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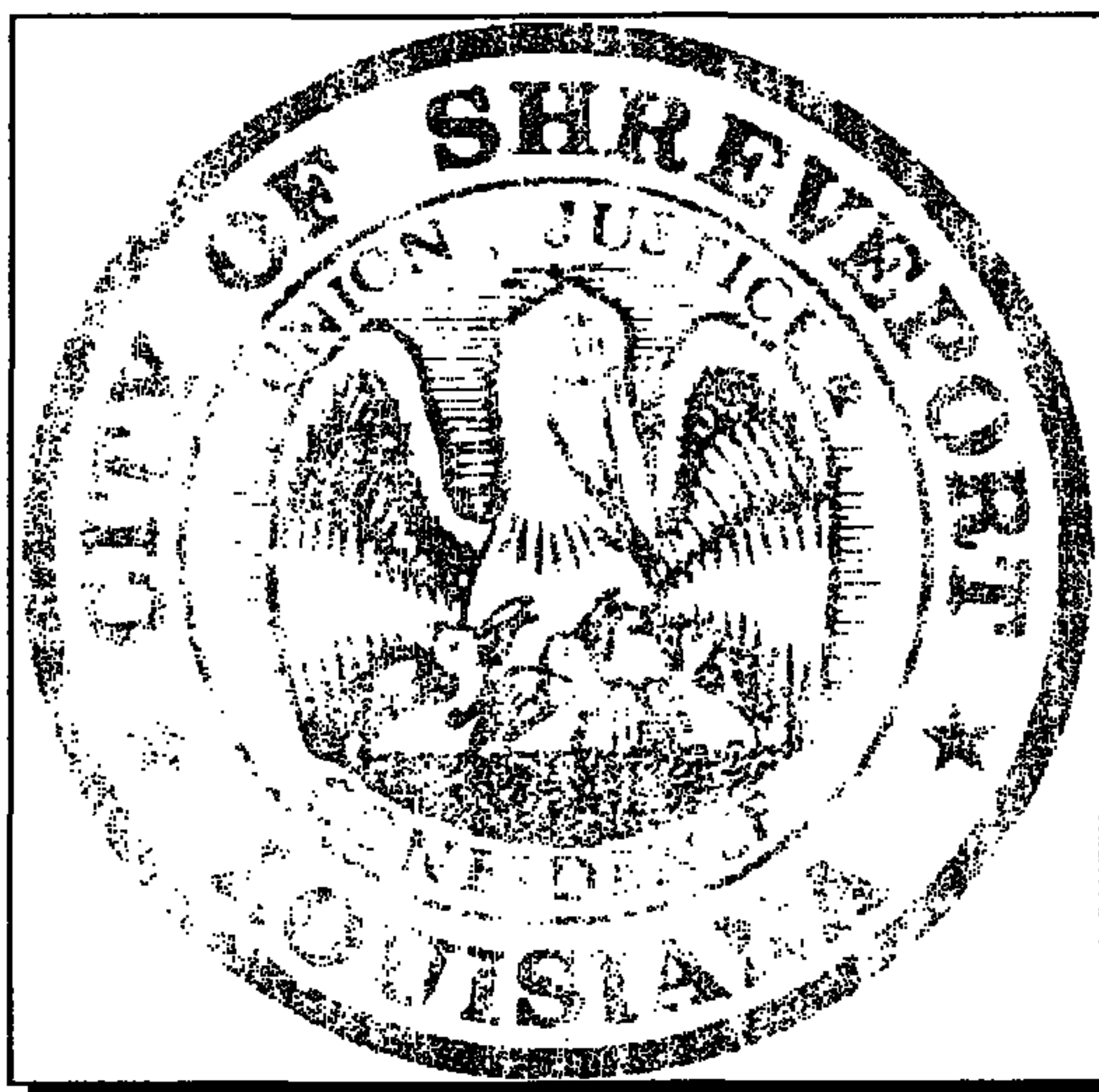


Comprehensive Annual Financial Report

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For The Year Ended December 31, 2002

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COMPREHENSIVE ANNUAL FINANCIAL REPORT



CITY OF SHREVEPORT, LOUISIANA

For the Year Ended December 31, 2002

Finance Department
Elizabeth B. Washington, Director

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

Release Date 6/25/03

ABOUT THE COVER

The cover highlights a gathering in the Red River District. The Red River District, which has quickly become known as “The Gathering Place for Entertainment”, held its grand opening in August, 2002. It has a blend of retail, entertainment, and dining establishments. The District combines live music, festivals, and historic architecture to revive the rich culture of entertainment along the Red River in downtown Shreveport.

**CITY OF SHREVEPORT, LOUISIANA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2002**

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CITY OF SHREVEPORT

P.O. BOX 31109 SHREVEPORT, LA 71130
web site: www.ci.shreveport.la.us

April 4, 2003

Mayor Keith Hightower
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, I am pleased to submit the Comprehensive Annual Financial Report for the year ended December 31, 2002. The financial statements were prepared in conformity with generally accepted accounting principles (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 2002 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 KPMG LLP was selected by the City to conduct its annual audit. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City for the fiscal year ended December 31, 2002, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the City's financial statements for the fiscal year ended December 31, 2002, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

The independent audit of the financial statements of the City was part of a broader, federally mandated "Single Audit" designed to meet the special needs of federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited government's internal controls and 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 miles south of Arkansas and fifteen 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 119 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 City Courts, City Marshal, the Downtown Development Authority, Shreveport Home Mortgage Authority, and the Metropolitan Planning Commission. They are reported separately within the City's financial statements to emphasize that they are legally separate from the City. Additional information on these legally separate entities can be found in the notes to the financial statements.

Budgetary Control

The annual budget serves as the foundation for the City's financial planning and control. Prior to October 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. The City Charter provides that expenditures may not legally exceed appropriations. Formal budgetary integration and encumbrance accounting are employed as management control devices during the year. Budget-to-actual comparisons are provided in this report for each individual governmental fund for which an appropriated annual budget as been adopted.

Local economy. Housing starts valuations in Shreveport increased 26.9% to \$72.3 million in value for 2002. Low interest rates made it possible for citizens to obtain larger and/or more upscale home construction. Commercial and industrial construction increased 74.9% over 2001 to \$100.9 million. There were several projects in excess of \$1 million.

Retail sales have been static for all practical purpose. Sales taxes are an essential part of the General Fund revenues.

In 2002, there were no major plant expansions, openings, nor closures which affected the local economy. Overall, the local economy is stable. As the rest of the nation improves, the expectation is that the local economy will also.

Long-term financial planning. In 2002, as a part of the 2003 budget process, a look was taken to try to identify changes in revenues and expenditures which may affect the next three years (2004-2006).

Until the economy improves, the City cannot expect any real growth in our largest general revenue source which is sales taxes. In the General Fund, sales tax represents 56% of the revenues. There is an imbalance between the growth in revenues and expenditures. Most of the easier cuts in expenditures have taken place. It will be increasingly difficult in the future to close the gap.

The business-type activities also face a challenge in generating additional revenue or reducing expenses. Long-term, the City must determine what are the true needs, what are the priorities, what do citizens want, etc. The forward look has generated some issues. We must now seek solutions.

Cash management policies and practices. The City maintains a pooled cash and investment account that is available for use by all funds, except those restricted by statutes or other legal reasons. At the end of each business day, collected balances in all City bank accounts are deposited into a SWEEP Account. These funds are invested in U.S. Government and U.S. Agency securities under the terms of an overnight repurchase agreement. In addition, the City invests in other open repurchase agreements and U.S. treasury bills and notes.

The average yield on investments at December 31, 2002 was 3.18% as compared to 1.21% for three-month U.S. Treasury bills.

The City's investment policy is to exercise that judgment and care which men of prudence, discretion, and intelligence exercise in the management of their own affairs. Investments are selected as investments, not for speculation, considering the probable safety of the capital, as well as the probable income to be derived. Accordingly, deposits are either insured by federal depository insurance or collateralized. Approximately 40.0% of the investments held by the City are classified in the category of lowest risk. Remaining investments were held by the fiscal agency bank as trustee for pension funds or in accordance with bond indentures. State statutes require that all public funds should be insured or collateralized. The City's policy is not to have uninsured/uncollateralized funds which it controls.

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

Pension and other postemployment benefits. The City administers three defined benefit pension plans: the Firemen's Pension and Relief Fund (FPRF), the Policemen's Pension and Relief Fund (PPRF), and the Employee's Retirement System (ERS). Each year, an independent actuary calculates the amount of the annual contribution the City must make to the pension plan. In 2002, the City funded 99.0% of the FPRF, 103.6% of the PPRF, and 56.9% of the ERS. The current percents funded are FPRF 61.1%, PPRF 54.9%, and ERS 72.3%. The unfunded amounts for FPRF and PPRF are being amortized over 13 years and the ERS is 30 years open.

The City also provides pension benefits for firemen and policemen hired after July 12, 1977 through the Statewide Firefighters Retirement System and the Municipal Police Employees' Retirement System. The City has no obligations in connection with employee benefits offered through this plan beyond its annual required payment to the pension boards.

The City also provides postretirement health and dental care benefits for retirees and their dependents. As of the end of the current fiscal year, there were 1,345 retirees eligible to receive benefits, which are financed on a pay-as-you-go basis. GAAP do not require governments to report a liability in the financial statements in connection with an employer's obligation to provide these benefits.

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

Awards and Acknowledgments

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Shreveport for its Comprehensive Annual Financial Report for the fiscal year ended December 31, 2001. The Certificate of Achievement is the highest form of recognition in governmental accounting and financial reporting, and its attainment represents a significant accomplishment by the City and its management. We are proud to have received this award each year for the past twenty-three years (beginning with our Comprehensive Annual Financial Report for the fiscal year ended December 31, 1979).

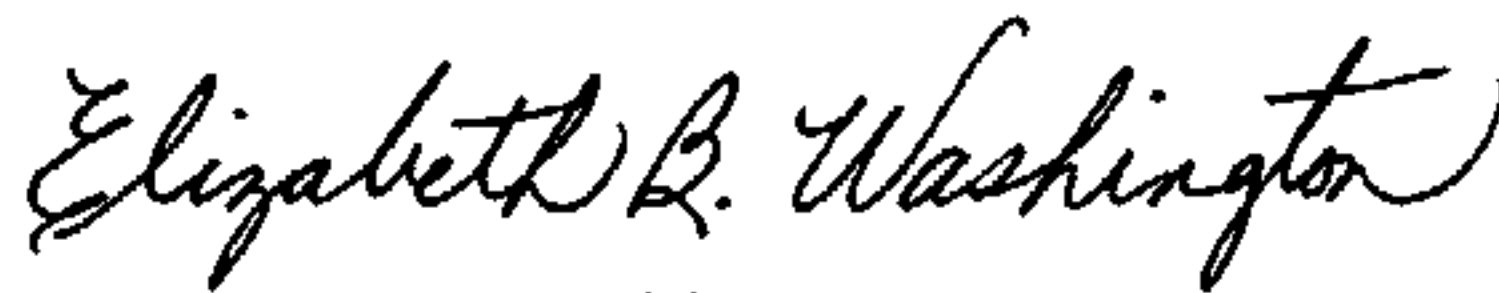
In order to be awarded a Certificate of Achievement, a governmental unit must publish an easily readable and efficiently organized Comprehensive Annual Financial Report, the contents of which conform to program standards. Such reports must satisfy both generally accepted accounting principles and applicable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

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

The GFOA has given an Award for Outstanding Achievement in Popular Annual Financial Reporting to the City of Shreveport, Louisiana for its Popular Annual Financial Report for the fiscal year ended December 31, 2001. We have received this award for the past seven years. The Award for Outstanding Achievement in Popular Annual Financial Reporting is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government popular reports. In order to receive an Award for Outstanding Achievement in Popular Annual Financial Reporting, a government unit must publish a Popular Annual Financial Report, whose contents conform to program standards of creativity, presentation, understandability and reader appeal. An Award for Outstanding Achievement in Popular Annual Reporting is valid for a period of one year only. We believe our current report continues to conform to the Popular Annual Financial Reporting requirements, and we are submitting it to GFOA.

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

Sincerely,

A handwritten signature in cursive script that reads "Elizabeth B. Washington". The signature is fluid and elegant, with a large initial 'E' and a long, sweeping underline.

Elizabeth B. Washington
Director of Finance

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, 2001

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



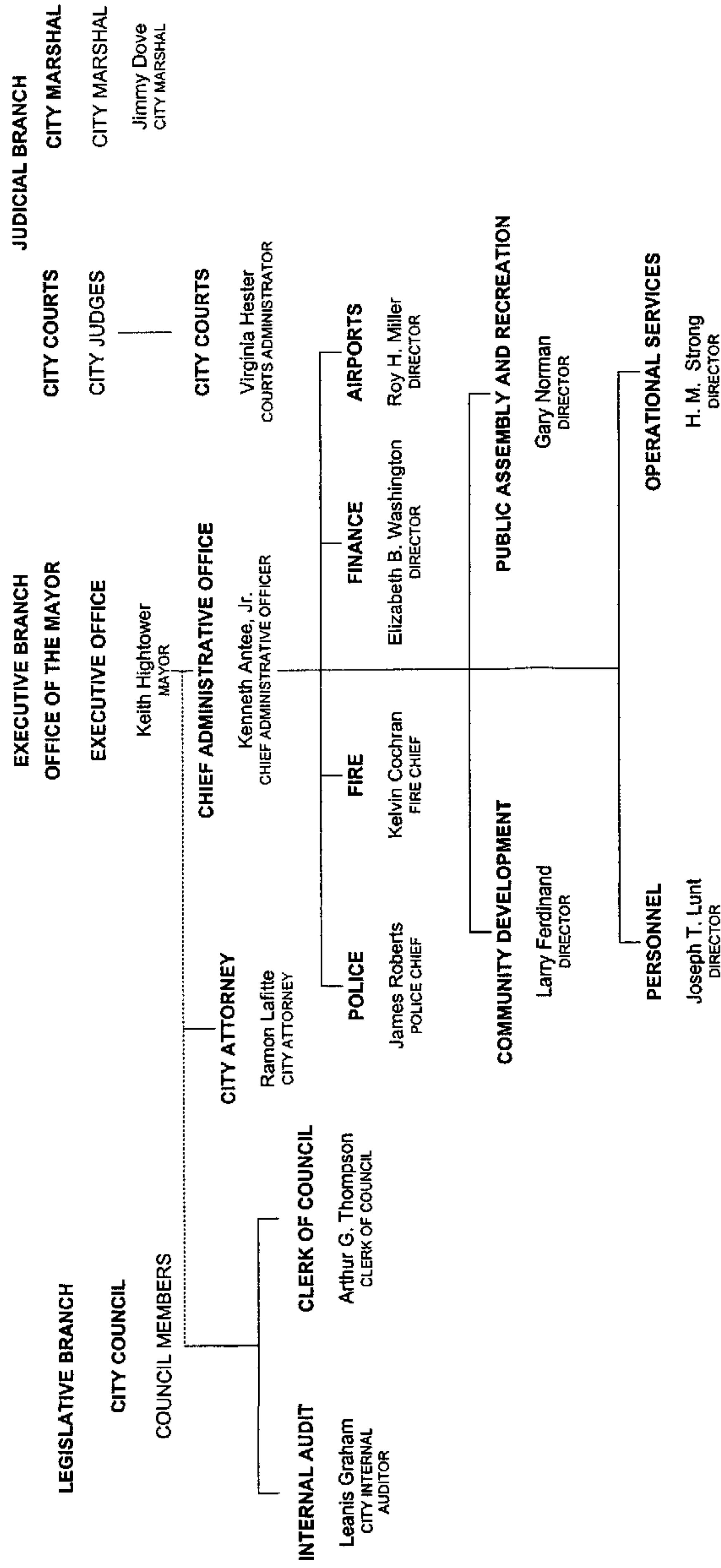
President

Executive Director

CITY OF SHREVEPORT

TABLE OF ORGANIZATION

December 31, 2002



CITY OF SHREVEPORT, LOUISIANA

PRINCIPAL OFFICIALS

Keith Hightower
Mayor

Kenneth R. Antee, Jr.
Chief Administrative Officer

Members of City Council

Calvin B. Lester, Jr.	District A
R. M. Walford	District B
Thomas G. Carmody, Jr.	District C
Michael Gibson	District D
Jeffery A. Hogan	District E
James E. Green	District F
Theron J. Jackson	District G

CITY OF SHREVEPORT, LOUISIANA

FINANCE DEPARTMENT

Department Director

Elizabeth B. Washington

Division Managers

John Pistorius
Dan Thomas
Anna Brown
Tom Mattox
Tom Cody

Accounting
Data Processing
Revenue Collection
Purchasing
Risk Management

Accounting Staff

Erma Johnson
LaShonda Samuels
Danny Hawks
James Rolfs
Charles Madden
G-Ray Evans
Abigail Monette
Rosie Jacobs
Linda Long
Renee Moore

Diane Pharr
Toronya Gillyard
Evelyn Jones
Mary Sylvie
Marie Lafontant
Dorothy Cole
Bruce Messier
Larry Phelps
Louise Broom
Lynn Petrey



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

Independent Auditors' Report

To the Members of the City Council and
Honorable Keith Hightower, Mayor
City of Shreveport, Louisiana:

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information of the City of Shreveport, Louisiana (the City), as of and for the year ended December 31, 2002, which collectively comprise the City's basic financial statements as listed in the Table of Contents. We also have audited the financial statements of each of the City's nonmajor governmental, nonmajor enterprise, internal service, and Metropolitan Planning Commission funds presented as supplementary information in the accompanying combining and individual fund financial statements as of and for the year ended December 31, 2002 as listed in the Table of Contents. These financial statements are the responsibility of the management of the City. Our responsibility is to express an opinion on these financial statements based on our audit. We did not audit the component unit financial statements of the City Courts, City Marshal, and Downtown Development Authority, which represent 26% and 68%, respectively, of the assets and revenues of the aggregate discretely presented component units. Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinion, insofar as it relates to the amounts included for the City Courts, City Marshal, and Downtown Development Authority is based on the reports of the other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit and the reports of other auditors provide a reasonable basis for our opinion.

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City, as of December 31, 2002, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparison for the General Fund and Community Development Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America. In addition, in our opinion, the financial statements referred to above present fairly, in all material respects, the respective



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financial position of each nonmajor governmental, nonmajor enterprise, internal service, and Metropolitan Planning Commission fund of the City, as of December 31, 2002, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 28, 2003, on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

The Management's Discussion and Analysis, schedules of employee contributions, schedules of funding progress and related notes identified as Required Supplementary Information in the Table of Contents is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The accompanying financial information in the Introductory and Statistical Sections is presented for purposes of additional analysis and is not a required part of the basic financial statements. The accompanying financial information in the Introductory and Statistical sections has not been subjected to the auditing procedures applied by us in the audit of the basic financial statements and, accordingly, we express no opinion on this information.

KPMG LLP

March 28, 2003

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Management's Discussion and Analysis

The Management 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 fiscal year ended December 31, 2002. This information presented here should be considered in conjunction with additional information provided in the letter of transmittal which is found on pages 1-6 of this report.

Financial Highlights

- The assets of the City exceeded its liabilities at December 31, 2002 by \$719.7 million (net assets). Of this amount, \$9.7 million is unrestricted and may be used to meet the City's ongoing obligations. Governmental activities' unrestricted assets are a deficit of \$3.3 million. This indicates that the City is financing long-term liabilities as they come due rather than when they are incurred.
- The City's total net assets increased \$22.5 million. Net assets of governmental activities increased \$20.1 million and net assets of business-type activities increased \$2.4 million.
- As of December 31, 2002, the City's governmental funds reported combined ending fund balances of \$211.8 million, a decrease of \$12.6 million from the prior year. Of this amount, \$6.7 million for the General Fund was unreserved, undesignated, and available for spending.
- The unreserved, undesignated fund balances for the General Fund represented 5.2% of total General Fund expenditures.
- The City's total debt decreased \$22 million primarily due to a reduction in long-term debt.

Overview of the Financial Statements

The management 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 assets presents information on all of the City's assets less liabilities which results in net assets. The statement is designed to display the financial position of the City. Over time, increases or decreases in net assets 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 assets 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 of Net Assets and the Statement of Activities distinguish 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 sewer systems, 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 Courts, City Marshal, Downtown Development Authority, and the Metropolitan Planning Commission. Although these component units are legally separate, their operational or financial relationship with the City makes the City financially accountable. The government-wide financial statements can be found on pages 27-29 of this report.

Fund financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City 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 resources and the balances of spendable resources available at the end of the fiscal 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 Assets 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, Community Development, Debt Service, and 1999A General Obligation Bonds. 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.

The basic governmental fund financial statements can be found on pages 30-41 of this report.

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, 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, retained risk, and fleet services. 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 and water and sewer operations, both of 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.

The basic proprietary fund financial statements can be found on pages 42-47 of 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. The basic fiduciary aggregated fund financial statements can be found on pages 48-49 of this report. The combining information is presented in the notes on pages 91-92.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 56-102 of this report.

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 benefits to its employees. Required supplementary information can be found on pages 103-105 of this report.

The combining statements for nonmajor governmental funds, enterprise funds, and internal service funds are presented immediately following the required supplementary information on pensions. Combining and individual fund statements and schedules can be found on pages 108-112 for governmental funds, pages 114-117 for enterprise funds, and pages 120-123 for internal service funds.

Government-wide Financial Analysis

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

<p style="text-align: center;">Net Assets December 31, 2002 (in millions)</p>						
	Governmental Activities		Business-type Activities		Total	
	2002	2001	2002	2001	2002	2001
Current and other assets	\$275.8	\$290.4	\$ 53.2	\$ 69.4	\$ 329.0	\$ 359.8
Capital assets	<u>583.4</u>	<u>565.5</u>	<u>379.2</u>	<u>365.9</u>	<u>962.6</u>	<u>931.4</u>
Total assets	<u>859.2</u>	<u>855.9</u>	<u>432.4</u>	<u>435.3</u>	<u>1,291.6</u>	<u>1,291.2</u>
Long-term debt outstanding	399.2	413.6	137.1	148.9	536.3	562.5
Other liabilities	<u>21.6</u>	<u>24.0</u>	<u>14.0</u>	<u>7.5</u>	<u>35.6</u>	<u>31.5</u>
Total liabilities	<u>420.8</u>	<u>437.6</u>	<u>151.1</u>	<u>156.4</u>	<u>571.9</u>	<u>594.0</u>
Net assets						
Invested in capital assets, net of related debt	401.5	386.4	266.4	252.8	667.9	639.1
Restricted	40.2	35.9	1.9	2.1	42.1	38.0
Unrestricted	(3.3)	(4.0)	13.0	24.0	9.7	20.1
Total net assets	<u>\$438.4</u>	<u>\$418.3</u>	<u>\$281.3</u>	<u>\$278.9</u>	<u>\$ 719.7</u>	<u>\$ 697.2</u>

At December 31, 2002, the City as a whole had assets greater than its liabilities by \$719.7 million compared to \$697.2 million at December 31, 2001 due primarily to an increase in capital assets. The majority (92%) of the City's net assets of governmental activities are 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 expenditures since they will not be sold. Restrictions by outside organizations are imposed upon 9.2% of the net assets. Therefore, these assets are unavailable for general expenditures but must be used for the intended purposes. Unrestricted net assets of governmental activities are a deficit of \$3.3 million at the end of the year, a decrease from a \$4.0 million deficit in 2001. 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 the obligation. The largest of these commitments, besides the general obligation bonds are certificates of indebtedness which were issued to fund state pension obligations and notes issued for remodeling of the Independence Stadium.

The net assets of the City's business-type activities are \$281.3 million, an increase of \$2.4 million from 2001. The increase is primarily the result of capital contributions to the Municipal and Regional Airports. As with the governmental activities, the majority (94.7%) of the net assets are invested in capital assets. The City uses these assets to provide services to the citizens. The unrestricted net assets of the business-type activities are \$13.0 million at December 31, 2002 compared to \$24.0 million in the prior year. There was a corresponding increase in the investment in capital assets, net of related debt.

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

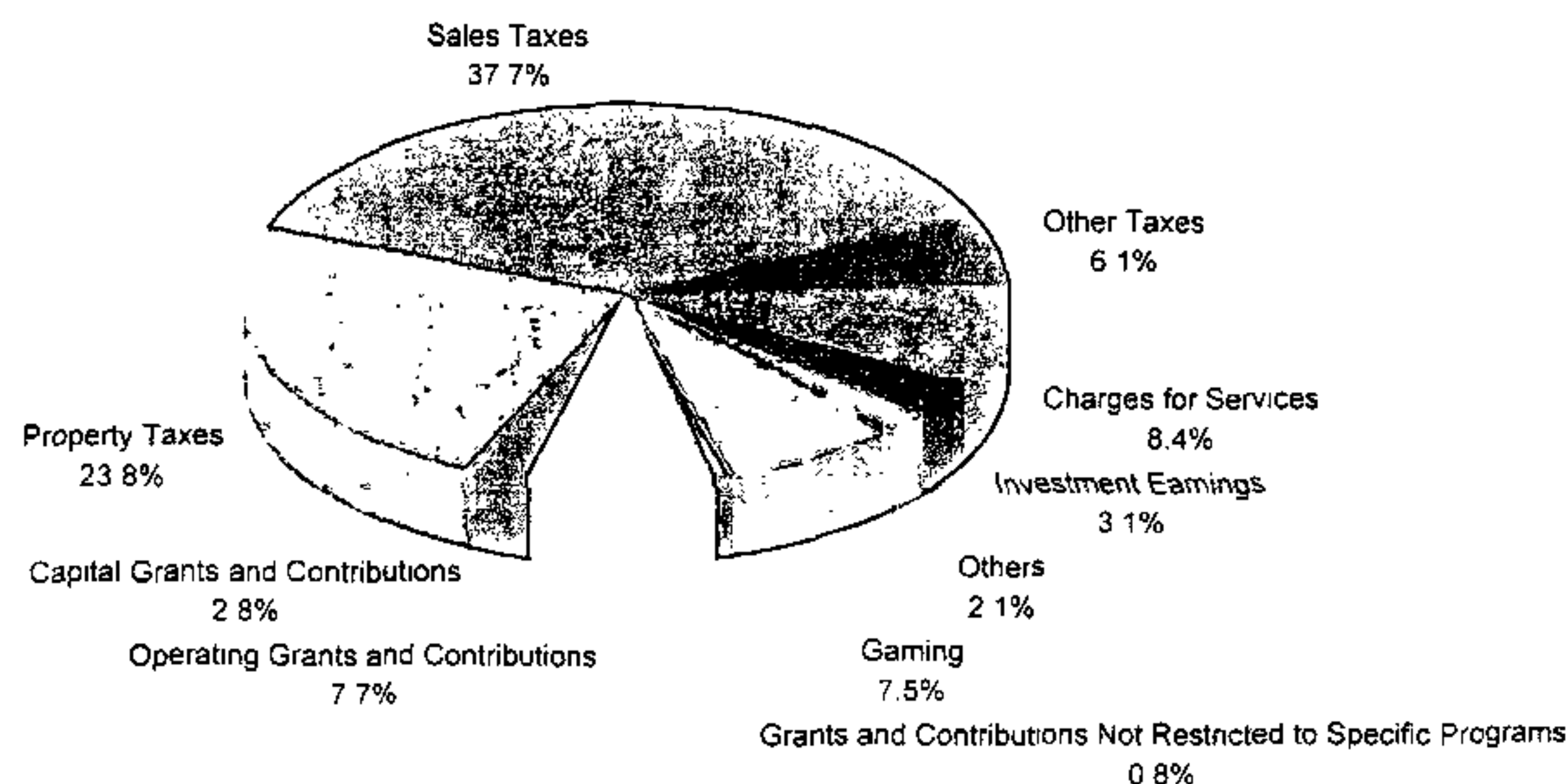
Changes in Net Assets
For the Year Ended December 31, 2002
(in millions)

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2002</u>	<u>2001</u>	<u>2002</u>	<u>2001</u>	<u>2002</u>	<u>2001</u>
Revenues:						
Program revenues:						
Charges for services	\$ 16.9	\$ 16.2	\$ 47.1	\$46.0	\$ 64.0	\$62.2
Operating grants and contributions	15.5	20.5	3.0	2.6	18.5	23.1
Capital grants and contributions	5.7	9.7	6.9	7.7	12.6	17.4
General revenues:						
Property taxes	47.9	47.1	—	—	47.9	47.1
Sales taxes	76.0	75.5	—	—	76.0	75.5
Other taxes	12.2	12.6	—	—	12.2	12.6
Grants and contributions not restricted to specific programs	1.7	1.8	—	—	1.7	1.8
Other	<u>25.5</u>	<u>29.3</u>	<u>1.6</u>	<u>3.1</u>	<u>27.1</u>	<u>32.4</u>
Total revenues	<u>201.4</u>	<u>212.7</u>	<u>58.6</u>	<u>59.4</u>	<u>260.0</u>	<u>272.1</u>
Expenses:						
General government	22.4	20.4	—	—	22.4	20.4
Public safety	69.8	65.1	—	—	69.8	65.1
Public works	36.8	36.3	—	—	36.8	36.3
Culture and recreation	13.1	13.6	—	—	13.1	13.6
Health and welfare	.5	.5	—	—	.5	.5
Community development	4.2	8.9	—	—	4.2	8.9
Economic development	4.7	3.6	—	—	4.7	3.6
Economic opportunity	3.5	2.7	—	—	3.5	2.7
Payments to component units	4.0	3.5	—	—	4.0	3.5
Interest on long-term debt	19.4	20.1	—	—	19.4	20.1
Municipal and regional airports	—	—	9.3	8.9	9.3	8.9
Water and sewerage	—	—	39.3	36.0	39.3	36.0
Shreveport area transit	—	—	8.6	9.0	8.6	9.0
Golf	—	—	1.5	1.5	1.5	1.5
Downtown parking	<u>—</u>	<u>—</u>	<u>.4</u>	<u>.4</u>	<u>.4</u>	<u>.4</u>
Total expenses	<u>178.4</u>	<u>174.7</u>	<u>59.1</u>	<u>55.8</u>	<u>237.5</u>	<u>230.5</u>
Increase (Decrease) in net assets before transfers	23.0	38.0	(.5)	3.6	22.5	41.6
Transfers	<u>(2.9)</u>	<u>(2.7)</u>	<u>2.9</u>	<u>2.7</u>	<u>—</u>	<u>—</u>
Increase in net assets	20.1	35.3	2.4	6.3	22.5	41.6
Net assets January 1, 2002	<u>418.3</u>	<u>383.0</u>	<u>278.9</u>	<u>272.6</u>	<u>697.2</u>	<u>655.6</u>
Net assets December 31, 2002	<u>\$438.4</u>	<u>\$418.3</u>	<u>\$281.3</u>	<u>\$278.9</u>	<u>\$719.7</u>	<u>\$697.2</u>

Revenues for the City's governmental activities for the year ended December 31, 2002 were \$201.4 million compared to \$212.7 million in 2001.

- Program revenues decreased \$8.3 million in 2002 compared to 2001 primarily as a result of a decrease in operating and capital grants and contributions.
 - Community Development grants decreased approximately \$3.0 million covering several programs. The program with the largest decrease was the home assistance purchase program wherein prospective homeowners are given assistance with the down payment on a home.
 - Federal Emergency Management Agency (FEMA) assistance decreased in 2002 compared to 2001 as a result of assistance received for ice storm damages in a prior year.
 - Capital grants and contributions were down \$4.0 million due to a decrease in the contribution of property through donations and annexations.
- General revenues are, for the most part, comprised of sales and property taxes (75.9%).
 - Sales taxes represent 46.6% of revenues at \$76.0 million compared to \$75.5 million for 2001. Retail sales are stable.
 - Property tax revenues represent 29.3% at \$47.9 million compared to \$47.1 million in 2001. Revenue increased over the prior year due to increased property values and collection of delinquent taxes.
 - Other revenues decreased \$3.8 million due to a decrease in investment earnings. Lower interest rates and market conditions were the cause for the decrease.

Revenues by Source - Governmental Activities

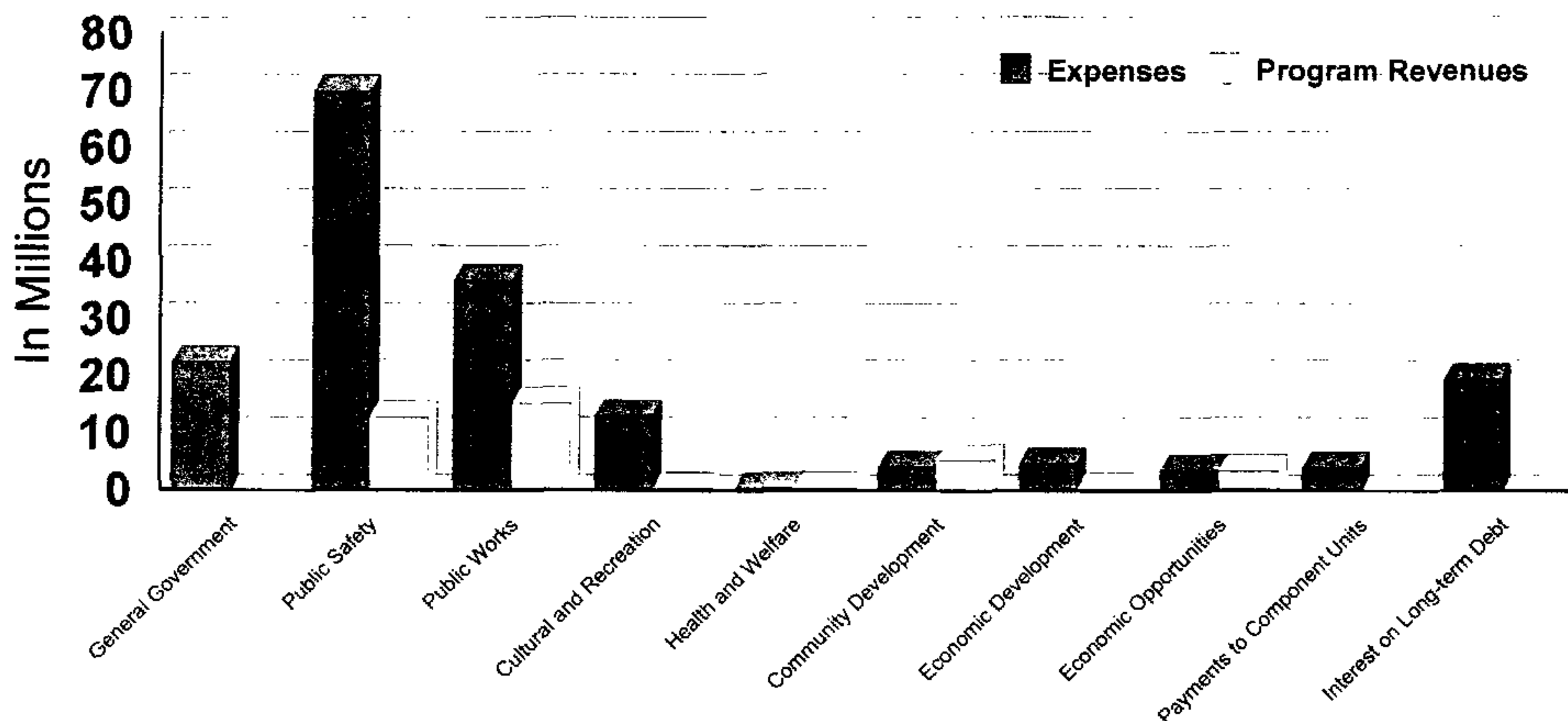


The cost of providing all governmental activities this year was \$178.4 million, an increase of \$3.7 million from the prior year. The key factors for the increase were:

- General government expenses increased by \$2.0 million. This was due to the decrease in the employee retirement system pension net assets. Market conditions caused assets to depreciate.
- Public safety expenses increased by \$4.7 million. Some of the costs relate to an increase in salaries for the Fire Department. During late 2001, overtime pay required by FLSA doubled. Depreciation expense increased \$1.5 million over 2001.
- Community development's decrease in costs was discussed under the revenues section. The costs and revenues of this program are directly related since these programs are typically accounted for on a reimbursement basis.

The City's five largest programs 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:

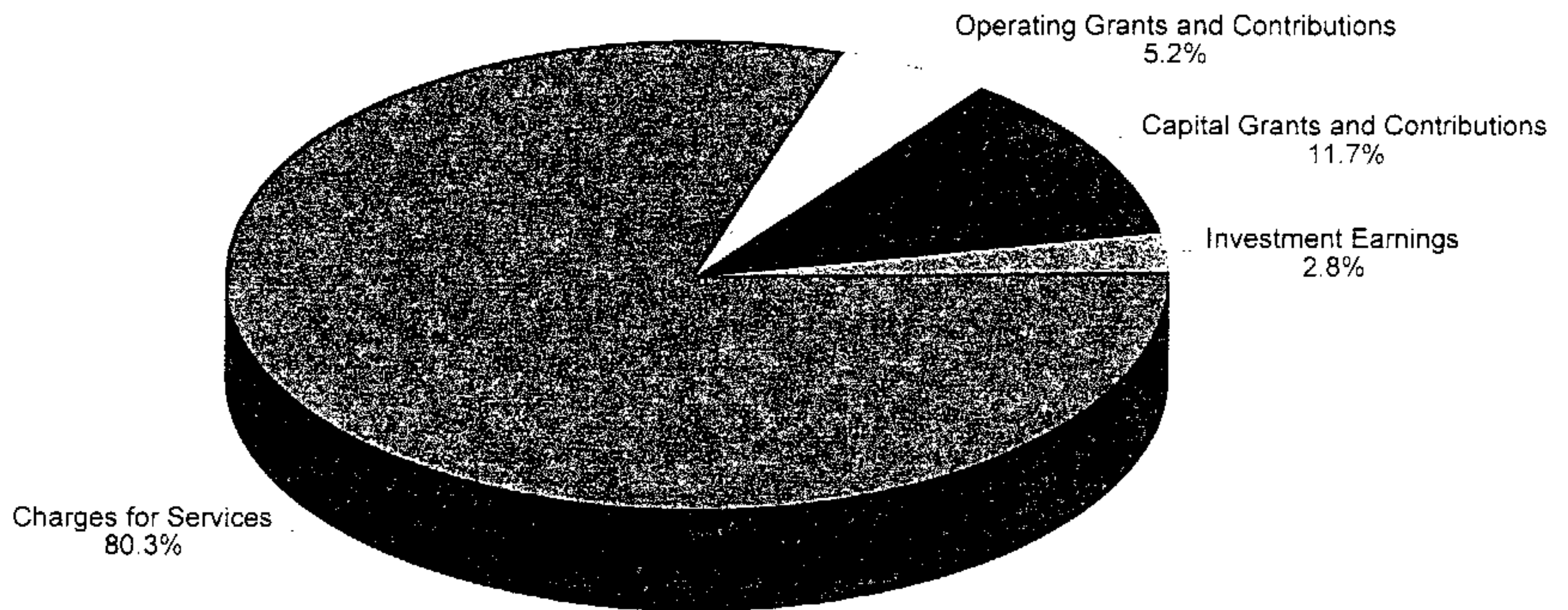
Expenses and Program Revenues - Governmental Activities



Business-type Activities. Charges for services for the City's business-type activities were \$47.1 million for 2002, an increase of \$1.1 million from 2001.

