and the total pension liability used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date. The City's proportion of the Net Pension Liability is 100%. The total pension liability was determined by an actuarial valuation as of the valuation date, calculated on the discount rate and actuarial assumptions below, and was then projected forward to the measurement date. There have been no significant changes between the valuation date and the fiscal year end.

The following table presents the changes in net pension liability measured as of the year ended December 31, 2017 (Note: The information provided below for ERS was provided by the actuary report and will not reconcile directly to the fiduciary statement due to adjustments to the funds after information was provided to the actuary).

| | <u>2017</u> | | |
|---|--------------------------|--------------------------|---------------------------|
| | <u>FPRF</u> | <u>PPRF</u> | <u>ERS</u> |
| Total pension liability | | | |
| Service cost | \$ 2,466 | \$ - | \$ 6,388,377 |
| Investment Income | 1,818,972 | 1,351,708 | 27,864,078 |
| Differences between expected and actual experience | (870,520) | (251,420) | 1,888,718 |
| Benefit payments, including refunds of member contributions | <u>(1,446,353)</u> | <u>(1,449,066)</u> | <u>(28,176,388)</u> |
| Net change in total pension liability | (495,435) | (348,778) | 7,964,785 |
| Total pension liability - beginning | <u>27,564,134</u> | <u>20,273,816</u> | <u>405,560,408</u> |
| Total pension liability - ending (a) | <u><u>27,068,699</u></u> | <u><u>19,925,038</u></u> | <u><u>413,525,193</u></u> |

| | 2017 | | |
|--|----------------------|---------------------|-----------------------|
| | FPRF | PPRF | ERS |
| Plan fiduciary net position | | | |
| Contributions - employer | - | - | 9,449,966 |
| Contributions - member | - | - | 4,987,403 |
| Net investment income | 1,548,013 | 1,851,689 | 24,769,925 |
| Benefit payments, including refunds of member contributions | (1,446,353) | (1,449,066) | (28,176,388) |
| Administrative expense | (26,385) | (26,417) | (1,154,171) |
| Other | - | - | - |
| Net change in plan fiduciary net position | <u>75,275</u> | <u>376,206</u> | <u>9,876,735</u> |
| Plan fiduciary net position - beginning | <u>16,559,920</u> | <u>18,224,417</u> | <u>186,510,062</u> |
| Plan fiduciary net position - ending (b) | <u>16,635,195</u> | <u>18,600,623</u> | <u>196,386,797</u> |
| Net pension liability - ending (a) - (b) | <u>\$ 10,433,504</u> | <u>\$ 1,324,415</u> | <u>\$ 217,138,396</u> |
| Plan fiduciary net position as a percentage of the total pension liability | 61.46% | 93.35% | 47.49% |
| Covered-employee payroll | \$ - | \$ - | \$ 45,107,805 |
| Net pension liability as a percentage of covered-employee payroll | 0.00% | 0.00% | 481.38% |

Eligibility Requirements and Retirement Benefits

FPRF plan:

Until January 1, 1983, the Firemen's Pension and Relief Fund (FPRF) provided the primary retirement benefits for two groups of employees. Firefighters hired before July 12, 1977, were covered under an "Old Plan". Firefighters hired on or after July 12, 1977, were covered by a "New Plan". Under the Old Plan, a firefighter was eligible to retire at any age with 20 years of service. Benefits are payable monthly for life equal to 50% of the fireman's monthly salary, plus 3 1/3% for each year of service between 20 and 25 years, plus 1 2/3% for each year of service between 25 and 30 years. Under the New Plan, a firefighter is eligible to retire at age 50 with 20 years of service or age 55 with 12 years of service. Benefits are 2 1/2% of three-year average pay times years of service up to 10, plus 3% of each year of service over 10. The benefit cannot exceed 85% of final salary. The City guarantees that it will pay the benefits under the Old and New Plans until the member is eligible for a benefit from the Statewide Firefighters Retirement System. It also guarantees to pay the excess benefit of these plans over the Statewide Firefighters Retirement System.

Disability benefits are payable under the Old Plan on the basis of: (1) temporary total disability in the line of duty, (2) total disability in the line of duty, (3) occupational disability in the line of duty, or (4) total disability not in the line of duty. Disability benefits payable are (1) 66 2/3% of the monthly salary, payable for no more than one year; (2) 66 2/3% of the salary of active members holding the position corresponding to that held by the disabled member at the time he became disabled is payable for the duration of the disability or until the member reaches eligibility for retirement on service basis, except the benefit will end as of the time when the member would have completed 30 years of service; (3) 50% of salary of active members holding the position corresponding to that held by the disabled, not to exceed 66 2/3% of first class hoseman's salary, payable for duration if disability or until eligible for service retirement; and (4) 25% of salary of active members holding the position corresponding to that held by the disabled member at the time he became disabled, plus an additional 2% of such salary for each year of service over 5 years, but not to exceed 50% of a first class hoseman's salary payable for the duration of the disability. Under the New Plan, the disability benefit is (1) 60% of the fireman's monthly salary or (2) 75% of the accrued benefit. The City guarantees it will pay any excess of the benefits of this plan over the Statewide Firefighters Retirement System.

Under the Old Plan, death benefits equal to 50% of a beginning fireman's salary are payable to a surviving spouse. The City guarantees that it will pay this benefit for each fireman holding a guarantee of benefits contract. Under the New Plan, there is not an automatic benefit provided. Death benefits are based on the option chosen by the member at retirement.

There was not a vesting provision under the Old Plan. Members were eligible for benefits only after serving the time requirement for normal retirement. Under the New Plan, members vest after twelve years of service and may receive a benefit at age 50 with twenty years of service or at age 55 with a minimum of twelve years of service. Benefits are established and may be amended by State statutes, R.S.11:3713 and 3714.

The guaranteed benefits are paid to a closed group of firefighters. A significant part of the guaranteed benefits are the temporary benefits payable until age 50. The value of these temporary benefits can fluctuate widely, since it directly depends upon how many people retire before age 50.

PPRF plan:

Until July 12, 1977, all police officers hired became participants in the Policemen's Pension and Relief Fund (PPRF) as a condition of employment. After July 12, 1977, all new policemen were placed directly into the State's Municipal Police Employees' Retirement System (MPERS). Currently only policemen who retire after January 1, 1983, and who meet the eligibility requirements for a retirement benefit from the local plan but not the state plan, are being paid from this fund. Under this plan, a policeman hired before 1969 can retire at any age with 20 years of service; policemen hired after 1968 can retire at any age with 25 years of service. Benefits are payable monthly at 66 2/3% of monthly salary, plus an additional 0.833% for each year of service over 20 served after July 12, 1977. An additional 1.66% is paid for each year of service over 25 if the employee was hired after 1968. The benefit cannot exceed 75% of the policeman's monthly salary. The City guarantees that it will pay the benefit under this plan until the member is eligible for the Municipal Police Employee's Retirement System. It guarantees to pay the excess benefits, if any, of this plan over the Municipal Police Employee's Retirement System for the life of the member.

Disability benefits are payable on the basis of: (1) temporary total disability in the line of duty; (2) total and permanent disability in the line of duty; and (3) occupational disability that is total and permanent and received in the line of duty which renders the member unable to function in his police duties. Benefits payable are: (1) 66 2/3% of monthly salary of active member holding a position corresponding to that which had been held by a disabled member at the time he became disabled. Payments will be made for no more than one year or benefits will continue until member becomes eligible for service retirement; or (2) 50% of monthly salary of active member holding a position corresponding to that which had been held by a disabled member at the time he became disabled. Benefits will continue until member becomes eligible for service retirement. The City guarantees that it will pay any excess of the benefits of this plan over the MPERS.

A death benefit is payable to a surviving spouse equal to 50% of a beginning policeman's salary. The City guarantees that it will pay this benefit for each policeman holding a guarantee-of-benefits only after serving the time requirement for normal retirement. Benefits are established and may be amended by State statutes, R.S.11:3433, 3434, 3436 and 3437.

The guaranteed benefits are paid to a closed group of policemen. A significant part of the guaranteed benefits are the temporary benefits payable until age 50.

ERS plan:

Non-City employees employed by the following organizations may become members in the Employees' Retirement System (ERS): Shreve Memorial Library, Caddo-Shreveport Sales and Use Tax Commission and other non-City employees recommended by the Board of Trustees and approved by the City Council. Appointed officials of the City and the Mayor have the option to join by filing an application within 90 days after taking office. However, by joining the retirement system, they may not participate in the deferred compensation program for appointed employees.

Prior to October 1, 1999, to be eligible for regular retirement benefits, members must have 30 years of service regardless of age or be age 65 with 10 years of service, and if hired before January 1, 1979 be 55 years of age with 20 years of service. If hired on or after January 1, 1979, members must be 55 years of age with 25 years of service or age 60 with 20 years of service. As of October 1, 1999, eligibility for regular retirement has been extended to any member who has 20 years of service at age 55. The difference, before and after a hire of January 1, 1979, has been eliminated. Members become vested in the system after 15 years of creditable service. Benefit provisions are established and may be amended by City ordinance #2 of 1954, #163 of 1990 and #112 of 1991.

Benefits available to members hired before January 1, 1996, consist of an annuity, which is the actuarial equivalent of the employee's accumulated contributions; plus an annual pension, which together with the annuity, provides a total retirement allowance equal to 3% of average compensation times years of creditable service. Beginning January 1, 1996, the retirement

allowance was increased to 3 1/3% of average compensation times years of creditable service for 1996 and future years of service. Effective January 1, 2015, the retirement allowance was reduced to 2.75% of average compensation times years of creditable service for 2015 and future years. An early retirement provision has been implemented for any member who has at least 10 years, prior to January 1, 2015, of service and is within 10 years of a member's normal retirement age. The benefit is reduced by 3% per year for each year within five years of the normal retirement date, by 5% for the next earlier year, and by 8% for each additional earlier year. The plan allows members who have met eligibility requirements to defer receipt of benefits for a period of two years with one percent interest.

Contributions

FPRF plan:

Only the employer makes contributions on a pay-as-you-go basis. The employer contribution obligations are established and may be amended by State statutes. Contributions are made from the General Fund. The City's contribution rate of annual covered payroll is not applicable. There are no active employees.

Management of the FPRF is vested in the board which consists of nine members – five elected employees or retirees eligible for the plan, the Mayor, the Chief Administrative Officer, the Finance Director and the Fire Chief.

For the year ended December 31, 2017, the annual money-weighted rate of returns on pensions plan investments, net of pensions plan investment expense, was 9.81%. External cash flows are determined on a monthly basis and are assumed to occur at the beginning of each month. External cash inflows are netted with external cash outflows, resulting in a net external cash flow each month. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

PPRF plan:

Only the employer makes contributions. The employer contribution obligations are established and may be amended by State statutes. The funding approach is to amortize all benefits over 25 years. However, the contribution cannot be less than the expected benefit payments for the year. Contributions are made from the General Fund. The City's contribution rate of covered payroll is not applicable. There are no active employees.

Management of the PPRF is vested in the board which consists of nine members – five elected employees or retirees eligible for the plan, the Mayor, the Chief Administrative Officer, the Finance Director and the Police Chief.

For the year ended December 31, 2017, the annual money-weighted rate of returns on pension plan investments, net of pensions plan investment expense, was 10.62%. External cash flows are determined on a monthly basis and are assumed to occur at the beginning of each month. External cash inflows are netted with external cash outflows, resulting in a net external cash flow each month. The money weighted rate of return expenses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

ERS plan:

Prior to January 1, 2007, plan members were required by City ordinance to contribute 7% of compensation to the Plan. The City or other employers were required by the same ordinance to contribute 11.15% of compensation. Contribution amounts from plan members, the City and other employers may be amended by City ordinance. Effective January 1, 2007, the employees' contributions to the plan were increased to 9% from 7% and the employers' contributions were increased to 13.15% from 11.15%. Effective January 1, 2015, the employees' contribution to the plan was increased from 9% to 10% and the employer contribution increased from 13.15% to 16.5%. Contributions are made from the fund that the employee is paid from or from the organizations noted above. The contribution rate is currently 20.95% of annual covered payroll.

In February 2004, an ordinance was passed which changed the method of computation for cost-of-living increases. The new computation states that effective January 1 of each year, there will be a cost-of-living increase based on the Consumer Price Index (CPI) if certain conditions exist: 1) the CPI has increased a minimum of one percent 2) the funded percentage for the retirement system for the prior year is not under 90% 3) the retirement systems overall rate of return on investments for the prior year was equal to or exceeded the actuarial interest rate for funding. The maximum increase is limited to 5%.

Management of the ERS is vested in the board which consists of seven members – two elected employees who are members of

the plan, one elected retiree and one retiree alternate, the Mayor, the Chief Administrative Officer, the Finance Director and one Council Member.

For the year ended December 31, 2017, the annual money-weighted rate of returns on pension plan investments, net of pensions plan investment expense, was 13.87%. The money weighted rate of return expenses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

FPRF plan:

For the year ended December 31, 2017, the City recognized pension expense of \$161,888 .

At December 31, 2017, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

| | <u>Deferred Outflows of Resources</u> | <u>Deferred Inflows of Resources</u> |
|--|---|--|
| Differences between expected and actual earnings | \$ 823,448 | \$ (351,594) |
| Total | <u>\$ 823,448</u> | <u>\$ (351,594)</u> |

There were no deferred outflows of resources related to pensions resulting from the City’s contributions subsequent to the measurement date. Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

| <u>Year ended December 31:</u> | |
|--------------------------------|-------------------|
| 2018 | \$ 293,105 |
| 2019 | 293,107 |
| 2020 | (26,461) |
| 2021 | (87,897) |
| Total | <u>\$ 471,854</u> |

PPRF plan:

For the year ended December 31, 2017, the City recognized pension expense of \$38,152 .

At December 31, 2017, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

| | <u>Deferred Outflows of Resources</u> | <u>Deferred Inflows of Resources</u> |
|--|---|--|
| Differences between expected and actual earnings | \$ 566,916 | \$ (501,398) |
| Total | <u>\$ 566,916</u> | <u>\$ (501,398)</u> |

There were no deferred outflows of resources related to pensions resulting from the City's contributions subsequent to the measurement date. Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended December 31:

| | |
|-------|------------------|
| 2018 | \$ 136,388 |
| 2019 | 136,387 |
| 2020 | (81,909) |
| 2021 | (125,348) |
| Total | <u>\$ 65,518</u> |

ERS plan:

For the year ended December 31, 2017, net pension liability of \$217,138,396 and pension expense of \$ 17,392,730 were allocated as follows:

| | Proportionate Share % | Net Pension Liability | Pension Expense |
|------------------------------|----------------------------------|----------------------------------|------------------------|
| Primary Government | | | |
| Governmental activities | 57.92% | \$ 125,765,259 | \$ 10,073,765 |
| Business-type activities | 25.99% | 56,442,690 | 4,521,045 |
| Total primary government | 83.91% | 182,207,949 | 14,594,810 |
| Component Units | | | |
| Shreve Memorial Library | 11.52% | 25,007,492 | 2,003,094 |
| City Marshal | 3.07% | 6,660,705 | 533,521 |
| Total component units | 14.58% | 31,668,196 | 2,536,614 |
| Jointly Governed Entity | | | |
| Sales and Use Tax Commission | 1.51% | 3,262,251 | 261,305 |
| Total | 100.01% | \$ 217,138,396 | \$ 17,392,730 |

Deferred Outflows of Resources

| | Change in Investment Earnings | Changes of assumptions | Change in Prop. And Difference in Contributions | Total Deferred Outflows of Resources |
|------------------------------|--|-----------------------------------|--|---|
| Primary Government | | | | |
| Governmental activities | \$ 2,997,106 | \$ 234,347 | \$ 753,145 | \$ 3,984,598 |
| Business-type activities | 1,345,083 | 105,174 | 338,006 | 1,788,263 |
| Total primary government | 4,342,189 | 339,521 | 1,091,151 | 5,772,861 |
| Component Units | | | | |
| Shreve Memorial Library | 595,952 | 46,599 | 149,757 | 792,308 |
| City Marshal | 158,731 | 12,411 | 39,888 | 211,030 |
| Total component units | 754,683 | 59,010 | 189,645 | 1,003,338 |
| Jointly Governed Entity | | | | |
| Sales and Use Tax Commission | 77,743 | 6,078 | 19,536 | 103,357 |
| Total | 5,174,615 | 404,609 | 1,300,332 | 6,879,556 |

Deferred Inflows of Resources

| | Change in experience | Changes in Proportion | Total Deferred Inflows of Resources |
|------------------------------|---------------------------------|----------------------------------|--|
| Primary Government | | | |
| Governmental activities | | | |
| Business-type activities | \$ (581,100) | \$ (7,065,385) | \$ (7,646,485) |
| Total primary government | (260,794) | (3,170,902) | (3,431,696) |
| Component Units | (841,894) | (10,236,287) | (11,078,181) |
| Shreve Memorial Library | | | |
| City Marshal | (115,547) | (1,404,900) | (1,520,447) |
| Total component units | (30,776) | (374,193) | (404,969) |
| Jointly Governed Entity | (146,323) | (1,779,092) | (1,925,415) |
| Sales and Use Tax Commission | | | |
| Total | (15,073) | (183,271) | (198,344) |
| | <u>(1,003,290)</u> | <u>(12,198,650)</u> | <u>(13,201,940)</u> |

There were no deferred outflows of resources related to pensions resulting from the City's contributions subsequent to the measurement date. Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended December 31:

| | |
|-------|-----------------------|
| 2018 | \$ (528,910) |
| 2019 | (220,596) |
| 2020 | (3,127,544) |
| 2021 | (2,445,334) |
| Total | <u>\$ (6,322,384)</u> |

These amounts were allocated as follows:

| Year ended December 31, | 2018 | 2019 | 2020 | 2021 | Total |
|------------------------------|---------------------|---------------------|-----------------------|-----------------------|----------------------|
| Primary Government | | | | | |
| Governmental activities | \$ (306,342) | \$ (127,768) | \$ (1,811,455) | \$ (1,416,323) | \$(3,661,888) |
| Business-type activities | (137,484) | (57,341) | (812,970) | (635,637) | (1,643,432) |
| Total primary government | (443,826) | (185,109) | (2,624,425) | (2,051,960) | (5,305,320) |
| Component Units | | | | | |
| Shreve Memorial Library | (60,914) | (25,406) | (360,194) | (281,625) | (728,139) |
| City Marshal | (16,224) | (6,767) | (95,937) | (75,011) | (193,940) |
| Total component units | (77,138) | (32,173) | (456,131) | (356,636) | (922,078) |
| Jointly Governed Entity | | | | | |
| Sales and Use Tax Commission | (7,946) | (3,314) | (46,988) | (36,738) | (94,986) |
| Total | <u>\$ (528,910)</u> | <u>\$ (220,596)</u> | <u>\$ (3,127,544)</u> | <u>\$ (2,445,334)</u> | <u>\$(6,322,384)</u> |

Actuarial Assumptions:

A summary of the FPRF, PPRF, and ERS actuarial methods and assumptions used in determining the total pension liability as of December 31, 2017, are as follows:

| | <u>FPRF</u> | <u>PPRF</u> | <u>ERS</u> |
|-------------------------------|--|--|---|
| Actuarial cost method | Entry age normal | Entry age normal | Entry age normal |
| Amortization Method | Level dollar, closed | Level dollar, closed | Level dollar, closed |
| Remaining amortization period | 14 years | 1 year | 30 years |
| Asset valuation period | N/A | N/A | N/A |
| Inflation | 2.50% | 2.50% | 3.00% |
| Salary increases | 5.00% | N/A | Based on classification |
| Investment rate of return | 7.00% | 7.00% | 7.00% |
| Cost of Living Adjustment | 3.50% | 3.50% | None |
| Retirement Age | Plan specific | n/a | Plan specific |
| Turnover | Plan specific | n/a | Plan specific |
| Mortality | Non-annuitants: RP-2000 "Employee" table projected to 2033 using Scale AA; Annuitants: RP-2000 "Healthy Annuitants" projected to 2022 using Scale AA | Non-annuitants: RP-2000 "Employee" table projected to 2033 using Scale AA; Annuitants: RP-2000 "Healthy Annuitants" projected to 2025 using Scale AA | Non-annuitants: RP-2000 "Employee" table projected to 2033 using Scale AA; Annuitants: RP-2000 "Healthy Annuitants" projected to 2025 using Scale AAA |
| Disability | Plan specific | Plan specific | Plan specific |

The best-estimate range for the long-term expected rate of return is determined by adding expected inflation to expected long-term real returns and reflecting expected volatility and correlation. The capital market assumptions as of December 31, 2017, are summarized in the following table:

| Asset Class | Index | Target Allocation | Long-Term Expected Arithmetic Real Rate of Return | Long-Term Expected Geometric Real Rate of Return |
|---|----------------------------|-------------------|---|--|
| Cash | BAML 3-Mon Tbill | 0.00% | 0.11% | 0.11% |
| Core Fixed Income | Barclays Aggregate | 40.00% | 1.75% | 1.63% |
| Core Bonds | Barclays Gvt/Credit | 0.00% | 1.63% | 1.48% |
| Short-Term Bonds | Barclays 1-3 Yr Gvt/Credit | 0.00% | 1.18% | 1.13% |
| Intermediate-Term Bonds | Barclays IT Gvt/Credit | 0.00% | 1.49% | 1.40% |
| Long-Term Bonds | Barclays LT Gvt/Credit | 0.00% | 2.21% | 1.74% |
| Mortgages | Barclays MBS | 0.00% | 1.98% | 1.89% |
| High Yield Bonds | BAML High Yield | 0.00% | 4.26% | 3.74% |
| Non-US Fixed Income | JPM GBI Global xUS | 0.00% | -0.01% | -0.53% |
| Inflation-Indexed Bonds | Barclays US TIPs | 0.00% | 1.17% | 1.05% |
| Broad US Equities | Russell 3000 | 60.00% | 4.57% | 3.32% |
| Large Cap US Equities | S&P 500 | 0.00% | 4.29% | 3.13% |
| Mid Cap US Equities | Russell Mid Caps | 0.00% | 4.81% | 3.27% |
| Small Cap US Equities | Russell 2000 | 0.00% | 5.50% | 3.62% |
| Developed Foreign Equities | MSCI EAFE | 0.00% | 5.50% | 3.91% |
| Emerging Market Equities | MSCI Emerging Markets | 0.00% | 7.77% | 4.59% |
| Private Equity | Cambridge Associates | 0.00% | 8.83% | 5.08% |
| Hedge Funds Diversified | HFRI FOF Diversified | 0.00% | 1.96% | 1.66% |
| Real Estate (Property) | NCREIF Property | 0.00% | 3.83% | 3.13% |
| Real Estate (REITS) | FTSE NAREIT Equity REIT | 0.00% | 5.01% | 3.27% |
| Commodities | DJ UBS | 0.00% | 3.02% | 1.42% |
| Long Credit Bonds | Barclays Long Credit | 0.00% | 3.00% | 2.54% |
| Assumed Inflation - Mean | | | 2.30% | 2.30% |
| Assumed Inflation - Standard Deviation | | | 1.85% | 1.85% |
| Portfolio Real Mean Return | | | 3.44% | 2.95% |
| Portfolio Nominal Mean Return | | | 5.76% | 5.32% |
| Portfolio Standard Deviation | | | | 9.95% |
| Long-Term Expected Rate of Return (per City of Shreveport) | | | | 7.00% |

Sensitivity of the net pension liability to changes in the discount rate:

The following presents the FPRS, PPRS, and ERS net pension liability calculated using the discount rate of 7%, as well as what the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

| Net pension liability | Current Discount Rate | | |
|-----------------------|-----------------------|---------------|----------------------|
| | 1% Increase 6.00% | 7.00% | 1% Decrease 8.00% |
| FPRS | \$ 14,207,748 | \$ 10,433,504 | \$ 7,315,606 |
| PPRS | 3,499,678 | 1,324,415 | (532,860) |
| ERS | 268,414,705 | 217,138,396 | 174,726,654 |

Payables to the FPRF, PPRF, and ERS Pension Plans – At December 31, 2017, the City recorded no payables to the pension plans for employee and employer legally required contributions for FPRS and PPRS, and \$2,195,627 for ERS.

The financial statements for individual pension plans are as follows:

CITY OF SHREVEPORT, LOUISIANA
COMBINING STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
DECEMBER 31, 2017

| | Firemen's Pension and Relief | Policemen's Pension and Relief | Employees' Retirement System | Total Employee Retirement Funds |
|---|---|---|---|--|
| ASSETS | | | | |
| Cash and cash equivalents | \$ 629,862 | \$ 513,944 | \$ - | \$ 1,143,806 |
| Receivables: | | | | |
| Interest and dividends receivable | 36,525 | 42,004 | 39 | 78,568 |
| Accounts receivable | - | 3,764 | 454,303 | 458,067 |
| Prepaid items | 223,497 | - | - | 223,497 |
| Investments, at fair value: | | | | |
| U.S. government obligations | 1,114,868 | 2,556,663 | - | 3,671,531 |
| Mutual bond funds | - | - | 74,279,186 | 74,279,186 |
| Mutual funds | 18,721 | 97,919 | 137,493,547 | 137,610,187 |
| Domestic corporate bonds | 3,471,182 | 3,863,754 | - | 7,334,936 |
| Domestic equities | 6,487,403 | 6,439,557 | - | 12,926,960 |
| International equities | 4,334,083 | 4,657,031 | - | 8,991,114 |
| Total investments | <u>15,426,257</u> | <u>17,614,924</u> | <u>211,772,733</u> | <u>244,813,914</u> |
| Other assets: | | | | |
| Cash surrender value of life insurance policies | 2,620,402 | 1,877,197 | - | 4,497,599 |
| Total assets | <u>18,936,543</u> | <u>20,051,833</u> | <u>212,227,075</u> | <u>251,215,451</u> |
| LIABILITIES | | | | |
| Due to other funds | 2,301,348 | 1,435,189 | 12,516,983 | 16,253,520 |
| Accrued liabilities | - | 16,021 | - | 16,021 |
| Employees' deposits held in escrow | - | - | 1,935,171 | 1,935,171 |
| Total liabilities | <u>2,301,348</u> | <u>1,451,210</u> | <u>14,452,154</u> | <u>18,204,712</u> |
| NET POSITION | | | | |
| Net position restricted for pensions | <u>\$ 16,635,195</u> | <u>\$ 18,600,623</u> | <u>\$ 197,774,921</u> | <u>\$ 233,010,739</u> |

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

CITY OF SHREVEPORT, LOUISIANA
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2017

| | Firemen's Pension and Relief | Policemen's Pension and Relief | Employees' Retirement System | Total Employee Retirement Funds |
|---|---|---|---|--|
| ADDITIONS | | | | |
| Contributions: | | | | |
| Employer | \$ - | \$ - | \$ 9,831,599 | \$ 9,831,599 |
| Plan members | - | - | 5,123,652 | 5,123,652 |
| Total contributions | - | - | 14,955,251 | 14,955,251 |
| Investment earnings: | | | | |
| Net appreciation in fair value of investments | 1,635,451 | 1,868,032 | 25,885,770 | 29,389,253 |
| Interest | 57,140 | 74,550 | - | 131,690 |
| Dividends | 219,996 | 237,654 | - | 457,650 |
| Total investment earnings | 1,912,587 | 2,180,236 | 25,885,770 | 29,978,593 |
| Less investment expense | 39,710 | 44,515 | 1,149,196 | 1,233,421 |
| Net investment earnings | 1,872,877 | 2,135,721 | 24,736,574 | 28,745,172 |
| Life insurance proceeds | 550,000 | 660,061 | - | 1,210,061 |
| Miscellaneous | - | - | 14,546 | 14,546 |
| Total additions | 2,422,877 | 2,795,782 | 39,706,371 | 44,925,030 |
| DEDUCTIONS | | | | |
| Benefits | 1,446,353 | 1,449,066 | 26,761,777 | 29,657,196 |
| Refund of member contribution | - | - | 1,414,611 | 1,414,611 |
| Administrative expenses | 106,828 | 106,032 | 84,323 | 297,183 |
| Life insurance premiums | 794,421 | 864,478 | - | 1,658,899 |
| Total deductions | 2,347,602 | 2,419,576 | 28,260,711 | 33,027,889 |
| Change in net position | 75,275 | 376,206 | 11,445,660 | 11,897,141 |
| Net position restricted for pensions | | | | |
| Beginning of year | 16,559,920 | 18,224,417 | 186,329,261 | 221,113,598 |
| End of year | <u>\$ 16,635,195</u> | <u>\$ 18,600,623</u> | <u>\$ 197,774,921</u> | <u>\$ 233,010,739</u> |

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

State Administered Cost-Sharing Multiple-Employer Defined Benefit Pension Plans

Municipal Police Employees' Retirement Systems (MPERS)

Plan Description - The City contributes to Municipal Police Employees' Retirement Systems (MPERS), a cost sharing multiple-employer defined benefit pension plan established by Act 189 of 1973 to provide retirement, disability and survivor benefits to municipal police officers in Louisiana, administered by the MPERS Board of Trustees. MPERS covers any full-time public safety officer employed by a participating municipality of the State of Louisiana and engaged in law enforcement, empowered to make arrests, providing said officer does not have to pay social security. The paragraph above describes the transfer of public safety officers from Policemen's Pension and Relief Fund (PPRF) to MPERS, effective July 12, 1977. All new public safety officers hired by the City after July 12, 1977, are required to join MPERS as a condition of employment. MPERS benefits are established by state statutes and may be amended at the discretion of the State Legislature. MPERS issues a publicly available financial report that includes financial information and required supplementary information. That report may be obtained by writing to the Board of Trustees of the Municipal Police Employees' Retirement System, 7722 Office Park Blvd., Suite 200, Baton Rouge, Louisiana 70809-7601 or downloading from www.lampers.org.

The fiduciary net position is a significant component of the MPERS's collective net pension liability. The MPERS's plan fiduciary net position was determined using the accrual basis of accounting which was the same basis used by the pension plan. MPERS's assets, liabilities, revenues and expenses were recorded with the use of estimates and assumptions in conformity with accounting principles generally accepted in the United States of America. Such estimates primarily related to unsettled transactions and events as of the date of the financial statements and estimates over the determination of the fair market value of MPERS's investments. Accordingly, actual results may differ from estimated amounts.

Eligibility Requirements and Retirement Benefits – Members of MPERS prior to January 1, 2013, are eligible for regular retirement after he has been a member of the System and has 25 years of creditable service at any age or has 20 years of creditable service and is age 50 or has 12 years creditable service and is age 55. A member is eligible for early after he has been a member of the System for 20 years of creditable service at any age with an actuarially reduced benefit. Benefit provisions are authorized within Act 189 of 1973 and amended by LRS 11:2211-11:2233. Benefit rates are three and one-third percent of average monthly earnings during the highest 36 consecutive months of creditable service not to exceed 100% of final salary. Retirement benefits are payable monthly to the retiree, and upon the death of the retiree, under certain condition outlined in the statutes, an amount is payable to the surviving spouses and minor children.

Members of MPERS hired on or after January 1, 2013, are eligible for regular retirement, disability and survivor benefits are based on Hazardous Duty and Non Hazardous Duty sub plans. Under the Hazardous Duty sub plan, a member is eligible for regular retirement after he has been a member of the System and has 25 years of creditable service at any age or has 12 years of creditable service at age 55. Under the Non Hazardous Duty sub plan, a member is eligible for regular retirement after he has been a member of the System and has 30 years of creditable service at any age, 25 years of creditable service at age 55, or 10 years of creditable service 60. Under both sub plans, a member is eligible for early retirement after he has been a member of the System for 20 years of creditable service at any age, with an actuarially reduced benefit from age 55. Under the Hazardous and Non Hazardous Duty sub plans, the benefit rates are three percent and two and a half percent, respectively of average final compensation (average monthly earnings during the highest 60 consecutive months or joined months if service was interrupted) per number of years of creditable service not to exceed 100% of final salary. Retirement benefits are payable monthly to the retiree, and upon the death of the retiree, under certain condition outlined in the statutes, an amount is payable to the surviving spouses and minor children. If a deceased member had less than ten years of service, beneficiary will receive a refund of employee contributions only.

The Board of Trustees is authorized to provide annual cost of living adjustments computed on the amount of the current benefit, not to exceed 3% in any given year.

Contributions - Contributions for all members and employers are established by state statute and may be amended by state statute when necessary. MPERS employee members hired prior to January 1, 2013, contributed 10.0% of earned compensation of the year ended December 31, 2017. For the same members, employer contributions were 31.75%. All employees hired on or after January 1, 2013, become members of either the Hazardous Duty Sub-plan, or the Nonhazardous Duty Sub-plan. Employee and employer contribution rates for the Hazardous Duty Sub-plan are the same as for those hired prior to January 1, 2013. For employees belonging to the Nonhazardous Duty Sub-plan, the contribution rate was 8.0%, and the employer rate was 33.75%. Earned compensation in the MPERS system excludes certain overtime, but includes state supplemental pay. The City's contribution to MPERS for the year ended December 31, 2017, was \$9,506,039. Non-employer contributions are recognized as revenue during the year ended December 31, 2017, and were excluded from pension expense. Non-employer contributions

received by the System for the City during the plan year ended June 30, 2017, were \$1,914,589.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – Net pension liability at December 31, 2017, is comprised of the City’s proportional share of the net pension liability relating to MPERS. The total pension liability, used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2017. The City’s proportion of the net pension liability for MPERS was based on the City’s required contributions in proportion to total required contributions for all participating employers, actuarially determined. As of the most recent measurement date, the City’s proportion for MPERS and the change in proportion from the prior measurement date are as follows:

| | |
|---|---------------|
| Proportion (amount) of net pension liability | \$ 87,558,975 |
| Proportion (%) of net pension liability | 10.029179% |
| Increase/(decrease) from prior measurement date | -0.433710% |

| | |
|--|----------------------|
| | Proportionate Share |
| Total Pension Liability | \$ 292,657,923 |
| Plan Fiduciary Net Position | 205,098,948 |
| Total Collective Net Pension Liability | <u>\$ 87,558,975</u> |

For the year ended December 31, 2017, the City recognized pension expense of \$11,427,720. At December 31, 2017, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

| | <u>Deferred Outflows of Resources</u> | <u>Deferred Inflows of Resources</u> |
|---|---|--|
| Change in Investment Earnings | \$ 4,406,334 | \$ - |
| Changes of Assumptions | 6,230,304 | - |
| Change in Prop. And Difference in Contributions | 87,352 | (9,717,984) |
| Change in Experience | - | (672,995) |
| Employer Contributions | 4,782,918 | - |
| Total | <u>\$ 15,506,908</u> | <u>\$ (10,390,979)</u> |

City contributions subsequent to the measurement date of \$ 4,782,918 are reported as deferred outflows of resources and will be recognized as a reduction of the net pension liability in the year ended December 31, 2017. Other amounts totaling reported as outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

| <u>Year ended December 31,</u> | <u>Amount</u> |
|------------------------------------|-------------------|
| 2018 | \$ (379,700) |
| 2019 | 1,650,545 |
| 2020 | 1,116,616 |
| 2021 | (2,054,451) |
| 2022 | 1 |
| Total | <u>\$ 333,011</u> |

Actuarial Methods and Assumptions - The net pension liability was measured as the portion of the present value of projected benefit payments to be provided through the pension plan to current active and inactive employees that is attributed to those employees' past periods of service, less the amount of the pension plan's fiduciary net position.

The actuarial assumptions used in the June 30, 2017 valuation were based on the assumptions used in the June 30, 2017 actuarial funding valuation, and were based on the results of an actuarial experience study for the period July 1, 2009 - June 20, 2014. In cases where benefit structures were changed after the study period, assumptions were based on estimates of future experience.

