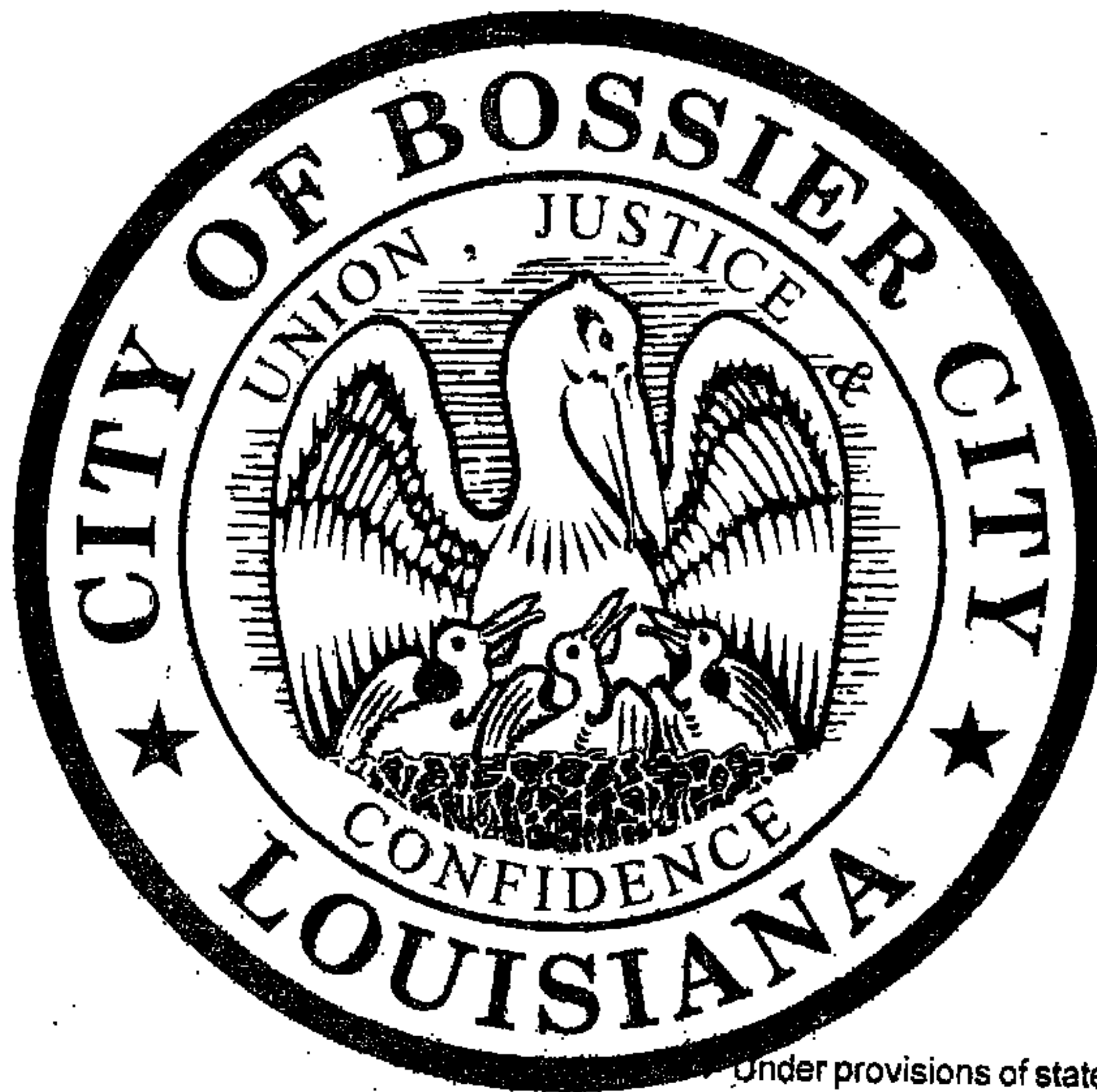


COMPREHENSIVE ANNUAL FINANCIAL REPORT

*Of The
City of
Bossier City, Louisiana*



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 7/23/03

*For The
Year Ended December 31, 2002*

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

of the

CITY OF BOSSIER CITY, LOUISIANA

for the

Year Ended December 31, 2002

George Dement
Mayor

Charles E. Glover
Director of Finance

Prepared by Department of Finance

INTRODUCTORY SECTION

CITY OF BOSSIER CITY, LOUISIANA

Comprehensive Annual Financial Report

Year ended December 31, 2002

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CITY OF BOSSIER CITY, LOUISIANA

Comprehensive Annual Financial Report

Year ended December 31, 2002

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CITY OF BOSSIER CITY, LOUISIANA
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Office of the Mayor

BOSSIER CITY, LOUISIANA

GEORGE DEMENT
MAYOR

620 BENTON ROAD
POST OFFICE BOX 5337
BOSSIER CITY, LA 71171-5337
(318) 741-8501

March 21, 2003

Members of the City Council
City of Bossier City, Louisiana

I am pleased to join our Finance Director in presenting the City of Bossier City's Annual Financial Report for the fiscal year 2002. The area economy continued to grow as indicated by the opening of new businesses, continued expansions of single-family subdivisions, and tourism activity. Despite a general slowdown in the national economy in 2002, the City's sales taxes and property taxes increased this year which is indicative of our continued local growth in the community.

The City of Bossier City riverfront will never be the same as the Louisiana Riverwalk project is now coming closer to reality. Louisiana Riverwalk's first retailer, Bass Pro Shops Outdoor World megastore plans to open in the fall 2003— in time for the hunting and Christmas shopping seasons. A 165 room all-suites hotel, five restaurants, a 14-screen movie theater and numerous retailers are in final negotiations with developers of the \$150 million entertainment and retail project. Construction continues on the Arthur Ray Teague Parkway with the widening of Traffic Street between Barksdale Boulevard and East Texas Street. Plans for the Benton Road Overpass are complete and property acquisition is underway. Vehicle traffic related to our continued growth, combined with the traffic increase projected from the Louisiana Riverwalk project, will require that infrastructure expansions related to vehicle traffic and at-grade train crossings remain a top priority. The orderly growth of our city will depend in the resolution of these traffic problems.

Despite the appearance of a recession on a national level, our local economy continues to be stable and we expect to continue seeing some moderate growth in the foreseeable future. This will require that we closely monitor our receipts and expenditures so that taxpayers are receiving the maximum value for their tax dollars. The City Council continues to effectively perform their check and balance function to insure that this happens.

We look forward to fiscal year 2003 as another year of productive, harmonious partnership with the Council. We shall continue our collective efforts to provide the citizens of our growing community the services and quality of life they deserve.

Sincerely,

A handwritten signature in dark ink, appearing to read "George Dement", is written over a horizontal line. The signature is fluid and cursive.

George Dement
Mayor



CITY OF BOSSIER CITY

P. O. BOX 5337

BOSSIER CITY, LOUISIANA 71171-5337

March 21, 2003

The Honorable George Dement, Mayor
and Members of the City Council
City of Bossier City, Louisiana:

In accordance with Section 4.06, paragraph (7), of the City Charter, I am pleased to submit the Comprehensive Annual Financial Report for the year ended December 31, 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 an internal control framework that is designed both to protect the government's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the City's financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, the City's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. We assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

In accordance with Section 3.10 of the City Charter, the City Council is required to provide for an annual independent audit of the accounts and financial transactions of the City by a firm of independent certified public accountants duly licensed to practice in the State of Louisiana. The accounting firm of KPMG LLP was selected by the City to conduct its annual audit. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City for the fiscal year ended December 31, 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 Honorable George Dement, Mayor
and Members of the City Council
March 21, 2003

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 BOSSIER

The City of Bossier City was incorporated in 1907. It is located on the east bank of the Red River in Northwest Louisiana, approximately thirty-five miles south of Arkansas and twenty miles east of Texas. The area dates back to the 1830's when it was the Elysian Groves Plantation of James and Mary Cane. Steamboat loads of cotton, corn and sweet potatoes were shipped to markets in the south and east, from the plantation port known to many as "Canes Landing". The current area of the City is approximately 41 square miles.

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

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

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

BUDGETARY CONTROL

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

The Honorable George Dement, Mayor
and Members of the City Council
March 21, 2003

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

LOCAL ECONOMY

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

The Bossier Riverfront has undergone significant change over the last decade. The area has seen the addition of Red River channelization, the Arthur Ray Teague Parkway extension, and the riverboat casinos. Bossier's Old Downtown is evolving into an entertainment area which has transformed into the Riverwalk Entertainment District which is immediately next door to the Horseshoe Casino, the top-grossing casino in Louisiana. A recent independent feasibility study of the local market indicates that the development of "Louisiana Riverwalk" will generate \$200 – \$300 million annually. Louisiana Riverwalk will consist of entertainment, retail, hospitality, and restaurant elements. The approximately 56 acres of riverfront property is situated in the heart of the Bossier/Shreveport Metropolitan area. The site will be developed into a variety of live music, performance theaters, restaurants, a blend of retail specialty shops, multiplex movie theatres, and hotels. The project will be a major attraction for 14 million gaming and tourist visitors annually, but also to the metro area and surrounding region's growing population.

Also along the Riverfront District, is the Bossier City CenturyTel Arena. The arena can house a variety of sporting and performance programs, as well as serve as a major assembly hall for the community. According to the music trade industry publication Pollstar, in 2002 the CenturyTel Center has been ranked in the top 50 arenas in the world and in the first quarter of 2002 the concert industry tracking rating firm ranked the Bossier City facility 18th in ticket sales for the first three months of 2002.

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

The Honorable George Dement, Mayor
and Members of the City Council
March 21, 2003

LONG-TERM FINANCIAL PLANNING

In accordance with Section 6.09 of our City Charter, the Mayor submitted the year 2003-2007 Capital Improvement Program to the City Council in the first quarter of 2003. There are 31 projects which total approximately \$33 million in progress as of December 31, 2002. There are 88 planned projects from year 2003 through 2007 which total approximately \$135 million. Some of the major projects and funding of these projects are summarized as follows:

Project	Funding	Amount
Benton Road Overpass	Riverboat Capital Projects Fund	\$15,000,000
Riverwalk Project	Sales Tax Bonds	\$27,000,000
Traffic Street Improvements	Sales Tax Capital Improvements and Riverboat Capital Projects	\$8,500,000
Bossier Parish Community College Improvements	Riverboat Capital Projects	\$1,400,000
Utilities Projects	Revenue Bonds and Retained Earnings	\$16,150,000
Arthur Ray Teague Parkway Interchange	Riverboat Capital Projects	\$4,800,000
Old Shed Road Extension	Riverboat Capital Improvement	\$1,500,000
Viking Drive Improvements	Riverboat Capital Improvements	\$5,000,000
North Construction of ART Parkway	Riverboat Capital Improvements	\$5,000,000
Municipal Complex Expansion	Sales Tax Bonds	\$7,500,000

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

CASH MANAGEMENT POLICIES AND PRACTICES

The City maintains a pooled cash and investment account that is available for use by all funds, except those restricted by statutes or other legal reasons. At the end of each business day, collected balances in all City bank accounts are deposited into a SWEEP Account. These funds are invested in U.S. Government and U.S. Agency securities under the terms of an overnight repurchase agreement. As of December 31, 2002, the City's cash resources were invested as follows:

U.S. Government securities	55%
Certificate of Deposits	42
Sweep Account at bank	3
Total	<u>100%</u>

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

The Honorable George Dement, Mayor
and Members of the City Council
March 21, 2003

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

RISK MANAGEMENT

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

PENSION AND OTHER POSTEMPLOYMENT BENEFITS

The City administers two defined benefit pension plans: the Firemen's Pension and Relief Fund (FPRF) and the Policemen's Pension and Relief Fund (PPRF). Each year, an independent actuary calculates the amount of the annual contribution the City must make to the pension plans. In 2001, the City had funded 37.6% of the actuarial annual liability of the FPRF and 28.5% of the actuarial annual liability of the PPRF. The current percents funded are FPRF 38.5% and PPRF 28.2%. The unfunded amounts for FPRF and PPRF are being amortized over ten years.

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

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

AWARDS AND ACKNOWLEDGMENTS

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Bossier City for its Comprehensive Annual Financial Report for the fiscal year ended December 31, 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 more than the past twenty years (beginning with our Comprehensive Annual Financial Report for the fiscal year ended December 31, 1981).

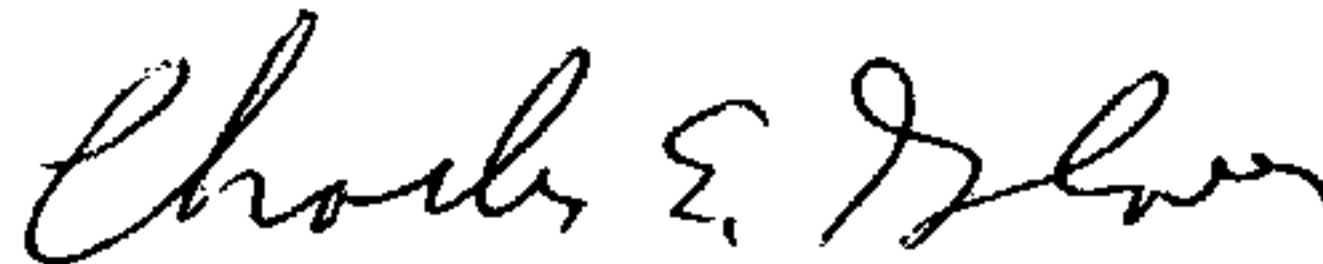
In order to be awarded a Certificate of Achievement, a governmental unit must publish an easily readable and efficiently organized Comprehensive Annual Financial Report, the contents of which conform to program standards. Such reports must satisfy both generally accepted accounting principles and applicable 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 Honorable George Dement, Mayor
and Members of the City Council
March 21, 2003

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

Respectfully submitted,

A handwritten signature in cursive script, reading "Charles E. Glover".

Charles E. Glover
Director of Finance

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Bossier City,
Louisiana

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
December 31, 2001

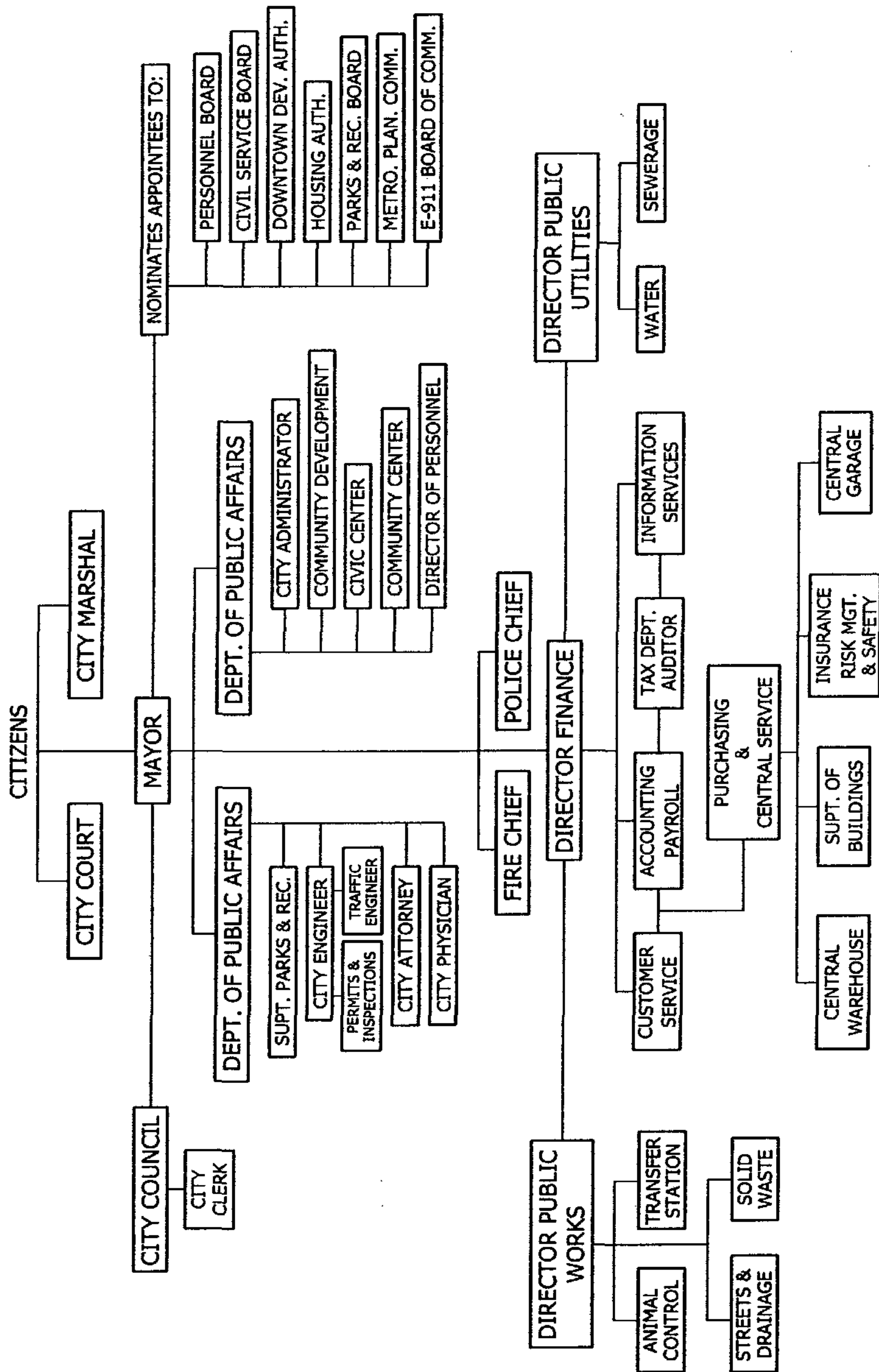
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Reporting is presented by the Government Finance Officers
Association of the United States and Canada to
government units and public employee retirement
systems whose comprehensive annual financial
reports (CAFRs) achieve the highest
standards in government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



William Patrick Pate
President

Jeffrey L. Esser
Executive Director

ORGANIZATION CHART



ELECTED OFFICIALS



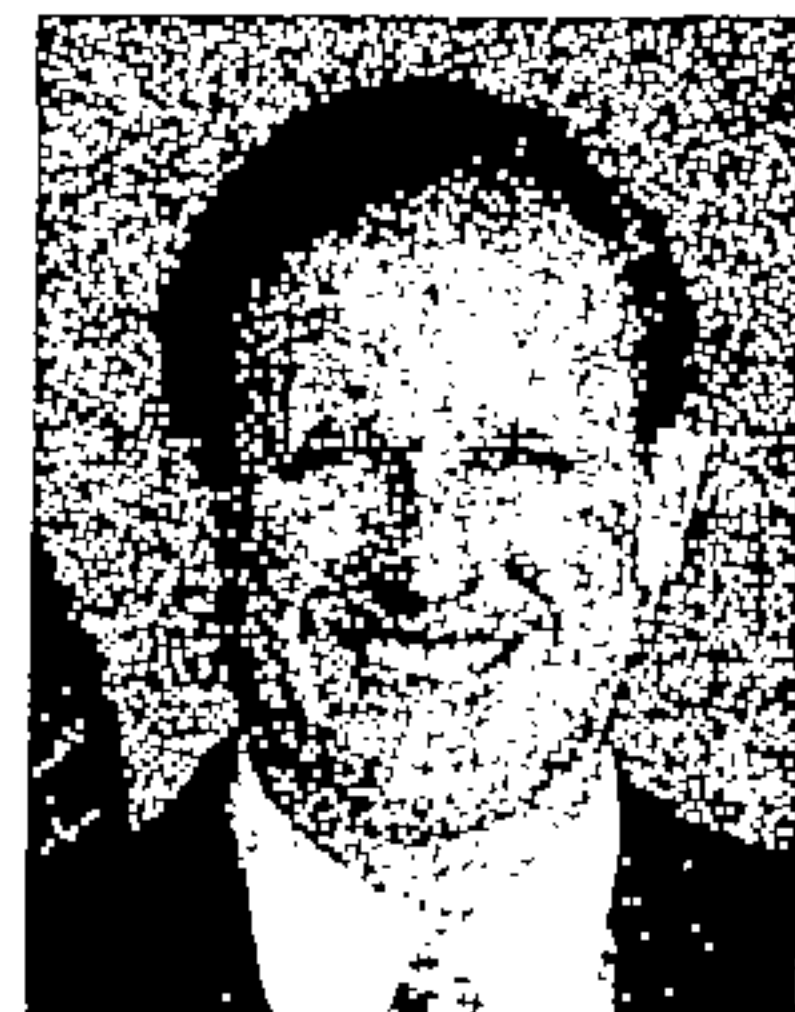
MAYOR GEORGE DEMENT



Council Member at Large
TIMOTHY A. LARKIN



Council Member at Large
DAVID MONTGOMERY, JR.



Council Member District 1
MIKE SLEMP



Council Member District 2
JEFFERY D. DARBY



Council Member District 3
DON W. WILLIAMS



Council Member District 4
DAVID JONES



Council Member District 5
JAMES W. ROGERS

**FINANCIAL
SECTION**



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

Independent Auditors' Report

To the Honorable Members of the City Council
and the Honorable George Dement, Mayor
City of Bossier City, Louisiana:

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Bossier City, Louisiana (City), as of and for the year ended December 31, 2002, which collectively comprise the City's basic financial statements as listed in the table of contents. We have also audited the financial statements of each of the City's nonmajor governmental, nonmajor enterprise, and internal service 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 City's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the component unit financial statements of the Bossier Public Trust Financing Authority (Authority), which represents 83% and 38%, respectively, of the assets and revenues of the aggregate discretely presented component units. Those financial statements were audited by another auditor whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Authority, is based on the report of the other auditor.

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 basic 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 report of the other auditor provide a reasonable basis for our opinions.

In our opinion, based on our audit and the report of the other auditor, 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 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 financial position of each nonmajor governmental, nonmajor enterprise, and internal service 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.

As described in note 13 to the basic financial statements, the City adopted the provisions of Governmental Accounting Standards Board Statement No. 34, *Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments*; Governmental Accounting Standards Board Statement No. 37, *Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments: Omnibus*; Governmental Accounting Standards Board Statement No. 38, *Certain Financial Statement Note Disclosures*; and Governmental Accounting Standards Board Interpretation No. 6, *Recognition and Measurement of Certain Liabilities and Expenditures in Governmental Fund Financial Statements* in 2002.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 21, 2003 on our consideration of the City’s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and 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 funding progress, and budgetary comparison information listed as Required Supplemental Information in the table of contents are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

The accompanying financial information included in the introductory and statistical sections as listed in the table of contents has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly we express no opinion on them.

KPMG LLP

March 21, 2003

CITY OF BOSSIER CITY, LOUISIANA

Management's Discussion and Analysis

December 31, 2002

We offer readers of the City of Bossier City's financial statements this narrative overview and analysis of the financial activities of the City of Bossier City for the fiscal year ended December 31, 2002. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal.

The Management's Discussion and Analysis (MD&A) is an element of the new reporting model adopted by the Governmental Accounting Standards Board (GASB) in their Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments* issued June 1999. Certain comparative information between the current year and the prior year is required to be presented in the MD&A. However, because this is the first year of implementing the new reporting model, certain necessary comparative information of the previous year was not prepared. Considering the financial resources necessary to prepare this information for the prior year, and that the GASB Statement No. 34 permits the omission of the comparative information in the first year of adoption of the new reporting model, the City of Bossier City has elected to exclude the information in this report. Subsequent reports will include the comparative information.

Financial Highlights

Key financial highlights for the 2002 fiscal year include the following:

- The assets of the City of Bossier City exceeded its liabilities at the close of the most recent fiscal year by \$286,902,163 (net assets). Of this amount, approximately \$98 million (unrestricted net assets) may be used to meet government's obligations to citizens and creditors.
- The total net assets of the City of Bossier City increased by \$20,665,461 for the year ended December 31, 2002. Net assets of governmental activities increased by \$19.6 million and net assets of business-type activities increased by \$1 million.
- As of the close of the current fiscal year, the City of Bossier City's governmental funds reported combined ending fund balance of \$132,490,611, an increase of \$35,758,824 in comparison with the prior fiscal year. Of this amount, \$14.4 million was unreserved, undesignated, and available for spending; \$86.4 million was unreserved but designated for subsequent years' expenditures; \$9.8 million was reserved for debt service; and \$18.8 million is held in a permanent trust and may not be spent.
- At the end of the current fiscal year, unreserved, undesignated fund balance for the General Fund was \$5.8 million or 16.4% of total General Fund expenditures.
- The City of Bossier City's total debt increased \$38,636,932 (48.2%) during the current fiscal year primarily as a result of the issuance of \$29.3 million of Public Improvement Sales Tax Bonds and \$12.2 million of Utility Revenue Bonds.

Overview of the Financial Statements

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

CITY OF BOSSIER CITY, LOUISIANA

Management's Discussion and Analysis

December 31, 2002

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

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

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

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

Not only do the government-wide financial statements include the City of Bossier City itself which is the primary government, but also its component units, City Court of Bossier City, Bossier City Marshal's Office, Metropolitan Planning Commission, and Bossier Public Trust Financing Authority. Although these component units are legally separate, their operational or financial relationship with the City of Bossier City make the City of Bossier City financially accountable. Financial information for these component units is reported separately from the financial information presented for the primary government itself.