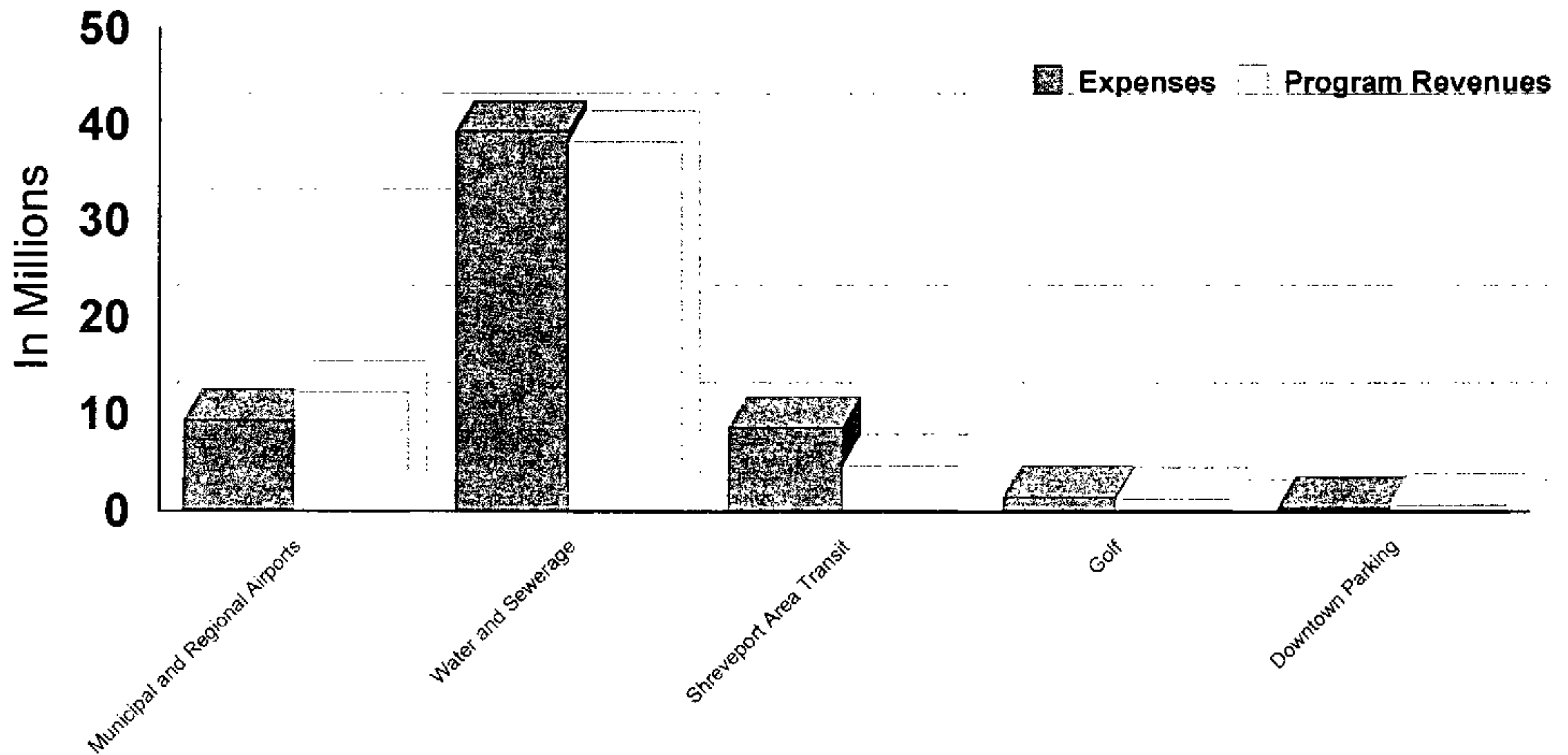
- Municipal and Regional Airports revenues were flat for the year, with a minimum decrease of \$108,000. This was welcome news considering the effects of air travel after September 11.
- Water and Sewerage revenues increased \$1.5 million in 2002. During 2002 the department made a concerted effort to increase the accuracy of meter readings. Also, an emphasis was placed on collecting past due receivables.

Revenues by Source - Business-type Activities



The costs of these business-type activities were \$59.1 million for 2002, an increase of \$3.3 million from 2001. The Water and Sewerage fund primarily accounted for the increase as personal services were up 5.8% and contractual services were up 47.6% due to a new contract for sludge hauling and disposal.

Expenses and Program Revenues - Business-type Activities



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, 2002 reflect combined fund balances of \$211,824,676, a decrease of \$12,649,851 compared to the prior year. Fifty-nine percent of the fund balances are reserved to pay for debt service (\$37,297,993) and to pay for contracts and purchase orders which have been committed to in the prior year(s) (\$88,263,368). Management has an actual plan for thirty-seven percent of the fund balances (\$80,478,763) which are reported as unreserved, designated. This is primarily for capital projects. The remainder of the fund balances are available for spending except amounts reserved for inventories and endowments and assets held for sale.

The General Fund is the City's operating fund which provides most basic services. Its fund balance had a decrease of \$285,341 from the prior year. Revenues were relatively flat for the year, decreasing by \$1,398,532. The major revenue sources are property taxes, sales taxes, and charges for services.

- Property taxes decreased \$266,668 in the General Fund. Delinquent tax collections were greater in 2001.
- The economy has slowed. This is reflected in retail sales. For the past two years, there has been little or no growth in sales tax revenue. For 2002, sales taxes had an increase of \$489,832 from the prior year. This represents a .6% increase.
- Charges for services increased \$1,011,527 in 2002 from \$15,286,721 in 2001. The increase in charges for services was primarily in Public Safety. The City increased its billing and collection efforts for emergency medical services.
- Total expenditures of the General Fund increased \$5,116,239 from the prior year due primarily to equipment purchases for Public Safety and Public Works. The purchases were financed by a capital lease agreement.

The Debt Service Fund has a total fund balance of \$37,297,993 which is reserved for payment of principal and interest on debt outstanding. The fund balance for 2002 increased by \$3.3 million during the year. The assessed value of property increased for 2002 while debt is being paid off. Also, debt payment on the Convention Center is being paid for by casino revenues rather than through the debt service millage.

Proprietary funds. Net assets for the Municipal and Regional Airports increased \$3.1 million primarily as a result of capital contributions from the FAA for the noise abatement program. Property surrounding the Regional Airport was purchased in connection with this program. Water and Sewerage's net assets decreased by \$.7 million. Revenues were up but an increase in expenses and a decrease in investment earnings resulted in a decrease in net assets.

General Fund Budgetary Highlights

During the year, the City Council revised the City's 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 1 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 primarily the reduction of \$2.8 million for sales taxes and an addition of \$1.0 million for charges for services. The decrease in appropriations were spread throughout all funds. During the year, revenues came in more in line with the revised budget. Departments kept their expenditures under control which resulted in a minimum decrease in fund balance.

Overruns in appropriations at the legal level of budgetary controls were experienced by:

- Other-unclassified
Contractual services exceeded the budget by \$3,720 due to increased advertising costs.
Interest and civic appropriations exceeded the budget by \$289,316 due to lower than anticipated operating funds. No amounts were budgeted for interest expense.
Payments to component units exceeded the budget by \$37,933 due to increased operating costs of the Metropolitan Planning Commission and the City Marshal's Office.
- Community Development
Codes Enforcement
Materials and supplies exceeded the budget by \$401 due to an increase in telephone usage.
- Public Works
Contractual services exceeded the budget by \$516,896 due to increased landfill activity.

Capital Assets and Debt Administration

Capital assets. The City's investment in capital assets as of December 31, 2002 for its governmental and business-type activities was \$962.7 million, net of depreciation as reflected in the following schedule.

Capital Assets December 31, 2002 (net of depreciation in millions)						
	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2002</u>	<u>2001</u>	<u>2002</u>	<u>2001</u>	<u>2002</u>	<u>2001</u>
Land	\$ 78.6	\$ 73.7	\$ 22.8	\$ 19.6	\$101.4	\$ 93.3
Construction in progress	183.0	187.7	66.3	72.1	249.3	259.8
Buildings	63.7	50.5	40.4	39.2	104.1	89.7
Improvement other than buildings	19.2	12.2	20.8	11.6	40.0	23.8
Equipment	24.5	24.9	4.0	.5	28.5	25.4
Distribution and collection systems	—	—	225.0	222.9	225.0	222.9
Infrastructure	<u>214.4</u>	<u>216.5</u>	<u>—</u>	<u>—</u>	<u>214.4</u>	<u>216.5</u>
Total	<u>\$583.4</u>	<u>\$565.5</u>	<u>\$379.3</u>	<u>\$365.9</u>	<u>\$962.7</u>	<u>\$931.4</u>

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

A. B. Palmer Park Community Center paid for with general obligation bonds	\$ 2.5
David Raines Park Community Center paid for with general obligation bonds	2.6
Festival Site Development predominantly funded by riverfront development and hotel sales tax revenues	8.0
Independence Stadium Renovations predominantly funded by riverfront Development revenues and Louisiana State grants	8.2
Extend Runway 14/32 Downtown Airport paid for with Federal Aviation Authority revenue, State grant, and Airport revenue	2.2
Cargo Apron Expansion at Regional Airport paid for with Federal Aviation Authority revenue, State grant, and Airport revenue	2.2
ARFF Station Construction at Regional Airport paid for with Federal Aviation Authority revenue, State grant, and Airport revenue	2.0
Airport PART I50 property acquisition program paid for with Federal Aviation Authority revenue, State grant, and Airport revenue	2.9
Rehabilitation of Taxiway A & F at Regional Airport paid for with Federal Aviation Authority revenue, State grant, and Airport revenues	<u>2.0</u>
	<u>\$32.6</u>

Current amounts committed call for spending an additional \$72.9 million on the convention center. Resources on hand from bond proceeds will be used to fund this project. The water and sewer system plans to spend an additional \$19.8 million on the Amiss Water and the Lucas Wastewater Treatment Plants. The water and sewer system plans to borrow the funds to complete the projects.

Detailed information on the City's capital assets can be found in Note III E on pages 72-76 of the report.

Long-term debt. At year end, the City had \$527.5 million in bonds and other lending agreements as shown in the following table.

<p style="text-align: center;">Outstanding Debt General Obligation and Revenue Bonds December 31, 2002 (in millions)</p>						
	Governmental Activities		Business-type Activities		Total	
	<u>2002</u>	<u>2001</u>	<u>2002</u>	<u>2001</u>	<u>2002</u>	<u>2001</u>
General obligation bonds	\$286.2	\$303.3	\$.5	\$.6	\$286.7	\$303.9
Revenue bonds	—	—	138.9	142.5	138.9	142.5
Other lending agreements	<u>97.2</u>	<u>98.5</u>	<u>4.7</u>	<u>5.1</u>	<u>101.9</u>	<u>103.6</u>
Total	<u>\$383.4</u>	<u>\$401.8</u>	<u>\$144.1</u>	<u>\$148.2</u>	<u>\$527.5</u>	<u>\$550.0</u>

New debt was added during the fiscal year. The principal debt issued was a \$5.7 million capital lease for the purchase of equipment for Fire, Police, and Public Works. Additional debt of \$29.2 million was issued for improvements to the water and sewer system and refunding of prior bonds issued.

The City's general obligation bonds from Moody's Investors Service was downgraded to an A2 rating. The City continues to maintain an A+ rating from Standard and Poor's Rating Service.

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 \$67.1 million of additional general obligation bonded debt is available for issuance.

Detailed information on the City's long-term debt can be found in Note III H on pages 77-90 of the report.

Economic Factors and Next Year's Budgets and Rates

In setting the budgets for 2003, the City dealt with a number of issues with City-wide impact. One of the factors was the national economy. Although the local economy is stable, the City is not immune to national economic trends. Retail sales are only expected to grow 1.2% (adjusted for the 1/4 cent sales tax increase approved in November 2002). Unemployment appears to be leveling off. Employment in services and in the retail/wholesale sectors are growing the fastest which mirror the national trend. Airline boardings are still feeling the impacts of the aftermath of the September 11 events and a soft economy.

Spiraling health care costs nationwide continue to have an impact on City budgets. In 2003, the budgets will be required to provide more than \$1.6 million to pay the City's portion of health care premiums. This takes into consideration a 20% increase for next year.

A rate increase of 10% for water and sewer charges will be reflected in next year's budget. The increase takes effect on July 1, 2003.

The most significant change for next year's budget will occur in the General Fund. A 1/4 cent sales tax increase is expected to generate additional revenue. The increase will pay for pay raises of police officers and firefighters and provide them with better equipment. Overall, there are no major new programs added to the 2003 budget.

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, LA 71101.

CITY OF SHREVEPORT, LOUISIANA
STATEMENT OF NET ASSETS
DECEMBER 31, 2002

	Primary Government			
	Governmental	Business-type	Total	Component
	Activities	Activities		Units
ASSETS				
Cash and cash equivalents	\$ 101,115,312	\$ 6,054,602	\$ 107,169,914	\$ 6,637,107
Investments	101,305,772	5,745,126	107,050,898	821,224
Receivable, net	41,716,731	7,479,598	49,196,329	1,156,561
Due from primary government	--	--	--	50,034
Internal balances	(262,149)	262,149	--	--
Inventories	1,059,515	1,048,479	2,107,994	--
Prepaid items	213,953	76,720	290,673	15,583
Mortgage and notes receivable	19,465,130	--	19,465,130	15,045,456
Other assets	11,193,798	2,554,524	13,748,322	242,086
Restricted assets:				
Cash and cash equivalents	--	9,642,349	9,642,349	--
Investments	--	20,318,919	20,318,919	--
Capital assets:				
Land and construction in progress	261,610,668	89,053,482	350,664,150	704,514
Other capital assets, net of depreciation	321,773,440	290,227,872	612,001,312	1,419,912
Total assets	<u>859,192,170</u>	<u>432,463,820</u>	<u>1,291,655,990</u>	<u>26,092,477</u>
LIABILITIES				
Accounts payable	6,289,134	3,282,048	9,571,182	145,036
Accrued liabilities	318,723	1,677,135	1,995,858	6,183
Accrued interest payable	3,753,975	14,649	3,768,624	228,925
Due to component unit	17,417	32,617	50,034	--
Due to other governments	--	--	--	37,185
Deferred revenue	10,753,685	241,437	10,995,122	--
Liabilities payable from restricted assets	--	8,341,493	8,341,493	--
Deposits and deferred charges	522,815	441,519	964,334	30,000
Non-current liabilities:				
Due within one year	35,015,071	817,118	35,832,189	1,830,066
Due in more than one year	364,173,285	136,288,614	500,461,899	13,338,401
Total liabilities	<u>420,844,105</u>	<u>151,136,630</u>	<u>571,980,735</u>	<u>15,615,796</u>
NET ASSETS				
Invested in capital assets, net of related debt	401,451,485	266,393,949	667,845,434	2,124,426
Restricted for:				
Debt service	35,666,631	1,935,948	37,602,579	260,425
Community development	2,525,197	--	2,525,197	--
Other purposes	2,032,020	--	2,032,020	70,000
Unrestricted (deficit)	(3,327,268)	12,997,293	9,670,025	8,021,830
Total net assets	<u>\$ 438,348,065</u>	<u>\$ 281,327,190</u>	<u>\$ 719,675,255</u>	<u>\$ 10,476,681</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, 2002

Functions/Programs	Expenses	Charges for Services	Program Revenues	
			Operating Grants and Contributions	Capital Grants and Contributions
Primary Government:				
Governmental Activities:				
General government	\$ 22,441,734	\$ --	\$ --	\$ --
Public safety	69,823,550	7,320,162	5,459,852	--
Public works	36,793,698	9,004,094	547,669	5,711,584
Culture and recreation	13,117,753	430,722	--	--
Health and welfare	483,659	--	483,659	--
Community development	4,194,155	183,577	5,156,249	--
Economic development	4,703,913	--	375,098	--
Economic opportunity	3,481,716	--	3,506,533	--
Payments to component units	3,958,043	--	--	--
Interest on long-term debt	19,415,444	--	--	--
Total governmental activities	<u>178,413,665</u>	<u>16,938,555</u>	<u>15,529,060</u>	<u>5,711,584</u>
Business-type activities				
Municipal and Regional Airports	9,345,117	6,183,233	304,053	5,718,041
Water and Sewerage	39,320,447	36,894,698	329,579	931,221
Shreveport Area Transit System	8,565,331	2,060,173	2,380,720	213,439
Golf	1,497,866	1,307,630	--	6,198
Downtown Parking	391,404	657,619	--	--
Total business-type activities	<u>59,120,165</u>	<u>47,103,353</u>	<u>3,014,352</u>	<u>6,868,899</u>
Total primary government	<u>\$ 237,533,830</u>	<u>\$ 64,041,908</u>	<u>\$ 18,543,412</u>	<u>\$ 12,580,483</u>
Component units:				
Shreveport Home Mortgage Authority	\$ 1,341,410	\$ 1,345,170	\$ --	\$ --
City Courts	2,452,823	503,404	--	--
City Marshal	1,165,137	223,329	--	--
Downtown Development Authority	1,222,039	617,388	23,000	--
Metropolitan Planning Commission	1,155,941	82,804	160,000	--
Total component units	<u>\$ 7,337,350</u>	<u>\$ 2,772,095</u>	<u>\$ 183,000</u>	<u>\$ --</u>

General Revenues:

Taxes:

Property taxes levied for general purposes
Property taxes levied for debt service
Sales taxes
Franchise taxes
Occupational licenses
Gaming
Grants and contributions not restricted to specific programs
Investment earnings
Payment from City of Shreveport
Miscellaneous
Transfers

Total general revenues and transfers

Change in Net Assets

Net assets - beginning (Restated)

Net assets - ending

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

Net (Expenses) Revenue and Changes in Net Assets			
Primary Government			
Governmental Activities	Business-type Activities	Total	Component Units
\$ (22,441,734)	\$ --	\$ (22,441,734)	\$ --
(57,043,536)	--	(57,043,536)	--
(21,530,351)	--	(21,530,351)	--
(12,687,031)	--	(12,687,031)	--
--	--	--	--
1,145,671	--	1,145,671	--
(4,328,815)	--	(4,328,815)	--
24,817	--	24,817	--
(3,958,043)	--	(3,958,043)	--
(19,415,444)	--	(19,415,444)	--
(140,234,466)	--	(140,234,466)	--
--	2,860,210	2,860,210	--
--	(1,164,949)	(1,164,949)	--
--	(3,910,999)	(3,910,999)	--
--	(184,038)	(184,038)	--
--	266,215	266,215	--
--	(2,133,561)	(2,133,561)	--
(140,234,466)	(2,133,561)	(142,368,027)	--
--	--	--	3,760
--	--	--	(1,949,419)
--	--	--	(941,808)
--	--	--	(581,651)
--	--	--	(913,137)
--	--	--	(4,382,255)
19,634,393	--	19,634,393	883,359
28,204,351	--	28,204,351	--
75,971,486	--	75,971,486	--
6,351,685	--	6,351,685	--
5,872,509	--	5,872,509	--
15,052,411	--	15,052,411	--
1,697,191	--	1,697,191	--
6,145,817	1,642,281	7,788,098	147,155
--	--	--	3,958,043
4,269,479	--	4,269,479	36,395
(2,900,527)	2,900,527	--	--
160,298,795	4,542,808	164,841,603	5,024,952
20,064,329	2,409,247	22,473,576	642,697
418,283,736	278,917,943	697,201,679	9,833,984
\$ 438,348,065	\$ 281,327,190	\$ 719,675,255	\$ 10,476,681

CITY OF SHREVEPORT, LOUISIANA
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2002

	<u>General</u>	<u>Community Development</u>	<u>Debt Service</u>
ASSETS			
Cash and cash equivalents	\$ 10,812	\$ 971,346	\$ 15,993,010
Investments	--	1,008,026	16,600,350
Property taxes receivable, net	4,538,767	--	6,676,376
Franchise taxes receivable	1,471,688	--	--
Accounts receivable, net	6,965,417	359,517	--
Due from other governments	10,096,782	1,843,871	211,114
Due from other funds	550,733	200,000	--
Inventories, at cost	846,146	--	--
Notes receivable, net	--	19,465,130	--
Assets held for resale	--	15,523	--
Total assets	<u>\$ 24,480,345</u>	<u>\$ 23,863,413</u>	<u>\$ 39,480,850</u>
LIABILITIES AND FUND BALANCE			
Liabilities:			
Accounts payable	\$ 1,444,786	\$ 804,577	\$ --
Accrued liabilities	258,120	--	60,603
Due to other governments	740,035	227,678	--
Due to other funds	7,954,012	526,785	--
Due to component unit	17,417	--	--
Deferred revenue	1,709,089	10,415,665	2,122,254
Deposits and deferred charges	522,815	--	--
Notes payable	--	9,238,000	--
Total liabilities	<u>12,646,274</u>	<u>21,212,705</u>	<u>2,182,857</u>
Fund balance:			
Reserved for:			
Debt service	--	--	37,297,993
Encumbrances	2,407,492	4,321,339	--
Assets held for resale	--	15,523	--
Inventories	846,146	--	--
Endowments	14,719	--	--
Unreserved, designated for:			
Subsequent years' expenditures	--	--	--
Landfill closure	1,871,626	--	--
Unreserved, undesignated	6,694,088	(1,686,154)	--
Unreserved, designated reported in nonmajor:			
Special revenue funds	--	--	--
Capital project funds	--	--	--
Unreserved, undesignated reported in nonmajor:			
Special revenue funds	--	--	--
Total fund balance	<u>11,834,071</u>	<u>2,650,708</u>	<u>37,297,993</u>
Total liabilities and fund balance	<u>\$ 24,480,345</u>	<u>\$ 23,863,413</u>	<u>\$ 39,480,850</u>

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

1999A General Obligation Bonds	Other Governmental Funds	Total Governmental Funds
\$ 38,781,722	\$ 33,001,630	\$ 88,758,520
40,254,466	37,540,645	95,403,487
--	--	11,215,143
--	--	1,471,688
--	1,328,343	8,653,277
--	802,237	12,954,004
800,000	14,734,857	16,285,590
--	--	846,146
--	--	19,465,130
--	50,944	66,467
<u>\$ 79,836,188</u>	<u>\$ 87,458,656</u>	<u>\$ 255,119,452</u>

\$ 90,262	\$ 2,392,200	\$ 4,731,825
--	--	318,723
--	--	967,713
--	4,698,785	13,179,582
--	--	17,417
--	71,693	14,318,701
--	--	522,815
--	--	9,238,000
<u>90,262</u>	<u>7,162,678</u>	<u>43,294,776</u>

--	--	37,297,993
72,856,570	8,677,967	88,263,368
--	68,950	84,473
--	--	846,146
--	--	14,719
6,889,356	--	6,889,356
--	--	1,871,626
--	--	5,007,934
--	9,674,515	9,674,515
--	62,043,266	62,043,266
--	(168,720)	(168,720)
<u>79,745,926</u>	<u>80,295,978</u>	<u>211,824,676</u>
<u>\$ 79,836,188</u>	<u>\$ 87,458,656</u>	<u>\$ 255,119,452</u>

CITY OF SHREVEPORT, LOUISIANA
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2002

Fund balances - total governmental funds \$ 211,824,676

Amounts reported for governmental activities in the statement of
net assets are different because:

Capital assets used in governmental activities are not financial
resources and therefore are not reported in the governmental
funds.

Governmental capital assets	768,261,040	
Less accumulated depreciation	<u>(185,557,113)</u>	582,703,927

Other assets used in governmental activities that are not financial resources
and therefore are not reported in the governmental funds

Bond issuance costs	687,984	
Less amortization	<u>(56,348)</u>	631,636

Net pension assets represent the excess cumulative contributions to
pension plans and are not considered as financial resources for
governmental funds

Policemens pension and relief fund	917,939	
Employees retirement system	<u>9,577,756</u>	10,495,695

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.		3,565,016
---	--	-----------

Long-term liabilities including bonds payable are not due and payable
in the current period and therefore are not reported in the governmental
funds.

Accrued interest payable	(3,753,616)	
Compensated absences	(1,860,700)	
Bonds, notes, and loans payable	(374,128,219)	
Net pension obligation	(242,430)	
Landfill postclosure care	(1,871,626)	
Arbitrage	<u>(1,003,757)</u>	(382,860,348)

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.

11,987,463

Net assets of governmental activities.		\$ <u><u>438,348,065</u></u>
--	--	------------------------------

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, 2002

	<u>General</u>	<u>Community Development</u>	<u>Debt Service</u>
REVENUES			
Taxes:			
Property	\$ 19,305,868	\$ --	\$ 27,721,102
Sales	75,971,486	--	--
Franchise	6,351,685	--	--
Licenses and permits	7,024,635	--	--
Intergovernmental	6,352,485	9,051,138	--
Charges for services	16,298,248	183,577	--
Fines and forfeitures	2,533,660	--	--
Gaming	--	--	--
Investment earnings	26,346	95,303	764,734
Miscellaneous	668,050	930,822	1,164,941
Total revenues	<u>134,532,463</u>	<u>10,260,840</u>	<u>29,650,777</u>
EXPENDITURES			
Current:			
General government	18,796,026	1,919,053	--
Public safety	67,196,188	--	--
Public works	28,580,522	--	--
Culture and recreation	11,242,651	89,910	--
Health and welfare	--	483,659	--
Community development	--	3,851,432	--
Economic development	--	1,070,592	--
Economic opportunity	--	3,481,716	--
Payment to component units	3,958,043	--	--
Debt service:			
Principal	--	--	26,100,991
Interest and other charges	--	--	16,811,211
Bond issuance costs	--	--	--
Capital outlay	--	--	--
Total expenditures	<u>129,773,430</u>	<u>10,896,362</u>	<u>42,912,202</u>
Excess (deficiency) of revenues over (under) expenditures	<u>4,759,033</u>	<u>(635,522)</u>	<u>(13,261,425)</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	3,024,807	1,701,260	16,576,790
Transfers out	(13,799,181)	(1,182,489)	--
Capital lease	5,730,000	--	--
Total other financing sources and (uses)	<u>(5,044,374)</u>	<u>518,771</u>	<u>16,576,790</u>
Net change in fund balances	(285,341)	(116,751)	3,315,365
Fund balances-beginning	12,119,412	2,767,459	33,982,628
Fund balances-ending	<u>\$ 11,834,071</u>	<u>\$ 2,650,708</u>	<u>\$ 37,297,993</u>

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

1999A General Obligation Bonds	Other Governmental Funds	Total Governmental Funds
\$ --	\$ --	\$ 47,026,970
--	--	75,971,486
--	--	6,351,685
--	--	7,024,635
--	1,798,469	17,202,092
--	--	16,481,825
--	--	2,533,660
--	15,052,411	15,052,411
2,271,522	2,635,715	5,793,620
--	1,505,666	4,269,479
<u>2,271,522</u>	<u>20,992,261</u>	<u>197,707,863</u>
--	298,462	21,013,541
--	1,535,001	68,731,189
--	--	28,580,522
--	18,368	11,350,929
--	--	483,659
--	--	3,851,432
--	3,633,321	4,703,913
--	--	3,481,716
--	--	3,958,043
--	--	26,100,991
--	--	16,811,211
--	2,762	2,762
5,888,130	18,229,149	24,117,279
<u>5,888,130</u>	<u>23,717,063</u>	<u>213,187,187</u>
<u>(3,616,608)</u>	<u>(2,724,802)</u>	<u>(15,479,324)</u>
--	7,122,394	28,425,251
--	(16,344,108)	(31,325,778)
--	--	5,730,000
--	(9,221,714)	2,829,473
(3,616,608)	(11,946,516)	(12,649,851)
83,362,534	92,242,494	224,474,527
<u>\$ 79,745,926</u>	<u>\$ 80,295,978</u>	<u>\$ 211,824,676</u>

CITY OF SHREVEPORT, LOUISIANA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2002

Net change in fund balances - total governmental funds \$ (12,649,851)

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	30,362,245	
Depreciation expense	<u>(18,033,841)</u>	12,328,404

Donations of capital assets increase net assets in the Statement of Activities, but do not appear in the governmental funds because they are not financial revenues.		5,622,648
--	--	-----------

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)		811,774
---	--	---------

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. The detail of these differences in the treatment of long-term debt and related items is as follows:

Capital lease	(5,730,000)	
Issuance costs	2,762	
Principal payments	<u>26,100,991</u>	20,373,753

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:

Employees' retirement system net asset	(2,046,202)	
Policemen's pension and relief fund net asset	(8,906)	
Firemen's pension and relief fund net obligation	<u>2,352</u>	(2,052,756)

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.

Amortization of issuance costs	(24,923)	
Increase in compensated absences	(83,522)	
Decrease in accrued interest	228,335	
Interest accreted on capital appreciation debt	(2,821,510)	
Increase in landfill postclosure care	(178,250)	
Decrease in arbitrage	<u>1,307,571</u>	(1,572,299)

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

(2,797,344)

Change in net assets of governmental activities.		\$ <u><u>20,064,329</u></u>
--	--	-----------------------------

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

CITY OF SHREVEPORT, LOUISIANA
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL ON BUDGETARY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2002

	<u>Budgeted Amounts</u>		<u>Actual Amounts Budgetary Basis</u>	<u>Variance With Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Taxes	\$ 107,071,100	\$ 104,571,100	\$ 101,629,039	\$ (2,942,061)
Licenses and Permits	6,744,200	6,784,200	7,024,635	240,435
Intergovernmental	2,739,400	2,739,400	2,665,899	(73,501)
Charges for services	16,587,100	17,335,100	16,298,248	(1,036,852)
Fines and forfeitures	3,348,000	2,700,000	2,533,660	(166,340)
Investment earnings	75,000	75,000	26,346	(48,654)
Miscellaneous	537,500	537,500	668,050	130,550
Total revenues	<u>137,102,300</u>	<u>134,742,300</u>	<u>130,845,877</u>	<u>(3,896,423)</u>
EXPENDITURES				
General government:				
Office of mayor:				
Salaries, wages and employee benefits	2,086,795	1,976,995	1,950,074	26,921
Materials and supplies	43,712	40,212	36,074	4,138
Contractual services	211,410	201,410	185,103	16,307
Other charges	13,808	11,008	4,118	6,890
Improvements and equipment	8,610	8,610	3,621	4,989
Total office of mayor	<u>2,364,335</u>	<u>2,238,235</u>	<u>2,178,990</u>	<u>59,245</u>
City council:				
Salaries, wages and employee benefits	916,550	831,550	799,204	32,346
Materials and supplies	16,578	16,578	10,724	5,854
Contractual services	230,461	225,461	167,681	57,780
Improvements and equipment	19,896	29,896	12,079	17,817
Total city council	<u>1,183,485</u>	<u>1,103,485</u>	<u>989,688</u>	<u>113,797</u>
Finance:				
Salaries, wages and employee benefits	4,033,894	3,950,894	3,938,879	12,015
Materials and supplies	306,279	296,279	293,801	2,478
Contractual services	1,138,766	1,111,766	1,099,898	11,868
Other charges	100	100	--	100
Improvements and equipment	361,009	343,009	340,223	2,786
Total finance	<u>5,840,048</u>	<u>5,702,048</u>	<u>5,672,801</u>	<u>29,247</u>
Other - unclassified:				
Salaries, wages and employee benefits	2,396,693	2,358,193	1,792,295	565,898
Materials and supplies	1,000	1,000	694	306
Contractual services	310,500	318,000	321,720	(3,720)
Interest and civic appropriations	2,515,450	2,525,450	2,814,766	(289,316)
Payments to component units	3,873,012	3,920,900	3,958,833	(37,933)
Claims	7,000,000	7,000,000	5,575,257	1,424,743
Total other - unclassified	<u>16,096,655</u>	<u>16,123,543</u>	<u>14,463,565</u>	<u>1,659,978</u>
Total general government	<u>25,484,523</u>	<u>25,167,311</u>	<u>23,305,044</u>	<u>1,862,267</u>

(continued)

(continued)

CITY OF SHREVEPORT, LOUISIANA
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL ON BUDGETARY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2002

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance With Final Budget Positive (Negative)
	Original	Final		
Public safety:				
Police:				
Salaries, wages and employee benefits	29,398,439	28,458,439	28,454,352	4,087
Materials and supplies	981,887	911,887	894,117	17,770
Contractual services	1,656,746	1,726,746	1,595,830	130,916
Other charges	79,500	68,600	59,485	9,115
Improvements and equipment	4,014,940	4,032,324	4,031,922	402
Total police	36,131,512	35,197,996	35,035,706	162,290
Fire:				
Salaries, wages and employee benefits	29,311,903	30,077,903	29,892,577	185,326
Materials and supplies	1,063,887	1,043,887	935,080	108,807
Contractual services	710,882	1,490,882	1,417,090	73,792
Other charges	5,400	5,400	1,559	3,841
Improvements and equipment	1,495,133	2,094,133	2,067,041	27,092
Total fire	32,587,205	34,712,205	34,313,347	398,858
Total public safety	68,718,717	69,910,201	69,349,053	561,148
Public Works:				
Salaries, wages and employee benefits	12,247,075	11,697,075	11,440,330	256,745
Materials and supplies	1,872,753	1,672,753	1,445,781	226,972
Contractual services	12,789,866	13,374,866	13,891,762	(516,896)
Improvements and equipment	5,796,206	5,754,206	5,724,898	29,308
Total public works	32,705,900	32,498,900	32,502,771	(3,871)
Culture and recreation:				
Salaries, wages and employee benefits	7,241,913	7,101,913	7,136,647	(34,734)
Materials and supplies	958,519	1,018,519	1,017,038	1,481
Contractual services	3,080,045	2,830,045	2,753,246	76,799
Improvements and equipment	625,518	625,518	624,531	987
Total culture and recreation	11,905,995	11,575,995	11,531,462	44,533
Total expenditures	138,815,135	139,152,407	136,688,330	2,464,077
Excess (deficiency) of revenues over (under) expenditures	(1,712,835)	(4,410,107)	(5,842,453)	(1,432,346)
OTHER FINANCING SOURCES (USES)				
Capital lease	5,000,000	5,800,000	5,730,000	(70,000)
Transfers in	2,225,000	3,007,000	3,024,807	17,807
Transfers out	(6,936,500)	(5,877,400)	(5,605,187)	272,213
Total other financing sources and uses	288,500	2,929,600	3,149,620	220,020

(continued)

(continued)

CITY OF SHREVEPORT, LOUISIANA
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL ON BUDGETARY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2002

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance With Final Budget Positive (Negative)
	Original	Final		
Net change in fund balance	(1,424,335)	(1,480,507)	(2,692,833)	(1,212,326)
Fund balances -beginning	<u>12,119,412</u>	<u>12,119,412</u>	<u>12,119,412</u>	<u>--</u>
Fund balances-ending	\$ <u><u>10,695,077</u></u>	\$ <u><u>10,638,905</u></u>	\$ <u><u>9,426,579</u></u>	\$ <u><u>(1,212,326)</u></u>

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

CITY OF SHREVEPORT, LOUISIANA
COMMUNITY DEVELOPMENT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL ON BUDGETARY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2002

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance With Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental	\$ 12,773,900	\$ 16,225,100	\$ 9,051,138	\$ (7,173,962)
Charges for services	185,000	185,000	183,577	(1,423)
Miscellaneous	4,000,400	4,581,800	1,026,125	(3,555,675)
Total revenues	16,959,300	20,991,900	10,260,840	(10,731,060)
EXPENDITURES				
Administration:				
Salaries, wages and employee benefits	657,500	571,800	568,660	3,140
Materials and supplies	22,713	23,513	20,687	2,826
Contractual services	640,395	305,095	263,810	41,285
Improvements and equipment	10,600	12,000	4,948	7,052
Total administration	1,331,208	912,408	858,105	54,303
Community development projects:				
Grants	1,765,058	1,645,958	1,183,917	462,041
Total community development projects	1,765,058	1,645,958	1,183,917	462,041
Housing and business development:				
Salaries, wages and employee benefits	326,500	364,500	343,810	20,690
Materials and supplies	45,565	59,965	35,134	24,831
Contractual services	469,645	477,345	392,360	84,985
Other charges	13,334,136	16,540,136	6,135,101	10,405,035
Improvements and equipment	261,529	261,529	200,998	60,531
Total housing and business development	14,437,375	17,703,475	7,107,403	10,596,072
Housing and business development administration:				
Salaries, wages and employee benefits	606,500	544,500	539,340	5,160
Materials and supplies	21,200	21,200	18,138	3,062
Contractual services	56,929	205,929	205,929	--
Other charges	3,000	3,000	1,952	1,048
Improvements and equipment	8,000	4,000	1,988	2,012
Total housing and business development administration	695,629	778,629	767,347	11,282
Workforce development:				
Salaries, wages and employee benefits	1,075,800	2,065,300	981,230	1,084,070
Materials and supplies	64,072	116,872	11,067	105,805
Contractual services	1,307,187	3,054,487	1,929,569	1,124,918
Other charges	93,400	126,000	65,253	60,747
Improvements and equipment	14,030	100,930	15,568	85,362
Total workforce development	2,554,489	5,463,589	3,002,687	2,460,902

(continued)

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CITY OF SHREVEPORT, LOUISIANA
COMMUNITY DEVELOPMENT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL ON BUDGETARY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2002