A summary of the actuarial methods and assumptions used in determining the total pension liability as of June 30, 2017 are as follows:

| | |
|----------------------------------|--|
| Valuation Date | 6/30/2017 |
| Actuarial Cost Method | Entry Age Normal Cost |
| Expected Remaining Service Lives | 2017 - 4 years 2016 - 4 years 2015 - 4 years 2014 - 4 years |
| Investment Rate of Return | 7.325%, net of investment expense |
| Inflation Rate | 2.70% |
| Salary Increases | Vary from 9.75% in the first two years of service to 4.25% after 23 years |
| Cost of Living Adjustments | The present value of future retirement benefits is based on benefits currently being paid by the System and includes previously granted cost-of-living increases. The present values do not include provisions for potential future increases not yet authorized by the Board of Trustees. |
| Mortality | RP-2000 Combined Healthy with Blue Collar Adjustment Sex Distinct Tables projected to 2029 by Scale AA (set back 1 year for females) for healthy annuitants and beneficiaries. RP-2000 Disabled Lives Table set back 5 years for males and set back 3 years for females for disabled annuitants. RP-2000 Employee Table set back 4 years for males and 3 years for females for active members. |

The best estimates of the arithmetic nominal rates of return for each major asset class included in the System's target allocation as of June 30, 2017 are summarized in the following table:

| <u>Asset Class</u> | <u>Target Allocation</u> | <u>Rates of Return Long Term Expected Portfolio Real Rate of Return</u> |
|-------------------------|--------------------------|---|
| Fixed Income | 53% | 3.66% |
| Equity | 21% | 0.52% |
| Alternatives | 20% | 1.10% |
| Other | 6% | 0.16% |
| System total | <u>100%</u> | <u>5.44%</u> |
| Inflation | | <u>2.75%</u> |
| Expected Nominal Return | | <u>8.19%</u> |

The discount rate used to measure the total pension liability was 7.33%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rates and that contributions from participating employers will be made at the actuarially determined rates approved by PRSAC taking into consideration the

recommendation of the System’s actuary. Based on those assumptions, the System’s fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity to Changes in Discount Rate - The following presents the net pension liability the City calculated using the discount rate of 7.33%, as well as what the City’s net pension liability would be if it were calculated using a discount rate that is one percentage point lower 6.33% or one percentage point higher 8.33% than the current rate as of December 31, 2017.

| | <u>1% Decrease</u> 6.33% | <u>Current</u> <u>Discount Rate</u> 7.33% | <u>1% Increase</u> 8.33% |
|-----------------------|-----------------------------|---|-----------------------------|
| Net pension liability | \$ 120,971,167 | \$ 87,558,975 | \$ 59,528,554 |

Payables to the Pension Plan – At December 31, 2017, the City recorded a payable to the pension plan for employee and employer legally required contributions of \$96,524.

Firefighters’ Retirement System (FRS)

The measurement date for the net pension liability was June 30, 2017 and is included in the City’s financial statements for the year ended December 31, 2017. Detailed information about the plan’s stand-alone report can be attained at <http://ffret.com>.

The fiduciary net position is a significant component of the FRS’s collective net pension liability. The FRS’s plan fiduciary net position was determined using the accrual basis of accounting which was the same basis used by the pension plan. FRS’s assets, liabilities, revenues and expenses were recorded with the use of estimates and assumptions in conformity with accounting principles generally accepted in the United States of America. Such estimates primarily related to unsettled transactions and events as of the date of the financial statements and estimates over the determination of the fair market value of FRS’s investments. Accordingly, actual results may differ from estimated amounts.

Plan Description - The Firefighters’ Retirement System is the administrator of a cost-sharing multiple-employer plan. Membership in the System is a condition of employment for any full-time firefighters who earn at least \$375 per month and are employed by any municipality, parish, or fire protection district of the State of Louisiana in addition to employees of the Firefighters’ Retirement System. The System provides retirement benefits for their members. The projections of benefit payments in the calculation of the total pension liability includes all benefits to be provided to current active and inactive employees through the System in accordance with benefit terms and any additional legal agreements to provide benefits that are in force at the measurement date.

Benefit provisions are authorized within Act 434 of 1979 and amended by LRS 11:2251-11:2272. The following is a brief description of the plan and its benefits and is provided for general information purposes only. Participants should refer to the appropriate statutes for more complete information.

Any person who becomes an employee as defined in RS 11:2252 on and after January 1, 1980, shall become a member as a condition of employment.

No person who has attained age fifty or over shall become a member of the System, unless the person becomes a member by reason of a merger or unless the System received an application for membership before the applicant attained the age of fifty. No person who has not attained the age of eighteen years shall become a member of the System.

Any person who has retired from service under any retirement system or pension fund maintained basically for public officers and employees of the state, its agencies or political subdivisions, and who is receiving retirement benefits therefrom may become a member of this System, provided the person meets all other requirements for membership. Service credit from the retirement system or pension plan from which the member is retired shall not be used for reciprocal recognition of service with this System, or for any other purpose in order to attain eligibility or increase the amount of service credit in this System.

Eligibility Requirements and Retirement Benefits - Members of the FRS are eligible to retire at the age of 50 with at least 20 years of service, at the age of 55 with at least 12 years of service, or at any age with at least 25 years of service. Members are

entitle to a retirement benefit, payable monthly for life, equal to three and one-third percent (3.33%) of the member's final compensation (employee's average salary over the 36 consecutive or joined months that produce the highest average) multiplied by the member's years of creditable service.

In 1999, the State Legislature authorized FRS to establish an Initial Benefit Option Plan program. This is available to MPERS members who are eligible for regular retirement but have not participated in DROP. This program provides both a one-time single sum payment of up to 36 months of the regular monthly retirement benefit, plus a reduced retirement benefit for life.

Deferred Retirement Options - A member of FRS may elect to participate in the deferred retirement option plan (DROP) for up to 36 months, after completing 20 years of creditable service and age 50 or 25 years at any age. Upon commencement of participation in the deferred retirement option plan, employer and employee contributions to the System cease. The monthly retirement benefit that would have been payable is paid into the deferred retirement option plan account. Upon termination of employment, a participant in the program shall receive, at his option, a lump-sum payment from the account or an annuity based on the deferred retirement option plan account balance in addition to his regular monthly benefit. If employment is not terminated at the end of the 36 months, the participant resumes regular contributions to the System. No payments may be made from the deferred retirement option plan account until the participant retires.

Survivor's Benefit - Survivor benefits for FRS are payable to survivors of a deceased member who dies and is not eligible for retirement as follows. If any member is killed in the line of duty and leaves a surviving eligible spouse, the spouse is entitled to an annual benefit equal to two-thirds of the deceased member's final compensation. If any member dies from a cause not in the line of duty, the surviving spouse is entitled to an annual benefit equal to 3% of the deceased member's average final compensation multiplied by his total years of creditable service; however, in no event is the annual benefit less than 40% nor more than 60% of the deceased member's average final compensation. Children of the deceased member who are under the age of eighteen years are entitled to the greater of \$200 per month or 10% of average final compensation (not to exceed 100% of average final compensation) until reaching the age of eighteen or until the age of twenty-two if enrolled full-time in an institution of higher learning, unless the surviving child is physically handicapped or mentally retarded in which case the benefit is payable regardless of age. If a member who is eligible to retire dies before retiring, the designated beneficiary will be paid under the 2nd option above, survivor benefit equal to member's benefit.

The present value of future FRS retirement benefits are based on benefits currently being paid by the System and include previously granted cost of living increases. The present values do not include provisions for potential future increases not yet authorized by the Board of Trustees as they were deemed not to be substantively automatic.

Contributions - Employer contributions are actuarially determined each year. For the year ended June 30, 2017, employer and employee contributions for members were as follows:

| <u>Contributor</u> | <u>Above Poverty Line</u> | <u>Below Poverty Line</u> |
|--------------------|---------------------------|---------------------------|
| Employer | 25% | 25% |
| Employee | 10% | 8% |

The system also receives insurance premium tax monies as additional employer contributions. The tax is considered support from a non-contributing entity and appropriated by the legislature each year based on an actuarial study. Non-employer contributions are recognized as revenue during the year ended December 31, 2017, and were excluded from pension expense. Non-employer contributions received by the System for the City during the plan year ended June 30, 2017, were \$3,365,877.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - Net pension liability at December 31, 2017, is comprised of the City's proportional share of the net pension liability relating to FRS. The total pension liability, used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2017. The City's proportion of the net pension liability for FRS was based on the City's required contributions in proportion to total required contributions for all participating employers, actuarially determined. As of the most recent measurement date, the City's proportion for FRS and the change in proportion from the prior measurement date are as follows:

| | |
|---|---------------|
| Proportion (amount) of net pension liability | \$ 76,223,654 |
| Proportion (%) of net pension liability | 13.298266% |
| Increase/(decrease) from prior measurement date | -0.362536% |

The net pension liability was measured as the portion of the present value of projected benefit payments to be provided through the pension plan to current active and inactive employees that is attributed to those employees' past periods of service, less the amount of the pension plan's fiduciary net position.

The components of the net pension liability of the City as of December 31, 2017:

| | Proportionate Share |
|--|----------------------|
| Total Pension Liability | \$ 288,157,673 |
| Plan Fiduciary Net Position | 211,934,019 |
| Total Collective Net Pension Liability | <u>\$ 76,223,654</u> |

For the year ended December 31, 2017, the City recognized pension expense of \$11,772,653 . At December 31, 2017, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

| | <u>Deferred Outflows of Resources</u> | <u>Deferred Inflows of Resources</u> |
|---|---|--|
| Changes of Assumptions | \$ 3,188,084 | \$ (18,179) |
| Changes in Investment Earnings | 6,557,432 | - |
| Change in Prop. And Difference in Contributions | - | (10,939,327) |
| Change in Experience | - | (4,250,761) |
| Employer Contributions | 4,146,476 | - |
| Total | <u>\$ 13,891,992</u> | <u>\$ (15,208,267)</u> |

City contributions subsequent to the measurement date of \$ 4,146,476 are reported as deferred outflows of resources and will be recognized as a reduction of the net pension liability in the year ended December 31, 2018. These amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

| <u>Year ended December 31,</u> | <u>Amount</u> |
|------------------------------------|-----------------------|
| 2018 | \$ (1,232,216) |
| 2019 | 1,308,267 |
| 2020 | (1,340,544) |
| 2021 | (3,470,213) |
| 2022 | (638,254) |
| 2023 | (89,791) |
| Total | <u>\$ (5,462,751)</u> |

Actuarial Methods and Assumptions - The actuarial assumptions used in the June 30, 2017, valuation were based on the assumptions used in the June 30, 2017, actuarial funding valuation, and were based on the results of an actuarial experience study for the period July 1, 2009 - June 20, 2014. In cases where benefit structures were changed after the study period, assumptions were based on estimates of future experience.

A summary of the actuarial methods and assumptions used in determining the total pension liability as of June 30, 2017, are as follows:

| | |
|----------------------------------|--|
| Valuation Date | 6/30/2017 |
| Actuarial Cost Method | Entry Age Normal Cost |
| Expected Remaining Service Lives | 2016 - 7 years |
| Investment Rate of Return | 7.40% per annum |
| Inflation Rate | 2.775% per annum |
| Salary Increases | Vary from 15.0% in the first two years of service to 4.75% after 25 years |
| Cost of Living Adjustments | Only those previously granted |
| Mortality Rates | The mortality rate assumption used was set based upon an experience study performed on plan data for the period July 1, 2009 through June 30, 2014. The data was then assigned credibility weighting and combined with a standard table to produce current levels of mortality. This mortality was then projected forward to a period equivalent to the estimated duration of the System's liabilities. Annuity values calculated based on this mortality were compared to those produced by using a set-back of standard tables. The result of the procedure indicated that the tables used would produce liability values approximating the appropriate generational mortality tables. |

The estimated long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimates ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The long term expected nominal rate of return was 2.75% as of June 30, 2017. Best estimates of real rates of return for each major asset class included in FRS' target asset allocation as of June 30, 2017 are summarized in the following table:

| Asset Class | Long-Term Target Asset Allocaton | Rates of Return | |
|--------------|--|--|---------|
| | | Long Term Expected Portfolio Real Rate of | Nominal |
| Fixed Income | 23% | 2.04% | |
| Equity | 57% | 6.82% | |
| Alternatives | 10% | 6.68% | |
| Other | 10% | 4.60% | |
| System total | 100% | 20.13% | 11.04% |
| Inflation | | | 2.75% |

The discount rate used to measure the total pension liability was 7.40%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rates and that contributions from participating employers will be made at the actuarially determined rates approved by PRSAC taking into consideration the recommendation of the System's actuary. Based on those assumptions, the System's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity to Changes in Discount Rate - The following presents the net pension liability of the participating employers calculated using the discount rate of 7.40%, as well as what the employers' net pension liability would be if it were calculated using a discount rate that is one percentage point lower 6.40% or one percentage point higher 8.40% than the current rate as of December 31, 2017.

| | 1% Decrease 6.40% | Current Discount Rate 7.40% | 1% Increase 8.40% |
|-----------------------|------------------------------|--|------------------------------|
| Net pension liability | \$ 109,530,446 | \$ 76,223,654 | \$ 48,224,507 |

Payables to the Pension Plan – At December 31, 2017, the City recorded a payable of \$2,461,099 to the pension plan for employee and employer legally required contributions.

Other Postemployment Benefits (OPEB)

Plan Description - In addition to providing pension benefits, the City provides medical, dental and life insurance coverage through a cost-sharing multiple-employer defined benefit plan that can include non-City employees as described under the Employees' Retirement System for any retiree who receives a monthly retirement check from one of the City's retirement plans and their legal dependents. The benefits, employee contributions, and employer contributions are governed by the Health Care Board and can be amended annually. No assets are accumulated in a trust that meets the criteria in paragraph 4 of Statement 75. The plan does not issue a separate report. The activity of the plan is reported in the City's Employees Health Care Fund, an internal service fund.

Funding Policy - The City contributes 59% and retirees 41% of the required contribution rate as determined annually by the Health Care Board of the self-insured pay-as-you go plan.

Number of participants coded as eligible for post-retirement medical, dental and life insurance at December 31, 2017, consisted of:

| | Medical | Dental | Life Insurance |
|-----------------------------------|----------------|---------------|-----------------------|
| Retirees and beneficiaries | 1,819 | 1,497 | 1,078 |
| Active Employees | 2,141 | 2,493 | 2,038 |
| Total | 3,960 | 3,990 | 3,116 |
| Number of participating employers | | | 3 |

Annual OPEB costs and Net OPEB Obligation - The OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2017 and the preceding two years were as follows:

| Year Ended | Annual OPEB Cost | Employer Contributions | Percentage of Annual OPEB Cost Contributed | Net Obligation |
|-----------------------|-----------------------------|-----------------------------------|---|---------------------------|
| 12/31/2015 | \$ 37,476,810 | \$ 9,856,573 | 26.30% | \$ 236,973,520 |
| 12/31/2016 | 37,097,089 | 10,719,413 | 28.90% | 263,351,196 |
| 12/31/2017 | 37,476,810 | 12,954,964 | 34.57% | 288,867,145 |

The Net OPEB Liability as of December 31, 2017, was allocated based on participant count as follows:

| | <u>Primary Government</u> | | | Shreve Memorial Library (Component Unit) | Total (Including Component Unit) |
|---------------------------------------|------------------------------------|-------------------------------------|-------------------------------------|---|---|
| | Governmental Activities | Business-type Activities | Total Primary Government | | |
| Net OPEB obligation beginning of year | \$ 208,146,993 | \$ 41,469,695 | \$249,616,688 | \$13,734,507 | \$263,351,195 |
| Annual required contribution (ARC) | 36,572,417 | 3,372,734 | 39,945,151 | 2,146,285 | 42,091,437 |
| Interest on net OPEB obligation | 10,296,929 | 949,590 | 11,246,519 | 604,285 | 11,850,804 |
| Adjustment to ARC | 7,230,925 | (21,607,391) | (14,376,466) | (1,094,860) | (15,471,326) |
| Annual OPEB cost | 54,100,271 | (17,285,067) | 36,815,204 | 1,655,710 | 38,470,915 |
| Less: Contributions made | (11,256,312) | (1,038,065) | (12,294,377) | (660,587) | (12,954,964) |
| Change in net OPEB obligation | 42,843,959 | (18,323,132) | 24,520,827 | 995,123 | 25,515,950 |
| Net OPEB obligation end of year | <u>\$ 250,990,952</u> | <u>\$ 23,146,563</u> | <u>\$274,137,515</u> | <u>\$14,729,630</u> | <u>\$288,867,145</u> |

The funded status of the plan as of December 31, 2017, the most recent actuarial valuation date, is as follows:

| | (1) | (2) | (3) | (4) | (5) | (6) |
|---|--|--|--|-----------------------------------|----------------------------|--|
| Actuarial Valuation Date | Actuarial Value of Assets | Actuarial Accrued Liability (AAL) | Unfunded AAL (UAAL) (2-1) | Funded Ratio (1/2) | Covered Payroll | UAAL as a Percentage of Covered Payroll (3/5) |
| 12/31/2017 | - | 445,504,760 | 445,504,760 | 0% | 118,270,583 | 376.7% |

The schedules of funding progress, presented as required supplementary information (RSI) following the notes to the financial statements, present multiyear trend information about whether the actuarial values of plan assets are increasing or decreasing over time relative to the AALs for benefits.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

Actuarial Methods and Assumptions - Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the December 31, 2017, actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions included 4.5% investment rate of return (net of administrative expenses) and an annual healthcare cost trend rate of 7.75% for 2016 declining gradually to 4.0% by 2058. The actuarial value of assets was not determined as the City has not advance funded its obligation. The plan's unfunded actuarial accrued liability is being amortized as a level dollar open amortization. The remaining amortization period at December 31, 2017 was 30 years.

B. Transit System

The Shreveport Area Transit System (Transit System) is managed and operated for the City by a management company pursuant to an agreement which expires September 30, 2021. Based on terms of the agreement, management fees included in operating expenses were \$306,349. The City is required to reimburse the management company for the excess of expenses over revenues derived from the operation of the Transit System. Pursuant to an agreement between the City of Shreveport and the City of Bossier City, Bossier City will pay the Transit System for the excess of expenses incurred over revenues derived from operations of transit services in Bossier City. The City reimbursed the Transit System \$5,984,313. Bossier City reimbursed the Transit System \$851,012.

C. Contingencies

Litigation

The City is a defendant in various lawsuits in addition to those accrued in the Retained Risk Fund. These lawsuits have not been accrued because the amount of the loss cannot be reasonably estimated at this time. It is the City's opinion that resolution of these matters will not have a material adverse effect on the financial condition of the City.

Grant Disallowances

The City participates in a number of federally assisted grant programs, principal of which are the Workforce Investment Act, 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 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.

D. Landfill and Sludge Facility Closure and Post-Closure Care Cost

State and federal laws and regulations require the City to place a final cover on its Woolworth Road landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for 30 years after closure. The City has entered into a sanitary landfill services contract with a contractor. The contractor is responsible for the operation and closure of that portion of the landfill on which it conducted operations. The City is responsible for the maintenance and construction of all monitoring facilities and the conduct of all monitoring programs. If the contractor defaults on the contract, the City would be liable for all costs. We have reviewed the financial capability and stability of the contractor to ensure that the contractor will be able to meet the closure obligations when they are due. We believe that the contractor will be able to meet the obligations. A liability of \$3,710,903 has been reported at December 31, 2017, for closure and post-closure care cost and represents the cumulative costs reported based on 47.54% of the capacity of the landfill having been used to date. The landfill has an estimated remaining life of approximately 38 years. This amount has been accrued in the government-wide financial statements within the governmental activities and has been reported as an assigned fund balance in the General Fund. The estimated total current cost of closure and post-closure care remaining to be recognized is \$4,095,538. Actual costs may be higher due to inflation, changes in technology, or changes in regulations.

The estimated closure of the sludge facility is \$14,546. This amount has been accrued in the business-type activities as a liability in the Water and Sewerage Fund. Actual costs may be higher due to inflation, changes in technology, or changes in regulations.

The City is the permit holder for the landfill and the sludge facility, and Louisiana Solid Waste Rules and Regulations require all permit holders to demonstrate financial responsibility by one of a group of financial tests contained within the regulations. The City has demonstrated its financial responsibility by the fact that the tangible net worth of the City is at least \$10 million, the net worth is at least six times the estimate of the closure and post-closure costs, at least 90% of the assets are located in the United States and the City has a bond rating which exempted it from certain required financial ratios.

E. Risk Management

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. All self-insurance programs are accounted for within internal service funds. The City has included incurred but not reported claims in determining its claims liability in both self-insurance programs.

The Retained Risk Fund is used to account for self-insurance activities involving property damage, workers' compensation, and general and auto liability. The City is afforded a \$1,000,000 self-insurance retention for general liability and law enforcement

liability, a \$1,000,000 self-insurance retention for workers' compensation for police and fire, \$750,000 for other employees and a \$500,000 self-insurance retention for auto liability, except for exposures related to Fire Department vehicles which have a \$1,000 deductible for collision and comprehensive. General liability aviation is insured with limits of \$200,000,000. The City's property coverage has a limit of \$806,284,126 subject to a \$50,000 deductible.

There were no reductions in insurance coverage from coverage in the prior year. No property damage claim has exceeded the City's insurance coverage during the past three years.

Payments to the Retained Risk Fund are accounted for as revenues by the receiving fund and expenditures/expenses by the paying funds. Payments into the fund are available to pay claims and administrative costs of the program. Payments in excess of actual expenses are recorded as transfers.

Claim liabilities are calculated considering the effects of inflation, recent claim settlement trends including frequency and amount of pay-outs and other economic and social factors, including the effects of specific, incremental claim adjustment expenses, salvage and subrogation. No other allocated or unallocated claim adjustment expenses are included. The claims liability of \$37,616,905 reported in the fund at December 31, 2017, is based on the requirements of Governmental Accounting Standards Board Statement No. 10, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. Actual results could vary materially in the future. Changes in the fund's claims liability amount in 2016 and 2017 were:

| Employees' Health Care Fund | | | | |
|------------------------------------|------------------------------------|---|-----------------------|----------------------------|
| Year | Beginning of Year Liability | Current Year Claims and Changes in Estimates | Claim Payments | Balance at Year End |
| 2016 | \$ 3,042,117 | \$ 36,943,662 | \$ 36,823,844 | \$ 3,161,935 |
| 2017 | \$ 3,161,935 | \$ 37,340,948 | \$ 37,148,978 | \$ 3,353,905 |

The City also maintains a self-insurance program to cover medical and dental care claims of City employees, retirees, and dependents. This program is accounted for in the Employees' Health Care Fund, an Internal Service Fund.

Changes in the fund's claims liability amount in fiscal years 2016 and 2017 were:

| Retained Risk Fund | | | | |
|---------------------------|------------------------------------|---|-----------------------|----------------------------|
| Year | Beginning of Year Liability | Current Year Claims and Changes in Estimates | Claim Payments | Balance at Year End |
| 2016 | \$ 22,010,794 | \$ 12,581,846 | \$ 1,051,641 | \$ 33,540,999 |
| 2017 | \$ 33,540,999 | \$ 10,332,443 | \$ 9,610,442 | \$ 34,263,000 |

F. Compensation Paid to Council Members

| <u>Council Member</u> | <u>District</u> | <u>Compensation</u> |
|-----------------------|-----------------|---------------------|
| James Flurry | E | \$ 17,652 |
| Willie Bradford | A | 15,198 |
| Jeff Everson | B | 15,225 |
| Oliver Jenkins | C | 15,225 |
| Michael Corbin | D | 15,225 |
| Stephanie Lynch | F | 15,225 |
| Jerry Bowman | G | 15,225 |
| Total | | <u>\$ 108,975</u> |

G. Subsequent Events

In March 2018, the City entered into a \$20,000,000 Loan Agreement with the Louisiana Department of Environmental Quality.

In May 2018, the City issued 1) \$34,840,000 in refunding bonds in a private placement for the refunding of the Convention Center Bonds, and 2) \$100,000,000 in Water and Sewer Revenue Bonds, Junior Lien Series 2018C.

H. Restatement of Net Position

| <u>Primary Government</u> | <u>Governmental Activities</u> |
|---|------------------------------------|
| Net Position, December 31, 2016, as reported | \$ (21,048,966) |
| Fixed assets not included in Net Position at December 31, 2016 | <u>3,429,297</u> |
| Net Position, December 31, 2016, as restated | <u>\$ (17,619,669)</u> |

The adjustment of the governmental activities was comprised of an adjustment to the following fund:

| | |
|---------|---------------------|
| General | <u>3,429,297</u> |
| | <u>\$ 3,429,297</u> |

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

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CITY OF SHREVEPORT, LOUISIANA
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2017

| | Budgeted Amounts | | Actual Amounts | Variance With Final Budget Positive (Negative) |
|---------------------------------------|--------------------|--------------------|--------------------|---|
| | Original | Final | | |
| REVENUES | | | | |
| Taxes | \$ 156,364,500 | \$ 156,364,500 | \$ 154,766,461 | \$ (1,598,039) |
| Licenses and Permits | 9,360,900 | 9,360,900 | 9,060,734 | (300,166) |
| Intergovernmental | 2,706,000 | 2,706,000 | 2,700,641 | (5,359) |
| Charges for services | 26,021,400 | 33,588,700 | 31,948,695 | (1,640,005) |
| Fines and forfeitures | 3,276,000 | 2,711,000 | 2,547,015 | (163,985) |
| Investment earnings | - | - | 11,880 | 11,880 |
| Miscellaneous | 520,600 | 1,096,825 | 2,049,774 | 952,949 |
| Total revenues | <u>198,249,400</u> | <u>205,827,925</u> | <u>203,085,200</u> | <u>(2,742,725)</u> |
| EXPENDITURES | | | | |
| General government: | | | | |
| Office of the Mayor: | | | | |
| Salaries, wages and employee benefits | 920,500 | 920,500 | 915,054 | 5,446 |
| Materials and supplies | 14,600 | 15,418 | 17,292 | (1,874) |
| Contractual services | 33,200 | 33,200 | 35,423 | (2,223) |
| Other charges | 600 | 600 | 805 | (205) |
| Improvements and equipment | 1,000 | 1,000 | 158 | 842 |
| Total Office of the Mayor | <u>969,900</u> | <u>970,718</u> | <u>968,732</u> | <u>1,986</u> |
| City Attorney: | | | | |
| Salaries, wages and employee benefits | 1,038,300 | 998,300 | 953,059 | 45,241 |
| Materials and supplies | 25,800 | 26,274 | 30,044 | (3,770) |
| Contractual services | 115,600 | 157,528 | 168,203 | (10,675) |
| Other charges | 2,700 | 2,700 | 3,099 | (399) |
| Improvements and equipment | 3,800 | 3,800 | 2,423 | 1,377 |
| Total City Attorney | <u>1,186,200</u> | <u>1,188,602</u> | <u>1,156,828</u> | <u>31,774</u> |
| Property Standards: | | | | |
| Salaries, wages and employee benefits | 1,391,700 | 1,392,063 | 1,265,088 | 126,975 |
| Materials and supplies | 145,700 | 163,040 | 120,552 | 42,488 |
| Contractual services | 1,416,200 | 1,678,129 | 1,337,589 | 340,540 |
| Other charges | 540,000 | 564,850 | 488,494 | 76,356 |
| Improvements and equipment | 79,700 | 84,842 | 72,845 | 11,997 |
| Total Property Standards | <u>3,573,300</u> | <u>3,882,924</u> | <u>3,284,568</u> | <u>598,356</u> |
| Personnel: | | | | |
| Salaries, wages and employee benefits | 718,500 | 719,474 | 605,399 | 114,075 |
| Materials and supplies | 5,800 | 5,913 | 7,977 | (2,064) |
| Contractual services | 23,200 | 23,617 | 20,082 | 3,535 |
| Other charges | 2,000 | 2,000 | 2,473 | (473) |
| Improvements and equipment | 2,000 | 17,330 | 18,952 | (1,622) |
| Total Personnel | <u>751,500</u> | <u>768,334</u> | <u>654,883</u> | <u>113,451</u> |

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CITY OF SHREVEPORT, LOUISIANA
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2017

| | Budgeted Amounts | | Actual Amounts | Variance With Final Budget Positive (Negative) |
|---------------------------------------|--------------------|--------------------|--------------------|---|
| | Original | Final | | |
| Information Technology: | | | | |
| Salaries, wages and employee benefits | 2,146,700 | 1,905,032 | 1,789,129 | 115,903 |
| Materials and supplies | 79,500 | 90,620 | 87,550 | 3,070 |
| Contractual services | 1,157,400 | 1,411,999 | 1,103,385 | 308,614 |
| Improvements and equipment | 265,600 | 744,160 | 443,671 | 300,489 |
| Total Information technology | <u>3,649,200</u> | <u>4,151,811</u> | <u>3,423,735</u> | <u>728,076</u> |
| City Council: | | | | |
| Salaries, wages and employee benefits | 1,258,300 | 1,258,300 | 1,162,134 | 96,166 |
| Materials and supplies | 66,600 | 49,791 | 10,527 | 39,264 |
| Contractual services | 167,500 | 285,201 | 152,206 | 132,995 |
| Improvements and equipment | 16,500 | 16,616 | 3,744 | 12,872 |
| Total City Council | <u>1,508,900</u> | <u>1,609,908</u> | <u>1,328,611</u> | <u>281,297</u> |
| Finance: | | | | |
| Salaries, wages and employee benefits | 2,519,800 | 2,577,100 | 2,299,094 | 278,006 |
| Materials and supplies | 80,500 | 86,863 | 142,843 | (55,980) |
| Contractual services | 994,200 | 1,004,975 | 1,305,297 | (300,322) |
| Improvements and equipment | 8,200 | 10,489 | 8,350 | 2,139 |
| Total Finance | <u>3,602,700</u> | <u>3,679,427</u> | <u>3,755,584</u> | <u>(76,157)</u> |
| Other - unclassified | | | | |
| Salaries, wages and employee benefits | 7,427,700 | 7,427,700 | 7,017,380 | 410,320 |
| Contractual services | 1,415,200 | 655,200 | 768,153 | (112,953) |
| Interest and civic appropriations | 2,964,400 | 3,039,400 | 2,892,885 | 146,515 |
| Payments to component units | 6,150,400 | 6,380,852 | 6,482,656 | (101,804) |
| Claims | 6,913,200 | 6,913,200 | 5,782,259 | 1,130,941 |
| Total other - unclassified | <u>24,870,900</u> | <u>24,416,352</u> | <u>22,943,333</u> | <u>1,473,019</u> |
| Total general government | <u>40,112,600</u> | <u>40,668,076</u> | <u>37,516,274</u> | <u>3,151,802</u> |
| Public Safety | | | | |
| Police: | | | | |
| Salaries, wages and employee benefits | 51,401,600 | 51,554,288 | 49,991,803 | 1,562,485 |
| Materials and supplies | 1,916,400 | 2,598,738 | 1,655,569 | 943,169 |
| Contractual services | 1,245,800 | 1,276,449 | 1,452,051 | (175,602) |
| Other charges | 198,600 | 198,600 | 125,289 | 73,311 |
| Improvements and equipment | 1,004,000 | 1,073,515 | 1,063,100 | 10,415 |
| Total Police | <u>55,766,400</u> | <u>56,701,590</u> | <u>54,287,812</u> | <u>2,413,778</u> |
| Fire: | | | | |
| Salaries, wages and employee benefits | 46,790,700 | 46,888,825 | 44,336,508 | 2,552,317 |
| Materials and supplies | 1,772,300 | 2,043,365 | 1,591,861 | 451,504 |
| Contractual services | 2,215,500 | 7,130,196 | 7,554,316 | (424,120) |
| Improvements and equipment | 225,700 | 1,740,897 | 698,763 | 1,042,134 |
| Total Fire | <u>51,004,200</u> | <u>57,803,283</u> | <u>54,181,448</u> | <u>3,621,835</u> |
| Total public safety | <u>106,770,600</u> | <u>114,504,873</u> | <u>108,469,260</u> | <u>6,035,613</u> |

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CITY OF SHREVEPORT, LOUISIANA
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2017

| | Budgeted Amounts | | Actual Amounts | Variance With Final Budget Positive (Negative) |
|--|-------------------------|---------------------|---------------------------|---|
| | Original | Final | | |
| Engineering: | | | | |
| Salaries, wages and employee benefits | 3,520,600 | 3,370,795 | 3,020,719 | 350,076 |
| Materials and supplies | 140,100 | 161,511 | 101,204 | 60,307 |
| Contractual services | 411,000 | 839,438 | 428,821 | 410,617 |
| Improvements and equipment | 57,400 | 121,822 | 88,142 | 33,680 |
| Total engineering | <u>4,129,100</u> | <u>4,493,566</u> | <u>3,638,886</u> | <u>854,680</u> |
| Public Works: | | | | |
| Salaries, wages and employee benefits | 13,401,600 | 13,481,948 | 11,694,840 | 1,787,108 |
| Materials and supplies | 4,471,200 | 5,738,674 | 3,496,615 | 2,242,059 |
| Contractual services | 16,409,400 | 17,597,529 | 15,890,654 | 1,706,875 |
| Improvements and equipment | 995,600 | 5,038,138 | 4,570,003 | 468,135 |
| Total public works | <u>35,277,800</u> | <u>41,856,289</u> | <u>35,652,112</u> | <u>6,204,177</u> |
| Culture and recreation: | | | | |
| Salaries, wages and employee benefits | 9,818,600 | 9,818,741 | 10,477,425 | (658,684) |
| Materials and supplies | 858,800 | 1,016,945 | 854,710 | 162,235 |
| Contractual services | 5,021,300 | 5,704,254 | 5,699,183 | 5,071 |
| Other charges | 264,500 | 306,074 | 309,724 | (3,650) |
| Improvements and equipment | 639,400 | 2,192,688 | 1,770,562 | 422,126 |
| Total culture and recreation | <u>16,602,600</u> | <u>19,038,702</u> | <u>19,111,604</u> | <u>(72,902)</u> |
| Total expenditures | <u>202,892,700</u> | <u>220,561,506</u> | <u>204,388,136</u> | <u>16,173,370</u> |
| Excess (deficiency) of revenues over (under) expenditures | (4,643,300) | (14,733,581) | (1,302,936) | 13,430,645 |
| OTHER FINANCING SOURCES (USES) | | | | |
| Capital lease | 2,100,000 | 3,600,000 | - | (3,600,000) |
| Transfers in | 13,547,100 | 13,547,100 | 13,547,100 | - |
| Transfers out | (11,878,100) | (10,100,500) | (12,465,952) | (2,365,452) |
| Total other financing sources (uses) | <u>3,769,000</u> | <u>7,046,600</u> | <u>1,081,148</u> | <u>(5,965,452)</u> |
| Net change in fund balance | (874,300) | (7,686,981) | (221,788) | 7,465,193 |
| Fund balances -beginning | 13,957,185 | 13,957,185 | 13,957,185 | - |
| Fund balances -ending | <u>\$ 13,082,885</u> | <u>\$ 6,270,204</u> | <u>\$ 13,735,397</u> | <u>\$ 7,465,193</u> |