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

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

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the City of Bossier City's near-term financing decisions. Both the governmental fund

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Balance Sheet and the governmental fund Statement of Revenues, Expenditures and Changes in Fund Balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City of Bossier City maintains 22 individual governmental funds. Information is presented separately in the governmental funds Balance Sheet and in the governmental funds Statement of Revenues, Expenditures and Changes in Fund Balances for the General Fund, Riverboat Gaming Special Revenue Fund, Arena Special Revenue Fund, Riverboat Gaming Capital Projects Fund, Sales Tax Bond Capital Projects Fund, and Public Health and Safety Permanent Fund, all of which are considered to be major funds. Data for the other 16 governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

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

Proprietary funds. The City of Bossier City maintains 3 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 of Bossier City uses enterprise funds to account for its water and sewerage, sanitation, and emergency medical services. Internal service funds are an accounting device used to accumulate and allocate costs internally among the City of Bossier City's various functions. The City of Bossier City uses internal service funds to account for its dental health care and worker's compensation. Because these services predominantly benefit governmental rather than business-type functions, they have been included within governmental activities in the government-wide financial statements.

Proprietary 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 water and sewerage operations which is considered to be a major fund of City of Bossier City. Data from the other 2 proprietary funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor proprietary funds is provided in the form of combining statements elsewhere in this report.

Conversely, both 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 the report.

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

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

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

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

Financial Analysis of Government-wide Activities

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the City of Bossier City, assets exceed liabilities by \$286,902,163 at the close of the most recent fiscal year.

The largest portion of the City of Bossier City's net assets totaling approximately \$159 million (55.3%) reflects its investment in capital assets (e.g. land, buildings, streets, drainage, machinery, and equipment), less any related debt used to acquire those assets that is still outstanding. The City of Bossier City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City of Bossier City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

City of Bossier City's Net Assets

December 31, 2002

	<u>Governmental activities</u>	<u>Business-type activities</u>	<u>Total</u>
Current and other assets	\$ 141,336,942	25,521,401	166,858,343
Capital assets	175,178,869	73,128,729	248,307,598
Total assets	316,515,811	98,650,130	415,165,941
Current and other liabilities	5,476,664	1,136,754	6,613,418
Long-term liabilities	91,378,212	30,272,148	121,650,360
Total liabilities	96,854,876	31,408,902	128,263,778
Net assets:			
Invested in capital assets, net of related debt	115,340,957	43,209,460	158,550,417
Restricted	28,662,311	1,666,172	30,328,483
Unrestricted	75,657,667	22,365,596	98,023,263
Total net assets	\$ 219,660,935	67,241,228	286,902,163

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10.6% of net assets represent resources that are subject to external restrictions on how they may be used. Debt Service Funds account for \$11,489,052 of the total of restricted net assets. The remaining balance are monies restricted for public health and safety. State law requires the proceeds from the sale of the Bossier Medical Center be held in perpetuity, however, the investment earnings may be spent each year for purposes of public health and safety. As of December 31, 2002, the nonexpendable portion was \$17,911,368 and the expendable balance, which represents unspent investment earnings, was \$928,063.

The remaining balance of unrestricted net assets of \$98,023,263 is used to meet the City of Bossier City's ongoing obligations to citizens and creditors.

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

The City of Bossier City's net assets increased by \$20,665,461 during the current fiscal year. Key elements of this increase are as follows:

CITY OF BOSSIER CITY, LOUISIANA

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City of Bossier City's Changes in Net Assets

	<u>Governmental activities</u>	<u>Business-type activities</u>	<u>Total</u>
Revenues:			
Program revenues:			
Charges for services	\$ 5,237,407	15,963,842	21,201,249
Grants and contributions	4,075,713	—	4,075,713
General revenues:			—
Sales taxes	29,341,705	—	29,341,705
Other taxes	12,100,366	—	12,100,366
Gaming	15,234,198	—	15,234,198
Other general revenues	4,348,791	1,673,836	6,022,627
Total revenues	<u>70,338,180</u>	<u>17,637,678</u>	<u>87,975,858</u>
Expenses:			
General Government	9,423,153	—	9,423,153
Public safety	25,678,549	—	25,678,549
Highways and streets	3,997,047	—	3,997,047
Culture and recreation	7,155,218	—	7,155,218
City Court and Marshal	1,073,671	—	1,073,671
Payments to component units	132,650	—	132,650
Interest on long-term debt	3,262,080	—	3,262,080
Water and sewerage	—	10,885,174	10,885,174
Sanitation	—	2,364,900	2,364,900
Emergency Medical Services	—	3,337,955	3,337,955
Total expenses	<u>50,722,368</u>	<u>16,588,029</u>	<u>67,310,397</u>
Increase in net assets	19,615,812	1,049,649	20,665,461
Net assets at beginning of year	<u>200,045,123</u>	<u>66,191,579</u>	<u>266,236,702</u>
Net assets at end of year	<u>\$ 219,660,935</u>	<u>67,241,228</u>	<u>286,902,163</u>

Revenues for the City of Bossier City's governmental activities for the year ended December 31, 2002 were \$70.3 million compared to \$69.7 million in 2001.

Program revenues for governmental activities increased \$1 million in 2002 compared to 2001 primarily as a result of an increase of \$640,000 in fees and rental revenues at the Arena. In addition, the City of Bossier City received \$390,000 more in federal grants as a result of receiving hazard mitigation funds.

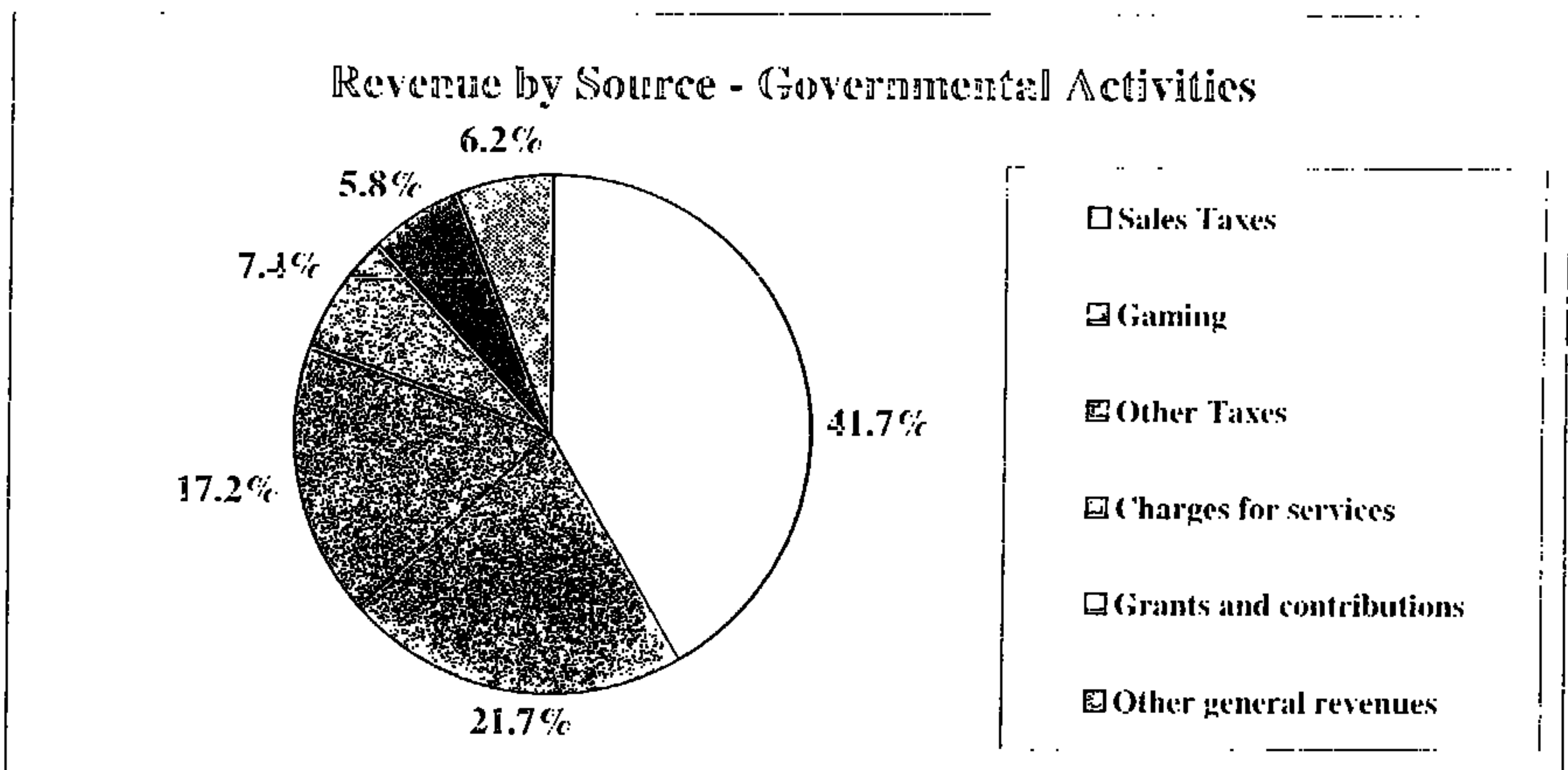
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In total general revenues increased. General revenues, specifically sales tax (41.7%), is the largest component of revenues.

- Sales taxes increased only \$546,000 due to a slow down in economic conditions as reflected in the national economy.
- Other taxes increased \$530,000 mainly as a result of an increase in total assessed property values which increases the total property tax revenue.
- Increases in tax revenues were offset by a decline in investment earnings of \$1.1 million as a result of decreased rates of return on investments due to economic conditions.



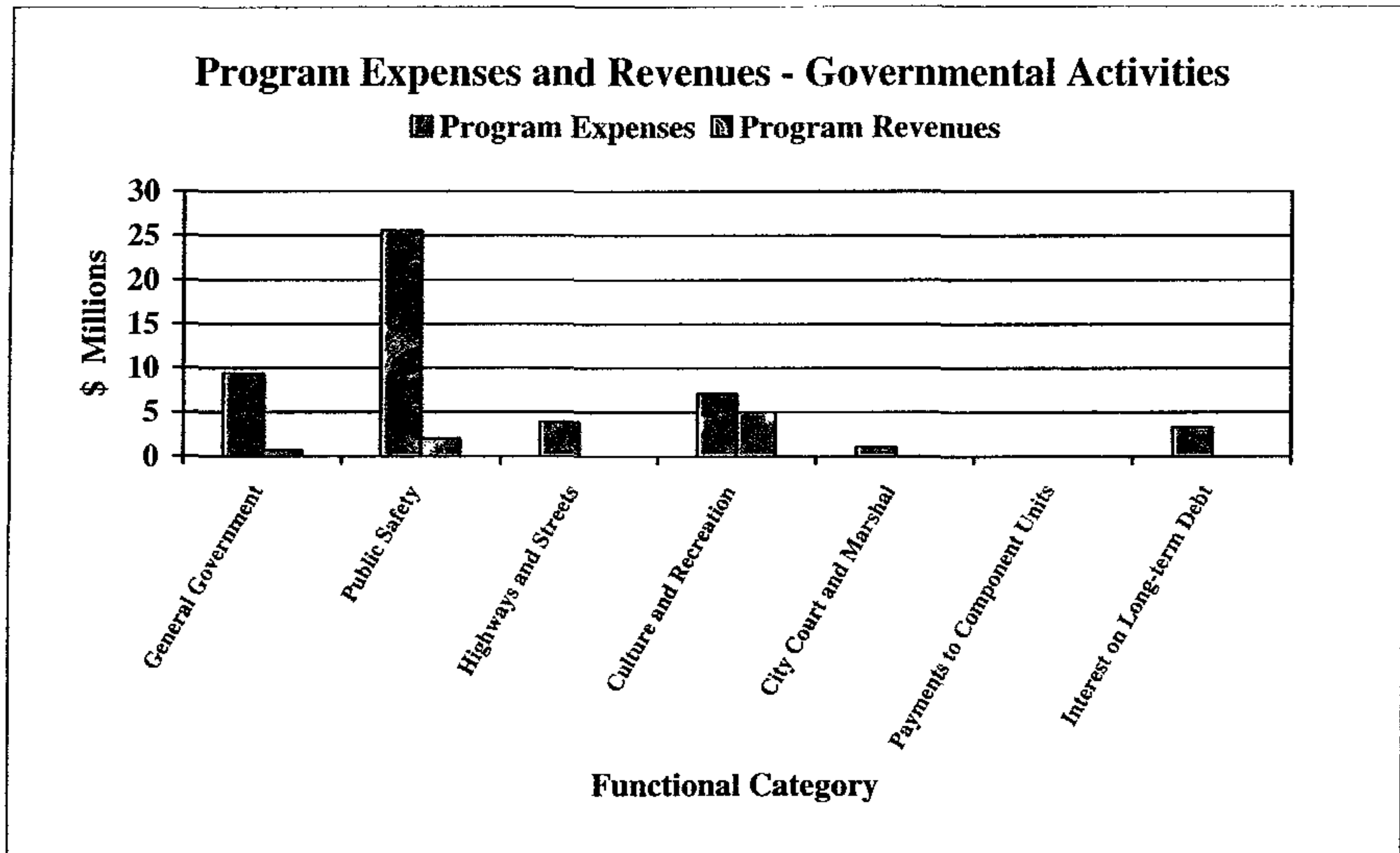
The cost of all governmental activities this year was \$50.7 million, an increase of \$2.2 million. The key factors for the increase were a \$1.2 million increase as a result of additional hiring of public safety personnel and salary increases and a \$642,000 increase in claims expense.

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



Business-type activities

Charges for services for the City of Bossier City's business-type activities were \$16 million, an increase of \$2.9 million.

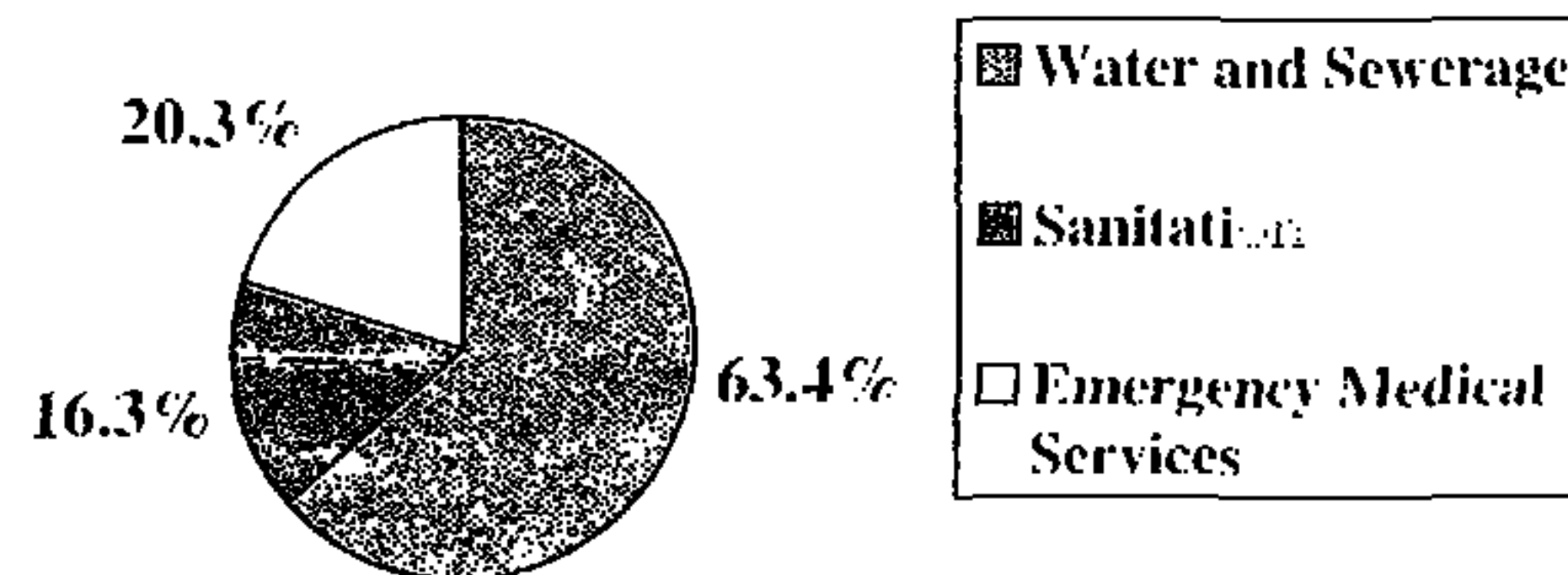
- Water and Sewerage revenues increased \$991,000 as a result of an increase in water and sewer rates effective July 2002.
- Emergency Medical Services revenues increased \$1 million as a result of an increase in the base rate and additional charges for other medical supplies and procedures performed during transports of patients.
- Sanitation revenues increased \$1 million as a result of an increase in the sanitation basic service charge.

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Management's Discussion and Analysis

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Revenue by Source - Business-type Activities



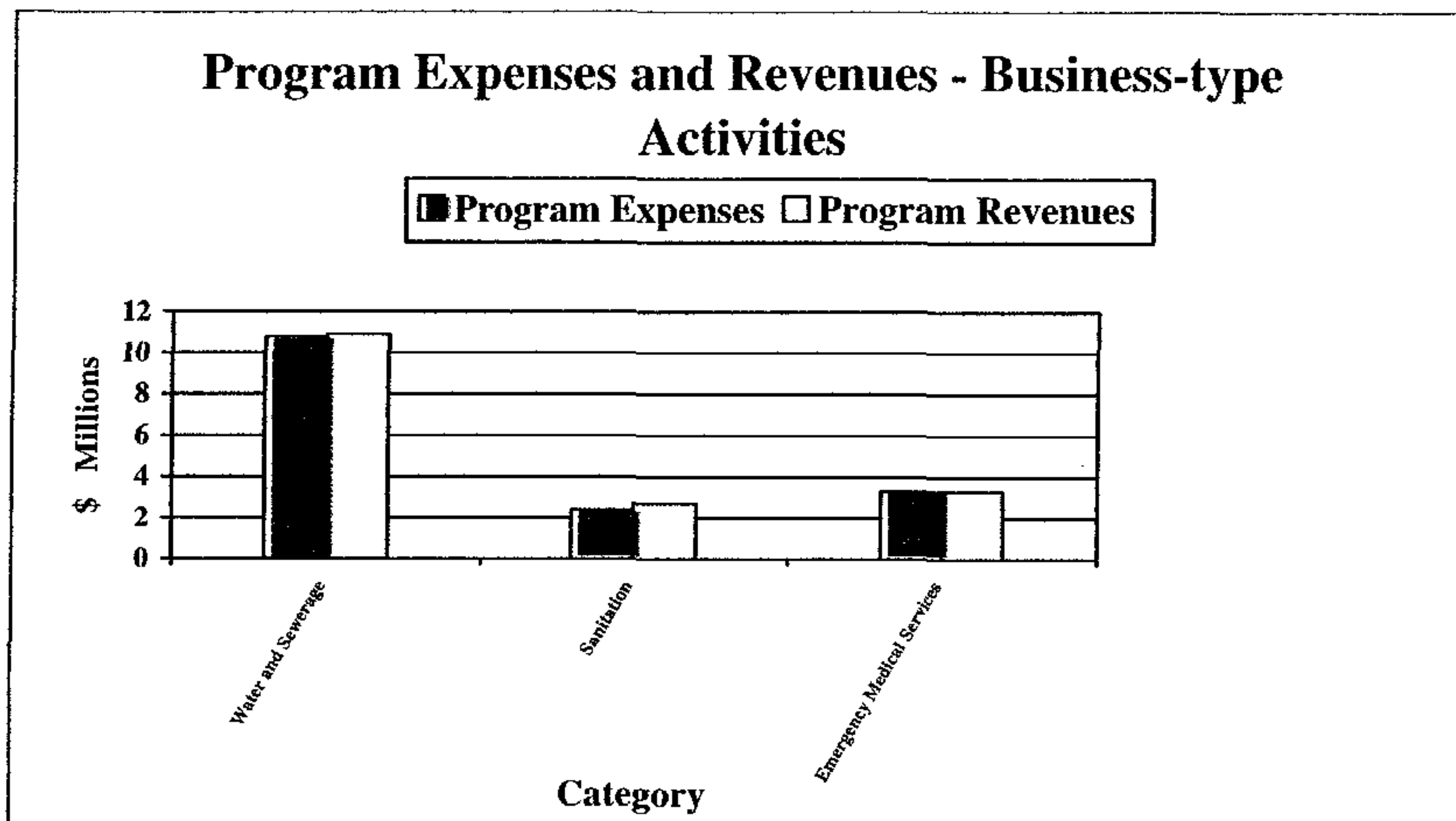
Expenses and Program Revenues - Business-type Activities

The costs of these activities were \$16.6 million, an increase of \$1.9 million. The Water and Sewerage fund accounted for \$1 million of the increase as repairs and maintenance costs and interest expense costs increased 32%. The Emergency Medical Services Fund accounted for \$787,000 of the increase as a result of a reallocation of personnel costs from the general fund to the Emergency Medical Services Fund and additional write-offs of receivables.

CITY OF BOSSIER CITY, LOUISIANA

Management's Discussion and Analysis

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Financial Analysis of the City of Bossier City's Funds

Governmental Funds

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

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

- As of the close of the current fiscal year, the City of Bossier City's governmental funds reported a combined ending fund balance of \$132,490,611 an increase of \$35,758,824 in comparison with the prior fiscal year. Of this amount, \$14,387,410 million or 10.9% was unreserved, undesignated and available for spending. \$86,371,719 million or 65.2% was unreserved but designated for subsequent years' expenditures. The remainder of the fund balance is reserved to indicate that it is not available for new spending because it has already been committed (1) to liquidate contracts and purchase orders of the prior period (\$3,050,055), (2) to pay debt service (\$9,820,560), (3) to generate income to fund public health and safety expenses (\$18,788,583), or (4) for other restricted purposes (\$72,284).

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- The General Fund is the chief operating fund of the City of Bossier City. At the end of the current fiscal year, unreserved fund balance of the General Fund was \$5,759,394. The total (undesignated) is available for spending at the City Council's discretion. The fund balance of the City of Bossier City's General Fund increased by \$1.3 million. A key factor in this growth is an increase in transfers of interest earned on riverboat gaming funds
- The Riverboat Gaming Special Revenue Fund has a total fund balance of \$32,474,293 all of which is unreserved but designated for subsequent years' expenditures. Riverboat gaming revenues collected prior to 1999 were accumulated in this fund until a base amount of \$30 million was attained, as required by City ordinance. A net decrease of \$891,197 occurred during the current fiscal year because investment earnings were not sufficient to cover all uses of the funds on City projects.
- The Arena Special Revenue Fund accounts for the operations of the CenturyTel Arena. The Arena has a fund balance of \$180,140, which reflected an increase of \$125,334 in 2002. The increase was a result of increasing revenues by approximately \$700,000 while maintaining expenses at the same level as prior year. Revenues were increased as a result of additional shows booked in 2002 for which there were no increase in fixed costs.
- The Riverboat Gaming Capital Projects Fund has a total fund balance of \$17,159,510 all of which is unreserved but designated for subsequent years' expenditures. A net increase of \$8,047,190 occurred during the current fiscal year. Riverboat gaming fees collected are accumulated in this fund. Those fees remained flat from prior year. Expenditures in this fund are for specific projects as outlined in the City of Bossier City's capital projects budget and are not expected to be similar from year to year.
- The Sales Tax Bond Capital Projects Fund was established in the current fiscal period to account for the proceeds and expenditures of \$29,260,000 of Public Improvement Sales Tax Bonds. The fund balance at year end was \$29,145,045. The City of Bossier City intends to use these funds for capital improvements for riverfront and downtown development.
- The Public Health and Safety Permanent Fund has a total fund balance of \$18,788,583 all of which is reserved for public health and safety. The fund experienced a net decrease in fund balance of \$806,449 as a result of spending and a decline in investment earnings.

Proprietary Funds

Water and Sewerage net assets increased by \$741,796. This change was a result of a 15% increase in the water and sewer rates effective July 2002.

General Fund Budgetary Highlights

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

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Management's Discussion and Analysis

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The original budget for the General Fund of the City of Bossier City was adopted on December 4, 2001. No amendments were made. Differences between the budget and the actual results of the General Fund is as follows:

Revenues

- Sales and use tax revenues were estimated to increase based on estimates from the Bossier Parish Sales and Use Tax Division. Actual results were less than budget by \$82,845 as a result of a general slow down in spending.
- Ad valorem tax revenues were expected to be similar to prior year revenues. Actual revenues were more than budget by \$511,167 as a result of higher than projected assessed values related to new construction.
- Budgeted revenues for Louisiana Downs were higher than actual results by \$141,361. The City of Bossier City anticipated increased revenues related to installation of slot machines at the racetrack. Due to a change in ownership, slot machines were not added in 2002.