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance With Final Budget Positive (Negative)
	Original	Final		
Workforce development administration:				
Salaries, wages and employee benefits	126,000	406,400	200,341	206,059
Materials and supplies	13,100	28,100	3,662	24,438
Contractual services	14,100	28,100	7,664	20,436
Other charges	1,500	3,500	600	2,900
Improvements and equipment	5,000	12,000	4,898	7,102
Total workforce development administration	<u>159,700</u>	<u>478,100</u>	<u>217,165</u>	<u>260,935</u>
Codes enforcement:				
Salaries, wages and employee benefits	868,523	763,523	734,990	28,533
Materials and supplies	65,066	95,066	95,467	(401)
Contractual services	959,317	1,034,317	934,698	99,619
Other charges	586,723	586,723	275,056	311,667
Improvements and equipment	52,176	52,176	40,866	11,310
Total codes enforcement	<u>2,531,805</u>	<u>2,531,805</u>	<u>2,081,077</u>	<u>450,728</u>
Total Expenditures	<u>23,475,264</u>	<u>29,513,964</u>	<u>15,217,701</u>	<u>14,296,263</u>
Deficiency of revenues under expenditures	(6,515,964)	(8,522,064)	(4,956,861)	3,565,203
OTHER FINANCING SOURCES (USES)				
Transfers in	1,430,300	1,434,600	1,701,260	266,660
Transfers out	<u>(970,000)</u>	<u>(970,000)</u>	<u>(1,182,489)</u>	<u>(212,489)</u>
Total other financing sources and uses	<u>460,300</u>	<u>464,600</u>	<u>518,771</u>	<u>54,171</u>
Net change in fund balance	(6,055,664)	(8,057,464)	(4,438,090)	3,619,374
Fund balances - beginning	<u>2,767,459</u>	<u>2,767,459</u>	<u>2,767,459</u>	<u>--</u>
Fund balances - ending	<u>\$ (3,288,205)</u>	<u>\$ (5,290,005)</u>	<u>\$ (1,670,631)</u>	<u>\$ 3,619,374</u>

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

CITY OF SHREVEPORT, LOUISIANA
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
DECEMBER 31, 2002

	Business-type Activities Enterprise Funds				Governmental Activities Internal Service Funds
	Municipal and Regional Airports	Water and Sewerage	Other Enterprise Funds	Total	
ASSETS					
Current Assets:					
Cash and cash equivalents	\$ 2,818,017	\$ 2,619,981	\$ 616,604	\$ 6,054,602	\$ 12,356,792
Investments	4,102,626	1,221,981	420,519	5,745,126	5,902,285
Receivables, net	669,170	4,961,589	119,393	5,750,152	150,302
Due from other funds	--	--	1,103,969	1,103,969	3,551,023
Due from other governments	1,355,842	--	373,604	1,729,446	--
Inventories	824	790,717	256,938	1,048,479	213,369
Prepaid items	--	--	76,720	76,720	213,953
Cash and cash equivalents restricted	--	8,506,726	--	8,506,726	--
Total current assets	8,946,479	18,100,994	2,967,747	30,015,220	22,387,724
Noncurrent Assets:					
Restricted:					
Cash and cash equivalents	1,135,623	--	--	1,135,623	--
Investments	1,770,379	18,548,540	--	20,318,919	--
Unamortized bonds costs	672,844	1,881,680	--	2,554,524	--
Capital Assets:					
Land	19,840,384	1,032,277	1,940,408	22,813,069	62,000
Construction in process	3,043,778	62,913,750	282,885	66,240,413	--
Buildings	54,252,698	--	8,480,922	62,733,620	913,088
Improvements other than buildings	53,222,328	--	548,665	53,770,993	--
Equipment	6,867,834	10,414,414	11,202,975	28,485,223	1,211,447
Distribution and collection systems	--	341,444,158	--	341,444,158	--
Less accumulated depreciation	(59,456,076)	(126,075,919)	(10,674,127)	(196,206,122)	(1,506,354)
Total capital assets (net of accumulated depreciation)	77,770,946	289,728,680	11,781,728	379,281,354	680,181
Total noncurrent assets	81,349,792	310,158,900	11,781,728	403,290,420	680,181
Total assets	90,296,271	328,259,894	14,749,475	433,305,640	23,067,905

	Business-type Activities Enterprise Funds			Governmental Activities Internal Service Funds
	Municipal and Regional Airports	Water and Sewerage	Other Enterprise Funds	Total
LIABILITIES				
Current Liabilities:				
Accounts payable	1,169,740	1,935,849	176,459	3,282,048
Accrued liabilities	331,048	748,175	597,912	1,677,135
Accrued interest payable	--	14,649	--	14,649
Due to component unit	--	--	32,617	32,617
Due to other funds	37,133	804,687	--	841,820
Deferred revenue	197,061	--	44,376	241,437
Customer deposits	163,174	278,345	--	441,519
Compensated absences	23,465	92,873	181,524	297,862
Claims and judgments	--	--	--	--
Bonds and notes payable	300,000	174,600	--	474,600
Leases payable	--	44,656	--	44,656
Liabilities payable from restricted assets	--	8,341,493	--	8,341,493
Total current liabilities	2,221,621	12,435,327	1,032,888	15,689,836
Noncurrent Liabilities:				
Compensated absences	101,947	335,958	37,792	475,697
Bonds and notes payable	28,375,000	107,437,917	--	135,812,917
Total noncurrent liabilities	28,476,947	107,773,875	37,792	136,288,614
Total liabilities	30,698,568	120,209,202	1,070,680	151,978,450
NET ASSETS				
Invested in capital assets, net of related debt	51,537,578	203,074,643	11,781,728	266,393,949
Restricted for debt service	1,770,716	165,232	--	1,935,948
Unrestricted	6,289,409	4,810,817	1,897,067	12,997,293
Total net assets	\$ 59,597,703	\$ 208,050,692	\$ 13,678,795	\$ 281,327,190
				\$ 11,987,463

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

CITY OF SHREVEPORT, LOUISIANA
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2002

	Business-type Activities Enterprise Funds				Governmental Activities Internal Service Funds
	Municipal and Regional Airports	Water and Sewerage	Other Enterprise Funds	Total	
OPERATING REVENUES					
Charges for services	\$ 6,152,475	\$ 36,126,879	\$ 3,966,187	\$ 46,245,541	\$ 17,732,670
Miscellaneous	30,758	767,819	59,235	857,812	342,719
Total operating revenues	6,183,233	36,894,698	4,025,422	47,103,353	18,075,389
OPERATING EXPENSES					
Personal services	3,214,932	9,279,610	5,929,135	18,423,677	1,744,210
Contractual services and other expenses	1,013,720	9,438,251	2,075,397	12,527,368	2,862,854
Utilities	806,688	2,623,589	176,591	3,606,868	51,584
Repairs and maintenance	309,782	1,379,169	40,838	1,729,789	690,906
Materials and supplies	303,772	4,184,322	1,416,960	5,905,054	1,160,520
Claims	--	--	--	--	14,749,181
Depreciation	2,386,004	7,895,641	815,680	11,097,325	68,543
Total operating expenses	8,034,898	34,800,582	10,454,601	53,290,081	21,327,798
Operating income (loss)	(1,851,665)	2,094,116	(6,429,179)	(6,186,728)	(3,252,409)
NONOPERATING REVENUES (EXPENSES)					
Investment earnings	268,861	1,358,409	15,011	1,642,281	465,292
Interest expense	(1,281,136)	(4,310,276)	--	(5,591,412)	(11,058)
Intergovernmental	304,053	329,579	2,380,720	3,014,352	--
Passenger facility charges	797,824	--	--	797,824	--
Bond issuance costs	(29,083)	(202,032)	--	(231,115)	--
Loss on disposal of fixed assets	--	(7,557)	--	(7,557)	--
Total nonoperating revenues (expenses)	60,519	(2,831,877)	2,395,731	(375,627)	454,234
Income (loss) before contributions and transfers	(1,791,146)	(737,761)	(4,033,448)	(6,562,355)	(2,798,175)
Capital contributions	4,920,217	931,221	219,637	6,071,075	831
Transfers in	--	--	3,800,527	3,800,527	--
Transfers out	--	(900,000)	--	(900,000)	--
Change in net assets	3,129,071	(706,540)	(13,284)	2,409,247	(2,797,344)
Total net assets-beginning	56,468,632	208,757,232	13,692,079	278,917,943	14,784,807
Total net assets-ending	\$ 59,597,703	\$ 208,050,692	\$ 13,678,795	\$ 281,327,190	\$ 11,987,463

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, 2002

	Business-type Activities Enterprise Funds				Governmental Activities Internal Service Funds
	Municipal and Regional Airports	Water and Sewerage	Other Enterprise Funds	Total	
Cash flows from operating activities:					
Receipts from operations	\$ 6,250,607	\$ 36,432,872	\$ 4,015,703	\$ 46,699,182	\$ 18,451,674
Payments to suppliers	(2,293,384)	(14,614,652)	(3,545,167)	(20,453,203)	(5,166,322)
Payments to employees	(3,203,557)	(9,292,822)	(5,929,193)	(18,425,572)	(1,738,241)
Claims	--	--	--	--	(9,784,222)
Other receipts (payments)	(181,842)	(1,885,481)	(62,522)	(2,129,845)	--
Net cash provided by (used in) operating activities	571,824	10,639,917	(5,521,179)	5,690,562	1,762,889
Cash flows from noncapital financing activities:					
Intergovernmental	--	329,579	--	329,579	--
Subsidy from federal grant	304,053	--	2,345,117	2,649,170	--
Transfers in	--	--	3,800,527	3,800,527	--
Transfers out	--	(900,000)	--	(900,000)	--
Interest paid on operations	--	--	--	--	(8,617)
Cash bond	--	464	--	464	--
Net cash provided by (used in) noncapital financing activities	304,053	(569,957)	6,145,644	5,879,740	(8,617)
Cash flows from capital and related financing activities:					
Proceeds from issuance of debt	--	3,334,370	--	3,334,370	--
Acquisition and construction of capital assets	(6,841,921)	(15,062,259)	(324,452)	(22,228,632)	(8,998)
Payment on liability and refund contracts	--	(3,737)	--	(3,737)	--
Principal paid on debt	(785,000)	(8,041,412)	--	(8,826,412)	(31,200)
Interest paid on debt	(1,281,136)	(5,132,530)	--	(6,413,666)	(2,776)
Capital grants	5,608,564	--	146,366	5,754,930	--
Capital contributed by (returned to) others	(130,000)	--	(152,847)	(282,847)	--
Payment of debt issuance costs	--	(339,054)	--	(339,054)	--
Passenger facility charges	797,824	--	--	797,824	--
Net cash used in capital and related financing activities	(2,631,669)	(25,244,622)	(330,933)	(28,207,224)	(42,974)
Cash flows from investing activities:					
Purchase of investments	(7,639,113)	(22,718,349)	(420,519)	(30,777,981)	(5,902,285)
Proceeds from sale and maturity of investments	3,536,085	11,100,000	--	14,636,085	--
Interest on investments	267,350	1,334,489	15,011	1,616,850	466,935
Net cash provided by investing activities	(3,835,678)	(10,283,860)	(405,508)	(14,525,046)	(5,435,350)
Net increase(decrease) in cash and cash equivalents	(5,591,470)	(25,458,522)	(111,976)	(31,161,968)	(3,724,052)
Cash and cash equivalents, beginning of year	9,545,110	36,585,229	728,580	46,858,919	16,080,844
Cash and cash equivalents, end of year	\$ 3,953,640	\$ 11,126,707	\$ 616,604	\$ 15,696,951	\$ 12,356,792

(continued)

(continued)

CITY OF SHREVEPORT, LOUISIANA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2002

	Business-type Activities Enterprise Funds				Governmental Activities Internal Service Funds
	Municipal and Regional Airports	Water and Sewerage	Other Enterprise Funds	Total	
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:					
Operating income (loss)	\$ (1,851,665)	\$ 2,094,116	\$ (6,429,179)	\$ (6,186,728)	\$ (3,252,409)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:					
Depreciation and amortization	2,386,004	7,895,641	815,680	11,097,325	68,543
(Increase)Decrease in assets:					
Receivables	(96,726)	294,563	(22,382)	175,455	(4,757)
Due from other funds	--	--	26,417	26,417	381,042
Inventories	4,875	(114,540)	7,581	(102,084)	9,898
Prepaid items	--	--	(18,084)	(18,084)	(73,370)
Increase(Decrease) in liabilities:					
Accounts payable	(134,956)	(153,103)	90,122	(197,937)	(128,970)
Accrued liabilities	119,513	(50,519)	(4,285)	64,709	4,964,959
Due to other funds	12,401	628,939	--	641,340	(208,016)
Deferred revenue	(5,872)	--	8,381	2,509	--
Customers' deposits	126,875	15,330	--	142,205	--
Compensated absences	11,375	29,490	4,570	45,435	5,969
Total adjustments	2,423,489	8,545,801	908,000	11,877,290	5,015,298
Net cash provided by (used in) operating activities	\$ 571,824	\$ 10,639,917	\$ (5,521,179)	\$ 5,690,562	\$ 1,762,889

Non-cash investing, capital and financing activities:

The Department of Water and Sewerage had donated capital assets of \$931,221.

The Department of Water and Sewerage disposed of miscellaneous equipment. The undepreciated cost of the equipment was recorded as a loss of \$7,557.

The Department of Water and Sewerage had bond issuance costs of \$224,102 which were deducted from the proceeds of the 2002 "A" Refunding Water and Sewer Revenue issues to pay bond issuance premium and other issuance cost and will be amortized over the debt repayment period.

The Golf, a non-major fund, had donated capital assets of \$6,198.

The Fleet Services Fund, an internal service fund, had donated capital assets of \$831.

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

CITY OF SHREVEPORT, LOUISIANA
STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
DECEMBER 31, 2002

ASSETS	Employee Retirement Funds
Cash and cash equivalents	\$ 12,693,536
Receivables:	
Interest receivable	601,461
Accounts receivable	21,484
Due from other funds	477,156
Prepaid items	617,961
Investments, at fair value:	
U.S. government securities	25,123,382
Mutual funds	17,625,058
Domestic corporate bonds	47,647,690
Domestic common stock	67,134,878
Total investments	<u>157,531,008</u>
Other assets:	
Cash surrender value of life insurance policies	<u>7,446,414</u>
Total assets	<u>179,389,020</u>
 LIABILITIES	
Accrued liabilities	26,618
Due to other funds	7,272,317
Employees' deposits held in escrow	1,071,903
Total liabilities	<u>8,370,838</u>
NET ASSETS	
Held in trust for pension benefits	\$ <u><u>171,018,182</u></u>

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

CITY OF SHREVEPORT, LOUISIANA
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2002

	<u>Employee Retirement Funds</u>
ADDITIONS	
Contributions:	
Employer	\$ 4,025,322
Plan members	<u>2,348,843</u>
Total contributions	<u>6,374,165</u>
Investment earnings:	
Net depreciation in fair value of investments	(18,912,570)
Interest	4,246,604
Dividends	<u>1,698,691</u>
Total investment earnings	(12,967,275)
Less investment expense	<u>607,903</u>
Net investment loss	(13,575,178)
Miscellaneous	<u>661,529</u>
Total additions	<u>(6,539,484)</u>
DEDUCTIONS	
Pensions	11,196,712
Refund of member contribution	997,625
Administrative expenses	164,466
Life insurance	<u>272,140</u>
Total deductions	<u>12,630,943</u>
Change in net assets	(19,170,427)
Net assets - beginning	<u>190,188,609</u>
Net assets - ending	<u>\$ 171,018,182</u>

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

CITY OF SHREVEPORT, LOUISIANA
STATEMENT OF NET ASSETS
COMPONENT UNITS
DECEMBER 31, 2002

	<u>Shreveport Home Mortgage Authority</u>	<u>City Courts</u>	<u>City Marshal</u>	<u>Downtown Development Authority</u>	<u>Metropolitan Planning Commission</u>	<u>Total</u>
ASSETS						
Cash and cash equivalents	\$ 1,991,185	\$ 2,543,147	\$ 1,721,604	\$ 362,795	\$ 18,376	\$ 6,637,107
Investments	802,192	--	--	--	19,032	821,224
Receivables, net	169,735	24,743	--	962,083	--	1,156,561
Due from primary government	--	--	--	50,034	--	50,034
Prepaid items	--	--	--	15,583	--	15,583
Mortgage and notes receivable	15,045,456	--	--	--	--	15,045,456
Other assets	242,086	--	--	--	--	242,086
Capital assets:						
Land and construction in progress	--	--	--	--	704,514	704,514
Other capital assets, net of depreciation	--	462,049	248,273	359,061	350,529	1,419,912
Total assets	<u>18,250,654</u>	<u>3,029,939</u>	<u>1,969,877</u>	<u>1,749,556</u>	<u>1,092,451</u>	<u>26,092,477</u>
LIABILITIES						
Accounts payable	48,729	77,090	2,444	16,550	223	145,036
Accrued liabilities	--	--	--	6,183	--	6,183
Accrued interest payable	228,925	--	--	--	--	228,925
Due to other governments	--	--	--	--	37,185	37,185
Deposits and deferred charges	--	--	--	30,000	--	30,000
Noncurrent liabilities:						
Due within one year	1,830,066	--	--	--	--	1,830,066
Due in more than one year	13,338,401	--	--	--	--	13,338,401
Total liabilities	<u>15,446,121</u>	<u>77,090</u>	<u>2,444</u>	<u>52,733</u>	<u>37,408</u>	<u>15,615,796</u>
NET ASSETS						
Invested in capital assets, net of related debt	--	462,049	248,273	359,061	1,055,043	2,124,426
Restricted for:						
Debt service	260,425	--	--	--	--	260,425
Other purposes	--	--	--	70,000	--	70,000
Unrestricted	2,544,108	2,490,800	1,719,160	1,267,762	--	8,021,830
Total net assets	<u>\$ 2,804,533</u>	<u>\$ 2,952,849</u>	<u>\$ 1,967,433</u>	<u>\$ 1,696,823</u>	<u>\$ 1,055,043</u>	<u>\$ 10,476,681</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, 2002

		Program Revenues	
		Charges for Services	Operating Grants and Contributions
	Expenses		
Shreveport Home Mortgage Authority			
Mortgage operations	\$ 1,341,410	\$ 1,345,170	\$ --
City Courts			
Judicial	2,452,823	503,404	--
City Marshal			
Judicial	1,165,137	223,329	--
Downtown Development Authority			
Downtown development	569,423	--	23,000
Streetscape program	242,644	225,984	--
Parking program	409,972	391,404	--
Total Downtown Development Authority	1,222,039	617,388	23,000
Metropolitan Planning Commission			
Planning and zoning	1,155,941	82,804	160,000
	\$ 7,337,350	\$ 2,772,095	\$ 183,000

General Revenues:

Property taxes levied for general purposes
Investment earnings
Payment from City of Shreveport
Miscellaneous
Total general revenues
Change in Net Assets
Net assets - beginning (Restated)
Net assets - ending

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

Net(Expenses) Revenues and
Changes in Net Assets

<u>Shreveport Home Mortgage Authority</u>	<u>City Courts</u>	<u>City Marshal</u>	<u>Downtown Development Authority</u>	<u>Metropolitan Planning Commission</u>	<u>Total</u>
\$ 3,760	\$	\$	\$	\$	\$ 3,760
	(1,949,419)				(1,949,419)
		(941,808)			(941,808)
			(546,423)		(546,423)
			(16,660)		(16,660)
			(18,568)		(18,568)
				(913,137)	(913,137)
3,760	(1,949,419)	(941,808)	(581,651)	(913,137)	(4,382,255)
--	--	--	883,359	--	883,359
57,237	51,286	29,357	9,275	--	147,155
--	2,109,288	963,943	--	884,812	3,958,043
--	--	395	36,000	--	36,395
57,237	2,160,574	993,695	928,634	884,812	5,024,952
60,997	211,155	51,887	346,983	(28,325)	642,697
2,743,536	2,741,694	1,915,546	1,349,840	1,083,368	9,833,984
\$ 2,804,533	\$ 2,952,849	\$ 1,967,433	\$ 1,696,823	\$ 1,055,043	\$ 10,476,681





**CITY OF SHREVEPORT, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2002**

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 general purpose financial statements is financial accountability. Financial accountability includes the appointment of a voting majority of the organization's governing body and the ability of the primary government to impose its will on the organization, or if there is a financial benefit/burden relationship. In addition, an organization which is fiscally dependent on the primary government should be included in its reporting entity.

The financial statements present the City 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 Courts

The City Courts have jurisdiction over all violations of City ordinances and state misdemeanor cases. The Courts were 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 Courts are fiscally dependent on the City of Shreveport. The City has the ability to modify or approve their budget which comes from the General Fund. There are certain funds collected by the City Courts, pursuant to state statute, which are under the control of the courts. The City Courts serve 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 Courts. The Marshal has the power of a sheriff in the execution of the courts' 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. 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. 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.

Shreveport Convention Center Hotel Authority

The Shreveport Convention Center Hotel Authority is a public trust, created by state statute, with the City of Shreveport as beneficiary. The Authority is authorized to oversee the development and operation of the Shreveport Convention Center Hotel for the purpose of furthering economic development. There are five appointed trustees. The trustees are the Mayor, Chief Administrative Officer, City Council President, City Council Vice-President, and a citizen chosen at the discretion of the Mayor and approved by the City Council. The term of the Trustees shall be for as long as they hold the office enumerated, and the term of the citizen shall run concurrently with the mayoral term. 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 cannot access the Authority's resources but is the beneficiary of the residual assets of the termination of the trust. The City may provide financial support in the form of interim financing or guarantor of the Authority's debt. The boards are not substantively the same as the City. The Authority serves the citizenry of the City of Shreveport. The trust was created in 2002 but had no reportable transaction for the year ended December 31, 2002.

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 Courts
1244 Texas Avenue
Shreveport, Louisiana 71101

Shreveport Home Mortgage Authority
1400 Youree Drive
Shreveport, Louisiana 71101

City Marshal
1244 Texas Avenue
Shreveport, Louisiana 71101

Downtown Development Authority
400 Edwards Street
Shreveport, Louisiana 71101

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 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 assets 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 fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences are recorded only when payment is due.

Property taxes, sales taxes, franchise taxes, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items 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 Community Development Fund is responsible for programs to increase housing opportunities, assist in the creation of employment, develop business expansion and regulate codes enforcement.

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 1999A General Obligation Bond Fund accounts for proceeds of bonds issued for construction of a new convention center and multicultural museum.

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.

Additionally, the City reports the following fund types:

Internal Service Funds account for health care, risk management, and fleet 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.

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

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

D. Assets, Liabilities, and Net Assets or Equity

1. Deposits 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 sheets. 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 Statement of Investment Policy approved by the Mayor and Chief Administrative Officer authorizes the City to invest in the following types of securities:

Direct obligations of the U.S. government, including such instruments as treasury bills, treasury notes and treasury bonds.

Money market mutual funds registered with the Securities and Exchange Commission.

Fully-collateralized certificates of deposit issued by qualified commercial banks and savings and loan associations located within the State of Louisiana (classified as deposits for this footnote).

Repurchase agreements in government securities made with the primary dealers that report and are regulated by the Federal Reserve Bank of New York.

Louisiana Asset Management Pool which is authorized under Louisiana Revised Statute 33:1321.

The City is prohibited from investing in derivatives.

In addition to the above types of securities, the pension trust funds are authorized by the City's Statement of Investment Policies to invest in the following types of securities:

Corporate bonds - no lower than Baa rated.

Investment contracts and pooled accounts maintained by trust companies, banks and investment managers.

Stocks traded on a national stock exchange.

Short-term money market securities.

Investment policies require that securities underlying repurchase agreements must have a minimum excess of market value of securities over the principal amount of the investment. Securities must have a maturity of less than 3 years.

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. Reported inventories in the General Fund are equally offset by a reservation of fund balance with indicates that although inventories are a component of assets, they do not constitute "available spendable resources". Inventories in the Enterprise and Internal Service 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 enterprise fund revenue bonds, as well as certain resources set aside for their repayment, are classified as restricted assets on the balance sheet because their use is limited by applicable bond covenants. The bond construction funds are used to report those proceeds of revenue 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 estimated fair market 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.

The total interest expense incurred by Water and Sewerage was \$6,916,628. Of this amount \$2,606,352 was included as the cost of capital assets in construction in progress.

Property, plant, and equipment of the primary government is 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 assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt 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. Fund Equity

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

The following list describes the reservations and designations encountered in the governmental fund financial statements:

Reserved for Encumbrances

Encumbrances outstanding at year-end represent the estimated amount the City intends to honor as a commitment regardless of the lapse in the appropriation.

Reserved for Inventories

This amount represents the portion of fund balance that is not available spendable resources even though the inventories are a component of net current assets.

Reserved for Debt Service

Certain assets have been reserved in the Debt Service Fund for future payment of debt service.

Reserved for Endowments

This is an account to segregate monies donated for a City zoo. The City functions in a trustee capacity; however, due to the immaterial amount involved, it is carried in the General Fund.

Designated for Subsequent Year's Expenditures

The unreserved portion of fund balance designated for subsequent years' expenditures is the amount that has been set aside for future year's budgets.

Designated for Landfill Closure

The unreserved portion of fund balance designated for landfill closure is to provide for amounts to be required when the landfill closes.

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, certain Special Revenue Funds (Community Development and Riverfront Development), Capital Projects and Proprietary Funds. Formal budgetary integration is not employed for Debt Service Funds because effective budgetary control is alternatively achieved through general obligation bond indenture provisions. 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 with the following exceptions: (1) encumbrances (e.g. purchase orders, contracts) are treated as budgeted expenditures in the year of the commitment to purchase and (2) capital leases are not budgeted as expenditures at the inception of the leases.

All appropriations which are not expended or encumbered lapse at year end. Encumbrances outstanding at year end are reported as reservations of fund balances and are carried forward.

Revisions were made to the following governmental funds original budgets as follows:

	Original Budget including <u>Carry Forwards</u>	<u>Revisions</u>	Final Revised <u>Budget</u>
General Fund	\$145,751,635	\$ (721,828)	\$145,029,807
Community Development	24,445,264	6,038,700	30,483,964

Adjustments necessary to reconcile the excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses:

	<u>General</u>	<u>Community Development</u>
Net change in fund balance (Budget Basis)	\$(2,692,833)	\$(4,438,090)
Adjustments:		
Encumbrances	<u>2,407,492</u>	<u>4,321,339</u>
Net change in fund balance (GAAP Basis)	\$(<u>285,341</u>)	\$(<u>116,751</u>)

B. Excess of Expenditures over Appropriations

During 2002, based on the legally adopted level of control for budgetary purposes, the following funds had excess expenditures over appropriations:

General Fund

Other unclassified	
Contractual services	3,720
Interest and civic appropriations	289,316
Payments to component units	37,933
Public Works	
Contractual services	516,896
Culture and recreation	
Salaries, wages and employee benefits	34,734

Community Development

Codes Enforcement	
Materials and supplies	401

C. Deficit Fund Balance

Within the nonmajor capital project funds, under the heading of Miscellaneous General Obligation Bond Funds, there was one fund with a deficit fund balance. The 1983 General Obligation Bond Fund had a deficit of \$562,811. Budgeted revenues have not been fully funded to offset budgeted expenditures to date.

D. Violations of Finance-related Legal or Contractual Provisions

At December 31, 2002, the Municipal and Regional Airports Enterprise Fund was not in compliance with the provisions of the 1997 Airport System Revenue Bonds. The bond covenants require the Airport's net revenues to be at least 125% of the debt service during each fiscal year. The debt service coverage for 2002 was 1.08%. The Airport's management will take appropriate action as required by the bond agreement to bring the Airport debt covenant into compliance.

III. Detailed Notes on All Funds

A. Deposits and Investments

All deposits of the City are held by one financial institution. At year-end, the carrying amount of the City's deposits was \$20,745,296 and the bank balances were \$9,886,473. The difference is due to deposits in transit. Of the cash balance, \$9,886,473 was categorized as being insured by federal depository insurance or collateralized with securities held by the City's agent in the City's name.

Money market funds in the amount of \$33,456,662 were invested by the City's trustee and was held by the trustee's agent in the trustee's name.

Banks holding deposits and/or investments of the City 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.

The City's investments are categorized below to give an indication of the level of risk assumed by the City at year-end. Category 1 includes investments that are insured, registered, or for which the securities are held by the City or its agent in the City's name. Category 2 includes uninsured and unregistered investments for which the securities are held by the counterparty's trust department or agent in the City's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the counterparty, or by its trust department or agent but not in the City's name.

	Category			Reported Amount/ Fair Value
	1	2	3	
Repurchase agreements	\$ 54,024,597	\$ —	\$ —	\$ 54,024,597
U.S. Government securities	99,425,100	—	43,844,614	143,269,714
Common stock	—	—	67,134,878	67,134,878
Corporate bonds	—	—	47,647,690	47,647,690
	<u>\$153,449,697</u>	<u>\$ —</u>	<u>\$158,627,182</u>	312,076,879
Mutual funds				17,625,058
Louisiana Asset Management Pool (LAMP)				30,502,729
Money market funds				<u>33,456,662</u>
Total investments				393,661,328
Total deposits				<u>20,745,296</u>
Cash, cash equivalents and investments including restricted assets				<u>\$414,406,624</u>

The investments in category 3 are owned by the following funds:

Pension Trust	\$139,890,347	88.2%
2001 General Obligation Bond Capital Project	16,968,385	10.7
Municipal and Regional Airports	<u>1,768,450</u>	<u>1.1</u>
	<u>\$158,627,182</u>	<u>100.0%</u>

The Pension Trust fund investments are held by the City's fiscal agent bank as trustee. The pension trust funds are managed by fixed income and equity managers. The Department of Water and Sewerage and Municipal and Regional Airports' investments are the result of bond indentures which outline the requirements of accounts which hold funds for the benefit of bondholders. The Capital Projects' investments are held by a bank as trustee.

Investments in mutual funds and LAMP are not categorized above because they are not evidenced by securities that exist in physical or book entry form. LAMP, a local government investment pool, is administered by LAMP, Inc., a non-profit corporation organized under the laws of the State of Louisiana. While LAMP is not required to be a registered investment company under the Investment Company Act of 1940, its investment policies are similar to those established by Rule 2a-7, which governs registered money market funds. The LAMP portfolio includes only securities and other obligations in which local governments in Louisiana are authorized to invest. 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. LAMP is designed to be highly liquid to give participants immediate access to their account balances.

Discretely Presented Component Units - Deposits

	City Courts	City Marshal	Shreveport Home Mortgage Authority
Deposits - Carrying Amount	<u>\$2,543,147</u>	<u>\$1,721,604</u>	<u>\$1,991,185</u>
Deposits - Bank Balances			
Insured by federal depository insurance	476,310	429,471	-
Collateralized with securities held by pledging financial institution's trust department in the City Court's/City Marshal's name	3,225,578	1,812,506	-
Uncollateralized	<u>100,000</u>	<u>-</u>	<u>1,991,185</u>
Total Deposits-Bank Balances	<u>\$3,801,888</u>	<u>\$2,241,977</u>	<u>\$1,991,185</u>

Discretely Presented Component Units - Investments

Shreveport Home Mortgage Authority had the following Category 2 investments:

	<u>Reported Amount/ Fair Value</u>
1984 Issue (Single Family) - Bank One, MBank Investment Agreements	\$ 77,315
1995 Issue (Single Family - Refunding) - Bayerische Landesbank Investment Agreements	<u>724,877</u> <u>\$802,192</u>

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.

Property Tax Calendar

Assessment date	January 1, 2002
Levy date	Not later than June 1, 2002
Tax bills mailed	On or about November 15, 2002
Total taxes are due	December 31, 2002
Penalties and interest are added	January 1, 2003
Lien date	January 1, 2003
Tax sale - 2001 delinquent property	July 1, 2003

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 92.7% 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 revaluation of all property is required to be completed no less than every 4 years. A revaluation was completed for the tax roll of January 1, 2000.

C. Receivables

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

	General	Community Development	Debt Service	Water and Sewerage	Municipal and Regional Airports	Nonmajor and Other Funds	Total
Receivables:							
Interest	\$ --	\$ --	\$ --	\$ --	\$ --	\$ 601,461	\$ 601,461
Taxes	6,550,770	--	7,471,161	--	--	--	14,021,931
Accounts	7,250,115	1,817,241	--	6,668,276	988,208	1,619,522	18,343,362
Intergovernmental	10,096,782	1,843,871	211,114	--	1,355,842	1,175,841	14,683,450
Notes receivable	--	25,998,187	--	--	--	--	25,998,187
Gross receivables	23,897,667	29,659,299	7,682,275	6,668,276	2,344,050	3,396,824	73,648,391
Less: Allowance for uncollectibles	825,013	7,990,781	794,785	1,706,687	319,038	--	11,636,304
Net total receivables	\$ 23,072,654	\$ 21,668,518	\$ 6,887,490	\$ 4,961,589	\$ 2,025,012	\$ 3,396,824	\$ 62,012,087

The total of notes receivable is not expected to be collected within one year. Approximately 2.07% or \$537,987 will be collected in the next fiscal period and the balance in future years in accordance with the payment schedules.

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

Delinquent property taxes receivable (General Fund)	\$ 1,442,762
Delinquent property taxes receivable (Debt Service Fund)	2,122,254
Other deferrals including program notes receivable	<u>10,753,685</u>
Total deferred revenue for governmental funds	<u>\$14,318,701</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 Single Audit as mandated by OMB Circular A-133.

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

<u>Fund</u>	
General Fund	\$ 4,107,625
Special Revenue Funds:	
Community Development	9,051,138
Police Grants	1,334,435
Environmental Grants	375,098
Capital Projects Funds:	
Miscellaneous General Obligation Bond Funds	88,936
Enterprise Funds:	
Municipal and Regional Airports	5,319,486
Shreveport Area Transit System	2,277,413
Water and Sewerage	<u>329,579</u>
Totals	<u>\$22,883,710</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 to the following groups of employees: Fire Department \$1,839,555, Police Department \$1,706,922 and City Marshal (a component unit) \$140,108.

E. Capital Assets

Capital asset activity for the year ended December 31, 2002 was as follows:

Primary Government

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 73,659,827	\$ 5,260,590	(\$ 276,372)	\$ 78,644,045
Construction in progress	<u>187,745,453</u>	<u>24,117,279</u>	<u>(28,896,109)</u>	<u>182,966,623</u>
Total capital assets, not being depreciated	<u>261,405,280</u>	<u>29,377,869</u>	<u>(29,172,481)</u>	<u>261,610,668</u>
Capital assets, being depreciated:				
Buildings	79,436,963	15,162,077	—	94,599,040
Improvements other than buildings	24,681,127	8,405,548	—	33,086,675
Equipment	59,180,142	5,677,966	(1,580,147)	63,277,961
Infrastructure	<u>311,870,635</u>	<u>6,543,743</u>	<u>(541,147)</u>	<u>317,873,231</u>
Total capital assets being depreciated	<u>475,168,867</u>	<u>35,789,334</u>	<u>(2,121,294)</u>	<u>508,836,907</u>
Less accumulated depreciation for:				
Buildings	(28,977,333)	(1,894,469)	—	(30,871,802)
Improvements other than buildings	(12,443,036)	(1,454,196)	—	(13,897,232)
Equipment	(34,256,614)	(6,076,873)	1,580,147	(38,753,340)
Infrastructure	<u>(95,405,394)</u>	<u>(8,676,846)</u>	<u>541,147</u>	<u>(103,541,093)</u>
Total accumulated depreciation	<u>(171,082,377)</u>	<u>(18,102,384)</u>	<u>2,121,294</u>	<u>(187,063,467)</u>
Total capital assets, being depreciated, net	<u>304,086,490</u>	<u>17,686,950</u>	<u>—</u>	<u>321,773,440</u>
Governmental activities capital assets, net	<u>\$565,491,770</u>	<u>\$ 47,064,819</u>	<u>(\$29,172,481)</u>	<u>\$583,384,108</u>

Internal service funds predominately serve the governmental funds. Accordingly, their capital assets are included as part of the above totals for governmental activities.