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

CITY OF SHREVEPORT, LOUISIANA
COMMUNITY DEVELOPMENT FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2017

| | <u>Budgeted Amounts</u> | | <u>Actual Amounts</u> | <u>Variance With Final Budget Positive (Negative)</u> |
|--|-------------------------|------------------|---------------------------|---|
| | <u>Original</u> | <u>Final</u> | | |
| REVENUES | | | | |
| Intergovernmental | \$ 6,557,500 | \$ 6,935,500 | \$ 4,599,558 | \$ (2,335,942) |
| Investment earnings | - | - | 2,519 | 2,519 |
| Miscellaneous | 764,300 | 224,300 | 457,831 | 233,531 |
| Total revenues | <u>7,321,800</u> | <u>7,159,800</u> | <u>5,059,908</u> | <u>(2,099,892)</u> |
| EXPENDITURES | | | | |
| Administration: | | | | |
| Salaries, wages and employee benefits | 661,350 | 661,610 | 668,902 | (7,292) |
| Materials and supplies | 24,086 | 24,086 | 18,799 | 5,287 |
| Contractual services | 354,179 | 354,179 | 221,826 | 132,353 |
| Other charges | 102,511 | 102,511 | 122,348 | (19,837) |
| Improvements and equipment | - | - | 5,469 | (5,469) |
| Total administration | <u>1,142,126</u> | <u>1,142,386</u> | <u>1,037,344</u> | <u>105,042</u> |
| Community services: | | | | |
| Contractual services | 522,417 | - | 7,400 | (7,400) |
| Other charges | 577,204 | 577,204 | 320,593 | 256,611 |
| Total community development projects | <u>1,099,621</u> | <u>577,204</u> | <u>327,993</u> | <u>249,211</u> |
| Workforce development: | | | | |
| Salaries, wages and employee benefits | 1,310,100 | 1,310,100 | 1,256,051 | 54,049 |
| Materials and supplies | 66,492 | 66,492 | 53,134 | 13,358 |
| Contractual services | 1,430,802 | 1,430,802 | 1,250,214 | 180,588 |
| Other charges | 19,800 | 19,800 | 736 | 19,064 |
| Improvements and equipment | 22,570 | 22,570 | 27,164 | (4,594) |
| Total workforce development | <u>2,849,764</u> | <u>2,849,764</u> | <u>2,587,299</u> | <u>262,465</u> |
| Housing and business development administration: | | | | |
| Salaries, wages and employee benefits | 458,100 | 458,100 | 447,873 | 10,227 |
| Materials and supplies | 42,973 | 42,973 | 28,991 | 13,982 |
| Contractual services | 355,900 | 213,500 | 160,983 | 52,517 |
| Other charges | 4,868,316 | 3,532,873 | 2,320,883 | 1,211,990 |
| Improvements and equipment | - | - | 17,847 | (17,847) |
| Total housing and business development administration | <u>5,725,289</u> | <u>4,247,446</u> | <u>2,976,577</u> | <u>1,270,869</u> |

(continued)

(continued)

CITY OF SHREVEPORT, LOUISIANA
COMMUNITY DEVELOPMENT FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2017

| | <u>Budgeted Amounts</u> | | <u>Actual Amounts</u> | <u>Variance With Final Budget Positive (Negative)</u> |
|--|-------------------------|---------------------|---------------------------|---|
| | <u>Original</u> | <u>Final</u> | | |
| Total expenditures | <u>10,816,800</u> | <u>8,816,800</u> | <u>6,929,213</u> | <u>1,887,587</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>(3,495,000)</u> | <u>(1,657,000)</u> | <u>(1,869,305)</u> | <u>(212,305)</u> |
| OTHER FINANCING SOURCES | | | | |
| Transfers in | <u>996,800</u> | <u>996,800</u> | <u>996,800</u> | <u>-</u> |
| Total other financing sources | <u>996,800</u> | <u>996,800</u> | <u>996,800</u> | <u>-</u> |
| Net change in fund balances | <u>(2,498,200)</u> | <u>(660,200)</u> | <u>(872,505)</u> | <u>(212,305)</u> |
| Fund balances - beginning | <u>1,816,401</u> | <u>1,816,401</u> | <u>1,816,401</u> | <u>-</u> |
| Fund balances - ending | <u>\$ (681,799)</u> | <u>\$ 1,156,201</u> | <u>\$ 943,896</u> | <u>\$ (212,305)</u> |

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

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City of Shreveport, Louisiana
Required Supplementary Information
Notes to Budgetary Comparison Schedules
December 31, 2017

- Prior to October 1, the Mayor files with the Clerk of Council 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.
- Legal budgetary control for operating budgets is exercised at the department/object class with the exception of the Community Development Department where control is exercised at the division/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 with the exception of the Community Development Department where funds must be spent within the same division. Budgetary transfers across department lines or between classes of lump sum appropriations must be approved by the City Council. During the year, the City Council approves several amendments to the budget. 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 for the General, Debt Service, Special Revenue Funds (except for the Enrichment Fund), Capital Projects and Proprietary Funds. The capital project funds adopt project length budgets. The budgets for governmental funds are adopted on a basis of accounting substantially consistent with generally accepted accounting principles except for state supplemental pay for fire and police, which is included but not budgeted in the General Fund.
- All appropriations which are not expended or encumbered lapse at year end. Encumbrances outstanding at year end will be re-appropriated and honored during the subsequent year.
- 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:

| | Final Budget | Actual on a budgetary basis | Variance |
|-----------------------------|--------------|-----------------------------------|----------|
| General government: | | | |
| <u>Office of the Mayor:</u> | | | |
| | | | \$ |
| Materials and supplies | \$ 15,418 | \$ 17,292 | (1,874) |
| Contractual services | 33,200 | 35,423 | (2,223) |
| Other charges | 600 | 805 | (205) |
| <u>City Attorney:</u> | | | |
| Materials and supplies | 26,274 | 30,044 | (3,770) |
| Contractual services | 157,528 | 168,203 | (10,675) |
| Other charges | 2,700 | 3,099 | (399) |
| <u>Personnel:</u> | | | |
| Materials and supplies | 5,913 | 7,977 | (2,064) |
| Other charges | 2,000 | 2,473 | (473) |
| Improvements and equipment | 17,330 | 18,952 | (1,622) |
| <u>Finance:</u> | | | |
| Materials and supplies | 86,863 | 142,843 | (55,981) |

| | <u>Final Budget</u> | <u>Actual on a budgetary basis</u> | <u>Variance</u> |
|---------------------------------------|---------------------|--|-----------------|
| Contractual services | 1,004,975 | 1,305,297 | (300,322) |
| <u>Other - unclassified</u> | | | |
| Contractual services | 655,200 | 768,153 | (112,953) |
| Payments to component units | 6,380,852 | 6,482,656 | (101,804) |
| Public Safety | | | |
| <u>Police:</u> | | | |
| Contractual services | 1,276,449 | 1,452,051 | (175,602) |
| <u>Fire:</u> | | | |
| Contractual services | 7,130,196 | 7,554,316 | (424,120) |
| Culture and recreation: | | | |
| Salaries, wages and employee benefits | 9,818,741 | 10,477,425 | (658,684) |
| Other charges | 306,074 | 309,724 | (3,650) |

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**SCHEDULE OF EMPLOYER CONTRIBUTIONS - OTHER POST EMPLOYMENT BENEFITS
(UNAUDITED)**

| <u>Year Ended December 31,</u> | <u>Annual Required Contribution</u> | <u>Percentage Contributed</u> |
|------------------------------------|---|-----------------------------------|
| 2010 | \$ 33,409,517 | 19.3% |
| 2011 | 38,181,849 | 19.5% |
| 2012 | 38,181,849 | 23.8% |
| 2013 | 38,001,484 | 25.9% |
| 2014 | 38,001,484 | 28.7% |
| 2015 | 40,354,975 | 24.4% |
| 2016 | 40,354,975 | 26.6% |
| 2017 | 42,091,437 | 30.8% |

For financial statement presentation OPEB amounts are allocated between the general fund, enterprise funds, and component units. The amounts above are presented for the entire plan.

CITY OF SHREVEPORT, LOUISIANA
SCHEDULE OF FUNDING PROGRESS - OTHER POST EMPLOYMENT BENEFITS
(UNAUDITED)

| Actuarial Valuation Date | Actuarial Value of Assets | Actuarial Accrued Liability (AAL) | Unfunded AAL (UAAL) (2-1) | Funded Ratio (1/2) | Covered Payroll | UAAL as a Percentage of Covered Payroll (3/5) |
|---|--|--|--|-----------------------------------|----------------------------|--|
| 12/31/2010 | - | \$ 343,176,409 | \$ 343,176,409 | 0% | \$ 117,034,000 | 293.2% |
| 12/31/2011 | - | 383,067,995 | 383,067,995 | 0% | 124,078,623 | 308.7% |
| 12/31/2012 | - | 383,067,995 | 383,067,995 | 0% | 124,078,623 | 308.7% |
| 12/31/2013 | - | 401,053,357 | 401,053,357 | 0% | 122,318,089 | 327.9% |
| 12/31/2014 | - | 401,053,357 | 401,053,357 | 0% | 122,318,089 | 327.9% |
| 12/31/2015 | - | 430,118,753 | 430,118,753 | 0% | 122,372,693 | 351.5% |
| 12/31/2016 | - | 430,118,753 | 430,118,753 | 0% | 122,372,693 | 351.5% |
| 12/31/2017 | - | 445,504,760 | 445,504,760 | 0% | 118,270,583 | 376.7% |

For financial statement presentation OPEB amounts are allocated between the general fund, enterprise funds, and component units. The amounts above are presented for the entire plan.

**SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY
LAST 10 FISCAL YEARS (1)
(UNAUDITED)**

| | 2014 | | | 2015 | | |
|--|---------------------|---------------------|-----------------------|----------------------|---------------------|-----------------------|
| | FPRF | PPRF | ERS (2) | FPRF | PPRF | ERS (2) |
| Total pension liability | | | | | | |
| Service cost | \$ 4,653 | \$ - | \$ 5,494,260 | \$ 4,979 | \$ - | \$ 6,264,500 |
| Interest | 1,602,967 | 1,426,956 | 26,529,382 | 1,859,480 | 1,398,072 | 27,067,858 |
| Changes of benefit terms | - | - | (8,183,785) | - | - | - |
| Differences between expected and actual experience | (3,791,005) | (1,271,703) | (1,782,300) | 3,213,720 | (648,505) | (3,180,367) |
| Changes of assumptions | - | - | 28,311,060 | - | - | 3,439,187 |
| Benefit payments, including refunds of member contributions | (1,366,507) | (1,172,492) | (24,723,019) | (1,354,158) | (1,210,296) | (26,288,175) |
| Net change in total pension liability | <u>(3,549,892)</u> | <u>(1,017,239)</u> | <u>25,645,598</u> | <u>3,724,021</u> | <u>(460,729)</u> | <u>7,303,003</u> |
| Total pension liability - beginning | <u>27,558,272</u> | <u>22,233,117</u> | <u>367,440,360</u> | <u>24,008,380</u> | <u>21,215,878</u> | <u>393,085,958</u> |
| Total pension liability - ending (a) | <u>24,008,380</u> | <u>21,215,878</u> | <u>393,085,958</u> | <u>27,732,401</u> | <u>20,755,149</u> | <u>400,388,961</u> |
| Plan fiduciary net position | | | | | | |
| Contributions - employer | 1,048,879 | 1,036,775 | 5,944,981 | 971,454 | 959,232 | 7,364,386 |
| Contributions - member | - | - | 5,156,403 | - | - | 5,305,200 |
| Net investment income | 631,130 | 759,582 | 11,665,092 | (425,457) | 129,297 | 372,079 |
| Benefit payments, including refunds of member contributions | (1,366,507) | (1,172,492) | (24,723,019) | (1,354,158) | (1,210,296) | (26,288,175) |
| Administrative expense | (25,160) | (25,158) | (80,944) | (20,509) | (20,551) | (74,238) |
| Other | (18,006) | - | - | - | - | - |
| Net change in plan fiduciary net position | <u>270,336</u> | <u>598,707</u> | <u>(2,037,487)</u> | <u>(828,670)</u> | <u>(142,318)</u> | <u>(13,320,748)</u> |
| Plan fiduciary net position - beginning | <u>16,676,219</u> | <u>16,974,531</u> | <u>198,891,210</u> | <u>16,946,555</u> | <u>17,573,238</u> | <u>196,853,723</u> |
| Plan fiduciary net position - ending (b) | <u>16,946,555</u> | <u>17,573,238</u> | <u>196,853,723</u> | <u>16,117,885</u> | <u>17,430,920</u> | <u>183,532,975</u> |
| Net pension liability - ending (a) - (b) | <u>\$ 7,061,825</u> | <u>\$ 3,642,640</u> | <u>\$ 196,232,235</u> | <u>\$ 11,614,516</u> | <u>\$ 3,324,229</u> | <u>\$ 216,855,986</u> |
| Plan fiduciary net position as a percentage of the total pension liability | 70.59% | 82.83% | 50.08% | 58.12% | 83.98% | 45.84% |
| Covered-employee payroll | \$ 1,016,908 | N/A | \$ 49,120,412 | \$ 955,637 | N/A | \$ 43,859,241 |
| Net pension liability as a percentage of covered-employee payroll | 694.44% | N/A | 399.49% | 1215.37% | N/A | 494.44% |

(1) This schedule is intended to show information for ten years. Additional years will be displayed as they become available.

(2) For financial statement presentation, Employee Retirement System amounts are allocated between the general fund, enterprise funds, component units, and a jointly governed entity. The amounts above are presented for the entire plan.

CITY OF SHREVEPORT, LOUISIANA
SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY (CONTINUED)
LAST 10 FISCAL YEARS (1)
(UNAUDITED)

| | 2016 | | | 2017 | | |
|--|----------------------|---------------------|-----------------------|----------------------|---------------------|-----------------------|
| | FPRF | PPRF | ERS (2) | FPRF | PPRF | ERS (2) |
| Total pension liability | | | | | | |
| Service cost | \$ 2,788 | \$ - | \$ 6,706,830 | \$ 2,466 | \$ - | \$ 6,388,377 |
| Interest | 1,849,607 | 1,366,827 | 27,394,227 | 1,818,972 | 1,351,708 | 27,864,078 |
| Changes of benefit terms | - | - | - | - | - | - |
| Differences between expected and actual experience | (628,336) | (630,522) | (1,597,021) | (870,520) | (251,420) | 1,888,718 |
| Changes of assumptions | - | - | - | - | - | - |
| Benefit payments, including refunds of member contributions | (1,392,339) | (1,217,638) | (27,332,589) | (1,446,353) | (1,449,066) | (28,176,388) |
| Net change in total pension liability | (168,280) | (481,333) | 5,171,447 | (495,435) | (348,778) | 7,964,785 |
| Total pension liability - beginning | 27,732,414 | 20,755,149 | 400,388,961 | 27,564,134 | 20,273,816 | 405,560,408 |
| Total pension liability - ending (a) | 27,564,134 | 20,273,816 | 405,560,408 | 27,068,699 | 19,925,038 | 413,525,193 |
| Plan fiduciary net position | | | | | | |
| Contributions - employer | 1,045,758 | 1,034,990 | 9,006,403 | - | - | 9,449,966 |
| Contributions - member | - | - | 4,951,230 | - | - | 4,987,403 |
| Net investment income | 808,462 | 995,992 | 16,413,839 | 1,548,013 | 1,851,689 | 24,769,925 |
| Benefit payments, including refunds of member contributions | (1,392,339) | (1,217,638) | (27,332,589) | (1,446,353) | (1,449,066) | (28,176,388) |
| Administrative expense | (19,846) | (19,847) | (61,796) | (26,385) | (26,417) | (1,154,171) |
| Other | - | - | - | - | - | - |
| Net change in plan fiduciary net position | 442,035 | 793,497 | 2,977,087 | 75,275 | 376,206 | 9,876,735 |
| Plan fiduciary net position - beginning | 16,117,885 | 17,430,920 | 183,532,975 | 16,559,920 | 18,224,417 | 186,510,062 |
| Plan fiduciary net position - ending (b) | 16,559,920 | 18,224,417 | 186,510,062 | 16,635,195 | 18,600,623 | 196,386,797 |
| Net pension liability - ending (a) - (b) | \$ 11,004,214 | \$ 2,049,399 | \$ 219,050,346 | \$ 10,433,504 | \$ 1,324,415 | \$ 217,138,396 |
| Plan fiduciary net position as a percentage of the total pension liability | 60.08% | 89.89% | 45.99% | 61.46% | 93.35% | 47.49% |
| Covered-employee payroll | \$ 862,288 | \$ - | \$ 43,752,144 | \$ - | \$ - | \$ 45,107,805 |
| Net pension liability as a percentage of covered-employee payroll | 1276.16% | 0.00% | 500.66% | 0.00% | 0.00% | 481.38% |

(1) This schedule is intended to show information for ten years. Additional years will be displayed as they become available.

(2) For financial statement presentation, Employee Retirement System amounts are allocated between the general fund, enterprise funds, component units, and a jointly governed entity. The amounts above are presented for the entire plan.

CITY OF SHREVEPORT, LOUISIANA
SCHEDULE OF INVESTMENT RETURNS
LAST TEN FISCAL YEARS (1)
(UNAUDITED)

Annual money-weighted rate of return net of investment expense

| Year | FPRF | PPRF | ERS |
|------|--------|--------|--------|
| 2013 | 12.03% | 11.85% | 18.92% |
| 2014 | 3.72% | 4.35% | 6.09% |
| 2015 | -2.54% | 0.74% | 0.20% |
| 2016 | 5.08% | 5.75% | 9.31% |
| 2017 | 9.81% | 10.62% | 13.87% |

(1) This schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

CITY OF SHREVEPORT, LOUISIANA
SCHEDULE OF PENSION CONTRIBUTIONS
LAST TEN FISCAL YEARS
(UNAUDITED)

| Fireman Pension and Relief Fund | | | | | | | | | | |
|--|-------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 |
| Actuarially determined contribution | \$2,044,285 | \$ 2,719,001 | \$ 2,847,389 | \$ 2,310,932 | \$ 3,726,529 | \$ 4,477,402 | \$ 4,171,194 | \$ 2,696,250 | \$ 1,255,047 | \$ 1,232,690 |
| Contributions in relation to the actuarially determined contribution | 1,406,904 | 1,406,904 | 1,407,204 | 1,462,207 | 1,465,203 | 964,526 | 1,048,879 | 971,454 | 1,045,758 | 0 |
| Contribution deficiency (excess) | 637,381 | 1,312,097 | 1,440,185 | 848,725 | 2,261,326 | 3,512,876 | 3,122,315 | 1,724,796 | 209,289 | 1,232,690 |
| Covered-employee payroll | 2,974,729 | 2,034,266 | 2,135,980 | 1,197,330 | 1,140,314 | 858,951 | 1,016,908 | 955,637 | 862,288 | n/a |
| Contributions as a percentage of covered-employee payroll | 47.30% | 69.16% | 65.88% | 122.12% | 128.49% | 112.29% | 103.14% | 101.66% | 121.28% | n/a |
| Policeman Pension and Relief Fund | | | | | | | | | | |
| | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 |
| Actuarially determined contribution | \$1,353,760 | \$ 1,835,113 | \$ 1,616,818 | \$ 1,373,266 | \$ 2,215,304 | \$ 2,437,506 | \$ 1,371,743 | \$ 1,854,426 | \$ 1,861,297 | \$ 2,214,685 |
| Contributions in relation to the actuarially determined contribution | 1,353,760 | 1,407,096 | 1,407,296 | 1,373,266 | 1,445,914 | 954,585 | 1,036,775 | 959,232 | 1,034,990 | - |
| Contribution deficiency (excess) | - | 428,017 | 209,522 | - | 769,390 | 1,482,921 | 334,968 | 895,194 | 826,307 | 2,214,685 |
| Covered-employee payroll | 275,070 | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a |
| Contributions as a percentage of covered-employee payroll | 492.15% | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a |
| Employee Retirement System | | | | | | | | | | |
| | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 |
| Actuarially determined contribution | \$4,898,103 | \$12,040,692 | \$11,238,882 | \$12,202,624 | \$16,380,807 | \$16,764,758 | \$16,351,357 | \$18,083,506 | \$19,842,219 | \$19,267,744 |
| Contributions in relation to the actuarially determined contribution | 6,685,911 | 6,634,421 | 6,261,604 | 6,003,545 | 5,970,988 | 5,951,946 | 5,944,981 | 7,364,386 | 9,006,403 | 9,449,966 |
| Contribution deficiency (excess) | (1,787,808) | 5,406,271 | 4,977,278 | 6,199,079 | 10,409,819 | 10,812,812 | 10,406,376 | 10,719,120 | 10,835,816 | 9,817,778 |
| Covered-employee payroll | 51,761,000 | 49,021,000 | 45,226,000 | 45,538,000 | 45,247,171 | 44,749,039 | 49,120,412 | 43,859,241 | 43,752,144 | 45,107,805 |
| Contributions as a percentage of covered-employee payroll | 12.92% | 13.53% | 13.85% | 13.18% | 13.20% | 13.30% | 12.10% | 16.79% | 20.59% | 20.95% |

(1) For financial statement presentation, Employee Retirement System amounts are allocated between the general fund, enterprise funds, component units, and a jointly governed entity. The amounts above are presented for the entire plan.

**Notes to Required Supplementary Pension Information
For the Year Ended December 31, 2017**

Methods and assumptions used in calculations of actuarially determined contributions. The actuarially determined contribution rates in the schedule of pension contributions were calculated as of December 31, 2017. The following actuarial methods and assumptions were used to determine contribution rates reported in that schedule:

| | <u>FPRF</u> | <u>PPRF</u> | <u>ERS</u> |
|-------------------------------|--|--|---|
| Actuarial cost method | - Entry age normal | - Entry age normal | - Entry age normal |
| Amortization Method | Level dollar, closed | Level dollar, closed | Level dollar, closed |
| Remaining amortization period | 14 years | 1 year | 30 years |
| Asset valuation period | N/A | N/A | N/A |
| Inflation | 2.50% | 2.50% | 3.00% |
| Salary increases | 5.00% | N/A | Based on classification |
| Investment rate of return | 7.00% | 7.00% | 7.00% |
| Cost of Living Adjustment | 3.50% | 3.50% | None |
| Retirement Age | Plan specific | n/a | Plan specific |
| Turnover | Plan specific | n/a | Plan specific |
| Mortality | Non-annuitants: RP-2000 "Employee" table projected to 2033 using Scale AA; Annuitants: RP-2000 "Healthy Annuitants" projected to 2022 using Scale AA | Non-annuitants: RP-2000 "Employee" table projected to 2033 using Scale AA; Annuitants: RP-2000 "Healthy Annuitants" projected to 2025 using Scale AA | Non-annuitants: RP-2000 "Employee" table projected to 2033 using Scale AA; Annuitants: RP-2000 "Healthy Annuitants" projected to 2025 using Scale AAA |
| Disability | Plan specific | Plan specific | Plan specific |

CITY OF SHREVEPORT, LOUISIANA
SCHEDULE OF EMPLOYER'S PROPORTIONATE SHARE OF NET PENSION LIABILITY - STATE
LAST TEN FISCAL YEARS (1)
(UNAUDITED)

| <u>Plan</u> | <u>Year</u> | <u>Employer Proportion of the Net Pension Liability (Asset)</u> | <u>Employer Proportionate Share of the Net Pension Liability (Asset)</u> | <u>Employer's Covered Employee Payroll</u> | <u>Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Employee Payroll</u> | <u>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability</u> |
|-------------|-------------|---|--|--|--|---|
| MPERS | 2015 | 10.907553% | \$ 85,449,276 | \$ 18,469,499 | 462.65% | 70.73% |
| FRS | 2015 | 14.253575% | \$ 76,929,090 | \$ 14,132,726 | 544.33% | 72.45% |
| MPERS | 2016 | 10.462889% | \$ 98,066,748 | \$ 28,897,057 | 339.37% | 66.04% |
| FRS | 2016 | 13.660802% | \$ 89,353,995 | \$ 29,861,960 | 299.22% | 68.16% |
| MPERS | 2017 | 10.029179% | \$ 87,558,975 | \$ 29,521,311 | 296.60% | 70.08% |
| FRS | 2017 | 13.298266% | \$ 76,223,654 | \$ 28,916,765 | 263.60% | 73.55% |

(1) This schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

The amounts presented have a measurement date of June 30.

CITY OF SHREVEPORT, LOUISIANA
SCHEDULE OF EMPLOYER CONTRIBUTIONS - STATE
LAST TEN FISCAL YEARS (1)
(UNAUDITED)

| Plan | Year | Contractually Required Contribution | Contributions in Relation to Contractual Required Contribution | Contribution Deficiency (Excess) | Employer's Covered Employee Payroll | Contributions as a % of Covered Employee Payroll |
|-------------|-------------|--|---|---|--|---|
| MPERS | 2015 | \$ 9,190,723 | \$ 9,190,723 | \$ - | \$ 18,469,499 | 49.76% |
| FRS | 2015 | 8,860,375 | 8,860,375 | - | 14,132,726 | 62.69% |
| MPERS | 2016 | 8,646,089 | 9,102,573 | (456,484) | 28,897,057 | 31.50% |
| FRS | 2016 | 8,393,570 | 8,137,384 | 256,186 | 29,861,960 | 27.25% |
| MPERS | 2017 | 9,506,039 | 9,299,213 | 206,826 | 29,521,311 | 31.50% |
| FRS | 2017 | 7,843,256 | 7,879,819 | (36,563) | 28,916,765 | 27.25% |

(1) This schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

The amounts presented have a measurement date of June 30.

CITY OF SHREVEPORT, LOUISIANA
DEBT SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2017

| | <u>Budgeted Amounts</u> | | <u>Actual Amounts</u> | <u>Variance With Final Budget Positive (Negative)</u> |
|--|-------------------------|----------------------|---------------------------|---|
| | <u>Original</u> | <u>Final</u> | | |
| REVENUES | | | | |
| Property taxes | \$ 30,000,000 | \$ 32,323,100 | \$ 27,563,502 | \$ (4,759,598) |
| Investment earnings | 200,000 | 200,000 | 23,387 | (176,613) |
| Intergovernmental | 1,200,000 | 1,200,000 | 1,761,967 | 561,967 |
| Total revenues | <u>31,400,000</u> | <u>33,723,100</u> | <u>29,348,856</u> | <u>(4,374,244)</u> |
| EXPENDITURES | | | | |
| Principal | 22,400,000 | 20,200,000 | 22,195,408 | (1,995,408) |
| Interest and other charges | 10,000,000 | 10,000,000 | 11,367,610 | (1,367,610) |
| Bond issuance costs | - | - | 715,873 | (715,873) |
| Total expenditures | <u>32,400,000</u> | <u>30,200,000</u> | <u>34,278,891</u> | <u>(4,078,891)</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>(1,000,000)</u> | <u>3,523,100</u> | <u>(4,930,035)</u> | <u>(8,453,135)</u> |
| OTHER FINANCING SOURCES | | | | |
| Refunding bonds issued | - | - | 50,000,000 | 50,000,000 |
| Premium on refunding bonds issued | - | - | 7,085,177 | 7,085,177 |
| Payments to refunding bonds escrow agent | - | - | (56,369,303) | (56,369,303) |
| Transfers in | 2,200,000 | 2,200,000 | 3,666,642 | 1,466,642 |
| Total other financing sources | <u>2,200,000</u> | <u>2,200,000</u> | <u>4,382,516</u> | <u>2,182,516</u> |
| Net change in fund balances | 1,200,000 | 5,723,100 | (547,519) | (6,270,619) |
| Fund balances - beginning | <u>51,264,466</u> | <u>51,264,466</u> | <u>51,264,466</u> | <u>-</u> |
| Fund balances - ending | <u>\$ 52,464,466</u> | <u>\$ 56,987,566</u> | <u>\$ 50,716,947</u> | <u>\$ (6,270,619)</u> |

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

CITY OF SHREVEPORT, LOUISIANA
STREETS FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2017

| | Budgeted Amounts | | Actual Amounts | Variance With Final Budget Positive (Negative) |
|---------------------------------------|---------------------|---------------------|---------------------|---|
| | Original | Final | | |
| REVENUES | | | | |
| Investment earnings | | | \$ 3,596 | \$ 3,596 |
| Franchise Fees | 6,800,000 | 6,800,000 | 6,819,206 | 19,206 |
| Total revenues | <u>6,800,000</u> | <u>6,800,000</u> | <u>6,822,802</u> | <u>22,802</u> |
| EXPENDITURES | | | | |
| Capital projects | - | - | - | - |
| Total expenditures | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Excess of revenue over expenditures | - | - | - | - |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers out | (8,005,200) | (8,005,200) | (8,005,200) | - |
| Total other financing sources (uses) | <u>(8,005,200)</u> | <u>(8,005,200)</u> | <u>(8,005,200)</u> | <u>-</u> |
| Net change in fund balances | (1,205,200) | (1,205,200) | (1,182,398) | 22,802 |
| Fund balances - beginning | <u>2,701,952</u> | <u>2,701,952</u> | <u>2,701,952</u> | <u>-</u> |
| Fund balances - ending | <u>\$ 1,496,752</u> | <u>\$ 1,496,752</u> | <u>\$ 1,519,554</u> | <u>\$ 22,802</u> |

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

CITY OF SHREVEPORT, LOUISIANA
RIVERFRONT DEVELOPMENT FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2017

| | <u>Budgeted Amounts</u> | | <u>Actual Amounts</u> | <u>Variance With Final Budget Positive (Negative)</u> |
|--|-------------------------|---------------------|---------------------------|---|
| | <u>Original</u> | <u>Final</u> | | |
| REVENUES | | | | |
| Gaming | \$ 11,501,300 | \$ 9,288,600 | \$ 8,916,942 | \$ (371,658) |
| Investment Earnings | - | - | 3,983 | 3,983 |
| Miscellaneous | 1,062,200 | 1,062,200 | 1,062,192 | (8) |
| Total revenues | <u>12,563,500</u> | <u>10,350,800</u> | <u>9,983,117</u> | <u>(367,683)</u> |
| EXPENDITURES | | | | |
| Current: | | | | |
| Economic development: | | | | |
| Salaries, wages and employee benefits | 184,000 | 134,000 | 108,934 | 25,066 |
| Materials and supplies | 17,500 | 7,500 | 30 | 7,470 |
| Contractual services | 178,000 | 118,000 | 23,287 | 94,713 |
| Other charges | 974,700 | 944,700 | 872,231 | 72,469 |
| Total expenditures | <u>1,354,200</u> | <u>1,204,200</u> | <u>1,004,482</u> | <u>199,718</u> |
| Excess (deficiency) of revenues over under expenditures | <u>11,209,300</u> | <u>9,146,600</u> | <u>8,978,635</u> | <u>(167,965)</u> |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers in | - | - | - | - |
| Transfers out | (11,209,300) | (11,209,300) | (11,209,300) | - |
| Total other financing uses | <u>(11,209,300)</u> | <u>(11,209,300)</u> | <u>(11,209,300)</u> | <u>-</u> |
| Net change in fund balance | - | (2,062,700) | (2,230,665) | (167,965) |
| Fund balance -beginning | <u>2,233,709</u> | <u>2,233,709</u> | <u>2,233,709</u> | <u>-</u> |
| Fund balance -ending | <u>\$ 2,233,709</u> | <u>\$ 171,009</u> | <u>\$ 3,044</u> | <u>\$ (167,965)</u> |

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

CITY OF SHREVEPORT, LOUISIANA
POLICE GRANTS FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2017

| | Budgeted Amounts | | Actual Amounts | Variance With Final Budget Positive (Negative) |
|--|-------------------|-------------------|-------------------|---|
| | Original | Final | | |
| REVENUES | | | | |
| Intergovernmental | \$ 2,974,404 | \$ 4,702,913 | \$ 3,156,808 | \$ (1,546,105) |
| Investment earnings | - | 1,900 | - | (1,900) |
| Miscellaneous | - | 176,900 | 188,025 | 11,125 |
| Total revenues | <u>2,974,404</u> | <u>4,881,713</u> | <u>3,344,833</u> | <u>(1,536,880)</u> |
| EXPENDITURES | | | | |
| Current: | | | | |
| Public Safety: | | | | |
| Salaries, wages and employee benefits | 1,658,330 | 2,489,730 | 1,674,069 | 815,661 |
| Materials and supplies | 77,000 | 1,442,000 | 32,102 | 1,409,898 |
| Contractual services | 873,140 | 873,140 | 133,548 | 739,592 |
| Other charges | 127,702 | 127,702 | 117,358 | 10,344 |
| Improvements and equipment | 238,232 | 244,021 | 1,487,355 | (1,243,334) |
| Total expenditures | <u>2,974,404</u> | <u>5,176,593</u> | <u>3,444,432</u> | <u>1,732,161</u> |
| Excess (deficiency) of revenues over under expenditures | <u>-</u> | <u>(294,880)</u> | <u>(99,599)</u> | <u>195,281</u> |
| OTHER FINANCING SOURCES | | | | |
| Transfers in | - | 124,091 | 124,091 | - |
| Total other financing sources | <u>-</u> | <u>124,091</u> | <u>124,091</u> | <u>-</u> |
| Net change in fund balance | - | (170,789) | 24,492 | 195,281 |
| Fund balance - beginning | <u>549,470</u> | <u>549,470</u> | <u>549,470</u> | <u>-</u> |
| Fund balance - ending | <u>\$ 549,470</u> | <u>\$ 378,681</u> | <u>\$ 573,962</u> | <u>\$ 195,281</u> |

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

CITY OF SHREVEPORT, LOUISIANA
DOWN TOWN ENTERTAINMENT ECONOMIC DEVELOPMENT FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2017

| | <u>Budgeted Amounts</u> | | <u>Actual Amounts</u> | <u>Variance With Final Budget Positive (Negative)</u> |
|--|-------------------------|--------------------|---------------------------|---|
| | <u>Original</u> | <u>Final</u> | | |
| REVENUES | | | | |
| Investment earnings | \$ 6,500 | \$ 6,500 | \$ 538 | \$ (5,962) |
| Land rent | 25,000 | - | - | - |
| Sales tax | 160,000 | 45,000 | 56,952 | 11,952 |
| Miscellaneous | 815,600 | - | - | - |
| Total revenues | <u>1,007,100</u> | <u>51,500</u> | <u>57,490</u> | <u>5,990</u> |
| EXPENDITURES | | | | |
| Current: | | | | |
| Economic development: | | | | |
| Salaries, wages and employee benefits | 91,600 | 90,600 | 88,322 | 2,278 |
| Materials and supplies | 5,000 | 5,459 | 3,452 | 2,007 |
| Contractual services | 72,000 | 128,649 | 107,921 | 20,728 |
| Other charges | 47,000 | 33,295 | 33,627 | (332) |
| Operating Reserves | 786,500 | 594,000 | - | 594,000 |
| Improvements and equipment | 5,000 | 21,500 | 13,078 | 8,422 |
| Total expenditures | <u>1,007,100</u> | <u>873,503</u> | <u>246,400</u> | <u>627,103</u> |
| Excess (deficiency) of revenues over under expenditures | <u>-</u> | <u>(822,003)</u> | <u>(188,910)</u> | <u>633,093</u> |
| OTHER FINANCING SOURCES | | | | |
| Transfers in | - | - | - | - |
| Total other financing uses | - | - | - | - |
| Net change in fund balance | <u>-</u> | <u>(822,003)</u> | <u>(188,910)</u> | <u>\$ 633,093</u> |
| Fund balance -beginning | <u>746,209</u> | <u>746,209</u> | <u>746,209</u> | <u>\$ -</u> |
| Fund balance-ending | <u>\$ 746,209</u> | <u>\$ (75,794)</u> | <u>\$ 557,299</u> | <u>\$ 633,093</u> |

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

CITY OF SHREVEPORT, LOUISIANA
REDEVELOPMENT FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2017

| | <u>Budgeted Amounts</u> | | <u>Actual Amounts</u> | <u>Variance With Final Budget Positive (Negative)</u> |
|--|-------------------------|-------------------|---------------------------|---|
| | <u>Original</u> | <u>Final</u> | | |
| REVENUES | | | | |
| Investment earnings | \$ - | \$ - | \$ 3 | \$ 3 |
| Miscellaneous | 4,023 | - | - | \$ - |
| Total revenues | <u>4,023</u> | <u>-</u> | <u>3</u> | <u>3</u> |
| EXPENDITURES | | | | |
| Current: | | | | |
| Economic development: | | | | |
| Other charges | 4,023 | 4,023 | - | 4,023 |
| Total expenditures | <u>4,023</u> | <u>4,023</u> | <u>-</u> | <u>4,023</u> |
| Excess (deficiency) of revenues over (under) expenditures | - | (4,023) | 3 | 4,026 |
| Fund balance -beginning | <u>200,099</u> | <u>200,099</u> | <u>200,099</u> | <u>-</u> |
| Fund balance-ending | <u>\$ 200,099</u> | <u>\$ 196,076</u> | <u>\$ 200,102</u> | <u>\$ 4,026</u> |

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

CITY OF SHREVEPORT, LOUISIANA
ENVIRONMENTAL GRANTS FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2017

| | <u>Budgeted Amounts</u> | | <u>Actual Amounts</u> | <u>Variance With Final Budget Positive (Negative)</u> |
|--|-------------------------|------------------|---------------------------|---|
| | <u>Original</u> | <u>Final</u> | | |
| REVENUES | | | | |
| Intergovernmental | \$ 1,339,428 | \$ 358,000 | \$ 120,987 | \$ (237,013) |
| Investment earnings | - | - | 1,204 | 1,204 |
| Miscellaneous | - | 86,191 | 28,729 | (57,462) |
| Total revenues | <u>1,339,428</u> | <u>444,191</u> | <u>150,920</u> | <u>(293,271)</u> |
| EXPENDITURES | | | | |
| Current: | | | | |
| General government: | | | | |
| Salaries, wages and employee benefits | 13,500 | 7,500 | - | 7,500 |
| Materials and supplies | 299 | 299 | - | 299 |
| Contractual services | 377,612 | 775,744 | 120,987 | 654,757 |
| Other charges | 948,017 | 948,017 | - | 948,017 |
| Total expenditures | <u>1,339,428</u> | <u>1,731,560</u> | <u>120,987</u> | <u>1,610,573</u> |
| Excess (deficiency) of revenues over under expenditures | - | (1,287,369) | 29,933 | 1,317,302 |
| Fund balance -beginning | <u>1,336,709</u> | <u>1,336,709</u> | <u>1,336,709</u> | - |
| Fund balance-ending | <u>\$ 1,336,709</u> | <u>\$ 49,340</u> | <u>\$ 1,366,642</u> | <u>\$ 1,317,302</u> |

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

CITY OF SHREVEPORT, LOUISIANA
SCHEDULE OF COMPENSATION, BENEFITS AND OTHER PAYMENTS
TO AGENCY HEAD OR CHIEF EXECUTIVE OFFICER
FOR THE YEAR ENDED DECEMBER 31, 2017

Mayor Ollie S. Tyler

| | |
|-----------------------|-------------------|
| Salary | \$ 96,210 |
| Benefits-insurance | 1,718 |
| Deferred compensation | 7,576 |
| Cell phone | 627 |
| Travel | 1,957 |
| Total | <u>\$ 108,088</u> |

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Nonmajor Governmental Funds Special Revenue Funds

Special Revenue Funds are used for specific revenues that are legally restricted to expenditures for particular purposes.