Expenditures

- Engineering expenditures were under budget by \$98,918 and Police department expenditures were under budget by \$495,009 as a result of the postponement of hiring additional personnel.

Capital Assets and Debt Administration

Capital Assets: The City of Bossier City's investment in capital assets as of December 31, 2002 amounts to \$248,307,598 (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements, streets, drainage, furniture and equipment, and construction in progress. The table below shows the value at the end of the fiscal year.

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

	<u>Governmental activities</u>	<u>Business-type activities</u>
Land and land improvements	\$ 48,659,150	861,184
Buildings and structures	70,270,154	—
Equipment and vehicles	4,051,116	2,498,695
Water and reservoir treatment plant	—	37,584,948
Transmission and distribution system	—	29,865,288
Infrastructure	45,563,536	—
Construction in progress – buildings	6,634,913	2,318,614
Total	<u>\$ 175,178,869</u>	<u>73,128,729</u>

CITY OF BOSSIER CITY, LOUISIANA

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

- The purchase of \$6.8 million of land related to the Riverwalk Development and Traffic Street widening.
- The purchase of \$1.3 million of land for future Municipal Building Complex expansion.
- Construction in progress of \$2.7 million related to the widening of Traffic Street.
- Construction in progress of \$1 million related to the engineering and design of Riverwalk Development.

Long-term debt: At the end of the current fiscal year, the City of Bossier City had total debt outstanding of \$118,847,221. The City of Bossier City has no general bonded debt outstanding. The following table summarizes bonds outstanding at December 31, 2002 and 2001.

City of Bossier City's Outstanding Debt

	Governmental activities	Business-type activities
Revenue bonds	\$ 88,927,952	29,919,269

During the current fiscal period for governmental activities, the City of Bossier City issued \$29,260,000 of Public Improvement Sales Tax Bonds, Series, 2002 for the purpose of purchasing, constructing, acquiring, extending, or improving public works. The City intends to use these funds for capital improvements for riverfront and downtown development. The bonds were issued at a premium of \$1,032,952.

Also during the current fiscal period for business-type activities, the City of Bossier City issued \$12,245,000 of Utility Revenue Bonds, Series 2002 and \$4,165,000 of Utility Revenue Refunding Bonds, Series 2002. The proceeds of the bonds are to be used to fund additions and improvements to the utility system as well as refund \$4,350,000 of the 1992 Utility Revenue Bonds.

The City of Bossier City's revenue bonds were upgraded from a rating of A3 to A2 by Moody's Investors Service. Standard and Poor's Rating Service upgraded the City's revenue bonds from A to A+.

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

Economic Factors and Next Year's Budgets and Rates

The following economic factors were considered when the budget for FY 2003 was presented to the Council:

- Three riverboats operate in Bossier City and represent some 4,500 direct jobs and another 4,000 indirect jobs at restaurants, hotels, and retail stores in this region. Major commercial developments includes continued expansion of the Port of Shreveport-Bossier which now includes a cargo wharf, a heavy rail sidetrack, a petroleum wharf, a 50-ton bridge crane, and a 30,000 square foot storage shed. Also Barksdale Air Force Base, another major factor in our regional economy, had over \$50 million in new construction during the past year.

CITY OF BOSSIER CITY, LOUISIANA

Management's Discussion and Analysis

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- The Bossier School system is recognized statewide as one of the best systems in the state and achievement test scores are consistently higher than other parts of the state.
- For the year 2003, the City of Bossier City has projected a 2% increase in sales tax and property tax revenues and we intend to continue to monitor and adjust for any unanticipated local downturns in the economy.

Requests for Information

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

**BASIC FINANCIAL
STATEMENTS**

CITY OF BOSSIER CITY, LOUISIANA

Statement of Net Assets

December 31, 2002

Assets	Primary Government			Component units
	Governmental activities	Business-type activities	Total	
Cash and cash equivalents	\$ 6,793,544	3,171,962	9,965,506	892,739
Investments	119,717,424	—	119,717,424	5,789,392
Receivables, net	11,741,900	2,277,097	14,018,997	40,373
Due from component unit	64,948	—	64,948	—
Internal balances	235,013	(235,013)	—	—
Prepaid items and other assets	804,560	208,333	1,012,893	—
Inventories	72,284	213,361	285,645	—
Net pension asset	854,985	—	854,985	—
Bond issue costs, net	951,709	752,610	1,704,319	—
Restricted assets:				
Cash and cash equivalents	—	770,746	770,746	—
Investments	100,575	18,175,492	18,276,067	—
Accrued interest	—	186,813	186,813	—
Capital assets:				
Land and construction in progress	55,294,063	3,179,798	58,473,861	—
Other capital assets, net of depreciation	119,884,806	69,948,931	189,833,737	86,004
Total assets	316,515,811	98,650,130	415,165,941	6,808,508
Liabilities				
Accounts payable	2,251,464	401,752	2,653,216	4,180
Accrued liabilities	465,634	203,308	668,942	—
Accrued interest payable	404,225	373,683	777,908	99,560
Deferred revenue	512,429	—	512,429	—
Deposits and deferred charges	1,842,912	158,011	2,000,923	—
Noncurrent liabilities:				
Due within one year	5,703,957	1,223,105	6,927,062	110,000
Due in more than one year	85,674,255	29,049,043	114,723,298	5,195,000
Total liabilities	96,854,876	31,408,902	128,263,778	5,408,740
Net Assets				
Invested in capital assets, net of related debt	115,340,957	43,209,460	158,550,417	86,004
Restricted for:				
Debt service – expendable	9,822,880	1,666,172	11,489,052	235,312
Public Health and Safety – nonexpendable	17,911,368	—	17,911,368	—
Public Health and Safety – expendable	928,063	—	928,063	—
Unrestricted	75,657,667	22,365,596	98,023,263	1,078,452
Total net assets	\$ 219,660,935	67,241,228	286,902,163	1,399,768

See accompanying notes to financial statements.

CITY OF BOSSIER CITY, LOUISIANA

Statement of Activities

Year ended December 31, 2002

Functions/programs	Program Revenues				Net (expenses) revenue and changes in net assets			Component units
	Expenses	Charges for services	Operating grants and contributions	Capital grants and contributions	Primary Government		Total	
					Governmental activities	Business-type activities		
Primary government:								
Governmental activities:								
General government	\$ 9,423,153	—	159,475	551,033	(8,712,645)	—	(8,712,645)	—
Public safety	25,678,549	1,910,465	1,198,240	—	(22,569,844)	—	(22,569,844)	—
Highways and streets	3,997,047	—	—	480,334	(3,516,713)	—	(3,516,713)	—
Cultural and recreation	7,155,218	3,326,942	1,686,631	—	(2,141,645)	—	(2,141,645)	—
City Court and Marshal	1,073,671	—	—	—	(1,073,671)	—	(1,073,671)	—
Payments to component units	132,650	—	—	—	(132,650)	—	(132,650)	—
Interest on long-term debt	3,262,080	—	—	—	(3,262,080)	—	(3,262,080)	—
Total governmental activities	50,722,368	5,237,407	3,044,346	1,031,367	(41,409,248)	—	(41,409,248)	—
Business-type activities								
Water and Sewerage	10,885,174	10,041,818	—	—	—	(843,356)	(843,356)	—
Sanitation	2,364,900	2,608,353	—	—	—	243,453	243,453	—
Emergency Medical Services	3,337,955	3,313,671	—	—	—	(24,284)	(24,284)	—
Total business-type activities	16,588,029	15,963,842	—	—	—	(624,187)	(624,187)	—
Total primary government	\$ 67,310,397	21,201,249	3,044,346	1,031,367	(41,409,248)	(624,187)	(42,033,435)	—
Component units:								
Bossier Public Trust Financing Authority	\$ 422,073	448,245	—	870,318	—	—	—	26,172
City Courts	114,631	317,045	—	431,676	—	—	—	202,414
City Marshal	173,898	141,508	—	315,406	—	—	—	(32,390)
Metropolitan Planning Commission	185,177	35,839	—	221,016	—	—	—	(149,338)
Total component units	\$ 895,779	942,637	—	1,838,416	—	—	—	46,858
General revenues:								
Taxes:								
Property taxes levied for general purposes					8,246,066	—	8,246,066	—
Sales taxes levied for general purposes					8,090,235	—	8,090,235	—
Sales taxes levied for capital projects					9,163,005	—	9,163,005	—
Sales taxes levied for debt service					6,329,078	—	6,329,078	—
Sales taxes levied for pension plans					5,759,387	—	5,759,387	—
Franchise taxes					1,808,469	—	1,808,469	—
Licenses and permits					2,045,831	—	2,045,831	—
Gaming					15,234,198	—	15,234,198	—
Intergovernmental					323,047	29,548	352,595	—
Shared revenues					—	—	—	66,325
Investment earnings					2,850,967	609,442	3,460,409	22,815
Payments from City of Bossier City					—	—	—	132,650
Miscellaneous					1,673,941	535,682	2,209,623	16,538
Transfers					(499,164)	499,164	—	—
Total general revenues and transfers					61,025,060	1,673,836	62,698,896	238,328
Change in net assets					19,615,812	1,049,649	20,665,461	285,186
Net assets – beginning (restated)					200,045,123	66,191,579	266,236,702	1,114,582
Net assets – ending					\$ 219,660,935	67,241,228	286,902,163	1,399,768

See accompanying notes to financial statements.

CITY OF BOSSIER CITY, LOUISIANA

Balance Sheet

Governmental Funds

December 31, 2002

Assets	General	Riverboat Gaming Special Revenue Fund	Arena Special Revenue Fund	Riverboat Gaming Capital Projects Fund	Sales Tax Bond Capital Projects Fund	Public Health and Safety Permanent Fund	Other Governmental Funds	Total Governmental Funds
Cash and cash equivalents	\$ 1,102,477	798,431	1,689,498	398,161	712,944	458,246	1,619,252	6,779,009
Investments	—	31,619,142	—	15,767,832	28,233,705	18,147,228	25,373,906	119,141,813
Receivables, net	5,949,346	324,989	318,073	1,357,595	301,953	186,522	1,833,212	10,271,690
Due from other funds	418,922	—	—	—	—	—	292,838	711,760
Due from component unit	64,948	—	—	—	—	—	—	64,948
Due from other governments	—	—	—	—	—	—	1,146,048	1,146,048
Prepaid items and other assets	—	—	262,580	—	—	—	—	262,580
Inventories, at cost	72,284	—	—	—	—	—	—	72,284
Investments -- restricted	—	—	—	—	—	100,575	—	100,575
Total assets	\$ 7,607,977	32,742,562	2,270,151	17,523,588	29,248,602	18,892,571	30,265,256	138,550,707
Liabilities and Fund Balance								
Liabilities:								
Accounts payable	\$ 270,849	268,269	386,119	364,078	103,557	3,988	479,235	1,876,095
Accrued liabilities	365,634	—	—	—	—	100,000	—	465,634
Due to other funds	234,838	—	—	—	—	—	152,585	387,423
Deferred revenue	824,615	—	685,595	—	—	—	802,437	2,312,647
Deposits and deferred charges	—	—	1,018,297	—	—	—	—	1,018,297
Total liabilities	1,695,936	268,269	2,090,011	364,078	103,557	103,988	1,434,257	6,060,096
Fund balance:								
Reserved for:								
Debt service	—	—	—	—	—	—	9,820,560	9,820,560
Encumbrances	80,363	—	—	1,479,337	—	—	1,227,775	2,787,475
Inventories	72,284	—	—	—	—	—	—	72,284
Prepaid items	—	—	262,580	—	—	—	—	262,580
Public Health and Safety	—	—	—	—	—	18,788,583	—	18,788,583
Unreserved, designated for subsequent years' expenditures	—	32,474,293	—	15,680,173	29,145,045	—	—	77,299,511
Unreserved:								
Undesignated	5,759,394	—	(82,440)	—	—	—	—	5,676,954
Designated reported in nonmajor capital projects funds	—	—	—	—	—	—	9,072,208	9,072,208
Undesignated, reported in nonmajor special revenue funds	—	—	—	—	—	—	8,710,456	8,710,456
Total fund balance	5,912,041	32,474,293	180,140	17,159,510	29,145,045	18,788,583	28,830,999	132,490,611
Total liabilities and fund balance	\$ 7,607,977	32,742,562	2,270,151	17,523,588	29,248,602	18,892,571	30,265,256	138,550,707

See accompanying notes to financial statements.

CITY OF BOSSIER CITY, LOUISIANA

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

Year ended December 31, 2002

Fund balances – total governmental funds \$ 132,490,611

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	205,627,208	
Less accumulated depreciation	<u>(30,448,339)</u>	175,178,869

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

Unamortized bond issuance costs		951,709
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Net pension assets represent the excess cumulative contributions
to pension plans and are not considered as financial resources
for governmental funds

Policemen's Pension and Relief Fund		854,985
-------------------------------------	--	---------

Some of the City of Bossier City's property taxes will be collected after
year-end but are not available soon enough to pay for the current
period's expenditures and therefore are deferred in the governmental
funds

		975,603
--	--	---------

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	(404,225)	
Compensated absences	(881,497)	
Claims	(642,000)	
Bonds, notes, and loans payable	(88,927,952)	
Net pension obligation	<u>(87,611)</u>	(90,943,285)

Internal service funds are used by management to charge the costs of
certain activities to individual funds. The assets and liabilities of
the internal service funds are reported with governmental activities

		<u>152,443</u>
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Net assets of governmental activities		<u>\$ 219,660,935</u>
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See accompanying notes to financial statements.

CITY OF BOSSIER CITY, LOUISIANA
Statement of Revenues, Expenditures, and Changes in Fund Balance
Governmental Funds
Year ended December 31, 2002

Revenues	General	Riverboat Gaming— Special Revenue Fund	Arena Special Revenue Fund	Riverboat Gaming Capital Projects Fund	Sales Tax Bond Capital Projects Fund	Public Health and Safety Permanent Fund	Other Governmental Funds	Total Governmental Funds
Taxes	\$ 23,835,258	—	—	—	—	—	15,492,083	39,327,341
Licenses and permits	2,045,831	—	—	—	—	—	—	2,045,831
Intergovernmental	1,521,287	—	—	480,334	—	—	2,397,139	4,398,760
Video poker	544,952	—	—	—	—	—	—	544,952
Fees and rentals	—	—	3,110,049	—	—	—	216,893	3,326,942
Fines and penalties	1,130,637	—	—	—	—	—	24,177	1,154,814
Racing commission—Louisiana	—	—	—	—	—	—	—	—
Downs	188,639	—	—	—	—	—	—	188,639
Gaming	—	—	—	14,500,607	—	—	—	14,500,607
Investment earnings	53,333	1,037,740	—	448,652	400,280	598,499	910,962	3,449,466
Miscellaneous	1,272,639	—	—	—	—	157,152	97,850	1,527,641
Total revenues	30,592,576	1,037,740	3,110,049	15,429,593	400,280	755,651	19,139,104	70,464,993
Expenditures								
Current:								
General government	7,998,555	—	—	—	—	—	710,508	8,709,063
Public safety	23,921,766	—	—	—	—	462,100	—	24,383,866
Highways and streets	1,049,714	—	—	—	—	—	—	1,049,714
Culture and recreation	1,309,890	—	2,984,715	—	—	—	574,026	4,868,631
City Court and Marshal	1,033,577	—	—	—	—	—	13,390	1,046,967
Debt service:								
Principal	—	—	—	—	—	—	3,750,000	3,750,000
Interest and other charges	—	—	—	—	113,807	—	3,123,751	3,237,558
Capital outlay	—	—	—	7,382,403	25,201	—	9,913,904	17,321,508
Payments to component units	132,650	—	—	—	—	—	—	132,650
Total expenditures	35,446,152	—	2,984,715	7,382,403	139,008	462,100	18,085,579	64,499,957
Excess (deficiency) of revenues over (under) expenditures	(4,853,576)	1,037,740	125,334	8,047,190	261,272	293,551	1,053,525	5,965,036
Other Financing Sources (Uses)								
Transfers in	6,136,754	—	—	—	—	—	2,468,516	8,605,270
Transfers out	—	(1,928,937)	—	—	(1,409,179)	(1,100,000)	(4,666,318)	(9,104,434)
Long-term debt issued	—	—	—	—	30,292,952	—	—	30,292,952
Total other financing sources and uses	6,136,754	(1,928,937)	—	—	28,883,773	(1,100,000)	(2,197,802)	29,793,788
Net change in fund balances	1,283,178	(891,197)	125,334	8,047,190	29,145,045	(806,449)	(1,144,277)	35,758,824
Fund balances—beginning	4,628,863	33,365,490	54,806	9,112,320	—	19,595,032	29,975,276	96,731,787
Fund balances—ending	\$ 5,912,041	32,474,293	180,140	17,159,510	29,145,045	18,788,583	28,830,999	132,490,611

See accompanying notes to financial statements.

CITY OF BOSSIER CITY, LOUISIANA

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

Year ended December 31, 2002

Net change in fund balances – total governmental funds		\$ 35,758,824
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	16,000,419	
Depreciation expense	<u>(5,208,502)</u>	10,791,917
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)		68,899
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. The detail of these differences in the treatment of long-term and related items is as follows:		
Debt proceeds	(30,292,952)	
Issuance costs	137,615	
Principal payments	<u>3,750,000</u>	(26,405,337)
The changes in other long-term assets and liabilities are reported in the statement of activities but do not affect current financial resources of governmental funds. The changes are as follows:		
Policemen's Pension and Relief Fund net asset	206,628	
Firemen's Pension and Relief Fund net obligation	<u>96,824</u>	303,452
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 bond issue costs	(75,087)	
Increase in compensated absences	(166,774)	
Increase in accrued interest	(87,050)	
Increase in claims	<u>(642,000)</u>	(970,911)
Internal service funds are used by management to charge the costs of certain activities to individual funds. The net revenue of the internal service funds is reported with governmental activities.		<u>68,968</u>
Change in net assets of governmental activities		\$ <u><u>19,615,812</u></u>

See accompanying notes to financial statements.

CITY OF BOSSIER CITY, LOUISIANA

Statement of Net Assets

Proprietary Funds

December 31, 2002

Assets	Business-type Activities Enterprise Funds			Governmental Activities Internal Service Funds
	Water and Sewerage	Other Enterprise Funds	Total	
Current assets:				
Cash and cash equivalents	\$ 3,093,990	77,972	3,171,962	14,535
Investments	—	—	—	575,611
Restricted:				
Cash and cash equivalents	770,746	—	770,746	—
Investments	642,937	—	642,937	—
Receivables, net:				
Customers (net of allowance for uncollectible accounts of \$1,014,478)	1,198,112	888,538	2,086,650	—
Accrued interest	34,173	819	34,992	—
Other	15,135	140,320	155,455	—
Prepaid items	—	—	—	541,980
Inventories	213,361	—	213,361	—
Total current assets	5,968,454	1,107,649	7,076,103	1,132,126
Noncurrent assets:				
Restricted:				
Investments	17,532,555	—	17,532,555	—
Accrued interest	186,813	—	186,813	—
Capital assets:				
Land and land improvements	861,184	—	861,184	—
Construction in process	2,318,614	—	2,318,614	—
Water reservoir and treatment plant	53,554,577	—	53,554,577	—
Transmission and distribution system	42,587,807	—	42,587,807	—
Equipment	6,028,661	1,242,519	7,271,180	—
Less accumulated depreciation	(32,320,991)	(1,143,642)	(33,464,633)	—
Total capital assets (net of accumulated depreciation)	73,029,852	98,877	73,128,729	—
Deferred bond costs, at cost less amortization	752,610	—	752,610	—
Other deferred charges	208,333	—	208,333	—
Total other assets	960,943	—	960,943	—
Total noncurrent assets	91,710,163	98,877	91,809,040	—
Total assets	97,678,617	1,206,526	98,885,143	1,132,126
Liabilities				
Current liabilities (payable from current assets):				
Accounts payable	369,433	32,319	401,752	140,531
Accrued liabilities	53,584	43,564	97,148	—
Retainages payable	106,160	—	106,160	—
Due to other funds	15,777	219,236	235,013	—
Customer deposits	158,011	—	158,011	—
Accrued claims	—	—	—	839,152
Compensated absences	94,575	88,530	183,105	—
Total current liabilities (payable from current assets)	797,540	383,649	1,181,189	979,683
Current liabilities (payable from restricted assets):				
Accrued interest on revenue bonds	373,683	—	373,683	—
Current portion of long-term debt	1,040,000	—	1,040,000	—
Total current liabilities (payable from restricted assets)	1,413,683	—	1,413,683	—
Total current liabilities	2,211,223	383,649	2,594,872	979,683
Noncurrent liabilities:				
Compensated absences	98,325	71,449	169,774	—
Bonds and notes payable	28,879,269	—	28,879,269	—
Total noncurrent liabilities	28,977,594	71,449	29,049,043	—
Total liabilities	31,188,817	455,098	31,643,915	979,683
Net Assets				
Invested in capital assets, net of related debt	43,110,583	98,877	43,209,460	—
Restricted for debt service	1,666,172	—	1,666,172	—
Unrestricted	21,713,045	652,551	22,365,596	152,443
Total net assets	\$ 66,489,800	751,428	67,241,228	152,443

See accompanying notes to financial statements.

CITY OF BOSSIER CITY, LOUISIANA

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

Proprietary Funds

Year ended December 31, 2002

	Business-type Activities Enterprise Funds			Governmental
	Water and Sewerage	Other Enterprise Funds	Total	Activities Internal Service Funds
Operating Revenues				
Charges for services pledged as security for revenue bonds	\$ 10,041,818	—	10,041,818	—
Charges for services	—	5,922,024	5,922,024	2,430,580
Miscellaneous	295,067	55,615	350,682	149,893
Total operating revenues	10,336,885	5,977,639	16,314,524	2,580,473
Operating Expenses				
Personal services	3,649,860	2,372,448	6,022,308	—
Supplies	849,661	249,256	1,098,917	—
Utilities	680,516	34,788	715,304	—
Repairs and maintenance	606,864	36,452	643,316	—
Contractual expenses	—	1,866,332	1,866,332	1,175,001
Provision for bad debt	129,929	731,752	861,681	—
Miscellaneous	961,817	334,275	1,296,092	33,642
Claims	—	—	—	1,305,361
Depreciation and amortization	2,149,570	74,147	2,223,717	—
Total operating expenses	9,028,217	5,699,450	14,727,667	2,514,004
Operating income	1,308,668	278,189	1,586,857	66,469
Nonoperating Revenues (Expenses)				
Investment earnings	605,921	3,521	609,442	2,499
Interest expense	(1,081,509)	(3,405)	(1,084,914)	—
Amortization	(737,414)	—	(737,414)	—
Intergovernmental	—	29,548	29,548	—
Gain on refunding	185,000	—	185,000	—
Fiscal charges	(38,034)	—	(38,034)	—
Total nonoperating revenues (expenses)	(1,066,036)	29,664	(1,036,372)	2,499
Income before contributions and transfers	242,632	307,853	550,485	68,968
Transfers in	499,164	—	499,164	—
Change in net assets	741,796	307,853	1,049,649	68,968
Total net assets -- beginning	65,748,004	443,575	66,191,579	83,475
Total net assets -- ending	\$ 66,489,800	751,428	67,241,228	152,443

See accompanying notes to financial statements.

CITY OF BOSSIER CITY, LOUISIANA

Statement of Cash Flows

Proprietary Funds

Year ended December 31, 2002

	Business-type Activities Enterprise Funds			Governmental Activities Internal Service Funds
	Water and Sewerage	Other Enterprise Funds	Total	
Cash flows from operating activities:				
Receipts from operations	\$ 9,809,451	5,618,353	15,427,804	2,580,473
Payments to suppliers	(3,899,176)	(3,226,257)	(7,125,433)	(1,406,272)
Payments to employees	(3,588,121)	(2,279,139)	(5,867,260)	—
Claims paid	—	—	—	(1,294,783)
Other receipts (payments)	338,408	(63,830)	274,578	—
Net cash provided by (used in) operating activities	2,660,562	49,127	2,709,689	(120,582)
Cash flows from noncapital financing activities:				
Intergovernmental revenues	—	29,548	29,548	—
Net cash provided by noncapital financing activities	—	29,548	29,548	—
Cash flows from capital and related financing activities:				
Proceeds from issuance of debt	12,937,950	—	12,937,950	—
Acquisition and construction of capital assets	(3,982,308)	—	(3,982,308)	—
Principal paid on debt	(1,210,000)	—	(1,210,000)	—
Interest paid	(903,059)	(3,405)	(906,464)	—
Fiscal charges	(38,034)	—	(38,034)	—
Payment of debt issuance costs	(704,359)	—	(704,359)	—
Transfers in	499,164	—	499,164	—
Net cash provided by (used in) capital and related financing activities	6,599,354	(3,405)	6,595,949	—
Cash flows from investing activities:				
Purchase of investments	(15,563,554)	—	(15,563,554)	(574,490)
Interest received	453,367	2,702	456,069	1,378
Net cash provided by (used in) investing activities	(15,110,187)	2,702	(15,107,485)	(573,112)
Net increase (decrease) in cash and cash equivalents	(5,850,271)	77,972	(5,772,299)	(693,694)
Cash and cash equivalents, beginning of year	9,715,007	—	9,715,007	708,229
Cash and cash equivalents, end of year	\$ 3,864,736	77,972	3,942,708	14,535
Noncash items:				
Amortization	\$ 737,414	—	737,414	—
Gain on refunding	185,000	—	185,000	—

CITY OF BOSSIER CITY, LOUISIANA

Statement of Cash Flows

Proprietary Funds

Year ended December 31, 2002

	Business-type Activities Enterprise Funds			Governmental Activities Internal Service Funds
	Water and Sewerage	Other Enterprise Funds	Total	
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:				
Operating income	\$ 1,308,668	278,189	1,586,857	66,047
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Depreciation and amortization	2,149,570	74,147	2,223,717	—
Provision for bad debts	129,929	731,752	861,681	—
(Increase) decrease in assets:				
Accounts receivable	(363,059)	(1,035,423)	(1,398,482)	—
Other receivable	19,230	(85,819)	(66,589)	—
Inventories	21,717	—	21,717	—
Prepaid items and other assets	8,334	—	8,334	(305,337)
Increase (decrease) in liabilities:				
Accounts payable	(536,468)	26,598	(509,870)	107,708
Accrued liabilities	(93,899)	93,309	(590)	—
Due to other funds	15,777	(33,626)	(17,849)	—
Customers' deposits	763	—	763	—
Claims and judgments	—	—	—	11,000
Total adjustments	1,351,894	(229,062)	1,122,832	(186,629)
Net cash provided by (used in) operating activities	\$ 2,660,562	49,127	2,709,689	(120,582)

See accompanying notes to financial statements.