	<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	\$ 16,636,506	\$ 3,203,878	\$ —	\$ 19,840,384
Construction in progress	<u>11,753,333</u>	<u>7,375,542</u>	<u>(16,085,097)</u>	<u>3,043,778</u>
Total capital assets, not being depreciated	<u>28,389,839</u>	<u>10,579,420</u>	<u>(16,085,097)</u>	<u>22,884,162</u>
Capital assets, being depreciated:				
Buildings	51,845,183	2,407,515	—	54,252,698
Improvements other than buildings	42,822,867	10,399,461	—	53,222,328
Equipment	<u>6,754,290</u>	<u>113,544</u>	<u>—</u>	<u>6,867,834</u>
Total capital assets being depreciated	101,422,340	12,920,520	—	114,342,860
Less accumulated depreciation for:				
Buildings	(19,252,615)	(1,132,775)	—	(20,385,390)
Improvements other than buildings	(31,791,747)	(1,063,448)	—	(32,855,195)
Equipment	(<u>6,025,710</u>)	(<u>189,781</u>)	<u>—</u>	(<u>6,215,491</u>)
Total accumulated depreciation	(<u>57,070,072</u>)	(<u>2,386,004</u>)	<u>—</u>	(<u>59,456,076</u>)
Total capital assets, being depreciated, net	<u>44,352,268</u>	<u>10,534,516</u>	<u>—</u>	<u>54,886,784</u>
Municipal and Regional Airports capital assets, net	<u>72,742,107</u>	<u>21,113,936</u>	<u>(16,085,097)</u>	<u>77,770,946</u>
Water and Sewerage:				
Capital assets, not being depreciated:				
Land	1,032,277	—	—	1,032,277
Construction in progress	<u>60,167,663</u>	<u>15,439,980</u>	<u>(12,693,893)</u>	<u>62,913,750</u>
Total capital assets, not being depreciated	<u>61,199,940</u>	<u>15,439,980</u>	<u>(12,693,893)</u>	<u>63,946,027</u>
Capital assets, being depreciated:				
Equipment	10,094,457	367,585	(47,628)	10,414,414
Distribution and collection systems	<u>327,789,364</u>	<u>13,690,214</u>	<u>(35,420)</u>	<u>341,444,158</u>
Total capital assets being depreciated	337,883,831	14,057,799	(83,048)	351,858,572
Less accumulated depreciated for:				
Equipment	(8,866,214)	(820,919)	527	(9,686,606)
Distribution and collection systems	(<u>109,355,435</u>)	(<u>7,074,722</u>)	<u>40,844</u>	(<u>116,389,313</u>)
Total accumulated depreciation	(<u>118,221,649</u>)	(<u>7,895,641</u>)	<u>41,371</u>	(<u>126,075,919</u>)
Total capital assets, being depreciated, net	<u>219,662,172</u>	<u>6,162,158</u>	<u>(41,677)</u>	<u>225,782,653</u>
Water and sewerage capital assets, net	<u>280,862,112</u>	<u>21,602,138</u>	<u>(12,735,570)</u>	<u>289,728,680</u>

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Other business-type activity programs:				
Capital assets, not being depreciated:				
Land	1,940,408	-	-	1,940,408
Construction in progress	<u>175,738</u>	<u>2,368,248</u>	<u>(2,261,101)</u>	<u>282,885</u>
Total capital assets, not being depreciated	2,116,146	2,368,248	(2,261,101)	2,223,293
Capital assets, being depreciated:				
Buildings	8,439,861	41,061	-	8,480,922
Improvements other than buildings	548,665	-	-	548,665
Equipment	<u>11,037,063</u>	<u>165,912</u>	<u>-</u>	<u>11,202,975</u>
Total capital assets being depreciated	20,025,589	206,973	-	20,232,562
Less accumulated depreciation for:				
Buildings	(1,705,150)	(224,188)	-	(1,929,338)
Improvements other than buildings	(125,870)	(23,291)	-	(149,161)
Equipment	<u>(8,027,427)</u>	<u>(568,201)</u>	<u>-</u>	<u>(8,595,628)</u>
Total accumulated depreciation	<u>(9,858,447)</u>	<u>(815,680)</u>	<u>-</u>	<u>(10,674,127)</u>
Total capital assets, being depreciated, net	<u>10,167,142</u>	<u>(608,707)</u>	<u>-</u>	<u>9,558,435</u>
Other enterprise funds capital assets, net	<u>12,283,288</u>	<u>1,759,541</u>	<u>(2,261,101)</u>	<u>11,781,728</u>
Business-type activities capital assets, net	<u>\$365,887,507</u>	<u>\$44,475,615</u>	<u>(\$31,081,768)</u>	<u>\$379,281,354</u>

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

Governmental activities:

General government	\$ 447,975
Public safety	3,968,313
Public works, including depreciation of general infrastructure assets	10,173,027
Community development	209,811
Culture and recreation	3,234,715
Capital assets held by the City's internal service funds are charged to the various functions based on their usage of the assets	<u>68,543</u>

Total depreciation expense-governmental activities \$18,102,384

Business-type activities:

Municipal and Regional Airports	\$ 2,386,004
Water and Sewerage	7,895,641
Shreveport Area Transit System	724,980
Golf	<u>90,700</u>

Total depreciation expense-business-type activities \$11,097,325

Construction commitments

The government has active major construction projects as of December 31, 2002. The projects include the Convention Complex, various 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</u>	<u>Remaining Commitment</u>	<u>Financing Sources</u>
Wastewater Treatment Plant Expansion	\$19,289,933	Water and Sewer Operating and Revenue Bonds
AMISS Water Treatment Plant, Plants I & II Filter Improvements	469,985	Water and Sewer Revenue Bonds and State of Louisiana Grant Funds
Far Part 150 Property Acquisitions	2,324,738	FAA Grants and LADOT Grants
2000 SPORTRAN Capital Improvements	1,158,749	Federal Transportation Administration
2001 SPORTRAN Capital Improvements	810,000	Federal Transportation Administration
2002 SPORTRAN Capital Improvements	1,332,103	Federal Transportation Administration
Riverfront Convention Complex	72,859,391	General Obligation Bonds and American Tower Proceeds
Shreve Industrial Park Roadways	806,526	General Obligation Bonds
Downtown Gateway Improvements	1,471,790	General Obligation Bonds
Street Projects for Economic Development	<u>983,764</u>	General Obligation Bonds
Total	<u>\$101,506,979</u>	

Discretely presented component unit

Activity for the Metropolitan Planning Commission for the year ended December 31, 2002 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital assets, not being depreciated:				
Land	\$ 704,514	\$ —	\$ —	\$ 704,514
Capital assets, being depreciated:				
Improvements other than buildings	999,234	—	—	999,234
Equipment	<u>192,323</u>	<u>34,795</u>	<u>(19,786)</u>	<u>207,332</u>
Totals, capital assets being depreciated	1,191,557	34,795	(19,786)	1,206,566
Less accumulated depreciation for:				
Improvements other than buildings	(688,519)	(43,062)	—	(731,581)
Equipment	<u>(124,184)</u>	<u>(20,058)</u>	<u>19,786</u>	<u>(124,456)</u>
Total accumulated depreciation	<u>(812,703)</u>	<u>(63,120)</u>	<u>19,786</u>	<u>(856,037)</u>
Total capital assets, being depreciated, net	<u>378,854</u>	<u>(28,325)</u>	<u>—</u>	<u>350,529</u>
MPC capital assets, net	<u>\$1,083,368</u>	<u>(\$28,325)</u>	<u>\$ —</u>	<u>\$1,055,043</u>

All depreciation was charged to planning and zoning.

F. Interfund Receivables, Payables, and Transfers

The composition of interfund balances as of December 31, 2002 is as follows:

Due to/from other funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Community Development	General Fund	\$ 200,000
General Fund	Municipal and Regional Airport	23,948
	Community Development	526,785
1999A General Obligation Bonds	Nonmajor governmental funds	800,000
Nonmajor governmental funds	Fleet services	124,019
	General Fund	3,439,736
	Nonmajor governmental funds	3,898,785
	Fiduciary funds	7,272,317
Nonmajor enterprise funds	General Fund	1,103,969
Internal service funds	General Fund	2,733,151
	Water and Sewerage	804,687
	Municipal and Regional Airport	13,185
Fiduciary funds	General Fund	477,156
Total		<u>\$21,417,738</u>

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.

Interfund transfers:

	<u>Transfer out:</u>				<u>Total</u>
	<u>General Fund</u>	<u>Community Development</u>	<u>Nonmajor Governmental Fund</u>	<u>Water and Sewer</u>	
General Fund	\$ —	\$ —	\$ 2,124,807	\$900,000	\$ 3,024,807
Community Development	1,701,260	—	—	—	1,701,260
Debt Service	8,193,994	—	8,382,796	—	16,576,790
Nonmajor governmental	103,400	1,182,489	5,836,505	—	7,122,394
Nonmajor enterprise	<u>3,800,527</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>3,800,527</u>
Total transfers	<u>\$13,799,181</u>	<u>\$1,182,489</u>	<u>\$16,344,108</u>	<u>\$900,000</u>	<u>\$32,225,778</u>

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend 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 December 2002, the City entered into a lease agreement for \$5,730,000 as lessee for financing the acquisition of equipment with no down payment. This lease agreement qualified as a capital lease for accounting purposes and, therefore, has been recorded at the present value of the future minimum lease payments as of the inception date. The payment schedule below also includes the 2001 capital lease.

The assets acquired through the capital leases follow:

	<u>Governmental Activities</u>	<u>Water and Sewerage</u>
Equipment	\$6,181,074	\$254,642

The future minimum lease obligations and the net present value of these minimum lease payments as of December 31, 2002 were as follows:

<u>Ending December 31,</u>	<u>Governmental Activities</u>	<u>Water and Sewerage</u>
2003	\$1,360,183	\$ 59,628
2004	1,360,183	59,628
2005	1,360,183	59,628
2006	1,360,183	59,628
2007	<u>1,360,185</u>	<u>59,629</u>
Total minimum lease payments	6,800,917	298,141
Less: amount representing interest	(<u>619,843</u>)	(<u>43,499</u>)
Present value of minimum lease payments	<u>\$6,181,074</u>	<u>\$254,642</u>

H. Long-term Debt

Changes in long-term liabilities

Long-term liability activity for the year ended December 31, 2002 was as follows:
(in thousands of dollars)

	<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	\$313,814	\$ —	(\$ 19,869)	\$ 293,945	\$ 15,644
Unamortized discount	(10,531)	—	2,822	(7,709)	(26)
Certificate of indebtedness	47,460	—	(4,235)	43,225	4,440
Installment purchase agreement	2,767	—	(1,250)	1,517	1,000
Capital lease	451	5,730	—	6,181	1,222
Notes	37,780	—	(779)	37,001	828
Arbitrage	2,311	—	(1,307)	1,004	—
Net pension obligation	245	—	(3)	242	—
Landfill postclosure care	1,693	179	(—)	1,872	—
Claims and judgments	5,750	14,749	(9,784)	10,715	10,715
Compensated absences	<u>1,868</u>	<u>470</u>	<u>(381)</u>	<u>1,957</u>	<u>418</u>
Governmental activity (Less: Community Development)	403,608	21,128	(34,786)	389,950	34,241
Community Development notes	<u>9,995</u>	<u>—</u>	<u>(757)</u>	<u>9,238</u>	<u>774</u>
Total long-term liabilities	<u>\$413,603</u>	<u>\$21,128</u>	<u>(\$35,543)</u>	<u>\$399,188</u>	<u>\$ 35,015</u>
	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Business-type activities:					
Municipal and Regional Airports:					
Revenue bonds	\$ 24,660	\$ —	(\$ 485)	\$ 24,175	\$ —
Notes	4,800	—	(300)	4,500	300
Compensated absences	<u>114</u>	<u>32</u>	<u>(21)</u>	<u>125</u>	<u>23</u>
Municipal and Regional Airports - long-term liabilities	<u>29,574</u>	<u>32</u>	<u>(806)</u>	<u>28,800</u>	<u>323</u>
Water and Sewerage:					
General obligation bonds	705	—	(175)	530	176
Unamortized discount - General obligation bonds	(92)	43	—	(49)	(1)
Revenue bonds	128,755	29,224	(36,785)	121,194	7,804
Unamortized discount - Revenue bonds	(10,105)	(4,920)	10,157	(4,868)	—
Less deferred amounts on refunding	(788)	(919)	(66)	(1,773)	(177)
Plus deferred call premium	<u>—</u>	<u>176</u>	<u>(3)</u>	<u>173</u>	<u>19</u>
Total bonds payable	118,475	23,604	(26,872)	115,207	7,821
Capital lease	255	—	—	255	45
Compensated absences	<u>399</u>	<u>113</u>	<u>(83)</u>	<u>429</u>	<u>93</u>
Water and Sewerage - long-term liabilities	<u>119,129</u>	<u>23,717</u>	<u>(26,955)</u>	<u>115,891</u>	<u>7,959</u>
Other business-type activity programs:					
Compensated absences	<u>215</u>	<u>183</u>	<u>(178)</u>	<u>220</u>	<u>182</u>
Other enterprise funds - long-term liabilities	<u>215</u>	<u>183</u>	<u>(178)</u>	<u>220</u>	<u>182</u>
Business-type activity long-term liabilities	<u>\$148,918</u>	<u>\$23,932</u>	<u>(\$ 27,939)</u>	<u>\$144,911</u>	<u>\$ 8,464</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 85% of these costs. At year end \$96,496 of internal service funds compensated absences are included in the above amounts. For the governmental activities, the balance of compensated absences are generally liquidated by the General Fund. Arbitrage, net pension 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 except for the Airport debt coverage covenant discussed in Note IID.

State law allows a maximum of 10% of the assessed valuation for general obligation 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 valuation. A total of approximately \$67,134,258 of additional general obligation bonded debt is available for issuance on a total assessed valuation of \$946,647,780 pursuant to the 35% limitation. Included in the total assessed valuation of property within the City is \$8,096,520 of assessed valuation which has been adjudicated to Caddo Parish. The table below shows the computation of the City's legal debt margin calculated at 10% of assessed valuation as of December 31, 2002.

	<u>Debt limit - 10% of assessed value for any one purpose</u>	<u>Deduct - Amount of debt applicable to debt limit</u>	<u>Legal Debt margin</u>
Street Improvements	\$94,664,778	\$89,033,874	\$ 5,630,904
Police and Fire	94,664,778	28,943,407	65,721,371
Water and Sewer Improvements	94,664,778	100,880	94,563,898
Parks and Recreation	94,664,778	15,919,795	78,744,983
Public Buildings	94,664,778	81,606,538	13,058,240
Drainage	94,664,778	43,370,912	51,293,866
Sanitation and Incinerator	94,664,778	129,820	94,534,958
Industrial Bond	94,664,778	14,884	94,649,894
Airports	94,664,778	63,877	94,600,901
Sportran	94,664,778	628,496	94,036,282
Riverfront Park	94,664,778	4,379,981	90,284,797

The annual requirements to amortize all debt outstanding as of December 31, 2002, including interest requirements are as follows:

	Maturities (thousands of dollars)					
	Total	2003	2004	2005	2006	2007
PRINCIPAL REQUIREMENTS:						
GENERAL OBLIGATION DEBT:						
General Obligation Bonds Applicable to:						
All Purposes other than Water and Sewerage:						
1985A Refunding Issue - 5.00-9.375%	\$10,320	\$3,429	\$3,448	\$3,443	\$ --	\$ --
Less: Unamortized Discount	(950)	(26)	(326)	(598)	--	--
	<u>9,370</u>	<u>3,403</u>	<u>3,122</u>	<u>2,845</u>	<u>--</u>	<u>--</u>
1987A Refunding Issue - 5.00-8.30%	27,460 (1)	--	4,855	4,845	4,840	3,230
Less: Unamortized Discount	(6,759)	--	(373)	(719)	(1,042)	(897)
	<u>20,701</u>	<u>--</u>	<u>4,482</u>	<u>4,126</u>	<u>3,798</u>	<u>2,333</u>
1993 Issue - 5.00-9.00%	720	720	--	--	--	--
1993 Refunding Issue - 2.70-5.50%	5,565	700	745	785	835	885
1993B Issue - 2.70-5.50%	12,875	880	930	990	1,035	1,095
1995 Refunding Issue - 3.90-5.43%	11,210	1,125	1,185	1,260	1,335	1,415
1996 Issue - 8.00-5.95%	12,380	580	615	655	695	740
1997 Issue - 8.00-5.40%	21,145	915	970	1,025	1,085	1,150
1998 Issue - 8.00-5.00%	21,935	880	930	980	1,035	1,095
1998 Refunding Issue - 3.65-4.85%	10,000	895	940	1,000	1,040	1,095
1999 Issue - 4.50-5.07%	36,215	1,385	1,455	1,530	1,610	1,695
1999A Issue - 5.00-6.125%	81,510	2,980	3,145	3,325	3,510	3,710
1999 Refunding Issue - 4.00-5.00%	10,630	85	850	890	930	975
2001A Issues - 3.45-5.50%	31,980	1,070	1,120	1,175	1,230	1,290
Water and Sewerage						
1985A Refunding Issue - 5.00-9.375%	530	176	177	177	--	--
Less: Unamortized Discount	(49)	(1)	(17)	(31)	--	--
	<u>481</u>	<u>175</u>	<u>160</u>	<u>146</u>	<u>--</u>	<u>--</u>
Total General Obligation Bonds	286,717	15,793	20,649	20,732	18,138	17,478
General Obligation Notes						
1998A Certificate of Indebtedness - 4.65-5.00%	30,270	--	--	--	760	3,445
1998B Certificate of Indebtedness - 5.79-6.48%	11,115	2,700	2,870	3,055	2,490	--
1998C Certificate of Indebtedness - 3.90-4.45%	1,597	1,597	--	--	--	--
1999 Certificate of Indebtedness - 4.75-7.00%	210	110	100	--	--	--
Installment purchase agreement - 4.4%	1,517	1,000	517	--	--	--
1999 City Hall Project Notes - 4.75-7.00%	6,870	610	645	680	715	755
Property Acquisition - 4.77%	286	48	52	57	62	67
2000 Independence Stadium - Variable	24,870	140	140	145	150	155
2000 Independence Stadium - Variable	4,975	30	30	30	30	30
Municipal Airport	4,500	300	300	300	300	300
Fleet Services - 3.90%-4.45%	33	33	--	--	--	--
Capital Lease - 5.29%	451	79	86	91	95	100
Suntrust Lease/Purchase	5,730	1,143	1,085	1,125	1,167	1,210
Capital Lease - Water and Sewerage - 5.29%	255	45	48	51	54	57
Total General Obligation Debt	379,396	23,628	26,522	26,266	23,961	23,597
REVENUE BONDS --						
Municipal and Regional Airports						
1997A Issue - 5.375%	7,390	--	--	--	--	--
1997B PFC Issue - 4.20-5.375%	16,785 (2)	--	510	530	555	580
Total Revenue Bonds - Airports	24,175	--	510	530	555	580
Water and Sewerage						
1986A Refunding Issue - 5.95%	40,940	--	--	6,440	7,000	5,500
Less: Deferred Amount on Refunding	(1,151)	(97)	(97)	(97)	(97)	(97)
Plus: Deferred Amount on Restructuring Escrow	781	66	66	66	66	66
	<u>40,570</u>	<u>(31)</u>	<u>(31)</u>	<u>6,409</u>	<u>6,969</u>	<u>5,469</u>

2008- 2012	2013- 2017	2018- 2022	2023- 2027	2028- 2032
\$ --	\$ --	\$ --	\$ --	\$ --
--	--	--	--	--
--	--	--	--	--
9,690	--	--	--	--
(3,728)	--	--	--	--
5,962	--	--	--	--
--	--	--	--	--
1,615	--	--	--	--
6,440	1,505	--	--	--
4,890	--	--	--	--
4,445	4,650	--	--	--
6,860	9,140	--	--	--
6,480	8,530	2,005	--	--
5,030	--	--	--	--
9,860	12,660	6,020	--	--
21,950	28,910	13,980	--	--
5,600	1,300	--	--	--
7,435	9,395	9,265	--	--
--	--	--	--	--
--	--	--	--	--
--	--	--	--	--
86,567	76,090	31,270	--	--
20,070	5,995	--	--	--
--	--	--	--	--
--	--	--	--	--
--	--	--	--	--
--	--	--	--	--
3,465	--	--	--	--
--	--	--	--	--
1,085	2,635	5,000	15,420	--
215	530	995	3,085	--
1,500	1,500	--	--	--
--	--	--	--	--
--	--	--	--	--
--	--	--	--	--
112,902	86,750	37,265	18,505	--
--	--	--	5,715	1,675
3,350	4,265	5,525	1,470	--
3,350	4,265	5,525	7,185	1,675
15,700	6,300	--	--	--
(483)	(183)	--	--	--
328	123	--	--	--
15,545	6,240	--	--	--

		Maturities (thousands of dollars)				
	<u>Total</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
1993B Issue - 4.25-9.00%	7,130	470	500	530	565	600
1994A Issue - 5.13-9.00%	20,265	1,235	1,305	1,375	1,450	1,530
1997A Refunding Issue - 4.00-5.40%	5,820	55	230	905	950	845
Less: Deferred Amount on Refunding	(356)	(30)	(30)	(30)	(30)	(30)
	<u>5,464</u>	<u>25</u>	<u>200</u>	<u>875</u>	<u>920</u>	<u>815</u>
2000A Issue - 5.00-7.00%	9,515	225	240	255	265	280
2001A Issue - 3.95%	7,000	235	245	255	265	275
2001B Issue - 3.95%	2,607	235	245	255	265	275
2001C Issue - 3.95%	74	74	--	--	--	--
2002A Issue - 3.95%	1,664	--	908	756	--	--
2002B Issue - 3.95%	89	--	89	--	--	--
2002A Refunding Issue - 4.00-4.65%	26,090	5,275	4,090	--	--	170
Less: Unamortized Discount	(4,868)	--	--	--	--	(31)
Less: Deferred Amount on Refunding	(1,047)	(116)	(116)	(116)	(116)	(116)
Plus: Unamortized Reoffer Call Premium	173	19	19	19	19	19
	<u>20,348</u>	<u>5,178</u>	<u>3,993</u>	<u>(97)</u>	<u>(97)</u>	<u>42</u>
Total Revenue Bonds -- Water and Sewerage	<u>114,726</u>	<u>7,646</u>	<u>7,694</u>	<u>10,613</u>	<u>10,602</u>	<u>9,286</u>
Total Principal	<u>518,297</u>	<u>31,274</u>	<u>34,726</u>	<u>37,409</u>	<u>35,118</u>	<u>33,463</u>
INTEREST REQUIREMENTS:						
General Obligation Debt	150,967	16,115	15,812	15,486	14,250	13,082
Revenue Bonds						
Water and Sewerage	45,809	5,670	5,310	4,950	4,367	3,794
Municipal and Regional Airports	19,969 (2)	--	1,258	1,235	1,211	1,185
Total Interest Requirements	<u>216,745</u>	<u>21,785</u>	<u>22,380</u>	<u>21,671</u>	<u>19,828</u>	<u>18,061</u>
Total Future Debt Requirements	<u>\$735,042</u>	<u>\$53,059</u>	<u>\$57,106</u>	<u>\$59,080</u>	<u>\$54,946</u>	<u>\$51,524</u>

(1) The principal and interest for the 1987A General Obligation Bond Issues which were due January 1, 2003 were paid as of December 31, 2002; therefore, there were no requirements for 2003.

(2) The principal and interest for the 1997B PFC Revenue Bonds due January 1, 2003 were paid as of December 31, 2002; therefore, there were no requirements for 2003.

<u>2008- 2012</u>	<u>2013- 2017</u>	<u>2018- 2022</u>	<u>2023- 2027</u>	<u>2028- 2032</u>
3,605	860	--	--	--
9,025	4,345	--	--	--
2,085	750	--	--	--
(149)	(57)	--	--	--
<u>1,936</u>	<u>693</u>	<u>--</u>	<u>--</u>	<u>--</u>
1,680	2,215	2,935	1,420	--
1,555	1,880	2,290	--	--
1,332	--	--	--	--
--	--	--	--	--
--	--	--	--	--
--	--	--	--	--
16,555	--	--	--	--
(4,837)	--	--	--	--
(467)	--	--	--	--
78	--	--	--	--
<u>11,329</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
<u>46,007</u>	<u>16,233</u>	<u>5,225</u>	<u>1,420</u>	<u>--</u>
<u>162,259</u>	<u>107,248</u>	<u>48,015</u>	<u>27,110</u>	<u>--</u>
49,069	21,180	4,318	1,655	--
16,960	3,428	1,205	125	--
5,481	4,558	3,303	1,646	92
<u>71,510</u>	<u>29,166</u>	<u>8,826</u>	<u>3,426</u>	<u>92</u>
<u><u>\$233,769</u></u>	<u><u>\$136,414</u></u>	<u><u>\$56,841</u></u>	<u><u>\$30,536</u></u>	<u><u>\$92</u></u>

The Shreveport Home Mortgage Authority has debt that is significant in proportion to the total debt of all component units. The annual requirements to amortize all debt outstanding as of December 31, 2002, including interest requirements are as follows:

	Maturities (thousands of dollars)										
	Total	2003	2004	2005	2006	2007	2008- 2012	2013- 2017	2018- 2022	2023- 2027	2028- 2032
Bond Issues:											
1984 Single Family	\$1,220	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$1,220	\$ --	\$ --	\$ --
1988 Refunding	6,257	2,263	2,439	1,555	--	--	--	--	--	--	--
1995 Multi-Family	4,360	--	--	--	--	--	--	--	--	4,360	--
1995 Single Family	5,365	--	--	--	--	--	--	--	--	--	5,365
Total principal on bonds	17,202	2,263	2,439	1,555	--	--	--	1,220	--	4,360	5,365
Less:											
Unamortized discount	2,121	428	462	294	--	--	--	937	--	--	--
Net principal	15,081	1,835	1,977	1,261	--	--	--	283	--	4,360	5,365
Total Interest	15,378	957	798	637	601	601	3,005	3,005	3,005	2,447	322
Total Future Debt Requirements	\$30,459	\$2,792	\$2,775	\$1,898	\$601	\$601	\$3,005	\$3,288	\$3,005	\$6,807	\$5,687

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. As discussed in the following paragraphs, certain of the bond issues are currently being paid from sources other than ad valorem tax levies; however, ad valorem taxes are pledged should payment not be made from those other sources.

Certain of the general obligation bonds were issued for capital improvements of the Department of Water and Sewerage. The entire amount of future debt service relating to these bond issues will be paid from the operations of the Department of Water and Sewerage. Accordingly, this debt has been included in the financial statements of the Enterprise Funds.

On December 1, 1985, the City issued \$125,781,623 in General Obligation Refunding Bonds, Series 1985 of which \$6,660,000 were recorded on the financial statements of the Department of Water and Sewerage Fund. The proceeds, along with other monies from the City, were used to refund all prior outstanding general obligation bonds except for one series of the 1962 bonds which were issued to finance an industrial plant which was leased to a private entity. The refunded bonds are considered to be defeased and have been removed from the City's financial statements. The principal outstanding at December 31, 2002 on the bonds refunded was \$9,265,000.

On July 17, 1987, the City issued \$17,203,141 in General Obligation Refunding Bonds, Series 1987 to advance refund \$17,100,000 of outstanding 1986 Series A Bonds. The City advance refunded the 1986 Series A Bonds to reorganize its debt structure in anticipation of future bond issues. The 1986 Series A Bonds are considered to be defeased and have been removed from the City's financial statements. The principal outstanding at December 31, 2002 on the bonds refunded was \$5,605,000.

In September 1993, the City issued \$8,200,000 in General Obligation Refunding Bonds, Series 1993 to advance refund a portion of the outstanding 1987 and 1989A bonds. The bonds refunded were \$1,025,000 of the 1987 bonds which mature February 1, 1998 to February 1, 2007 inclusive and \$6,060,000 of the 1989A bonds which mature January 1, 2000 to January 1, 2009 inclusive. Those portions of the 1987 and 1989A bonds are considered to be defeased and have been removed from the City's financial statements. The principal outstanding at December 31, 2002 on the bonds refunded was \$5,355,000.

In January 1996, the City issued \$13,805,000 in General Obligation Refunding Bonds, Series 1995 to advance refund a portion of the outstanding 1990A bonds. The bonds refunded were \$12,765,000 of the 1990A bonds which mature February 1, 2001 to February 1, 2010. That portion of the 1990A bonds are considered to be defeased and have been removed from the City's financial statements. The principal outstanding at December 31, 2002 on the bonds refunded was \$10,945,000.

In March 1999, the City issued \$10,875,000 in General Obligation Refunding Bonds, Series 1999 to advance refund a portion of the outstanding 1993 bonds. The bonds refunded were \$10,330,000 of the 1993 bonds which mature February 1, 2004 through February 1, 2013. That portion of the 1993 bonds are considered to be defeased and have been removed from the City's financial statements. The principal outstanding at December 31, 2002 on the refunded bonds was \$10,330,000.

General Obligation Note

During 1988, the City executed an agreement for a \$7,000,000 loan for the purpose of constructing facilities at the regional airport. The loan is noninterest bearing and has a 30-year term. Payments on the loan are payable from a lease which expires prior to the maturity of the loan. Current assets will be set aside to cover payments during the last six years of the loan. The note is recorded in the financial statements of the Municipal and Regional Airports in the Enterprise Funds.

In March 2000, the City entered into a Loan Agreement for \$25,000,000 with the Louisiana Local Government Environmental Facilities and Community Development Authority. The Authority issued \$25,000,000 of its Revenue Bonds (City of Shreveport/Independence Stadium Project) Series 2000 for the purpose of constructing, renovating, and equipping improvements to Independence Stadium, including equipment, furnishings, fixtures, and facilities incidental or necessary and paying the costs of issuance of the bonds. Principal payments range from \$130,000 to \$2,565,000 with maturity dates from 2002 through 2030. The bonds were initially issued in the weekly rate mode which shall be the lowest rate that would, in the opinion of the remarketing agent, result in the market value of the bonds being 100% of the principal amount on the interest determination date. Any bond may be converted to a different interest mode and different bonds may be in different interest rate modes at the same time. Through the loan agreement, the City agrees to make these payments from any lawfully available funds and to budget these amounts annually. The debt schedule for annual requirements assumes an interest rate of 1.65% which was the rate in effect at December 31, 2002 as determined by the remarketing agent. During 2002, the City paid an average interest rate of 1.51%.

The bonds are subject to purchase on demand of the holder on any business day at a price equal to the principal plus accrued interest on seven days notice and delivery to the City's remarketing agent, Chase Securities of Texas, Inc. The remarketing agent shall use its best efforts to remarket the bonds purchased, including on an ongoing basis any bonds purchased by the bank pursuant to the standby purchase agreement.

Under a standby purchase agreement with The Chase Manhattan Bank, the trustee is entitled to draw an amount sufficient to pay the purchase price of tendered bonds which have not been remarketed. At December 31, 2002, the agreement is equal to the sum of (a) \$24,870,000 aggregate principal amount and (b) \$357,719 of interest at 15% for 35 days. The agreement is valid through June 13, 2003, but may be extended on a yearly basis by agreement between the City and the bank. Interest is payable at the "Bank Interest Rate" which is the greater of the bank's prime rate or the federal funds rate plus ½ of 1% prior to the date amounts are due and payable and 2% above the "Bank Interest Rate" in effect after the amounts are due and payable provided however, that the rate shall not exceed the lesser of 15% or the amount permitted by law.

If bank bonds are outstanding at least sixty days following the termination or expiration of the purchase agreement and until such time as bank bonds are no longer outstanding, the City agrees to redeem the bonds on each March 1st and September 1st in ten equal installments of principal plus accrued interest on the aggregate amount at the "Bank Interest Rate" on the first business day of each calendar month.

At December 31, 2002, there were no draws outstanding under the standby purchase agreement. If the balance of the issue was converted to a five-year semi-annual installment loan, the semi-annual payments would be \$2,786,829, assuming a 4.25% interest rate which is the bank's prime rate at December 31, 2002.

The City is required to pay a fee of .125% of the average aggregate principal amount of bonds outstanding for the remarketing agreement on a quarterly basis in advance. For the standby purchase agreement, the City pays a fee of .16% on the daily amount of available commitment and any out-of-pocket expenses. Fees are due on a quarterly basis.

In December 2000, the City entered into a Loan Agreement for \$5,000,000 with the Louisiana Local Government Environmental Facilities and Community Development Authority. The Authority issued \$5,000,000 of its Revenue Bonds (City of Shreveport/Independence Stadium Project) Series 2000A for the purpose of constructing, renovating, and equipping improvements to Independence Stadium, including equipment, furnishings, fixtures, and facilities incidental or necessary and paying the costs of issuance of the bonds. Principal payments range from \$25,000 to \$515,000 with maturity dates from 2002 through 2030. The bonds were initially issued in the weekly rate mode which shall be the lowest rate that would, in the opinion of the remarketing agent, result in the market value of the bonds being 100% of the

principal amount on the interest determination date. Any bond may be converted to a different interest mode and different bonds may be in different interest rate modes at the same time. Through the loan agreement, the City agrees to make these payments from any lawfully available funds and to budget these amounts annually. The debt schedule for annual requirements assumes an interest rate of 1.65% which was the rate in effect at December 31, 2002 as determined by the remarketing agent. During 2001, the City paid an average interest rate of 1.51%.

The bonds are subject to purchase on demand of the holder on any business day at a price equal to the principal plus accrued interest on seven days notice and delivery to the City's remarketing agent, Chase Securities of Texas, Inc. The remarketing agent shall use its best efforts to remarket the bonds purchased, including on an ongoing basis any bonds purchased by the bank pursuant to the standby purchase agreement.

Under a standby purchase agreement with The Chase Manhattan Bank, the trustee is entitled to draw an amount sufficient to pay the purchase price of tendered bonds which have not been remarketed. At December 31, 2002, the agreement is equal to the sum of (a) \$4,975,000 aggregate principal amount and (b) \$71,558 of interest at 15% for 35 days. The agreement is valid through June 13, 2003, but may be extended on a yearly basis by agreement between the City and the bank. Interest is payable at the "Bank Interest Rate" which is the greater of the banks prime rate or the federal funds rate plus $\frac{1}{2}$ of 1% prior to the date amounts are due and payable and 2% above the "Bank Interest Rate" in effect after the amounts are due and payable provided however, that the rate shall not exceed the lesser of 15% or the amount permitted by law.

If bank bonds are outstanding at least sixty days following the termination or expiration of the purchase agreement and until such time as bank bonds are no longer outstanding, the City agrees to redeem the bonds on each March 1st and September 1st in ten equal installments of principal plus accrued interest on the aggregate amount at the "Bank Interest Rate" on the first business day of each calendar month.

At December 31, 2002, there were no draws outstanding under the standby purchase agreement. If the entire issue was converted to a five-year semi-annual installment loan, the semi-annual payments would be \$557,478, assuming a 4.25% interest rate which is the bank's prime rate at December 31, 2002.

The City is required to pay a fee of .125% of the average aggregate principal amount of bonds outstanding for the remarketing agreement on a quarterly basis in advance. For the standby purchase agreement, the City pays a fee of .16% on the daily amount of available commitment and any out-of-pocket expenses. Fees are due on a quarterly basis.

Community Development Notes

The City has four Section 108 Housing and Urban Development (HUD) guaranteed loans created for the purpose of assisting in local development. The notes 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 note 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 note to HUD.

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

<u>Year Ending</u> <u>December 31</u>	<u>Principal</u>	<u>Interest</u>
2003	\$774,000	\$567,842
2004	799,000	527,581
2005	814,000	483,926
2006	839,000	437,960
2007	859,000	389,469
2008-2012	2,795,000	1,354,496
2013-2017	2,098,000	457,715
2018-2019	<u>260,000</u>	<u>30,997</u>
Total	<u>\$9,238,000</u>	<u>\$4,249,986</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 assets of the Municipal and Regional Airport fund have been restricted in accordance with the provisions of the respective bond indentures in the amount of \$1,770,716 at December 31, 2002, 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. In 2002, the Airport did not meet the 125% requirement. Reference Note II.D. for full disclosure.

Restricted assets on the balance sheet 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, 2002 follows:

<u>Fund</u>	
PFC Reserved for Capital Projects	\$ 212,250
Debt Service Reserve Funds	2,097,990
Other Miscellaneous Reserve Funds	573,586
Bond and Interest Sinking Funds	<u>22,176</u>
Total restricted assets	<u>\$2,906,002</u>

Department of Water and Sewerage Revenue Bonds

During September 1986, the City issued \$31,080,000 in Water and Sewer Revenue Bonds (1986 Series B) to advance refund \$23,715,000 of the 1984 Series A Bonds. The 1984 Series A Bonds are considered to be defeased and have been removed from the City's financial statements. The principal outstanding at December 31, 2002 on the bonds refunded was \$2,025,755.

During 2002, an additional \$1,382,583 of bonds were purchased by the Louisiana Department of Environmental Quality as part of the \$7,000,000, Series 2001B bonds authorized in 2001. This brings the total purchased to date to \$2,607,347.

In May 2002, the City authorized the issuance of \$25,000,000 of Sewer Revenue Bonds, Series 2002A. These bonds are the first to be issued as part of a total of \$70,000,000 approved in 2001. The bonds were issued through a Loan and Pledge Agreement with the Louisiana Department of Environmental Quality for the purpose of construction, improvement, rehabilitation, and expansion of the sewer plant and system (the "System") and paying the costs of issuance. Principal payments range from \$908,000 to \$1,823,000 with an interest rate of 3.45% and an administrative fee of 0.5% for a total of 3.95% and maturity dates from 2004 through 2022.

In September 2002, the City authorized the issuance of \$13,000,000 of Sewer Revenue Bonds, Series 2002B. These bonds are the second issue of the \$70,000,000 approved in 2001. This brings the total issued to \$38,000,000. The bonds were issued through a Loan and Pledge Agreement with the Louisiana Department of Environmental Quality for the purpose of construction, improvement, rehabilitation, and expansion of the sewer plant and system (the "System") and paying the costs of issuance. Principal payments range from \$472,000 to \$948,000 with an interest rate of 3.45% and an administrative fee of 0.5% for a total of 3.95% and maturity dates from 2004 through 2022.

The Louisiana Department of Environmental Quality, as the initial purchaser of the bonds will pay the purchase price of the bonds in installments as needed to pay the project costs, and interest shall be payable only on the amount purchased from the date of purchase. At December 31, 2002, \$1,663,525 of the Series 2002A bonds had been purchased and \$88,901 of the Series 2002B bonds had been purchased.

In November 2002, the City issued \$21,169,624 in Water and Sewer Revenue Bonds 2002 Refunding Series A for a current refunding of the 1992 Refunding Series B Bonds and to pay for the costs of issuance. The bonds maturity dates are 2003 through 2011 and include current interest and capital appreciation bonds with rates of 4.00% to 4.65%. The net proceeds of \$20,997,036 (after payments and deductions of \$349,045 for underwriters discount and issuance costs and additions of \$176,457 for original issue premiums) were deposited in an irrevocable trust with an escrow agent to refund the 1992 Refunding Series B bonds on December 1, 2002 at an accreted value of \$20,385,472 plus a call premium of \$611,564. The reacquisition price exceeded the net carrying amount of the old debt by \$1,066,356. This amount is being netted against the new debt and amortized over the life of the new debt which is the same as the refunded debt. The refunding was undertaken to reduce future debt service payments by \$3,293,582 and resulted in an economic gain of \$1,821,500.

The Series 2002A, Series 2002B, and 2002 Refunding Series A Bonds together with the Prior Lien Bonds are secured by and payable solely from the income and revenues to be derived from the operation of the System subject to the prior payment of the reasonable and necessary expenses of operation and maintenance of the System. The Prior Lien Bonds consist of (a) \$40,940,000 original principal amount of Water and Sewer Revenue Bonds, 1986 Series A, (b) \$10,290,000 original principal amount of Water and Sewer Revenue Bonds 1993 Series B, (c) \$28,100,000 original principal amount of Water and Sewer Revenue Bonds, 1994 Series A, (d) \$6,060,000 original principal amount of Water and Sewer Revenue Bonds, 1997 Refunding Series A, (e) \$10,210,000 original principal amount of Water and Sewer Revenue Bonds, 2000 Series A, (f) \$7,000,000 original principal amount of Water and Sewer Revenue Bonds, 2001 Series A, (g) \$7,000,000 original principal amount of Water and Sewer Revenue Bonds, 2001 Series B and \$5,540,000 original principal amount of Water and Sewer Revenue Bonds 2001 Series C.

The resolutions applicable to the Department of 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. Net assets of the Department of Water and Sewerage have been restricted in accordance with the provisions of the respective bond indentures in the amount of \$165,232 at December 31, 2002, which represents the restricted assets included in the various debt service reserve funds and bond principal and interest sinking funds at that date less current liabilities payable from these restricted assets of \$8,341,493.

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 on the balance sheet of the Department of Water and Sewerage 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 by bond issue at December 31, 2002 follows:

<u>Fund</u>	
1990A and B Bonds Construction Funds	\$ 117,335
1991A Bond Construction Fund	1,086,360
1993B Bond Construction Fund	174,335
Debt Service Reserve Funds	7,225,812
Bond and Interest Sinking Funds	1,280,914
1994A Bond Construction Fund	2,760,735
2000A Bond Construction Fund	4,720,183
2001A Bond Construction Fund	4,739,010
2001B Bond Construction Fund	2,667,059
2001C Bond Construction Fund	76,455
2002A Bond Construction Fund	1,554,929
2002A Refunding Revenue Bond Fund	21,625
Miscellaneous Bond Construction Fund	<u>630,514</u>
Total restricted assets	<u>\$27,055,266</u>

Shreveport Home Mortgage Authority Bonds

On March 14, 1995, the Authority issued \$4,435,000 in bonds, the 1995 Issue (Multi-Family Refunding), to advance refund the \$4,360,000 1983-B Issue bearing interest at 6.4% and pay part of the issuance costs of the new bonds. The 1983-B Bonds are considered defeased and have been removed from the Authority's financial statements. At December 31, 2002, the principal outstanding on the refunded bonds was \$4,360,000.