Streets Fund – This fund is used for construction and repair of streets, including sidewalk and drainage structures.

Enrichment Fund - This fund is used to account for donations held for the purpose of enrichment and improvement of City facilities and services.

Riverfront Development Fund - This fund accounts for the collection and disbursement of funds from the riverfront gaming activities.

Police Grants Fund - This fund accounts for the collection and disbursement of various state and federal grants to the City of Shreveport Police Department.

Downtown Entertainment Economic Development Fund - This fund is used to account for incremental sales tax revenues collected from the development area to promote development of the area and associated projects.

Redevelopment Fund - This fund is used to acquire and land bank vacant adjudicated property for future redevelopment projects and to acquire other property for current redevelopment projects in redevelopment areas.

Environmental Grants Fund - This fund accounts for grants received for Brownfields assessment, cleanup loan fund, job training, and economic development.

Capital Projects Funds

Capital projects funds are used to account for the acquisition and construction of major capital facilities other than those financed by proprietary funds.

Miscellaneous General Obligation Bond Funds - These funds are used to account for bonds issued for the purpose of constructing public buildings and/or improving streets, public safety, drainage systems, waste disposal, parks, an industrial park, and a Sportran maintenance facility.

Miscellaneous Capital Projects Fund - This fund is used to account for various projects funded by miscellaneous sources other than general obligation bonds.

2003A General Obligation Bond Fund - This fund is used to account for bonds issued for the purpose of constructing, acquiring, and improving works of neighborhood public improvement, recreation facilities, and police and fire facilities.

2011 General Obligation Bonds – This fund is used to account for bonds issued for the purpose of improving the water and sewer system, various public facilities and streets and drainage systems.

**CITY OF SHREVEPORT, LOUISIANA
COMBINING BALANCESHEET
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2017**

| | Special Revenue Funds | | | | | | | Total |
|---|-----------------------|---------------------|---------------------------|-------------------|--|-------------------|-------------------------|---------------------|
| | Streets | Enrichment | Riverfront Development | Police Grants | Downtown Entertainment Economic Development | | Environmental Grants | |
| | | | | | Re development | Re development | | |
| ASSETS | | | | | | | | |
| Cash and cash equivalents | \$ - | \$ 1,138,247 | \$ - | \$ 57,760 | \$ 566,409 | \$ 4,036 | \$ 1,365,089 | \$ 3,131,541 |
| Accounts receivable, net | 1,636,163 | - | 847,915 | - | - | - | - | 2,484,078 |
| Due from other governments | - | - | - | 595,144 | - | - | 17,987 | 613,131 |
| Due from other funds | - | - | - | - | - | - | - | - |
| Assets held for resale | - | - | - | - | - | 196,066 | - | 196,066 |
| Total assets | \$ 1,636,163 | \$ 1,138,247 | \$ 847,915 | \$ 652,904 | \$ 566,409 | \$ 200,102 | \$ 1,383,076 | \$ 6,424,816 |
| LIABILITIES AND FUND BALANCES (DEFICIT) | | | | | | | | |
| Liabilities: | | | | | | | | |
| Accounts payable | \$ - | \$ 16,877 | \$ 5,076 | \$ 42,272 | \$ 9,110 | \$ - | \$ 16,434 | \$ 89,769 |
| Due to other funds | 116,609 | - | 839,795 | - | - | - | - | 956,404 |
| Due to other governments | - | - | - | 36,670 | - | - | - | 36,670 |
| Total liabilities | 116,609 | 16,877 | 844,871 | 78,942 | 9,110 | - | 16,434 | 1,082,843 |
| Fund balance (deficit): | | | | | | | | |
| Restricted | 1,519,554 | 1,121,370 | 3,044 | 573,962 | 557,299 | 200,102 | 1,366,642 | 5,341,973 |
| Total fund balance (deficit) | 1,519,554 | 1,121,370 | 3,044 | 573,962 | 557,299 | 200,102 | 1,366,642 | 5,341,973 |
| Total liabilities and fund balance (deficit) | \$ 1,636,163 | \$ 1,138,247 | \$ 847,915 | \$ 652,904 | \$ 566,409 | \$ 200,102 | \$ 1,383,076 | \$ 6,424,816 |

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

Capital Project Funds

| Miscellaneous General Obligation Bond Funds | Miscellaneous Capital Projects Fund | 2003A General Obligation Bond Fund | \$2,011.00 General Obligation Bond Fund | Total | Total Nonmajor Governmental Funds |
|--|--|---|--|----------------------|--|
| \$ 6,305,486 | \$ 6,620,681 | \$ 4,055,350 | \$ 3,751,812 | \$ 20,733,329 | \$ 23,864,870 |
| - | - | - | - | - | 2,484,078 |
| - | 225,994 | - | - | 225,994 | 839,125 |
| 1,659,733 | 591,848 | - | - | 2,251,581 | 2,251,581 |
| - | - | - | - | - | 196,066 |
| \$ 7,965,219 | \$ 7,438,523 | \$ 4,055,350 | \$ 3,751,812 | \$ 23,210,904 | \$ 29,635,720 |
| | | | | | |
| \$ 69,552 | \$ 1,553,389 | \$ 450 | \$ 523,660 | \$ 2,147,051 | \$ 2,236,820 |
| 274,299 | - | - | - | 274,299 | 1,230,703 |
| - | - | - | - | - | 36,670 |
| 343,851 | 1,553,389 | 450 | 523,660 | 2,421,350 | 3,504,193 |
| | | | | | |
| 7,621,368 | 5,885,134 | 4,054,900 | 3,228,152 | 20,789,554 | 26,131,527 |
| 7,621,368 | 5,885,134 | 4,054,900 | 3,228,152 | 20,789,554 | 26,131,527 |
| | | | | | |
| \$ 7,965,219 | \$ 7,438,523 | \$ 4,055,350 | \$ 3,751,812 | \$ 23,210,904 | \$ 29,635,720 |

CITY OF SHREVEPORT, LOUISIANA
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED DECEMBER 31, 2017

Special Revenue Funds

| | Streets | Enrichment | Riverfront Development | Police Grants | Downtown Entertainment Economic Development | Redevelopment | Environmental Grants | Total |
|--|---------------------|---------------------|---------------------------|-------------------|--|-------------------|-------------------------|---------------------|
| REVENUES | | | | | | | | |
| Intergovernmental | \$ - | | \$ - | \$ 3,156,808 | \$ - | \$ - | \$ 137,421 | \$ 3,294,229 |
| Gaming | - | | 8,916,942 | - | - | - | - | 8,916,942 |
| Investment earnings | 3,596 | 1,124 | 3,983 | - | 538 | 3 | 1,204 | 10,448 |
| Miscellaneous | 6,819,206 | 360,838 | 1,062,192 | 188,025 | 56,952 | - | 28,729 | 8,515,942 |
| Total revenues | <u>6,822,802</u> | <u>361,962</u> | <u>9,983,117</u> | <u>3,344,833</u> | <u>57,490</u> | <u>3</u> | <u>167,354</u> | <u>20,737,561</u> |
| EXPENDITURES | | | | | | | | |
| Current: | | | | | | | | |
| General government | - | - | - | - | - | - | 137,421 | 137,421 |
| Public safety | - | 552,301 | - | 3,444,432 | - | - | - | 3,996,733 |
| Culture and recreation | - | 149,358 | - | - | - | - | - | 149,358 |
| Economic development | - | - | 1,004,482 | - | 246,400 | - | - | 1,250,882 |
| Capital outlay | - | - | - | - | - | - | - | - |
| Total expenditures | <u>-</u> | <u>701,659</u> | <u>1,004,482</u> | <u>3,444,432</u> | <u>246,400</u> | <u>-</u> | <u>137,421</u> | <u>5,534,394</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>6,822,802</u> | <u>(339,697)</u> | <u>8,978,635</u> | <u>(99,599)</u> | <u>(188,910)</u> | <u>3</u> | <u>29,933</u> | <u>15,203,167</u> |
| OTHER FINANCING SOURCES (USES) | | | | | | | | |
| Transfers in | - | - | - | 124,091 | - | - | - | 124,091 |
| Transfers out | (8,005,200) | - | (11,209,300) | - | - | - | - | (19,214,500) |
| Total other financing sources and uses | <u>(8,005,200)</u> | <u>-</u> | <u>(11,209,300)</u> | <u>124,091</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>(19,090,409)</u> |
| Net change in fund balances | <u>(1,182,398)</u> | <u>(339,697)</u> | <u>(2,230,665)</u> | <u>24,492</u> | <u>(188,910)</u> | <u>3</u> | <u>29,933</u> | <u>(3,887,242)</u> |
| Fund balances (deficit)-beginning | 2,701,952 | 1,461,067 | 2,233,709 | 549,470 | 746,209 | 200,099 | 1,336,709 | 9,229,215 |
| Fund balances (deficit)-ending | <u>\$ 1,519,554</u> | <u>\$ 1,121,370</u> | <u>\$ 3,044</u> | <u>\$ 573,962</u> | <u>\$ 557,299</u> | <u>\$ 200,102</u> | <u>\$ 1,366,642</u> | <u>\$ 5,341,973</u> |

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

Capital Project Funds

| Miscellaneous General Obligation Bond Funds | Miscellaneous Capital Projects Fund | 2003A General Obligation Bond Fund | \$2,011.00 General Obligation Bond Fund | Total | Total Nonmajor Governmental Funds |
|--|--|---|--|----------------------|--|
| \$ - | \$ 2,889,224 | \$ - | \$ - | \$ 2,889,224 | \$ 6,183,453 |
| - | - | - | - | - | 8,916,942 |
| 381 | - | 2,832 | 35,393 | 38,606 | 49,054 |
| 1,204,864 | - | - | - | 1,204,864 | 9,720,806 |
| <u>1,205,245</u> | <u>2,889,224</u> | <u>2,832</u> | <u>35,393</u> | <u>4,132,694</u> | <u>24,870,255</u> |
| - | - | - | - | - | 137,421 |
| - | - | - | - | - | 3,996,733 |
| - | - | - | - | - | 149,358 |
| - | - | - | - | - | 1,250,882 |
| - | - | - | - | - | - |
| 1,618,342 | 9,948,585 | - | 9,386,028 | 20,952,955 | 20,952,955 |
| <u>1,618,342</u> | <u>9,948,585</u> | <u>-</u> | <u>9,386,028</u> | <u>20,952,955</u> | <u>26,487,349</u> |
| <u>(413,097)</u> | <u>(7,059,361)</u> | <u>2,832</u> | <u>(9,350,635)</u> | <u>(16,820,261)</u> | <u>(1,617,094)</u> |
| 176,506 | 5,353,000 | - | 6,698,566 | 12,228,072 | 12,352,163 |
| - | - | - | (3,838,149) | (3,838,149) | (23,052,649) |
| <u>176,506</u> | <u>5,353,000</u> | <u>-</u> | <u>2,860,417</u> | <u>8,389,923</u> | <u>(10,700,486)</u> |
| (236,591) | (1,706,361) | 2,832 | (6,490,218) | (8,430,338) | (12,317,580) |
| 7,857,959 | 7,591,495 | 4,052,068 | 9,718,370 | 29,219,892 | 38,449,107 |
| <u>\$ 7,621,368</u> | <u>\$ 5,885,134</u> | <u>\$ 4,054,900</u> | <u>\$ 3,228,152</u> | <u>\$ 20,789,554</u> | <u>\$ 26,131,527</u> |

Nonmajor Enterprise Funds

Enterprise funds are used to account for the acquisition, operation, and maintenance of facilities and services which are entirely or predominantly self-supported by user charges. The operations of enterprise funds are accounted for in such a manner as to show a profit or loss similar to comparable private enterprises.

Shreveport Area Transit System - This fund accounts for the activities necessary to provide bus service for the residents of the City.

Golf - This fund is used to account for the operations of the City's two golf courses. The fund's operations are financed by greens fees, golf equipment rentals, merchandise sales, memberships, and concession sales to the public.

Downtown Parking Fund - This fund is used to account for parking revenues to promote improved parking facilities in the downtown area.

CITY OF SHREVEPORT, LOUISIANA
COMBINING STATEMENT OF NET POSITION
NONMAJOR ENTERPRISE FUNDS
DECEMBER 31, 2017

| | Shreveport Area Transit System | Golf | Downtown Parking | Total Nonmajor Enterprise Funds |
|---------------------------------------|---|-----------------------|-----------------------------|--|
| ASSETS | | | | |
| Current Assets: | | | | |
| Cash and cash equivalents | \$ 89,249 | \$ 234,536 | \$ 790,114 | \$ 1,113,899 |
| Receivables, net | 211,458 | 6,491 | 37,329 | 255,278 |
| Due from other funds | 53,007 | - | - | 53,007 |
| Due from other governments | 3,303,030 | - | - | 3,303,030 |
| Inventories | 733,472 | 14,908 | - | 748,380 |
| Prepaid items | 198,561 | - | - | 198,561 |
| Total current assets | <u>4,588,777</u> | <u>255,935</u> | <u>827,443</u> | <u>5,672,155</u> |
| Noncurrent Assets: | | | | |
| Capital Assets: | | | | |
| Land | 368,877 | - | - | 368,877 |
| Buildings | 13,527,793 | 263,373 | - | 13,791,166 |
| Improvements other than buildings | - | 1,164,965 | - | 1,164,965 |
| Equipment | 23,777,353 | 559,978 | - | 24,337,331 |
| Construction in progress | 470,336 | - | - | 470,336 |
| Less accumulated depreciation | (12,588,856) | (1,359,367) | - | (13,948,223) |
| Total noncurrent assets | <u>25,555,503</u> | <u>628,949</u> | <u>-</u> | <u>26,184,452</u> |
| Total assets | <u>30,144,280</u> | <u>884,884</u> | <u>827,443</u> | <u>31,856,607</u> |
| DEFERRED OUTFLOWS OF RESOURCES | | | | |
| Deferred pensions | - | 56,762 | - | 56,762 |
| Total deferred outflows of resources | <u>-</u> | <u>56,762</u> | <u>-</u> | <u>56,762</u> |
| LIABILITIES | | | | |
| Current Liabilities: | | | | |
| Accounts payable | 55,513 | 2,270 | - | 57,783 |
| Accrued liabilities | 283,077 | 1,253 | - | 284,330 |
| Due to other funds | 1,464,608 | - | - | 1,464,608 |
| Unearned revenue | - | 124,237 | - | 124,237 |
| Compensated absences | 198,316 | 145 | - | 198,461 |
| Total current liabilities | <u>2,001,514</u> | <u>127,905</u> | <u>-</u> | <u>2,129,419</u> |
| Noncurrent Liabilities: | | | | |
| Compensated absences | - | 40,390 | - | 40,390 |
| Net OPEB obligation | - | 1,908,490 | - | 1,908,490 |
| Net Pension Liability | - | 1,791,579 | - | 1,791,579 |
| Total noncurrent liabilities | <u>-</u> | <u>3,740,459</u> | <u>-</u> | <u>3,740,459</u> |
| Total liabilities | <u>2,001,514</u> | <u>3,868,364</u> | <u>-</u> | <u>5,869,878</u> |
| DEFERRED INFLOWS OR RESOURCES | | | | |
| Deferred pensions | - | 108,927 | - | 108,927 |
| NET POSITION (DEFICIT) | | | | |
| Net investment in capital assets | 25,555,503 | 628,949 | - | 26,184,452 |
| Unrestricted (deficit) | 2,587,263 | (3,664,594) | 827,443 | (249,888) |
| Total Net Position (deficit) | <u>\$ 28,142,766</u> | <u>\$ (3,035,645)</u> | <u>\$ 827,443</u> | <u>\$ 25,934,564</u> |

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

CITY OF SHREVEPORT, LOUISIANA
COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
NONMAJOR ENTERPRISE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2017

| | Shreveport Area Transit System | Golf | Downtown Parking | Total Nonmajor Enterprise Funds |
|--|---|-----------------------|-----------------------------|--|
| OPERATING REVENUES | | | | |
| Charges for services | \$ 2,061,377 | \$ 1,509,499 | \$ 448,267 | \$ 4,019,143 |
| Miscellaneous | 411,915 | 8,377 | - | 420,292 |
| Total operating revenues | <u>2,473,292</u> | <u>1,517,876</u> | <u>448,267</u> | <u>4,439,435</u> |
| OPERATING EXPENSES | | | | |
| Personal services | 8,918,658 | (4,562,700) | 367,630 | 4,723,588 |
| Contractual services and other expenses | 1,485,704 | 427,982 | - | 1,913,686 |
| Utilities | 225,069 | 89,162 | - | 314,231 |
| Repairs and maintenance | - | 156 | - | 156 |
| Materials and supplies | 2,037,897 | 219,847 | - | 2,257,744 |
| Depreciation | 4,089,200 | 56,688 | - | 4,145,888 |
| Total operating expenses | <u>16,756,528</u> | <u>(3,768,865)</u> | <u>367,630</u> | <u>13,355,293</u> |
| Operating income (loss) | <u>(14,283,236)</u> | <u>5,286,741</u> | <u>80,637</u> | <u>(8,915,858)</u> |
| NONOPERATING REVENUES (EXPENSES) | | | | |
| Investment earnings | - | (20) | 663 | 643 |
| Interest expense | - | (281) | - | (281) |
| Intergovernmental | 4,473,859 | - | - | 4,473,859 |
| Loss on disposal of capital assets | (1,308,770) | - | - | (1,308,770) |
| Net nonoperating revenues (expenses) | <u>3,165,089</u> | <u>(301)</u> | <u>663</u> | <u>3,165,451</u> |
| Income (loss) before contributions and transfers | (11,118,147) | 5,286,440 | 81,300 | (5,750,407) |
| Capital contributions | 14,622,531 | - | - | 14,622,531 |
| Transfers in | 7,397,519 | 87,200 | - | 7,484,719 |
| Change in net position | <u>10,901,903</u> | <u>5,373,640</u> | <u>81,300</u> | <u>16,356,843</u> |
| Total net position (deficit)-beginning | 17,240,863 | (8,409,285) | 746,143 | 9,577,721 |
| Total net position (deficit)-ending | <u>\$ 28,142,766</u> | <u>\$ (3,035,645)</u> | <u>\$ 827,443</u> | <u>\$ 25,934,564</u> |

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

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CITY OF SHREVEPORT, LOUISIANA
COMBINING STATEMENT OF CASH FLOWS NONMAJOR ENTERPRISE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2017

| | Shreveport Area Transit System | Golf | Downtown Parking | Total Nonmajor Enterprise Funds |
|--|--------------------------------------|--------------------|---------------------|--|
| Cash flows from operating activities: | | | | |
| Receipts from operations | \$ 2,030,178 | \$ 1,621,340 | \$ 444,604 | \$ 4,096,122 |
| Payments to suppliers | (20,278,726) | (712,004) | (367,630) | (21,358,360) |
| Payments to employees | 8,932,722 | (690,541) | - | 8,242,181 |
| Other receipts | 411,915 | 2 | - | 411,917 |
| Other payments | (29,993) | (57,000) | - | (86,993) |
| Net cash provided by (used in) operating activities | <u>(8,933,904)</u> | <u>161,797</u> | <u>76,974</u> | <u>(8,695,133)</u> |
| Cash flows from noncapital financing activities: | | | | |
| Intergovernmental | 1,436,472 | - | - | 1,436,472 |
| Transfers in | 7,557,398 | 87,200 | - | 7,644,598 |
| Interest expense on operations | - | (281) | - | (281) |
| Net cash provided by (used in) noncapital financing activities | <u>8,993,870</u> | <u>86,919</u> | <u>-</u> | <u>9,080,789</u> |
| Cash flows from capital and related financing activities: | | | | |
| Acquisition and construction of capital assets | (9,929,906) | - | - | (9,929,906) |
| Principal paid on debt | 9,443,407 | (17,984) | - | 9,425,423 |
| Net cash provided by (used in) capital and related financing activities | <u>(486,499)</u> | <u>(17,984)</u> | <u>-</u> | <u>(504,483)</u> |
| Cash flows from investing activities: | | | | |
| Purchase of investments | - | (20) | - | (20) |
| Interest on investments | - | - | 663 | 663 |
| Net cash provided by (used in) investing activities | <u>-</u> | <u>(20)</u> | <u>663</u> | <u>643</u> |
| Net increase (decrease) in cash and cash equivalents | (426,533) | 230,712 | 77,637 | (118,184) |
| Cash and cash equivalents - beginning of year | 515,782 | 3,824 | 712,477 | 1,232,083 |
| Cash and cash equivalents - end of year | <u>\$ 89,249</u> | <u>\$ 234,536</u> | <u>\$ 790,114</u> | <u>\$ 1,113,899</u> |
| Reconciliation of operating income (loss) to net cash provided by (used in) operating activities: | | | | |
| Operating income (loss) | \$ (14,283,236) | \$ 5,286,741 | \$ 80,637 | \$ (8,915,858) |
| Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities: | | | | |
| Depreciation | 4,089,200 | 56,688 | - | 4,145,888 |
| (Increase)Decrease in assets: | | | | |
| Receivables | 21,808 | 1,045 | (3,663) | 19,190 |
| Due from other funds | (53,007) | - | - | (53,007) |
| Inventories | 29,034 | (3,633) | - | 25,401 |
| Deferred outflows for pensions | - | 2,666 | - | 2,666 |
| Prepaid items | (39,040) | - | - | (39,040) |
| Increase(Decrease) in liabilities: | | | | |
| Accounts payable | (122,163) | (74) | - | (122,237) |
| Accrued liabilities | 2,228 | 967 | - | 3,195 |
| Deferred inflows for pensions | - | 84,750 | - | 84,750 |
| Due to other funds | 1,439,429 | (18,896) | - | 1,420,533 |
| Unearned revenue | - | 92,677 | - | 92,677 |
| Compensated absences | (8,164) | 12,091 | - | 3,927 |
| Net OPEB obligation | - | (4,958,764) | - | (4,958,764) |
| Net Pension Liability | - | (394,461) | - | (394,461) |
| Other increases (decreases) | (9,993) | - | - | (9,993) |
| Total adjustments | <u>5,349,332</u> | <u>(5,124,944)</u> | <u>(3,663)</u> | <u>220,725</u> |
| Net cash provided by (used in) operating activities | <u>\$ (8,933,904)</u> | <u>\$ 161,797</u> | <u>\$ 76,974</u> | <u>\$ (8,695,133)</u> |

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

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Internal Service Funds

Internal service funds are used to account for the financing of goods and services provided by one department or agency to other departments or agencies of the City, and to other governments, on a cost reimbursement basis.

Employees Health Care Fund - This fund is used to account for self-insurance activities involving medical and dental care claims by the City's employees, retirees, and dependents.

Retained Risk Fund - This fund is used to account for self-insurance activities involving property damage, worker's compensation and general liability claims.

CITY OF SHREVEPORT, LOUISIANA
COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS
DECEMBER 31, 2017

| | <u>Employees Health Care</u> | <u>Retained Risk</u> | <u>Total Internal Service Funds</u> |
|-------------------------------|----------------------------------|--------------------------|---|
| ASSETS | | | |
| Current assets: | | | |
| Cash and cash equivalents | \$ 1,482,962 | \$ 9,818,405 | \$ 11,301,367 |
| Investments | 963,997 | - | 963,997 |
| Receivables, net | 4,358,014 | - | 4,358,014 |
| Interest Receivable | 3,063 | - | 3,063 |
| Prepaid items | - | 517,959 | 517,959 |
| Total current assets | <u>6,808,036</u> | <u>10,336,364</u> | <u>17,144,400</u> |
| LIABILITIES | | | |
| Current liabilities: | | | |
| Accounts payable | 488,859 | 475,501 | 964,360 |
| Due to other funds | 7,929,675 | 53,007 | 7,982,682 |
| Claims and judgments | 3,353,905 | 9,505,199 | 12,859,104 |
| Total current liabilities | <u>11,772,439</u> | <u>10,033,707</u> | <u>21,806,146</u> |
| Non current liabilities: | | | |
| Claims and judgments | - | 24,757,801 | 24,757,801 |
| Compensated absences | - | 14,178 | 14,178 |
| Total noncurrent liabilities | <u>-</u> | <u>24,771,979</u> | <u>24,771,979</u> |
| Total liabilities | <u>11,772,439</u> | <u>34,805,686</u> | <u>46,578,125</u> |
| NET POSITION (DEFICIT) | | | |
| Unrestricted (deficit) | (4,964,403) | (24,469,322) | (29,433,725) |
| Total net position (deficit) | <u>\$ (4,964,403)</u> | <u>\$ (24,469,322)</u> | <u>\$ (29,433,725)</u> |

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

CITY OF SHREVEPORT, LOUISIANA
COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2017

| | <u>Employees Health Care</u> | <u>Retained Risk</u> | <u>Total Internal Service Funds</u> |
|---|----------------------------------|--------------------------|---|
| OPERATING REVENUES | | | |
| Charges for services | \$ 36,757,575 | \$ 7,510,961 | \$ 44,268,536 |
| Miscellaneous | 997,889 | 763,772 | 1,761,661 |
| Total operating revenues | <u>37,755,464</u> | <u>8,274,733</u> | <u>46,030,197</u> |
| OPERATING EXPENSES | | | |
| Personal services | 93,592 | 230,955 | 324,547 |
| Contractual services and other expenses | 2,846,834 | 3,154,819 | 6,001,653 |
| Materials and supplies | 4,352 | 3,643 | 7,995 |
| Claims | 37,340,948 | 11,186,255 | 48,527,203 |
| Total operating expenses | <u>40,285,726</u> | <u>14,575,672</u> | <u>54,861,398</u> |
| Operating income (loss) | <u>(2,530,262)</u> | <u>(6,300,939)</u> | <u>(8,831,201)</u> |
| NONOPERATING REVENUES | | | |
| Investment earnings (loss) | 13,709 | 11,810 | 25,519 |
| Net nonoperating revenues (loss) | <u>13,709</u> | <u>11,810</u> | <u>25,519</u> |
| Change in net position | (2,516,553) | (6,289,129) | (8,805,682) |
| Total net position (deficit)-beginning | (2,447,850) | (18,180,193) | (20,628,043) |
| Total net position (deficit)-ending | <u>\$ (4,964,403)</u> | <u>(24,469,322)</u> | <u>\$ (29,433,725)</u> |

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

CITY OF SHREVEPORT, LOUISIANA
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2017

| | <u>Employees Health Care</u> | <u>Retained Risk</u> | <u>Total Internal Service Funds</u> |
|--|----------------------------------|--------------------------|---|
| Cash flows from operating activities: | | | |
| Receipts from operations | \$ 37,100,712 | \$ 8,327,740 | \$ 45,428,452 |
| Payments to suppliers | (89,417) | (23,032,598) | (23,122,015) |
| Payments to employees | (93,592) | (227,615) | (321,207) |
| Claims | (37,148,978) | 9,610,442 | (27,538,536) |
| Other receipts /payments | - | - | - |
| Net cash provided by (used in) operating activities | <u>(231,275)</u> | <u>(5,322,031)</u> | <u>(5,553,306)</u> |
| Cash flows from noncapital financing activities: | | | |
| Transfers in/(out) | - | - | - |
| Net cash provided by noncapital financing activities | <u>-</u> | <u>-</u> | <u>-</u> |
| Cash flows from investing activities: | | | |
| Purchase of investments | (968,781) | - | (968,781) |
| Proceeds from sale and maturity of investments | 968,619 | - | 968,619 |
| Interest on investments | 18,292 | 11,810 | 30,102 |
| Net cash provided by (used in) investing activities | <u>18,130</u> | <u>11,810</u> | <u>29,940</u> |
| Net increase (decrease) in cash and cash equivalents | <u>(213,145)</u> | <u>(5,310,221)</u> | <u>(5,523,366)</u> |
| Cash and cash equivalents - beginning of year | 1,696,107 | 15,128,626 | 16,824,733 |
| Cash and cash equivalents - end of year | <u>\$ 1,482,962</u> | <u>\$ 9,818,405</u> | <u>\$ 11,301,367</u> |
| Reconciliation of operating income (loss) to net cash provided by (used in) operating activities: | | | |
| Operating income (loss) | \$ (2,530,262) | \$ (6,300,939) | \$ (8,831,201) |
| Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities: | | | |
| (Increase)Decrease in assets: | | | |
| Receivables | (654,752) | - | (654,752) |
| Due from other funds | - | 249,997 | 249,997 |
| Prepaid items | - | 12,606 | 12,606 |
| Increase(Decrease) in liabilities: | | | |
| Accounts payable | 122,680 | (62,043) | 60,637 |
| Accrued liabilities | 191,970 | 722,001 | 913,971 |
| Due to other funds | 2,639,089 | 53,007 | 2,692,096 |
| Compensated absences | - | 3,340 | 3,340 |
| Total adjustments | <u>2,298,987</u> | <u>978,908</u> | <u>3,277,895</u> |
| Net cash provided by (used in) operating activities | <u>\$ (231,275)</u> | <u>\$ (5,322,031)</u> | <u>\$ (5,553,306)</u> |

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

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Discretely Presented Component Unit

Metropolitan Planning Commission - This special revenue fund accounts for receipts and disbursements which occur in conjunction with coordinating City planning, preparing and enforcing zoning laws, and keeping City annexation policies current.

CITY OF SHREVEPORT, LOUISIANA
 METROPOLITAN PLANNING COMMISSION
 BALANCE SHEET
 DECEMBER 31, 2017

ASSETS

| | |
|-----------------------------|--------|
| Cash and cash equivalents | 88,075 |
| Due from primary government | - |
| | - |
| Total assets | 88,075 |

LIABILITIES AND FUND BALANCE

| | |
|--------------------------|--------|
| Liabilities: | |
| Accounts payable | 12,440 |
| Due to other governments | 75,635 |
| | 75,635 |
| Total liabilities | 88,075 |
| Fund balance | - |

Amounts reported for the Metropolitan Planning Commission in the Statement of Net Position for component units are different because:

| | |
|---|------------|
| Capital assets reported in governmental activities are not financial assets and, therefore, are not reported in governmental funds. | 806,548 |
| | 806,548 |
| Net position | \$ 806,548 |

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

**CITY OF SHREVEPORT, LOUISIANA
METROPOLITAN PLANNING COMMISSION
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
FOR THE YEAR ENDED DECEMBER 31, 2017**

| | |
|---|------------------|
| REVENUES | |
| Intergovernmental | \$ 217,580 |
| Miscellaneous | 305,162 |
| Total revenues | <u>522,742</u> |
| EXPENDITURES | |
| General government | <u>1,564,120</u> |
| Total expenditures | <u>1,564,120</u> |
| Deficiency of revenues under expenditures | (1,041,378) |
| OTHER FINANCING SOURCES | |
| Transfers In | <u>1,041,378</u> |
| Net change in fund balance | - |
| Fund balance - beginning | - |
| Fund balance - ending | <u>\$ -</u> |

Amounts reported for the Metropolitan Planning Commission in the Statement of Activities for component units 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.

| | |
|------------------------|--------------------|
| Depreciation expense | <u>(10,414)</u> |
| Change in net position | <u>\$ (10,414)</u> |

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

Statistical Section

This part of the City of Shreveport's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the City's overall financial health.

| Contents | Page |
|--|-------------|
| Financial Trends These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time. | 157 |
| Revenue Capacity These schedules contain information to help the reader assess the factors affecting the City's ability to generate its property and sales taxes. | 156 |
| Debt Capacity These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future. | 163 |
| Demographic and Economic Information These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place. | 169 |
| Operating Information These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs. | 172 |

CITY OF SHREVEPORT, LOUISIANA
NET POSITION BY COMPONENT
LAST TEN YEARS
(ACCRUAL BASIS OF ACCOUNTING)

| | <u>2008</u> | <u>2009</u> | <u>2010</u> | <u>2011</u> | <u>2012</u> | <u>2013</u> | <u>2014</u> | <u>2015</u> | <u>2016</u> | <u>2017</u> |
|--|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-------------------------|------------------------|------------------------|
| Governmental activities | | | | | | | | | | |
| Net investment in capital assets | \$ 507,132,856 | \$ 518,394,035 | \$ 540,238,387 | \$ 507,856,245 | \$ 525,050,532 | \$ 527,404,356 | \$ 498,281,721 | \$ 447,755,978 | \$ 594,396,807 | \$ 604,854,487 |
| Restricted | 61,409,857 | 66,374,435 | 52,008,888 | 66,131,354 | 151,571,752 | 134,588,349 | 227,239,617 | 207,407,523 | 168,897,674 | 133,100,842 |
| Unrestricted(Deficit) | (46,402,145) | (66,220,992) | (87,144,658) | (174,840,905) | (312,357,344) | (346,760,306) | (450,501,025) | (584,381,854) | (784,343,447) | (811,432,005) |
| Total governmental activities net position | <u>\$ 522,140,568</u> | <u>\$ 518,547,478</u> | <u>\$ 505,102,617</u> | <u>\$ 399,146,694</u> | <u>\$ 364,264,940</u> | <u>\$ 315,232,399</u> | <u>\$ 275,020,313</u> | <u>\$ 70,781,647</u> | <u>\$ (21,048,966)</u> | <u>\$ (73,476,676)</u> |
| Business-type activities | | | | | | | | | | |
| Net investment in capital assets | \$ 361,928,742 | \$ 368,705,299 | \$ 372,834,742 | \$ 485,342,461 | \$ 492,313,051 | \$ 510,326,673 | \$ 523,710,809 | \$ 518,261,289 | \$ 570,187,946 | \$ 614,521,810 |
| Restricted | 3,751,501 | 2,769,016 | 3,958,325 | 3,958,848 | 4,041,954 | 3,959,892 | 3,960,404 | - | 3,960,404 | 3,960,404 |
| Unrestricted(Deficit) | (8,587,822) | (3,750,025) | (5,874,101) | (16,495,186) | (20,035,941) | (24,028,572) | (15,504,876) | 435,800,986 | (74,137,780) | (58,424,472) |
| Total business-type activities net position | <u>\$ 357,092,421</u> | <u>\$ 367,724,290</u> | <u>\$ 370,918,966</u> | <u>\$ 472,806,123</u> | <u>\$ 476,319,064</u> | <u>\$ 490,257,993</u> | <u>\$ 512,166,337</u> | <u>\$ 954,062,275</u> | <u>\$ 500,010,570</u> | <u>\$ 560,057,742</u> |
| Primary government | | | | | | | | | | |
| Net investment in capital assets | \$ 869,061,598 | \$ 887,099,334 | \$ 913,073,129 | \$ 993,198,706 | \$ 1,017,363,583 | \$ 1,037,731,029 | \$ 1,021,992,530 | \$ 966,017,267 | \$ 1,164,584,753 | \$ 1,219,376,297 |
| Restricted | 65,161,358 | 69,143,451 | 55,967,213 | 70,090,202 | 155,613,706 | 138,548,241 | 231,200,021 | 207,407,523 | 172,858,078 | 137,061,246 |
| Unrestricted(Deficit) | (54,989,967) | (69,971,017) | (93,018,759) | (191,336,091) | (332,393,285) | (370,788,878) | (466,005,901) | (148,580,868) | (858,481,227) | (869,856,477) |
| Total primary government net position | <u>\$ 879,232,989</u> | <u>\$ 886,271,768</u> | <u>\$ 876,021,583</u> | <u>\$ 871,952,817</u> | <u>\$ 840,584,004</u> | <u>\$ 805,490,392</u> | <u>\$ 787,186,650</u> | <u>\$ 1,024,843,922</u> | <u>\$ 478,961,604</u> | <u>\$ 486,581,066</u> |

Unaudited - see accompanying independent auditors' report.