CITY OF BOSSIER CITY, LOUISIANA

Statement of Fiduciary Net Assets

Fiduciary Funds

December 31, 2002

Assets	Pension Trust Funds	Consolidated Sales Tax Agency Fund	Total
Cash and cash equivalents	\$ 3,039,057	1,289,888	4,328,945
Receivables:			
Interest receivable	145,266	—	145,266
Other	—	1,032	1,032
Due from other funds	—	234,838	234,838
Due from Policemen's Pension and Relief Fund	—	26,767	26,767
Due from Firemen's Pension and Relief Fund	—	62,457	62,457
Investments, at fair value:			
U.S. government securities	29,931,513	—	29,931,513
Certificates of deposit	641,473	—	641,473
Total investments	30,572,986	—	30,572,986
Other assets	1,000	—	1,000
Total assets	33,758,309	1,614,982	35,373,291
Liabilities			
Accounts payable	—	14,759	14,759
Due to City of Bossier City	89,224	—	89,224
Due to other funds	—	324,162	324,162
Taxes paid under protest	—	1,224,054	1,224,054
Refundable deposits	—	52,007	52,007
Total liabilities	89,224	1,614,982	1,704,206
Net Assets			
Held in trust for pension benefits	\$ 33,669,085	—	33,669,085

See accompanying notes to financial statements.

CITY OF BOSSIER CITY, LOUISIANA

Statement of Changes in Fiduciary Net Assets

Pension Trust Funds

December 31, 2002

Additions

Contributions from City:	
Sales taxes, net	\$ 5,759,387
Fire insurance premiums	122,561
Employer's contributions	27,977
City Court fines	229,453
City liquor licenses	5,751
Total contributions	<u>6,145,129</u>
Employee contributions	27,977
Investment earnings	3,352,160
Less investment expense	<u>(70,870)</u>
Net investment earnings	<u>3,281,290</u>
Total additions	<u>9,454,396</u>

Deductions

Pensions and benefits	5,046,343
Administrative expenses	<u>30,542</u>
Total deductions	<u>5,076,885</u>
Change in net assets	4,377,511
Net assets – beginning	<u>29,291,574</u>
Net assets – ending	<u>\$ 33,669,085</u>

See accompanying notes to financial statements.

CITY OF BOSSIER CITY, LOUISIANA

Statement of Net Assets

Component Units

December 31, 2002

Assets	Bossier Public Trust Financing Authority	City Courts	City Marshal	Metropolitan Planning Commission	Total
Cash and cash equivalents	\$ 4,233	685,910	200,843	1,753	892,739
Investments	5,603,949	120,000	—	65,443	5,789,392
Accounts receivable	—	3,170	4,840	—	8,010
Accrued interest	31,690	—	—	673	32,363
Capital assets:					
Other capital assets, net of depreciation	—	—	86,004	—	86,004
Total assets	5,639,872	809,080	291,687	67,869	6,808,508
Liabilities					
Accounts payable	—	640	2,416	1,124	4,180
Accrued interest payable	99,560	—	—	—	99,560
Noncurrent liabilities:					
Due within one year	110,000	—	—	—	110,000
Due in more than one year	5,195,000	—	—	—	5,195,000
Total liabilities	5,404,560	640	2,416	1,124	5,408,740
Net Assets					
Invested in capital assets, net of related debt	—	—	86,004	—	86,004
Restricted for:					
Debt service	235,312	—	—	—	235,312
Unrestricted	—	808,440	203,267	66,745	1,078,452
Total net assets	\$ 235,312	808,440	289,271	66,745	1,399,768

See accompanying notes to financial statements.

CITY OF BOSSIER CITY, LOUISIANA

Statement of Activities

Component Units

Year ended December 31, 2002

	Program Revenues		Net (Expenses) Revenues and Changes in Net Assets				
	Expenses	Charges for Services	Bossier Public Trust Financing Authority	City Courts	City Marshal	Metropolitan Planning Commission	Total
Bossier Public Trust Financing Authority							
Mortgage operations	\$ 422,073	448,245	26,172	—	—	—	26,172
City Courts							
Judicial	114,631	317,045	—	202,414	—	—	202,414
City Marshal							
Judicial	173,898	141,508	—	—	(32,390)	—	(32,390)
Metropolitan Planning Commission							
Planning and zoning	185,177	35,839	—	—	—	(149,338)	(149,338)
	<u>895,779</u>	<u>942,637</u>					
General revenues:							
Investment earnings			—	17,910	3,226	1,679	22,815
Shared revenues			—	—	—	66,325	66,325
Payment from the City of Bossier City			—	—	—	132,650	132,650
Miscellaneous			—	—	15,606	932	16,538
			<u>—</u>	<u>17,910</u>	<u>18,832</u>	<u>201,586</u>	<u>238,328</u>
Total general revenues			26,172	220,324	(13,558)	52,248	285,186
Change in net assets			209,140	588,116	302,829	14,497	1,114,582
Net assets -- beginning				808,440	289,271	66,745	1,399,768
Net assets -- ending			\$ 235,312				

See accompanying notes to financial statements.

CITY OF BOSSIER CITY, LOUISIANA

Notes to Combined Financial Statements

December 31, 2002

(1) Summary of Significant Accounting Policies

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

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

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

Discretely Presented Component Units

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

Metropolitan Planning Commission

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

City Court of Bossier City

The City Court of Bossier City (City Court) was created by special legislative act. Its jurisdiction includes the incorporated area of the City. The City judge is elected and cannot be removed by City officials. The City Court is fiscally dependent on the City. The City has the ability to modify or approve its budget which comes from the General Fund. There are certain funds collected by the City Court, pursuant to state statute, which are under the control of the City Court. The City Court serves the citizenry of the City. The financial statements of the City Court included in the accompanying financial statements are as of and for the fiscal year ended December 31, 2002.

CITY OF BOSSIER CITY, LOUISIANA

Notes to Combined Financial Statements

December 31, 2002

Bossier City Marshal's Office

The Bossier City Marshal (City Marshal) is an elected official. The City Marshal is fiscally dependent on the City. The City has the ability to modify or approve the budget which comes from the General Fund. There are certain funds collected as court costs, pursuant to state statute, which are under the control of the City Marshal. The City Marshal serves the citizenry of the City. The financial statements of the City Marshal included in the accompanying financial statements are as of and for the fiscal year ended December 31, 2002.

Bossier Public Trust Financing Authority

The Bossier Public Trust Financing Authority was created by a trust indenture, pursuant to state enabling legislation, which made the City the beneficiary. There are five trustees appointed by the City Council for terms of five years. In accordance with the terms of the trust indenture, the City has no power to transact business for the trustees nor to control or direct the actions of the trustees. The City is entitled solely to the benefits of the trust, and at the termination of the trust it shall receive the residual of the trust. The City cannot access the organization's funds at will, although there is some ability to access them at the discretion of the Bossier Public Trust Financing Authority. The Bossier Public Trust Financing Authority serves the citizenry of the City. The financial statements of the Bossier Public Trust Financing Authority included in the accompanying financial statements are as of and for the fiscal year ended November 30, 2002.

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

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

Bossier City Marshal's Office
P.O. Box 5337
Bossier City, Louisiana 71171

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

CITY OF BOSSIER CITY, LOUISIANA

Notes to Combined Financial Statements

December 31, 2002

Other Related Organizations

Bossier Housing Authority

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

Industrial Park Fund

The Industrial Park Fund was organized in 1976 as a joint venture between the City and the Bossier Parish Police Jury for the purpose of purchasing land and the development of an industrial park.

The City has a 50% interest in the assets of the Industrial Park Fund. Both governing bodies share equally in the approval process for budgeting and financing activities. Advances by the City to the Industrial Park Fund have been expensed in the fund making the advance, and the City's equity interest in the net assets of the fund has not been recorded because it is immaterial.

Condensed unaudited financial information as of December 31, 2002 is as follows:

Balance Sheet Data	Total	City's share
Total assets	\$ 165,482	82,741
Total fund balance	\$ 165,482	82,741
Statement of Revenues, Expenditures, and Changes in Fund Balance		
Revenues	\$ 131,785	65,892
Expenditures	(280,690)	(140,345)
Excess of expenditures over revenues	(148,905)	(74,453)
Fund balance, January 1, 2002	314,387	157,194
Fund balance, December 31, 2002	\$ 165,482	82,741

CITY OF BOSSIER CITY, LOUISIANA

Notes to Combined Financial Statements

December 31, 2002

In 2002, the City spent approximately \$100,000 for water and sewer improvements to enhance services for two new future business developments in the industrial park. Complete financial statements of the joint venture may be obtained at the following address:

Bossier Parish Police Jury
P.O. Box 68
Bossier City, Louisiana 71006

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

(a) *Government-wide and Fund Financial Statements*

During the current year, the City adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*. See note 13 for additional information.

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

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

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

CITY OF BOSSIER CITY, LOUISIANA

Notes to Combined Financial Statements

December 31, 2002

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

(b) *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 have been met.

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

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

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

CITY OF BOSSIER CITY, LOUISIANA

Notes to Combined Financial Statements

December 31, 2002

Governmental Funds

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

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

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

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

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

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

Public Health and Safety Permanent Fund – The fund was created to account for the proceeds from the sale of the Bossier Medical Center. Amounts received in excess of the required principal balance of \$17,911,368 and earnings on the principal may only be spent for the purpose of public health and safety.

Additionally the City reports the following governmental fund types:

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

Debt Service Funds – The debt service funds are used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest, and related costs. The debt service funds receive a portion of all ad valorem and sales taxes paid to the City.

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

CITY OF BOSSIER CITY, LOUISIANA

Notes to Combined Financial Statements

December 31, 2002

Proprietary Funds

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

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

Additionally the City reports the following proprietary fund types:

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

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

Fiduciary Funds

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

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

Agency Funds – Agency funds are custodial in nature and do not present results of operations or have a measurement focus. The Consolidated Sales Tax Fund accounts for the collection of a two and one-half percent city sales and use tax and the distribution of this tax to the various funds which account for operations or projects for which the tax was levied. This fund also accounts for the collection and distribution of sales taxes levied by the Bossier Parish School Board and various municipalities within the parish.

CITY OF BOSSIER CITY, LOUISIANA

Notes to Combined Financial Statements

December 31, 2002

The Riverboat Gaming Agency Fund accounts for the receipt and distribution of funds received from the riverboats and paid to other local government agencies under the terms of the agreements with the riverboats.

The City applies all applicable GASB pronouncements in accounting and reporting for its proprietary operations as well as the following pronouncements issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements: Financial Accounting Standards Board Statements and Interpretations, *Accounting Principles Board opinions*, and *Accounting Research Bulletins*.

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

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

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

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

The accrual basis of accounting is used by the proprietary funds and the pension trust funds. Revenues are recognized when earned, and expenses are recognized when incurred. The reserve method is used to account for bad debt expenses on enterprise fund receivables. Unbilled service receivables of the Department of Water and Sewerage Fund, Sanitation Fund, and Emergency Medical Services Fund are reflected in the accompanying financial statements at approximately \$379,403, \$90,533, and \$49,787, respectively, at December 31, 2002.

CITY OF BOSSIER CITY, LOUISIANA

Notes to Combined Financial Statements

December 31, 2002

(c) Capital Assets

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

Capital assets are not reported in the FFS.

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

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

(d) Long-term Liabilities

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

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

CITY OF BOSSIER CITY, LOUISIANA

Notes to Combined Financial Statements

December 31, 2002

(e) Investments

For all funds, investments are stated at fair value based on quoted market prices. The investments at December 31, 2002 were primarily U.S. government and U.S. government agency securities (see note 2 for the City's investment policy).

(f) Prepaid Items

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

(g) Inventories

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

(h) Refundable Deposits

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

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

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

(i) Deferred Revenues

Certain licenses are collected in advance; therefore, the recognition of revenue is deferred until the following year. Rental fees for luxury boxes and advertising at the Arena are collected in advance. The revenue is recognized over the term of the agreements.

(j) Vacation and Sick Leave

City employees are granted vacation and sick leave in varying amounts. The maximum allowable accumulation of vacation and sick leave is up to 40 days and 100 days, respectively. In the event of termination, an employee is reimbursed for accumulated vacation days up to the maximum allowable accumulation. For financial reporting purposes, the City does not

CITY OF BOSSIER CITY, LOUISIANA

Notes to Combined Financial Statements

December 31, 2002

accrue vacation earned but not paid in the governmental funds since the liability will be funded from future resources. Vacation and sick leave are recorded as an expenditure when paid in governmental funds. The estimated liability for unused vacation for governmental funds is recorded in the GWFS. Accumulated vacation leave of proprietary funds is recorded as an expense and liability of those funds as it is earned by the employees.

(k) *Pension Plans*

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

(l) *Third-Party Payor Arrangements*

Prior to its sale in June 1999, Bossier Medical Center participated in the Medicare and Medicaid programs as a provider of medical services to program beneficiaries. Laws and regulations governing the Medicare and Medicaid programs are complex and subject to interpretation. The City believes Bossier Medical Center was in compliance with all applicable laws and regulations and is not aware of any pending or threatened investigations involving allegations of potential wrongdoing. While no such regulatory inquiries have been made, compliance with such laws and regulations can be subject to future government review and interpretation as well as significant regulatory action including fines, penalties, and exclusion from the Medicare and Medicaid programs.

Revenues derived from the Medicare program are subject to audit and adjustment by the fiscal intermediary and must be accepted by the United States Department of Health and Human Services before settlement amounts become final. Revenues derived from the Medicaid program are subject to audit and adjustment and must be accepted by the Department of Health and Hospitals of the State of Louisiana before settlement amounts become final. Final settlements through December 31, 1998 for the Medicare and Medicaid programs have been reviewed by program representatives and adjustments have been recorded to correct for the changes required.

(m) *Restricted Assets*

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

(n) *Fund Equity*

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

CITY OF BOSSIER CITY, LOUISIANA

Notes to Combined Financial Statements

December 31, 2002

(o) *Interfund Receivables and Payables*

All outstanding balances between funds are reported as due to/from other funds. There is no activity between funds that is representative of lending/borrowing arrangements at the end of the fiscal year. Any residual balances outstanding between the governmental activities and the business-type activities are reported in the GWFS as internal balances.

(p) *Property Taxes*

Property taxes attach as an enforceable lien on property when the assessment is approved by the Louisiana Tax Commission. Taxes are normally levied in November of each year and are due on or before December 31. The City bills and collects its own property taxes. Historically 94% of the taxes have been collected within 60 days after the due date.

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

(q) *Grants From Other Governmental Agencies*

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

(r) *Cash and Cash Equivalents*

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

(s) *Self-Insurance Claims*

The City is self-insured for workmen's compensation coverage. Self-insured claims are recorded in the City's internal service funds in accordance with GASB Statement No. 10.

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

CITY OF BOSSIER CITY, LOUISIANA

Notes to Combined Financial Statements

December 31, 2002

(2) Cash and Investments

City of Bossier City (Primary Government)

All deposits of the City are held by area financial institutions. At December 31, 2002, the carrying amount of the City's deposits, including fiduciary funds, was \$81,844,108 and the bank balance was \$83,244,761. This difference is due to the outstanding checks at December 31, 2002.

The City maintains a pooled cash and investments account for all funds of the City except the pension trust funds and the Bossier Medical Center Fund. Each fund's equity in pooled cash and investments is presented as either "Cash and Cash Equivalents" or "Investments" on the combined balance sheet. Interest income is allocated to each respective individual fund monthly based on each fund's average daily cash balance.

The bank balance was covered by federal depository insurance or was collateralized with securities held by the City's agent (one of its custodial banks) in the City's name. Statutes require that securities pledged for deposits of the City be held by a bank other than the pledging bank.

State statutes authorize the City to invest in United States bonds, treasury notes, government agencies' securities, certificates and time certificates of deposit of state banks organized under the laws of Louisiana and national banks having their principal office in the State of Louisiana, or mutual or trust fund institutions which have underlying investments consisting solely of and limited to securities of the United States government or its agencies. In addition, the Firemen's Pension and Relief Fund, the Policemen's Pension and Relief Fund, and the Bossier Medical Center Pension Fund may invest in bonds of the State of Louisiana or of the City of Bossier City. During 2002, the City invested in certificates of deposit and U.S. government and U.S. government agency securities.

The City's investments are categorized below to give an indication of the level of risk assumed by the City at December 31, 2002. Category 1 includes investments that are insured or registered or for which the securities are held by the City or its agent in the City's name. Category 2 includes uninsured and unregistered investments with securities held by the counterparty's trust department or agent in the City's name. Category 3 includes uninsured and unregistered investments with securities held by the counterparty, or by its trust department or agent, but not in the City's name.

	<u>Category</u>			<u>Fair value</u>
	<u>1</u>	<u>2</u>	<u>3</u>	
U.S. government and U.S. government agency securities	\$ <u>101,787,566</u>	<u>—</u>	<u>—</u>	<u>101,787,566</u>
Total investments				<u>101,787,566</u>
Total deposits				<u>81,844,108</u>
Total cash, cash equivalents, and investments, including restricted cash and investments				\$ <u><u>183,631,674</u></u>

CITY OF BOSSIER CITY, LOUISIANA

Notes to Combined Financial Statements

December 31, 2002

The pension trust funds own approximately 5.3% of the City's deposits in financial institutions and 30.0% of the U.S. government and U.S. government agency securities.

Component Units

All deposits of the component units are held by area financial institutions. At the respective year ends, all deposits are insured or collateralized with securities held in the component unit's name by its agent (the trust department of a bank other than the pledging bank). The investments of the Bossier Public Trust Financing Authority at November 30, 2002 consist primarily of mortgage-backed securities and investment agreements which are considered category 1 investments. The securities have a fair value of \$5,920,529 at November 30, 2002.

(3) Ad Valorem Property Taxes

The City levies taxes on real and business personal property located within its boundaries. Property taxes are levied by the City on property values assessed by the Bossier Parish Tax Assessor and approved by the State of Louisiana Tax Commission. Total assessed value was \$309,006,730 and \$296,288,890 in 2002 and 2001, respectively. Property taxes are recorded as receivables and revenues in the year levied. The General Fund property tax receivable at December 31, 2002 and 2001 is shown net of an allowance for uncollectible taxes as of each year-end of \$65,000. The distribution of the City's levy (tax rate per \$1,000 assessed value) was as follows for 2002 and 2001:

	<i>Levy</i>	
	<u>2002</u>	<u>2001</u>
General Fund – unrestricted	\$ 6.90	6.90
General Fund – restricted for Fire and Police Departments	19.87	19.87
	<u>\$ 26.77</u>	<u>26.77</u>

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

CITY OF BOSSIER CITY, LOUISIANA

Notes to Combined Financial Statements

December 31, 2002

(4) Receivables

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

		Customers	Property taxes	Other taxes	Gaming fees	Accrued interest	Other	Allowance for uncollectible accounts	Net receivable
Governmental activities:									
General Fund	\$	—	4,613,105	937,806	—	11,387	452,048	(65,000)	5,949,346
Riverboat Gaming Special Revenue Fund		—	—	—	—	324,989	—	—	324,989
Arena Special Revenue Fund		—	—	—	—	—	318,073	—	318,073
Riverboat Gaming Capital Projects Fund		—	—	—	1,195,780	161,815	—	—	1,357,595
Sales Tax Bond Capital Projects Fund		—	—	301,953	—	—	—	—	301,953
Public Health and Safety Permanent Fund		—	—	—	—	186,522	—	—	186,522
Nonmajor governmental funds		—	—	1,575,223	—	257,989	—	—	1,833,212
Total governmental activities	\$	—	4,613,105	2,814,982	1,195,780	942,702	770,121	(65,000)	10,271,690
Business-type activities:									
Water and Sewerage Fund		1,490,218	—	—	—	220,986	15,135	(292,106)	1,434,233
Nonmajor business-type activities		1,610,910	—	—	—	819	140,320	(722,372)	1,029,677
Total business-type activities	\$	3,101,128	—	—	—	221,805	155,455	(1,014,478)	2,463,910
Other funds	\$	—	—	—	—	145,266	1,032	—	146,298

CITY OF BOSSIER CITY, LOUISIANA

Notes to Combined Financial Statements

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

	<u>Unavailable</u>	<u>Unearned</u>
Delinquent property taxes receivable (General Fund)	\$ 225,603	—
Hotel Motel Taxes (Hotel Motel Taxes Special Revenue Fund)	750,000	—
Grant drawdowns prior to meeting all eligibility requirements	—	512,429
Total deferred/unearned revenue for governmental funds	<u>\$ 975,603</u>	<u>512,429</u>

CITY OF BOSSIER CITY, LOUISIANA

Notes to Combined Financial Statements

December 31, 2002

(5) Capital Assets

A summary of changes in capital assets is as follows:

	<u>Balance December 31, 2001</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance December 31, 2002</u>
Governmental activities:				
Capital assets not being depreciated:				
Land and land improvements	\$ 40,217,677	8,449,320	(7,847)	48,659,150
Construction in progress	<u>1,092,833</u>	<u>5,542,080</u>	<u>—</u>	<u>6,634,913</u>
Total capital assets not being depreciated	<u>41,310,510</u>	<u>13,991,400</u>	<u>(7,847)</u>	<u>55,294,063</u>
Capital assets being depreciated:				
Buildings and structures	82,471,364	272,531	—	82,743,895
Equipment and vehicles	15,311,200	1,744,335	—	17,055,535
Infrastructure	<u>50,533,715</u>	<u>—</u>	<u>—</u>	<u>50,533,715</u>
Total capital assets being depreciated	<u>148,316,279</u>	<u>2,016,866</u>	<u>—</u>	<u>150,333,145</u>
Less accumulated depreciation for:				
Buildings and structures	(10,452,167)	(2,021,574)	—	(12,473,741)
Equipment and vehicles	(11,080,833)	(1,923,586)	—	(13,004,419)
Infrastructure	<u>(3,706,837)</u>	<u>(1,263,342)</u>	<u>—</u>	<u>(4,970,179)</u>
Total accumulated depreciation	<u>(25,239,837)</u>	<u>(5,208,502)</u>	<u>—</u>	<u>(30,448,339)</u>
Total capital assets being depreciated, net	<u>123,076,442</u>	<u>(3,191,636)</u>	<u>—</u>	<u>119,884,806</u>
Capital assets, net	\$ <u>164,386,952</u>	<u>10,799,764</u>	<u>(7,847)</u>	<u>175,178,869</u>

Construction in progress consisted of \$154,385 for a security fence for the Fire and Police departments at the municipal complex; \$450,390 for a parking lot addition at the Civic Center, \$113,433 for a radio tower at the municipal complex to improve communication for public safety; \$55,714 for the renovation of the Bossier Arts Council building; \$829,588 for construction of the new Shady Grove Fire Station #4; \$833,000 for the Shreveport Barksdale Interchange Ramps project; \$2,719,911 for the Traffic Street Widening project; \$1,055,102 for the Riverwalk project; and \$423,390 for the Benton Road Overpass project.