The 1979 issue bonds are considered defeased and have been removed from the Authority's financial statements. At December 31, 2002, \$37,500,000 of bonds in the 1979 issue are still outstanding.

IV. Other Information

A. Retirement Commitments - Defined Benefit Pension Plans and Defined Contribution Plan

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). 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 within the notes as follows:

Statement of Fiduciary Net Assets
Fiduciary Funds
December 31, 2002

	Firemen's Pension and Relief	Policemen's Pension and Relief	Employees' Retirement System	Total Employee Retirement Funds
ASSETS				
Cash and cash equivalents	\$	\$	\$12,693,536	\$12,693,536
Receivables:				
Interest receivable	—	9	601,452	601,461
Accounts receivable	—	21,484	—	21,484
Due from other funds	229,089	248,067	—	477,156
Prepaid items	332,374	285,587	—	617,961
Investments, at fair value:				
U.S. government securities	519	15,084	25,107,779	25,123,382
Mutual funds	5,428,215	3,427,597	8,769,246	17,625,058
Domestic corporate bonds	—	—	47,647,690	47,647,690
Domestic common stock	—	—	67,134,878	67,134,878
Total investments	5,428,734	3,442,681	148,659,593	157,531,008
Other assets:				
Cash surrender value of life insurance policies	3,963,642	3,482,772	—	7,446,414
Total assets	<u>9,953,839</u>	<u>7,480,600</u>	<u>161,954,581</u>	<u>179,389,020</u>
LIABILITIES				
Accrued liabilities	—	—	26,618	26,618
Due to other funds	589,218	240,331	6,442,768	7,272,317
Employees' deposits held in escrow	—	—	1,071,903	1,071,903
Total liabilities	<u>589,218</u>	<u>240,331</u>	<u>7,541,289</u>	<u>8,370,838</u>
NET ASSETS				
Held in trust for pension benefits	<u>\$9,364,621</u>	<u>\$7,240,269</u>	<u>\$154,413,292</u>	<u>\$171,018,182</u>

Statement of Changes in Fiduciary Net Assets
Fiduciary Funds
For the Year Ended December 31, 2002

	<u>Firemen's Pension and Relief</u>	<u>Policemen's Pension and Relief</u>	<u>Employees' Retirement System</u>	<u>Total Employee Retirement Funds</u>
ADDITIONS				
Contributions:				
Employer	\$ 682,562	\$ 762,011	\$ 2,580,749	\$ 4,025,322
Plan members	<u>—</u>	<u>—</u>	<u>2,348,843</u>	<u>2,348,843</u>
Total contributions	<u>682,562</u>	<u>762,011</u>	<u>4,929,592</u>	<u>6,374,165</u>
Investment earnings:				
Net depreciation in fair value of investments	(718,342)	(409,093)	(17,785,135)	(18,912,570)
Interest	—	8,649	4,237,955	4,246,604
Dividends	<u>283,011</u>	<u>173,444</u>	<u>1,242,236</u>	<u>1,698,691</u>
Total investment loss	(435,331)	(227,000)	(12,304,944)	(12,967,275)
Less investment expense	<u>25,302</u>	<u>17,940</u>	<u>564,661</u>	<u>607,903</u>
Net investment loss	(460,633)	(244,940)	(12,869,605)	(13,575,178)
Miscellaneous	<u>110,148</u>	<u>550,000</u>	<u>1,381</u>	<u>661,529</u>
Total additions (deductions)	<u>332,077</u>	<u>1,067,071</u>	(7,938,632)	(6,539,484)
DEDUCTIONS				
Pensions	476,060	663,665	10,056,987	11,196,712
Refund of member contribution	—	—	997,625	997,625
Administrative expenses	18,030	18,898	127,538	164,466
Life insurance	<u>129,979</u>	<u>142,161</u>	<u>—</u>	<u>272,140</u>
Total deductions	<u>624,069</u>	<u>824,724</u>	<u>11,182,150</u>	<u>12,630,943</u>
Change in net assets	(291,992)	242,347	(19,120,782)	(19,170,427)
Net assets - beginning	<u>9,656,613</u>	<u>6,997,922</u>	<u>173,534,074</u>	<u>190,188,609</u>
Net assets - ending	<u>\$9,364,621</u>	<u>\$7,240,269</u>	<u>\$154,413,292</u>	<u>\$171,018,182</u>

Summary of Significant Accounting Policies

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

Method Used to Value Investments - Investments are reported at fair value. Short-term investments are reported at cost, which approximates fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates. Investments that do not have an established market are reported at estimated fair value. The cash surrender value of life insurance policies is recorded as an other asset 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.

Concentration of Investments

The FPRF, PPRF and ERS had no investments in any one organization representing 5% or more of the fund balance reserved for employees' pension benefits except for obligations of the federal government. There are no investments in loans to or leases with parties related to the pension plans.

Plan Descriptions and Contribution Information

Membership of each plan consisted of the following at December 31, 2002:

	<u>FPRF</u>	<u>PPRF</u>	<u>ERS</u>
Retirees and beneficiaries receiving benefits	281	137	695
Terminated plan members entitled to but not yet receiving benefits	—	—	20
Active plan members:			
Vested	105	22	617
Nonvested	<u>—</u>	<u>—</u>	<u>813</u>
Total	<u>386</u>	<u>159</u>	<u>2,145</u>
Number of participating employers	1	1	5

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

The FPRF, PPRF and ERS do not have any legally required reserves.

Firemen's Pension and Relief Fund

Plan Description - 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.

Until January 1, 1983, the Firemen's Pension and Relief Fund 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 of 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 service and may receive a benefit at age 50 with twenty years service or at age 55 with a minimum of twelve years service. Benefits are established and may be amended by State statutes.

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.

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 is currently 10.8% of annual covered payroll.

Annual Pension Cost and Net Pension Obligation - The City's annual pension cost and net pension obligation to FPRF for the current year were as follows:

Annual required contribution	\$689,618
Interest on net pension obligation	27,030
Adjustment to annual required contribution	(31,438)
Annual pension cost	680,210
Contributions made	<u>682,562</u>
Decrease in net pension obligation	(2,352)
Net pension obligation beginning of year	<u>244,782</u>
Net pension obligation end of year	<u>\$242,430</u>

The net pension obligation is \$242,430 at December 31, 2002, and it is recorded in the governmental activities of the government-wide statement of net assets.

The annual required contribution for the current year was determined as part of the December 31, 2002 actuarial valuation using the projected unit credit actuarial cost method.

Three-Year Trend Information

<u>Fiscal Year Ending</u>	<u>Annual Pension Cost</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
12/31/00	\$623,995	101.8%	\$359,245
12/31/01	724,467	115.8	244,782
12/31/02	680,210	100.3	242,430

Policemen's Pension and Relief Fund

Plan Description - 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.

Until July 12, 1977, all police officers hired became participants in the plan 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.

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.

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 is currently 85.4% of covered payroll.

Annual Pension Cost and Net Pension Asset - The City's annual pension cost and net pension asset to PPRF for the current year were as follows:

Annual required contribution	\$735,295
Interest on net pension asset	(83,416)
Adjustment to annual required contribution	<u>119,038</u>
Annual pension cost	770,917
Contributions made	<u>762,011</u>
Decrease in net pension asset	(8,906)
Net pension asset beginning of year	<u>926,845</u>
Net pension asset end of year	<u>\$917,939</u>

The net pension asset is \$917,939 at December 31, 2002, and it is recorded in the governmental activities of the government-wide statement of net assets.

The annual required contribution for the current year was determined as part of the December 31, 2002 actuarial valuation using the projected unit credit actuarial cost method.

Three-Year Trend Information

<u>Fiscal Year Ending</u>	<u>Annual Pension Cost</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Asset</u>
12/31/00	\$913,928	96.7%	\$959,524
12/31/01	923,051	96.5	926,845
12/31/02	770,917	98.8	917,939

Employees' Retirement System (ERS)

Plan Description - 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.

Non-City employees employed by the following organizations may become members in the system: Caddo Parish Library, Caddo-Shreveport Sales and Use Tax Commission, Caddo-Bossier Civil Defense Agency, Metropolitan Planning 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 ten years of creditable service. Benefit provisions are established and may be amended by City ordinance.

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. An early retirement provision has been implemented for any member who has at least ten years of service and is within ten years of a member's normal retirement age. The benefit is reduced. The plan allows members who have met eligibility requirements to defer receipt of benefits until termination. At December 31, 2002, there is \$1,071,903 being held for members in the Deferred Retirement Option Plan.

Prior to October 1, 1999, plan members were required by City ordinance to contribute 9% of compensation to the Plan. The City or other employers were required by the same ordinance to contribute 9.15% of compensation. As of October 1, 1999, member contributions were reduced to 5% of compensation while the City and other employers continued with a 9.15% total rate which is allocated between the Plan and the ERS Employer Contribution Plan which is a savings plan for members. Under this new employer allocation, 5.1% is contributed to the retirement plan and up to 4.05% is contributed to the savings plan based on a matching of member contributions. Any amounts not matched are contributed to the retirement plan. These percentages can vary from year to year based on actuarial evaluations, but in no case will the employer total rate of 9.15% change. Contribution amounts from plan members, the City and other employers may be amended by City ordinance. Effective October 1, 2002, the City's contributions to the savings plan were temporarily suspended in order to provide additional funding for the retirement plan. This increases the contribution to the retirement plan back to the full 9.15%. Contributions are made from the fund that the employee is paid from or from the organizations noted above. The contribution rate is currently 6.8% of annual covered payroll.

Effective October 1, 1999, the board of trustees authorized an automatic cost-of-living increase each year provided it meets sound actuarial policies and shall be effective January 1. The increase shall not be in excess of the average increase in the consumer price index as of June 30 of the proceeding year. The recipients must have been receiving benefits for a minimum of 365 days to be eligible for the cost-of-living increase.

Annual Pension Cost and Net Pension Asset - The City's annual pension cost and net pension asset to ERS for the current year were as follows:

Annual required contribution	\$ 4,533,371
Interest on net pension asset	(988,036)
Adjustment to annual required contribution	<u>1,081,616</u>
Annual pension cost	4,626,951
Contributions made	<u>2,580,749</u>
Decrease in net pension asset	(2,046,202)
Net pension asset beginning of year	<u>11,623,958</u>
Net pension asset end of year	<u>\$ 9,577,756</u>

The net pension asset is \$9,577,756 at December 31, 2002 and is recorded in the governmental activities of the government-wide statement of net assets.

The annual required contribution for the current year was determined as part of the December 31, 2002 actuarial valuation using the entry age normal actuarial cost method.

Three-Year Trend Information

<u>Fiscal Year Ending</u>	<u>Annual Pension Cost</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Asset</u>
12/31/00	\$2,470,542	88.8%	\$11,763,644
12/31/01	2,354,218	94.1	11,623,958
12/31/02	4,626,951	55.8	9,577,756

Employees' Retirement System - Employer Contribution Plan

The ERS Employer Contribution Plan is a defined contribution plan that covers the same group of employees as described under the ERS plan and is administered by the City. A maximum amount of 4.05% of compensation is contributed to the plan based on a matching of member contributions. The match is 50% of contributions up to 4% of compensation and 25% of contributions exceeding 4% up to and including 6%. This is a total maximum of 2.5%. In addition, all members receive 1.55% of compensation with no matching requirements. These percentages can vary from year-to-year based on actuarial evaluations. This plan is established by City ordinance and may be amended. Effective October 1, 2002, the City's match of up to 2.5% and the non-matching contributions of 1.55% were temporarily suspended in order to provide additional funding for the retirement plan. Plan members are not required to contribute. Employer contributions are made from the fund the employee is paid from or from the organization described under the ERS plan. In 2002, the employing entities contributed \$883,992.

Statewide Firefighters' Retirement System (SFRS)

Plan Description

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

Funding Policy

Plan members are required to contribute 8% of their annual compensation and the City is required to contribute 9% of annual compensation, excluding overtime but including State supplemental pay. The contribution requirements of plan members and the City are established and may be amended by the SFRS Board of Trustees. The City's contributions to SFRS for the years ending December 31, 2002, 2001, and 2000 were \$1,884,744, \$1,705,169, and \$1,556,610, respectively, equal to the required contributions for each year. The plans pension liability was determined in accordance with GASB Statement Number 27 and equaled zero before and after the transition.

Municipal Police Employees Retirement System (MPERS)

Plan Description

The City of Shreveport contributes to the Municipal Police Employees Retirement System Pension Plan, a cost-sharing multiple-employer defined benefit pension plan administered by the Municipal Police Employees' Retirement System. MPERS covers any full-time police officer, empowered to make arrests, employed by a municipality of the State and engaged in law enforcement, earning at least \$375

per month excluding state supplemental pay, or an elected Chief of Police whose salary is at least \$100 per month, and any employee of this system may participate in the MPERS. Benefits are established and may be amended by State statutes. The MPERS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the Board of Trustees of the Municipal Police Employees' Retirement System, 8401 United Plaza Blvd., Room 305, Baton Rouge, Louisiana 70806 or by calling 1-800-443-4248.

Funding Policy

Plan members are required to contribute 7.5% of their annual compensation and the City is required to contribute 9% of annual compensation, excluding overtime but including State supplemental pay. The contribution requirements of plan members and the City are established and may be amended by State statute. The City's contributions to MPERS for the years ending December 31, 2002, 2001, and 2000 were \$1,655,856, \$1,610,654, and \$1,561,791, respectively, equal to the required contributions for each year. The plans pension liability was determined in accordance with GASB Statement Number 27 and equaled zero before and after the transition.

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 October 1, 2004. Based on terms of the agreement, management fees included in operating expenses were \$185,910. 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 \$3,040,773. Bossier City reimbursed the Transit System \$266,284.

C. Post-Employment Health Care Benefits

In addition to providing pension benefits, the City provides medical and dental care coverage for any retiree who receives a monthly retirement check from one of the City's retirement plans. Retirees may also continue to cover their dependents after their retirement. Currently, there are 1,345 retirees who are eligible to receive benefits. The City's contribution is equal to 50% of the cost of the plan. Provisions of the plan and obligations to contribute are established in the City Charter.

The post-employment medical and dental care benefits are accounted for in the City's Health Care Internal Service Fund along with medical and dental benefits for active employees. The benefits are recognized as expenses when claims are incurred. At year-end, an estimate is made for incurred but not reported claims. The actual cost of the post-employment benefits is based directly on the amount of claims actually incurred. The costs are funded on a pay-as-you-go basis. For 2002, the total costs to the City for the retirees' medical premium and dental benefits were \$1,960,918.

D. 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.

E. Landfill 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 thirty 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.

The City expects to close the landfill in the year 2021 which is an estimated remaining life of 19 years. The \$1,871,626 reported at December 31, 2002 represents the cumulative costs reported based on 40% of the capacity of the landfill having been used to date. This amount has been accrued in the government-wide financial statements within the governmental activities and has been reported as a designation of fund balance in the General Fund. The estimated total current cost of post-closure care remaining to be recognized is \$2,807,440. Actual costs may be higher due to inflation, changes in technology, or changes in regulation.

The City is the permit holder for the landfill, 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, and at least 90% of the assets are located in the United States.

F. 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 liability claims. The City is retaining the risk for its automobile and general liability exposures, except for exposures related to Fire Department vehicles. Liability policies are maintained with third-party insurance carriers for the City's fire vehicles, the drivers, and attendants. The Municipal and Regional Airports are insured with a third-party carrier with liability limits to \$200 million combined single limit. The liability for workers' compensation was insured with a third-party insurance carrier with statutory limits in excess of the City's self-insured retention. The City retains \$500,000 of liability per occurrence for Louisiana Workers' Compensation benefits, and for U.S. Longshoremen and Harbors Workers Act, Jones Act, and other Maritime Act benefits per occurrence on its excess workers' compensation policy. Property insurance was maintained with a third-party carrier subject to a \$50,000 per occurrence of loss deductible. Property coverage was also maintained with third-party carriers on heavy equipment and boilers and machinery.

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 fiscal 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. At December 31, 2002, the total net assets of \$8,575,336 were designated for future catastrophic losses.

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 \$6,713,339 reported in the fund at December 31, 2002 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. Changes in the fund's claims liability amount in fiscal years 2001 and 2002 were:

Retained Risk Fund

	Beginning of Fiscal Year <u>Liability</u>	Current Year Claims and Changes in <u>Estimates</u>	Claim <u>Payments</u>	Balance at Fiscal <u>Year-end</u>
2001	\$8,726,385	\$4,856,662	\$8,299,771	\$5,283,276
2002	5,283,276	9,271,456	7,841,393	6,713,339

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. Prior to September 1, 2002 the program covered dental care only. As of September 1, 2002, the City elected to self insure employees and retirees' medical care also. The addition of medical care is reflected in the claims liabilities shown below.

Changes in the fund's claims liability amount in fiscal years 2001 and 2002 were:

Employees Health Care Fund

	Beginning of Fiscal Year <u>Liability</u>	Current Year Claims and Changes in <u>Estimates</u>	Claim <u>Payments</u>	Balance at Fiscal <u>Year-end</u>
2001	\$514,291	\$1,685,905	\$1,733,903	\$ 466,293
2002	466,293	5,477,725	1,942,829	4,001,189

G. Subsequent Events

In January 2003, the City issued \$17,520,000 of General Obligation Refunding Bonds, Series 2003A. The bonds refunded were \$4,865,000 of General Obligation Refunding Bonds, Series 1993 and \$11,995,000 of General Obligation Bonds Series 1993B. Interest rates on the new bonds are 2.375% to 5.00% with a final maturity in 2013.

In March 2003, the City issued \$40,735,000 of Water and Sewer Revenue Bonds, 2003 Refunding Series A. The bonds refunded were the \$40,940,000 Water and Sewer Revenue Bonds, Refunding Series 1986A. Interest rates on the new bonds are 4.00% to 5.00% with a final maturity in 2014.



CITY OF SHREVEPORT, LOUISIANA
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2002
(UNAUDITED)

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

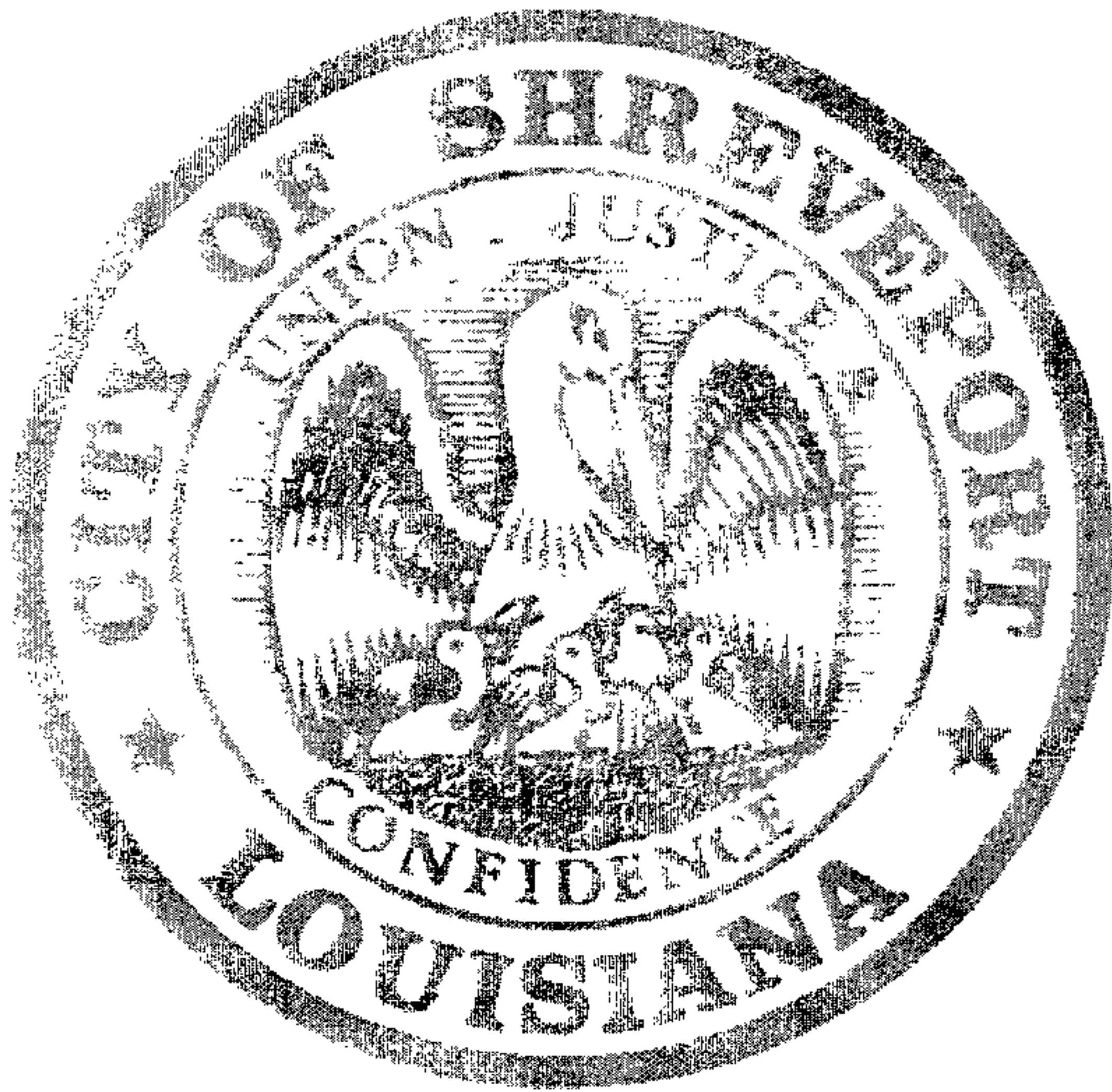
	FPRF	PPRF	ERS
Valuation date	12/31/02	12/31/02	12/31/02
Actuarial cost method	Projected unit credit	Projected unit credit	Entry age normal cost
Amortization method	Level dollar	Level dollar	Level dollar
Remaining amortization period	13 years closed	13 years closed	30 years open
Asset valuation method	Market value	Market value	Market value
Actuarial assumptions: Investment rate of return*	9%	9%	8.5%
Projected salary increases*	5%	5%	4.5%
*Includes inflation at	3.5%	3.5%	3.5%
Cost-of-living adjustments	—	—	1.8% (all but vested terminations)

CITY OF SHREVEPORT, LOUISIANA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULES OF EMPLOYER CONTRIBUTIONS
FISCAL YEARS ENDED DECEMBER 31, 1997 THROUGH DECEMBER 31, 2002
(UNAUDITED)

Year Ended December 31,	Employer Contributions					
	FPRF			PPRF		
	Annual Required Contribution	Percentage Contributed	Annual Required Contribution	Percentage Contributed	Annual Required Contribution	Percentage Contributed
1997	\$990,036	210.5%	\$685,979	116.1%	\$1,708,048	188.0%
1998	811,986	80.3	681,918	100.0	936,312	349.0
1999	660,652	100.0	775,334	100.0	667,403	452.8
2000	635,221	100.0	883,947	100.0	2,373,618	92.5
2001	736,703	113.9	890,371	100.0	2,259,514	94.1
2002	689,618	99.0	735,295	103.6	4,533,371	56.9

CITY OF SHREVEPORT, LOUISIANA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULES OF FUNDING PROGRESS
FISCAL YEARS ENDED DECEMBER 31, 1997 THROUGH DECEMBER 31, 2002
(UNAUDITED)

Actuarial Valuation Date	(1) Actuarial Value of Assets	(2) Actuarial Accrued Liability (AAL)	(3) Unfunded AAL (UAAAL) (2-1)	(4) Funded Ratio (1/2)	(5) Covered Payroll	(6) UAAAL as a Percentage of Covered Payroll (3/5)
<u>FPRF</u>						
12/31/97	\$6,351,241	\$13,006,880	\$6,655,639	48.8%	\$7,614,000	87.4%
12/31/98	7,613,000	12,808,000	5,195,000	59.4	6,926,000	75.0
12/31/99	8,385,000	13,220,000	4,835,000	63.4	6,121,000	79.0
12/31/00	9,130,000	14,580,583	5,450,583	62.6	6,137,631	88.8
12/31/01	9,656,613	14,456,922	4,800,309	66.8	6,366,279	75.4
12/31/02	9,364,621	15,338,375	5,973,734	61.1	6,321,556	94.5
<u>PPRF</u>						
12/31/97	4,313,648	9,889,000	5,575,352	43.6	3,121,000	178.6
12/31/98	4,996,000	11,303,000	6,307,000	44.2	2,401,000	262.7
12/31/99	5,500,000	12,659,000	7,159,000	43.4	1,569,000	456.3
12/31/00	6,187,000	13,182,000	6,995,000	46.9	1,647,000	424.7
12/31/01	6,998,000	12,548,000	5,550,000	55.8	1,685,000	329.4
12/31/02	7,240,269	13,177,286	5,937,017	54.9	892,608	665.1
<u>ERS</u>						
12/31/97	141,335,000	145,250,000	3,915,000	97.3	32,806,000	11.9
12/31/98	153,586,000	144,448,000	(9,138,000)	106.3	33,780,000	(27.1)
12/31/99	180,720,000	174,758,000	(5,962,000)	103.4	33,915,000	(17.6)
12/31/00	182,972,000	184,931,000	1,959,000	98.9	35,441,000	5.5
12/31/01	175,992,000	200,328,000	24,336,000	87.9	36,592,000	66.5
12/31/02	154,413,000	221,956,000	67,543,000	69.6	37,726,000	179.0



Nonmajor Governmental Funds Special Revenue Funds

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

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 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.

1998 General Obligation Bond Fund - This fund is used to account for bonds issued for the purpose of constructing and/or improving public safety, parks and recreation, streets, the Riverfront, and drainage systems.

1999 General Obligation Bond Fund - This fund is used to account for bonds issued for the purpose of constructing and/or improving public safety, parks and recreation, streets, the Riverfront, and drainage systems.

2001A General Obligations Bond Fund - This fund is used to account for bonds issued for the purpose of constructing and/or improving public safety, parks and recreation, streets, and drainage systems.

**CITY OF SHREVEPORT, LOUISIANA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2002**

	Special Revenue Funds						
				Downtown Entertainment Economic Development		Environmental Grants	
	Enrichment	Riverfront Development	Police Grants		Redevelopment		Total
ASSETS							
Cash and cash equivalents	\$ 534,206	\$ 4,259,904	\$ 96,980	\$ 13,480	\$ 8,835	\$ --	\$ 4,913,405
Investments	554,492	4,421,674	100,662	13,992	9,171	--	5,099,991
Accounts receivable, net	--	1,300,028	642	--	--	--	1,300,670
Due from other governments	--	--	550,017	--	--	252,220	802,237
Due from other funds	--	--	--	85,538	--	--	85,538
Assets held for resale	--	--	--	--	50,944	--	50,944
Total assets	<u>\$ 1,088,698</u>	<u>\$ 9,981,606</u>	<u>\$ 748,301</u>	<u>\$ 113,010</u>	<u>\$ 68,950</u>	<u>\$ 252,220</u>	<u>\$ 12,252,785</u>
LIABILITIES AND FUND BALANCES							
Liabilities:							
Accounts payable	\$ 408	\$ 26,604	\$ 1,250	\$ --	\$ --	\$ 13,502	\$ 41,764
Due to other funds	--	1,772,472	--	--	--	238,718	2,011,190
Deferred revenue	--	--	--	--	--	--	--
Total liabilities	<u>408</u>	<u>1,799,076</u>	<u>1,250</u>	<u>--</u>	<u>--</u>	<u>252,220</u>	<u>2,052,954</u>
Fund balance:							
Reserved for:							
Encumbrances	49,289	43,043	364,034	--	--	168,720	625,086
Assets held for resale	--	--	--	--	68,950	--	68,950
Unreserved:							
Designated for subsequent year's expenditures	1,039,001	8,139,487	383,017	113,010	--	--	9,674,515
Unreserved, undesignated	--	--	--	--	--	(168,720)	(168,720)
Total fund balance	<u>1,088,290</u>	<u>8,182,530</u>	<u>747,051</u>	<u>113,010</u>	<u>68,950</u>	<u>--</u>	<u>10,199,831</u>
Total liabilities and fund balance	<u>\$ 1,088,698</u>	<u>\$ 9,981,606</u>	<u>\$ 748,301</u>	<u>\$ 113,010</u>	<u>\$ 68,950</u>	<u>\$ 252,220</u>	<u>\$ 12,252,785</u>

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

Capital Project Funds						Total Nonmajor Governmental Funds
Miscellaneous General Obligation Bond Funds	Miscellaneous Capital Projects Fund	1998 General Obligation Bond Fund	1999 General Obligation Bond Fund	2001A General Obligation Bond Fund	Total	
\$ 3,394,131	\$ --	\$ 3,519,229	\$ 6,847,790	\$ 14,327,075	\$ 28,088,225	\$ 33,001,630
3,522,556	1,189,004	3,652,872	7,107,837	16,968,385	32,440,654	37,540,645
27,673	--	--	--	--	27,673	1,328,343
--	--	--	--	--	--	802,237
28,256	1,173,802	--	13,447,261	--	14,649,319	14,734,857
--	--	--	--	--	--	50,944
<u>\$ 6,972,616</u>	<u>\$ 2,362,806</u>	<u>\$ 7,172,101</u>	<u>\$ 27,402,888</u>	<u>\$ 31,295,460</u>	<u>\$ 75,205,871</u>	<u>\$ 87,458,656</u>
\$ 1,067,637	\$ 369,598	\$ 467,308	\$ 42,040	\$ 403,853	\$ 2,350,436	\$ 2,392,200
444,537	1,591,447	--	28,256	623,355	2,687,595	4,698,785
19,185	--	--	52,508	--	71,693	71,693
<u>1,531,359</u>	<u>1,961,045</u>	<u>467,308</u>	<u>122,804</u>	<u>1,027,208</u>	<u>5,109,724</u>	<u>7,162,678</u>
3,548,422	222,202	1,228,958	98,013	2,955,286	8,052,881	8,677,967
--	--	--	--	--	--	68,950
1,892,835	179,559	5,475,835	27,182,071	27,312,966	62,043,266	71,717,781
--	--	--	--	--	--	(168,720)
<u>5,441,257</u>	<u>401,761</u>	<u>6,704,793</u>	<u>27,280,084</u>	<u>30,268,252</u>	<u>70,096,147</u>	<u>80,295,978</u>
<u>\$ 6,972,616</u>	<u>\$ 2,362,806</u>	<u>\$ 7,172,101</u>	<u>\$ 27,402,888</u>	<u>\$ 31,295,460</u>	<u>\$ 75,205,871</u>	<u>\$ 87,458,656</u>

CITY OF SHREVEPORT, LOUISIANA
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2002

	Special Revenue Funds						Total
	Enrichment	Riverfront Development	Police Grants	Downtown Entertainment Economic Development	Redevelopment	Environmental Grants	
REVENUES							
Intergovernmental	\$ --	\$ --	\$ 1,334,435	\$ --	\$ --	\$ 375,098	\$ 1,709,533
Gaming	--	15,052,411	--	--	--	--	15,052,411
Investment earnings	31,605	329,012	17,792	837	250	--	379,496
Miscellaneous	385,852	854,880	10,783	85,538	55,153	--	1,392,206
Total revenues	<u>417,457</u>	<u>16,236,303</u>	<u>1,363,010</u>	<u>86,375</u>	<u>55,403</u>	<u>375,098</u>	<u>18,533,646</u>
EXPENDITURES							
Current:							
General government	--	--	--	--	--	--	--
Public safety	221,566	--	1,313,435	--	--	--	1,535,001
Culture and recreation	18,368	--	--	--	--	--	18,368
Economic development	--	3,197,406	--	--	60,817	375,098	3,633,321
Capital outlay	--	--	--	--	--	--	--
Bond issuance costs	--	--	--	--	--	--	--
Total expenditures	<u>239,934</u>	<u>3,197,406</u>	<u>1,313,435</u>	<u>--</u>	<u>60,817</u>	<u>375,098</u>	<u>5,186,690</u>
Excess (deficiency) of revenues over (under) expenditures	<u>177,523</u>	<u>13,038,897</u>	<u>49,575</u>	<u>86,375</u>	<u>(5,414)</u>	<u>--</u>	<u>13,346,956</u>
OTHER FINANCING SOURCES (USES)							
Transfers in	--	--	103,400	--	--	--	103,400
Transfers out	--	(10,649,139)	--	--	--	--	(10,649,139)
Total other financing sources and uses	<u>--</u>	<u>(10,649,139)</u>	<u>103,400</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>(10,545,739)</u>
Net change in fund balances	<u>177,523</u>	<u>2,389,758</u>	<u>152,975</u>	<u>86,375</u>	<u>(5,414)</u>	<u>--</u>	<u>2,801,217</u>
Fund balances-beginning	910,767	5,792,772	594,076	26,635	74,364	--	7,398,614
Fund balances-ending	<u>\$ 1,088,290</u>	<u>\$ 8,182,530</u>	<u>\$ 747,051</u>	<u>\$ 113,010</u>	<u>\$ 68,950</u>	<u>\$ --</u>	<u>\$ 10,199,831</u>

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

Capital Project Funds						Total Nonmajor Governmental Funds
Miscellaneous General Obligation Bond Funds	Miscellaneous Capital Projects Fund	1998 General Obligation Bond Fund	1999 General Obligation Bond Fund	2001A General Obligation Bond Fund	Total	
\$ 88,936	\$ --	\$ --	\$ --	\$ --	\$ 88,936	\$ 1,798,469
--	--	--	--	--	--	15,052,411
197,687	390,028	262,085	891,977	514,442	2,256,219	2,635,715
111,968	1,000	--	492	--	113,460	1,505,666
<u>398,591</u>	<u>391,028</u>	<u>262,085</u>	<u>892,469</u>	<u>514,442</u>	<u>2,458,615</u>	<u>20,992,261</u>
298,462	--	--	--	--	298,462	298,462
--	--	--	--	--	--	1,535,001
--	--	--	--	--	--	18,368
--	--	--	--	--	--	3,633,321
7,028,196	3,238,193	3,363,407	1,257,371	3,341,982	18,229,149	18,229,149
--	4,500	--	--	(1,738)	2,762	2,762
<u>7,326,658</u>	<u>3,242,693</u>	<u>3,363,407</u>	<u>1,257,371</u>	<u>3,340,244</u>	<u>18,530,373</u>	<u>23,717,063</u>
<u>(6,928,067)</u>	<u>(2,851,665)</u>	<u>(3,101,322)</u>	<u>(364,902)</u>	<u>(2,825,802)</u>	<u>(16,071,758)</u>	<u>(2,724,802)</u>
4,157,010	1,726,180	711,927	423,877	--	7,018,994	7,122,394
(771,125)	(263,307)	(901,664)	(3,758,873)	--	(5,694,969)	(16,344,108)
<u>3,385,885</u>	<u>1,462,873</u>	<u>(189,737)</u>	<u>(3,334,996)</u>	<u>--</u>	<u>1,324,025</u>	<u>(9,221,714)</u>
(3,542,182)	(1,388,792)	(3,291,059)	(3,699,898)	(2,825,802)	(14,747,733)	(11,946,516)
8,983,439	1,790,553	9,995,852	30,979,982	33,094,054	84,843,880	92,242,494
<u>\$ 5,441,257</u>	<u>\$ 401,761</u>	<u>\$ 6,704,793</u>	<u>\$ 27,280,084</u>	<u>\$ 30,268,252</u>	<u>\$ 70,096,147</u>	<u>\$ 80,295,978</u>

CITY OF SHREVEPORT, LOUISIANA
RIVERFRONT DEVELOPMENT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL ON BUDGETARY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2002

	<u>Budgeted Amounts</u>		<u>Actual Amounts Budgetary Basis</u>	<u>Variance With Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Investment earnings	\$ 400,000	\$ 400,000	\$ 329,012	\$ (70,988)
Gaming	13,775,000	14,575,000	15,052,411	477,411
Miscellaneous	855,000	855,000	854,880	(120)
Total revenues	<u>15,030,000</u>	<u>15,830,000</u>	<u>16,236,303</u>	<u>406,303</u>
EXPENDITURES				
Current:				
Economic development:				
Salaries, wages and employee benefits	237,200	249,200	250,217	(1,017)
Materials and supplies	5,008	5,008	1,647	3,361
Contractual services	1,653,230	1,103,230	672,317	430,913
Other charges	2,412,200	2,512,200	2,316,268	195,932
Total expenditures	<u>4,307,638</u>	<u>3,869,638</u>	<u>3,240,449</u>	<u>629,189</u>
Excess of revenues over expenditures	<u>10,722,362</u>	<u>11,960,362</u>	<u>12,995,854</u>	<u>1,035,492</u>
OTHER FINANCING USES				
Transfers out	<u>(9,759,500)</u>	<u>(10,721,500)</u>	<u>(10,649,139)</u>	<u>72,361</u>
Total other financing uses	<u>(9,759,500)</u>	<u>(10,721,500)</u>	<u>(10,649,139)</u>	<u>72,361</u>
Net change in fund balance	962,862	1,238,862	2,346,715	1,107,853
Fund balances -beginning	<u>5,792,772</u>	<u>5,792,772</u>	<u>5,792,772</u>	<u>--</u>
Fund balances-ending	\$ <u>6,755,634</u>	\$ <u>7,031,634</u>	\$ <u>8,139,487</u>	\$ <u>1,107,853</u>
Net change in fund balance (Budget basis)			\$ 2,346,715	
Adjustments:				
Encumbrances			<u>43,043</u>	
Net change in fund balance (GAAP basis)			\$ <u>2,389,758</u>	

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

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 three 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 ASSETS
NONMAJOR ENTERPRISE FUNDS
DECEMBER 31, 2002