CITY OF SHREVEPORT, LOUISIANA
CHANGES IN NET POSITION, LAST TEN YEARS
(ACCRUAL BASIS OF ACCOUNTING)

| | <u>2008</u> | <u>2009</u> | <u>2010</u> | <u>2011</u> | <u>2012</u> | <u>2013</u> | <u>2014</u> | <u>2015</u> | <u>2016</u> | <u>2017</u> |
|---|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| Expenses | | | | | | | | | | |
| Governmental activities: | | | | | | | | | | |
| General government | \$ 32,327,417 | \$ 36,368,232 | \$ 45,631,827 | \$ 50,522,532 | \$ 52,871,070 | \$ 59,180,755 | \$ 55,486,934 | \$ 29,837,534 | \$ 55,317,669 | \$ 61,780,900 |
| Public safety | 112,101,951 | 114,755,487 | 120,370,342 | 128,009,588 | 132,296,947 | 129,986,772 | 130,048,046 | 128,387,069 | 140,960,844 | 116,156,813 |
| Public works | 54,436,508 | 49,697,351 | 54,493,585 | 55,707,874 | 54,861,069 | 55,054,294 | 54,417,093 | 53,377,050 | 55,847,544 | 66,261,441 |
| Culture and recreation | 24,552,571 | 24,444,194 | 24,340,798 | 22,601,155 | 22,298,863 | 23,634,459 | 23,249,858 | 23,951,836 | 25,188,570 | 36,076,061 |
| Health and welfare | 352,321 | 224,472 | 364,424 | 334,526 | 25,854 | 14,760 | 13,602 | 108,878 | - | 2,791 |
| Community development | 4,945,019 | 4,409,060 | 5,136,142 | 5,866,418 | 4,517,472 | 4,663,450 | 5,495,408 | 3,880,501 | 6,678,055 | 2,893,364 |
| Economic development | 7,752,605 | 6,585,469 | 5,763,806 | 3,441,846 | 4,462,780 | 4,576,357 | 3,657,075 | 3,505,893 | 910,774 | 3,235,826 |
| Economic opportunity | 3,501,904 | 6,850,646 | 3,689,216 | 2,714,400 | 2,609,908 | 2,558,968 | 2,558,816 | 2,143,306 | 5,241 | 2,265,807 |
| Interest on long-term debt | 12,803,169 | 13,421,295 | 10,923,435 | 9,910,030 | 11,331,384 | 9,509,948 | 9,321,094 | 11,030,882 | 9,655,942 | 9,029,444 |
| Total governmental activities expenses | <u>252,773,465</u> | <u>256,756,206</u> | <u>270,713,575</u> | <u>279,108,369</u> | <u>285,275,347</u> | <u>289,179,763</u> | <u>284,247,926</u> | <u>256,222,948</u> | <u>294,564,639</u> | <u>297,702,447</u> |
| Business-type activities | | | | | | | | | | |
| Municipal and Regional Airports | 13,838,731 | 15,011,292 | 15,175,747 | 15,922,093 | 15,414,301 | 15,490,057 | 15,615,759 | 14,596,911 | 14,118,982 | 13,708,757 |
| Water and Sewerage | 56,098,592 | 54,476,538 | 53,055,547 | 54,096,547 | 58,346,912 | 59,722,975 | 63,354,907 | 63,817,718 | 76,285,816 | 65,808,452 |
| Convention Center | - | - | - | 6,694,097 (1) | 6,969,925 | 6,811,134 | 7,102,290 | 7,863,035 | 7,336,641 | 7,148,971 |
| Convention Center Hotel | 13,085,201 | 12,931,427 | 13,535,949 | 13,424,358 | 12,867,218 | 12,510,097 | 12,149,036 | 10,716,085 | 11,119,464 | 12,278,765 |
| Shreveport Area Transit System | 14,155,118 | 13,993,824 | 13,843,465 | 15,240,703 | 15,804,741 | 16,439,796 | 16,644,288 | 15,628,664 | 15,293,243 | 16,756,528 |
| Golf | 1,885,373 | 1,727,208 | 1,489,766 | 1,373,739 | 1,310,004 | 1,029,810 | 1,316,897 | 4,292,902 | 4,448,415 | (3,768,584) |
| Downtown Parking | 451,000 | 466,000 | 419,280 | 417,809 | 423,433 | 419,280 | 419,280 | 349,566 | 363,000 | 367,630 |
| Total business-type activities expenses | <u>99,514,015</u> | <u>98,606,289</u> | <u>97,519,754</u> | <u>107,169,346</u> | <u>111,136,534</u> | <u>112,423,149</u> | <u>116,602,457</u> | <u>117,264,881</u> | <u>128,965,561</u> | <u>112,300,519</u> |
| Total primary government expenses | <u>\$ 352,287,480</u> | <u>\$ 355,362,495</u> | <u>\$ 368,233,329</u> | <u>\$ 386,277,715</u> | <u>\$ 396,411,881</u> | <u>\$ 401,602,912</u> | <u>\$ 400,850,383</u> | <u>\$ 373,487,829</u> | <u>\$ 423,530,200</u> | <u>\$ 410,002,966</u> |

(1) The Convention Center became a separate fund in 2011.

(continued)

(continued)

CITY OF SHREVEPORT, LOUISIANA
CHANGES IN NET POSITION, LAST TEN YEARS
(ACCRUAL BASIS OF ACCOUNTING)

| | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 |
|---|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| Program Revenues | | | | | | | | | | |
| Governmental Activities | | | | | | | | | | |
| Charges for services: | | | | | | | | | | |
| Public safety | \$ 8,473,486 | \$ 9,220,566 | \$ 10,053,128 | \$ 10,026,553 | \$ 10,115,288 | \$ 12,868,050 | \$ 11,196,830 | \$ 10,767,228 | \$ 12,941,736 | \$ 20,908,980 |
| Public works | 11,371,166 | 13,832,164 | 15,737,329 | 17,439,141 | 16,940,167 | 15,817,405 | 14,925,161 | 22,351,362 | 21,395,782 | 20,133,031 |
| Other activities | 677,024 | 309,938 | 480,671 | 308,550 | 438,991 | 305,041 | 281,880 | 1,604,519 | 1,673,500 | 2,101,051 |
| Operating grants and contributions | 19,503,074 | 23,733,763 | 19,440,207 | 20,941,429 | 18,342,548 | 17,205,002 | 15,912,520 | 17,478,683 | 20,505,899 | 21,527,543 |
| Capital grants and contributions | 4,403,430 | 3,022,403 | 2,079,020 | 6,727,297 | 3,591,188 | 2,392,234 | 1,993,674 | 49,982 | - | 137,421 |
| Total governmental activities program revenue | 44,428,180 | 50,118,834 | 47,790,355 | 55,442,970 | 49,428,182 | 48,587,732 | 44,310,065 | 52,251,774 | 56,516,917 | 64,808,026 |
| Business-type activities | | | | | | | | | | |
| Charges for services: | | | | | | | | | | |
| Municipal and Regional Airports | 9,833,275 | 8,564,049 | 9,533,588 | 10,117,819 | 10,159,922 | 10,658,288 | 10,961,308 | 10,102,240 | 10,505,926 | 10,942,803 |
| Water and Sewerage | 58,517,927 | 58,177,800 | 63,361,068 | 66,775,465 | 58,634,935 | 61,742,737 | 75,259,282 | 75,961,390 | 82,453,869 | 85,830,305 |
| Convention Center | - | - | - | 2,262,319 (2) | 2,437,396 | 2,013,793 | 2,552,784 | 2,873,802 | 3,005,319 | 3,072,879 |
| Convention Center Hotel | 11,018,851 | 11,141,947 | 11,934,328 | 11,631,259 | 11,012,614 | 11,109,856 | 11,283,028 | 11,666,633 | 10,853,180 | 11,671,322 |
| Shreveport Area Transit System | 2,545,666 | 2,583,705 | 2,601,316 | 2,695,670 | 2,723,380 | 2,842,739 | 3,076,104 | 2,344,315 | 2,243,846 | 2,061,377 |
| Golf | 1,374,572 | 1,196,859 | 1,148,443 | 1,010,625 | 957,807 | 785,516 | 1,084,133 | 1,106,515 | 1,282,163 | 1,509,499 |
| Downtown Parking | 630,648 | 623,988 | 613,876 | 613,524 | 653,945 | 581,154 | 562,091 | 460,687 | 499,394 | 448,267 |
| Operating grants and contributions | 5,068,237 | 5,490,761 | 6,077,306 | 5,169,564 | 5,898,980 | 6,174,220 | 6,362,042 | 5,742,865 | 6,606,819 | 4,649,172 |
| Capital grants and contributions | 8,477,153 | 13,796,684 | 9,771,827 | 14,080,038 | 8,558,562 | 6,644,821 | 8,811,969 | 5,769,680 | 5,068,766 | 21,590,610 |
| Total business-type activities program revenues | 97,466,329 | 101,575,793 | 105,041,752 | 114,356,283 | 101,037,541 | 102,553,124 | 119,952,741 | 116,028,127 | 122,519,282 | 141,776,234 |
| Total primary government program revenues | \$ 141,894,509 | \$ 151,694,627 | \$ 152,832,107 | \$ 169,799,253 | \$ 150,465,723 | \$ 151,140,856 | \$ 164,262,806 | \$ 168,279,901 | \$ 179,036,199 | \$ 206,584,260 |
| Net(Expense) Revenue | | | | | | | | | | |
| Governmental activities | \$ (208,345,285) | \$ (206,637,372) | \$ (222,923,220) | \$ (223,665,399) | \$ (235,847,165) | \$ (240,592,031) | \$ (239,937,861) | \$ (203,971,174) | \$ (238,047,723) | \$ (228,265,470) |
| Business-type activities | (2,533,242) | 2,969,504 | 7,521,998 | 7,186,937 | (10,098,993) | (9,870,025) | 3,350,284 | (1,236,754) | (6,446,279) | 29,475,715 |
| Total primary government net expense | \$ (210,878,527) | \$ (203,667,868) | \$ (215,401,222) | \$ (216,478,462) | \$ (245,946,158) | \$ (250,462,056) | \$ (236,587,577) | \$ (205,207,928) | \$ (244,494,002) | \$ (198,789,755) |

(1) Opened in 2007

(2) The Convention Center became a separate fund in 2011.

(continued)

(continued)

CITY OF SHREVEPORT, LOUISIANA
CHANGES IN NET POSITION, LAST TEN YEARS
(ACCRUAL BASIS OF ACCOUNTING)

| | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 |
|---|-----------------------|-----------------------|-----------------------|-----------------------|------------------------|------------------------|------------------------|-----------------------|-----------------------|-----------------------|
| General Revenues and Other Changes in Net Position | | | | | | | | | | |
| Governmental activities: | | | | | | | | | | |
| Taxes: | | | | | | | | | | |
| Property taxes | \$ 57,452,405 | \$ 58,542,857 | \$ 60,397,983 | \$ 61,892,794 | \$ 58,031,369 | \$ 59,428,155 | \$ 59,842,135 | \$ 56,414,985 | \$ 56,414,985 | \$ 55,627,351 |
| Sales taxes | 109,226,148 | 105,947,678 | 113,990,284 | 117,161,088 | 113,068,390 | 114,192,366 | 119,809,168 | 117,900,678 | 117,900,678 | 118,856,149 |
| Franchise taxes | 7,914,581 | 7,290,551 | 7,780,000 | 7,822,649 | 7,512,211 | 7,750,603 | 7,661,160 | 7,911,173 | 7,911,173 | 8,258,569 |
| Occupational licenses | 6,549,432 | 6,659,033 | 6,760,523 | 7,005,960 | 7,175,204 | 7,306,835 | 7,289,383 | 7,433,349 | 7,433,349 | 7,066,000 |
| Gaming | 12,931,726 | 12,931,910 | 12,457,759 | 12,326,597 | 11,925,489 | 11,003,579 | 10,241,584 | 10,035,079 | 10,035,079 | 8,916,942 |
| Unrestricted grants and contributions | 3,368,399 | 3,961,292 | 3,641,977 | 3,510,589 | 3,398,492 | 1,886,334 | 2,762,622 | 1,233,863 | 1,233,863 | 1,152,947 |
| Investment earnings | 4,115,495 | 1,163,022 | 435,482 | 550,198 | 861,704 | 534,354 | 420,727 | 598,673 | 598,673 | 343,143 |
| Miscellaneous | 3,653,651 | 10,833,738 | 7,578,232 | 8,252,475 | 12,558,552 | 12,232,148 | 11,571,074 | 10,351,367 | 10,351,367 | 3,836,263 |
| Transfers | (5,052,569) | (4,285,799) | (3,563,881) | (100,815,874) (1) | (13,566,000) | (20,703,921) | (19,872,078) | (19,144,109) | (19,144,109) | (27,019,950) |
| Total governmental activities | <u>200,159,268</u> | <u>203,044,282</u> | <u>209,478,359</u> | <u>117,706,476</u> | <u>200,965,411</u> | <u>193,630,453</u> | <u>199,725,775</u> | <u>192,735,058</u> | <u>192,735,058</u> | <u>177,037,414</u> |
| Business-type activities: | | | | | | | | | | |
| Investment earnings (loss) | 101,819 | 2,580,624 | (2,528,522) | (6,115,654) | 45,934 | 5,846,715 | (1,314,018) | 1,081,568 | 1,081,568 | 1,364,644 |
| Miscellaneous | - | 795,942 | 2,170 | - | - | - | - | (14,401,995) | (14,401,995) | 2,186,864 |
| Transfers | 5,052,569 | 4,285,799 | 3,563,881 | 100,815,874 (1) | 13,566,000 | 20,703,921 | 19,872,078 | 19,144,109 | 19,144,109 | 27,019,949 |
| Total business-type activities | <u>5,154,388</u> | <u>7,662,365</u> | <u>1,037,529</u> | <u>94,700,220</u> | <u>13,611,934</u> | <u>26,550,636</u> | <u>18,558,060</u> | <u>5,823,682</u> | <u>5,823,682</u> | <u>30,571,457</u> |
| Total primary government | <u>\$ 205,313,656</u> | <u>\$ 210,706,647</u> | <u>\$ 210,515,888</u> | <u>\$ 212,406,696</u> | <u>\$ 214,577,345</u> | <u>\$ 220,181,089</u> | <u>\$ 218,283,835</u> | <u>\$ 198,558,740</u> | <u>\$ 198,558,740</u> | <u>\$ 207,608,871</u> |
| Change in Net Position | | | | | | | | | | |
| Governmental activities | \$ (8,186,017) | \$ (3,593,090) | \$ (13,444,861) | \$ (105,955,923) | \$ (34,881,754) | \$ (46,961,578) | \$ (40,212,086) | \$ (11,236,116) | \$ (11,236,116) | \$ (55,857,007) |
| Business-type activities | 2,621,146 | 10,631,869 | 8,559,527 | 101,887,157 | 3,512,941 | 16,680,611 | 21,908,344 | 4,586,928 | 4,586,928 | 60,047,172 |
| Total primary government | <u>\$ (5,564,871)</u> | <u>\$ 7,038,779</u> | <u>\$ (4,885,334)</u> | <u>\$ (4,068,766)</u> | <u>\$ (31,368,813)</u> | <u>\$ (30,280,967)</u> | <u>\$ (18,303,742)</u> | <u>\$ (6,649,188)</u> | <u>\$ (6,649,188)</u> | <u>\$ 4,190,165</u> |

(1) Included in the transfers was \$93,061,016 for the Convention Center to a separate enterprise fund.

Unaudited - see accompanying independent auditors' report.

(concluded)

CITY OF SHREVEPORT, LOUISIANA
 FUND BALANCES OF GOVERNMENTAL FUNDS
 LAST TEN YEARS
 (MODIFIED ACCRUAL BASIS OF ACCOUNTING)

| | <u>2008</u> | <u>2009</u> | <u>2010</u> | <u>2011</u> | <u>2012</u> | <u>2013</u> | <u>2014</u> | <u>2015</u> | <u>2016</u> | <u>2017</u> |
|------------------------------------|----------------------|----------------------|----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| General Fund | | | | | | | | | | |
| Nonspendable | \$ 1,267,226 | \$ 1,529,818 | \$ 1,302,722 | \$ 1,521,316 | \$ 1,582,251 | \$ 1,457,442 | \$ 1,622,361 | \$ 1,601,762 | \$ 1,617,488 | \$ 1,628,957 |
| Restricted | - | - | - | - | - | 43,187 | 122,404 | 206,168 | 283,492 | 354,446 |
| Assigned | 6,242,982 | 5,192,490 | 9,001,311 | 6,672,603 | 8,235,732 | 7,353,477 | 10,210,582 | 9,907,967 | 10,441,503 | 11,596,542 |
| Unassigned | 3,009,981 | 13,930,927 | 11,458,224 | 9,805,320 | 6,429,096 | 4,137,247 | 4,036,252 | 1,257,328 | 1,614,702 | 155,452 |
| Total General Fund | <u>\$ 10,520,189</u> | <u>\$ 20,653,235</u> | <u>\$ 21,762,257</u> | <u>\$ 17,999,239</u> | <u>\$ 16,247,079</u> | <u>\$ 12,991,353</u> | <u>\$ 15,991,599</u> | <u>\$ 12,973,225</u> | <u>\$ 13,957,185</u> | <u>\$ 13,735,397</u> |
| All Other Governmental Funds | | | | | | | | | | |
| Restricted | \$ 99,830,365 | \$ 97,498,999 | \$ 76,580,843 | \$ 177,217,086 | \$ 154,952,867 | \$ 135,712,949 | \$ 229,202,191 | \$ 204,022,094 | \$ 154,628,693 | \$ 118,104,543 |
| Unassigned | - | - | - | (460,762) | (1,729,116) | (918,267) | (1,578,868) | - | - | - |
| Total all other governmental funds | <u>\$ 99,830,365</u> | <u>\$ 97,498,999</u> | <u>\$ 76,580,843</u> | <u>\$ 176,756,324</u> | <u>\$ 153,223,751</u> | <u>\$ 134,794,682</u> | <u>\$ 227,623,323</u> | <u>\$ 204,022,094</u> | <u>\$ 154,628,693</u> | <u>\$ 118,104,543</u> |

Unaudited - see accompanying independent auditors' report.

CITY OF SHREVEPORT, LOUISIANA
ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
LAST TEN YEARS
(DOLLARS IN THOUSANDS)

| <u>Year Ended December 31</u> | <u>Residential Property</u> | <u>Commercial Property</u> | <u>Total Taxable Assessed Value</u> | <u>Total Direct Tax Rate</u> | <u>Estimated Actual Taxable Value</u> | <u>Assessed Value as a Percentage of Actual Value</u> |
|---------------------------------------|---------------------------------|--------------------------------|---|--|---|---|
| 2008 | 571,963 | 729,434 | 1,301,397 | 44.54 | 11,589,120 | 11.23% |
| 2009 | 582,832 | 735,357 | 1,318,189 | 44.54 | 11,781,298 | 11.19% |
| 2010 | 593,873 | 761,099 | 1,354,972 | 44.54 | 12,119,017 | 11.18% |
| 2011 | 621,666 | 767,556 | 1,389,222 | 44.54 | 12,371,084 | 11.23% |
| 2012 | 665,138 | 803,002 | 1,468,140 | 39.70 | 13,106,704 | 11.20% |
| 2013 | 717,774 | 772,590 | 1,490,364 | 39.70 | 13,273,988 | 11.23% |
| 2014 | 724,530 | 718,584 | 1,503,114 | 39.70 | 13,375,262 | 11.24% |
| 2015 | 737,351 | 790,153 | 1,527,154 | 36.65 | 13,591,787 | 11.24% |
| 2016 | 746,197 | 777,863 | 1,524,061 | 36.29 | 13,602,121 | 11.20% |
| 2017 | 752,551 | 784,056 | 1,536,607 (1) | 35.81 | 13,721,633 | 11.20% |

Note:

Assessed values are established by the Caddo Parish Tax Assessor on January 1 of each year at approximately 10-25% 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 tax roll of January 1, 2016. The next revaluation will be completed as of January 1, 2020 for the 2020 tax roll. Tax rates are per \$1,000 of assessed value.

(1) Included in the total assessed value of property within the City is \$8,266 of assessed value that has been adjudicated to Caddo and Bossier parish.

Unaudited - see accompanying independent auditors' report.

CITY OF SHREVEPORT, LOUISIANA
PROPERTY TAX RATES - DIRECT AND OVERLAPPING GOVERNMENTS
(RATE PER \$1,000 OF ASSESSED VALUE)
LAST TEN YEARS

| Year Ended December 31, | City Direct Rates | | | | | | | | Overlapping Rates | | | |
|----------------------------|-------------------|---------------------|---------------------------------|--|----------------------------|-------------------------|-----------------------|---------------------------------------|-------------------|--------------|--------|--------|
| | Debt Service (1) | General Alimony (2) | Police Three-Platoon System (2) | Police and Fire Uniforms and Equipment (3) | Salary & Wage Schedule (3) | Street Improvements (3) | Employee Benefits (3) | Parks and Recreational Facilities (3) | Total Direct Debt | School Board | Parish | Total |
| 2008 | 26.56 | 10.49 | 1.50 | 1.14 | 1.14 | 1.14 | 1.72 | 0.85 | 44.54 | 82.81 | 35.14 | 207.03 |
| 2009 | 26.56 | 10.49 | 1.50 | 1.14 | 1.14 | 1.14 | 1.72 | 0.85 | 44.54 | 78.20 | 35.14 | 202.42 |
| 2010 | 26.56 | 10.49 | 1.50 | 1.14 | 1.14 | 1.14 | 1.72 | 0.85 | 44.54 | 78.20 | 35.14 | 202.42 |
| 2011 | 26.56 | 10.49 | 1.50 | 1.14 | 1.14 | 1.14 | 1.72 | 0.85 | 44.54 | 78.20 | 35.14 | 202.42 |
| 2012 | 22.05 | 10.30 | 1.47 | 1.12 | 1.12 | 1.12 | 1.69 | 0.83 | 39.70 | 78.20 | 35.14 | 192.74 |
| 2013 | 22.05 | 10.30 | 1.47 | 1.12 | 1.12 | 1.12 | 1.69 | 0.83 | 39.70 | 78.20 | 35.14 | 192.74 |
| 2014 | 22.05 | 10.30 | 1.47 | 1.12 | 1.12 | 1.12 | 1.69 | 0.83 | 39.70 | 78.20 | 35.14 | 192.74 |
| 2015 | 19.00 | 10.30 | 1.47 | 1.12 | 1.12 | 1.12 | 1.69 | 0.83 | 36.65 | 74.66 | 34.94 | 182.90 |
| 2016 | 19.00 | 10.09 | 1.44 | 1.10 | 1.10 | 1.10 | 1.65 | 0.81 | 36.29 | 73.30 | 31.79 | 177.67 |
| 2017 | 18.16 | 10.30 | 1.47 | 1.12 | 1.12 | 1.12 | 1.69 | 0.83 | 35.81 | 73.82 | 31.80 | 141.43 |

(1) Political subdivisions in Louisiana are required to levy taxes without limitation at such rates as may be necessary to service general obligation bonds.

(2) City Council is authorized by Louisiana Constitution to levy, after public hearing by a two-thirds affirmative vote, a millage rate of up to, but not in excess of:
(a) 10.49 mills for General Alimony
(b) 1.50 mills for Police Three-Platoon System

(3) Special millage approved by referendum and must be reapproved by referendum every five years.
(Last submitted and approved on April 6, 2013).

Unaudited - see accompanying independent auditors' report.

**CITY OF SHREVEPORT, LOUISIANA
PRINCIPAL PROPERTY TAXPAYERS
CURRENT YEAR AND NINE YEARS AGO**

| <u>Taxpayer</u> | <u>2017</u> | | | <u>2008</u> | | |
|---|---------------------------------------|-------------|--|---------------------------------------|-------------|--|
| | <u>Taxable Assessed Value</u> | <u>Rank</u> | <u>Percentage of Total City Taxable Assessed Value</u> | <u>Taxable Assessed Value</u> | <u>Rank</u> | <u>Percentage of Total City Taxable Assessed Value</u> |
| AEP Southwestern Electric Power Company | \$ 57,366,680 | 1 | 3.73% | \$ 44,322,660 | 1 | 3.40% |
| Calumet Lubricants | 16,482,100 | 2 | 1.07% | 11,059,420 | 6 | 0.80% |
| JP Morgan Chase Bank | 10,009,997 | 3 | 0.65% | 5,890,680 | 10 | 0.50% |
| Wal-Mart | 9,915,148 | 4 | 0.65% | - | - | 0.00% |
| Bell South | 9,270,910 | 5 | 0.60% | 23,978,920 | 2 | 1.80% |
| Capital One | 9,243,660 | 6 | 0.60% | 9,298,140 | 7 | 0.70% |
| Regions Bank | 8,415,310 | 7 | 0.55% | 12,353,800 | 4 | 0.90% |
| Centerpoint Energy | 8,178,940 | 8 | 0.53% | 6,071,350 | 9 | 0.50% |
| Kansas City Southern | 5,005,010 | 9 | 0.33% | - | - | 0.00% |
| Union Pacific Railroad Co. | 4,817,940 | 10 | 0.31% | - | - | 0.00% |
| Wal-Mart | - | - | 0.00% | 11,237,480 | 5 | 0.90% |
| Sam's Town | - | - | 0.00% | 15,557,700 | 3 | 1.20% |
| Libby Glass | - | - | 0.00% | 6,968,780 | 8 | 0.50% |
| | <u>\$ 138,705,695</u> | | <u>9.03%</u> | <u>\$ 146,738,930</u> | | <u>11.20%</u> |

Unaudited - see accompanying independent auditors' report.

Source: Caddo Parish Assessor's Office

**CITY OF SHREVEPORT, LOUISIANA
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN YEARS**

| Year Ended December 31, | Taxes Levied for the Year | Collections | | | | | |
|--|--|--|-------------------------------|--|----------------------------------|-------------------------------|--|
| | | Collected within the Year of the Levy | | Collections in Subsequent Years | Total Collections to Date | | |
| | | Amount | Percentage of Levy | | Amount | Percentage of Levy | |
| 2008 | 58,421,540 | 41,480,921 | 71.00% | 15,338,615 | 56,819,536 | 97.26% | |
| 2009 | 59,236,967 | 41,889,578 | 70.72% | 15,875,672 | 57,765,250 | 97.52% | |
| 2010 | 60,974,524 | 43,965,388 | 72.10% | 15,211,490 | 59,176,878 | 97.05% | |
| 2011 | 61,875,991 | 48,969,445 | 79.14% | 11,317,501 | 60,286,946 | 97.43% | |
| 2012 | 58,285,191 | 46,570,605 | 79.90% | 10,438,058 | 57,008,663 | 97.81% | |
| 2013 | 59,167,413 | 44,608,285 | 75.39% | 13,400,321 | 58,008,606 | 98.04% | |
| 2014 | 59,673,655 | 42,808,850 | 71.74% | 15,519,037 | 58,327,887 | 97.74% | |
| 2015 | 55,983,017 | 47,419,429 | 84.70% | 8,454,596 | 55,874,025 | 99.81% | |
| 2016 | 55,308,166 | 38,969,359 | 70.46% | 15,599,859 | 54,569,218 | 98.66% | |
| 2017 | 55,025,879 | 45,466,930 | 82.63% | - | 45,466,930 | 82.63% | |

Unaudited - see accompanying independent auditors' report.

CITY OF SHREVEPORT, LOUISIANA
TAXABLE SALES BY CATEGORY
LAST TEN YEARS
(DOLLARS IN THOUSANDS)

| | <u>2008</u> | <u>2009</u> | <u>2010</u> | <u>2011</u> | <u>2012</u> | <u>2013</u> | <u>2014</u> | <u>2015</u> | <u>2016</u> | <u>2017</u> |
|---|----------------------------|----------------------------|----------------------------|----------------------------|----------------------------|----------------------------|----------------------------|----------------------------|----------------------------|----------------------------|
| Wholesale - professional and commercial equipment | \$ 119,797 | \$ 124,317 | \$ 120,942 | \$ 127,079 | \$ 126,233 | \$ 127,280 | \$ 150,374 | \$ 161,885 | \$ 167,471 | \$ 165,329 |
| Wholesale - machinery, equipment and supplies | 141,943 | 135,353 | 163,050 | 162,277 | 138,198 | 131,008 | 146,945 | 120,782 | 174,275 | 194,793 |
| Restaurant, food services and drinking places | 350,012 | 349,599 | 368,846 | 387,584 | 398,130 | 399,637 | 422,097 | 436,275 | 431,620 | 433,079 |
| Motor vehicle dealers | 352,186 | 296,797 | 338,048 | 355,903 | 383,516 | 399,335 | 416,102 | 409,966 | 391,831 | 382,033 |
| Miscellaneous general merchandise stores | 132,498 | 134,135 | 141,453 | 145,860 | 153,232 | 157,961 | 155,202 | 142,565 | 139,606 | 139,683 |
| Lumber and other building materials dealers | 122,095 | 116,038 | 122,498 | 124,232 | 126,412 | 130,991 | 126,160 | 127,344 | 221,617 | 224,377 |
| Grocery stores | 311,557 | 313,897 | 339,339 | 347,203 | 358,057 | 358,774 | 359,222 | 364,369 | 343,521 | 369,845 |
| Drug stores | 122,707 | 121,495 | 123,124 | 122,653 | 128,210 | 129,714 | 131,297 | 139,293 | 143,149 | 139,021 |
| Discount stores | 344,308 | 344,958 | 337,130 | 329,741 | 321,133 | 320,610 | 313,209 | 317,414 | 434,240 | 419,912 |
| Department stores | 129,234 | 125,391 | 130,370 | 133,183 | 129,848 | 124,666 | 120,540 | 122,590 | 165,539 | 94,514 |
| All others | 1,793,876 | 1,830,375 | 1,938,100 | 2,062,456 | 1,870,476 | 1,872,615 | 2,012,783 | 1,990,503 | 1,613,523 | 1,778,718 |
| Total | <u>\$ 3,920,213</u> | <u>\$ 3,892,355</u> | <u>\$ 4,122,900</u> | <u>\$ 4,298,171</u> | <u>\$ 4,133,445</u> | <u>\$ 4,152,591</u> | <u>\$ 4,353,931</u> | <u>\$ 4,332,986</u> | <u>\$ 4,226,392</u> | <u>\$ 4,341,304</u> |
| City sales tax rate | 2.75% | 2.75% | 2.75% | 2.75% | 2.75% | 2.75% | 2.75% | 2.75% | 2.75% | 2.75% |

Source: Caddo-Shreveport Sales and Use Tax Commission

Unaudited - see accompanying independent auditors' report.

**CITY OF SHREVEPORT, LOUISIANA
DIRECT AND OVERLAPPING SALES TAX RATES
LAST TEN YEARS**

| Year | City of Shreveport | Caddo Parish School Board | Caddo Law Enforcement District | State of Louisiana | Total Rate |
|-------------|-------------------------------|--------------------------------------|---|-------------------------------|-----------------------|
| 2008 | 2.75% | 1.50% | 0.35% | 4.00% | 8.60% |
| 2009 | 2.75% | 1.50% | 0.35% | 4.00% | 8.60% |
| 2010 | 2.75% | 1.50% | 0.35% | 4.00% | 8.60% |
| 2011 | 2.75% | 1.50% | 0.35% | 4.00% | 8.60% |
| 2012 | 2.75% | 1.50% | 0.35% | 4.00% | 8.60% |
| 2013 | 2.75% | 1.50% | 0.35% | 4.00% | 8.60% |
| 2014 | 2.75% | 1.50% | 0.35% | 4.00% | 8.60% |
| 2015 | 2.75% | 1.50% | 0.35% | 4.00% | 8.60% |
| 2016 | 2.75% | 1.50% | 0.35% | 5.00% | 9.60% |
| 2017 | 2.75% | 1.50% | 0.35% | 5.00% | 9.60% |

Source: Caddo-Shreveport Sales and Use Tax Commission

Note: The City's sales tax rate may be changed with voter approval.

Unaudited - see accompanying independent auditors' report.