CITY OF BOSSIER CITY, LOUISIANA

Notes to Combined Financial Statements

December 31, 2002

	Balance December 31, 2001	Additions	Retirements	Balance December 31, 2002
Business-type activities – Water and Sewerage:				
Capital assets not being depreciated:				
Land and land improvements	\$ 748,614	112,570	—	861,184
Construction in progress	18,098,031	438,364	(16,217,781)	2,318,614
Total capital assets not being depreciated	18,846,645	550,934	(16,217,781)	3,179,798
Capital assets being depreciated:				
Water reservoir and treatment plant	37,378,556	16,176,021	—	53,554,577
Transmission and distribution system	39,921,638	2,666,169	—	42,587,807
Equipment	5,221,696	806,965	—	6,028,661
Total capital assets being depreciated	82,521,890	19,649,155	—	102,171,045
Less accumulated depreciation for:				
Water reservoir and treatment plant	(15,009,556)	(960,073)	—	(15,969,629)
Transmission and distribution system	(11,885,215)	(837,304)	—	(12,722,519)
Equipment	(3,276,650)	(352,193)	—	(3,628,843)
Total accumulated depreciation	(30,171,421)	(2,149,570)	—	(32,320,991)
Total capital assets being depreciated, net	52,350,469	17,499,585	—	69,850,054
Capital assets, net	\$ <u>71,197,114</u>	<u>18,050,519</u>	<u>(16,217,781)</u>	<u>73,029,852</u>

Construction in progress consisted of \$2,318,614 for the Odor Control Project at the Northeast and Red River Treatment Plants.

CITY OF BOSSIER CITY, LOUISIANA

Notes to Combined Financial Statements

December 31, 2002

	Balance December 31, 2001	Additions	Retirements	Balance December 31, 2002
Other business-type activities:				
Capital assets being depreciated:				
Equipment	\$ 1,242,519	—	—	1,242,519
Less accumulated depreciation for:				
Equipment	(1,069,495)	(74,147)	—	(1,143,642)
Capital assets, net	\$ 173,024	(74,147)	—	98,877

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

Governmental activities:	
General Government	\$ 692,976
Public safety	1,079,530
Highways and streets	1,521,003
Culture and recreation	1,888,289
City Court and Marshal	26,704
Total depreciation expense – governmental activities	\$ 5,208,502
Business-type activities:	
Water and sewer	\$ 2,149,570
Emergency medical services	74,147
Total depreciation expense – business-type activities	\$ 2,223,717

CITY OF BOSSIER CITY, LOUISIANA

Notes to Combined Financial Statements

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(6) Long-Term Debt

City of Bossier City (Primary Government)

The following is a summary of the long-term obligation activity for the year ended December 31, 2002:

	<u>Beginning balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending balance</u>	<u>Due within one year</u>
Governmental activities:					
Revenue bonds payable	\$ 62,385,000	29,260,000	3,750,000	87,895,000	3,965,000
Premium on bonds	—	1,032,952	—	1,032,952	—
Claims and judgments payable	828,574	1,947,361	1,294,783	1,481,152	1,236,152
Net pension obligation	184,435	—	96,824	87,611	—
Compensated absences	714,723	166,774	—	881,497	502,805
Governmental activity long-term liabilities	<u>\$ 64,112,732</u>	<u>32,407,087</u>	<u>5,141,607</u>	<u>91,378,212</u>	<u>5,703,957</u>
Business-type activities – Water and Sewerage:					
Revenue bonds payable	\$ 18,376,319	12,937,950	1,395,000	29,919,269	1,040,000
Deferred loss on refunding	(551,030)	551,030	—	—	—
Compensated absences	184,745	8,155	—	192,900	94,575
Water and Sewerage long-term liabilities	<u>\$ 18,010,034</u>	<u>13,497,135</u>	<u>1,395,000</u>	<u>30,112,169</u>	<u>1,134,575</u>
Other business-type activities:					
Compensated absences	<u>\$ 110,234</u>	<u>49,745</u>	<u>—</u>	<u>159,979</u>	<u>88,530</u>
Total business-type activities	<u>\$ 18,120,268</u>	<u>13,546,880</u>	<u>1,395,000</u>	<u>30,272,148</u>	<u>1,223,105</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 Insurance Fund and Liability Insurance Fund. These funds will finance the payment of these claims by charging other funds based on the origination of the claims. The General Fund normally bears approximately 76% of these costs. For the governmental activities, the balance of compensated absences is generally liquidated by the General Fund. Net pension obligation will also be liquidated by the General Fund.

The following is a summary of bond transactions (all revenue bonds) for the year ended December 31, 2002:

Bonds payable at January 1, 2002	\$ 80,210,289
New issue	47,395,902
Debt retired – serial bonds	(9,310,000)
Amortization of gain on refunding	551,030
Bonds payable at December 31, 2002	<u>\$ 118,847,221</u>

In addition to \$9,310,000 of bonds retired, the City paid \$3,949,893 in interest.

CITY OF BOSSIER CITY, LOUISIANA

Notes to Combined Financial Statements

December 31, 2002

Bonds payable at December 31, 2002 are comprised of the following issues:

Revenue bonds – applicable to general city operations:

\$6,500,000 1979 Public Improvement Sales Tax Serial Bonds due in annual installments of \$500,000 through December 1, 2003; interest at 6.25%	\$ 500,000
\$8,190,000 1991 Revenue Refunding Bonds due in annual installments of \$155,000 to \$540,000 through 2010; maturing December 1 of each year; interest at 6.5% to 6.85%; callable on or after December 1, 2001	1,745,000
\$6,325,000 1993 Public Improvement Sales Tax Refunding Bonds, due in annual installments of \$400,000 to \$640,000 through 2010; maturing December 1 of each year; interest at 4.6% to 5.3%; callable on or after July 1, 1996	4,175,000
\$8,765,000 1997 Revenue Refunding Bonds due in annual installments of \$425,000 to \$830,000; maturing November 1 of each year; interest at 4.45% to 5.2%	7,400,000
\$34,750,000 1998 Public Improvement Sales Tax Serial Bonds due in annual installments of \$825,000 to \$2,515,000 through 2022; maturing December 1 of each year; interest at 4.6% to 6.75%; callable on or after December 1, 2007	31,695,000
\$9,355,000 2001 Public Improvement Sales Tax Refunding Bonds due in annual installments of \$695,000 to \$1,010,000 through 2012; maturing November 1 of each year; interest at 3.0% to 4.25%	8,660,000
\$4,880,000 2001 Revenue Bonds due in annual installments of \$420,000 to \$570,000 through 2011; maturing October 1 of each year; interest at 3.0% to 4.0%	4,460,000
\$29,260,000 2002 Public Improvement Sales Tax Bonds due in annual installments of \$520,000 to \$2,620,000 through 2022; maturing December 1 of each year; interest at 3.0% to 5.0% (issued at a premium of \$1,032,952)	<u>30,292,952</u>
	<u>88,927,952</u>

CITY OF BOSSIER CITY, LOUISIANA

Notes to Combined Financial Statements

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Revenue bonds – applicable to water and sewer operations:

\$7,595,000 1996 Utilities Revenue Refunding Bonds due in annual installments of \$605,000 to \$880,000; maturing October 1 of each year; interest at 4.3% to 5.1%	\$ 5,980,000
\$6,500,000 Utility Revenue Bonds, Series 1997 due in annual installments of \$215,000 to \$415,000 through 2019; maturing October 1 of each year; interest at 3.45%	5,235,000
\$3,500,000 Utility Revenue Bonds, Series 2001. A repayment schedule for these bonds has not yet been established.	2,369,269
\$16,410,000 Utility Revenue Refunding Bonds, Series 2002 due in annual installments of \$75,000 to \$1,510,000 through 2022; maturing October 1 of each year, interest at 3.5% to 5.0%	16,335,000
Total water and sewer bonds	29,919,269
Total revenue bonds	\$ 118,847,221

The annual requirements, \$1,032,952 premium on bonds and \$2,369,269 of bonds for which a repayment schedule has not yet been established, to amortize all debt outstanding as of December 31, 2002 are as follows:

	Governmental activities		Business-type activities		Total
	Principal	Interest	Principal	Interest	
Year ending December 31:					
2003	\$ 3,965,000	4,221,699	1,040,000	1,229,735	10,456,434
2004	3,765,000	4,021,089	1,090,000	1,187,730	10,063,819
2005	3,940,000	3,853,377	1,130,000	1,143,095	10,066,472
2006	4,145,000	3,673,477	1,185,000	1,094,695	10,098,172
2007	4,345,000	3,485,726	1,235,000	1,044,645	10,110,371
2008 – 2012	24,495,000	14,294,159	7,050,000	4,354,639	50,193,798
2013 – 2017	19,900,000	8,791,693	7,155,000	2,857,405	38,704,098
2018 – 2022	23,340,000	3,614,750	7,665,000	1,109,063	35,728,813
	\$ 87,895,000	45,955,970	27,550,000	14,021,007	175,421,977

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

In 2002, the 1990 Utilities Revenue Bonds that were defeased were called and paid in full. The advance refunding of these bonds had resulted in a difference between the reacquisition price and the net carrying amount of the old debt. The remaining difference of \$447,253, at the time the defeased bonds were called, has been charged to operations in 2002.

In 2001, the City authorized the issuance of \$3,500,000 Utility Revenue Bonds, Series 2001 for the purpose of acquiring and constructing improvements for the treatment of odor control. In 2001, the City

CITY OF BOSSIER CITY, LOUISIANA

Notes to Combined Financial Statements

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received an installment of the purchase price of the bonds in the amount of \$1,676,318. During 2002, the City received additional purchase price installments of \$692,950.

In 2002, the City issued \$29,260,000 of Public Improvement Sales Tax Bonds, Series, 2002. The bonds were issued at a premium of \$1,032,952. Total funds received from the issuance of the bonds was \$30,292,952. As the bonds were issued in December 2002, no amortization of the premium has been recorded. In future years, the premium will be amortized over the life of the bonds.

In 2002, the City issued \$12,245,000 of Utility Revenue Bonds, Series 2002. The proceeds of the bonds are to be used to fund additions and improvements to the utility system.

In 2002, the City issued \$4,165,000 of Utility Revenue Refunding Bonds, Series 2002. The bonds were issued to advance refund \$4,350,000 of the 1992 Utility Revenue Bonds. The net proceeds of \$4,110,385 (after payment of \$54,615 in issuance costs) were used to purchase U.S. government securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the 1992 bonds. As a result, the 1992 bonds are considered defeased and the liability for those bonds has been removed from these financial statements. The difference between the cash flows required to service the old debt and the cash flows required to service the new debt and complete the refunding totaled \$615,780. An economic gain (difference between the present value of the old and new debt service payments) of \$270,018 resulted from the refunding. A gain of \$185,000 (the difference between the carrying amount of the defeased debt and the reacquisition price) was recognized in the water and sewer fund since the 1992 bonds were called and paid in full in October 2002.

Changes in the Department of Water and Sewerage assets restricted for debt service and unrestricted and invested in capital assets during the year ended December 31, 2002 were as follows:

Department of Water and Sewerage Fund:

Restricted:

Balance at beginning of year	\$ 969,376
Transfer from (to) unreserved retained earnings	696,796
Balance at end of year	<u>1,666,172</u>

Invested in capital assets and Unrestricted:

Balance at beginning of year	64,778,628
Net income	741,796
Amounts charged to contribution accounts for depreciation	
Transferred from (to) reserves	<u>(696,796)</u>
Balance at end of year	<u>64,823,628</u>
Total net assets	<u>\$ 66,489,800</u>

CITY OF BOSSIER CITY, LOUISIANA

Notes to Combined Financial Statements

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Details of restricted assets at December 31, 2002 are as follows:

Department of Water and Sewerage:

Water Division:

Utility Revenue Bond Funds – 1996, 1997, 2001, and 2002

Utility Revenue Serial Bonds Debt Service Fund:

Cash and cash equivalents	\$ 770,746
Investments	2,429,110
Accrued interest receivable	26,441
	<u>3,226,297</u>

Water Capital Additions and Contingencies Fund:

Investments	8,982,850
Accrued interest receivable	93,175
	<u>9,076,025</u>

**Total restricted assets applicable to the
Water Division**

9,076,025

**Sewerage Division – Sewerage Capital Additions and
Contingencies Fund:**

Investments	6,763,532
Accrued interest receivable	67,197
	<u>6,830,729</u>

**Total restricted assets applicable to the
Sewerage Division**

6,830,729

**Total Department of Water and Sewerage
restricted assets**

\$ 19,133,051

State law allows a maximum of 10% of assessed valuation of bonded debt for any one purpose or 35% of the total assessed value for all purposes. The City assessed property value at December 31, 2002 is \$309,006,730. The maximum debt allowable for any one purpose and total debt allowable by state law as of December 31, 2002 is \$30,900,673 and \$108,152,356, respectively. The City currently has no general bonded debt outstanding. Therefore, at December 31, 2002, the City has a debt margin of \$108,152,356 available for issuance pursuant to the 35% limitation.

CITY OF BOSSIER CITY, LOUISIANA

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Component Units

The bonds payable of the Bossier Public Trust Financing Authority at November 30, 2002 consist of \$10,600,000 Single Family Mortgage Revenue Bonds, 1995 Series dated August 1, 1995, with interest at rates ranging from 4.2% to 6.5% and maturing through August 1, 2028. The 1992 Series bonds were refunded by the issuance of \$10,080,000 of the 1995B Series bonds having an average interest rate of approximately 5.97%. At November 30, 2002, the Authority has investments and accrued interest receivable of \$5,603,949 and \$31,690, respectively, restricted for repayment of the bonds.

Scheduled bond principal maturities are as follows:

2003	\$ 110,000
2004	110,000
2005	110,000
2006	110,000
2007	110,000
Thereafter	<u>4,755,000</u>
	<u>\$ 5,305,000</u>

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

(7) Sales Tax

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

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

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

In 1987, a half-cent sales tax was approved by the voters. The additional revenue, net of expenses incurred in collecting the tax, is to be used for retirement of principal and payment of interest on sales tax bonds issued for the design and construction of a parkway adjacent to the Red River. The remaining amount, if any, is payable to the Parkway Capital Projects Fund.

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

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

(8) Defined Benefit Pension Plans

The City administers three defined benefit pension plans: the Firemen's Pension and Relief Fund (Firemen's Fund), the Policemen's Pension and Relief Fund (Policemen's Fund) and the Bossier Medical Center Employees' Pension Fund (BMC Fund).

A. 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.

B. Concentration of Investments

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

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C. Plan Descriptions and Contribution Information

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

	Firemen's Fund	Policemen's Fund
Retirees and beneficiaries receiving benefits	94	55
Current employees:		
Vested	7	—
Nonvested	—	—
Total	101	55

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

In connection with the sale of the hospital assets, the Bossier Medical Center's Board of Directors authorized termination of the BMC Fund effective June 30, 1999.

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

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

Pension Benefits – Employees with 20 years of service are eligible to receive monthly retirement benefits. These benefits are equal to two-thirds (2/3) of average final compensation, as defined. The beneficiary receives an additional amount equal to one (1) percent of such salary for each year of service after the member has reached the age of 50 years and has served 20 years, provided that the maximum benefit shall not exceed seventy-five (75) percent of the salary. Benefits can only be paid out monthly and employee and employer contributions are forfeited upon termination of an employee without the required length of service.

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

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December 31, 2002

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

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

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

- Proceeds from the City's portion of the State of Louisiana 2% Fire Insurance Tax Account.
- The sale of condemned property owned and used by the Fire Department.
- Five percent of the salaries of all employees of the Fire Department who are eligible for participation in the Firemen's Plan.
- A matching five percent of employees' salaries paid by the General Fund.
- Reimbursement by the General Fund for the operating deficit, if any.
- Income from investments owned by the Firemen's Plan.
- Amounts from the sales tax levy sufficient to liquidate the unfunded liability over a period not to exceed 30 years.

CITY OF BOSSIER CITY, LOUISIANA

Notes to Combined Financial Statements

December 31, 2002

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

Annual required contribution	\$ 4,071,182
Interest and adjustments	<u>15,711</u>
Annual pension cost	4,086,893
Contributions made	<u>4,183,717</u>
Decrease in net pension obligation	(96,824)
Net pension obligation beginning of year	<u>184,435</u>
Net pension obligation end of year	<u><u>\$ 87,611</u></u>

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. Significant actuarial assumptions included: (a) 6.5% investment rate of return, compounded annually, including inflation of 3.25%, (b) projected salary increases of 4.5%, including inflation of 3.25%, (c) cost of living adjustments of 3.25%, and (d) amortization method of level percentage of payroll over 10 year closed period. The actuarial value of assets is based upon fair value.

Three-Year Trend Information

	<u>Annual pension cost</u>	<u>Percentage of annual pension cost contributed</u>	<u>Net pension asset (obligation)</u>
Fiscal year ended:			
12/31/00	\$ 3,939,003	99%	(230,610)
12/31/01	4,007,176	101%	(184,435)
12/31/02	4,086,893	102%	(87,611)

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

CITY OF BOSSIER CITY, LOUISIANA

Notes to Combined Financial Statements

December 31, 2002

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

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

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

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

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

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

CITY OF BOSSIER CITY, LOUISIANA

Notes to Combined Financial Statements

December 31, 2002

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

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

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

Annual required contribution	\$ 1,807,506
Interest and adjustments	(52,722)
Annual pension cost	1,754,784
Contributions made	1,961,412
Increase in net pension asset	206,628
Net pension asset beginning of year	648,357
Net pension asset end of year	\$ 854,985

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. Significant actuarial assumptions included: (a) 6.5% investment rate of return, compounded annually, including inflation of 3.25% (b) cost of living adjustments of 3.25%, and (c) amortization method of level percentage of payroll over 10 year closed period. The actuarial value of assets is based upon fair value.

Three-Year Trend Information

	Annual pension cost	Percentage of annual pension cost contributed	Net pension asset
Fiscal year ended:			
12/31/00	\$ 1,748,034	107%	431,196
12/31/01	1,750,461	112%	648,357
12/31/02	1,754,784	112%	854,985

CITY OF BOSSIER CITY, LOUISIANA

Notes to Combined Financial Statements

December 31, 2002

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

Bossier Medical Center Employees' Pension Fund (BMC Fund)

Termination – In connection with the sale of the hospital assets, the Bossier Medical Center's Board of Directors authorized termination of the Bossier Medical Center plan effective June 30, 1999 and all benefit accruals ceased on June 30, 1999. The plan has sufficient assets to fund the termination liability, and any excess assets will be distributed among active participants. A determination letter regarding termination dated March 25, 2000 was received from the Internal Revenue Service (IRS). Under the termination plan, \$6,525,286 of plan assets was distributed to 401 plan participants prior to 2002. No distributions were made in 2002. At December 31, 2002, there are still 2 participants to be paid out. Because the plan was terminated there were no required contributions for 2002. The only activity for 2002 was \$3,051 of administrative expenses.

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

Municipal Employees' Retirement System of Louisiana (ERS)

Plan Description – The City contributes to the Municipal Employees' Retirement System of Louisiana, a cost-sharing multiple-employer defined benefit pension plan administered by the Board of Trustees of the Municipal Employees' Retirement System of Louisiana. ERS covers substantially all employees of the City not covered by the fire, police and Bossier Medical Center pension plans. Benefits are established and may be amended by State statutes. The ERS 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, Municipal Employees' Retirement System of Louisiana, 7937 Office Park Boulevard, Baton Rouge, Louisiana 70809 or by calling 504-925-4810.

CITY OF BOSSIER CITY, LOUISIANA

Notes to Combined Financial Statements

December 31, 2002

Funding Policy – Plan members are required to contribute 5% of their annual compensation and the City is required to contribute 4.5% of annual compensation. The contribution requirements of plan members and the City are established and may be amended by State statute. The City's contributions to ERS for the years ended December 31, 2002, 2001, and 2000 were \$460,403, \$369,845, and \$349,460, respectively, equal to the required contributions for each year. The plan's net pension obligation was zero at December 31, 2002.

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

Municipal Police Employees' Retirement System of Louisiana (MPERS)

Plan Description – The City contributes to the Municipal Police Employees Retirement System Pension Plan, a cost-sharing multiple-employer defined benefit pension plan administered by the 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 ended December 31, 2002, 2001, and 2000 were \$508,192, \$492,128, \$475,574, respectively, equal to the required contributions for each year. The plan's net pension obligation was zero at December 31, 2002.

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

Statewide Firefighters' Retirement System (SFRS)

Plan Description – The City contributes to the Statewide Firefighters' Retirement System Pension Plan, a cost-sharing multiple-employer defined benefit pension plan administered by the 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.

CITY OF BOSSIER CITY, LOUISIANA

Notes to Combined Financial Statements

December 31, 2002

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 ended December 31, 2002, 2001, and 2000 were \$579,838, \$544,813, and \$482,326, respectively, equal to the required contributions for each year. The plan's net pension obligation was zero at December 31, 2002.

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

(9) Lease Commitments

The City has commitments under several operating lease agreements for equipment, land, and a water supply reservoir. With the exception of the water supply reservoir, these lease agreements are cancelable by the City at any time. City management does feel, however, that such leases will generally be renewed or replaced each year. The City's lease agreement for the water supply reservoir calls for fixed annual payments of \$1,000 for the next 21 years.

Total rental expense for 2002 for all City operating leases was \$467,038.

(10) Other Required Individual Fund Disclosures

(A) Interfund Receivables and Payables

Interfund balances at December 31, 2002 were as follows:

DUE FROM OTHER FUNDS	DUE TO OTHER FUNDS					Total
	General Fund	Water and Sewer Fund	Nonmajor Special Revenue Funds	Nonmajor Enterprise Funds	Fiduciary Funds	
General Fund	\$ —	15,777	152,585	219,236	31,324	418,922
Nonmajor Special Revenue Funds	—	—	—	—	76,796	76,796
Nonmajor Capital Projects Funds	—	—	—	—	216,042	216,042
Fiduciary Funds	234,838	—	—	—	—	234,838
Total	\$ 234,838	15,777	152,585	219,236	324,162	946,598

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

CITY OF BOSSIER CITY, LOUISIANA

Notes to Combined Financial Statements

December 31, 2002

(B) Transfers

Transfers for the year ended December 31, 2002 were as follows:

TRANSFERS OUT	TRANSFERS IN					Total
	General Fund	Water and Sewer Fund	Nonmajor Special Revenue Funds	Nonmajor Debt Service Fund	Nonmajor Capital Projects Fund	
Riverboat Gaming Special Revenue Fund	\$ 1,928,937	—	—	—	—	1,928,937
Public Health and Safety Permanent Fund	1,100,000	—	—	—	—	1,100,000
Sales Tax Bond Capital Projects Fund	—	—	—	1,409,179	—	1,409,179
Nonmajor Special Revenue Funds	3,107,817	—	300,000	635,350	—	4,043,167
Nonmajor Debt Service Funds	—	—	—	—	35,900	35,900
Nonmajor Capital Projects Funds	—	499,164	—	88,087	—	587,251
	<u>\$ 6,136,754</u>	<u>499,164</u>	<u>300,000</u>	<u>2,132,616</u>	<u>35,900</u>	<u>9,104,434</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.

(C) New Funds

In 2002, the Sales Tax Bond Capital Projects fund was created to account for the proceeds and expenditure of the 2002 Public Improvement Sales Tax Bonds, Series 2002. The proceeds are to be used for capital projects as outlined in the City's capital budget.

CITY OF BOSSIER CITY, LOUISIANA

Notes to Combined Financial Statements

December 31, 2002

(D) *Expenditures in Excess of Budget*

The City Charter requires that actual expenditures may not exceed budget at the legal level of control. For the year ended December 31, 2002, expenditures exceeded budget as follows:

		<u>Budget</u>	<u>Actual on a budgetary basis</u>	<u>Negative variance</u>
Fund				
General Fund:				
General government:				
Administration	\$	423,296	460,734	(37,438)
Personnel		262,224	283,819	(21,595)
Public works		209,461	221,708	(12,247)
Animal control		297,986	314,805	(16,819)
Information services		562,815	579,331	(16,516)
Special revenue funds:				
Fire Improvements and Operations Fund		213,500	229,812	(16,312)

State law and the City Charter require that the total proposed expenditures shall not exceed the total of estimated funds available for the year. This law was violated when the Arena Fund was budgeted to have a deficit fund balance.

(11) **Federal and State Financial Assistance**

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

Supplementary salary payments are made by the state to certain groups of employees. The City is not legally responsible for these salaries. Therefore, the basis for recognizing the revenue and expenditure payments is the actual contribution from the state. For 2002, the state paid supplemental salaries to the following groups of employees: Fire Department employees, \$633,640; Police Department employees, \$539,935; and City Marshal employees (a component unit), \$24,665.