	<u>Shreveport Area Transit System</u>	<u>Golf</u>	<u>Downtown Parking</u>	<u>Total Nonmajor Enterprise Funds</u>
ASSETS				
Current Assets:				
Cash and cash equivalents	\$ 327,728	\$ 44,942	\$ 243,934	\$ 616,604
Investments	124,410	42,912	253,197	420,519
Receivables, net	118,384	1,009	--	119,393
Due from other funds	1,103,969	--	--	1,103,969
Due from other governments	373,604	--	--	373,604
Inventories	241,612	15,326	--	256,938
Prepaid items	76,720	--	--	76,720
Total current assets	<u>2,366,427</u>	<u>104,189</u>	<u>497,131</u>	<u>2,967,747</u>
Noncurrent Assets:				
Capital Assets:				
Land	1,940,408	--	--	1,940,408
Construction in process	282,885	--	--	282,885
Buildings	8,212,089	268,833	--	8,480,922
Improvements other than buildings	--	548,665	--	548,665
Equipment	10,809,800	393,175	--	11,202,975
Less accumulated depreciation	<u>(10,171,026)</u>	<u>(503,101)</u>	<u>--</u>	<u>(10,674,127)</u>
Total noncurrent assets	<u>11,074,156</u>	<u>707,572</u>	<u>--</u>	<u>11,781,728</u>
Total assets	<u>13,440,583</u>	<u>811,761</u>	<u>497,131</u>	<u>14,749,475</u>
LIABILITIES				
Current Liabilities:				
Accounts payable	159,264	17,195	--	176,459
Accrued liabilities	587,199	10,713	--	597,912
Due to component unit	--	--	32,617	32,617
Deferred revenue	--	44,376	--	44,376
Compensated absences	168,129	13,395	--	181,524
Total current liabilities	<u>914,592</u>	<u>85,679</u>	<u>32,617</u>	<u>1,032,888</u>
Noncurrent Liabilities:				
Compensated absences	<u>--</u>	<u>37,792</u>	<u>--</u>	<u>37,792</u>
Total noncurrent liabilities	<u>--</u>	<u>37,792</u>	<u>--</u>	<u>37,792</u>
Total liabilities	<u>914,592</u>	<u>123,471</u>	<u>32,617</u>	<u>1,070,680</u>
NET ASSETS				
Invested in capital assets, net of related debt	11,074,156	707,572	--	11,781,728
Unrestricted	1,451,835	(19,282)	464,514	1,897,067
Total Net Assets	<u>\$ 12,525,991</u>	<u>\$ 688,290</u>	<u>\$ 464,514</u>	<u>\$ 13,678,795</u>

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

CITY OF SHREVEPORT, LOUISIANA
COMBINING STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN FUND NET ASSETS
NONMAJOR ENTERPRISE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2002

	<u>Shreveport Area Transit System</u>	<u>Golf</u>	<u>Downtown Parking</u>	<u>Total Nonmajor Enterprise Funds</u>
OPERATING REVENUES				
Charges for services	\$ 2,037,695	\$ 1,270,873	\$ 657,619	\$ 3,966,187
Miscellaneous	<u>22,478</u>	<u>36,757</u>	<u>--</u>	<u>59,235</u>
Total operating revenues	<u>2,060,173</u>	<u>1,307,630</u>	<u>657,619</u>	<u>4,025,422</u>
OPERATING EXPENSES				
Personal services	5,050,693	878,442	--	5,929,135
Contractual services and other expenses	1,442,665	241,328	391,404	2,075,397
Utilities	99,392	77,199	--	176,591
Repairs and maintenance	30,924	9,914	--	40,838
Materials and supplies	1,216,677	200,283	--	1,416,960
Depreciation	<u>724,980</u>	<u>90,700</u>	<u>--</u>	<u>815,680</u>
Total operating expenses	<u>8,565,331</u>	<u>1,497,866</u>	<u>391,404</u>	<u>10,454,601</u>
Operating income (loss)	<u>(6,505,158)</u>	<u>(190,236)</u>	<u>266,215</u>	<u>(6,429,179)</u>
NONOPERATING REVENUES (EXPENSES)				
Investment earnings	--	2,574	12,437	15,011
Intergovernmental	<u>2,380,720</u>	<u>--</u>	<u>--</u>	<u>2,380,720</u>
Total nonoperating revenues (expenses)	<u>2,380,720</u>	<u>2,574</u>	<u>12,437</u>	<u>2,395,731</u>
Income (loss) before contributions and transfers	<u>(4,124,438)</u>	<u>(187,662)</u>	<u>278,652</u>	<u>(4,033,448)</u>
Capital contributions	213,439	6,198	--	219,637
Transfers in	<u>3,800,527</u>	<u>--</u>	<u>--</u>	<u>3,800,527</u>
Change in net assets	<u>(110,472)</u>	<u>(181,464)</u>	<u>278,652</u>	<u>(13,284)</u>
Total net assets-beginning	<u>12,636,463</u>	<u>869,754</u>	<u>185,862</u>	<u>13,692,079</u>
Total net assets-ending	<u>\$ 12,525,991</u>	<u>\$ 688,290</u>	<u>\$ 464,514</u>	<u>\$ 13,678,795</u>

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

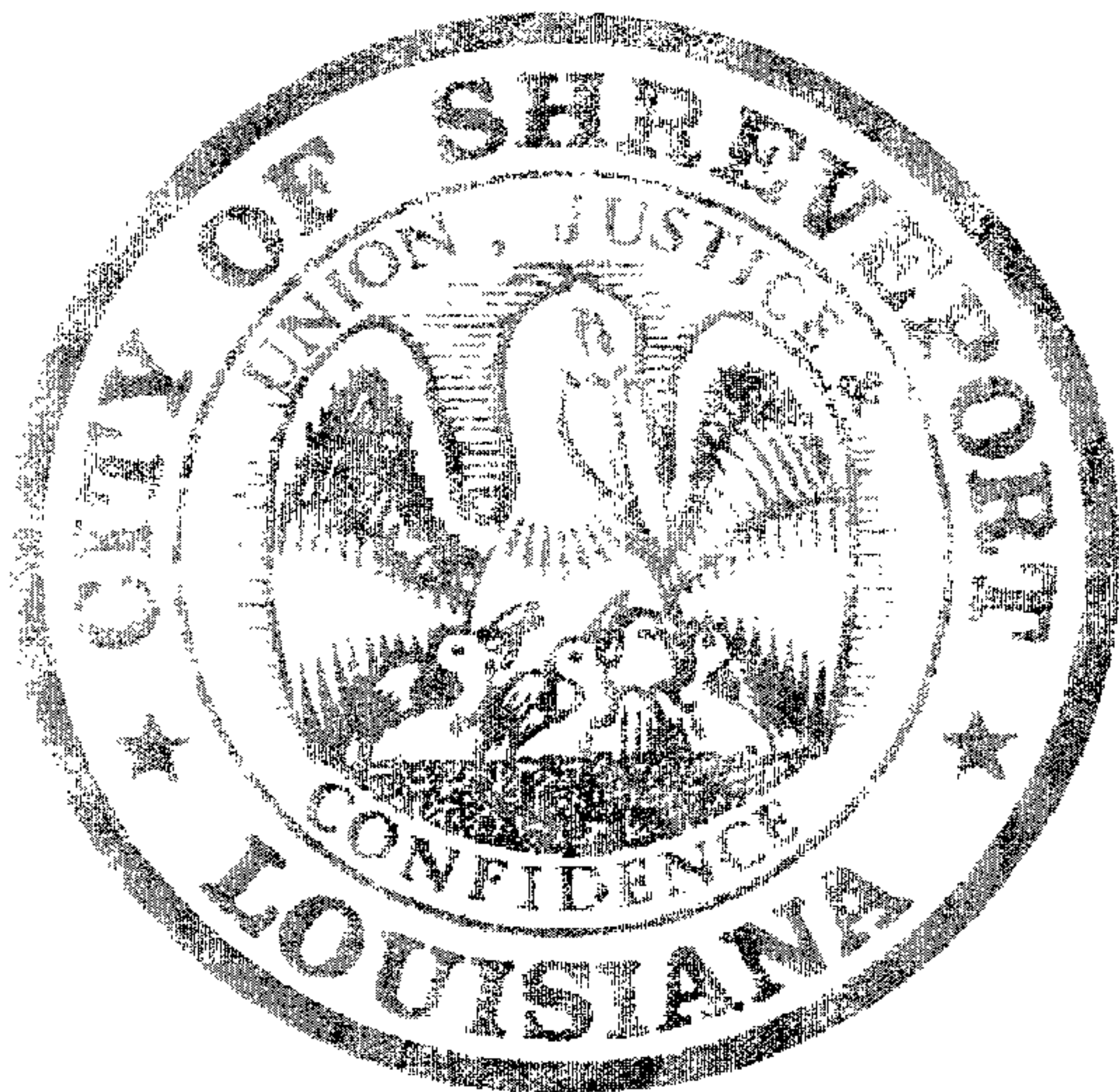
CITY OF SHREVEPORT, LOUISIANA
COMBINING STATEMENT OF CASH FLOWS
NONMAJOR ENTERPRISE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2002

	Shreveport Area Transit System	Golf	Downtown Parking	Total Nonmajor Enterprise Funds
Cash flows from operating activities:				
Receipts from operations	\$ 2,042,126	\$ 1,315,958	\$ 657,619	\$ 4,015,703
Payments to suppliers	(2,744,125)	(409,917)	(391,125)	(3,545,167)
Payments to employees	(5,050,269)	(878,924)	--	(5,929,193)
Other receipts (payments)	22,478	(85,000)	--	(62,522)
Net cash provided by (used in) operating activities	(5,729,790)	(57,883)	266,494	(5,521,179)
Cash flows from noncapital financing activities:				
Subsidy from federal grant	2,345,117	--	--	2,345,117
Transfers in	3,800,527	--	--	3,800,527
Net cash provided by noncapital financing activities	6,145,644	--	--	6,145,644
Cash flows from capital and related financing activities:				
Acquisition and construction of capital assets	(324,452)	--	--	(324,452)
Capital grants	146,366	--	--	146,366
Capital contributed by (returned to) others	(152,847)	--	--	(152,847)
Net cash used in capital and related financing activities	(330,933)	--	--	(330,933)
Cash flows from investing activities:				
Purchase of investments	(124,410)	(42,912)	(253,197)	(420,519)
Interest	--	2,574	12,437	15,011
Net cash provided by investing activities	(124,410)	(40,338)	(240,760)	(405,508)
Net increase(decrease) in cash and cash equivalents	(39,489)	(98,221)	25,734	(111,976)
Cash and cash equivalents - beginning of year	367,217	143,163	218,200	728,580
Cash and cash equivalents - end of year	\$ 327,728	\$ 44,942	\$ 243,934	\$ 616,604

	Shreveport Area Transit System	Golf	Downtown Parking	Total Nonmajor Enterprise Funds
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:				
Operating income (loss)	\$ (6,505,158)	\$ (190,236)	\$ 266,215	\$ (6,429,179)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Depreciation and amortization	724,980	90,700	--	815,680
(Increase)Decrease in assets:				
Receivables	(21,986)	(396)	--	(22,382)
Due from other funds	26,417	--	--	26,417
Inventories	(14,731)	22,312	--	7,581
Prepaid items	(18,084)	--	--	(18,084)
Increase(Decrease) in liabilities:				
Accounts payable	78,348	11,495	279	90,122
Accrued liabilities	(706)	(3,579)	--	(4,285)
Deferred revenue	--	8,381	--	8,381
Compensated absences	1,130	3,440	--	4,570
Total adjustments	775,368	132,353	279	908,000
Net cash provided by (used in) operating activities	\$ (5,729,790)	\$ (57,883)	\$ 266,494	\$ (5,521,179)
Non-cash investing, capital and financing activities:				

The Golf Fund had donated capital assets of \$6,198.

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



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 government, on a cost reimbursement basis.

Employees Health Care Fund - This fund is used to account for dental care claims by the employees.

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

Fleet Services Fund - This fund is used to account for maintenance of the City's fleet with the exception of Fire, Sportran, and Airport.

CITY OF SHREVEPORT, LOUISIANA
COMBINING STATEMENT OF NET ASSETS
INTERNAL SERVICE FUNDS
DECEMBER 31, 2002

	<u>Employees Health Care</u>	<u>Retained Risk</u>	<u>Fleet Services</u>	<u>Total Internal Service Funds</u>
ASSETS				
Current Assets:				
Cash and cash equivalents	\$ 6,690,816	\$ 5,665,976	\$ --	\$ 12,356,792
Investments	21,142	5,881,143	--	5,902,285
Receivables, net	150,302	--	--	150,302
Due from other funds	--	3,551,023	--	3,551,023
Inventories	--	--	213,369	213,369
Prepaid items	--	213,953	--	213,953
Total current assets	<u>6,862,260</u>	<u>15,312,095</u>	<u>213,369</u>	<u>22,387,724</u>
Noncurrent Assets:				
Capital Assets:				
Land	--	--	62,000	62,000
Buildings	--	--	913,088	913,088
Equipment	--	14,192	1,197,255	1,211,447
Less accumulated depreciation	--	(11,629)	(1,494,725)	(1,506,354)
Total noncurrent assets	<u>--</u>	<u>2,563</u>	<u>677,618</u>	<u>680,181</u>
Total assets	<u>6,862,260</u>	<u>15,314,658</u>	<u>890,987</u>	<u>23,067,905</u>
LIABILITIES				
Current Liabilities:				
Accounts payable	18,000	12,440	82,000	112,440
Accrued interest payable	--	--	359	359
Due to other funds	--	--	124,019	124,019
Compensated absences	--	2,534	16,020	18,554
Claims and judgments	4,001,189	6,713,339	--	10,714,528
Notes payable	--	--	32,600	32,600
Total current liabilities	<u>4,019,189</u>	<u>6,728,313</u>	<u>254,998</u>	<u>11,002,500</u>
Noncurrent Liabilities:				
Compensated absences	--	11,009	66,933	77,942
Total noncurrent liabilities	<u>--</u>	<u>11,009</u>	<u>66,933</u>	<u>77,942</u>
Total liabilities	<u>4,019,189</u>	<u>6,739,322</u>	<u>321,931</u>	<u>11,080,442</u>
NET ASSETS				
Invested in capital assets, net of related debt	--	2,563	645,018	647,581
Unrestricted (deficit)	<u>2,843,071</u>	<u>8,572,773</u>	<u>(75,962)</u>	<u>11,339,882</u>
Total net assets	<u>\$ 2,843,071</u>	<u>\$ 8,575,336</u>	<u>\$ 569,056</u>	<u>\$ 11,987,463</u>

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

CITY OF SHREVEPORT, LOUISIANA
COMBINING STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN FUND NET ASSETS
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2002

	<u>Employees Health Care</u>	<u>Retained Risk</u>	<u>Fleet Services</u>	<u>Total Internal Service Funds</u>
OPERATING REVENUES				
Charges for services	\$ 6,366,795	\$ 7,773,057	\$ 3,592,818	\$ 17,732,670
Miscellaneous	<u>5,512</u>	<u>250,949</u>	<u>86,258</u>	<u>342,719</u>
Total operating revenues	<u>6,372,307</u>	<u>8,024,006</u>	<u>3,679,076</u>	<u>18,075,389</u>
OPERATING EXPENSES				
Personal services	61,141	237,483	1,445,586	1,744,210
Contractual services and other expenses	1,629,741	1,108,737	124,376	2,862,854
Utilities	--	--	51,584	51,584
Repairs and maintenance	--	--	690,906	690,906
Materials and supplies	3,013	5,344	1,152,163	1,160,520
Claims	5,477,725	9,271,456	--	14,749,181
Depreciation	<u>--</u>	<u>1,419</u>	<u>67,124</u>	<u>68,543</u>
Total operating expenses	<u>7,171,620</u>	<u>10,624,439</u>	<u>3,531,739</u>	<u>21,327,798</u>
Operating income (loss)	<u>(799,313)</u>	<u>(2,600,433)</u>	<u>147,337</u>	<u>(3,252,409)</u>
NONOPERATING REVENUES (EXPENSES)				
Investment earnings	54,578	410,714	--	465,292
Interest expense	--	--	(11,058)	(11,058)
Total nonoperating revenues (expenses)	<u>54,578</u>	<u>410,714</u>	<u>(11,058)</u>	<u>454,234</u>
Income (loss)	<u>(744,735)</u>	<u>(2,189,719)</u>	<u>136,279</u>	<u>(2,798,175)</u>
Capital contributions	--	--	831	831
Change in net assets	<u>(744,735)</u>	<u>(2,189,719)</u>	<u>137,110</u>	<u>(2,797,344)</u>
Total net assets-beginning	<u>3,587,806</u>	<u>10,765,055</u>	<u>431,946</u>	<u>14,784,807</u>
Total net assets-ending	<u>\$ 2,843,071</u>	<u>\$ 8,575,336</u>	<u>\$ 569,056</u>	<u>\$ 11,987,463</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, 2002

	Employees Health Care	Retained Risk	Fleet Services	Total Internal Service Funds
Cash flows from operating activities:				
Receipts from operations	\$ 6,367,550	\$ 8,405,048	\$ 3,679,076	\$ 18,451,674
Payments to suppliers	(1,614,754)	(1,361,847)	(2,189,721)	(5,166,322)
Payments to employees	(61,141)	(239,336)	(1,437,764)	(1,738,241)
Claims	(1,942,829)	(7,841,393)	--	(9,784,222)
Net cash provided by (used in) operating activities	<u>2,748,826</u>	<u>(1,037,528)</u>	<u>51,591</u>	<u>1,762,889</u>
Cash flows from noncapital financing activities:				
Interest paid on operations	--	--	(8,617)	(8,617)
Net cash provided by (used in) noncapital financing activities	<u>--</u>	<u>--</u>	<u>(8,617)</u>	<u>(8,617)</u>
Cash flows from capital and related financing activities:				
Principal paid on debt	--	--	(31,200)	(31,200)
Interest paid on debt	--	--	(2,776)	(2,776)
Acquisition and construction of capital assets	--	--	(8,998)	(8,998)
Net cash used in capital and related financing activities	<u>--</u>	<u>--</u>	<u>(42,974)</u>	<u>(42,974)</u>
Cash flows from investing activities:				
Purchase of investments	(21,142)	(5,881,143)	--	(5,902,285)
Interest on investments	<u>56,221</u>	<u>410,714</u>	<u>--</u>	<u>466,935</u>
Net cash provided by investing activities	<u>35,079</u>	<u>(5,470,429)</u>	<u>--</u>	<u>(5,435,350)</u>
Net increase(decrease) in cash and cash equivalents	<u>2,783,905</u>	<u>(6,507,957)</u>	<u>--</u>	<u>(3,724,052)</u>
Cash and cash equivalents - beginning of year	<u>3,906,911</u>	<u>12,173,933</u>	<u>--</u>	<u>16,080,844</u>
Cash and cash equivalents - end of year	<u>\$ 6,690,816</u>	<u>\$ 5,665,976</u>	<u>\$ --</u>	<u>\$ 12,356,792</u>

	Employees Health Care	Retained Risk	Fleet Services	Total Internal Service Funds
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:				
Operating income (loss)	\$ (799,313)	\$ (2,600,433)	\$ 147,337	\$ (3,252,409)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Depreciation and amortization	--	1,419	67,124	68,543
(Increase)Decrease in assets:				
Receivables	(4,757)	--	--	(4,757)
Due from other funds	--	381,042	--	381,042
Inventories	--	--	9,898	9,898
Prepaid items	--	(73,370)	--	(73,370)
Increase(Decrease) in liabilities:				
Accounts payable	18,000	(174,396)	27,426	(128,970)
Accrued liabilities	3,534,896	1,430,063	--	4,964,959
Due to other funds	--	--	(208,016)	(208,016)
Compensated absences	--	(1,853)	7,822	5,969
Total adjustments	3,548,139	1,562,905	(95,746)	5,015,298
Net cash provided by (used in) operating activities	\$ 2,748,826	\$ (1,037,528)	\$ 51,591	\$ 1,762,889
Non-cash investing, capital, and financial activities:				
Fleet Services had donated capital assets of \$831.				

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



Discretely Presented Component Unit

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, 2002**

ASSETS

Cash and cash equivalents	\$ 18,376
Investments	19,032
Total assets	<u>\$ 37,408</u>

LIABILITIES AND FUND BALANCES

Liabilities:

Accounts payable	\$ 223
Due to other governments	37,185
Total liabilities	<u>37,408</u>

Fund balance:

Reserved for encumbrances	1,026
Unreserved, undesignated	<u>(1,026)</u>
Total fund balance	--

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

Capital assets reported in governmental activities are not financial assets and, therefore, are not reported in governmental funds.	<u>1,055,043</u>
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Net assets	<u>\$ 1,055,043</u>
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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, 2002**

REVENUES

Intergovernmental	\$ 160,000
Miscellaneous	<u>82,804</u>
Total revenues	<u>242,804</u>

EXPENDITURES

General government	<u>1,127,616</u>
Total expenditures	<u>1,127,616</u>

Deficiency of revenues under expenditures	(884,812)
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OTHER FINANCING SOURCES

Payment from City of Shreveport	<u>884,812</u>
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Net change in fund balance	--
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Fund balance - beginning	<u>--</u>
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Fund balance - ending	--
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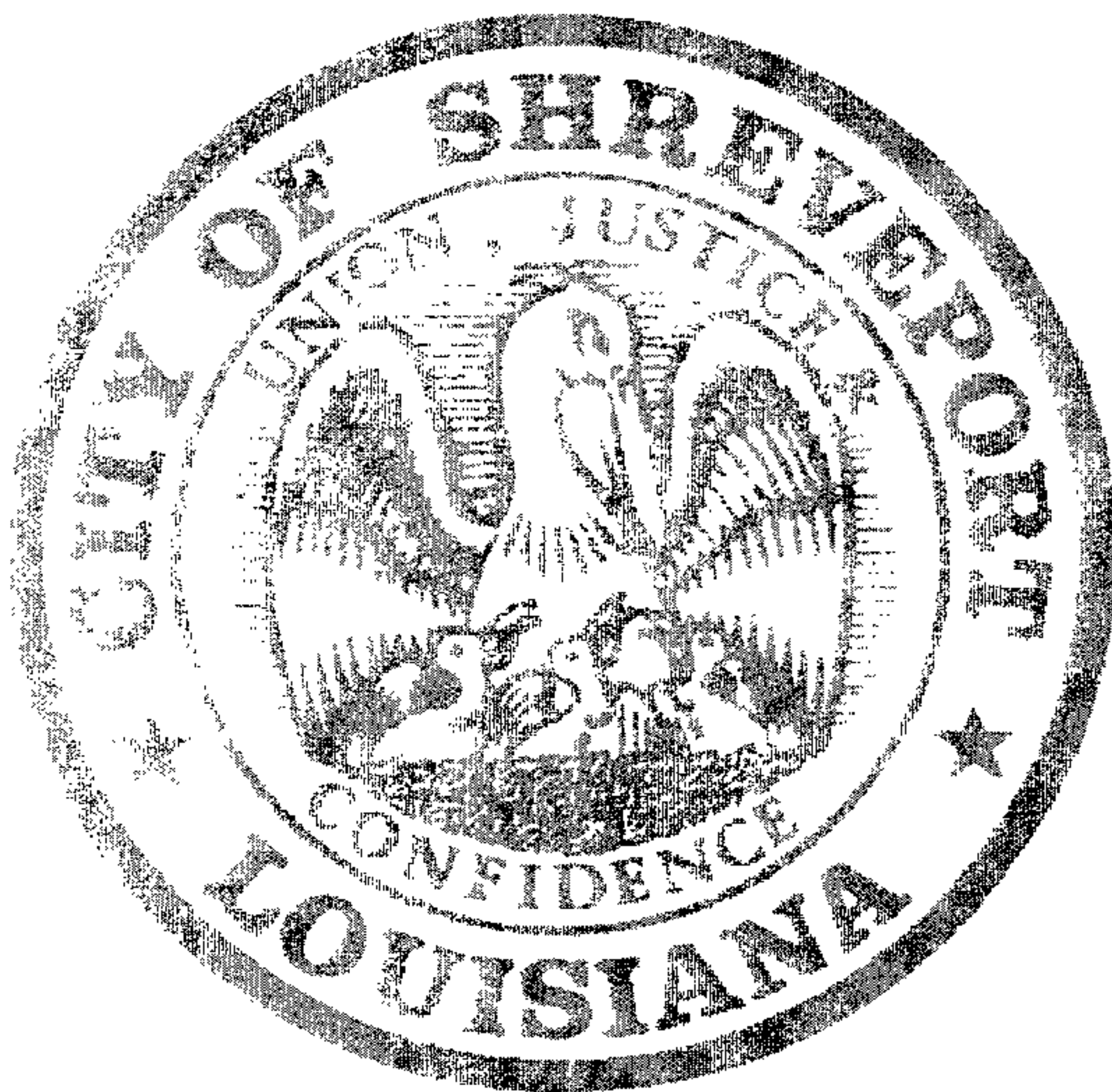
Amounts reported for the Metropolitan Planning Commission in the Statement of Activities for component units are different because:

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.

Capital outlay	34,795
Depreciation expense	<u>(63,120)</u>

Change in net assets	<u>\$ (28,325)</u>
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The accompanying notes are an integral part of the financial statements.



Statistical Section

This section, which is composed of accounting and non-accounting data, is presented in order to provide the reader with additional information as an aid to understanding the financial activities of the City. Many of these tables present data from outside the accounting records; therefore, the Statistical Section data has not been subjected to independent audit.

CITY OF SHREVEPORT, LOUISIANA
GENERAL GOVERNMENTAL EXPENDITURES BY FUNCTION (1)
FISCAL YEARS ENDED DECEMBER 31, 1993 THROUGH DECEMBER 31, 2002

<u>Fiscal Year Ended</u>	<u>General Government</u>	<u>Public Safety</u>	<u>Public Works</u>	<u>Health and Welfare</u>	<u>Cultural and Recreation</u>
1993	\$21,456,008	\$47,276,791	\$18,074,328	\$328,122	\$8,088,751
1994	27,358,947	48,624,309	25,239,599	403,518	9,238,424
1995	30,888,942	51,541,031	25,988,243	359,734	10,029,829
1996	26,545,711	55,035,600	25,579,678	419,927	10,472,199
1997	26,236,171	59,057,314	25,059,130	191,991	9,545,451
1998	29,394,166	57,472,321	24,683,745	390,998	9,968,862
1999	29,851,439	62,695,370	24,008,583	411,809	10,785,474
2000	31,160,204 (2)	60,899,205	27,090,411 (3)	674,884	10,606,983
2001	26,846,543	63,779,843	27,155,205	493,450	11,475,437
2002	24,673,122	68,731,189	28,580,522	483,659	11,350,929

(1) Includes general, special revenue, and debt service funds.

(2) Beginning in 2000, general government expenditures for component units are reported as payments to component units and included within total expenditures rather than transfers.

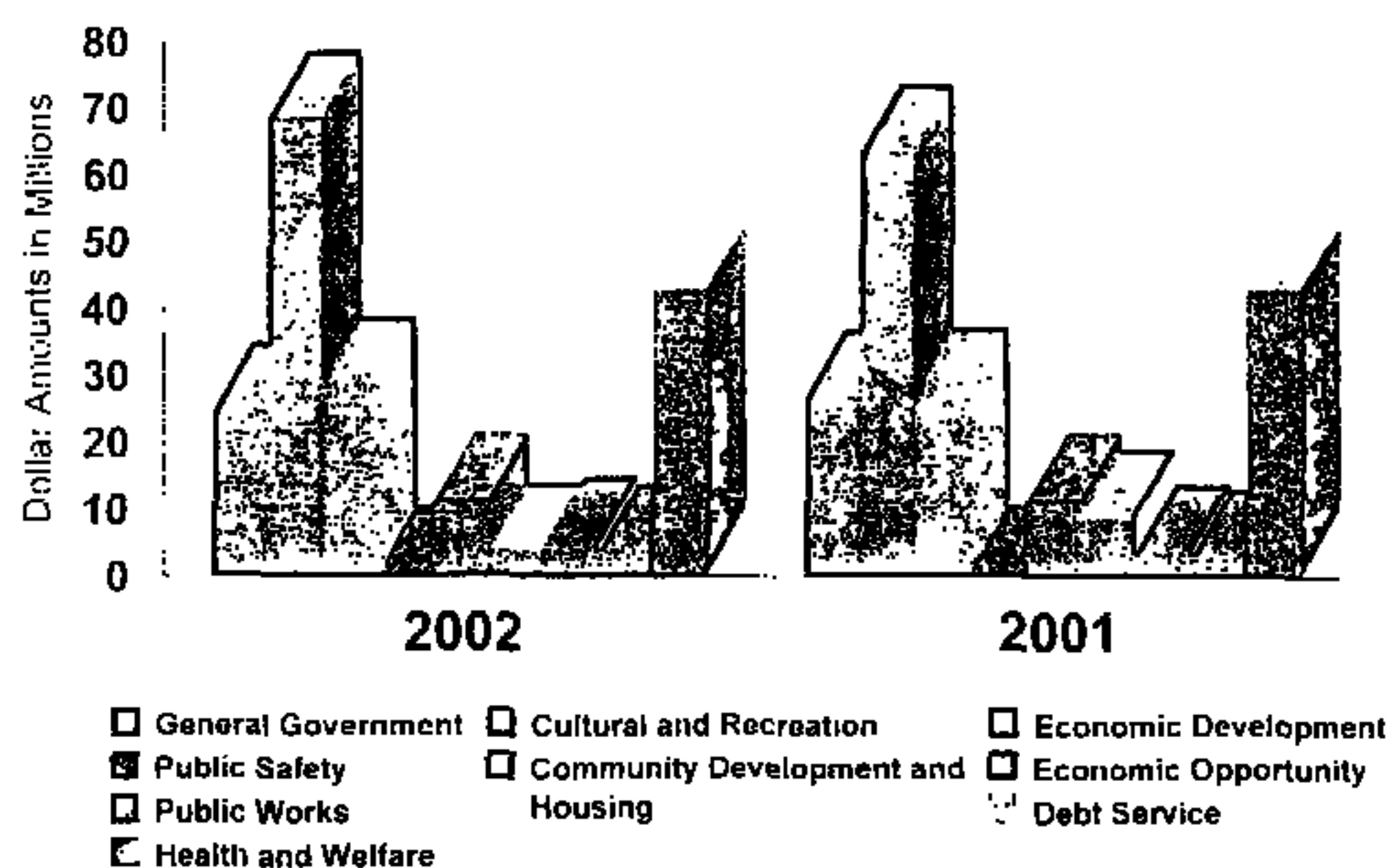
(3) Beginning in 2000, Highways and Streets and Sanitation were combined for reporting as Public Works.

(4) Beginning in 2000, these expenditures are recorded as transfers to the appropriate capital project funds where the expenditures are incurred.

Unaudited - see accompanying independent auditor's report.

<u>Community Development and Housing</u>	<u>Economic Development</u>	<u>Economic Opportunity</u>	<u>Capital Outlay</u>	<u>Debt Service</u>	<u>Total</u>
\$3,183,606	\$1,088,307	\$4,023,777	\$1,439,455	\$18,565,685	\$123,524,830
6,297,506	1,745,045	3,674,523	8,150,156	20,145,759	150,877,786
3,598,589	2,267,197	3,366,535	2,295,908	21,350,303	151,686,311
2,226,544	1,488,155	3,131,617	3,149,422	20,403,603	148,452,456
3,285,455	1,744,973	3,269,045	353,402	25,752,678	154,495,610
4,483,770	3,831,019	3,361,290	361,857	85,487,894	219,435,922
5,549,549	4,616,895	3,773,472	1,907,644	29,892,194	173,492,429
5,460,123	3,328,001	2,220,321	-- (4)	39,513,016	180,953,148
8,883,571	3,558,794	2,749,050	--	43,115,634	188,057,527
3,851,432	4,703,913	3,481,716	--	42,912,202	188,768,684

GENERAL GOVERNMENTAL EXPENDITURES BY FUNCTION



CITY OF SHREVEPORT, LOUISIANA
GENERAL GOVERNMENTAL REVENUES BY SOURCE (1)
FISCAL YEARS ENDED DECEMBER 31, 1993 THROUGH DECEMBER 31, 2002

Fiscal Year Ended	Taxes	Licenses and Permits	Intergovernmental	Charges for Services	Fines and Forfeitures	Special Assessments	Investment Earnings	Gaming	Miscellaneous	Total
1993	\$96,232,554	\$5,312,624	\$12,243,756	\$13,266,800	\$2,559,016	\$ 15,832	\$1,533,312	\$ --	\$2,022,421	\$133,186,315
1994	101,640,909	5,621,340	20,260,037	16,073,377	2,807,106	17,112	2,130,230	3,371,774	1,937,468	153,859,353
1995	106,051,704	5,704,505	16,400,266	17,924,530	3,343,529	15,779	2,800,754	6,436,562	1,816,735	160,494,364
1996	110,678,268	5,845,122	15,855,784	19,522,631	3,188,108	15,929	2,976,514	6,687,003	2,281,265	167,050,624
1997	111,357,774	6,059,329	15,565,742	15,318,550	3,699,970	--	3,245,900	7,420,610	1,504,626	164,172,501
1998	116,672,572	6,394,715	18,583,726	14,310,216	3,601,167	--	2,748,622	6,779,360	1,901,397	170,991,775
1999	120,416,777	6,648,966	21,508,762	13,327,285	3,074,359	--	3,406,274	7,300,677	2,224,224	177,907,324
2000	126,601,642	6,327,862	17,893,576	16,321,194 (2)	2,888,110	--	2,089,551 (2)	7,209,309	4,429,481 (2)	183,760,725
2001	130,797,660	6,590,052	22,091,919	15,308,068	3,051,065	--	2,642,465	14,819,542	3,111,809	198,412,580
2002	129,350,141	7,024,635	17,113,156	16,481,825	2,533,660	--	1,265,879	15,052,411	4,156,019	192,977,726

(1) Includes general, special revenue, and debt service funds.

(2) Beginning in 2000, investment earnings are reported as a separate amount. Previously, they were combined with property revenues which have been reclassified to charges for services or miscellaneous.

Unaudited - see accompanying independent auditor's report.

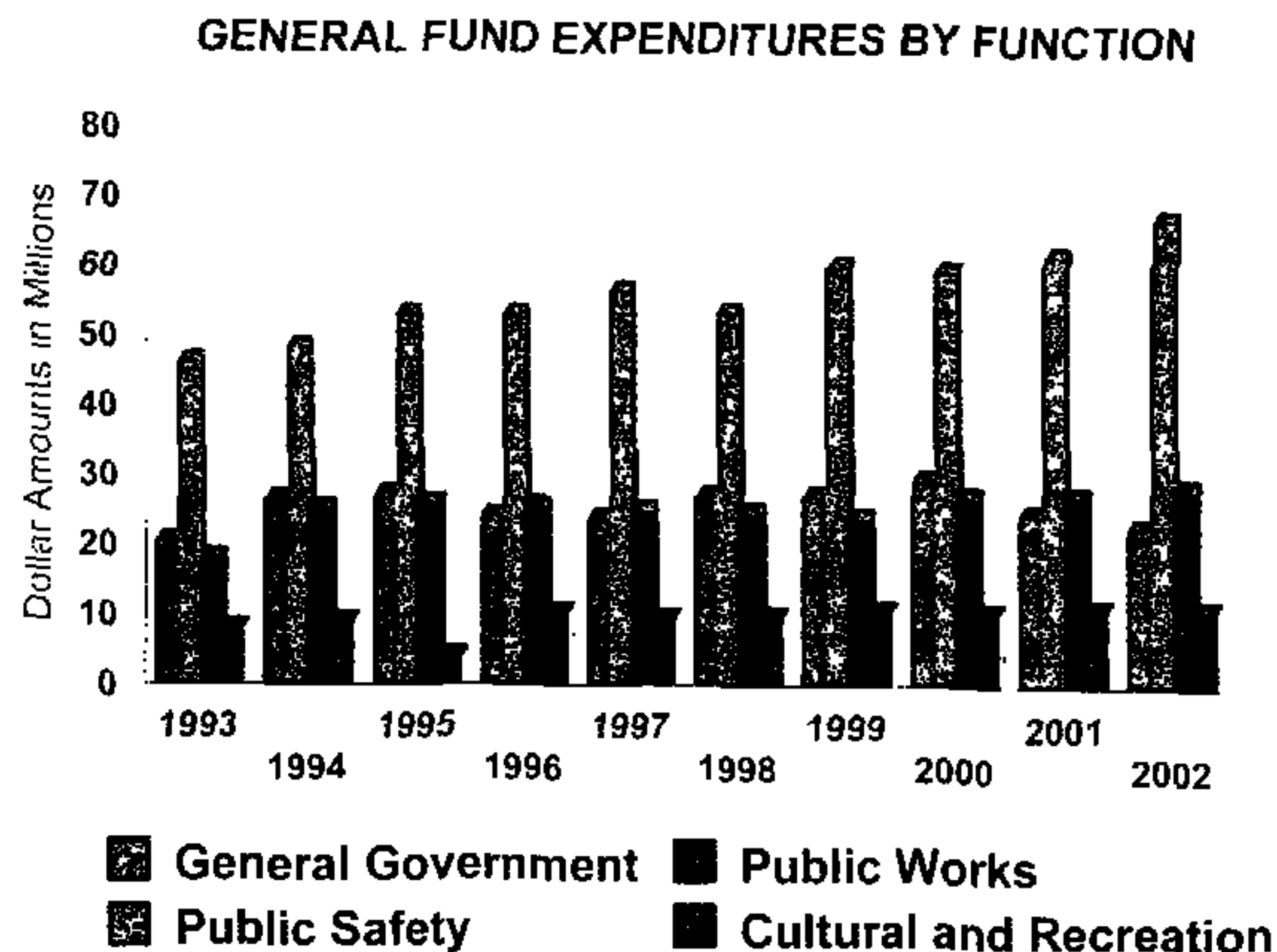
CITY OF SHREVEPORT, LOUISIANA
GENERAL FUND EXPENDITURES BY FUNCTION
FISCAL YEARS ENDED DECEMBER 31, 1993 THROUGH DECEMBER 31, 2002

<u>Fiscal Year Ended</u>	<u>General Government</u>	<u>Public Safety</u>	<u>Public Works</u>	<u>Cultural and Recreation</u>	<u>Total</u>
1993	\$20,344,665	\$46,353,062	\$18,074,328	\$7,952,053	\$92,724,108
1994	26,520,075	48,516,948	25,239,599	9,093,322	109,369,944
1995	27,319,896	53,197,365	25,988,243	9,816,436	116,321,940
1996	24,014,575	53,172,987	25,579,678	10,366,928	113,134,168
1997	23,758,250	56,553,595	25,059,130	9,503,975	114,874,950
1998	26,966,957	53,632,769	24,683,745	9,727,748	115,011,219
1999	27,166,380	60,206,574	24,008,583	10,633,296	122,014,833
2000	29,514,391 (1)	59,596,830	27,090,411 (2)	10,470,289	126,671,921
2001	24,663,594	61,812,341	27,155,205	11,026,051	124,657,191
2002	22,754,069	67,196,188	28,580,522	11,242,651	129,773,430

(1) Beginning in 2000, general government expenditures for component units are reported as payments to component units and included within total expenditures rather than transfers.

(2) Beginning in 2000, Highways and Streets and Sanitation were combined for reporting as Public Works.

Unaudited - see accompanying independent auditor's report.