CITY OF SHREVEPORT, LOUISIANA
SALES TAX REVENUE PAYERS BY INDUSTRY
LAST NINE YEARS

| | <u>2008</u> | <u>2009</u> | <u>2010</u> | <u>2011</u> | <u>2012</u> | <u>2013</u> | <u>2014</u> | <u>2015</u> | <u>2016</u> | <u>2017</u> |
|---|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| | <u>Tax</u> | <u>Tax</u> | <u>Tax</u> | <u>Tax</u> | <u>Tax</u> | <u>Tax</u> | <u>Tax</u> | <u>Tax</u> | <u>Tax</u> | <u>Tax</u> |
| | <u>Liability</u> | <u>Liability</u> | <u>Liability</u> | <u>Liability</u> | <u>Liability</u> | <u>Liability</u> | <u>Liability</u> | <u>Liability</u> | <u>Liability</u> | <u>Liability</u> |
| Retail trade | \$ 69,134,367 | \$ 67,052,000 | \$ 70,424,851 | \$ 72,388,451 | \$ 73,575,215 | \$ 74,537,809 | \$ 75,233,688 | \$ 75,300,541 | \$ 72,683,366 | \$ 73,104,925 |
| Services | 16,295,689 | 16,273,181 | 17,554,911 | 18,370,738 | 17,706,280 | 16,830,868 | 18,742,751 | 20,132,251 | 20,631,495 | 21,246,848 |
| Wholesale Trade | 17,444,320 | 16,311,724 | 18,516,602 | 19,624,037 | 16,685,163 | 16,874,399 | 18,833,822 | 17,908,432 | 17,506,165 | 18,117,127 |
| Transportation, communications, electric, and gas | 1,435,385 | 1,412,211 | 1,540,652 | 1,742,285 | 1,309,172 | 1,504,851 | 1,973,396 | 1,903,462 | 2,161,957 | 2,129,681 |
| Manufacturing | 1,705,805 | 1,548,868 | 1,452,756 | 1,491,183 | 1,316,033 | 1,125,528 | 925,950 | 807,423 | 1,061,578 | 1,017,228 |
| Other | 1,015,865 | 2,438,234 | 998,816 | 907,987 | 1,150,457 | 807,415 | 794,909 | 819,597 | 769,331 | 615,528 |
| Construction | 1,064,320 | 1,111,438 | 1,434,632 | 1,146,763 | 1,121,224 | 1,024,641 | 883,028 | 1,071,438 | 976,543 | 892,378 |
| Mining | 901,043 | 555,957 | 1,124,557 | 2,189,999 | 564,954 | 1,317,105 | 2,165,834 | 1,055,407 | 257,835 | 2,049,149 |
| Finance, insurance, and real estate | 192,309 | 184,351 | 167,256 | 180,255 | 180,264 | 117,435 | 109,475 | 94,506 | 102,659 | 127,923 |
| Agricultural | 104,004 | 100,890 | 113,984 | 113,060 | 20,505 | 23,713 | 24,720 | 19,944 | 25,059 | 27,902 |
| Government | 50,545 | 50,907 | 50,712 | 44,963 | 40,549 | 32,498 | 45,547 | 44,158 | 49,818 | 58,977 |
| Total | \$ 109,343,652 | \$ 107,039,761 | \$ 113,379,729 | \$ 118,199,721 | \$ 113,669,818 | \$ 114,196,262 | \$ 119,733,120 | \$ 119,157,159 | \$ 116,225,807 | \$ 119,387,666 |

Source: Caddo-Shreveport Sales and Use Tax Commission

Note: Due to confidentiality issues, the names of the 10 largest revenue payers are not available. The categories presented are intended to provide alternative information regarding the sources of the City's revenue. The amounts

Unaudited - see accompanying independent auditors' report.

CITY OF SHREVEPORT, LOUISIANA
RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN YEARS
(DOLLARS IN THOUSANDS, EXCEPT PER CAPITA)

| Year | Governmental Activities | | | | Business-type Activities | | | | | | Total Primary Government | Percentage of Personal Income | City Per Capita |
|------|--------------------------------|------------------------------------|-----------------------|-------------------|---|---|----------------------------------|---------------------------------------|-------------------|---------|--------------------------------|-------------------------------------|-----------------------|
| | General Obligation Bonds | Certificates of Indebtedness | Loans and Notes | Capital Leases | Municipal and Regional Airports Loan | Water and Sewerage Revenue Bonds | Water and Sewerage Loan | Convention Center Hotel Loan | Capital Leases | | | | |
| 2008 | 205,408 | 26,794 | 33,580 | 17,447 | 38,194 | 166,283 | 75,000 | 39,591 | 1,564 | 603,861 | 6.4 | 3,029 | |
| 2009 | 183,830 | 22,722 | 31,852 | 12,692 | 37,176 | 152,641 | 50,000 | 39,543 | 1,153 | 531,609 | 5.1 | 2,667 | |
| 2010 | 143,481 | 18,698 | 30,132 | 11,201 | 37,259 | 156,000 | 50,000 | 39,282 | 696 | 486,749 | 5.0 | 2,442 | |
| 2011 | 216,372 | 13,955 | 28,334 | 7,191 | 36,182 | 143,259 | 50,000 | 39,118 | 472 | 534,883 | 4.9 | 2,684 | |
| 2012 | 173,986 | 9,072 | 27,429 | 12,313 | 35,029 | 130,924 | 50,000 | 38,714 | 1,427 | 478,894 | 4.2 | 2,403 | |
| 2013 | 159,524 | 7,534 | 28,170 | 8,155 | 34,750 | 119,312 | 48,855 | 41,350 | 2,945 | 450,595 | 4.0 | 2,232 | |
| 2014 | 251,448 | 5,718 | 27,072 | 5,747 | 33,370 | 192,117 | 48,185 | 40,696 | 2,324 | 606,677 | 5.5 | 3,028 | |
| 2015 | 229,365 | 3,848 | 25,918 | 3,296 | 34,920 | 315,994 | 46,671 | 39,985 | 1,694 | 701,691 | 5.7 | 3,521 | |
| 2016 | 208,237 | 1,924 | 23,240 | 9,543 | 34,920 | 467,187 | - | 39,038 | 1,055 | 785,144 | 6.6 | 3,981 | |
| 2017 | 189,576 | 1,567 | 23,021 | 6,468 | 32,990 | 561,347 | - | 38,033 | 409 | 853,411 | N/A | 4,328 | |

Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements.
See the Schedule of Demographic and Economic Statistics for personal income and population data.

N/A Statistical information is not available.

Unaudited - see accompanying independent auditors' report.

CITY OF SHREVEPORT, LOUISIANA
RATIOS OF GENERAL BONDED DEBT OUTSTANDING
LAST TEN YEARS
(DOLLARS IN THOUSANDS, EXCEPT PER CAPITA)

| <u>Year</u> | <u>General Obligation Bonds</u> | <u>Less: Amounts Available in Debt Service Fund</u> | <u>Total</u> | <u>Percentage of Estimated Actual Taxable Value of Property</u> | <u>City Per Capita</u> |
|-------------|---|---|--------------|---|--------------------------------|
| 2008 | 205,408 | 55,879 | 149,529 | 1.29 | 750 |
| 2009 | 183,830 | 58,867 | 124,963 | 1.06 | 627 |
| 2010 | 143,481 | 46,292 | 97,189 | 0.80 | 488 |
| 2011 | 216,372 | 60,170 | 156,202 | 1.26 | 784 |
| 2012 | 173,896 | 40,556 | 133,340 | 1.02 | 670 |
| 2013 | 159,524 | 46,089 | 113,435 | 0.85 | 562 |
| 2014 | 251,448 | 56,080 | 195,368 | 1.46 | 975 |
| 2015 | 229,365 | 54,992 | 174,373 | 1.28 | 875 |
| 2016 | 208,237 | 51,264 | 156,973 | 1.15 | 796 |
| 2017 | 189,576 | 50,717 | 138,859 | 1.01 | 704 |

Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements.
 See the Schedule of Assessed and Actual Value of Taxable Property for property value data.
 See the Schedule of Demographics and Economic Statistics for population data.

Unaudited - see accompanying independent auditors' report.

CITY OF SHREVEPORT, LOUISIANA
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF DECEMBER 31, 2017
(DOLLARS IN THOUSANDS)

| <u>Governmental Unit</u> | <u>Debt Outstanding</u> | <u>Estimated Percentage Applicable</u> | <u>Estimated Share of Direct and Overlapping Debt</u> |
|-----------------------------------|-------------------------|--|---|
| Debt repaid with property taxes | | | |
| Caddo Parish Commission | \$ 316,600 | 70.8% | \$ 224,153 |
| Caddo Parish School Board | 100,825 | 70.8% | <u>71,384</u> |
| Subtotal, Overlapping Debt | | | 295,537 |
| City direct debt | | | <u>242,944</u> |
| Total direct and overlapping debt | | | <u><u>\$ 538,481</u></u> |

Sources: Assessed value data used to estimate applicable percentages provided by the Caddo Parish Tax Assessor.

Debt outstanding data is provided by each governmental unit.

City. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of the City. This process recognizes that, when considering the City's ability to issue and repay long-term debt,

The percentage of overlapping debt applicable is estimated using taxable assessed property values. Applicable percentages were estimated by determining the portion of the Commission and School Board's taxable assessed value that is

Unaudited - see accompanying independent auditors' report.

**CITY OF SHREVEPORT, LOUISIANA
LEGAL DEBT MARGIN INFORMATION
LAST TEN YEARS
(DOLLARS IN THOUSANDS)**

| | <u>2008</u> | <u>2009</u> | <u>2010</u> | <u>2011</u> | <u>2012</u> | <u>2013</u> | <u>2014</u> | <u>2015</u> | <u>2016</u> | <u>2017</u> |
|---|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| Debt limit | \$ 459,083 | \$ 465,514 | \$ 479,144 | \$ 486,228 | \$ 513,849 | \$ 521,627 | \$ 526,090 | \$ 534,626 | \$ 533,421 | \$ 537,812 |
| Total debt applicable to limit | <u>202,147</u> | <u>183,110</u> | <u>142,810</u> | <u>208,315</u> | <u>166,400</u> | <u>149,560</u> | <u>228,255</u> | <u>207,210</u> | <u>188,035</u> | <u>167,865</u> |
| Legal debt margin | <u>\$ 256,936</u> | <u>\$ 282,404</u> | <u>\$ 336,334</u> | <u>\$ 277,913</u> | <u>\$ 347,449</u> | <u>\$ 372,067</u> | <u>\$ 297,835</u> | <u>\$ 327,416</u> | <u>\$ 345,386</u> | <u>\$ 369,947</u> |
| Total debt applicable to the limit as a percentage of debt limit | 44.03% | 39.34% | 29.81% | 42.84% | 32.38% | 28.67% | 43.39% | 38.76% | 35.25% | 31.21% |

Legal Debt Margin Calculation for Fiscal Year 2017

| | |
|--|-------------------|
| Assessed value | \$ 1,536,607 |
| Debt limit (35% of total assessed value) | 537,812 |
| Debt applicable to limit: | |
| General obligation bonds | <u>167,865</u> |
| Legal debt margin | <u>\$ 369,947</u> |

State law allows a maximum of 10% of the assessed valuation for bonded debt for any purpose. However, the 10% maximum can be exceeded if the aggregate issued for all purposes does not exceed 35% of the total assessed valuations.

Unaudited - see accompanying independent auditors' report.

**CITY OF SHREVEPORT, LOUISIANA
WATER AND SEWERAGE
PLEDGED REVENUE COVERAGE
LAST TEN YEARS**

| <u>Year</u> | <u>Gross Revenues(1)</u> | <u>Less: Operating Expenses(2)(3)</u> | <u>Net Available Revenue</u> | <u>Debt Service</u> | | | <u>Coverage</u> |
|-------------|------------------------------|---|--------------------------------------|---------------------|-----------------|--------------|-----------------|
| | | | | <u>Principal</u> | <u>Interest</u> | <u>Total</u> | |
| 2008 | 60,944,320 | 36,200,116 | 24,744,204 | 12,755,277 | 4,759,719 | 17,514,996 | 1.41 |
| 2009 | 56,352,027 | 33,617,542 | 22,734,485 | 11,362,709 | 4,000,153 | 15,362,862 | 1.48 |
| 2010 | 60,803,198 | 33,688,533 | 27,114,665 | 8,478,772 | 3,025,458 | 11,504,230 | 2.36 |
| 2011 | 61,110,266 | 33,172,696 | 27,937,570 | 8,390,478 | 2,823,412 | 11,213,890 | 2.49 |
| 2012 | 58,605,356 | 33,897,265 | 24,708,091 | 8,132,678 | 2,535,244 | 10,667,922 | 2.32 |
| 2013 | 67,751,942 | 36,405,157 | 31,346,785 | 8,110,966 | 2,219,129 | 10,330,095 | 3.03 |
| 2014 | 74,765,989 | 37,702,211 | 37,063,778 | 7,822,370 | 2,027,947 | 9,850,317 | 3.76 |
| 2015 | 77,688,814 | 50,706,720 | 26,982,094 | 9,410,400 | 10,080,793 | 19,491,193 | 1.38 |
| 2016 | 84,380,817 | 43,857,841 | 40,522,976 | 17,983,427 | 11,618,895 | 29,602,322 | 1.37 |
| 2017 | 88,626,798 | 44,808,251 | 43,818,547 | 10,079,400 | 20,732,091 | 30,811,491 | 1.42 |

(1) Includes operating revenues, interest income, changes in fair value of investments and intergovernmental revenues.

(2) Before depreciation and amortization expenses and after transfers out.

(3) Beginning in 2011, Other Post Employment Benefits (OPEB) costs were excluded in the calculation of the Rate Covenant Requirements for the debt service coverage computation. Years prior to 2011 were recalculated to reflect this change to exclude OPEB costs.

Unaudited - see accompanying independent auditor's report.

**CITY OF SHREVEPORT, LOUISIANA
MUNICIPAL AND REGIONAL AIRPORTS
PLEDGED REVENUE COVERAGE
LAST TEN YEARS**

| Year | Gross Revenues(1) | Less: Operating Expenses(2)(7) | Net Available Revenue | Unrestricted Operating Reserve (6) | Net Resources Available For Debt Service | Debt Service (3 & 4) | | | Coverage |
|------|-------------------|--------------------------------|-----------------------|------------------------------------|--|----------------------|-----------|-----------|----------|
| | | | | | | Principal | Interest | Total | |
| 2008 | 10,180,016 | 7,730,899 | 2,449,117 | 2,329,500 | 4,778,617 | 10,000 | 930,930 | 940,930 | 5.08 |
| 2009 | 8,970,640 | 7,577,770 | 1,392,870 | 3,315,900 | 4,708,770 | 335,000 | 2,310,257 | 2,645,257 | 1.78 |
| 2010 | 9,766,437 | 7,692,162 | 2,074,275 | 482,800 | 2,557,075 | - | 1,451,250 | 1,451,250 | 1.76 |
| 2011 | 10,349,559 | 8,193,481 | 2,156,078 | 1,872,300 | 4,028,378 | 355,000 | 2,050,319 | 2,405,319 | 1.67 |
| 2012 | 10,411,803 | 7,727,100 | 2,684,703 | 4,010,200 | 6,694,903 | 385,000 | 2,003,708 | 2,388,708 | 2.80 |
| 2013 | 10,854,430 | 7,949,169 | 2,905,261 | 5,113,545 | 8,018,806 | 405,000 | 1,973,174 | 2,378,174 | 3.37 |
| 2014 | 11,218,738 | 8,043,517 | 3,175,221 | 6,945,100 | 10,129,321 | 504,117 | 2,145,103 | 2,649,220 | 3.82 |
| 2015 | 10,394,962 | 8,325,336 | 2,069,626 | 6,401,000 | 8,470,626 | 493,360 | 2,294,400 | 2,787,760 | 3.04 |
| 2016 | 10,823,691 | 5,625,389 | 5,198,302 | 3,609,626 | 8,807,928 | - | 1,865,556 | 1,865,556 | 4.72 |
| 2017 | 11,474,774 | 6,836,855 | 4,637,919 | 8,455,360 | 13,093,279 | 1,970,000 | 1,314,765 | 3,284,765 | 3.99 |

- (1) Includes operating revenues, interest income, intergovernmental revenues, net fair value adjustment of investments, transfers in and excludes gain on disposal of capital assets, passenger facility charges and associated PFC debt up to the amount of the charges.
- (2) Before depreciation and amortization expenses but including transfers out.
- (3) Excludes passenger facility charges and associated PFC debt up to the amount of the charges.
- (4) Reflects current year debt service expenses.
- (5) Excludes swap termination payment of \$3,563,000 and excludes Swaption receipt of \$809,321. These amounts are not normal operating revenue and expense items.
- (6) Beginning in 2009, the Unrestricted Operating Reserve was used in the calculation of the Rate Covenant Requirement for the debt service coverage computation. Years prior to 2009 were recalculated to reflect this change to include current year's net revenues as well as the Unrestricted Operating Reserve at Year-Ending. Beginning in 2012, Restricted appropriation for Debt Service Coverage Operating Reserve was also used in the computation. Year 2011 has been restated to reflect this change in computation.
- (7) Beginning in 2011, Other Post employment Benefits costs (OPEB) were excluded in the calculation of the Rate Covenant Requirement for the debt service coverage computation. Years prior to 2011 were recalculated to reflect this change to exclude OPEB costs.

Unaudited - see accompanying independent auditors' report.

**CITY OF SHREVEPORT, LOUISIANA
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN YEARS**

| Year | City Population | Caddo Parish Population | Caddo Parish Personal Income (in thousands) | Caddo Parish Per Capita Personal Income | City Unemployment Rate |
|-------------|----------------------------|------------------------------------|--|--|---------------------------------------|
| 2008 | 199,379 | 252,895 | 9,427,392 | 37,319 | 6.8 |
| 2009 | 199,345 | 253,932 | 10,337,630 | 40,710 | 7.5 |
| 2010 | 199,311 | 254,969 | 9,804,879 | 38,358 | 6.6 |
| 2011 | 199,285 | 256,912 | 10,990,340 | 42,779 | 6.4 |
| 2012 | 199,259 | 257,093 | 11,351,511 | 44,153 | 6.0 |
| 2013 | 201,867 | 254,887 | 11,336,821 | 44,478 | 5.2 |
| 2014 | 200,327 | 252,603 | 11,091,583 | 43,909 | 7.1 |
| 2015 | 199,311 | 251,460 | 12,341,720 | 49,080 | 5.5 |
| 2016 | 197,204 | 248,851 | 11,941,648 | 47,987 | 5.7 |
| 2017 | 194,920 | N/A | N/A | N/A | 4.3 |

Sources: City population provided by the U.S. Census Bureau for census years and estimates for other years.
Population and personal income for Caddo Parish (which the City resides in) provided by the Bureau of Economic Analysis.
City unemployment rate provided by Louisiana Workforce Commission.

N/A Statistical information is not available.

Unaudited - see accompanying independent auditors' report.

**CITY OF SHREVEPORT, LOUISIANA
PRINCIPAL EMPLOYERS
SHREVEPORT-BOSSIER METROPOLITAN AREA
CURRENT YEAR AND NINE YEARS AGO**

| Employer | 2017 | | | 2008 | | |
|----------------------------------|------------------|-------------|---------------------------------|------------------|-------------|---------------------------------|
| | Employees | Rank | % of Area Employment | Employees | Rank | % of Area Employment |
| State of Louisiana | 12,226 | 1 | 6.82% | 11,700 | 1 | 6.74% |
| Barksdale Air Force Base | 11,205 | 2 | 6.25% | 9,018 | 2 | 5.19% |
| Caddo Parish School Board | 6,101 | 3 | 3.40% | 6,743 | 3 | 3.88% |
| University Health Shreveport * | 6,200 | 4 | 3.46% | 5,941 | 4 | 3.42% |
| Willis Knighton Health System | 6,145 | 5 | 3.43% | 5,061 | 5 | 2.91% |
| Bossier Parish School Board | 2,926 | 6 | 1.63% | 2,638 | 8 | 1.52% |
| City of Shreveport | 2,718 | 7 | 1.52% | 2,790 | 7 | 1.61% |
| Wal-Mart/Sam's Stores | 2,000 | 8 | 1.11% | - | - | 0.00% |
| Harrah's/Horseshoe | 1,800 | 9 | 1.00% | 2,018 | 10 | 1.16% |
| Christus Schumpert Health System | 1,600 | 10 | 0.89% | 2,093 | 9 | 1.21% |
| General Motors | - | - | 0.00% | 3,002 | 6 | 1.73% |
| Total | 52,921 | | 29.50% | 51,004 | | 29.37% |

Source: City of Shreveport Annual Budget Book

Unaudited - see accompanying independent auditors' report.

* Previously LSU Health Sciences Center - Shreveport

CITY OF SHREVEPORT, LOUISIANA
FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION
LAST TEN YEARS

| Function/Program | <u>2008</u> | <u>2009</u> | <u>2010</u> | <u>2011</u> | <u>2012</u> | <u>2013</u> | <u>2014</u> | <u>2015</u> | <u>2016</u> | <u>2017</u> |
|------------------------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| General government | 272 | 276 | 269 | 278 | 274 | 275 | 274 | 281 | 278 | 276 |
| Public safety | 1,348 | 1,356 | 1,378 | 1,398 | 1,404 | 1,377 | 1,385 | 1,408 | 1,415 | 1,412 |
| Public works | 426 | 401 | 383 | 383 | 389 | 398 | 397 | 403 | 403 | 403 |
| Culture and recreation | 252 | 244 | 235 | 258 | 253 | 259 | 255 | 256 | 263 | 229 |
| Health and welfare | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 1 |
| Community development | 10 | 9 | 9 | 9 | 9 | 9 | 9 | 9 | 11 | 11 |
| Economic development | 13 | 11 | 12 | 11 | 11 | 10 | 10 | 7 | 7 | 8 |
| Economic opportunity | 35 | 35 | 35 | 35 | 35 | 26 | 23 | 23 | 23 | 23 |
| Municipal and Regional Airports | 82 | 82 | 82 | 70 | 68 | 75 | 76 | 81 | 66 | 77 |
| Water and Sewerage | 320 | 317 | 289 | 265 | 284 | 284 | 323 | 326 | 327 | 327 |
| Convention Center (1) | - | - | - | - | - | - | - | - | - | - |
| Convention Center Hotel (1) | - | - | - | - | - | - | - | - | - | - |
| Shreveport Area Transit System (1) | - | - | - | - | - | - | - | - | - | - |
| Golf | 30 | 25 | 23 | 23 | 23 | 14 | 18 | 18 | 19 | 22 |
| Downtown Parking (1) | - | - | - | - | - | - | - | - | - | - |
| Total | <u>2,790</u> | <u>2,758</u> | <u>2,717</u> | <u>2,732</u> | <u>2,752</u> | <u>2,729</u> | <u>2,772</u> | <u>2,814</u> | <u>2,814</u> | <u>2,789</u> |

(1) Managed through contracts operated by non-City employees.

Unaudited - see accompanying independent auditors' report.

Source: City of Shreveport 2018 Annual Operating Budget

**CITY OF SHREVEPORT, LOUISIANA
OPERATING INDICATORS BY FUNCTION
LAST TEN YEARS**

| | <u>2008</u> | <u>2009</u> | <u>2010</u> | <u>2011</u> | <u>2012</u> | <u>2013</u> | <u>2014</u> | <u>2015</u> | <u>2016</u> | <u>2017</u> |
|--|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Function/Program | | | | | | | | | | |
| General government | | | | | | | | | | |
| Property standards inspections made | 30,800 | 28,172 | 30,810 | 30,000 | 32,000 | 50,000 | 50,000 | 65,600 | 40,000 | 48,000 |
| Lots cut | 9,700 | 9,223 | 9,220 | 8,019 | 10,000 | 15,000 | 14,500 | 18,500 | 14,000 | 14,500 |
| Public safety | | | | | | | | | | |
| Prisoners booked in City jail | 13,500 | 13,628 | 13,160 | 16,461 | 16,856 | 15,000 | 13,419 | 13,858 | 10,802 | 10,000 |
| Offense reports processed | 30,000 | 32,189 | 29,340 | 29,340 | 30,310 | 35,500 | 27,822 | 28,315 | 28,000 | 30,000 |
| Traffic citations issued | 40,000 | 42,692 | 50,286 | 55,912 | 58,934 | 59,044 | 50,926 | 37,087 | 32,652 | 30,708 |
| Fires reported | 1,473 | 1,403 | 1,337 | 1,538 | 1,330 | 1,050 | 1,200 | 1,210 | 1,258 | 1,200 |
| Fire responses | 35,500 | 36,701 | 36,802 | 37,822 | 38,000 | 37,000 | 38,500 | 39,000 | 42,000 | 42,000 |
| Fire inspections | 9,700 | 17,000 | 9,811 | 9,237 | 9,960 | 18,398 | 16,054 | 16,430 | 14,280 | 7,959 |
| EMS responses | 25,506 | 26,308 | 29,167 | 30,117 | 30,250 | 30,300 | 30,300 | 31,600 | 32,800 | 34,000 |
| Public works | | | | | | | | | | |
| Refuse collected (tons) | 137,400 | 137,400 | 137,400 | 137,400 | 135,600 | 119,450 (1) | 92,000 | 92,000 | 92,000 | 92,000 |
| Building permits issued | 3,200 | 2,682 | 1,777 | 1,161 | 2,764 | 1,950 | 2,796 | 2,140 | 2,548 | 2,548 |
| Asphalt repairs | 1,564 | 2,000 | 2,000 | 3,000 | 2,453 | 2,300 | 2,400 | 2,500 | 2,500 | 2,500 |
| Street resurfacing (miles) | 40 | 52 | 52 | 15 | 10 | 10 | 15 | 15 | 17 | 17 |
| Culture and recreation | | | | | | | | | | |
| Events at all facilities | 267 | 227 | 244 | 293 | 240 | 531 | 579 | 967 | 966 | 986 |
| Acres of City parks maintained | 2,345 | 2,345 | 2,345 | 2,345 | \$2,900.00 | \$2,900.00 | \$2,900.00 | \$2,900.00 | \$2,900.00 | \$2,565.00 |
| Participants in team sports | 8,935 | 8,935 | 8,935 | 9,830 | 9,400 | 9,400 | 9,400 | 9,090 | 9,000 | 9,000 |
| Program participants | 37,900 | 37,900 | 37,900 | 37,900 | 40,250 | 40,500 | 40,500 | 44,400 | 42,555 | 45,974 |
| Community development | | | | | | | | | | |
| Programs funded | 66 | 54 | 54 | 56 | 41 | 43 | 39 | 43 | 34 | 33 |
| Economic development | | | | | | | | | | |
| Housing units assisted | 176 | 209 | 209 | 88 | 95 | 103 | 151 | 111 | 110 | 145 |
| Small business loans | - | - | 1 | 1 | 3 | 2 | 1 | - | - | - |
| Economic opportunity | | | | | | | | | | |
| Participants served | 12,098 | 14,180 | 19,987 | 29,035 | 32,000 | 28,778 | 28,600 | 19,950 | 20,200 | 20,400 |
| Municipal and Regional Airports | | | | | | | | | | |
| Capital projects managed | 19 | 15 | 16 | 16 | 16 | 26 | 11 | 20 | 18 | 18 |
| Contracts/leases monitored | 280 | 300 | 300 | 389 | 395 | 395 | 395 | 395 | 395 | 395 |
| Water and Sewerage | | | | | | | | | | |
| Water treated and pumped per day (MGD) | 37 | 37 | 37 | 37 | 37 | 37 | 37 | 37 | 37 | 33 |
| Waste water treated per day (MGD) | 37 | 37 | 37 | 37 | 37 | 37 | 37 | 37 | 36 | 24 |
| Water mains (miles) | 1,144 | 1,104 | 1,104 | 1,135 | 1,144 | 1,150 | 1,152 | 1,152 | 1,153 | 1,162 |
| Sewer mains (miles) | 1,196 | 1,077 | 1,077 | 1,088 | 1,093 | 1,105 | 1,106 | 1,106 | 1,107 | 1,113 |
| Fire hydrants | 7,400 | 7,310 | 7,064 | 7,074 | 7,084 | 7,084 | 7,100 | 7,111 | 7,115 | 7,885 |
| Shreveport Area Transit System | | | | | | | | | | |
| Passenger trips (thousands) | 3,400 | 3,400 | 3,400 | 3,400 | 3,400 | 3,400 | 3,100 | 3,163 | 2,758 | 2,666 |
| Golf | | | | | | | | | | |
| Golf rounds played | 62,343 | 51,466 | 51,466 | 38,310 | 36,109 | 28,811 | 47,170 | 37,700 | 28,790 | 29,800 |
| Downtown Parking | | | | | | | | | | |
| Citations issued | 42,000 | 43,000 | 25,000 | 20,338 | 22,000 | 26,600 | 20,000 | 16,839 | 18,000 | 18,000 |

Source: City of Shreveport Annual Budget Book

(1) The city's collection contract with Bossier City ended during 2013.

(2) Huntington Course reopened in 2014.

Note - No indicators are available for Health and Welfare or the Convention Center Hotel.

Unaudited - see accompanying independent auditors' report.

**CITY OF SHREVEPORT, LOUISIANA
CAPITAL ASSETS STATISTICS BY FUNCTION
LAST TEN YEARS**

| | 2008 | 2009 | 2010 | 2011 | 2012 |
|--|------------|------------|------------|------------|------------|
| Functions: | | | | | |
| Public Safety | | | | | |
| Police: | | | | | |
| Station | 1 | 1 | 1 | 1 | 1 |
| Patrol Units | 302 | 304 | 305 | 307 | 321 |
| Fire Stations | 22 | 22 | 22 | 22 | 22 |
| Police and fire academy facility | 1 | 1 | 1 | 1 | 1 |
| City courts facility | 1 | 1 | 1 | 1 | 1 |
| Public Works: | | | | | |
| Collection Trucks | 52 | 54 | 64 | 66 | 68 |
| Streets (miles) | 2,500 | 2,700 | 2,959 | 3,326 | 3,326 |
| Street lights | 30,085 | 30,100 | 30,100 | 30,100 | 30,100 |
| Traffic signals | 351 | 351 | 351 | 351 | 351 |
| Culture and recreation | | | | | |
| Parks acreage | 1,783 | 1,783 | 1,783 | 1,808 | 1,773 |
| Number of playgrounds | 46 | 46 | 46 | 53 | 45 |
| Number of picnic areas | 42 | 42 | 42 | 42 | 44 |
| Swimming pools | 10 | 10 | 10 | 9 | 8 |
| Tennis courts | 29 | 29 | 29 | 29 | 29 |
| Community centers | 21 | 21 | 21 | 16 | 17 |
| Baseball park | 1 | 1 | 1 | 1 | 1 |
| Multipurpose stadium | 1 | 1 | 1 | 1 | 1 |
| Auditorium | 1 | 1 | 1 | 1 | 1 |
| Theater | 1 | 1 | 1 | 1 | 1 |
| Coliseum | 1 | 1 | 1 | 1 | 1 |
| Convention center | 1 | 1 | 1 | 1 | 1 |
| Softball and soccer complex | 1 | 1 | 1 | 1 | 1 |
| Stage works movie facility | 1 | 1 | 1 | 1 | 1 |
| Planetariums | 2 | 2 | 1 | 1 | 1 |
| Hotel | | | | | |
| Number of Hotels | 1 | 1 | 1 | 1 | 1 |
| Municipal and Regional Airports: | | | | | |
| Number of airports | 2 | 2 | 2 | 2 | 2 |
| Water and Sewerage: | | | | | |
| Number of water accounts | 68,000 | 68,435 | 68,989 | 69,300 | 69,500 |
| Water mains (miles) | 1,144 | 1,104 | 1,104 | 1,135 | 1,144 |
| Fire Hydrants | 7,400 | 7,310 | 7,350 | 7,074 | 7,084 |
| Maximum daily capacity (thousands of gallons) | 90,000 | 90,000 | 90,000 | 90,000 | 90,000 |
| Number of water storage tanks | 10 | 10 | 10 | 10 | 10 |
| Capacity of water storage tanks | 35,500,000 | 35,500,000 | 35,500,000 | 35,500,000 | 35,500,000 |
| Number of sewerage accounts | 64,000 | 64,300 | 64,854 | 65,165 | 65,365 |
| Sanitary sewers (miles) | 1,196 | 1,077 | 1,077 | 1,088 | 1,092 |
| Storm sewers (miles) | 233 | 233 | 233 | 233 | 233 |
| Maximum daily treatment capacity (thousands of gallons) | 100,000 | 100,000 | 100,000 | 100,000 | 100,000 |
| Golf: | | | | | |
| Number of municipal golf courses | 3 | 3 | 3 | 3 | 3 |
| Shreveport Area Transit System: | | | | | |
| Number of transit buses | 47 | 46 | 52 | 54 | 55 |
| Number of transit liftline vehicles | 13 | 12 | 14 | 15 | 15 |

Sources: Various City departments.

Note - No capital asset indicators are available for general government, health and welfare, community development, economic development, economic opportunity, convention center hotel, and downtown parking.

(1) Three tanks retired from Capital Asset Records

(2) Amis Water Treatment Plant improvements

N/A - Statistical information is not available.

Unaudited - see accompanying independent auditors' report.

**CITY OF SHREVEPORT, LOUISIANA
CAPITAL ASSETS STATISTICS BY FUNCTION
LAST TEN YEARS**

| | <u>2013</u> | <u>2014</u> | <u>2015</u> | <u>2016</u> | <u>2017</u> |
|--|-------------|-------------|-------------|-------------|-------------|
| Functions: | | | | | |
| Public Safety | | | | | |
| Police: | | | | | |
| Station | 1 | 1 | 1 | 1 | 1 |
| Patrol Units | 296 | 297 | 302 | 309 | 301 |
| Fire Stations | 22 | 22 | 22 | 22 | 22 |
| Police and fire academy facility | 1 | 1 | 1 | 1 | 1 |
| City courts facility | 1 | 1 | 1 | 1 | 1 |
| Public Works: | | | | | |
| Collection Trucks | 68 | 68 | 67 | 82 | 82 |
| Streets (miles) | 3,326 | 3,326 | 2,700 | 2,730 | 2,732 |
| Street lights | 30,100 | 30,100 | 30,102 | 30,102 | 30,324 |
| Traffic signals | 353 | 353 | 347 | 347 | 348 |
| Culture and recreation | | | | | |
| Parks acreage | 1,773 | 1,773 | 1,773 | 1,773 | 1,777 |
| Number of playgrounds | 45 | 45 | 45 | 45 | 46 |
| Number of picnic areas | 44 | 44 | 44 | 44 | 46 |
| Swimming pools | 8 | 8 | 8 | 5 | 5 |
| Tennis courts | 29 | 29 | 29 | 29 | 31 |
| Community centers | 17 | 17 | 17 | 17 | 17 |
| Baseball park | 2 | 2 | 2 | 2 | 2 |
| Multipurpose stadium | 1 | 1 | 1 | 1 | 1 |
| Auditorium | 1 | 1 | 1 | 1 | 1 |
| Theater | 1 | 1 | 1 | 1 | 1 |
| Coliseum | 1 | 1 | 1 | 1 | 1 |
| Convention center | 1 | 1 | 1 | 1 | 1 |
| Softball and soccer complex | 1 | 1 | 1 | 1 | 1 |
| Stage works movie facility | 1 | 1 | 1 | 1 | 1 |
| Planetariums | 1 | 1 | 1 | 1 | 1 |
| Hotel | | | | | |
| Number of Hotels | 1 | 1 | 1 | 1 | 1 |
| Municipal and Regional Airports: | | | | | |
| Number of airports | 2 | 2 | 2 | \$2.00 | \$2.00 |
| Water and Sewerage: | | | | | |
| Number of water accounts | 69,500 | 69,500 | 65,543 | 65,965 | 65,638 |
| Water mains (miles) | 1,150 | 1,150 | 1,170 | 1,163 | 1,202 |
| Fire Hydrants | 7,084 | 7,100 | 7,120 | 7,885 | 8,228 |
| Maximum daily capacity (thousands of gallons) | 90,000 | 90,000 | 90,000 | 90,000 | 90,000 |
| Number of water storage tanks | 11 | 11 | 11 | 11 | 11 |
| Capacity of water storage tanks | 35,500,000 | 35,500,000 | 35,500,000 | 37,000,000 | 37,000,000 |
| Number of sewerage accounts | 65,786 | 66,000 | 64,700 | 64,730 | 64,386 |
| Sanitary sewers (miles) | 1,105 | 1,103 | 1,130 | 1,114 | 1,005 |
| Storm sewers (miles) | 233 | 233 | 233 | 269 | 270 |
| Maximum daily treatment capacity (thousands of gallons) | 100,000 | 100,000 | 100,000 | 90,000 | 90,000 |
| Golf: | | | | | |
| Number of municipal golf courses | 3 | 3 | 3 | 3 | 3 |
| Shreveport Area Transit System: | | | | | |
| Number of transit buses | 52 | 47 | 49 | 53 | 51 |
| Number of transit lifeline vehicles | 18 | 21 | 20 | 20 | 19 |

**CITY OF SHREVEPORT
Shreveport, Louisiana**

Single Audit Report

December 31, 2017

(With Independent Auditors' Reports Thereon)

CITY OF SHREVEPORT

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**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 Ollie S. Tyler, Mayor
Members of the City Council
City of Shreveport
Shreveport, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the 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 Shreveport, Louisiana (the City), as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated June 29, 2018.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiency 2017-001 described in the accompanying schedule of findings and questioned costs to be a material weakness.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency 2017-002 described in the accompanying schedule of findings and questioned costs to be a significant deficiency.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free from 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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as items 2017-003.