CITY OF BOSSIER CITY, LOUISIANA

Notes to Combined Financial Statements

December 31, 2002

(12) Commitments and Contingencies

Construction Projects

There are certain construction projects in progress at December 31, 2002. The City has entered into an agreement with the Louisiana Department of Environmental Quality whereby the department agrees to provide the City with a low interest loan to provide for engineering and construction of odor control improvements at the Red River Wastewater Treatment Plant and the Northeast Wastewater Treatment Plant estimated to cost approximately \$3.5 million. In 2002, the City issued \$12,245,000 in utility revenue bonds for the purpose of providing additions and improvements to the utility system. The City also entered into a contract with the State of Louisiana Department of Transportation and Development to provide all services necessary to design, acquire right of way, relocate utilities and construct the Arthur Ray Teague Parkway Interchange at State Route LA 3032 in Bossier Parish. The City paid \$833,000 in 2001 which represents a preliminary estimate of costs to purchase remaining right of way and relocate utilities. The total estimate to construct the interchange is \$3.3 million, which will be paid by the City. The City is planning to construct a multi-million dollar public recreation riverwalk along a portion of the Red River. In conjunction with this project, the City is also planning to construct new infrastructure consisting of streets, drainage, utilities, and parking structures. The City has purchased land for this project. Approximately \$5.6 million was expended as of December 31, 2001 and approximately \$4.1 million was expended in 2002. In 2002 the City issued \$29,260,000 in public improvement sales tax bonds for the purpose of purchasing, constructing, acquiring, extending, or improving public works. The City intends to use these funds for capital improvements for riverfront and downtown development. During 2001, the City issued \$4.88 million in revenue bonds for the purpose of making capital improvements for riverfront and downtown development. These improvements will include the widening of Traffic Street. In 2002, the City expended approximately \$2.7 million to purchase right of way for the Traffic Street project. The City has also budgeted approximately \$3 million in sales tax capital improvement funds and \$5.5 million in riverboat gaming funds for the Traffic Street construction in 2003. The City has also appropriated \$12,150,000 of riverboat gaming funds in 2003 for the Benton Road Overpass project.

Pension Funds

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

Insurance Funds

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

Payments are made from the operating funds to the Insurance Fund and the Liability Insurance Fund which are accounted for as internal service funds. Payments are accounted for as revenues by the receiving fund and expenditures/expense by the paying funds. The City maintains stop-loss coverage with an insurance company of \$225,000 per occurrence for workmen's compensation coverage with an aggregate limit of \$1,000,000. Employee life insurance premiums are also paid from the Insurance Fund.

CITY OF BOSSIER CITY, LOUISIANA

Notes to Combined Financial Statements

December 31, 2002

Liability policies are maintained by the City with third-party insurance carriers for its automobile, general liability, and property damage exposures. These policies are subject to a \$1,000,000 per occurrence limit with a \$100,000 per occurrence retention for claims involving third parties. The City maintained property insurance during 2002 on approximately \$90 million in City property, subject to a \$100,000 per occurrence retention for property claims. The maximum cumulative amount of self-insured retentions related to automobile, general liability, and property claims is \$700,000.

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

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

		<u>Accrued claims January 1</u>	<u>Claims incurred</u>	<u>Claims paid</u>	<u>Accrued claims December 31</u>
Insurance Fund:					
2001	\$	35,000	178,312	178,312	35,000
2002		35,000	226,635	216,057	45,578
Liability Insurance Fund:					
2001	\$	515,816	1,611,422	1,333,664	793,574
2002		793,574	1,078,726	1,078,726	793,574

Litigation

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

CITY OF BOSSIER CITY, LOUISIANA

Notes to Combined Financial Statements

December 31, 2002

Grant Disallowances

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

Revenues From the State of Louisiana

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

(13) Changes in Accounting Principles

For the year ended December 31, 2002, the City implemented GASB Statement No. 34, *Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments*; GASB Statement No. 37, *Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments: Omnibus*; GASB Statement No. 38, *Certain Financial Statement Note Disclosures*; and Governmental Accounting Standards Board Interpretation No. 6, *Recognition and Measurement of Certain Liabilities and Expenditures in Governmental Fund Financial Statements*.

GASB Statement No. 34 creates new basic financial statements for reporting on the City’s financial activities. The financial statements now include government-wide financial statements prepared on the accrual basis of accounting, and fund financial statements which present information for individual major funds rather than by fund type which had been the mode of presentation in previously issued financial statements. Nonmajor funds are presented in total in one column in the fund financial statements.

CITY OF BOSSIER CITY, LOUISIANA

Notes to Combined Financial Statements

December 31, 2002

The implementation of GASB Statement No. 34 caused the opening fund balances at December 31, 2001 to be restated in terms of "net assets" as follows:

Total Fund Balances – Governmental Funds – at December 31, 2001		\$ 77,136,755
Add: Cost of capital assets at December 31, 2001	\$ 189,626,789	
Less: accumulated depreciation at December 31, 2001	(25,239,837)	
Bond issue costs, net of accumulated amortization at December 31, 2001	889,181	
Net pension asset for the Policemen's Pension Fund at December 31, 2001	648,357	
Deferred revenue on property taxes at December 31, 2001	156,704	
Deferred revenue on hotel motel taxes at December 31, 2001	750,000	
Internal service funds at December 31, 2001	83,475	
Permanent Fund – Public Health and Safety at December 31, 2001	<u>19,595,032</u>	186,509,701
Less: Long-term debt:		
Bond principal outstanding at December 31, 2001	62,385,000	
Net pension obligation for the Firemen's Pension Fund at December 31, 2001	184,435	
Compensated absences payable at December 31, 2001	714,723	
Accrued interest payable at December 31, 2001	<u>317,175</u>	<u>63,601,333</u>
		<u>\$ 200,045,123</u>

Adoption of GASB Statements No. 37 and 38 were required simultaneously with GASB Statement No. 34 and resulted in additional disclosures. At December 31, 2001, there was no effect on fund balance as a result of implementation of GASB Interpretation No. 6.

**REQUIRED
SUPPLEMENTARY
INFORMATION**

CITY OF BOSSIER CITY, LOUISIANA

Required Supplementary Information

Schedules of Funding Progress

Fiscal years ended December 31, 2000 through December 31, 2002
(unaudited)

Fiscal Year	(1) Actuarial Value of Assets	(2) Actuarial Accrued Liability (AAL) - Entry Age	(3) Unfunded AAL (UAAL) (2-1)	(4) Funded Ratio (1/2)	(5) Covered Payroll	(6) UAAL as a Percentage of Covered Payroll (3/5)
Firemen's Fund:						
2002	\$ 25,849,903	\$ 67,182,346	\$ 41,332,443	38.5%	\$ 444,552	9,297.5%
2001	22,345,075	59,403,163	37,058,088	37.6%	514,441	7,203.6%
2000	20,049,413	59,342,160	39,292,747	33.8%	507,984	7,735.0%
Policemen's Fund:						
2002	7,726,158	27,404,952	19,678,794	28.2%	N/A	N/A
2001	6,850,424	24,077,846	17,227,422	28.5%	N/A	N/A
2000	6,041,853	24,349,939	18,308,086	24.8%	N/A	N/A

CITY OF BOSSIER CITY, LOUISIANA
Notes to Required Supplementary Information
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:

	<u>Firemen's Fund</u>	<u>Policemen's Fund</u>
Valuation date	1/1/03	1/1/03
Actuarial cost method	Entry age normal cost	Entry age normal cost
Amortization method	Level percentage	Level percentage
Remaining amortization period	10 years -- closed	10 years -- closed
Asset valuation method	Fair value	Fair value
Actuarial assumptions:		
Investment rate of return	6.50%	6.50%
Projected salary increases	4.50%	N/A
Cost-of-living adjustments	3.25%	3.25%
Amortization increase rate	2.65%	3.40%

CITY OF BOSSIER CITY, LOUISIANA

General Fund

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

**Year ended December 31, 2002
(unaudited)**

	Original and final budget	Actual on a budgetary basis	Variance with final budget positive (negative)
Revenues:			
Taxes:			
Sales, net	\$ 8,173,080	8,090,235	(82,845)
Ad valorem	7,666,000	8,177,167	511,167
Utility	1,000,000	1,026,894	26,894
Telephone	260,000	233,904	(26,096)
Franchise:			
Cable television	395,000	481,322	86,322
Chain store	63,000	60,349	(2,651)
Taxi	6,500	6,000	(500)
	<u>17,563,580</u>	<u>18,075,871</u>	<u>512,291</u>
Licenses and permits	1,954,000	2,045,831	91,831
Intergovernmental:			
Grants	170,000	168,882	(1,118)
State and parish revenues:			
Supplemental pay	1,262,200	1,198,240	(63,960)
Beer tax	110,000	144,398	34,398
Special funds from State of Louisiana	182,000	178,649	(3,351)
	<u>1,724,200</u>	<u>1,690,169</u>	<u>(34,031)</u>
Fines and penalties	1,000,000	1,130,637	130,637
Racing Commission -- Louisiana Downs	330,000	188,639	(141,361)
Video poker	485,000	544,952	59,952
Interest	75,000	53,333	(21,667)
Miscellaneous:			
Payment in lieu of taxes -- Federal Housing Authority	40,000	47,128	7,128
Parks and recreation	220,000	169,954	(50,046)
Engineering fees	10,000	32,666	22,666
Enterprise funds and Civic Center Fund pro rata share of general and administrative expenses	416,500	417,500	1,000
Police Department revenues	354,000	289,530	(64,470)
Other income	235,000	315,861	80,861
	<u>1,275,500</u>	<u>1,272,639</u>	<u>(2,861)</u>
Total miscellaneous	<u>1,275,500</u>	<u>1,272,639</u>	<u>(2,861)</u>
Total revenues	<u>24,407,280</u>	<u>25,002,071</u>	<u>594,791</u>

CITY OF BOSSIER CITY, LOUISIANA

General Fund

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

Year ended December 31, 2002
(unaudited)

	Original and final budget	Actual on a budgetary basis	Variance with final budget positive (negative)
Expenditures:			
Current:			
General government:			
Administration	\$ 423,296	460,734	(37,438)
Municipal building	1,204,095	1,214,962	(10,867)
Finance	695,806	718,061	(22,255)
City garage	603,732	620,493	(16,761)
Traffic engineering and safety	706,982	737,150	(30,168)
Purchasing	287,175	294,694	(7,519)
Engineering	640,759	541,841	98,918
Personnel	262,224	283,819	(21,595)
Permits and inspections	533,829	550,305	(16,476)
City attorney	242,200	238,613	3,587
Public works	209,461	221,708	(12,247)
City Council	298,112	220,120	77,992
Community development	327,392	300,526	26,866
Animal control	297,986	314,805	(16,819)
Information services	562,815	579,331	(16,516)
Payments to other governmental agencies	915,560	870,275	45,285
	<u>8,211,424</u>	<u>8,167,437</u>	<u>43,987</u>
Public safety:			
Fire	8,096,679	8,172,164	(75,485)
Police	10,485,224	9,990,215	495,009
	<u>18,581,903</u>	<u>18,162,379</u>	<u>419,524</u>
Highways and streets	1,038,758	1,049,714	(10,956)
Culture and recreation	1,423,770	1,309,890	113,880
City Court and Marshal:			
City Court	512,630	492,278	20,352
Marshal's office	564,019	541,299	22,720
	<u>1,076,649</u>	<u>1,033,577</u>	<u>43,072</u>
Total expenditures	<u>30,332,504</u>	<u>29,722,997</u>	<u>609,507</u>
Excess of expenditures over revenues	(5,925,224)	(4,720,926)	1,204,298
Other financing sources (uses):			
Operating transfers in	3,028,937	6,136,754	3,107,817
Transfer to component unit	(132,650)	(132,650)	—
	<u>2,896,287</u>	<u>6,004,104</u>	<u>3,107,817</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	(3,028,937)	1,283,178	4,312,115
Fund balance at beginning of year	4,628,863	4,628,863	—
Fund balance at end of year	<u>\$ 1,599,926</u>	<u>5,912,041</u>	<u>4,312,115</u>

See accompanying notes to combined financial statements.

CITY OF BOSSIER CITY, LOUISIANA

Special Revenue Fund

Arena Fund

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

Year ended December 31, 2002
(unaudited)

	Original and final budget	Actual	Variance with final budget positive (negative)
Revenues:			
Direct event income	\$ 357,571	382,891	25,320
Ancillary income	953,524	992,598	39,074
Advertising	908,000	937,789	29,789
Luxury box income	567,908	559,124	(8,784)
Other income	72,924	237,647	164,723
Total revenues	<u>2,859,927</u>	<u>3,110,049</u>	<u>250,122</u>
Expenditures – current – culture and recreation:			
Executive	211,703	207,174	4,529
Finance	183,306	172,199	11,107
Operations	1,136,131	1,331,825	(195,694)
Marketing	181,782	190,026	(8,244)
Box office	119,936	107,976	11,960
Facility overhead	1,134,079	975,515	158,564
Total expenditures	<u>2,966,937</u>	<u>2,984,715</u>	<u>(17,778)</u>
Excess (deficiency) of revenues over (under) expenditures	(107,010)	125,334	232,344
Fund balance, beginning of year	<u>54,806</u>	<u>54,806</u>	<u>—</u>
Fund balance, end of year	<u>\$ (52,204)</u>	<u>180,140</u>	<u>232,344</u>

See accompanying notes to financial statements.

CITY OF BOSSIER CITY, LOUISIANA

Notes to Budgetary Comparison Schedules

December 31, 2002

(unaudited)

Budget and Budgetary Accounting

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

- (1) Prior to October 15, the Mayor submits to the City Council a proposed operating budget for the fiscal year commencing the following January 1. The operating budget includes proposed expenditures and the means of financing them.
- (2) A public hearing is then conducted, after proper official journal notification, to obtain taxpayer comments.
- (3) Prior to December 15, the budget is legally enacted through passage of an ordinance.
- (4) The budget ordinance is structured such that revenues are budgeted by source, and appropriations are budgeted by department and by principal object of expenditure. The City Charter provides that expenditures may not legally exceed appropriations on a departmental basis after considering fund surpluses or deficits. The Council may revise or amend the budget at its discretion during legally convened sessions. Management may amend the budget only below the department level. For the year ended December 31, 2002, amendments were made to the budget for Hotel Motel Taxes, Fire Improvements and Operations, and Jail and Municipal Buildings. These amendments were to increase the budget for capital outlay for anticipated projects in 2002.
- (5) Comparison of budgeted and actual amounts as shown in the accompanying financial statements includes the General Fund and those special revenue funds which are included in the annual operating budget (Civic Center, Hotel Motel Taxes, Fire Improvements and Operations, Jail and Municipal Buildings, Streets and Drainage and Arena). Annual operating budgets are not prepared for the State and Federal Grant, Court Witness Fee, and Riverboat Gaming special revenue funds, but rather these funds are budgeted on a project basis. The capital budget ordinances which encompass the capital projects funds present cumulative as opposed to annual budget amounts and thus budget and actual comparisons are not reported in the accompanying financial statements for these funds. Budgetary control for the debt service funds is achieved through general bond indenture provisions.
- (6) All budgets are adopted on a basis substantially consistent with generally accepted accounting principles (GAAP) except that payments to the Firemen's and Policemen's Pension Funds are not budgeted in the General Fund and administrative expenditures allocated to the State and Federal Grant special revenue fund are budgeted in the General Fund. Appropriations which are not expended lapse at year end, except appropriations for capital improvements, which do not lapse until the purpose of the appropriation has been accomplished or abandoned.
- (7) The City is legally required to prepare annual operating budgets for the Department of Water and Sewerage, Sanitation, and the Emergency Medical Services. The City is not, however, required to present an actual-to-budget comparison for the enterprise funds. Budgets are not prepared for the internal service funds.

CITY OF BOSSIER CITY, LOUISIANA

Notes to Budgetary Comparison Schedules

December 31, 2002

(unaudited)

Reconciliation of the Budgetary Basis and the GAAP Basis

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

	<u>General Fund</u>
Budgetary basis expenses	\$ 29,722,997
Administrative costs of State and Federal Grant Special Revenue Fund	(168,882)
Sales taxes dedicated to Firemen's and Policemen's Pension and Relief Funds	<u>5,759,387</u>
GAAP basis expenses	<u>\$ 35,313,502</u>

Excess of Expenditures Over Budget – Major Funds

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

Fund	<u>Budget</u>	<u>Actual on a budgetary basis</u>	<u>Negative variance</u>
General Fund:			
General government:			
Administration	\$ 423,296	460,734	(37,438)
Municipal building	1,204,095	1,214,962	(10,867)
Finance	695,806	718,061	(22,255)
City garage	603,732	620,493	(16,761)
Traffic engineering and safety	706,982	737,150	(30,168)
Purchasing	287,175	294,694	(7,519)
Personnel	262,224	283,819	(21,595)
Permits and inspections	533,829	550,305	(16,476)
Public works	209,461	221,708	(12,247)
Animal control	297,986	314,805	(16,819)
Information services	562,815	579,331	(16,516)
Public safety – Fire	8,096,679	8,172,164	(75,485)
Highways and streets	1,038,758	1,049,714	(10,956)
Special revenue funds:			
Arena Fund	2,966,937	2,984,715	(17,778)
Fire Improvements and Operations Fund	213,500	229,812	(16,312)

CITY OF BOSSIER CITY, LOUISIANA

Notes to Budgetary Comparison Schedules

December 31, 2002

(unaudited)

The unfavorable variance in administration is due primarily to a public information officer added to administration for part of the year for which an amount was not included in the budget and additional general insurance allocation. Postage also increased because of unanticipated costs related to providing ozone awareness brochures to all citizens. The unfavorable variance in traffic engineering and safety is due primarily to timing of street light electricity payments and increased street light repair and maintenance costs. The unfavorable variance in personnel is due primarily to a newly implemented Employee Assistance Program (EAP) which was not considered in the budget. The negative variance in the Arena Fund is due to higher than anticipated repair and maintenance costs related to chiller equipment in the facility.

**COMBINING AND INDIVIDUAL FUND
STATEMENTS AND SCHEDULES**

NONMAJOR GOVERNMENTAL FUNDS

Special Revenue Funds

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

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

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

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

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

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

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

Debt Service Funds

Sales Tax Bond Sinking and Reserve Fund – Used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest, and related costs of the 1979, 1991, 1993, 1998, and 2002 bond series.

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

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

Capital Projects Funds

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

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

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

Special Project Fund – This fund is used to account for expenditures associated with the completion of the Arthur Ray Teague Parkway and is funded with the refunding of the 1979 Single Family Mortgage Revenue Bond Issue. No more funds will be transferred into this fund.

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

Equipment Replacement Fund – This fund is used to account for purchases and sales of various equipment not associated with bond issue related expenditures.

CITY OF BOSSIER CITY, LOUISIANA

Nonmajor Governmental Funds

**Combining Balance Sheet – By Fund Type
Governmental Activities**

December 31, 2002

Assets	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	Total
Assets:				
Cash and cash equivalents	\$ 1,168,646	224,255	226,351	1,619,252
Investments	7,529,221	8,880,851	8,963,834	25,373,906
Receivables, net				
Taxes – other	412,697	638,651	523,875	1,575,223
Accrued interest	88,539	79,123	90,327	257,989
Due from other funds	76,796	—	216,042	292,838
Due from other governmental units	1,146,048	—	—	1,146,048
Total assets	\$ 10,421,947	9,822,880	10,020,429	30,265,256
Liabilities and Fund Balances				
Liabilities:				
Accounts payable	\$ 179,085	2,320	297,830	479,235
Due to other funds	152,585	—	—	152,585
Deferred revenue	802,437	—	—	802,437
Total liabilities	1,134,107	2,320	297,830	1,434,257
Fund balances:				
Reserved:				
Debt service	—	9,820,560	—	9,820,560
Encumbrances	577,384	—	650,391	1,227,775
Unreserved:				
Designated for subsequent year's expenditure	—	—	9,072,208	9,072,208
Undesignated	8,710,456	—	—	8,710,456
Total fund balances	9,287,840	9,820,560	9,722,599	28,830,999
Total liabilities and fund balances	\$ 10,421,947	9,822,880	10,020,429	30,265,256

See accompanying independent auditors' report.

CITY OF BOSSIER CITY, LOUISIANA

Nonmajor Governmental Funds

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – By Fund Type

Governmental Activities

Year ended December 31, 2002

	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	Total
Revenues:				
Taxes	\$ 4,058,883	6,329,078	5,104,122	15,492,083
Intergovernmental	2,397,139	—	—	2,397,139
Fees and rentals	216,893	—	—	216,893
Fines and penalties	24,177	—	—	24,177
Investment earnings	288,588	272,262	350,112	910,962
Miscellaneous	49,962	4,475	43,413	97,850
Total revenues	<u>7,035,642</u>	<u>6,605,815</u>	<u>5,497,647</u>	<u>19,139,104</u>
Expenditures:				
Current:				
General government	710,508	—	—	710,508
Culture and recreation	574,026	—	—	574,026
City Court and Marshal	13,390	—	—	13,390
Capital outlay	1,784,778	—	8,129,126	9,913,904
Debt service:				
Principal retirement	—	3,750,000	—	3,750,000
Interest and fiscal charges	—	3,123,751	—	3,123,751
Total expenditures	<u>3,082,702</u>	<u>6,873,751</u>	<u>8,129,126</u>	<u>18,085,579</u>
Excess (deficiency) of revenues over (under) expenditures	3,952,940	(267,936)	(2,631,479)	1,053,525
Other financing sources (uses):				
Transfers in	300,000	2,132,616	35,900	2,468,516
Transfers out	(4,043,167)	(35,900)	(587,251)	(4,666,318)
Total other financing sources (uses)	<u>(3,743,167)</u>	<u>2,096,716</u>	<u>(551,351)</u>	<u>(2,197,802)</u>
Net change in fund balances	209,773	1,828,780	(3,182,830)	(1,144,277)
Fund balances at beginning of year	<u>9,078,067</u>	<u>7,991,780</u>	<u>12,905,429</u>	<u>29,975,276</u>
Fund balances at end of year	<u>\$ 9,287,840</u>	<u>9,820,560</u>	<u>9,722,599</u>	<u>28,830,999</u>

See accompanying independent auditors' report.

CITY OF BOSSIER CITY, LOUISIANA

Nonmajor Special Revenue Funds

Combining Balance Sheet

December 31, 2002

Assets	State and Federal Grant	Court Witness Fee	Civic Center	Hotel Motel Taxes	Fire Improvements and Operations	Jail and Municipal Buildings	Streets and Drainage	Total
Cash and cash equivalents	\$ —	1,006	978,521	76,433	—	71,095	41,591	1,168,646
Investments	—	39,797	—	3,026,902	—	2,815,470	1,647,052	7,529,221
Taxes receivable - other	—	—	—	—	162,754	116,253	133,690	412,697
Interest receivable	—	—	6,805	34,544	1,323	28,938	16,929	88,539
Due from other funds	—	—	—	—	30,346	21,605	24,845	76,796
Due from other government agencies	107,073	—	—	1,038,975	—	—	—	1,146,048
Total assets	\$ 107,073	40,803	985,326	4,176,854	194,423	3,053,361	1,864,107	10,421,947

Liabilities and Fund Balances

Liabilities:								
Accounts payable	\$ —	—	8,208	54,588	—	115,022	1,267	179,085
Due to other funds	54,636	—	—	—	97,949	—	—	152,585
Deferred revenue	52,437	—	—	750,000	—	—	—	802,437
Total liabilities	107,073	—	8,208	804,588	97,949	115,022	1,267	1,134,107
Fund balances:								
Reserved for encumbrances	—	—	89,874	—	—	17,150	470,360	577,384
Unreserved - undesignated	—	40,803	887,244	3,372,266	96,474	2,921,189	1,392,480	8,710,456
Total fund balances	—	40,803	977,118	3,372,266	96,474	2,938,339	1,862,840	9,287,840
Total liabilities and fund balances	\$ 107,073	40,803	985,326	4,176,854	194,423	3,053,361	1,864,107	10,421,947

See accompanying notes to combined financial statements.

CITY OF BOSSIER CITY, LOUISIANA

Nonmajor Special Revenue Funds

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances Year ended December 31, 2002

	State and Federal Grant	Court Witness Fee	Civic Center	Hotel Motel Taxes	Fire Improvements and Operations	Jail and Municipal Buildings	Streets and Drainage	Total
Revenues:								
Sales, tax, net	\$ —	—	—	—	1,600,746	1,143,320	1,314,817	4,058,883
Fees and rentals	—	—	216,893	—	—	—	—	216,893
Intergovernmental:								
U.S. government grants and entitlements	710,508	—	—	—	—	—	—	710,508
State and parish shared revenues	—	—	—	1,686,631	—	—	—	1,686,631
Total intergovernmental	710,508	—	—	1,686,631	—	—	—	2,397,139
Fines and penalties	—	24,177	—	—	—	—	—	24,177
Investment earnings	—	78	23,502	108,387	5,377	100,266	50,978	288,588
Miscellaneous	—	—	49,962	—	—	—	—	49,962
Total revenues	710,508	24,255	290,357	1,795,018	1,606,123	1,243,586	1,365,795	7,035,642
Expenditures:								
Current:								
General government	710,508	—	—	—	—	—	—	710,508
Culture and recreation	—	—	574,026	—	—	—	—	574,026
City Court and Marshal	—	13,390	—	—	—	—	—	13,390
Capital outlay	—	—	2,290	847,759	229,812	501,711	203,206	1,784,778
Total expenditures	710,508	13,390	576,316	847,759	229,812	501,711	203,206	3,082,702
Excess (deficiency) of revenues over (under) expenditures	—	10,865	(285,959)	947,259	1,376,311	741,875	1,162,589	3,952,940
Other financing sources (uses):								
Transfers in	—	—	300,000	—	—	—	—	300,000
Transfers out	—	—	—	(935,350)	(1,632,817)	(875,000)	(600,000)	(4,043,167)
Net change in fund balances	—	10,865	14,041	11,909	(256,506)	(133,125)	562,589	209,773
Fund balances at beginning of year	—	29,938	963,077	3,360,357	352,980	3,071,464	1,300,251	9,078,067
Fund balances at end of year	\$ —	40,803	977,118	3,372,266	96,474	2,938,339	1,862,840	9,287,840

See accompanying notes to combined financial statements.