CITY OF SHREVEPORT, LOUISIANA
GENERAL FUND REVENUES BY SOURCE
FISCAL YEARS ENDED DECEMBER 31, 1993 THROUGH DECEMBER 31, 2002

Fiscal Year Ended	Taxes	Licenses and Permits	Intergov- ernmental	Charges for Services	Fines and Forfeitures	Investment Earnings	Miscellaneous	Total
1993	\$75,561,693	\$5,312,624	\$2,699,243	\$13,266,800	\$2,559,016	\$1,130,319	\$440,614	\$100,970,309
1994	80,169,690	5,621,340	3,807,412	16,073,377	2,807,106	1,425,668	1,175,950	111,080,543
1995	83,915,635	5,704,505	6,676,620	17,924,530	3,343,529	1,447,980	608,766	119,621,565
1996	87,089,172	5,845,122	7,139,002	19,522,631	3,188,108	1,476,357	901,157	125,161,549
1997	86,906,893	4,946,273	6,637,193	15,318,550	3,471,593	1,508,664	568,220	119,357,386
1998	91,475,997	5,104,946	7,189,281	14,310,216	3,387,230	1,117,822	903,763	123,489,255
1999	94,800,813	5,126,826	6,906,424	13,327,285	3,051,963	1,757,901	709,233	125,680,445
2000	100,315,139	6,327,862	7,416,165	16,130,584 (1)	2,888,110	51,367 (1)	1,740,629 (1)	134,869,856
2001	102,141,144	6,590,052	8,066,389	15,286,721	3,051,065	151,096	644,528	135,930,995
2002	101,629,039	7,024,635	6,352,485	16,298,248	2,533,660	26,346	668,050	134,532,463

(1) Beginning in 2000, investment earnings are reported as a separate amount. Previously they were combined with property revenues which are now classified as charges for services or miscellaneous.

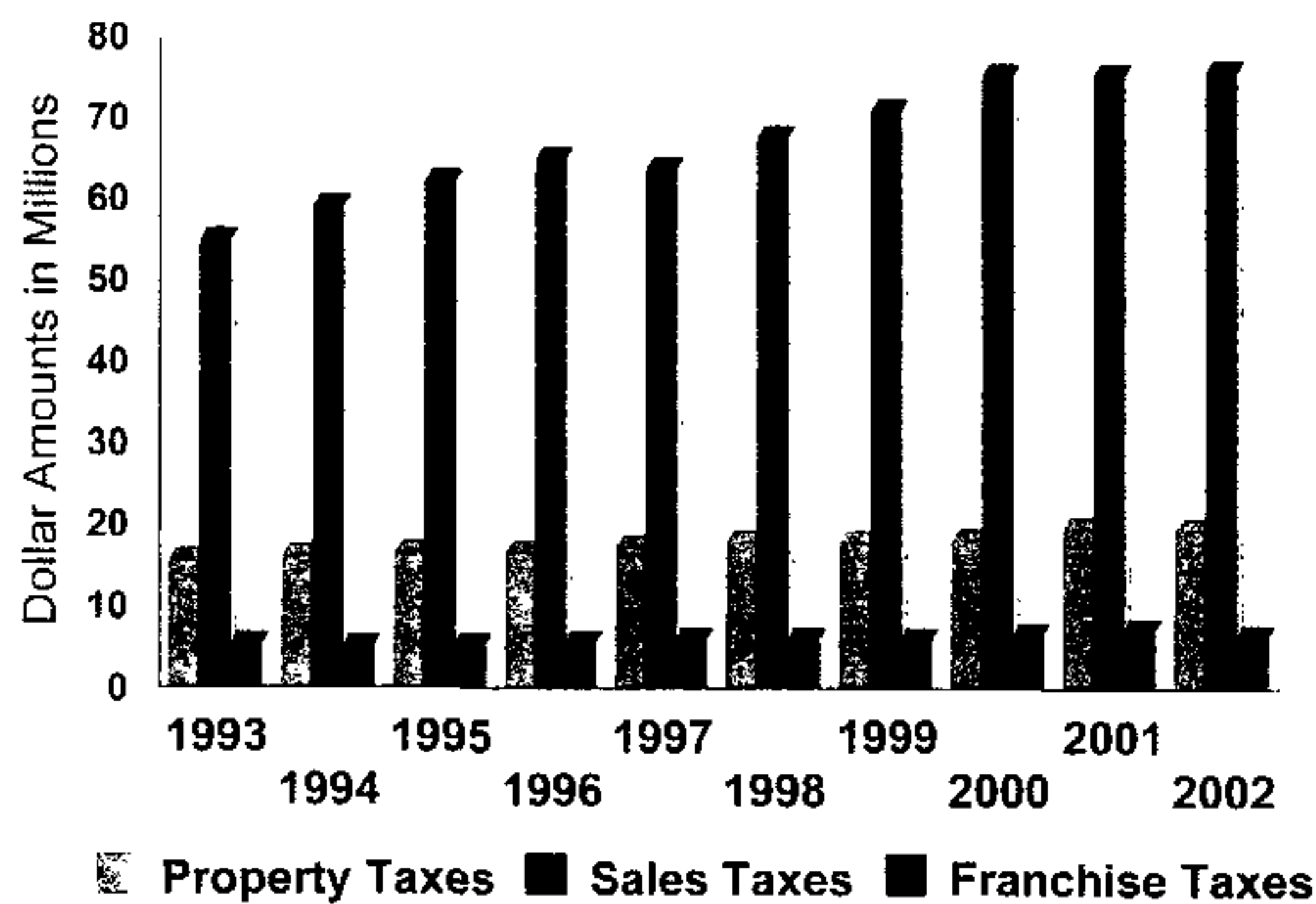
Unaudited - see accompanying independent auditor's report.

CITY OF SHREVEPORT, LOUISIANA
GENERAL FUND TAX REVENUES BY SOURCE
FISCAL YEARS ENDED DECEMBER 31, 1993 THROUGH DECEMBER 31, 2002

Fiscal Year Ended	Property Taxes	Sales Taxes	Franchise Taxes	Total
1993	\$15,471,677	\$54,896,273	\$5,193,743	\$75,561,693
1994	16,051,393	59,074,258	5,044,039	80,169,690
1995	16,470,366	62,230,417	5,214,852	83,915,635
1996	16,604,762	65,023,983	5,460,427	87,089,172
1997	17,230,847	63,815,812	5,860,234	86,906,893
1998	17,828,743	67,778,596	5,868,658	91,475,997
1999	17,832,604	71,113,334	5,854,875	94,800,813
2000	18,195,958	75,548,503	6,570,678	100,315,139
2001	19,572,536	75,481,654	7,086,954	102,141,144
2002	19,305,868	75,971,486	6,351,685	101,629,039

Unaudited-see accompanying independent auditor's report.

GENERAL FUND TAX REVENUES BY SOURCE



CITY OF SHREVEPORT, LOUISIANA
PROPERTY TAX LEVIES AND COLLECTIONS
FISCAL YEARS ENDED DECEMBER 31, 1993 THROUGH DECEMBER 31, 2002

Fiscal Year Ended	Total Tax Levy	Current Tax Collections	Percentage of Levy Collected	Delinquent Tax Collections	Total Tax Collected	Ratio of Total Collections to Tax Levy
1993	\$36,402,501	\$34,560,589	94.9 %	\$1,670,651	\$36,231,240	99.5 %
1994	37,825,061	35,991,105	95.2	1,621,533	37,612,638	99.4
1995	39,316,657	37,490,472	95.4	1,090,247	38,580,719	98.1
1996	40,902,242	39,050,781	95.5	967,813	40,018,594	97.8
1997	42,905,989	40,262,770	93.8	1,333,580	41,596,350	97.0
1998	44,133,525	41,287,397	93.6	1,548,176	42,835,573	97.1
1999	44,113,404	41,473,342	94.0	1,749,617	43,222,959	98.0
2000	45,926,818	42,274,894	92.0	1,929,137	44,204,031	96.2
2001	48,082,314	45,329,072	94.3	2,791,121	48,120,193	100.1
2002	48,563,087	44,998,072 (1)	92.7	1,672,882	46,670,954	96.1

(1) Current collections through February 28, 2003. Taxes collected after 60 days from the year-end are recorded in the prior year's delinquent tax column. Collections for 2002 will continue until November, 2003 when 2003 taxes are billed.

Unaudited - see accompanying independent auditor's report.

CITY OF SHREVEPORT, LOUISIANA
ASSESSED AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
FISCAL YEARS ENDED DECEMBER 31, 1993 THROUGH DECEMBER 31, 2002

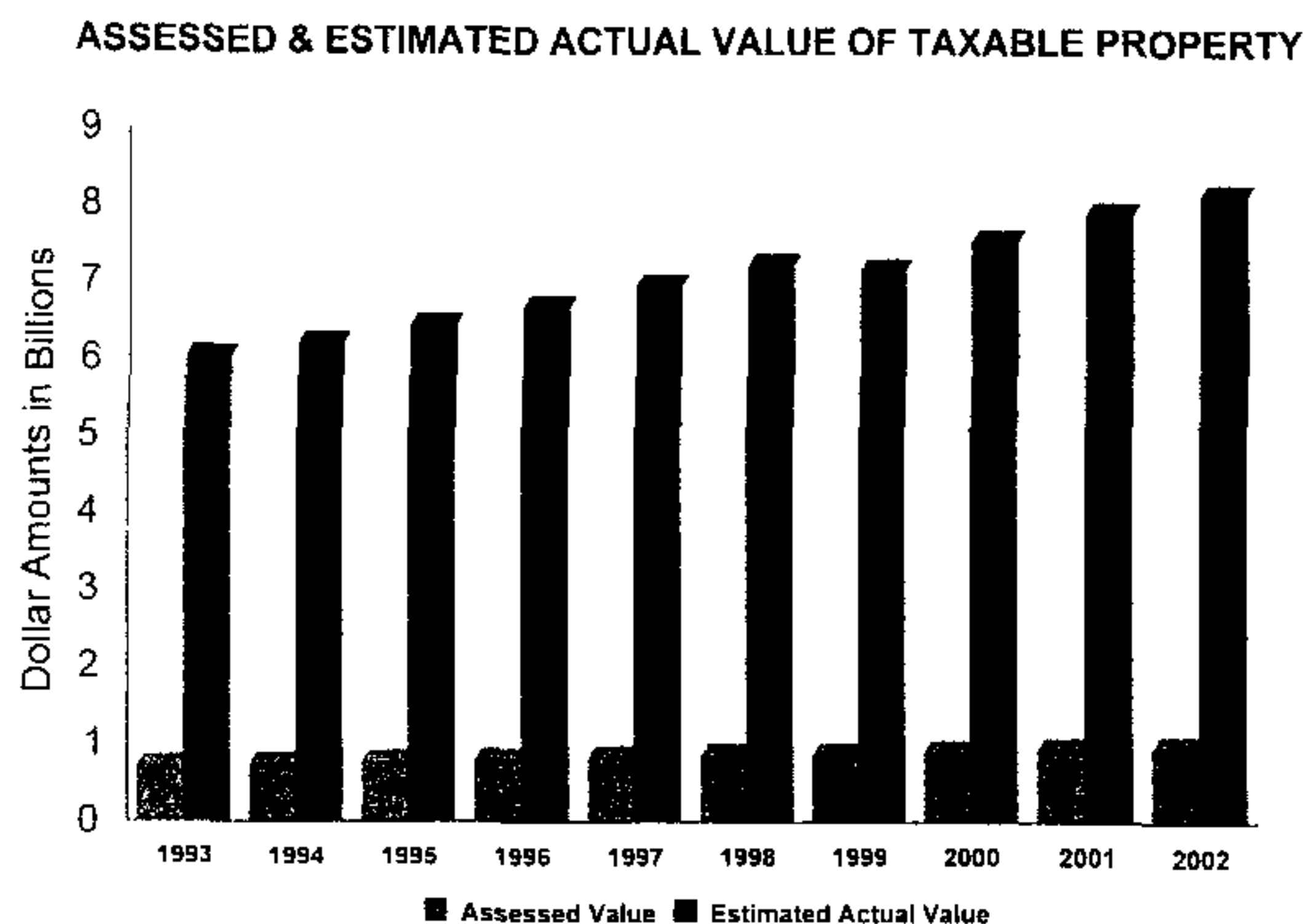
Fiscal Year	Assessed Value	Estimated Actual Value	Ratio Assessed Value to Estimated Actual Value
1993	\$711,696,460	\$6,027,866,720	11.8%
1994	736,649,960	6,193,177,580	11.9
1995	763,224,730	6,430,617,133	11.9
1996	792,161,740	6,659,115,987	11.9
1997	832,135,880	6,943,578,693	12.0
1998	854,888,230	7,126,400,840	12.0
1999	855,952,380	7,143,817,833	12.0
2000	898,928,580	7,527,501,313	11.9
2001	937,275,970	7,888,214,320	11.9
2002	946,647,780 (1)	8,137,515,920	11.8

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 4 years. The last revaluation was completed for the roll of January 1, 2000. The next revaluation will be completed as of January 1, 2004 for the 2004 tax roll.

(1) Included in the total assessed value of property within the City is \$8,096,520 of assessed value which has been adjudicated to Caddo Parish.

Unaudited - see accompanying independent auditor's report.



CITY OF SHREVEPORT, LOUISIANA
SUMMARY OF AD VALOREM TAX MILLAGE RATES
(TAX RATE PER \$1,000 ASSESSED VALUE)
FISCAL YEARS ENDED DECEMBER 31, 1993 THROUGH DECEMBER 31, 2002

	<u>2002</u>	<u>2001</u>	<u>2000</u>	<u>1999</u>	<u>1998</u>	<u>1997</u>	<u>1996</u>	<u>1995</u>	<u>1994</u>	<u>1993</u>
Debt Service (1)	\$30.54	\$30.54	\$30.54	\$30.54	\$30.54	\$30.54	\$30.54	\$29.67	\$29.67	\$29.67
General Alimony (2)	12.13	12.13	12.13	12.32	12.32	12.32	12.32	12.65	12.65	12.65
Police Three-Platoon System (2)	1.73	1.73	1.73	1.76	1.76	1.76	1.76	1.81	1.81	1.81
Police and Fire Uniforms & Equipment (3)	1.31	1.31	1.31	1.33	1.33	1.33	1.33	1.37	1.37	1.37
Salary & Wage Schedule (3)	1.31	1.31	1.31	1.33	1.33	1.33	1.33	1.37	1.37	1.37
Street Improvements (3)	1.31	1.31	1.31	1.33	1.33	1.33	1.33	1.37	1.37	1.37
Employee Benefits (3)	1.99	1.99	1.99	2.02	2.02	2.02	2.02	2.07	2.07	2.07
Parks & Recreational Facilities (3)	.98	.98	.98	1.00	1.00	1.00	1.00	1.03	1.03	1.03
Total	<u>\$51.30</u>	<u>\$51.30</u>	<u>\$51.30</u>	<u>\$51.63</u>	<u>\$51.63</u>	<u>\$51.63</u>	<u>\$51.63</u>	<u>\$51.34</u>	<u>\$51.34</u>	<u>\$51.34</u>

- (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) 12.65 mills for General Alimony
(b) 1.81 mills for Police Three-Platoon System
- (3) Special millage approved by referendum and must be reapproved by referendum every 5 years.
(Last submitted and approved on July 19, 1997).

Unaudited - see accompanying independent auditor's report.

CITY OF SHREVEPORT, LOUISIANA
PROPERTY TAX RATES AND TAX LEVIES - DIRECT AND OVERLAPPING GOVERNMENTS
FISCAL YEARS ENDED DECEMBER 31, 1993 THROUGH DECEMBER 31, 2002

Fiscal Year	Tax Rates				Tax Levies			
	(In Dollars Per \$1000 of Assessed Value)				City	School	Parish	Total
	City	School	Parish	Total				
1993	\$51.34	\$55.68	\$42.53	\$149.55	\$36,402,501	\$36,630,049	\$27,466,995.00	\$100,499,545
1994	51.34	54.98	38.72	145.04	37,825,061	37,720,491	25,711,970	101,257,522
1995	51.34	54.58	38.22	144.14	39,316,657	37,640,523	26,786,334	103,743,514
1996	51.63	53.31	41.90	146.84	40,902,242	38,451,509	30,349,226	109,702,977
1997	51.63	85.08	41.87	178.58	42,905,989	64,868,734	31,501,056	139,275,779
1998	51.63	84.48	41.17	177.28	44,133,525	65,806,519	32,541,850	142,481,894
1999	51.63	83.98	41.17	176.78	44,113,404	67,072,869	33,168,880	144,355,153
2000	51.30	85.63	38.95	175.88	45,926,818	71,757,465	32,769,190	150,453,473
2001	51.30	86.03	40.16	177.49	48,082,314	73,467,609	33,930,780	155,480,703
2002	51.30	87.27	40.40	178.97	48,563,087	74,564,826	33,571,267	156,699,180

Note: Property was revalued for January 1, 2000.

Unaudited - see accompanying independent auditor's report.

CITY OF SHREVEPORT, LOUISIANA
PRINCIPAL TAXPAYERS
DECEMBER 31, 2002

	Name	Assessed Value	Tax Amount	Percentage of Assessed Value to Total Assessment
1.	Southwestern Electric Power Company	\$37,568,300	\$1,927,254	4.1%
2.	BellSouth	24,897,520	1,277,243	2.6
3.	Harrah's	19,098,020	979,728	2.0
4.	Hibernia National Bank	12,973,800	665,556	1.4
5.	AMSouth Bank	12,185,100	625,096	1.3
6.	Bank One	8,904,650	456,809	.9
7.	Wal-Mart	8,071,590	331,748	.7
8.	Calumet Lubricants	6,466,830	331,748	.7
9.	First Cellular	5,082,530	260,734	.5
10.	Reliant Energy Arkla	5,046,190	258,870	.5
	Total amount for ten principal taxpayers	140,294,530	7,114,786	14.8
	Total for remaining taxpayers	806,353,250	41,448,301	85.2
	Total amount for all taxpayers	<u>\$946,647,780</u>	<u>\$48,563,087</u>	<u>100.0%</u>

Unaudited - see accompanying independent auditor's report.

CITY OF SHREVEPORT, LOUISIANA
SPECIAL ASSESSMENT BILLINGS AND COLLECTIONS
FISCAL YEARS ENDED DECEMBER 31, 1993 THROUGH DECEMBER 31, 2002

<u>Fiscal Year</u>	<u>Amount of Installment Assessments Due</u>	<u>Total Revenue Collected</u>	<u>Percentage of Revenue To Assessments Due</u>
1993	\$68,619	\$79,173	115.4%
1994	41,088	75,637	184.1
1995	26,034	58,564	225.0
1996	20,009	33,034	165.1
1997	2,800	19,758	705.6
1998	2,667	7,170	268.8
1999	2,533	12,167	480.3
2000	2,133	14,111	662.6
2001	2,267	32,562	1,436.3
2002	6,238	9,236	148.1

Unaudited - see accompanying independent auditor's report.

CITY OF SHREVEPORT, LOUISIANA
COMPUTATION OF LEGAL DEBT MARGIN
DECEMBER 31, 2002

	Street Improvements	Police and Fire	Water and Sewer Improvements	Parks and Recreation	Public Buildings	Drainage	Sanitation and Incinerator	Industrial Bond	Airports	Sportran	Riverfront Park
Assessed value \$946,647,780(1)											
Debt limit - 10% of assessed value for any one purpose (2)	\$94,664,778	\$94,664,778	\$94,664,778	\$94,664,778	\$94,664,778	\$94,664,778	\$94,664,778	\$94,664,778	\$94,664,778	\$94,664,778	\$94,664,778
Deduct - Amount of debt applicable to debt limit	89,033,874	28,943,407	100,880	15,919,795	81,606,538	43,370,912	129,820	14,884	63,877	628,496	4,379,981
Legal debt margin	<u>\$5,630,904</u>	<u>\$65,721,371</u>	<u>\$94,563,898</u>	<u>\$78,744,983</u>	<u>\$13,058,240</u>	<u>\$51,293,866</u>	<u>\$94,534,958</u>	<u>\$94,649,894</u>	<u>\$94,600,901</u>	<u>\$94,036,282</u>	<u>\$90,284,797</u>

Note:

- (1) Included in the total assessed value of property within the City is \$8,096,520 of assessed value which has been adjudicated to Caddo Parish.
(2) 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 valuation. A total of \$67,134,258 of additional bonded debt is available for issuance pursuant to the 35% limitation.

Unaudited - see accompanying independent auditor's report.

CITY OF SHREVEPORT, LOUISIANA
 RATIO OF NET GENERAL BONDED DEBT TO ASSESSED VALUE
 AND NET BONDED DEBT PER CAPITA
 FISCAL YEARS ENDED DECEMBER 31, 1993 THROUGH DECEMBER 31, 2002

Fiscal Year	Population	Assessed Value	Gross Bonded Debt(2)	Debt Service Fund	Net Bonded Debt	Ratio of Net Bonded Debt to Assessed Value	Net Debt Per Capita
1993	194,186	\$711,696,460	\$150,795,449	\$10,563,368	\$140,232,081	19.7%	\$722
1994	201,365	736,649,960	167,982,060	12,009,477	155,972,583	21.2	775
1995	195,815	763,224,730	158,594,682	15,273,631	143,321,051	18.8	732
1996	201,270	792,161,740	164,515,766	20,788,205	143,727,561	18.1	714
1997	201,568	832,135,880	175,120,595	22,628,716	152,491,879	18.3	757
1998	201,325	854,888,230	242,896,510	23,942,397	218,954,113	25.6	1,088
1999	201,500	855,952,380	268,296,958	27,428,681	240,868,277	28.1	1,195
2000	200,145	898,928,580	258,856,631	28,977,467	229,879,164	25.6	1,149
2001	201,059	937,275,970	278,641,502	33,982,628	244,658,874	26.1	1,217
2002	201,100 (1)	946,647,780 (3)	264,673,234	37,297,993	227,375,241	24.0	1,131

Note:

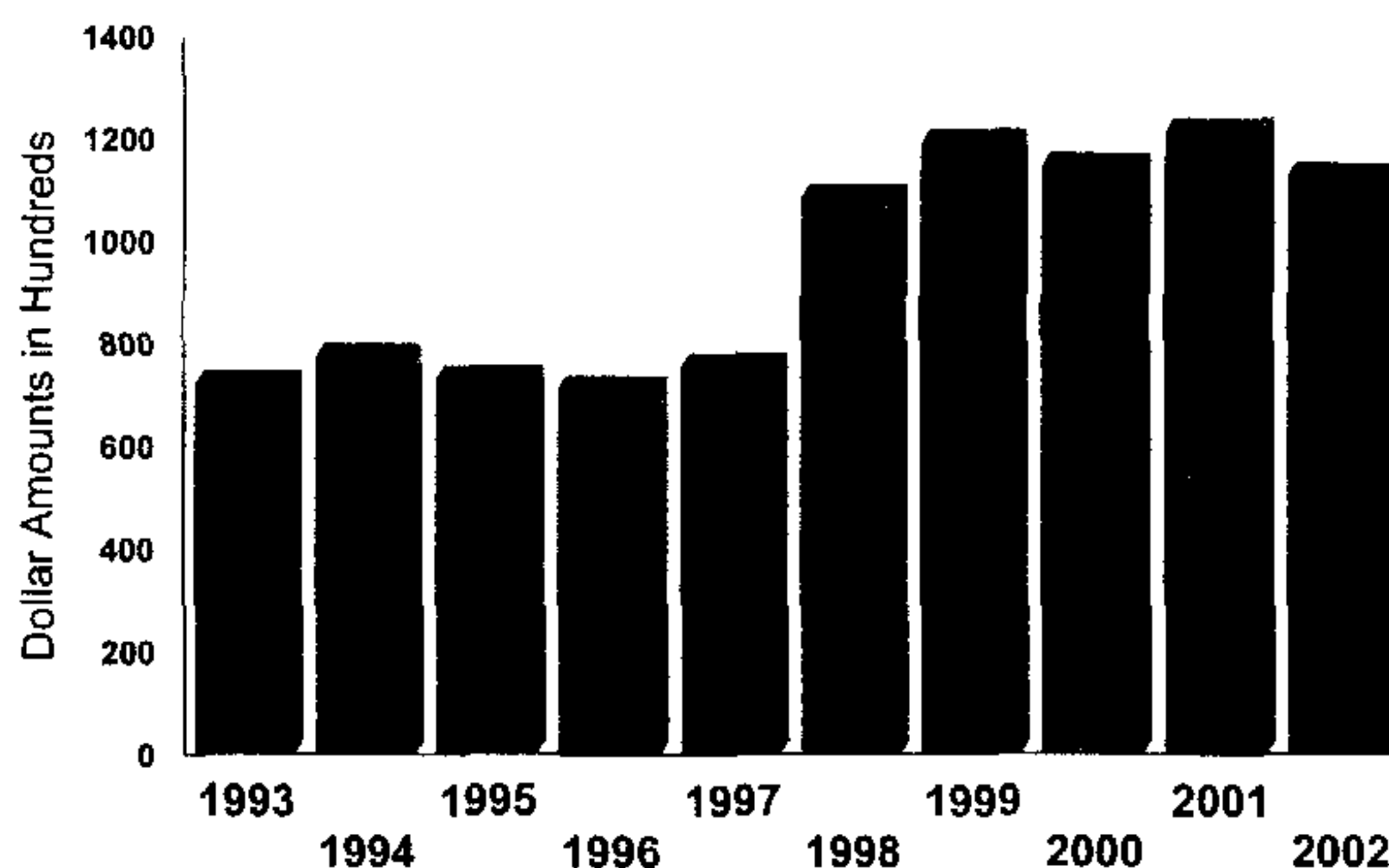
(1) Source: Treasurer of the State of Louisiana

(2) Includes all general obligation bonds payable from assessed property taxes in their original principal amount outstanding. Included in this amount is \$480,769 payable by the Water and Sewerage Fund.

(3) Included in the total assessed value of property within the City is \$8,096,520 of assessed value which has been adjudicated to Caddo Parish.

Unaudited - see accompanying independent auditor's report.

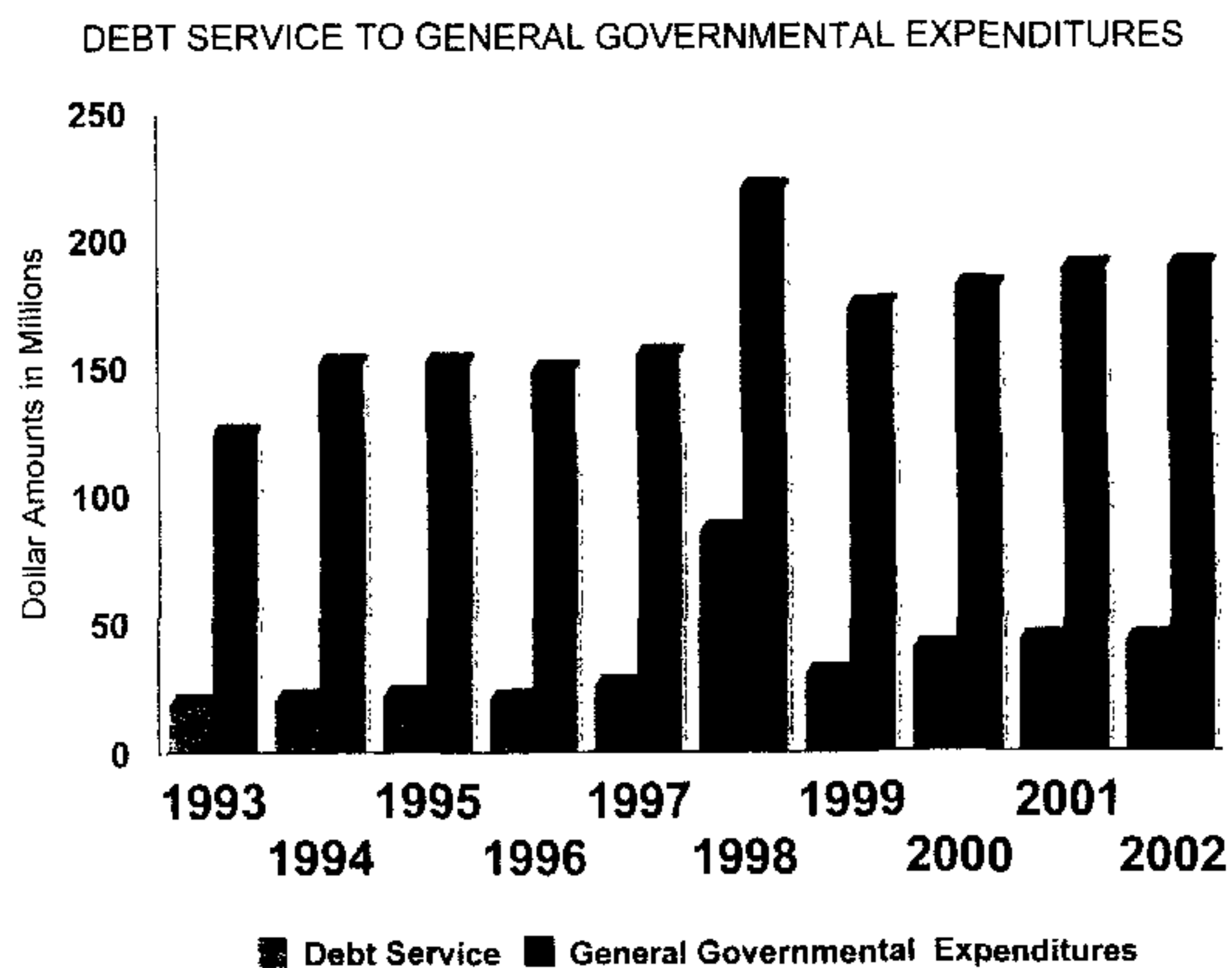
NET DEBT PER CAPITA



CITY OF SHREVEPORT, LOUISIANA
 RATIO OF ANNUAL DEBT SERVICE EXPENDITURES
 FOR GENERAL BONDED DEBT TO TOTAL GENERAL GOVERNMENTAL EXPENDITURES
 FISCAL YEARS ENDED DECEMBER 31, 1993 THROUGH DECEMBER 31, 2002

Fiscal Year	Principal	Interest and Other Costs	Total Debt Service	Total General Governmental Expenditures	Debt Service as a Percentage of General Expenditures
1993	\$8,881,482	\$9,684,203	\$18,565,685	\$123,524,830	15.0%
1994	9,028,328	11,117,431	20,145,759	150,877,786	13.4
1995	9,783,852	11,566,450	21,350,302	151,686,311	14.1
1996	9,673,370	10,730,233	20,403,603	148,452,456	13.7
1997	11,407,584	14,345,094	25,752,678	154,495,610	16.7
1998	14,175,866	71,312,028	85,487,894	219,435,922	39.0
1999	12,101,307	17,790,887	29,892,194	173,492,429	17.2
2000	22,581,167	16,931,849	39,513,016	180,953,148	21.8
2001	26,360,111	16,755,523	43,115,634	188,057,527	22.9
2002	26,100,991	16,811,211	42,912,202	188,768,684	22.7

Unaudited - see accompanying independent auditor's report.



CITY OF SHREVEPORT, LOUISIANA
COMPUTATION OF DIRECT AND OVERLAPPING DEBT
GENERAL OBLIGATION BONDS AND NOTES
DECEMBER 31, 2002

Direct Debt City of Shreveport	Gross Debt	Exclusions(1)	Amount Available Debt Service Fund	Net Debt	Percentage of Debt Applicable to the City(2)	City's Share of Debt
General Obligation Bonds	\$264,673,234	\$ 480,769	\$37,297,993	\$226,894,472	100%	\$226,894,472
General Obligation Notes	92,224,655	4,332,600	--	87,892,055	100	87,892,055
Total Direct Debt	<u>356,897,889</u>	<u>4,813,369</u>	<u>37,297,993</u>	<u>314,786,527</u>		<u>314,786,527</u>
<u>Overlapping Debt</u>						
Caddo Parish Commission	13,035,000	--	2,151,551	10,883,449	78	8,489,090
Caddo Parish School Board	56,070,000	--	1,818,230	54,251,770	76	41,231,345
Total Overlapping Debt	<u>69,105,000</u>	<u>--</u>	<u>3,969,781</u>	<u>65,135,219</u>		<u>49,720,435</u>
Total Direct and Overlapping Debt	<u>\$426,002,889</u>	<u>\$ 4,813,369</u>	<u>\$41,267,774</u>	<u>\$379,921,746</u>		<u>\$364,506,962</u>

Note:

- (1) Exclusions represent general obligation bonds and notes issued for proprietary fund purposes which are payable from those funds .
(2) Based on 2000 assessed valuation.

Unaudited - see accompanying independent auditor's report.

CITY OF SHREVEPORT, LOUISIANA
REVENUE BOND COVERAGE
WATER AND SEWER BONDS

FISCAL YEARS ENDED DECEMBER 31, 1993 THROUGH DECEMBER 31, 2002

Fiscal Year	Gross Revenue(1)	Operating Expenses(2)	Net Revenue Available for Debt Service	Debt Service Requirement		Times Coverage
				Principal	Interest	
1993	\$34,161,489	\$18,779,341	\$15,382,148	\$5,035,633	\$4,026,227	1.70
1994	39,876,054	19,378,537	20,497,517	6,088,491	4,790,666	1.88
1995	42,554,739	21,434,807	21,119,932	6,102,241	4,769,601	1.94
1996	44,453,224	20,818,488	23,634,736	6,063,347	4,727,790	2.19
1997	40,440,600	23,190,429	17,250,171	6,371,625	4,874,574	1.53
1998	43,248,948	22,443,312	20,805,636	6,419,766	4,782,788	1.86
1999	40,480,054	23,423,832	17,056,222	6,483,541	4,664,645	1.53
2000	41,984,620	22,064,086	19,920,534	4,351,300	3,064,987	2.69
2001	37,994,398	24,424,890	13,569,508	4,658,766	3,038,722	1.76
2002	38,582,686	27,804,941	10,777,745	5,267,979	2,275,652	1.43

Notes:

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

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

Unaudited - see accompanying independent auditor's report.

CITY OF SHREVEPORT, LOUISIANA
REVENUE BOND COVERAGE
MUNICIPAL AND REGIONAL AIRPORTS
FISCAL YEARS ENDED DECEMBER 31, 1998 THROUGH DECEMBER 31, 2002

Fiscal Year	Gross Revenue(1)	Operating Expenses(2)	Net Revenue Available for Debt Service	Debt Service Requirement		Times Coverage
				Principal	Interest	
1998	\$8,369,590	\$4,121,013	\$4,248,577	\$866,666	\$886,842	\$1,753,508 2.42
1999	7,554,919	4,359,948	3,194,971	896,552	869,243	1,765,795 1.81
2000	8,097,152	5,143,977	2,953,175	913,214	852,511	1,765,725 1.67
2001	7,668,944	5,245,607	2,423,337	930,556	835,209	1,765,765 1.37
2002	7,553,971	5,648,894	1,905,077	948,462	817,311	1,765,773 1.08

Notes:

- (1) Includes operating revenues, interest income, passenger facility charges, net changes in the fair value of investments, and intergovernmental revenues.
(2) Before depreciation and amortization expenses but including transfers out.

Unaudited - see accompanying independent auditor's report.

CITY OF SHREVEPORT, LOUISIANA
DEMOGRAPHIC STATISTICS
FISCAL YEARS ENDED DECEMBER 31, 1993 THROUGH DECEMBER 31, 2002

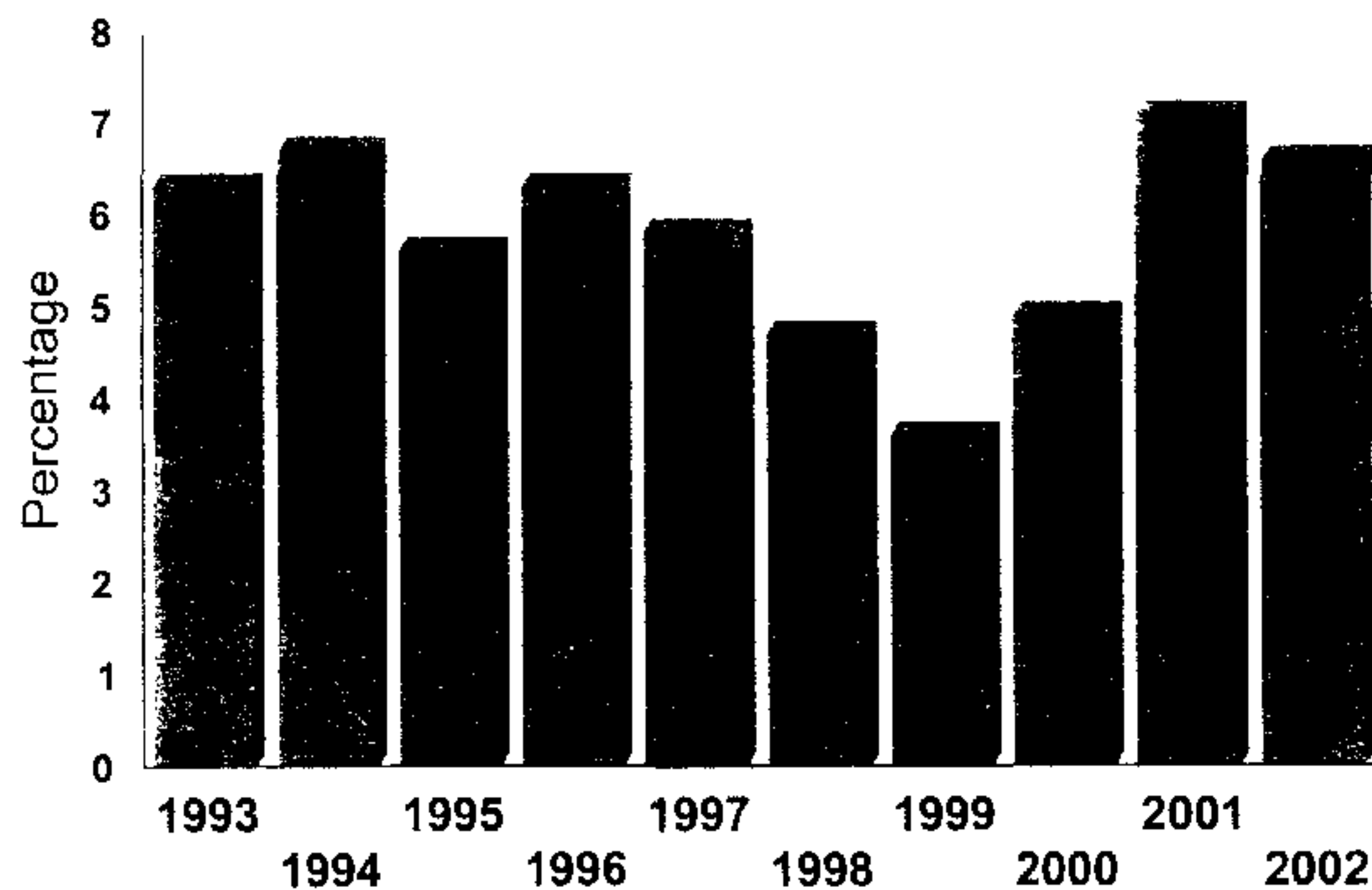
<u>Fiscal Year</u>	<u>Population</u>	<u>Median Age</u>	<u>School Enrollment(3)</u>	<u>Unemployment Rate(4)</u>
1993	194,186	33.2	48,795	6.3%
1994	201,365	33.4	49,310	6.7
1995	195,815	33.3	49,139	5.6
1996	201,270	33.3	48,843	6.3
1997	201,568	34.3	48,018	5.8
1998	201,325	34.3	46,832	4.7
1999	201,500	34.5	46,011	3.6
2000	200,145	34.5	45,120	4.9
2001	201,059	35.4	44,943	7.1
2002	201,100 (1)	35.0 (2)	44,722	6.6

Sources:

- (1) Treasurer of the State of Louisiana
- (2) Center for Business Economic Research, Louisiana State University - Shreveport
- (3) Caddo Parish School Board
- (4) Louisiana Department of Labor

Unaudited - see accompanying independent auditor's report.