We noted certain matters that we reported to management of the City, in a separate letter dated June 29, 2018.

City of Shreveport's Response to Findings

The City's response to the findings identified in our audit is described in the accompanying schedule of finding and questioned costs. The City's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. Although the intended use of these reports may be limited, under Louisiana Revised Statute 24:513, this report is distributed by the Office of the Louisiana Legislative Auditor as a public document.

Carr, Riggs & Ingram, L.L.C.

CARR, RIGGS & INGRAM, LLC

Shreveport, Louisiana
June 29, 2018



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**Independent Auditors' Report on Compliance for
Each Major Program and on Internal
Control Over Compliance Required by the Uniform Guidance**

The Honorable Ollie S. Tyler, Mayor
Members of the City Council
City of Shreveport
Shreveport, Louisiana

Report on Compliance for Each Major Federal Program

We have audited the City of Shreveport (the City)'s compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended December 31, 2017. The City's major federal programs are identified in the Summary of Auditors' Results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the federal statutes, regulations, contracts, and the terms and conditions of its federal awards applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the City's major federal programs based on our audit of the types of compliance requirements referred to above. 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 the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance 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 on compliance for each major federal program. However, our audit does not provide a legal determination of the City's compliance.

Opinion on Each Major Federal Program

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2017.

Report on Internal Control Over Compliance

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we identified certain deficiencies in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as items 2017-004, which we consider to be a significant deficiency.

The City's response to the internal control over compliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The City's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on the Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the 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 as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the City's basic financial statements. We issued our report thereon dated June 29, 2018, which contained unmodified opinions on those financial statements. Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for the purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

Purpose of this Report

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose. Although the intended use of these reports may be limited, under Louisiana Revised Statute 24:513, this report is distributed by the Office of the Louisiana Legislative Auditor as a public document.

Carr, Riggs & Ingram, L.L.C.

CARR, RIGGS & INGRAM, LLC

Shreveport, Louisiana
June 29, 2018

City of Shreveport
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2017

| <u>Federal Grantor/Pass-through Grantor/Program or Cluster</u> | <u>Federal CFDA Number</u> | <u>Grant or Pass-through Number</u> | <u>Federal Expenditures</u> | | | <u>Total</u> |
|--|------------------------------------|---|-----------------------------|------------------------------------|------------------------------------|-------------------|
| | | | <u>Direct</u> | <u>Pass-Through (Indirect)</u> | <u>Passed to Subrecipients</u> | |
| U. S. DEPARTMENT OF TRANSPORTATION | | | | | | |
| Federal Transit Administration (FTA) | | | | | | |
| <u>Direct</u> | | | | | | |
| Federal Transit Cluster | | | | | | |
| Federal Transit - Capital Investment Grants | 20.500 | LA-04-0017 | \$ 632,482 | \$ - | \$ - | \$ 632,482 |
| Federal Transit - Capital Investment Grants | 20.500 | LA-04-0080 | <u>261,140</u> | - | - | <u>261,140</u> |
| Total Federal Transit - Capital Investment Grants | | | <u>893,622</u> | - | - | <u>893,622</u> |
| Federal Transit - Formula Grants | 20.507 | LA-90-0383 | 29,470 | - | - | 29,470 |
| Federal Transit - Formula Grants | 20.507 | LA-90-0408 | 39,053 | - | - | 39,053 |
| Federal Transit - Formula Grants | 20.507 | LA-04-0417 | 9,924 | - | - | 9,924 |
| Federal Transit - Formula Grants | 20.507 | LA-04-0434 | 124,482 | - | - | 124,482 |
| Federal Transit - Formula Grants | 20.507 | LA-90-0447 | 251,124 | - | - | 251,124 |
| Federal Transit - Formula Grants | 20.507 | LA-90-0454 | 3,131,036 | - | - | 3,131,036 |
| Federal Transit - Formula Grants | 20.507 | LA-95-X015 | 598,001 | - | - | 598,001 |
| Federal Transit - Formula Grants | 20.507 | LA-95-0002 | 3,134,582 | - | - | 3,134,582 |
| Federal Transit - Formula Grants | 20.507 | LA-90-X407 | <u>1,833,140</u> | - | - | <u>1,833,140</u> |
| Total Federal Transit - Formula Grants | | | <u>9,150,812</u> | - | - | <u>9,150,812</u> |
| Bus and Bus Facilities Formula Program | 20.526 | LA-34-0012 | 105,059 | - | - | 105,059 |
| Bus and Bus Facilities Formula Program | 20.526 | LA-34-0016 | 97,206 | - | - | 97,206 |
| Bus and Bus Facilities Formula Program | 20.526 | LA-34-0022 | 199,412 | - | - | 199,412 |
| Bus and Bus Facilities Formula Program | 20.526 | LA-34-0021 | 3,827,599 | - | - | 3,827,599 |
| Bus and Bus Facilities Formula Program | 20.526 | LA-34-0007 | <u>129,734</u> | - | - | <u>129,734</u> |
| Total Bus and Bus Facilities Formula Program | | | <u>4,359,010</u> | - | - | <u>4,359,010</u> |
| Total Federal Transit Cluster | | | <u>14,403,444</u> | - | - | <u>14,403,444</u> |
| Public Transportation Research, Technical Assistance, and Training | 20.514 | LA-26-0004 | 42,987 | - | - | 42,987 |
| New Freedom Program | 20.521 | LA-57-X042 | <u>20,537</u> | - | - | <u>20,537</u> |
| Total Federal Transit Administration (FTA) | | | <u>14,466,968</u> | - | - | <u>14,466,968</u> |

See accompanying notes to the Schedule of Expenditures of Federal Awards

(continued)

City of Shreveport
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2017

(continued)

| Federal Grantor/Pass-through Grantor/Program or Cluster | Federal CFDA Number | Grant or Pass-through Number | Federal Expenditures | | | Total |
|--|---------------------|------------------------------|----------------------|-------------------------|-------------------------|-------------------|
| | | | Direct | Pass-Through (Indirect) | Passed to Subrecipients | |
| Federal Aviation Administration (FAA) | | | | | | |
| <u>Direct</u> | | | | | | |
| Airport Improvement Program | 20.106 | 03-22-0047-22 | 4,037 | - | - | 4,037 |
| Airport Improvement Program | 20.106 | 03-22-0047-24 & 25 | 1,647,468 | - | - | 1,647,468 |
| Airport Improvement Program | 20.106 | 03-22-0047-26 | 629,638 | - | - | 629,638 |
| Airport Improvement Program | 20.106 | 03-22-0047-27 | 69,789 | - | - | 69,789 |
| Airport Improvement Program | 20.106 | 03-22-0048-58 | 1,479 | - | - | 1,479 |
| Airport Improvement Program | 20.106 | 03-22-0048-59 | 10,241 | - | - | 10,241 |
| Airport Improvement Program | 20.106 | 03-22-0048-60 | 10,889 | - | - | 10,889 |
| Airport Improvement Program | 20.106 | 03-22-0048-61 | 39,311 | - | - | 39,311 |
| Airport Improvement Program | 20.106 | 03-22-0048-62 | 223,071 | - | - | 223,071 |
| Airport Improvement Program | 20.106 | 03-22-0048-63 | 469,365 | - | - | 469,365 |
| Airport Improvement Program | 20.106 | 03-22-0048-64 | 39,302 | - | - | 39,302 |
| Total Airport Improvement Program | | | <u>3,144,590</u> | <u>-</u> | <u>-</u> | <u>3,144,590</u> |
| Total Federal Aviation Administration (FAA) | | | <u>3,144,590</u> | <u>-</u> | <u>-</u> | <u>3,144,590</u> |
| National Highway Traffic Safety Administration (NHTSA) | | | | | | |
| <u>Pass-Through Programs</u> | | | | | | |
| Louisiana Highway Safety Commission | | | | | | |
| State and Community Highway Safety | 20.600 | 2017-30-48 | - | 94,145 | - | 94,145 |
| State and Community Highway Safety | 20.600 | 2018-30-48 | - | 10,007 | - | 10,007 |
| Total State and Community Highway Safety | | | <u>-</u> | <u>104,152</u> | <u>-</u> | <u>104,152</u> |
| Total National Highway Traffic Safety Administration (NHTSA) | | | <u>-</u> | <u>104,152</u> | <u>-</u> | <u>104,152</u> |
| Total U. S. DEPARTMENT OF TRANSPORTATION | | | <u>17,611,558</u> | <u>104,152</u> | <u>-</u> | <u>17,715,710</u> |
| U. S. ENVIRONMENTAL PROTECTION AGENCY | | | | | | |
| Office of Solid Waste and Emergency Response | | | | | | |
| <u>Direct</u> | | | | | | |
| Brownfields Assessment and Cleanup Cooperative Agreements | 66.818 | BF-01F08301-0 | 54,470 | - | - | 54,470 |
| Brownfields Assessment and Cleanup Cooperative Agreements | 66.818 | BF-01F08401-0 | 82,951 | - | - | 82,951 |
| Total Brownfields Assessment and Cleanup Cooperative Agreements | | | <u>137,421</u> | <u>-</u> | <u>-</u> | <u>137,421</u> |
| Total Office of Solid Waste and Emergency Response | | | <u>137,421</u> | <u>-</u> | <u>-</u> | <u>137,421</u> |
| See accompanying notes to the Schedule of Expenditures of Federal Awards | | | | | | (continued) |

City of Shreveport
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2017

(continued)

| Federal Grantor/Pass-through Grantor/Program or Cluster | Federal CFDA Number | Grant or Pass-through Number | Federal Expenditures | | | Total |
|---|---------------------|------------------------------|----------------------|-------------------------|-------------------------|-----------|
| | | | Direct | Pass-Through (Indirect) | Passed to Subrecipients | |
| <u>Pass-Through Programs</u> | | | | | | |
| Louisiana Department of Environmental Quality Clean Water State Revolving Fund Cluster | | | | | | |
| Capitalization Grants for Clean Water State Revolving Funds | 66.458 | N/A | - | 1,215,950 | - | 1,215,950 |
| Total Clean Water State Revolving Fund Cluster | | | - | 1,215,950 | - | 1,215,950 |
| Total Louisiana Department of Environmental Quality | | | - | 1,215,950 | - | 1,215,950 |
| Total U. S. ENVIRONMENTAL PROTECTION AGENCY | | | 137,421 | 1,215,950 | - | 1,353,371 |
| U. S. DEPARTMENT OF LABOR | | | | | | |
| <u>Pass-Through Programs</u> | | | | | | |
| Louisiana Workforce Commission Louisiana J. E. T. Program | 17.262 | CFMS #590611 | - | 348,215 | - | 348,215 |
| WIA/WIOA Cluster | | | | | | |
| WIA/WIOA Adult Program | 17.258 | PY16, FY17 | - | 787,959 | 21,127 | 809,086 |
| WIA/WIOA Youth Activities | 17.259 | PY16, FY17 | - | 271,936 | 332,307 | 604,243 |
| WIA/WIOA Dislocated Worker Formula Grants | 17.278 | PY16, FY17 | - | 348,181 | 23,169 | 371,350 |
| Total WIA/WIOA Cluster | | | - | 1,408,076 | 376,603 | 1,784,679 |
| Total U. S. DEPARTMENT OF LABOR | | | - | 1,756,291 | 376,603 | 2,132,894 |
| U. S. DEPARTMENT OF HEALTH AND HUMAN SERVICES | | | | | | |
| <u>Pass-Through Programs</u> | | | | | | |
| Louisiana Workforce Commission TANF Cluster | | | | | | |
| Temporary Assistance for Needy Families | 93.558 | CFMS #610355 | - | 112,630 | - | 112,630 |
| Total TANF Cluster | | | - | 112,630 | - | 112,630 |
| Total U. S. DEPARTMENT OF HEALTH AND HUMAN SERVICES | | | - | 112,630 | - | 112,630 |
| U. S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT | | | | | | |
| Office of Community Planning and Development | | | | | | |
| <u>Direct</u> | | | | | | |
| Community Development Block Grants/Entitlement Grants | 14.218 | MC-22-0007 | 922,377 | - | 543,031 | 1,465,408 |
| Home Investment Partnerships Program | 14.239 | MC-22-0200 | 218,756 | - | 356,822 | 575,578 |
| Emergency Solutions Grant Program | 14.231 | E17-MC-22-0007 | - | - | 148,578 | 148,578 |
| Total Office of Community Planning and Development | | | 1,141,133 | - | 1,048,431 | 2,189,564 |
| <u>Pass-Through Programs</u> | | | | | | |
| Louisiana Housing Corporation Emergency Solutions Grant Program | 14.231 | N/A | - | - | 162,245 | 162,245 |
| Total U. S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT | | | 1,141,133 | - | 1,210,676 | 2,351,809 |

(continued)

See accompanying notes to the Schedule of Expenditures of Federal Awards

City of Shreveport
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2017

(continued)

| Federal Grantor/Pass-through Grantor/Program or Cluster | Federal CFDA Number | Grant or Pass-through Number | Federal Expenditures | | | Total |
|--|---------------------------|---------------------------------|----------------------|----------------------------|----------------------------|---------------|
| | | | Direct | Pass-Through (Indirect) | Passed to Subrecipients | |
| U. S. DEPARTMENT OF JUSTICE | | | | | | |
| <u>Direct</u> | | | | | | |
| Safe Streets | 16.166 | N/A | 25,691 | - | - | 25,691 |
| Crimes Against Children Task Force 2016 | 16.800 | N/A | 51,172 | - | - | 51,172 |
| Edward Byrne Memorial Justice Assistance Grant Program | 16.738 | 2016-DJ-BX-0648 | 57,978 | - | 56,254 | 114,232 |
| Byrne Criminal Justice Innovation Program | 16.817 | 2016-AJ-BX-0004 | 51,363 | - | - | 51,363 |
| U S Marshals | 16.Unknown | N/A | 13,523 | - | - | 13,523 |
| Federal ATF Grant | 16.Unknown | MOA | 13,278 | - | - | 13,278 |
| Organized Crime Enforcement Task Force | 16.Unknown | SE-LAW-0162(H)0164(H) | 11,114 | - | - | 11,114 |
| <u>Pass-Through Programs</u> | | | | | | |
| State of Louisiana Department of Public Safety and Corrections A.F.I.S. | 16.Unknown | HQ-1-2076, HQ-1-024 | - | 385,226 | - | 385,226 |
| Louisiana Commission on Law Enforcement Violence Against Women Formula Grants | 16.588 | 2016-WF-01-3671 | - | 12,048 | - | 12,048 |
| Edward Byrne Memorial Justice Assistance Grant Program | 16.738 | 2016-DJ-01-3455 | - | 55,425 | 15,642 | 71,067 |
| Total Louisiana Commission on Law Enforcement | | | - | 67,473 | 15,642 | 83,115 |
| Total U. S. DEPARTMENT OF JUSTICE | | | 224,119 | 452,699 | 71,896 | 748,714 |
| U. S. DEPARTMENT OF HOMELAND SECURITY | | | | | | |
| <u>Direct</u> | | | | | | |
| Transportation Security Administration (TSA) | | | | | | |
| Law Enforcement Officer Reimbursement Agreement Program | 97.090 | HSTS02-16-H-SLR914 | 115,840 | - | - | 115,840 |
| Federal Emergency Management Agency (FEMA) | | | | | | |
| Assistance to Firefighters Grant | 97.044 | EMW-2015-FO-05551 | 1,240,910 | - | - | 1,240,910 |
| Staffing for Adequate Fire and Emergency Response (SAFER) | 97.083 | EMW-2014-FH-00920 | 837,044 | - | - | 837,044 |
| Total Federal Emergency Management Agency (FEMA) | | | 2,077,954 | - | - | 2,077,954 |
| Total U. S. DEPARTMENT OF HOMELAND SECURITY | | | 2,193,794 | - | - | 2,193,794 |
| EXECUTIVE OFFICE OF THE PRESIDENT | | | | | | |
| <u>Direct</u> | | | | | | |
| High Intensity Drug Trafficking Areas Program | 95.001 | N/A | 18,760 | - | - | 18,760 |
| Total EXECUTIVE OFFICE OF THE PRESIDENT | | | 18,760 | - | - | 18,760 |
| Total Expenditures of Federal Awards | | | \$ 21,326,785 | \$ 3,641,722 | \$ 1,659,175 | \$ 26,627,682 |

See accompanying notes to the Schedule of Expenditures of Federal Awards

(concluded)

City of Shreveport
Notes to the Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2017

Note 1 - Basis of Accounting

The Schedule of Expenditures of Federal Awards has been prepared on the modified accrual basis of accounting used by the City of Shreveport, Louisiana (the City) in preparation of the government-wide financial statements that report these awards. The accounting policies of the City conform to accounting principles generally accepted in the United States of America as applicable to governmental units. The preparation of the Schedule of Expenditures of Federal Awards in conformity with accounting principles generally accepted in the United States of America requires management to make certain assumptions that affect the reported amounts of expenditures during the reporting period. Actual results could differ from those estimates. As of December 31, 2017, the City has not elected to use the 10% de minimis cost rate.

Note 2 – Program Costs

Disbursements reported in the Schedule of Expenditures of Federal Awards cannot be traced, in every case, directly to the disbursements reported in the City's Comprehensive Annual Financial Report (CAFR). However, the detailed information regarding the disbursements reflected in both issued reports can be traced to the detailed general ledger with adjustments for any year-end financial statement accruals and reversals.

Note 3 - Schedule of Expenditures of Federal Awards

The accompanying Schedule of Expenditures of Federal Awards presents the activity of all federal award programs of the City that were received directly from federal agencies or passed through other entities and governmental agencies.

The City prepared this Schedule of Expenditures of Federal Awards to comply with the provisions of the Uniform Guidance, Audits of States, Local Governments and Non-Profit Organizations. The Uniform Guidance stipulates that a Schedule of Expenditures of Federal Awards be prepared showing total expenditures of each federal award program as identified in the Catalog of Federal Domestic Assistance (CFDA) and for other federal financial awards that have not been assigned a catalog number.

Note 4 - Loans and Loan Guarantees

The Office of Community Planning and Development has issued a compliance supplement regarding the programs for the Community Development Block Grant (CFDA 14.218). For subrecipients of these loans in years after the subrecipient has expended loan proceeds and completed construction, and the subrecipient's only ongoing financial activity of the program is the payment of principal and interest on outstanding balances, the prior loan balances at the subrecipient level are not considered to have continuing compliance requirements. The City had loans outstanding under Federal loan or loan guarantee award programs of \$1,057,000 at December 31, 2017.

Note 5 - Subsequent Events

The City is required to evaluate events or transactions that may occur after the Schedule of Expenditures of Federal Awards date for potential recognition or disclosure in the notes to the Schedule of Expenditures of Federal Awards. The City performed such an evaluation through June 29, 2018, the date which the schedule of expenditures of federal awards was available to be issued, and noted no events or transactions that occurred after the Schedule of Expenditures of Federal Awards date requiring recognition or disclosure.

Note 6 - Noncash Program

No noncash awards were received for the year ended December 31, 2017.

**City of Shreveport
Schedule of Findings and Questioned Costs
For the Year Ended December 31, 2017**

Section I - Summary of Auditors' Results

A. Primary Government Financial Statement Audit

1. Type of Auditors' report issued on the basic financial statements: **Unmodified**
2. Internal control over financial reporting:
 - Material weaknesses identified? **Yes**
 - Significant deficiencies identified? **Yes**
3. Noncompliance material to the basic financial statements noted? **Yes**
4. A separate management letter was issued on June 29, 2018

B. Audit of Federal Awards

1. Type of Auditors' report issued on compliance for major programs: **Unmodified**
2. Internal control over major programs:
 - Material weaknesses identified? **No**
 - Significant deficiencies identified? **Yes**
3. Any audit findings disclosed that are required to be reported in accordance with the Uniform Guidance? **Yes**
4. Any instances of material noncompliance in major programs disclosed during the audit? **No**
5. Identification of major programs:

| <u>CFDA number</u> | <u>Name of federal program or cluster</u> |
|--------------------|---|
| | Federal Transit Cluster: |
| 20.500 | Federal Transit - Capital Investment Grants |
| 20.507 | Federal Transit - Formula Grants |
| 20.526 | Bus and Bus Facilities Formula Program |
| 20.106 | Airport Improvement Program |
| 66.458 | Capitalization Grants for Clean Water State Revolving Funds |
| 97.044 | Assistance to Firefighters Grant |
| 97.083 | Staffing for Adequate Fire and Emergency Response (SAFER) |

6. The dollar threshold used to distinguish between Type A and Type B programs: **\$798,830**
7. Auditee qualified as a low-risk auditee under the Uniform Guidance: **No**

Section II – Financial Statement Findings Reported in Accordance with *Governmental Auditing Standards*

Current Year Findings and Responses

2017-001 Financial Statement and Detail Record Review

Criteria or Specific Requirement:

- There should be proper and timely reconciliation of accounts, including bank accounts, followed by review and initial/signature from next level of management.
- Financial information, supporting documentation, reconciliations, journal entries, should be prepared timely and thoroughly reviewed for accuracy and completeness prior to submission for the audit.
- There should be proper and timely reconciliation and review of capital assets to ensure proper recording and reporting of assets in the financial statements.
- Fund balances should properly rollforward from fiscal year 2016 to fiscal year 2017.
- There should be proper and timely review of all workpapers prepared by accountants to ensure accurate financial reporting.
- Template should be used to calculate the deferred amounts on bond refundings.
- Workpapers should be properly reviewed by management.

Condition:

- After reconciliation of the Capital One Investment statements by the Treasury Accountant there is no review by anyone else to ensure proper and timely reconciliation.
- During the course of the audit, multiple versions of fund financial statements and supporting documentation were provided by the City. Two different software systems are being used for accounting and financial reporting. Information from these two systems must be reconciled. This resulted in significant delays in the audit due to work having to be performed multiple times due to changes made to financials and supporting information submitted for the audit.
- The operating and payroll bank reconciliations, including final balances and a significant amount of other fund's reconciliations, for the year ended December 31, 2017 were not reconciled and provided in a timely manner.
- When performing the fixed asset rollforward from the fiscal year 2016 to fiscal year 2017, it was discovered that approximately \$3.5 million in fixed assets was capitalized in fiscal year 2016 and not captured in the financial statements appropriately. Beginning balance of the fixed assets is materially misstated.
- When reviewing financial statements provided by the accountants, it was identified that beginning fund balance was not appropriately stated for the Fireman and Police Pension Funds.
- Lack of review or inadequate review of workpapers by management.
- During review of the deferred inflows and outflows of resources related to bond refundings, it was identified the new 2017 series bonds for the debt service fund was calculated incorrectly resulting in an approximately \$3.6M error.
- Workpapers prepared by the accountants for the various funds related to bonds were not properly prepared and reviewed.

Effect:

Material misstatements could occur due to errors and omissions if the reconciliations are not performed correctly. Also, without proper review, if the accountant knows that there is no review process, then the potential for fraud greatly increases. The audit was significantly delayed. Multiple revisions to the fund financial statements and supporting documentation were required. Material errors have been identified during the review of workpapers that required the workpapers to be corrected by the accountants.

Cause:

There does not appear to be formal year-end closing procedures and checklists or formal review procedures in place to ensure timely and accurate preparation of fund financial statements reconciliations and workpapers. Two different software systems are being used for accounting and financial reporting. Transactions occurred after financials were provided to us in fiscal year 2016 and the lack of communication between accountants caused the financials to not rollforward properly for fiscal year 2017.

The accountant that prepared the bond refunding calculation has no experience in this type of calculation and the calculation was not reviewed by management.

Recommendation:

We recommend the City develop standardized year-end procedures and checklists to be used by all accountants. The procedures should include any necessary reconciliations. We also recommend that the City develop monitoring and review procedures to ensure all fund financial statements, supporting documentation and journal entries are accurate and complete. In addition, we recommend that accounting procedures performed by the various accountants be standardized to the extent possible. We also recommend that proper supporting documentation be maintained on file to support amounts reported in the financial statements.

Views of responsible officials and corrective action plan:

The City concurs with the finding. The City will implement procedures to comply.

Person responsible for corrective actions:

David Creswell, Controller
City of Shreveport
505 Travis Street, Suite 600
Shreveport, LA 71101
Telephone: 318-673-5615

2017-002 Segregation of Duties and IT User Access Review

Criteria or Specific Requirement:

- There should be appropriate segregation of duties between the initiation and release of EFTs. There should be a process in place to verify accuracy of EFT vendor payments.
- There should be a proper review at least annually of each employee's access rights within Logos for the accounting/finance and revenue departments to determine appropriate abilities for segregation of duties.

Condition:

- Improper segregation of duties related to direct deposits to vendors. The Director of Finance has the ability to initiate and release EFT batches which are incompatible duties. EFT vendor payments are not reviewed to ensure accuracy.
- Lack of review of user access roles and responsibilities.

Effect:

There is a potential for misappropriation of assets. Vendor payments through EFT may not be accurate. Material errors could be identified or fraudulent activities could occur if someone has inappropriate rights.

Cause:

Policies and procedures are not in place to ensure there is proper segregation of duties related to EFT transactions. Policies and procedures were not in place during the fiscal year to ensure vendor payments through EFT are accurate.

Recommendation:

We recommend management properly review user access roles and responsibilities for Logos. The City should design and implement policies and procedures to ensure proper segregation of duties among individuals initiating and releasing EFTs. The City should design and implement procedures to ensure EFT payments to vendors were accurately transmitted. Performance of the procedures should be documented and supporting documentation maintained on file.

Views of responsible officials and corrective action plan:

The City concurs with the finding. The City will implement procedures to properly review user access roles and responsibilities for Logos.

Person responsible for corrective actions:
Charles Madden, Director of Finance
City of Shreveport
505 Travis Street, Suite 600
Shreveport, LA 71101
Telephone: 318-673-5615

2017-003 SEFA Preparation and Review

Criteria or Specific Requirement:

According to the Code of Federal Regulations Title 2 Grants and Agreements Part 200 Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, Subpart F – Audit Requirements, it is the auditee's responsibility to prepare appropriate financial statements, including the Schedule of Expenditures of Federal Awards. The Schedule should be complete and accurate.

Condition:

The Schedule of Expenditures of Federal Awards prepared by the auditee included inaccurate information and was not properly reconciled to the underlying accounting records. The schedule was materially misstated and was not mathematically accurate. Clusters of programs were not properly identified and reported in the schedule.

Effect:

The City is not in compliance with the auditee responsibilities per the Code of Federal Regulations.

Cause:

Policies and procedures are not in place to ensure complete and accurate reporting in the Schedule of Expenditures of Federal Awards. The schedule is not independently reviewed by an appropriate individual other than the preparer. Responsibility for federal awards reporting is not centralized.

Recommendation:

We recommend the City design and implement policies and procedures for preparation and review of the Schedule of Expenditures of Federal Awards to ensure the schedule is complete and accurate. In addition, we recommend that the policies and procedures include independent review of the prepared schedule by an appropriate individual other than the preparer. We also recommend that one individual be assigned the responsibility for gathering data and reporting federal awards. This individual should receive proper training on preparing the Schedule of Expenditures of Federal Awards.

Views of responsible officials and corrective action plan:

The City concurs with the finding. The City will implement procedures to comply with the finding and will consider hiring a grants accountant/coordinator to handle preparation of the SEFA, so the SEFA can be independently reviewed, as funding permits.

Person responsible for corrective actions:

David Creswell, Controller
City of Shreveport
505 Travis Street, Suite 600
Shreveport, LA 71101
Telephone: 318-673-5615

Section III – Federal Award Findings and Responses

Current Year Findings and Responses

2017-004 Period of Performance

Federal Program, CFDA#, Federal Award # and Year, Federal Agency, Pass-Through Entity:
Capitalization Grants for Clean Water State Revolving Funds, CFDA 66.458, N/A and 2016, U.S. Environmental Protection Agency, Louisiana Department of Environmental Quality

Criteria or Specific Requirement:

Code of Federal Regulations Title 2 Grants and Agreements Part 200 Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance), Section 200.303 requires non-Federal entities to establish and maintain effective internal controls over Federal awards to ensure compliance with Federal statutes, regulations, and terms and conditions of Federal awards. In addition, section 200.309, Period of Performance, states “A non-Federal entity may charge to the Federal award only allowable costs incurred during the period of performance and any costs incurred before the Federal awarding agency or pass-through agency made the Federal award that were authorized by the Federal awarding agency or pass-through entity.”

Condition:

The City's Water and Sewer Division of their Engineering Department, the responsible party for the management of the federal award, does not have documented controls in place for the period of performance.

Effect:

The City may not prevent or detect and correct in a timely manner costs outside the period of performance improperly charged to the program.

Cause:

Controls over the period of performance compliance requirement are not properly designed and implemented.

Questioned Cost:

N/A

Repeat Finding:

No

Recommendation:

We recommend the City implement controls over the period of performance compliance requirement to ensure compliance. This may be accomplished by implementing a tracking spreadsheet for expenditures charged to the program documenting that all expenditures are within the period allowed by the grant. The spreadsheet should be reviewed and approved by an appropriate individual other than the preparer who is knowledgeable about the period of performance requirement. The review and approval should be documented in writing such as signing and dating the spreadsheet as evidence of review and approval.

Views of responsible officials and corrective action plan:

The “period of performance” is typically a 2-year time frame from the issuance of a loan, in which the project(s) are to be designed/constructed. The cost incurred by the Program are documented and recorded. This is understood and will be monitored by the Engineering Dept., W&S Division. As can be expected, project design and construction periods can extend multiple years depending on complexity and size. Instruments and protocol to maintain compliance will need evaluation and revision. An instrument can be created and direction provided to monitor and ensure that these requirements are maintained by the EES – W&S Div. The Asst. City Eng. should review and approve the tabulation of periods of performance and that the proper Program cost incurred are calculated, checked, and submitted to the appropriate agency.

Person responsible for corrective actions:

David Smith, Assistant City Engineer, Water and Sewer Division
City of Shreveport
505 Travis Street, Suite 300
Shreveport, LA 71101

**City of Shreveport
Summary Schedule of Prior Audit Findings
For the Year Ended December 31, 2017**

Financial Statement Findings Reported in Accordance with Governmental Auditing Standards

2016-001 Noncompliance with the Louisiana Local Government Budget Act

Condition:

While performing procedures related to budgets, we noted the General, Police Grants, and Community Development Funds were not in compliance with the requirements of the Louisiana Local Government Budget Act. The total actual revenue for these funds was below the budgeted revenue by more than 5%.

Status:

Not Resolved, see MLC 2017-004 Budget Non-Compliance.

2016-002 Fraud Incident – Fund Misappropriation

Condition:

On February 16, 2017, the City became aware of a misappropriation of Convention Center Hotel (Shreveport Hilton Hotel) funds in the amount of approximately \$8,850. The suspect in the misappropriation was an Accounts Payable employee, Krystin Benson, working for the Hotel who had been committing a systematic theft that was believed to have started around October 2016. The Shreveport Police Department initiated an investigation into the theft, procured an arrest warrant charging the suspect with one count of felony theft. The suspect surrendered herself to authorities at the Caddo Correctional Center and was arrested on the outstanding warrant on March 27, 2017.

Status:

Resolved

Findings and Questioned Costs for Federal Awards

None

**City of Shreveport
Corrective Action Plan
For the Year Ended December 31, 2017**

Financial Statement Findings Reported in Accordance with Governmental Auditing Standards

2017-001 Financial Statement and Detail Record Review

Condition:

- After reconciliation of the Capital One Investment statements by the Treasury Accountant there is no review by anyone else to ensure proper and timely reconciliation.
- During the course of the audit, multiple versions of fund financial statements and supporting documentation were provided by the City. Two different software systems are being used for accounting and financial reporting. Information from these two systems must be reconciled. This resulted in significant delays in the audit due to work having to be performed multiple times due to changes made to financials and supporting information submitted for the audit.
- The operating and payroll bank reconciliations, including final balances and a significant amount of other fund's reconciliations, for the year ended December 31, 2017 were not reconciled and provided in a timely manner.
- When performing the fixed asset rollforward from the fiscal year 2016 to fiscal year 2017, it was discovered that approximately \$3.5 million in fixed assets was capitalized in fiscal year 2016 and not captured in the financial statements appropriately. Beginning balance of the fixed assets is materially misstated.
- When reviewing financial statements provided by the accountants, it was identified that beginning fund balance was not appropriately stated for the Fireman and Police Pension Funds.
- Lack of review or inadequate review of workpapers by management.
- During review of the deferred inflows and outflows of resources related to bond refundings, it was identified the new 2017 series bonds for the debt service fund was calculated incorrectly resulting in an approximately \$3.6M error.
- Workpapers prepared by the accountants for the various funds related to bonds were not properly prepared and reviewed.

Corrective action plan:

The City will implement procedures to comply.

Person responsible for corrective actions:

David Creswell, Controller
City of Shreveport
505 Travis Street, Suite 600
Shreveport, LA 71101
Telephone: 318-673-5615

Anticipated completion date: August 31, 2018

2017-002 Segregation of Duties and IT User Access Review

Condition:

- Improper segregation of duties related to direct deposits to vendors. The Director of Finance has the ability to initiate and release EFT batches which are incompatible duties. EFT vendor payments are not reviewed to ensure accuracy.
- Lack of review of user access roles and responsibilities.

Corrective action plan:

The City will implement procedures to properly review user access roles and responsibilities for Logos.

Person responsible for corrective actions:

Charles Madden Director of Finance
City of Shreveport
505 Travis Street, Suite 600
Shreveport, LA 71101
Telephone: 318-673-5615

Anticipated completion date: December 31, 2018

2017-003 SEFA Preparation and Review

Condition:

The Schedule of Expenditures of Federal Awards prepared by the auditee included inaccurate information and was not properly reconciled to the underlying accounting records. The schedule was materially misstated and was not mathematically accurate. Clusters of programs were not properly identified and reported in the schedule.

Corrective action plan:

The City will implement procedures to comply with the finding and will consider hiring a grants accountant/coordinator to handle preparation of the SEFA, so the SEFA can be independently reviewed, as funding permits.

Person responsible for corrective actions:

David Creswell, Controller
City of Shreveport
505 Travis Street, Suite 600
Shreveport, LA 71101
Telephone: 318-673-5615

Anticipated completion date: December 31, 2018



Carr, Riggs & Ingram, LLC
1000 East Preston Avenue
Suite 200
Shreveport, LA 71105

Mailing Address:
P.O. Box 4278
Shreveport, LA 71134-0278

(318) 222-2222
(318) 226-7150 (fax)
CRlcpa.com

Management Letter

The Honorable Ollie S. Tyler, Mayor
Members of the City Council
City of Shreveport
Shreveport, Louisiana

We have audited the 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 Shreveport, Louisiana (the City) as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated June 29, 2018. Our report includes a reference to other auditors who audited the financial statements of the discretely presented component units, as described in our report on the City's financial statements. The report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those 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 and the provisions of the Uniform Guidance.

As a part of our examination, we have issued our report on the financial statements, dated June 29, 2018, and our report on internal control over financial reporting and compliance and other matters based on an audit of financial statements performed in accordance with Government Auditing Standards and on compliance for each major program and internal control over compliance required by the Uniform Guidance dated June 29, 2018.

During the course of our examination, we became aware of the following matters which represent immaterial deviations of compliance or suggestions for improved internal controls:

MLC 2017-001 Compliance with Special Tests & Provisions in Airport Improvement Program Federal Award

Year of Origination – December 31, 2017

Observation:

Code of Federal Regulations Title 2 Grants and Agreements Part 200 Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance), Section 200.303 requires non-Federal entities to establish and maintain effective internal controls over Federal awards to ensure compliance with Federal statutes, regulations, and terms and conditions of Federal awards. The Federal Aviation Administration *Policy and Procedures Concerning the Use of Airport Revenue* (64 CFR 7695) contains definitions of airport revenue and unlawful revenue diversion; provides examples of airport revenue; and describes permitted and prohibited uses of airport revenue. The City does not have documented controls in place to ensure compliance with the restricted use of airport revenue compliance requirement. The City should have documented controls in place to ensure compliance with the Federal Aviation Administration policy and procedures.