CITY OF BOSSIER CITY, LOUISIANA

Special Revenue Fund
Civic Center Fund

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

December 31, 2002

	<u>Original and final budget</u>	<u>Actual</u>	<u>Variance with final budget positive (negative)</u>
Revenues:			
Rental fees	\$ 194,000	216,893	22,893
Investment earnings	30,000	23,502	(6,498)
Miscellaneous	<u>35,150</u>	<u>49,962</u>	<u>14,812</u>
Total revenues	<u>259,150</u>	<u>290,357</u>	<u>31,207</u>
Expenditures:			
Culture and recreation:			
Salaries, fringe benefits, and payroll taxes	286,422	325,221	(38,799)
Insurance	61,900	24,662	37,238
Professional services	2,000	—	2,000
Contract services	5,000	6,892	(1,892)
Utilities	136,700	113,621	23,079
Office and operating supplies	48,950	50,262	(1,312)
Administrative expenses	27,500	4,486	23,014
Travel and training	4,000	3,907	93
Maintenance	31,000	21,937	9,063
Other	132,000	23,038	108,962
Capital outlay	<u>735,472</u>	<u>2,290</u>	<u>733,182</u>
Total expenditures	<u>1,470,944</u>	<u>576,316</u>	<u>894,628</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,211,794)</u>	<u>(285,959)</u>	<u>925,835</u>
Other financing sources:			
Transfer in	<u>445,437</u>	<u>300,000</u>	<u>(145,437)</u>
Net change in fund balance	<u>(766,357)</u>	<u>14,041</u>	<u>780,398</u>
Fund balance at beginning of year	<u>963,077</u>	<u>963,077</u>	<u>—</u>
Fund balance at end of year	<u>\$ 196,720</u>	<u>977,118</u>	<u>780,398</u>

See accompanying notes to combined financial statements.

CITY OF BOSSIER CITY, LOUISIANA

**Special Revenue Fund
Hotel Motel Taxes**

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

December 31, 2002

	<u>Original budget</u>	<u>Final budget</u>	<u>Actual</u>	<u>Variance with final budget positive (negative)</u>
Revenues:				
Intergovernmental – state and parish shared revenues	\$ 1,800,000	1,800,000	1,686,631	(113,369)
Investment earnings	120,000	120,000	108,387	(11,613)
Total revenues	<u>1,920,000</u>	<u>1,920,000</u>	<u>1,795,018</u>	<u>(124,982)</u>
Expenditures:				
Capital outlay	<u>600,000</u>	<u>1,000,000</u>	<u>847,759</u>	<u>152,241</u>
Excess of revenues over expenditures	1,320,000	920,000	947,259	27,259
Other financing uses:				
Transfer out	<u>(450,000)</u>	<u>(450,000)</u>	<u>(935,350)</u>	<u>485,350</u>
Net change in fund balance	870,000	470,000	11,909	512,609
Fund balance at beginning of year	<u>3,360,357</u>	<u>3,360,357</u>	<u>3,360,357</u>	<u>—</u>
Fund balance at end of year	<u>\$ 4,230,357</u>	<u>3,830,357</u>	<u>3,372,266</u>	<u>512,609</u>

See accompanying notes to combined financial statements.

CITY OF BOSSIER CITY, LOUISIANA
Special Revenue Fund
Fire Improvements and Operations Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balance – Budget and Actual
December 31, 2002

	<u>Original budget</u>	<u>Final budget</u>	<u>Actual</u>	<u>Variance with final budget positive (negative)</u>
Revenues:				
Sales tax, net	\$ 1,632,817	1,632,817	1,600,746	(32,071)
Investment earnings	5,000	5,000	5,377	377
Total revenues	<u>1,637,817</u>	<u>1,637,817</u>	<u>1,606,123</u>	<u>(31,694)</u>
Expenditures:				
Capital outlay	<u>—</u>	<u>213,500</u>	<u>229,812</u>	<u>(16,312)</u>
Excess of revenues over expenditures	<u>1,637,817</u>	<u>1,424,317</u>	<u>1,376,311</u>	<u>(48,006)</u>
Other financing uses:				
Transfer out	<u>(1,632,817)</u>	<u>(1,632,817)</u>	<u>(1,632,817)</u>	<u>—</u>
Net change in fund balance	5,000	(208,500)	(256,506)	(48,006)
Fund balance at beginning of year	<u>352,980</u>	<u>352,980</u>	<u>352,980</u>	<u>—</u>
Fund balance at end of year	<u>\$ 357,980</u>	<u>144,480</u>	<u>96,474</u>	<u>(48,006)</u>

See accompanying notes to combined financial statements.

CITY OF BOSSIER CITY, LOUISIANA
Special Revenue Fund
Jail and Municipal Buildings Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balance – Budget and Actual
December 31, 2002

	<u>Original budget</u>	<u>Final budget</u>	<u>Actual</u>	<u>Variance with final budget positive (negative)</u>
Revenues:				
Sales tax, net	\$ 1,166,297	1,166,297	1,143,320	(22,977)
Investment earnings	110,000	110,000	100,266	(9,734)
Total revenues	<u>1,276,297</u>	<u>1,276,297</u>	<u>1,243,586</u>	<u>(32,711)</u>
Expenditures:				
Capital outlay	<u>200,000</u>	<u>862,600</u>	<u>501,711</u>	<u>360,889</u>
Excess of revenues over expenditures	<u>1,076,297</u>	<u>413,697</u>	<u>741,875</u>	<u>328,178</u>
Other financing uses:				
Transfer out	<u>(875,000)</u>	<u>(875,000)</u>	<u>(875,000)</u>	<u>—</u>
Net change in fund balance	201,297	(461,303)	(133,125)	328,178
Fund balance at beginning of year	<u>3,071,464</u>	<u>3,071,464</u>	<u>3,071,464</u>	<u>—</u>
Fund balance at end of year	<u>\$ 3,272,761</u>	<u>2,610,161</u>	<u>2,938,339</u>	<u>328,178</u>

See accompanying notes to combined financial statements.

CITY OF BOSSIER CITY, LOUISIANA

**Special Revenue Fund
Streets and Drainage Fund**

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

December 31, 2002

	Original and final budget	Actual	Variance with final budget positive (negative)
Revenues:			
Sales tax, net	\$ 1,341,242	1,314,817	(26,425)
Investment earnings	15,000	50,978	35,978
Total revenues	1,356,242	1,365,795	9,553
Expenditures:			
Capital outlay	1,000,000	203,206	796,794
Excess of revenues over expenditures	356,242	1,162,589	806,347
Other financing uses:			
Transfer out	(600,000)	(600,000)	—
Net change in fund balance	(243,758)	562,589	806,347
Fund balance at beginning of year	1,300,251	1,300,251	—
Fund balance at end of year	\$ 1,056,493	1,862,840	806,347

See accompanying notes to combined financial statements.

CITY OF BOSSIER CITY, LOUISIANA

Nonmajor Debt Service Funds

Combining Balance Sheet

December 31, 2002

Assets	Sales Tax Bond Sinking and Reserve Fund	Parkway Sales Tax Bond Sinking and Reserve Fund	Hotel Motel Bond Sinking and Reserve Fund	Total
Cash and cash equivalents	\$ 150,706	55,240	18,309	224,255
Investments	5,968,206	2,187,570	725,075	8,880,851
Accounts receivable – taxes	482,944	155,707	—	638,651
Accrued interest	50,489	21,600	7,034	79,123
Total assets	<u>\$ 6,652,345</u>	<u>2,420,117</u>	<u>750,418</u>	<u>9,822,880</u>
Liabilities and Fund Balances				
Accounts payable	\$ 2,320	—	—	2,320
Fund balances – reserved for debt service	<u>6,650,025</u>	<u>2,420,117</u>	<u>750,418</u>	<u>9,820,560</u>
Total liabilities and fund balance	<u>\$ 6,652,345</u>	<u>2,420,117</u>	<u>750,418</u>	<u>9,822,880</u>

See accompanying notes to combined financial statements.

CITY OF BOSSIER CITY, LOUISIANA

Nonmajor Debt Service Funds

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

Year ended December 31, 2002

	<u>Sales Tax Bond Sinking and Reserve Fund</u>	<u>Parkway Sales Tax Bond Sinking and Reserve Fund</u>	<u>Hotel Motel Bond Sinking and Reserve Fund</u>	<u>Total</u>
Revenues:				
Taxes – sales, net	\$ 4,460,600	1,868,478	—	6,329,078
Investment earnings	176,502	71,128	24,632	272,262
Miscellaneous other income	—	3,036	1,439	4,475
Total revenues	<u>4,637,102</u>	<u>1,942,642</u>	<u>26,071</u>	<u>6,605,815</u>
Expenditures – debt service:				
Principal retirement	2,210,000	1,120,000	420,000	3,750,000
Interest and fiscal charges	<u>2,156,004</u>	<u>798,154</u>	<u>169,593</u>	<u>3,123,751</u>
Total expenditures	<u>4,366,004</u>	<u>1,918,154</u>	<u>589,593</u>	<u>6,873,751</u>
Excess (deficiency) of revenues over (under) expenditures	271,098	24,488	(563,522)	(267,936)
Other financing sources (uses):				
Transfers in	1,409,179	88,087	635,350	2,132,616
Transfers out	<u>(35,900)</u>	<u>—</u>	<u>—</u>	<u>(35,900)</u>
Total other financing sources (uses)	<u>1,373,279</u>	<u>88,087</u>	<u>635,350</u>	<u>2,096,716</u>
Net change in fund balances	1,644,377	112,575	71,828	1,828,780
Fund balances at the beginning of year	<u>5,005,648</u>	<u>2,307,542</u>	<u>678,590</u>	<u>7,991,780</u>
Fund balances at the end of year	<u>\$ 6,650,025</u>	<u>2,420,117</u>	<u>750,418</u>	<u>9,820,560</u>

See accompanying notes to combined financial statements.

CITY OF BOSSIER CITY, LOUISIANA

Nonmajor Capital Projects Funds

Combining Balance Sheet

December 31, 2002

Assets	Sales Tax Capital Improvement Fund	Parkway Capital Projects Fund	Traffic Street Bond Construction Fund	Special Project Fund	Land Acquisition Fund	Equipment Replacement Fund	Total
Cash and cash equivalents	\$ 84,327	91,298	36,838	1,768	2,928	9,192	226,351
Investments	3,339,488	3,615,514	1,458,852	70,028	115,950	364,002	8,963,834
Taxes receivable -- other	98,319	425,556	—	—	—	—	523,875
Accrued interest	31,655	38,026	14,994	719	1,192	3,741	90,327
Due from other funds	108,021	108,021	—	—	—	—	216,042
Total assets	\$ 3,661,810	4,278,415	1,510,684	72,515	120,070	376,935	10,020,429
Liabilities and Fund Balances							
Liabilities:							
Accounts payable	\$ 191,732	104,163	1,900	35	—	—	297,830
Total liabilities	191,732	104,163	1,900	35	—	—	297,830
Fund balances:							
Reserved for encumbrances	116,499	478,580	6,000	49,312	—	—	650,391
Unreserved -- designated for subsequent years' expenditures	3,353,579	3,695,672	1,502,784	23,168	120,070	376,935	9,072,208
Total fund balances	3,470,078	4,174,252	1,508,784	72,480	120,070	376,935	9,722,599
Total liabilities and fund balances	\$ 3,661,810	4,278,415	1,510,684	72,515	120,070	376,935	10,020,429

See accompanying notes to combined financial statements.

CITY OF BOSSIER CITY, LOUISIANA

Nonmajor Capital Projects Funds

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

Year ended December 31, 2002

	Sales Tax Capital Improvement Fund	Parkway Capital Projects Fund	Traffic Street Bond Construction Fund	Special Project Fund	Land Acquisition Fund	Equipment Replacement Fund	Total
Revenues:							
Sales taxes, net	\$ 1,255,996	3,848,126	—	—	—	—	5,104,122
Investment earnings	113,691	129,854	80,767	10,336	3,898	11,566	350,112
Other income	—	—	—	—	—	43,413	43,413
Total revenues	1,369,687	3,977,980	80,767	10,336	3,898	54,979	5,497,647
Expenditures:							
Capital outlay -- project expenditures and engineering fees	1,424,410	3,560,117	2,694,209	450,390	—	—	8,129,126
Total expenditures	1,424,410	3,560,117	2,694,209	450,390	—	—	8,129,126
Excess (deficiency) of revenues over (under) expenditures	(54,723)	417,863	(2,613,442)	(440,054)	3,898	54,979	(2,631,479)
Other financing sources (uses):							
Transfers in	35,900	—	—	—	—	—	35,900
Transfers out	—	(587,251)	—	—	—	—	(587,251)
Total other financing sources (uses)	35,900	(587,251)	—	—	—	—	(551,351)
Net change in fund balances	(18,823)	(169,388)	(2,613,442)	(440,054)	3,898	54,979	(3,182,830)
Fund balances at beginning of year	3,488,901	4,343,640	4,122,226	512,534	116,172	321,956	12,905,429
Fund balances at end of year	\$ 3,470,078	4,174,252	1,508,784	72,480	120,070	376,935	9,722,599

See accompanying notes to combined financial statements.

NONMAJOR ENTERPRISE FUNDS

Sanitation – Operated as a self-sustaining service of the City and is responsible for providing the residents of the City of Bossier City sanitation services.

Emergency Medical Services – Operated as a self-sustaining service of the City and is responsible for providing the residents of the City of Bossier City with emergency medical services.

CITY OF BOSSIER CITY, LOUISIANA

Nonmajor Enterprise Funds

Combining Statement of Net Assets

December 31, 2002

Assets	Sanitation	Emergency Medical Services	Total
Current assets:			
Cash and cash equivalents	\$ 77,972	—	77,972
Accounts receivable – customers	243,944	1,366,966	1,610,910
Less allowance for doubtful accounts	(62,952)	(659,420)	(722,372)
	<u>180,992</u>	<u>707,546</u>	<u>888,538</u>
Accrued interest receivable	819	—	819
Others accounts receivable	90,533	49,787	140,320
Total current assets	<u>350,316</u>	<u>757,333</u>	<u>1,107,649</u>
Capital assets:			
Equipment	—	1,242,519	1,242,519
Less accumulated depreciation	—	(1,143,642)	(1,143,642)
Total capital assets, net of accumulated depreciation	<u>—</u>	<u>98,877</u>	<u>98,877</u>
Total assets	<u>350,316</u>	<u>856,210</u>	<u>1,206,526</u>
Liabilities and Net Assets			
Current liabilities:			
Accounts payable	1,367	30,952	32,319
Accrued expenses	4,900	38,664	43,564
Compensated absences	9,590	78,940	88,530
Due to other funds	—	219,236	219,236
Total current liabilities	<u>15,857</u>	<u>367,792</u>	<u>383,649</u>
Long-term liabilities – compensated absences	<u>2,322</u>	<u>69,127</u>	<u>71,449</u>
Total liabilities	<u>18,179</u>	<u>436,919</u>	<u>455,098</u>
Net assets:			
Invested in capital assets, net of depreciation	—	98,877	98,877
Unrestricted	332,137	320,414	652,551
Total net assets	<u>\$ 332,137</u>	<u>419,291</u>	<u>751,428</u>

See accompanying notes to combined financial statements.

CITY OF BOSSIER CITY, LOUISIANA

Nonmajor Enterprise Funds

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

Year ended December 31, 2002

	<u>Sanitation</u>	<u>Emergency Medical Services</u>	<u>Total</u>
Operating revenues:			
Charges for services:			
Sanitation fees	\$ 2,608,353	—	2,608,353
Ambulance fees	—	3,313,671	3,313,671
	<u>2,608,353</u>	<u>3,313,671</u>	<u>5,922,024</u>
Miscellaneous -- other revenues	<u>55,615</u>	—	<u>55,615</u>
Total operating revenues	<u>2,663,968</u>	<u>3,313,671</u>	<u>5,977,639</u>
Operating expenses:			
Personal services	290,278	2,082,170	2,372,448
Supplies	105,578	143,678	249,256
Utilities	3,542	31,246	34,788
Repairs and maintenance	12,268	24,184	36,452
Contractual expenses	1,866,332	—	1,866,332
Provision for bad debts	34,842	696,910	731,752
Miscellaneous	52,060	282,215	334,275
Depreciation and amortization	—	74,147	74,147
Total expenses	<u>2,364,900</u>	<u>3,334,550</u>	<u>5,699,450</u>
Operating income (loss)	<u>299,068</u>	<u>(20,879)</u>	<u>278,189</u>
Nonoperating revenues (expenses):			
Interest income	3,521	—	3,521
Interest expense	—	(3,405)	(3,405)
Intergovernmental	<u>29,548</u>	—	<u>29,548</u>
Total nonoperating revenues (expenses)	<u>33,069</u>	<u>(3,405)</u>	<u>29,664</u>
Change in net assets	<u>332,137</u>	<u>(24,284)</u>	<u>307,853</u>
Net assets at beginning of year	—	443,575	443,575
Net assets at end of year	\$ <u>332,137</u>	<u>419,291</u>	<u>751,428</u>

See accompanying notes to combined financial statements.

CITY OF BOSSIER CITY, LOUISIANA

Nonmajor Enterprise Funds

Combining Statement of Cash Flows

Year ended December 31, 2002

	<u>Sanitation</u>	<u>Emergency Medical Services</u>	<u>Total</u>
Cash flows from operating activities:			
Receipts from operations	\$ 2,427,361	3,190,992	5,618,353
Payments to suppliers	(2,073,255)	(1,153,002)	(3,226,257)
Payments to employees	(273,466)	(2,005,673)	(2,279,139)
Other payments	(34,918)	(28,912)	(63,830)
Net cash provided by operating activities	<u>45,722</u>	<u>3,405</u>	<u>49,127</u>
Net cash provided by noncapital financing activities -- intergovernmental revenues	<u>29,548</u>	<u>—</u>	<u>29,548</u>
Net cash used in capital and related financing activities -- interest paid	<u>—</u>	<u>(3,405)</u>	<u>(3,405)</u>
Net cash provided by investing activities -- interest received	<u>2,702</u>	<u>—</u>	<u>2,702</u>
Net increase in cash and cash equivalents	<u>77,972</u>	<u>—</u>	<u>77,972</u>
Cash and cash equivalents at beginning of year	<u>—</u>	<u>—</u>	<u>—</u>
Cash and cash equivalents at end of year	\$ <u><u>77,972</u></u>	<u><u>—</u></u>	<u><u>77,972</u></u>
Reconciliation of operating income (loss) to net cash provided by operating activities:			
Operating income (loss)	\$ 299,068	(20,879)	278,189
Depreciation and amortization	—	74,147	74,147
Provision for bad debts	34,842	696,910	731,752
(Increase) decrease in assets:			
Accounts receivable	(215,834)	(819,589)	(1,035,423)
Other receivable	(90,533)	4,714	(85,819)
Increase (decrease) in liabilities:			
Accounts payable	1,367	25,231	26,598
Accrued expenses	16,812	76,497	93,309
Due to other funds	<u>—</u>	<u>(33,626)</u>	<u>(33,626)</u>
Net cash provided by operating activities	\$ <u><u>45,722</u></u>	<u><u>3,405</u></u>	<u><u>49,127</u></u>

See accompanying notes to combined financial statements.

INTERNAL SERVICE FUNDS

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

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

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

CITY OF BOSSIER CITY, LOUISIANA

Internal Service Funds

Combining Statement of Net Assets

December 31, 2002

Assets	Insurance Fund	Liability Insurance Fund	Total
Cash and cash equivalents	\$ 1,846	12,689	14,535
Investments	73,128	502,483	575,611
Prepaid items	—	541,980	541,980
Total assets	\$ 74,974	1,057,152	1,132,126
Liabilities and Net Assets			
Accounts payable	\$ 29,396	111,135	140,531
Accrued claims	45,578	793,574	839,152
Total liabilities	74,974	904,709	979,683
Net assets – unrestricted	—	152,443	152,443
Total liabilities and net assets	\$ 74,974	1,057,152	1,132,126

See accompanying notes to combined financial statements.

CITY OF BOSSIER CITY, LOUISIANA

Internal Service Funds

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

Year ended December 31, 2002

	Insurance Fund	Liability Insurance Fund	Total
Revenues:			
Employers' contributions/premiums	\$ 190,000	2,069,547	2,259,547
Employees' contributions	171,033	—	171,033
Refunds and reimbursements	23,488	126,405	149,893
Total operating revenues	<u>384,521</u>	<u>2,195,952</u>	<u>2,580,473</u>
Expenses:			
Claims	226,635	1,078,726	1,305,361
Employee insurance premiums	136,607	1,038,394	1,175,001
Other	30,057	3,585	33,642
Total operating expenses	<u>393,299</u>	<u>2,120,705</u>	<u>2,514,004</u>
Operating income (loss)	(8,778)	75,247	66,469
Nonoperating revenues – investment earnings	<u>142</u>	<u>2,357</u>	<u>2,499</u>
Change in net assets	(8,636)	77,604	68,968
Net assets at beginning of year	<u>8,636</u>	<u>74,839</u>	<u>83,475</u>
Net assets at end of year	\$ <u><u>—</u></u>	<u><u>152,443</u></u>	<u><u>152,443</u></u>

See accompanying notes to combined financial statements.

CITY OF BOSSIER CITY, LOUISIANA

Internal Service Funds

Combining Statement of Cash Flows

Year ended December 31, 2002

	<u>Insurance Fund</u>	<u>Liability Insurance Fund</u>	<u>Total</u>
Cash flows from operating activities:			
Receipts from operations	\$ 384,521	2,195,952	2,580,473
Payments to suppliers	(133,923)	(1,272,349)	(1,406,272)
Claims paid	(216,057)	(1,078,726)	(1,294,783)
Net cash provided by (used in) operating activities	<u>34,541</u>	<u>(155,123)</u>	<u>(120,582)</u>
Cash flows from investing activities:			
Interest income	—	1,378	1,378
Purchases of investments	(72,986)	(501,504)	(574,490)
Net cash used in investing activities	<u>(72,986)</u>	<u>(500,126)</u>	<u>(573,112)</u>
Net decrease in cash	(38,445)	(655,249)	(693,694)
Cash and cash equivalents at beginning of year	40,291	667,938	708,229
Cash and cash equivalents at end of year	<u>\$ 1,846</u>	<u>12,689</u>	<u>14,535</u>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities			
Operating income (loss)	\$ (8,778)	75,247	66,469
(Increase) decrease in assets:			
Prepaid expense and other	3,345	(308,682)	(305,337)
Increase (decrease) in liabilities:			
Accounts payable	29,396	78,312	107,708
Accrued claims	10,578	—	10,578
Net cash provided by (used in) operating activities	<u>\$ 34,541</u>	<u>(155,123)</u>	<u>(120,582)</u>

See accompanying notes to combined financial statements.

**STATISTICAL
SECTION**

Table 1

CITY OF BOSSIER CITY, LOUISIANA

General Governmental Expenditures by Function (1)

Fiscal years ended December 31, 1993 through December 31, 2002

Fiscal Year	General Government	Public Safety	Highways and Streets	Solid Waste	Culture and Recreation	City Court	Marshal's Office	Total
1993	\$ 4,469,444	8,814,295	479,996	1,726,361	1,094,266	231,428	292,645	17,108,435
1994	4,601,136	9,620,590	510,250	1,591,770	1,279,747	259,268	276,962	18,139,723
1995	5,374,336	11,545,543 (2)	663,860	1,668,662	1,227,579	301,440	305,767 (2)	21,087,187
1996	5,572,647	12,817,480	724,786	1,802,337	1,267,192	339,091	330,992	22,854,525
1997	6,293,329	16,589,161	883,776	1,872,005	1,382,773	371,564	390,877	27,783,485
1998	6,589,604	18,695,928	825,058	1,856,190	1,349,568	371,410	415,301	30,103,059
1999	7,090,563	20,039,055	834,241	2,010,192	1,355,155	412,574	427,787	32,169,567
2000	7,231,031	21,448,506	825,203	2,067,610	1,421,097	430,874	482,407	33,906,728
2001	7,918,641	22,989,537	933,967	2,164,617	1,294,494	462,809	522,765	36,286,830
2002	7,998,555	23,921,766	1,049,714	— (3)	1,309,890	492,278	541,299	35,313,502

Notes:

- (1) Includes General Fund expenditures only.
 (2) Beginning in 1995, public safety and marshal's office expenditures include state supplemental pay.
 (3) Beginning in 2002 solid waste expenditures were reported in an enterprise fund.

Unaudited — see accompanying independent auditors' report.