UNEMPLOYMENT RATE



CITY OF SHREVEPORT, LOUISIANA
PROPERTY VALUE, CONSTRUCTION, AND BANK DEPOSITS
FISCAL YEARS ENDED DECEMBER 31, 1993 THROUGH DECEMBER 31, 2002

Fiscal Year	Commercial Construction(1)		Residential Construction(1)		Property Value(2)	
	Number of Units	Value	Number of Units	Value	Commercial	Residential
1993	42	\$24,778,625	184	\$24,360,780	\$3,234,028,120	\$2,793,838,600
1994	64	28,406,873	233	33,893,896	3,400,207,880	2,792,969,700
1995	79	33,923,714	249	34,100,257	3,530,817,633	2,899,799,500
1996	79	43,539,539	276	37,707,516	3,624,132,887	3,034,983,100
1997	114	119,502,459	235	37,121,897	3,848,666,193	3,094,912,500
1998	157	114,443,170	258	40,088,629	3,980,958,240	3,145,442,600
1999	168	147,216,441	378	50,678,841	3,967,175,833	3,176,642,000
2000	103	72,305,845	355	56,689,353	4,124,484,713	3,403,016,600
2001	161	57,699,144	374	56,942,287	4,431,493,320	3,456,721,000
2002	87	100,925,424	448	72,277,725	4,605,346,320	3,532,169,600

Bank deposits are not disclosed. Several banks in the City are part of statewide banking operations, and they are not able to isolate the deposits within the City of Shreveport.

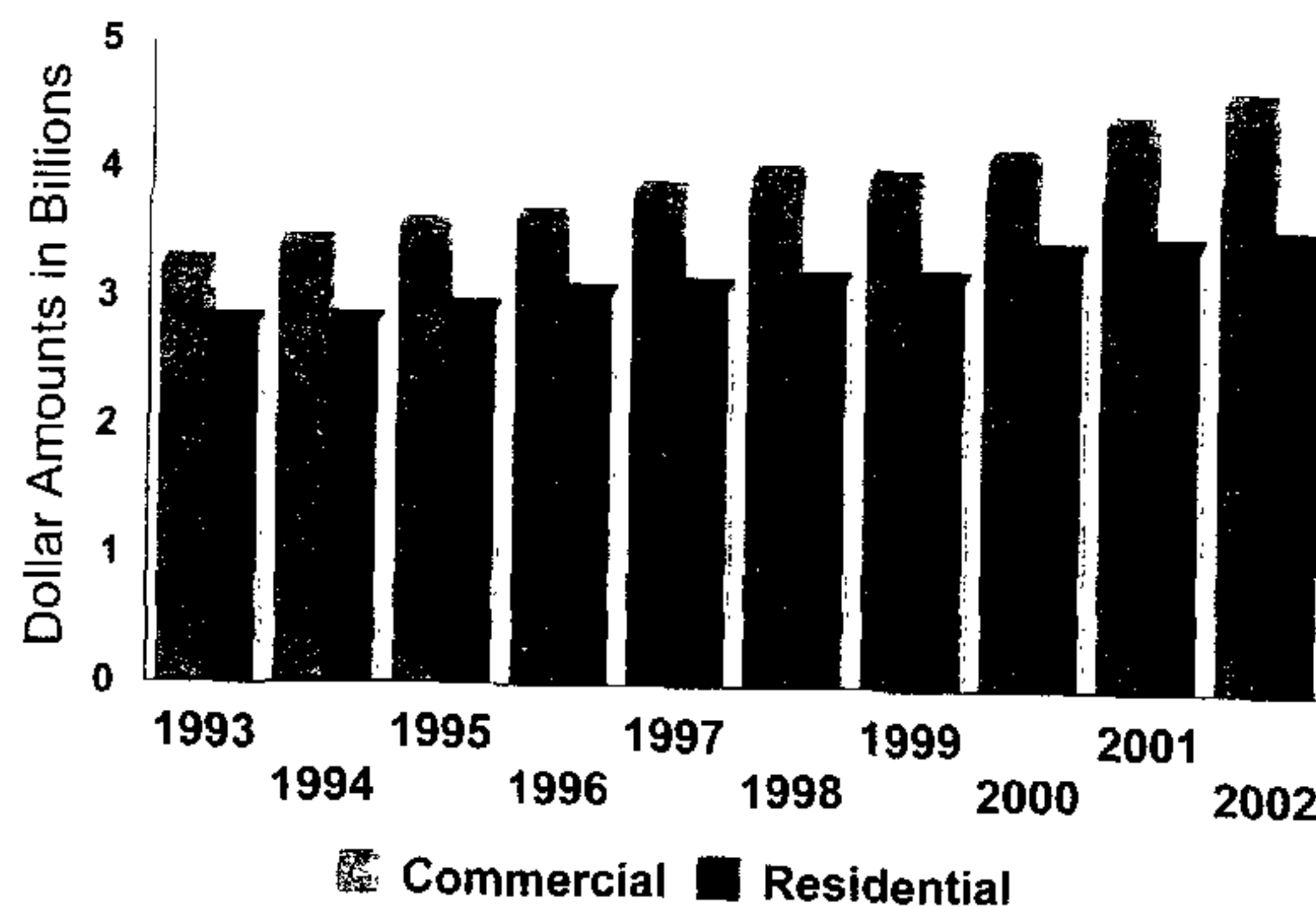
Sources:

(1) Permit and Inspection's Annual Reports

(2) Estimated appraised value from the City of Shreveport Revenue Division's Tax Summary

Unaudited - see accompanying independent auditor's report.

PROPERTY VALUE



CITY OF SHREVEPORT, LOUISIANA
MISCELLANEOUS STATISTICS
DECEMBER 31, 2002

Date of settlement	1835
Date of incorporation	1839
Form of government	Mayor-Council
Date established	1978
Area-square miles	119
Lane miles of paved streets	1,564
Police protection:	Municipal
Number of policemen & officers	581
Fire protection:	Municipal
Number of firemen & officers	566
Employees:	
Classified, appointed, elected, and exempt (exclusive of fire and police)	1,898
Recreation:	
Parks - Number of acres	3,181
Number of playgrounds	43
Number of picnic areas	34
Number of municipal golf courses	3
Number of street lights	29,433
Water storage tanks:	
Number of storage tanks	13
Total capacity of water storage tanks	35,500,000 gallons
Municipal water plant:	
Number of accounts	65,000
Daily average consumption	33,000,000 gallons
Miles of water mains	1,060
Sewers:	
Number of accounts	63,000
Daily average influent flow	48,000,000
Miles of sewer mains	1,030
Miles of drainage ditches:	
Paved	408
Non-paved	930

Unaudited - see accompanying independent auditor's report.



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CITY OF SHREVEPORT, LOUISIANA

OMB Circular A-133 Reports

December 31, 2002

(With Independent Auditors' Reports Thereon)

CITY OF SHREVEPORT, LOUISIANA

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

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

The Honorable Mayor and Members of the City Council
City of Shreveport, Louisiana:

We have audited the financial statements of the City of Shreveport, Louisiana as of and for the year ended December 31, 2002, and have issued our report thereon dated March 28, 2003. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the City of Shreveport, Louisiana's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance 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 02-1 and 02-2.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City of Shreveport, Louisiana's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of internal control over financial reporting would not necessarily disclose all matters in internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting, which we have reported to management of the City of Shreveport, Louisiana in a separate letter dated March 28, 2003.



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

KPMG LLP

March 28, 2003



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

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

The Honorable Mayor and Members of the City Council
City of Shreveport, Louisiana:

Compliance

We have audited the compliance of the City of Shreveport, Louisiana with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended December 31, 2002. The City of Shreveport, Louisiana's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the City of Shreveport, Louisiana's management. Our responsibility is to express an opinion on the City of Shreveport, Louisiana's compliance based on our audit.

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

In our opinion, the City of Shreveport, Louisiana complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended December 31, 2002. However, the results of our auditing procedures disclosed an instance of noncompliance with those requirements, which is required to be reported in accordance with OMB Circular A-133 and which is described in the accompanying schedule of findings and questioned costs as item 02-3.



Internal Control Over Compliance

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

We noted certain matters involving internal control over compliance and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of internal control over compliance that, in our judgment, could adversely affect the City of Shreveport, Louisiana's ability to administer a major federal program in accordance with the applicable requirements of laws, regulations, contracts, and grants. Reportable conditions are described in the accompanying schedule of findings and questioned costs as items 02-3 and 02-4.

A material weakness is a condition in which the design or operation of one or more internal control components does not reduce to a relatively low level the risk that noncompliance with the applicable requirements of laws, regulations, contracts, and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of internal control over compliance would not necessarily disclose all matters in internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe that none of the reportable conditions described above is a material weakness. We did note other matters involving the internal control over financial reporting, which we have reported to management of the City of Shreveport, Louisiana in a separate letter dated March 28, 2003.

Schedule of Expenditures of Federal Awards

We have audited the financial statements of the City of Shreveport, Louisiana as of and for the year ended December 31, 2002, and have issued our report thereon dated March 28, 2003. Our audit was performed for the purpose of forming an opinion on the financial statements taken as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the financial statements taken as whole.

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

KPMG LLP

March 28, 2003

CITY OF SHREVEPORT, LOUISIANA
Schedule of Expenditures of Federal Awards
Year ended December 31, 2002

<u>Grant title</u>	<u>Federal CFDA number</u>	<u>Grant number</u>	<u>Federal expenditures</u>
Federal Transit Administration – Department of Transportation:			
Direct Programs:			
Federal Transit Capital Investment Grants:			
Sportran 95 Capital Improvements	20.500	LA-90-0164/LA-90-2164	\$ 2,682
Sportran 96 Capital Improvements	20.500	LA-90-0173	12,630
Sportran 97 Capital Improvements	20.500	LA-90-0182 & LA-2182	1,147
Sportran 98 Capital Improvements	20.500	LA-90-0194/LA-90-2194	13,586
Sportran 99 Capital Improvements	20.500	LA-90-0207	12,224
Sportran 00 Capital Improvements	20.500	LA-90-0218 & 2218	57,129
	20.500	LA-03-0088	54,320
Sportran 01 Capital Improvements	20.500	LA-90-0237 & 2237	1,707,220
	20.500	LA-03-0096	504
Total Federal Transit Administration – Department of Transportation			<u>1,861,442</u>
U.S. Department of Housing and Urban Development:			
Direct Programs:			
Community Development Block Grants/Entitlement Grants:			
Community Development Block Grant	14.218	MC-22-0007	5,128,901
Emergency Shelter	14.218	MC-22-0003	176,849
Section 108 Loan Guarantees	14.248	3-99-MC-22-0007, 3-99-MC-22-0007/A	<u>10,737,987</u>
			16,043,737
HOME Investment in Affordable Housing	14.239	MC-22-0200	446,585
State Emergency Shelter	14.231	06542	<u>153,088</u>
Total U.S. Department of Housing and Urban Development			<u>16,643,410</u>
U.S. Department of Labor:			
Passed through Louisiana Department of Social Services – Office of Family Support – Louisiana J.E.T. Program			
	17.3556138	3556138	261,094
Passed through Louisiana Department of Labor:			
Welfare to Work	17.253	N/A	621,049
Workforce Investment Act – Adult	17.255	N/A	706,147
Workforce Investment Act – Youth	17.255	N/A	1,148,052
Workforce Investment Act – Dislocated Workers	17.255	N/A	<u>711,983</u>
Total U.S. Department of Labor			<u>3,448,325</u>
Environmental Protection Agency:			
Direct Programs:			
Brownfield Assessment Grant	66.811	N/A	63,449
Brownfield Job Training Grant	66.811	N/A	76,214
Brownfield Economic Development Initiative	66.811	N/A	220,143
Ozone Flex Grant	66.811	N/A	<u>13,892</u>
Total Environmental Protection Agency			<u>373,698</u>

CITY OF SHREVEPORT, LOUISIANA
Schedule of Expenditures of Federal Awards
Year ended December 31, 2002

<u>Grant title</u>	<u>Federal CFDA number</u>	<u>Grant number</u>	<u>Federal expenditures</u>
Federal Aviation Administration – Department of Transportation:			
Direct Programs:			
Airport Improvement Program:			
Land Acquisition Security Purposes-Reg	20.106	3-22-0048-24	\$ 34,110
FAR Part 150 Property	20.106	3-22-0048-19,21,22,24,25,26, 28&29	2,573,877
ADA Lifts At Regional Airport	20.106	3-22-0048-24	1,472
Downtown Airport Runway 14/32 Overlay	20.106	3-22-0047-10	3,152
Access Control System Upgrades – Region	20.106	3-22-0048-30	244,029
Rehabilitation of Taxiway A and F – Region	20.106	3-22-0048-30/3-22-0047	1,505,098
Regional Airport Master Plan Supplement	20.106	3-22-0048-31	69,302
Downtown Master Plan Supplement	20.106	3-22-0047-11	2,700
Rehabilitation of Taxiway D – Regional	20.106	3-22-0048-31	41,125
Drainage Improvements Safety Area	20.106	3-22-0048-31	37,371
Sweeper Acquisition	20.106	3-22-0048-31	154
Total Federal Aviation Administration – Department of Transportation			<u>4,512,390</u>
U.S. Department of Justice:			
Direct Programs:			
Edward Byrne Memorial State and Local Law Enforcement Assistance Discretionary Grants Programs:			
Weed and Seed Training	16.580	N/A	102,968
Weed and Seed Training – Queensborough	16.580	N/A	103,653
Weed and Seed Special Emphasis	16.580	N/A	37,208
			<u>243,829</u>
Byrne Formula Grants:			
Reduction of Crack/Drug Houses	16.579	97-B1-B.07-0025	44,663
LIBRS 2.0	16.579	98-B-15-001	72
			<u>44,735</u>
Direct Programs:			
Public Safety Partnership and Community Policing Grants:			
Police Block Grant IV, V, VI, and VII	16.592	2000/2001-LB-BX-1605, 1731	136,786
Shreveport Enforcement Project 01 and 02	20.600	N/A	51,937
Asset Forfeiture	16.999999999	N/A	59,290
Asset Forfeiture – Queensborough	16.999999999	N/A	50,169
Drug Abuse Resistance Education	16.999999999	N/A	94,393
A.F.I.S. 2000 and 2001	16.999999999	N/A	187,642
A.F.I.S. 2002	16.999999999	N/A	181,070
Combined Operations Grant	16.98-B1-B.07-011	98-B1-B.07-011	41,974
Knock and Talk Grant	16.999999999	N/A	54,613
Safe and Sober Grant	16.999999999	N/A	5,628
Organized Crime Drug Enforcement	16.999999999	N/A	3,064
Domestic Violence Assistance Grant	16.588	N/A	19,340
High Intensity Drug Trafficking	16.999999999	N/A	27,486
Total U.S. Department of Justice			<u>1,201,956</u>

CITY OF SHREVEPORT, LOUISIANA
Schedule of Expenditures of Federal Awards
Year ended December 31, 2002

<u>Grant title</u>	<u>Federal CFDA number</u>	<u>Grant number</u>	<u>Federal expenditures</u>
Federal Emergency Management Agency			
Direct Programs:			
Hazard mitigation	83.544	1269-017S-0	\$ 88,936
Wastewater Treatment Plant Expansion	83.544	DR-LA	<u>306,834</u>
Total Federal Emergency Management Agency			<u>395,770</u>
U.S. Department of Environmental Quality			
Passed through State of Louisiana Department of Environmental Quality – Clean Water Program/Sewage System Program	66.458	N/A	<u>3,135,009</u>
Total Federal Financial Assistance			<u>\$ 31,572,000</u>

See accompanying notes to schedule of expenditures of federal awards.

CITY OF SHREVEPORT, LOUISIANA
Notes to Schedule of Expenditures of Federal Awards
December 31, 2002

(1) General

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

(2) Subrecipients

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

<u>Program title</u>	<u>Federal CFDA number</u>	<u>Amount provided to subrecipients</u>
Community Development Block Grant	14.218	\$ 956,179
HOME Investment in Affordable Housing	14.239	428,596
Welfare to Work	17.253	220,095
Workforce Investment Act	17.255	1,138,908

CITY OF SHREVEPORT, LOUISIANA
Schedule of Findings and Questioned Costs
Year ended December 31, 2002

Section 1 – Summary of Auditor’s Results

Financial Statements

Type of report issued on the basic financial statements: unqualified opinion

Internal control over financial reporting:

- Material weaknesses identified? No
- Reportable conditions in internal control were disclosed by the audit of the basic financial statements?
None reported

Noncompliance which is material to the basic financial statements? No

Federal Awards

Internal control over major programs:

- Material weaknesses identified? No
- Reportable conditions in internal control over major programs? Yes

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

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of OMB Circular A-133? Yes

Identification of major programs:

<u>CFDA number</u>	<u>Name of federal program or cluster</u>
14.218	Community Development Block Grant
14.248	Section 108 Loan Guarantee Program
17.255	Workforce Investment Act: Adult, Youth, and Dislocated Workers

Dollar threshold used to distinguish between Type A and Type B programs: \$947,160

Auditee qualified as a low-risk auditee under section 530 of OMB Circular A-133: No

CITY OF SHREVEPORT, LOUISIANA
Schedule of Findings and Questioned Costs
Year ended December 31, 2002

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

Item: 02-1

Criteria or specific requirement: Louisiana R.S. 38:2212 states that all public works projects costing \$100,000 or more must be advertised and let by contract to the lowest responsible bidder who had bid according to the contract, plans, and specifications as advertised.

Condition: The City of Shreveport received notification through a Louisiana Attorney General's opinion that work associated with an environmental remediation plan which included removal of contaminated soil and the fill of new material constituted a public work in excess of \$100,000 and should have been bid in accordance with the Public Bid Law.

Questioned Costs: None.

Context: Of the sixty-three items selected for testing for compliance with bid laws, no other exceptions were noted.

Effect: The City of Shreveport was not in compliance with the state statute.

Cause: The City of Shreveport made the judgment that since the public work performed related to and was a by-product of the employment of professionals to perform an environmental study on land purchased by the City of Shreveport that the Public Bid Law requirement was not applicable.

Recommendation: The City of Shreveport should institute a process whereby contracts with multiple aspects are evaluated to identify all applicable Public Bid Law requirements.

Item: 02-2

Specific Requirement: R.S. 24:514 requires municipal retirement system funded in whole or part out of public funds shall furnish to the legislative auditor, annually, actuarial valuations. Such valuations shall be submitted to the legislative auditor between the first and one hundred twentieth day following the close of the fiscal year of the retirement system.

Condition: The City of Shreveport has three retirement systems funded in whole or part out of public funds. The City of Shreveport did not file the related actuarial valuations with the legislative auditor's office prior to the one hundred twentieth day following the close of the fiscal year of the retirement system.

Context: The City of Shreveport was not in compliance with the state statute.

Questioned Costs: None.

Effect: The City of Shreveport is not in compliance with the state statute.

Cause: The City of Shreveport was not aware of this statute and had not been contacted concerning the failure to submit the above-mentioned reports in prior years.

CITY OF SHREVEPORT, LOUISIANA
Schedule of Findings and Questioned Costs
Year ended December 31, 2002

Recommendation: The City of Shreveport should take steps to ensure actuarial valuations for the retirement systems are submitted to the legislative auditor between the first and one hundred twentieth day following the close of the fiscal year of the retirement systems.

Section 3 – Federal Award Findings and Questioned Costs

Item: 02-3

Grant: Section 108 Loan Guarantee Program

CFDA Number: 14.248

Grant Number: 3-99-MC-22-0007

Criteria or specific requirement: Reporting

Condition: Of the three housing projects to which funds were loaned, one is over two years old. Even though reports had been submitted for all projects evidencing meeting occupancy requirements, no verification of the Mt. Zion project has been performed. It is the only project over two years old and subject to verification.

Questioned Costs: None.

Context: See condition above.

Effect: The City of Shreveport had not performed appropriate verification procedures to ensure compliance requirements were met by the project.

Cause: Appropriate procedures are not in place to ensure verification of project submitted reports.

Recommendation: The City of Shreveport should implement procedures to ensure compliance requirements and reports from borrowers are verified and documented.

Item: 02-4

Grant: Community Development Block Grant

CFDA Number: 14.218

Grant Number: MC-22-0007

Criteria or specific requirement: Reporting

Condition: During our audit we noted that revenues of the Community Development Block Grant program, which is a reimbursement grant, are not timely reconciled to expenditures recorded in the general ledger for the same grant.

Questioned Costs: None.

CITY OF SHREVEPORT, LOUISIANA

Schedule of Findings and Questioned Costs

Year ended December 31, 2002

Context: Currently, weekly reconciliations of amounts processed by the Community Development Department and the general ledger are performed, however, a total reconciliation of each grant has not been performed timely.

Effect: Amounts per the ledger could be misclassified between specific index codes, however, differences in total should not be significant.

Cause: The differences appear to be the result of miscodings of items on the general ledger which is contributed to by the utilization of numerous index codes for the same grant program.

Recommendation: A reconciliation process should be put in place between the reimbursement requests and the total expenditures per the general ledger documenting any differences. Each grant administrator should be responsible for periodically performing this review to ensure that the amounts reported on the reimbursement requests reflect the amounts which are being reflected in that particular grant's expenditure index codes.



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

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March 28, 2003

CONFIDENTIAL

Mr. Theron Jackson, Chairman
Audit Subcommittee and Members of the City Council
City of Shreveport, Louisiana

Dear Members:

We have audited the financial statements of the City of Shreveport, Louisiana (the City) for the year ended December 31, 2002, and have issued our report thereon dated March 28, 2003. In planning and performing our audit of the financial statements of the City, we considered internal control in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements. An audit does not include examining the effectiveness of internal control and does not provide assurance on internal control. We have not considered internal control since the date of our report.

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

FEDERAL REIMBURSABLE GRANTS

As has been communicated in prior management letters, we noted instances in which revenues of federal cost-reimbursement type grants did not match the expenditures recorded for the same grants. The cause of these differences is not readily determinable, but could be the result of expenditures being coded to the incorrect grant index code or the result of not timely requesting grant reimbursements.

We, again, recommend that a reconciliation process be put in place between the reimbursement requests and the total expenditures per the general ledger documenting any differences. Each grant administrator should be responsible for periodically performing this review to ensure that the amounts reported on the reimbursement requests reflect the amounts which are being reflected in that particular grant's expenditure index codes. Based on these facts, consideration should be given to centralize grant accounting in the Accounting Division.

Management's Response – We agree that there are some differences between grant revenues and expenditures. Currently, there are weekly reconciliations by the Department of Community Development of transactions processed and postings to FAMIS. Exceptions noted are corrected. However, total revenues and expenditures per grants in FAMIS have not been timely reconciled. We will make a concerted effort to post revenues timely.



KPMG LLP KPMG LLP, a U.S. limited liability partnership, is
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Mr. Theron Jackson, Chairman
Audit Subcommittee and Members of the City Council
City of Shreveport, Louisiana
March 28, 2003
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Department of Labor (DOL) expenditures and revenues had previously been accumulated manually for drawdowns rather than being generated through FAMIS information. Drawdowns are now prepared using FAMIS. Also, adding to the problem are the funding cycles of the Workforce programs. The Youth program begins April 1. The Adult and Dislocated Workers programs have two funding streams, one beginning July 1 and the other beginning October 1. Welfare to work begins July 1 and LAJET begins October 1. With all these beginning dates within the same calendar year, it required more than one index code for the same activity. With such large numbers of index codes on the same activity, it created problems in reconciling transactions.

Community Development's management is aware of these problems and will continue to work toward a total reconciliation in the coming year through coordination with the Accounting Division's fund accountant. Each grant administrator will meet twice a month with the Bureau Chief of Administration to review the reconciliations.

FIXED ASSETS

Depreciation – During our depreciation testwork, we noted that, in some cases, when additions are made to capital assets, the new depreciation rate per month is not being calculated correctly. When additions are made to an existing asset, the cost of the addition should be added to the book value of the original asset, and depreciation calculated using the remaining life of the asset unless the addition extends the useful life. In some instances, we noted that the additions are being added to the original cost of the asset, and the depreciation rate per month was calculated using the entire life of the original addition. By calculating depreciation in this manner, the cost of the asset will not be fully depreciated at the end of its useful life.

Management's Response – We agree that additions to a previously capitalized asset should carry a life no greater than the original asset unless the life of that asset is extended. We will depreciate additions for the balance of the life of the original asset.

Infrastructure Dispositions from Fixed Assets – We noted that the value assigned to the infrastructure that was removed from service during 2002 was based on the same factors that were used to value new assets that were donated to or annexed by the City during 2002. As a result, assets are removed from the fixed asset register at current cost rather than depreciated historical cost. Changes should be made to the process so that assets are removed from the fixed asset system at depreciated historical cost rather than current value.

Management's Response – We agree that infrastructure assets should be removed at depreciated historical cost. We will incorporate this into our retirement process.

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WATER AND SEWER

Aging Schedule – During our testwork of the Water and Sewer Aging Schedule, we noted seven customers from a sample of 30 that were not aged properly. The majority of the inaccuracies are due to manual adjustments being made by Water and Sewer Personnel. When a manual adjustment is made to a customer's account, the system adjusts the oldest bill first. The result of the adjustment is that the amount the customer owes is classified in the incorrect category on the aging report. Because the allowance is calculated based on the aging report, the validity of the allowance calculation could be compromised. A procedure should be established to monitor the accounts of those customers requiring manual adjustments to ensure that the aging is calculated correctly.

Also during this testwork, we noted that the City began allowing customers with large outstanding balances to enter into deferred payment plan agreements with the City. Customers who wish to enter into such a plan, agree to pay a set amount each month, in addition to the amount owed for the current month's usage, in order to pay off the outstanding balance. To enter into such an agreement, the customer must first sign a written contract at the Water and Sewer Customer Service Department. During a review of these contracts, we noted that there is no consistent management review of the deferral process. It appeared that any customer service representative is allowed to set up a customer on a deferred payment plan. On the deferral contract there is a signature line for a member of management; however, none of the contracts reviewed were approved by someone other than the customer service representative. The City should implement procedures to verify that all deferred payment plan contracts are reviewed and approved by a member of management.

Management's Response – Manual adjustments are made by the customer service representatives to the appropriate billing period. It is common, on our billing system or any others, for adjustments (just as with payments) to hit the oldest accounts receivable first.

On occasions, past bills will be canceled to correct billing errors and a new bill, derived from an accurate reading, will hit the current accounts receivable. Once again, this should not adversely affect the allowance calculation since it in no way reflects a customer's payment history or our ability to collect.

Currently, customer service representatives must have a supervisor's approval for any contract over four months. The Revenue Operations Manager has the authorization to approve contracts over six months and the Customer Service Manager, twelve months. Any request for contracts over twelve months will be authorized by the department head unless otherwise instructed.

A copy of each contract is forwarded to the Administrative Assistant in Customer Service for filing. Effective Monday, May 19, 2003, the Revenue Operation's Manager will review and execute each contract initiated by customer service representatives. The Customer Service Manager will review and execute each contract initiated by Revenue Operations Managers. The original copy will be filed by the Administrative Assistant and sent to Records Management at the end of the year.

We are in the process of revising our written policies and expect to have them completed by the end of May 2003.

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Route Rotation – At the present time Port Cities employees read the same route each cycle unless special circumstances arise (i.e., sick, vacation, etc.). While efficiencies are gained by not rotating routes, the potential for true non-reads, inaccurate reads, or fraud is increased. Contractually obligating Port Cities to rotate routes on a quarterly basis would decrease the potential for these activities.

Management's Response – We are in the process of revising the meter reading contract for 2004. We will recommend route rotation at this time. However, due to the significant turnover in personnel the contractor incurs, there is a risk that they may not read the meter and this could create another problem.

Spot Checking – At the present time, abnormally high volume exceptions appearing on the Revenue Administration Hi/Lo report are rechecked by City employees. The majority of this report, as well as the Customer Service Hi/Lo report, is made up of zero consumption readings. Zero consumption bills are normally cancelled and billed the following month. Legitimate zero consumption readings could occur due to a broken meter, a blocked meter, or simply low customer usage. The potential exists for illegitimate zero consumption readings to be recorded in the handhelds by meter readers. Spot checking of zero consumption readings, by City personnel, immediately after the first read is performed by Port Cities would help to identify, correct, and reduce illegitimate zero consumption reads.

Management's Response – We have reduced the volume of zero consumption accounts with the updating of back logged work orders. We are looking into the feasibility of requesting Data Processing to implement work orders each time an account has a "0" read.

CAPITAL PROJECTS

We noted instances in which projects remained in the construction-in-progress category for significant periods of time after the project was complete. A project remains in the construction-in-progress category until the Accounting Division receives a certificate of completion from the Engineering Office. At that time, the project is moved from the construction-in-progress category to the appropriate depreciable fixed asset category where it will be depreciated for the remainder of its useful life. It appears that this process is not being performed timely.

As reported in the prior year letter, we recommend that the Accounting Division review the Construction-In-Progress schedule on a periodic basis. For those projects that appear to be complete, the Accounting Division should contact the Engineering Office and determine the status of the project. For those projects which are complete, the Accounting Division should request of the Engineering Office that a certificate of completion be promptly processed. The Accounting Division should perform a follow-up procedure to ensure this process is complete and then remove the project from the construction-in-progress category to the appropriate depreciable asset category. As a result of the delay in moving completed projects to the depreciable category, depreciation may not be accurately stated.

Management's Response – We agree that some projects have remained in construction-in-progress pending receipt of the applicable completion certificate. The Accounting Division monitored projects throughout the year and requested a status report from Engineering. Some completion certificates were received prior to year end and some in 2003. In order to alleviate this problem, we will transfer the cost of

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apparently complete projects to capital assets pending receipt of the completion certificate so the asset can be depreciated.

TRUSTEE STATEMENTS

During 2002, the City changed trustees for its defined benefit pension plans. Certain information was not readily attainable from the new reporting format and as a result, we were unable to obtain an accurate reconciliation of unrealized gains and losses on the investments for the year.

We recommend that procedures be instituted requiring a monthly reconciliation of all trust statement activity to the amounts recorded in the general ledger. This reconciliation should evidence the resolution of any differences or undocumented items and be reviewed by someone other than the preparer.

Management's Response – We agree that three of the eight investment statements had unreconciled differences. The differences exist because of the change in the statement format from the previous year. The Accounting Division has always reconciled the statements to the general ledger each month. We currently hope to have these three statement formats changed by the beginning of the fourth quarter of 2003 in order to fully reconcile them to the general ledger.

BANK RECONCILIATION PROCESS

We were not able to verify that the reconciliation process was being reviewed by someone other than the preparer. Per discussion with Accounting Department personnel, such a review is often performed, but the reviewer does not document such review. We recommend that bank reconciliations be reviewed by someone at least one level above the preparer and that the reviewer initial the reconciliation to indicate that such a review has been performed.

Management's Response – We agree that reviews of reconciliations were not documented by a signature. All future reconciliations will be reviewed by someone at a higher level and documented that such review has taken place.

PURCHASING

During our review of the Small Purchase Procurement Card policy and the card purchases, we noted that one of the cardholders is also the department card administrator. We recommend the City revise its procedures to ensure that someone reviews the procurement/travel card expenses of the department card administrator when that person has expenses of his/her own.

Management's Response – We agree that cardholders who are also department card administrators should have their card purchases reviewed. Procedures will be initiated on May 8, 2003 requiring this review and documentation by someone other than the department card administrator when the administrator has purchases on his/her own card.

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GATED COMMUNITIES

The City has certain residential areas that are termed "Gated Communities" where the City maintains the streets but access may be limited to the public. This is in conflict with Attorney General Opinion No. 01-229. The City is also currently the defendant in a lawsuit challenging the legality of these Gated Communities. The issue identified in the Attorney General Opinion is that by spending public funds to maintain streets that are not accessible to the public, the City may be in violation of Article 7, Section 14 of the Louisiana Constitution of 1974. Depending on the outcome of this litigation, the City may be required to change its policy with respect to allowing Gated Communities.

Management's Response – The City will change its policies on Gated Communities if required to do so as a result of a final ruling from a court of competent jurisdiction.

* * * * *

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

We would be pleased to discuss these comments and recommendations with you at any time.

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

Very truly yours,

KPMG LLP

CITY OF SHREVEPORT, LOUISIANA

Status of Prior-year Single Audit Findings

Year ended December 31, 2001

Item: 01-1

- A) Name of Contact Responsible - Jessica Maddox, Customer Service Manager - Office of Water and Sewer
- B) Corrective Action Planned - Meter reading is currently contracted out to Port City Utilities. They have begun to get stability with their meter readers and are now seeing more quality readings. The number of misread meters are beginning to reduce. Part of their contract is to ensure that the high/low report is reviewed prior to uploading the readings into the system.
- C) Completion Date - Within 90 days misread meters should be reduced drastically and the high/low report should be reviewed and any bad readings corrected prior to uploading into the system.
- D) Corrective Action - The high/low report is now being reviewed prior to uploading into the system and adjustments have been greatly reduced.

Item: 01-2

- A) Name of Contact Responsible - Shreveport Transit Management, Inc.
- B) Corrective Action Planned - Shreveport Transit Management, Inc. entered into a Louisiana Public Collateral Security Agreement with AMSouth Bank to collateralize funds held with them. The funds on deposit and the collateral amount will be monitored to ensure that the collateral is adequate.
- C) Completion Date - March 2002.
- D) Corrective Action - All funds are collateralized, and a review is made on a regular basis.

Item: 01-3

- A) Name of Contact Responsible - Purchasing Agent
- B) Corrective Action Planned - The Community Development Department has been advised that purchases made for a subrecipient must follow the bid laws.
- C) Completion Date - June 6, 2002
- D) Corrective Action - Bid procedures for equipment purchases greater than \$15,000 for subrecipients are being followed as well as for City-wide purchases.

CITY OF SHREVEPORT, LOUISIANA

Status of Prior-year Single Audit Findings

Year ended December 31, 2001

Item: 01-4

- A) Name of Contact Responsible – Purchasing Agent
- B) Corrective Action Planned – All buyers have been instructed to place ad dates on their desk calendars and on their electronic calendars to that they can make sure that they appear in the official journal.
- C) Completion Date – March 31, 2002
- D) Corrective Action – All advertisements are being monitored to be sure they appear in the official journal.

Item: 01-5

- A) Name of Contact Responsible – Pension Manager
- B) Corrective Action Planned – Actuarial reports will be filed within 120 days of the fiscal year end December 31, with the legislative auditor.
- C) Completion Date – To be completed for the year 2001 as soon as the reports are available. Future years will be within 120 days of year end.
- D) Corrective Action – The actuarial valuations were submitted for 2001. The 2002 actuarial valuations were submitted after the deadline on May 20, 2003. The Pension manager had not been informed of the due date.

Item: 01-6

- A) Name of Contact Responsible – Deputy Director of DOS - Office of Public Works
- B) Corrective Action Planned – Worksheets compiled and submitted to FEMA representatives will require written reconciliations concerning any items submitted that are returned with any changes.
- C) Completion Date – June 6, 2002
- D) Corrective Action – There have not been any recent requests to FEMA, but reconciliations are to be performed on any future requests.

CITY OF SHREVEPORT, LOUISIANA

Status of Prior-year Single Audit Findings

Year ended December 31, 2001

Item: 01-7

- A) Name of Contact Responsible - Resident Manager or Assistant Resident Manager
- B) Corrective Action Planned - Requests for reimbursements will be reviewed and approved by the Resident Manager or Assistant Resident Manager to ensure costs being reimbursed have, in fact, been incurred and paid prior to reimbursement.
- C) Completion Date - June 6, 2002
- D) Corrective Action - Requests for reimbursements are currently reviewed and approved prior to submission.

Item: 01-8

- A) Name of Contact Responsible - Bureau Chief
- B) Corrective Action Planned - The department has a central filing system where all pertinent documents are filed. Effective immediately, a copy of all worksheets supporting the LOC will be filed in that system.
- C) Completion Date - January 2002
- D) Corrective Action - All worksheets supporting reimbursement on the LOC reports are being filed in the central filing system.

CITY OF SHREVEPORT, LOUISIANA

Corrective Action Plan

Year ended December 31, 2002

Item: 02-01

- A) Name of Contact Responsible – Purchasing Agent
- B) Corrective Action Planned – The Purchasing Agent has advised all department heads that an improvement to a public works project, including the cost of hauling dirt, in excess of \$100,000 must be publicly bid.
- C) Completion Date – May 30, 2003

Item: 02-02

- A) Name of Contact Responsible – Pension Manager
- B) Corrective Action Planned – Actuarial reports will be filed within 120 days of the fiscal year December 31, with the legislative auditor.
- C) Completion Date – May 20, 2003

Item: 02-03

- A) Name of Contact Responsible - Economic Development Specialist
- B) Corrective Action Planned – Procedures have been established requiring monitors to monitor each project annually as part of the review process. All reports submitted will be checked for accuracy and applicable verifications.
- C) Completion Date – May 16, 2003

Item: 02-04

- A) Name of Contact Responsible - Bureau Chief
- B) Corrective Action Planned – Reconciliations are to be performed through a coordinated effort with the Accounting Division. Each grant administrator will meet twice a month with the Bureau Chief to review the reconciliations.
- C) Completion Date – May 16, 2003 and retroactive to the beginning of 2003.