Recommendations:

We recommend the City implement a written policy and training for finance personnel managing airport funds regarding use of airport revenue based on the definitions contained in the Federal Aviation Administration policy. We also recommend that the City review all airport expenditures for compliance with the permitted uses of airport revenue included in the policy. The review should be documented, signed off by the reviewer and a separate individual who is familiar with the requirement, and maintained on file.

Views of responsible officials and corrective actions:

Management agrees that the City needs to have approval before any transfers for expenditures are done to airport revenue. Also, approval from the airport is needed before the transferring of monies from the airport account. The City will write up policies and procedures that will be followed to ensure compliance with the restricted use of the airport revenues. The Manager of Business and Finance will review and approve all expenditures and transfers before they are done to airport funds and will submit to the Director or Deputy Director for final approval.

MLC 2017-002 Payroll Files

Year of Origination – December 31, 2017

Observation:

According to the City's personnel documentation requirements, all eligible employees' files should include the signed election form for participation in employee retirement plan as well as a signed "Software, Computer, Internet, and Email" Agreement. While performing a test of controls over payroll controls and processes, we found that 6 of the 40 sampled employees were missing the "Software, Computer, Internet, and Email" Agreement and 3 of those same employees were missing the Signed election form for participation in the employee retirement plan.

Recommendations:

We recommend that all departments have their employees complete this required paperwork as well as ensure that it is inserted in the proper files.

Views of responsible officials and corrective actions:

The City concurs with the finding. The City will ensure that all employees have the proper election form and all affected employees that have access to computer systems will have the proper documentation.

MLC 2017-003 Procurement - Compliance

Year of Origination – December 31, 2017

Observation:

Per the Louisiana Procurement Code, R.S. 29:1557.1 provides that the governmental body that entered the contract must record in the office of the recorder of mortgages in the parish where work is to be done (in the City's case, the Caddo Parish Courthouse) or where the entity is domiciled no later than thirty days after the date of a change order that requires that the recordation take place:

- (1) Each change order to a contract that adds an amount of ten percent or more of the original contract amount if the additional amount is at least ten thousand dollars; or
- (2) All change orders to a contract aggregating to an amount of twenty percent or more of the original contract amount if the additional amount is at least ten thousand dollars.

In addition, the original contract shall be recorded together with the amendments or other revisions if not previously recorded. This provision does not apply to the office of facility planning and control, and the office of state procurement. While performing bid testing, we noted a change order for one contract that increased the original contract amount by \$100,000. This change order exceeded ten percent of the original contract amount. The change order was not filed timely with the Caddo Parish Courthouse within 30 days after the date of the change order.

Recommendations:

Establish a procedure for verifying that vendors have appropriately filed required change orders with the Caddo Parish Courthouse.

Views of responsible officials and corrective actions:

The City concurs with the finding. The City will establish a procedure for verifying that vendors have appropriately filed required change orders with the Caddo Parish Courthouse.

MLC 2017-004 Budget Non-Compliance

Year of Origination – December 31, 2017

Observation:

R.S. 39:1311 requires that the governing authority must adopt a budget amendment if there is a 5% or greater shortage in revenue or a 5% or greater overage in expenditure or if there is a 5% or greater variance in the actual fund balance at the beginning of the year. While performing procedures related to budgets, we noted two budgets had actual revenue below the budgeted revenue by more than 5%. The actual revenue of the Public Safety budget is 31% less than the amended budgeted revenue, and the actual revenue of the Community Development budget is 29% less than the amended budgeted revenue.

Recommendations:

We recommend that the City regularly monitor budget to actual results, notify the governing authority of variances in total revenues and expenditures of 5% when required, and amend budgets as necessary to ensure compliance with the Louisiana Local Government Budget Act.

Views of responsible officials and corrective actions:

The City concurs with the finding. The City will implement procedures to more closely monitor the budget.

MLC 2017-005 IT Risk Assessment

Year of Origination – December 31, 2017

Observation:

The City has not performed a formalized risk assessment over the IT department in order to properly identify risks.

Recommendations:

We recommend the City develop and perform a formalized risk assessment over IT in order to properly identify and evaluate steps needed to address any identified risks.

Views of responsible officials and corrective actions:

The City concurs with the finding. The IT Department is currently working with 3 different vendors on a scope of work and pricing for an Information Security Controls Assessment and an External Penetration Test.

MLC 2017-006 Retirement Census Data

Year of Origination – December 31, 2017

Observation:

Accurate and complete census data is required to obtain a reasonable estimate of retirement liability for reporting in the financial statement. During testing of retirement census data it was noted that several items tested did not agree to or could not be verified from personnel records. For the seventy-five individuals tested for the City administered retirement plans, nine dates of hire did not agree to personnel records, five status change dates did not agree to personnel records or could not be verified from information contained in the records, twenty-six monthly benefit payments did not agree to or could not be verified from information contained in the personnel records. It was also noted that a part-time individual was enrolled in the Employees' Retirement System. According to the plan document, part-time employees are not eligible for membership in the plan.

Recommendations:

We recommend that the City implement a record keeping system for the City retirement plan data. A limited number of appropriate individuals should have access to the system to update information as needed to ensure to ensure records are accurate. We also recommend that proper supporting documentation be obtained and maintained in the personnel files to support census data and any changes to census data. We also recommend that census data be checked for accuracy prior to submission to the actuary for the purpose of calculating the estimated retirement liability.

Views of responsible officials and corrective actions:

The City concurs with the finding. The City has already begun correcting data in the system.

MLC 2017-007 Budget Certificate of Compliance

Year of Origination – December 31, 2017

Observation:

R.S. 39:1307 requires that the governing authority publish a certification of notice. Out of the five budget within the scope of the Louisiana Budget Compliance requirement, none of the budgets had a published certification of notice.

Recommendations:

Personnel should be assigned to monitor the City's compliance with the budget requirement.

Views of responsible officials and corrective actions:

The City concurs with the finding. This has already been corrected.

We recommend management address the foregoing issues as an improvement to operations and the administration of public programs. We are available to further explain the suggestion or help implement the recommendation.

This report is intended solely for the information and use of the Mayor and members of the City Council of the City of Shreveport, management, others within the City, the Louisiana Legislative Auditor and is not intended to be and should not be used by anyone other than these specified parties. Although the intended use of these reports may be limited, under Louisiana Revised Statute 24:513, this report is distributed by the Office of the Louisiana Legislative Auditor as a public document.

Carr, Riggs & Ingram, L.L.C.

CARR, RIGGS & INGRAM, LLC

Shreveport, Louisiana
June 29, 2018



REPORT TO THE CITY COUNCIL AND LOUISIANA LEGISLATIVE AUDITOR BY THE CITY INTERNAL AUDITOR

INDEPENDENT INTERNAL AUDITORS' REPORT ON APPLYING AGREED-UPON PROCEDURES FOR THE YEAR ENDED DECEMBER 31, 2017

INTERNAL AUDIT REPORT (IAR) 280118-02

June 29, 2018

INTERNAL AUDIT OFFICE

505 Travis St.
Suite 450

Shreveport, LA 71101

www.shreveportla.gov

Office: 318-673-7900

Fraud Hotline: 318-222-5698



Leanis L. Steward
City Internal Auditor

| Report Highlights | Page(s) |
|---|----------------|
| • Exceptions were reported for 14 of the 33 procedures | 3 – 17 |
| • No exceptions were reported for 19 of the 33 procedures | 3 – 17 |



The Council
City of Shreveport

Leanis L. Steward, CPA, CIA
City Internal Auditor
P.O. Box 31109
Shreveport, LA 71130-1109

E-Mail Address:
Leanis.Steward@shreveportla.gov
Phone: 318.673.7900
Fax: 318.673.7911

June 29, 2018

Councilman Jerry Bowman, Jr.
Chairman, Shreveport City Council

Dear Councilman Bowman:

Subject: IAR 280118-02 – Independent Internal Auditors' Report on Applying Agreed-Upon Procedures for the Year Ended December 31, 2017

Attached please find the report mentioned above. Management comments are included in the report.

Sincerely,

Leanis L. Steward, CPA, CIA
City Internal Auditor

dw



Independent Internal Auditors' Report On Applying Agreed-Upon Procedures For the Year Ended December 31, 2017

City of Shreveport City Council Members
Shreveport, Louisiana
And the Louisiana Legislative Auditor:

We have performed the procedures enumerated below, which were agreed to by management of the City of Shreveport (City) and the Louisiana Legislative Auditor (LLA) on the control and compliance (C/C) areas identified in the LLA's Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period January 1, 2017 through December 31, 2017. The City's management is responsible for those C/C areas identified in the SAUPs.

This agreed-upon procedures engagement was conducted in accordance with United States generally accepted government auditing standards which incorporate attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of the specified users of this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

We were not engaged to and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on those C/C areas identified in the SAUPs. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

The purpose of this report is solely to describe the scope of testing performed on those C/C areas identified in the SAUPs, and the result of that testing, and not to provide an opinion on control or compliance. Accordingly, this report is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the LLA as a public document.

The procedures and associated findings are as follows.



PROCEDURES TO BE PERFORMED IN CONNECTION WITH LOUISIANA LEGISLATIVE AUDITOR STATEWIDE AGREED-UPON PROCEDURES

Agreed - Upon Procedures

Results of Procedures

Written Policies and Procedures

1. Obtain the entity's written policies and procedures and report whether those written policies and procedures address each of the following financial/business functions (or report that the entity does not have any written policies and procedures), as applicable:

a) **Budgeting**, including preparing, adopting, monitoring, and amending the budget.

b) **Purchasing**, including (1) how purchases are initiated; (2) how vendors are added to the vendor list; (3) the preparation and approval process of purchase requisitions and purchase orders; (4) controls to ensure compliance with the public bid law; and (5) documentation required to be maintained for all bids and price quotes.

c) **Disbursements**, including processing, reviewing, and approving.

d) **Receipts**, including receiving, recording, and preparing deposits.

e) **Payroll/Personnel**, including (1) payroll processing, and (2) reviewing and approving time and attendance records, including leave and overtime worked.

f) **Contracting**, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process.

g) **Credit Cards (and debit cards, fuel cards, P-Cards, if applicable)**, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers, and (5) monitoring card usage.

The following was noted during review of the written policies and procedures:

a) **Budgeting**: There is no written administrative policy/procedure on preparing, adopting, and monitoring the budget. However, the City Charter does address the preparation and adoption but, not monitoring of the budget. There is a policy/procedure for amending the budget.

b) **Purchasing**: Manual is outdated and needs updating. Also, the Administrative Procedure dated June 29, 2015 is inserted in the manual without a signature.

c) **Disbursements**: No manual provided because manual needed to be updated.

d) **Receipts**: No manual provided because manual needed to be updated.

e) **Payroll/Personnel**: The City has a Personnel Rules and Regulations manual but it does not address Payroll Processing.

f) **Contracting**: Is located in the Purchasing manual, which needs updating.

g) **Credit Cards**: No exceptions noted in the procedures performed.



PROCEDURES TO BE PERFORMED IN CONNECTION WITH LOUISIANA LEGISLATIVE AUDITOR STATEWIDE AGREED-UPON PROCEDURES

| Agreed - Upon Procedures | Results of Procedures |
|--|---|
| <p>h) Travel and expense reimbursement, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers.</p> <p>i) Ethics, including (1) the prohibitions as defined in Louisiana Revised Statute 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) requirement that all employees, including elected officials, annually attest through signature verification that they have read the entity's ethics policy. Note: Ethics requirements are not applicable to nonprofits.</p> <p>j) Debt Service, including (1) debt issuance approval, (2) EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.</p> | <p>h) Travel and expense reimbursements: No exceptions noted in the procedures performed.</p> <p>i) Ethics: The City does not have a written ethics policy. However, the Personnel Rules and Regulations manual addresses Code of Governmental Ethics but it does not include all the prohibitions, a system to monitor possible ethics violations, and requirement that all employees sign attesting they have read the ethics policy.</p> <p>j) Debt Service: City does not have a written debt service policy, but has processes in place to comply with federal, state, and local debt laws.</p> <p>Management Response: Management concurs and will work on preparing and or updating policy and procedures.</p> |
| Board (or Finance Committee, if applicable) | |
| <p>2. Obtain and review the board/committee minutes for the fiscal period, and:</p> <p>a) Report whether the managing board met (with a quorum) at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, or other equivalent document.</p> <p>b) Report whether the minutes referenced or included monthly budget-to-actual comparisons on the General Fund and any additional funds identified as major funds in the entity's prior audit (GAAP-basis).</p> <ul style="list-style-type: none"> ➤ If the budget-to-actual comparisons show that management was deficit spending during the fiscal period, report whether there is a formal/written plan to eliminate the deficit spending for those entities with a fund balance deficit. If there is a formal/written plan, report whether the meeting minutes for at least one board meeting during the fiscal period reflect that the board is monitoring the plan. | <p>The council minutes did not reference or include from January 2017 to October 2017 the monthly budget to actual comparisons. However, the Finance Director provided the budget to actual comparisons to city council members, mayor, CAO and other department heads monthly. City Council Meeting Agendas for November 14 and 28 and December 12 and 22, 2017 did include the monthly budget to actual comparisons as an agenda item.</p> <p>Management Response: Management concurs and will continue to provide a budget to actual report to City Council for their review each month as required by resolution.</p> |



PROCEDURES TO BE PERFORMED IN CONNECTION WITH LOUISIANA LEGISLATIVE AUDITOR STATEWIDE AGREED-UPON PROCEDURES

| Agreed - Upon Procedures | Results of Procedures |
|---|--|
| <p>c) Report whether the minutes referenced or included non-budgetary financial information (e.g. approval of contracts and disbursements) for at least one meeting during the fiscal period.</p> | |
| Bank Reconciliations | |
| <p>3. Obtain a listing of client bank accounts from management and management's representation that the listing is complete.</p> | <p>No exceptions noted in the procedures performed.</p> |
| <p>4. Using the listing provided by management, select all of the entity's bank accounts (if five accounts or less) or one-third of the bank accounts on a three year rotating basis (if more than 5 accounts). If there is a change in practitioners, the new practitioner is not bound to follow the rotation established by the previous practitioner. Note: School student activity fund accounts may be excluded from selection if they are otherwise addressed in a separate audit or AUP engagement. For each of the bank accounts selected, obtain bank statements and reconciliations for all months in the fiscal period and report whether:</p> <p>a) Bank reconciliations have been prepared;</p> <p>b) Bank reconciliations include evidence that a member of management or a board member (with no involvement in the transactions associated with the bank account) has reviewed each bank reconciliation; and</p> <p>c) If applicable, management has documentation reflecting that it has researched reconciling items that have been outstanding for more than 6 months as of the end of the fiscal period.</p> | <p>Six Bank Accounts were selected for testing. The following exceptions were noted:</p> <ul style="list-style-type: none"> • United Healthcare Bank Account at Bank of America and United Healthcare Bank Account at Capital One did not have evidence of review by the Controller for the month of September 2017. • Golf Fund Bank Account did not have evidence of review by the Finance Director for the months of June, July, and August 2017. <p>Management Response: Management concurs and will make sure that all bank accounts are reconciled in a timely manner and that they are reviewed by the Controller.</p> |
| Collections | |
| <p>5. Obtain a listing of cash/check/money order (cash) collection locations and management's representation that the listing is complete.</p> | <p>No exceptions noted in the procedures performed.</p> |
| <p>6. Using the listing provided by management, select all of the entity's cash collection locations (if five locations or less) or one-third of the collection locations on a three year rotating basis (if more than 5 locations). If there is</p> | <p>Five Cash Collection locations were selected for testing. The following exceptions were noted:</p> <p>Querbes Golf Course: The same person collects and</p> |



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| <p>a change in practitioners, the new practitioner is not bound to follow the rotation established by the previous practitioner. Note: School student activity funds may be excluded from selection if they are otherwise addressed in a separate audit or AUP engagement. For each cash collection location selected:</p> <p>a) Obtain existing written documentation (e.g. insurance policy, policy manual, job description) and report whether each person is responsible for collecting cash is (1) bonded, (2) not responsible for depositing the cash in the bank, recording the related transaction, or reconciling the related bank account (report if there are compensating controls performed by an outside party), and (3) not required to share the same cash register or drawer with another employee.</p> <p>b) Obtain existing written documentation (e.g. sequentially numbered receipts, system report, reconciliation worksheets, policy manual) and report whether the entity has a formal process to reconcile cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions, by a person who is not responsible for cash collections in the cash collection location selected.</p> <p>c) Select the highest (dollar) week of cash collections from the general ledger or other accounting records during the fiscal period and:</p> <ul style="list-style-type: none"> ➤ Using entity collection documentation, deposit slips, and bank statements, trace daily collections to the deposit date on the corresponding bank statement and report whether the deposits were made within one day of collection. If deposits were not made within one day of collection, report the number of days from receipt to deposit for each day at each collection location. ➤ Using sequentially numbered receipts, system reports, or other related collection documentation, verify that daily cash collections are completely supported by documentation and report any exceptions. | <p>deposits cash. No compensating controls performed by outside party. Funds were deposited within 2 to 4 business days.</p> <p>Huntington Golf Course: The same person collects and deposits cash. No compensating controls performed by outside party. Funds were deposited within 2 business days.</p> <p>Wildwood Event Center: Two persons both collect and deposit cash. No compensating controls performed by outside party. Funds were deposited within 1 business day.</p> <p>Landfill: Funds were deposited within 2 to 3 business days.</p> <p>City Cashier: Two persons both collect and deposit cash. No compensating controls performed by outside party. <i>(Note: The City Cashier is responsible for depositing revenue that is received directly from customers as well as revenue that is received and submitted by other city departments.)</i></p> <p>Funds were deposited within 2 - 25 business days. Specifically, 1 revenue receipt consisting of six checks was not deposited until 25 business days. <i>(Revenue receipts were originally received by another city department, and then submitted to the City Cashier for deposit.)</i></p> <p>Two revenue receipts were not deposited until 7 business days <i>(Revenue receipts were originally received by another city department, and then submitted to the City Cashier for deposit.)</i></p> <p>Ninety-four revenue receipts were deposited within 2 to 4 business days.</p> <p>Management Response: Management will review procedures for cash collections and meet with each area that collect monies to verify the procedures are being followed.</p> |



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| <p>7. Obtain existing written documentation (e.g. policy manual, written procedure) and report whether the entity has a process specifically defined (identified as such by the entity) to determine completeness of all collections, including electronic transfers, for each revenue source and agency fund additions (e.g. periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation) by a person who is not responsible for collections.</p> | <p>For all 5 cash collection locations tested, there is no written documentation specifically defined to determine the completeness of all collections by a person who is not responsible for collections.</p> <p>Management Response: Management will review procedures for these activities to ensure that written policies and procedures exist and are being followed.</p> |
| <p>Disbursements – General (excluding credit card/debit card/fuel card/P-Card purchases or payments)</p> | |
| <p>8. Obtain a listing of entity disbursements from management or, alternately, obtain the general ledger and sort/filter for entity disbursements. Obtain management’s representation that the listing or general ledger population is complete.</p> | <p>No exceptions noted in the procedures performed.</p> |
| <p>9. Using the disbursement population from #8 above, randomly select 25 disbursements (or randomly select disbursements constituting at least one-third of the dollar disbursement population if the entity had less than 25 transactions during the fiscal period), excluding credit card/debit card/fuel card/P-card purchases or payments. Obtain supporting documentation (e.g. purchase requisitions, system screens/logs) for each transaction and report whether the supporting documentation for each transaction demonstrated that:</p> <p>a) Purchases were initiated using a requisition/purchase order system or an equivalent electronic system that separates initiation from approval functions in the same manner as a requisition/purchase order system.</p> <p>b) Purchase orders, or an electronic equivalent, were approved by a person who did not initiate the purchase.</p> <p>c) Payments for purchases were not processed without (1) an approved requisition and/or purchase order, or electronic equivalent; (2) a receiving report showing receipt of goods purchased, or electronic equivalent; and (3) an approved invoice.</p> | <p>None of the items tested included a receiving report because the City’s purchasing manual does not require such documentation.</p> <p>Management Response: Purchase of less than \$1,000.00 do not require a PO per City policy. All payments require two approvals before payment can be made on any invoice. Each payment requires a copy of the invoice to be provided before a payment can be made. Management will look at its procedures on its disbursements.</p> |



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| <p>10. Using entity documentation (e.g. electronic system control documentation, policy manual, written procedure), report whether the person responsible for processing payments is prohibited from adding vendors to the entity's purchasing/disbursement system.</p> | <p>There is no policy or procedure that prohibits a person responsible for processing payments to add/create a vendor and security access controls did not prohibit persons from adding vendors and processing payments.</p> <p>Management Response: Only persons in purchasing department can add or make changes to vendors, management will create official policy stating this.</p> |
| <p>11. Using entity documentation (e.g. electronic system control documentation, policy manual, written procedure), report whether the persons with signatory authority or who make the final authorization for disbursements have no responsibility for initiating or recording purchases.</p> | <p>Per Controller, there is no documentation that reports whether the persons with signatory authority or who make the final authorization for disbursements have no responsibility for initiating/recording purchases. Per Finance Director, those with signatory authority can initiate but, they cannot approve. It has to go through the Accounts Payable Process. There are multiple users that have access in the Logos system to print checks but are not authorized to print checks.</p> <p>Management Response: There are only two persons who have the ability to print checks and neither of them can process a payment. While they may be able to initiate a paying document they cannot approve the payment or finalize the process.</p> |
| <p>12. Inquire of management and observe whether the supply of unused checks is maintained in a locked location, with access restricted to those persons that do not have signatory authority, and report any exceptions.</p> | <p>No exceptions noted in the procedures performed.</p> |



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| <p>Alternately, if the checks are electronically printed on blank check stock, review entity documentation (electronic system control documentation) and report whether the persons with signatory authority have system access to print checks.</p> | |
| <p>13. If a signature stamp or signature machine is used, inquire of the signer whether his or her signature is maintained under his or her control or is used only with the knowledge and consent of the signer. Inquire of the signer whether signed checks are likewise maintained under the control of the signer or authorized user until mailed. Report any exceptions.</p> | <p>No exceptions noted in the procedures performed.</p> |
| Credit Cards/Debit Cards/Fuel Cards/P-Cards | |
| <p>14. Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and P-cards (cards), including the card numbers and the names of the persons who maintained possession of the cards. Obtain management's representation that the listing is complete.</p> | <p>No exceptions noted in the procedures performed.</p> |
| <p>15. Using the listing prepared by management, randomly select 10 cards (or at least one-third of the cards if the entity has less than 10 cards) that were used during the fiscal period, rotating cards each year. If there is a change in practitioners, the new practitioner is not bound to follow the rotation established by the previous practitioner.</p> <p>Obtain the monthly statements, or combined statements if multiple cards are on one statement, for the selected cards. Select the monthly statement or combined statement with the largest dollar activity for each card (for a debit card, select the monthly bank statement with the largest dollar amount of debit card purchases) and:</p> <p>a) Report whether there is evidence that the monthly statement or combined statement and supporting documentation was reviewed and approved, in writing, by someone other than the authorized card holder. [Note: Requiring such approval may constrain the legal authority of certain public officials (e.g., mayor of a Lawrason Act municipality); these instances should not be reported].</p> | <p>Six credit cards had no evidence that monthly statement and supporting documents were reviewed and approved in writing by someone other than the authorized card holder.</p> <p>Management Response: City policy states that a card administer in each department is to approve all credit card statements. Management will work with each department to make sure that procedure in being followed.</p> |



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| <p>b) Report whether finance charges and/or late fees were assessed on the selected statements.</p> | |
| <p>16. Using the monthly statements or combined statements selected under #15 above, obtain supporting documentation for all transactions for each of the 10 cards selected (i.e. each of the 10 cards should have one month of transactions subject to testing).</p> <p>a) For each transaction, report whether the transaction is supported by:</p> <ul style="list-style-type: none"> ➤ An original itemized receipt (i.e., identifies precisely what was purchased). ➤ Documentation of the business/public purpose. For meal charges, there should also be documentation of the individuals participating. ➤ Other documentation that may be required by written policy (e.g., purchase order, written authorization). <p>b) For each transaction, compare the transaction's detail (nature of purchase, dollar amount of purchase, supporting documentation) to the entity's written purchasing/disbursement policies and the Louisiana Public Bid Law (i.e. transaction is a large or recurring purchase requiring the solicitation of bids or quotes) and report any exceptions.</p> <p>c) For each transaction, compare the entity's documentation of the business/public purpose to the requirements of Article 7, Section 14 of the Louisiana Constitution, which prohibits the loan, pledge, or donation of funds, credit, property, or things of value, and report any exceptions (e.g. cash advances or non-business purchases, regardless whether they are reimbursed). If the nature of the transaction precludes or obscures a comparison to the requirements of Article 7, Section 14, the practitioner should report the transaction as an exception.</p> | <p>One credit card did not have an itemized receipt for a hotel charge of \$202.</p> <p>Eight credit cards had no documentation of business/public purpose therefore could not determine if the purchases violated Article 7 Section 14 of constitution.</p> <p>No receipts are maintained for Fuelman Cards.</p> <p>Management Response: Each credit card charge is suppose to have an itemized receipt according to City policy. Management will work with departments to make sure policy is being followed.</p> |
| Travel and Expense Reimbursement | |
| <p>17. Obtain from management a listing of all travel and related expense reimbursements, by person, during the fiscal period or, alternately, obtain the general ledger</p> | <p>No exceptions noted in the procedures performed.</p> |



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| <p>and sort/filter for travel reimbursements. Obtain management's representation that the listing or general ledger is complete.</p> | |
| <p>18. Obtain the entity's written policies related to travel and expense reimbursements. Compare the amounts in the policies to the per diem and mileage rates established by the U.S. General Services Administration (www.gsa.gov) and report any amounts that exceed GSA rates.</p> | <p>No exceptions noted in the procedures performed.</p> |
| <p>19. Using the listing or general ledger from #17 above, select the three persons who incurred the most travel costs during the fiscal period. Obtain the expense reimbursement reports or prepaid expense documentation of each selected person, including the supporting documentation, and choose the largest travel expense for each person to review in detail. For each of the three travel expenses selected:</p> <p>a) Compare expense documentation to written policies and report whether each expense was reimbursed or prepaid in accordance with written policy (e.g., rates established for meals, mileage, lodging). If the entity does not have written policies, compare to the GSA rates (#18 above) and report each reimbursement that exceeded those rates.</p> <p>b) Report whether each expense is supported by:</p> <ul style="list-style-type: none"> ➤ An original itemized receipt that identifies precisely what was purchased. [Note: An expense that is reimbursed based on an established per diem amount (e.g., meals) does not require a receipt.] ➤ Documentation of the business/public purpose (Note: For meal charges, there should also be documentation of the individuals participating). ➤ Other documentation as may be required by written policy (e.g., authorization for travel, conference brochure, certificate of attendance). <p>c) Compare the entity's documentation of the business/public purpose to the requirements of Article 7, Section 14 of the Louisiana Constitution, which prohibits</p> | <p>One of the three employees was over reimbursed by \$28 for meals and mileage. Specifically, the employee was reimbursed at a mileage rate of .555 instead of .535 which was the effective IRS rate for 2017 and was reimbursed for lunch when lunch was provided at the event and reimbursed more than half of the meal per diem rate on the 1st day of travel, which is prohibited by the City's travel policy.</p> <p>Management Response: Management will work with each department to ensure that travel policy is being followed. Management will verify that the correct IRS mileage rate is being followed used on travel.</p> |



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| <p>the loan, pledge, or donation of funds, credit, property, or things of value, and report any exceptions (e.g. hotel stays that extend beyond conference periods or payment for the travel expenses of a spouse). If the nature of the transaction precludes or obscures a comparison to the requirements of Article 7, Section 14, the practitioner should report the transaction as an exception.</p> <p>d) Report whether each expense and related documentation was reviewed and approved, in writing, by someone other than the person receiving reimbursement.</p> | |
| Contracts | |
| <p>20. Obtain a listing of all contracts in effect during the fiscal period or, alternately, obtain the general ledger and sort/filter for contract payments. Obtain management's representation that the listing or general ledger is complete.</p> | <p>No exceptions noted in the procedures performed.</p> |
| <p>21. Using the listing above, select the five contract "vendors" that were paid the most money during the fiscal period (excluding purchases on state contract and excluding payments to the practitioner). Obtain the related contracts and paid invoices and:</p> <p>a) Report whether there is a formal/written contract that supports the services arrangement and the amount paid.</p> <p>b) Compare each contract's detail to the Louisiana Public Bid Law or Procurement Code. Report whether each contract is subject to the Louisiana Public Bid Law or Procurement Code and:</p> <ul style="list-style-type: none"> ➤ If yes, obtain/compare supporting contract documentation to legal requirements and report whether the entity complied with all legal requirements (e.g., solicited quotes or bids, advertisement, selected lowest bidder) ➤ If no, obtain supporting contract documentation and report whether the entity solicited quotes as a best practice. <p>c) Report whether the contract was amended. If so,</p> | <p>No exceptions noted in the procedures performed.</p> |



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| <p>report the scope and dollar amount of the amendment and whether the original contract terms contemplated or provided for such an amendment.</p> <p>d) Select the largest payment from each of the five contracts, obtain the supporting invoice, compare the invoice to the contract terms, and report whether the invoice and related payment complied with the terms and conditions of the contract.</p> <p>e) Obtain/review contract documentation and board minutes and report whether there is documentation of board approval, if required by policy or law (e.g. Lawrason Act or Home Rule Charter).</p> | |
| Payroll and Personnel | |
| <p>22. Obtain a listing of employees (and elected officials, if applicable) with their related salaries, and obtain management's representation that the listing is complete.</p> <p>Randomly select five employees/officials, obtain their personnel files, and:</p> <p>a) Review compensation paid to each employee during the fiscal period and report whether payments were made in strict accordance with the terms and conditions of the employment contract or pay rate structure.</p> <p>b) Review changes made to hourly pay rates/salaries during the fiscal period and report whether those changes were approved in writing and in accordance with written policy.</p> | <p style="color: green;">No exceptions noted in the procedures performed.</p> |
| <p>23. Obtain attendance and leave records and randomly select one pay period in which leave has been taken by at least one employee. Within that pay period, randomly select 25 employees/officials (or randomly select one-third of employees/officials if the entity had less than 25 employees during the fiscal period), and:</p> <p>a) Report whether all selected employees/officials documented their daily attendance and leave (e.g., vacation, sick, compensatory). (Note: Generally, an elected official is not eligible to earn leave and does not</p> | <p>One employee's absence and request form did not have a signature of approval; however, the leave was electronically approved in the Attendance Enterprise system.</p> <p>Management Response: Management will work with departmental time keepers to make sure policies are being followed.</p> |



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| <p>document his/her attendance and leave. However, if the elected official is earning leave according to policy and/or contract, the official should document his/her daily attendance and leave).</p> <p>b) Report whether there is written documentation that supervisors approved, electronically or in writing, the attendance and leave of the selected employees/officials.</p> <p>c) Report whether there is written documentation that the entity maintained written leave records (e.g., hours earned, hours used, and balance available) on those selected employees/officials that earn leave.</p> | |
| <p>24. Obtain from management a list of those employees/officials that terminated during the fiscal period and management’s representation that the list is complete. If applicable, select the two largest termination payments (e.g., vacation, sick, compensatory time) made during the fiscal period and obtain the personnel files for the two employees/officials. Report whether the termination payments were made in strict accordance with policy and/or contract and approved by management.</p> | <p>No exceptions noted in the procedures performed.</p> |
| <p>25. Obtain supporting documentation (e.g. cancelled checks, EFT documentation) relating to payroll taxes and retirement contributions during the fiscal period.</p> <p>Report whether the employee and employer portions of payroll taxes and retirement contributions, as well as the required reporting forms, were submitted to the applicable agencies by the required deadlines.</p> | <p>The 1st quarter Form 941 was submitted by the end of the month following the quarter, but the tax deposit for the March 31, 2017 monthly payroll (\$202,634.70) was not submitted until August 25, 2017. The 3rd quarter Form 941 was submitted by the end of the month following the quarter but the tax deposit for the August 31, 2017 monthly payroll (\$203,845.35) was not submitted until October 2, 2017.</p> <p>For Employee Retirement System (ERS) – No exceptions noted in the procedures performed.</p> <p>For Municipal Police Employees Retirement System (MPERS) - monthly contributions for 8 months (Jan. – Mar., May - Jun, Sept., Nov. and Dec.) totaling \$8,170,847.18, were not submitted by the 10th of the month following the contributions.</p> |



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| | <p>For Firefighter Retirement System (FRS) monthly contributions (\$960,014.31) for September 2017 were not submitted by the deadline (20th of the month following the contributions). They were submitted in February 2018.</p> <p>For Louisiana State Employees Retirement System (LASERS), could not determine if monthly contribution report was sent by deadline for three months (Feb, Jun, Sept) because could not locate submission confirmation. However, contributions were submitted by the deadline, 15 days after the close of calendar month.</p> <p>Management Response: Management will ensure reports are being filed timely.</p> |
| Ethics (excluding nonprofits) | |
| <p>26. Using the five randomly selected employees/officials from procedure #22 under "Payroll and Personnel" above, obtain ethics compliance documentation from management and report whether the entity maintained documentation to demonstrate that required ethics training was completed.</p> | <p>No exceptions noted in the procedures performed.</p> |
| <p>27. Inquire of management whether any alleged ethics violations were reported to the entity during the fiscal period. If applicable, review documentation that demonstrates whether management investigated alleged ethics violations, the corrective actions taken, and whether management's actions complied with the entity's ethics policy. Report whether management received allegations, whether management investigated allegations received, and whether the allegations were addressed in accordance with policy.</p> | <p>No exceptions noted in the procedures performed.</p> |
| Debt Service (excluding nonprofits) | |
| <p>28. If debt was issued during the fiscal period, obtain supporting documentation from the entity, and report whether State Bond Commission approval was obtained.</p> | <p>No exceptions noted in the procedures performed.</p> |
| <p>29. If the entity had outstanding debt during the fiscal</p> | <p>No exceptions noted in the procedures performed.</p> |



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| <p>period, obtain supporting documentation from the entity and report whether the entity made scheduled debt service payments and maintained debt reserves, as required by debt covenants.</p> | |
| <p>30. If the entity had tax millages relating to debt service, obtain supporting documentation and report whether millage collections exceed debt service payments by more than 10% during the fiscal period. Also, report any millages that continue to be received for debt that has been paid off.</p> | <p>No exceptions noted in the procedures performed.</p> |
| Other | |
| <p>31. Inquire of management whether the entity had any misappropriations of public funds or assets. If so, obtain/review supporting documentation and report whether the entity reported the misappropriation to the legislative auditor and the district attorney of the parish in which the entity is domiciled.</p> | <p>No exceptions noted in the procedures performed.</p> |
| <p>32. Observe and report whether the entity has posted on its premises and website, the notice required by R.S. 24:523.1. This notice (available for download or print at www.la.gov/hotline) concerns the reporting of misappropriation, fraud, waste, or abuse of public funds.</p> | <p>There was no LLA Fraud Flyer displayed in the workplace. There is a hyperlink on the City's site, but it goes only to the lla.la.gov Online Fraud Report Submission Form. There is nothing that takes you to LLA information page to retrieve an explanation about the form.</p> <p>Management Response: Management will comply with regulations.</p> |
| <p>33. If the practitioner observes or otherwise identifies any exceptions regarding management's representations in the procedures above, report the nature of each exception.</p> | <p>No exceptions noted in the procedures performed.</p> |



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