Table 2

CITY OF BOSSIER CITY, LOUISIANA

General Revenues by Source (1)

Fiscal years ended December 31, 1993 through December 31, 2002

Fiscal Year	Taxes	Licenses and Permits	Intergovern- mental	Fines and Penalties	Louisiana Downs	Video Poker	Charges for Services	Interest and Miscellaneous	Total
1993	\$ 8,572,269	1,404,210	477,847	534,646	1,284,194	661,058	1,587,568	1,050,903	15,572,695
1994	9,929,580	1,629,674	474,981	539,265	849,383	790,170	1,559,195	1,123,857	16,896,105
1995	11,218,222	1,776,977	1,220,430 (3)	800,191	578,126	403,699	1,610,322	1,267,724	18,875,691
1996	13,368,192	1,978,433	1,331,709	681,889	457,424	— (2)	1,632,552	1,239,503	20,689,702
1997	17,586,080	1,844,425	1,514,097	710,104	303,304	173,335 (4)	1,639,911	1,272,480	25,043,736
1998	18,588,959	1,903,456	1,590,529	998,030	325,271	431,185	1,642,548	1,322,887	26,802,865
1999	19,617,190	1,966,087	1,606,765	1,142,734	290,635	388,916	1,706,796	1,355,276	28,074,399
2000	21,642,566	1,867,440	1,497,985	1,213,739	261,995	384,099	1,643,345	1,315,669	29,826,838
2001	22,500,370	1,958,687	1,482,146	1,167,719	195,125	496,226	1,628,997	1,409,186	30,838,456
2002	23,835,258	2,045,831	1,521,287	1,130,637	188,639	544,952	— (5)	1,325,972	30,592,576

Notes:

- (1) Includes General Fund revenues only. Operating transfers are not included.
 (2) In 1996, the City began recording video poker receipts in the Riverboat Gaming Fund.
 (3) Beginning in 1995, intergovernmental revenue includes grant for state supplemental pay.
 (4) In 1997, the City resumed recording video poker receipts in the General Fund.
 (5) In 2002 the City began recording sanitation receipts in an enterprise fund.

Unaudited -- see accompanying independent auditors' report.

Table 3

CITY OF BOSSIER CITY, LOUISIANA

Property Tax Levies and Collections

Fiscal years ended December 31, 1993 through December 31, 2002

Fiscal Year	Total Tax Levy (3)	Current Tax Collections (2)	Percent of Levy Collected	Delinquent Tax Collections (1)	Total Taxes Collected (1)	Total Outstanding Delinquent Taxes Receivable (1)	Percent of Total Tax Collections to Tax Levy (4)
1993	\$ 4,369,789	4,047,177	92.62%	\$ 163,680	4,210,857	158,932	96.36%
1994	4,451,725	3,386,494	76.07%	954,769	4,341,263	110,462	97.52%
1995	4,395,265	2,339,002	53.22%	1,891,180	4,230,182	165,083	96.24%
1996	5,355,276	3,758,997	70.19%	1,442,509	5,201,506	153,770	97.13%
1997	5,854,571	4,267,938	72.90%	1,449,765	5,717,703	136,868	97.66%
1998	6,411,901	4,489,905	70.02%	1,569,246	6,059,151	352,750	94.50%
1999	6,761,107	4,597,220	68.00%	1,741,980	6,339,200	421,907	93.76%
2000	7,817,364	4,528,320	57.93%	2,677,108	7,205,428	611,936	92.17%
2001	7,881,807	5,430,702	68.90%	2,202,006	7,632,708	249,099	96.84%
2002	8,321,702	5,657,331	67.98%	2,373,768	8,031,099	771,458	96.51%

Notes:

- (1) Includes collections through February 28 of the subsequent year.
 - (2) Includes collections through December 31.
 - (3) Does not include adjustments from Louisiana Tax Commission.
 - (4) Percent of total tax collections to tax levy represents only those collections through February 28 of the subsequent year.
- After considering all adjustments by the Louisiana Tax Commission and collections for the remainder of the year, the City has collected from 92.17% to 97.66% of the tax levy for the years 1993 through 2002.

Unaudited – see accompanying independent auditors' report.

Table 4

CITY OF BOSSIER CITY, LOUISIANA
Assessed and Estimated Actual Value of Taxable Property
Fiscal years ended December 31, 1993 through December 31, 2002

Fiscal Year	Assessed Value	Estimated Actual Value	Percent of Total Assessed to Estimated Actual Value
1993	\$ 159,654,090	1,393,412,567	11.46%
1994	163,245,850	1,417,208,267	11.52%
1995	184,287,480	1,582,975,867	11.64%
1996	203,005,170	1,746,294,018	11.62%
1997	225,760,430	1,938,471,413	11.65%
1998	243,058,780	2,089,466,520	11.63%
1999	256,358,740	2,176,533,580	11.78%
2000	296,336,780	2,613,187,787	11.34%
2001	296,288,890	2,690,417,219	11.01%
2002	<u>309,006,730</u>	<u>2,776,340,791</u>	<u>11.13%</u>

Note:

Assessed values are established by the Bossier Parish Tax Assessor on January 1 of each year at approximately 10-15% of assumed market value. A revaluation of all property is required to be completed no less than every 4 years. The last revaluation was completed for the roll of January 1, 2000.

Unaudited – see accompanying independent auditors' report.

Table 5

CITY OF BOSSIER CITY, LOUISIANA

Property Tax Rates and Tax Levies – Direct and Overlapping Governments

Fiscal years ended December 31, 1993 through December 31, 2002

Fiscal Year	Tax Rates per \$1,000 Assessed Value				Tax Levies			
	City	School	Parish	Recreational Districts	City	School	Parish	Recreational Districts
				Total				Total
1993	\$ 27.37	39.42	44.19	1.54	4,369,789	7,086,263	7,055,114	209,665
1994	27.27	39.42	43.79	1.54	4,451,725	7,191,037	7,145,638	214,832
1995	23.85	39.42	41.27	1.54	4,395,265	7,880,709	7,605,544	241,362
1996	26.38	61.39	43.23	1.54	5,355,276	13,747,843	9,217,196	268,930
1997	26.38	61.38	43.23	1.54	5,955,560	15,368,791	10,829,235	385,774
1998	26.38	61.39	43.23	1.54	6,411,901	16,521,978	11,133,897	339,382
1999	26.38	55.14	43.48	1.54	6,761,107	15,190,241	11,975,734	344,113
2000	26.38	55.16	42.64	1.54	7,817,364	18,206,129	13,493,489	408,296
2001	26.77	54.64	42.69	1.54	7,929,897	20,162,108	14,953,886	464,671
2002	26.77	53.14	42.11	1.54	8,272,141	20,468,369	15,722,021	481,802

Unaudited – see accompanying independent auditors' report.

Table 6

CITY OF BOSSIER CITY, LOUISIANA

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

Fiscal years ended December 31, 1993 through December 31, 2002

Fiscal Year	Population	Assessed Value	Gross Bonded Debt (2)	Less Debt Service Funds	Net Bonded Debt	Percent of Net Bonded Debt to Assessed Value	Net Bonded Debt Per Capita
1993	54,507	\$ 159,654,090	1,720,000	2,628,550	(908,550) (3)	(0.57)%	\$ (16.67)
1994	55,653	163,245,850	1,230,000	2,713,413	(1,483,413)	(0.91)%	(26.65)
1995	55,988	184,287,480	—	—	—	—	—
1996	56,304	203,005,170	—	—	—	—	—
1997	57,141	225,760,430	—	—	—	—	—
1998	57,533	243,058,780	—	—	—	—	—
1999	58,977	256,358,740	—	—	—	—	—
2000	58,977	296,336,780	—	—	—	—	—
2001	58,977	296,288,890	—	—	—	—	—
2002	58,977	309,006,730	—	—	—	—	—

Notes:

- (1) Per Special Census.
- (2) Includes all general obligation debt.
- (3) As of December 31, 1992, there are funds available to service the general obligation bonds in excess of the debt service requirements. The excess funds were used for projects consistent with the original purpose of the bond issue and in accordance with applicable bond ordinances.
- (4) Latest statistical information under protest.

Unaudited — see accompanying independent auditors' report.

Table 7

CITY OF BOSSIER CITY, LOUISIANA

Computation of Legal Debt Margin (1)

December 31, 2002

	Industrial Bonds	Water and Sewerage Improvements	Public Buildings	Parks and Recreation	Street Improvements	Drainage Improvements	Solid Waste Disposal
Assessed value of \$309,006,730							
Debt limit - 10% of assessed value for any one purpose (1)	\$ 30,900,673	30,900,673	30,900,673	30,900,673	30,900,673	30,900,673	30,900,673
Less general bonded debt	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Legal debt margin	<u>\$ 30,900,673</u>	<u>30,900,673</u>	<u>30,900,673</u>	<u>30,900,673</u>	<u>30,900,673</u>	<u>30,900,673</u>	<u>30,900,673</u>

Note:

- (1) State law allows a maximum of 10% of assessed valuation for bonded debt for any one purpose or 35% of the total assessed value for all purposes. A total of approximately \$108,152,356 is available for issuance pursuant to the 35% limitation.

Unaudited - see accompanying independent auditors' report.

Table 8

CITY OF BOSSIER CITY, LOUISIANA
Computation of Direct and Overlapping Debt
December 31, 2002

Jurisdiction	<u>Net Debt</u>	<u>Percentage of Debt Applicable to the City (1)</u>	<u>City's Share of Debt</u>
Total direct and overlapping debt – Bossier Parish, Louisiana, Bossier Parish School Board	\$ <u>10,562,590</u>	67%	\$ <u>7,076,935</u>

Notes:

- (1) Based on 2002 assessed valuation.
- (2) As of December 31, 2002, there are no general obligation bonds recorded in the financial statements of the City.

Unaudited – see accompanying independent auditors' report.

Table 9

CITY OF BOSSIER CITY, LOUISIANA

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

Fiscal years ended December 31, 1993 through December 31, 2002

Fiscal Year	Principal	Interest	Total Debt Service	Total General Expenditures (1)	Debt Service as a Percentage of Total General Expenditures
1993	\$ 490,000	103,214	593,214	17,108,435	3.47
1994	490,000	77,311	567,311	18,139,723	3.13
1995	493,389 (2)	49,844	543,233	21,087,187 (4)	2.58
1996	— (3)	—	—	22,854,525	—
1997	—	—	—	27,783,485	—
1998	—	—	—	30,103,059	—
1999	—	—	—	32,169,567	—
2000	—	—	—	33,906,728	—
2001	—	—	—	36,286,830	—
2002	—	—	—	35,313,502	—

Notes:

- (1) Includes General Fund expenditures only.
- (2) Does not include \$741,981 paid by the City to advance refund bonds.
- (3) All general bonded debt was advance refunded in 1995.
- (4) In 1995, general expenditures began including state supplemental pay.

Unaudited – see accompanying independent auditors' report.

Table 10A

CITY OF BOSSIER CITY, LOUISIANA

Revenue Bond Coverage – Utility Bonds

Fiscal years ended December 31, 1993 through December 31, 2002

Fiscal Year	Gross Revenues (1)	Operating Expenses (2)	Net Revenue Available for Debt Service	Debt Service Requirements		
				Principal	Interest	Total Coverage
1993	\$ 7,411,516	5,904,195	1,507,321	285,000	982,340	1,267,340
1994	8,300,738	5,432,004	2,868,734	520,000	1,028,603	1,548,603
1995	9,061,177	5,290,822	3,770,355	545,000	984,561	1,529,561
1996	9,775,188	6,022,240	3,752,948	605,000	671,525	1,276,525
1997	10,323,463	5,737,727	4,585,736	705,000	894,458	1,599,458
1998	10,574,654	5,975,922	4,598,732	740,000	773,380	1,513,380
1999	9,981,751	5,967,889	4,013,862	785,000	899,590	1,684,590
2000	10,694,230	6,237,520	4,456,710	1,059,130	884,293	1,943,423
2001	10,016,659	6,896,976	3,119,683	1,090,000	820,324	1,910,324
2002	10,942,806	6,878,647	4,064,159	1,395,000	903,059	2,298,059

Notes:

(1) Includes operating revenues and interest income.

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

Unaudited – see accompanying independent auditors' report.

Table 10B

CITY OF BOSSIER CITY, LOUISIANA

Revenue Bond Coverage -- Sales Tax Bonds

Fiscal years ended December 31, 1993 through December 31, 2002

Fiscal Year	Gross Revenues	Operating Expenses (1)	Net Revenue Available for Debt Service	Debt Service Requirements		
				Principal	Interest	Total Coverage
1993	\$ 14,556,334	208,065	14,348,269	1,425,000	2,643,628	4,068,628
1994	17,478,649	234,898	17,243,751	1,595,000	2,537,467	4,132,467
1995	19,215,597	238,935	18,976,662	1,710,000	2,434,501	4,144,501
1996	21,334,315	315,583	21,018,732	1,835,000	2,297,819	4,132,819
1997	22,877,414	428,720	22,448,694	1,960,000	2,032,736	3,992,736
1998	23,950,939	359,679	23,591,260	1,925,000	2,786,991	4,711,991
1999	25,497,052	437,159	25,059,893	2,740,000	3,584,193	6,324,193
2000	27,499,793	441,888	27,057,905	2,900,000	3,415,507	6,315,507
2001	29,277,883	482,368	28,795,515	3,060,000	3,249,580	6,309,580
2002	29,893,353	551,648	29,341,705	3,750,000	3,046,832	6,796,832

Notes:

- (1) Sales tax department operating expenditures.
- (2) Does not include \$200,151 paid by the City in connection with refunding the 1986 Series Bonds.
- (3) Does not include \$8,135,000 paid by the City in connection with refunding the 1989 Series Bonds.
- (4) Does not include \$9,000,000 paid by the City in connection with refunding the 1992 Series Bonds.

Unaudited -- see accompanying independent auditors' report.

Table 11

CITY OF BOSSIER CITY, LOUISIANA

Demographic Statistics

Fiscal years ended December 31, 1993 through December 31, 2002

<u>Fiscal Year</u>	<u>Population</u>	<u>Median Age (1)</u>	<u>School Enrollment (2)</u>	<u>Unemployment Rate (1)</u>
1993	54,507 (3)	30.7	12,188	9.8%
1994	55,653 (3)	30.7	12,024	7.6%
1995	55,988 (3)	30.7	12,386	7.3%
1996	56,304 (3)	29.8	12,772	6.9%
1997	57,141 (3)	30.0	12,915	6.3%
1998	57,533 (3)	31.6	12,277	5.6%
1999	58,977 (3)	31.6	11,601	5.0%
2000	58,977 (5)	31.6	11,719	4.9%
2001	58,977 (5)	31.6	11,844	6.7%
2002	58,977 (5)	31.6	18,874	7.4%

Notes:

- (1) State of Louisiana Research and Statistics for 1988-1992, Shreveport, Bossier, and Webster Parish Unemployment and Median Age Information from the Louisiana Office of Statistics for 1993-1998.
- (2) Bossier Parish School Board (inside City limits)
- (3) Per Special Census
- (4) 1990 U.S. Census
- (5) Latest statistical information under protest.

Unaudited – see accompanying independent auditors' report.

Table 13

CITY OF BOSSIER CITY, LOUISIANA

Principal Taxpayers

December 31, 2002

Taxpayer	Type of Business	2002 Assessed Valuation	Percentage of Total Assessed Valuation
Horseshoe Entertainment	Riverboat Gambling	\$ 32,881,640	10.64%
Southwestern Electric Power Company	Electric Utility	6,813,810	2.21%
ICH LLC	Hotel	5,848,820	1.89%
BellSouth Telecommunications	Telephone	5,414,200	1.75%
Louisiana Riverboat Gaming	Riverboat Gambling	4,103,160	1.33%
Hibernia Bank	Banking	2,724,020	0.88%
Isle of Capri	Riverboat Gambling	2,695,730	0.87%
Northwest Pipe Company	Manufacturing	2,509,130	0.81%
Wal-Mart	Retail Sales	2,458,120	0.80%
Louisiana Machinery.	Manufacturing	2,448,020	0.79%
Total amount for ten principal taxpayers		67,896,650	21.97%
Total for remaining taxpayers		241,110,080	78.03%
Total amount for all taxpayers		<u>\$ 309,006,730</u>	<u>100.00%</u>

Unaudited – see accompanying independent auditors' report.

Table 14

CITY OF BOSSIER CITY, LOUISIANA

Miscellaneous Statistics

December 31, 2002

Date of settlement	1843
Form of government	Mayor – Council
Date established	1977
Date of incorporation	1907
Area-square miles	41.36
Miles of streets:	
Paved	207.4
Unimproved	—
Police protection – number of policemen and officers	196
Fire protection – number of firemen and officers	195
Recreation:	
Parks – number of acres	287
Number of playgrounds	17
Number of picnic areas	8
Number of street lights	4,522
Number of water storage tanks	3
Total capacity of water storage tanks	5,500,000 gallons
Raw water reservoir capacity	5,700,000 gallons
Municipal water plant:	
Number of accounts	21,237
Daily average consumption	8,573,000 gallons
Employees – classified, appointed, elected, and exempt	896
Unaudited – see accompanying independent auditors' report.	



CITY OF BOSSIER CITY, LOUISIANA

OMB Circular A-133 Reports

December 31, 2002

(With Independent Auditors' Reports Thereon)

CITY OF BOSSIER CITY, 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 George Dement, Mayor
and Members of the City Council
City of Bossier City, Louisiana:

We have audited the financial statements of the City of Bossier City, Louisiana as of and for the year ended December 31, 2002, and have issued our report thereon dated March 21, 2003, which includes an explanatory paragraph due to a change in accounting principles in 2002. 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 Bossier City, 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 an instance of noncompliance that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and questioned costs as item 02-1.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City of Bossier City, 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 the 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 Bossier City, Louisiana in a separate letter dated March 21, 2003.



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

KPMG LLP

March 21, 2003



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

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

The Honorable George Dement, Mayor
and Members of the City Council
City of Bossier City, Louisiana:

Compliance

We have audited the compliance of the City of Bossier City, Louisiana 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 Bossier City, Louisiana's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the City of Bossier City, Louisiana's management. Our responsibility is to express an opinion on the City of Bossier City, 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 Bossier City, 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 of the City of Bossier City, Louisiana's compliance with those requirements.

In our opinion, the City of Bossier City, Louisiana complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended December 31, 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 02-2.



Internal Control Over Compliance

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

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

Schedule of Expenditures of Federal Awards

We have audited the financial statements of the City of Bossier City, Louisiana as of and for the year ended December 31, 2002, and have issued our report thereon dated March 21, 2003, which includes an explanatory paragraph due to a change in accounting principle in 2002. 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 a whole.

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

KPMG LLP

March 21, 2003

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

<u>Federal grantor/pass-through grantor/program or cluster</u>	<u>Federal CFDA number</u>	<u>Federal expenditures</u>
U.S. Department of Housing and Urban Development		
Direct programs:		
Community Development Block Grant	14.218	\$ 673,743
Emergency Shelter Grants Program	14.231	<u>39,200</u>
Total Department of Housing and Urban Development		<u>712,943</u>
U.S. Department of Justice		
Passed through Louisiana Commission on Law Enforcement:		
Domestic Violence	16.575	24,636
Local Law Enforcement	16.592	<u>108,367</u>
Total Department of Justice		<u>133,003</u>
U.S. Department of Environmental Quality		
Passed through State of Louisiana Department of Environmental Quality – Clean Water Program	66.458	<u>692,950</u>
Federal Emergency Management Association		
Passed through Louisiana Department of Military - Office of Emergency Preparedness – Hazard Mitigation Program	83.548	<u>405,118</u>
U.S. Department of Transportation		
Passed through Louisiana Highway Planning and Construction – Buckle Up Louisiana '98	20.600	<u>4,444</u>
Total expenditures of federal awards		<u>\$ 1,948,458</u>

See accompanying notes to schedule of expenditures of federal awards.

CITY OF BOSSIER CITY, LOUISIANA

Notes to Schedule of Expenditures of Federal Awards

Year ended December 31, 2002

(1) Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the City of Bossier City, Louisiana and is presented using the 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 of Bossier City, Louisiana provided federal awards to subrecipients as follows:

<u>Program title</u>	<u>Federal CFDA number</u>	<u>Amount provided to subrecipients</u>
Community Development Block Grant	14.218	\$ 80,855

CITY OF BOSSIER CITY, LOUISIANA

Schedule of Findings and Questioned Costs

Year ended December 31, 2002

Section 1 – Summary of Auditor's Results

General Purpose Financial Statements

Type of report issued: unqualified opinion

Internal control over financial reporting:

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

Noncompliance material to general purpose financial statements noted? No

Federal Awards

Internal control over major programs:

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

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

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

Identification of major programs:

CFDA number

Name of federal program or cluster

14.218

United States Department of Housing and
Urban Development – Community
Development Block Grant

83.548

Federal Emergency Management Association
– Hazard Mitigation Program

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

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

CITY OF BOSSIER CITY, LOUISIANA

Schedule of Findings and Questioned Costs

Year ended December 31, 2002

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

Item: 02-1

Criteria or specific requirement: State law requires that the total proposed expenditures shall not exceed the total of estimated funds available for the year. This law was violated when the CenturyTel Center Arena Fund was budgeted to have a deficit fund balance.

Condition and Context: The 2002 budget for the CenturyTel Center Arena Fund budgeted a fund deficit of \$52,204.

Effect: The City of Bossier City was not in compliance with state law.

Cause: Unknown.

Recommendation: The City of Bossier City should take steps to ensure that future budgets are balanced as required by state law.

Section 3 – Federal Awards Findings and Questioned Costs

Item: 02-2

Criteria or specific requirement: OMB Circular A-87 requires that personal activity reports supporting the distribution of salaries between multiple activities be signed by the employee.

Condition and Context: The one employee who splits her time between federal program and nonfederal duties did not sign her personal activity reports.

Questioned Costs: \$14,474

Effect: The City of Bossier City's documentation was not in compliance with the standards of OMB A-87.

Cause: The procedure to require signing by the employee was not in place, however it was signed by the employee's supervisor.

Recommendation: The City of Bossier City should require the personal activity reports be signed by the employee.

CITY OF BOSSIER CITY, LOUISIANA

CORRECTIVE ACTION PLAN

YEAR ENDED DECEMBER 31, 2002

Finding 02-1

Name of Contact Responsible: Charles Glover, Director of Finance

Corrective Action Planned: The Century Tel Center Fund has budgeted net income of \$53,711 for 2003.

We have discussed this matter with the Century Tel Center Director of Finance. Transfers in from the City to eliminate any operating deficits in will be reflected in the Century Tel budget in future years.

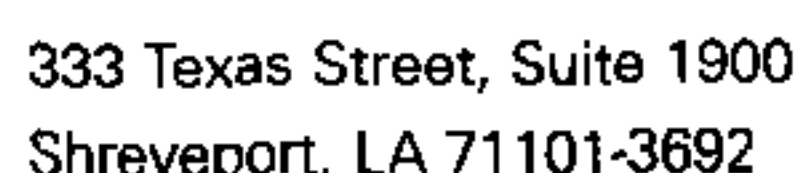
Completion Date: These changes were implemented June 15, 2003.

Finding 02-2

Name of Contact Responsible: Charles Glover, Director of Finance

Corrective Action Planned: We will require the individual to sign her personal activity report.

Completion Date: This procedure was implemented immediately.



March 21, 2003

CONFIDENTIAL

**The Honorable George Dement, Mayor
and Members of the City Council
City of Bossier City, Louisiana:**

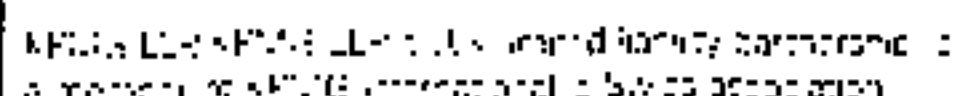
We have audited the financial statements of the City of Bossier City, Louisiana (the City) for the year ended December 31, 2002, and have issued our report thereon dated March 21, 2003, which includes an explanatory paragraph due to changes in accounting principles in 2002. In planning and performing our audit of the financial statements of the City, we considered its 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 its operation 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:

INVESTMENTS

The City records investments on a pooled basis along with cash and accrued interest. The allocation to the individual funds is recorded in one account as cash and is not separated into the components of cash, investments, and accrued interest. As a result, significant year-end adjustments are required. At the time of purchase, the City should determine if the investment is short-term or long-term based on its maturity date and appropriate classification be made within the general ledger. We recommend that in the clearing account the City establish separate accounts for short and long-term investments. Each separate account should be allocated to individual funds and each fund should reflect a separate account for cash, short-term investments, long-term investments, and accrued interest.

Management's Response – The City will make all adjustments at year-end and any interim reporting date in the individual funds to reflect all amounts over 90 days in the appropriate classification of cash, short-term investments and long-term investments, along with the appropriate allocation of accrued interest.



The Honorable George Dement, Mayor
and Members of the City Council
City of Bossier City
March 21, 2003
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TAX RECONCILIATIONS

The subledgers for the property and sales tax collections are not reconciled to the general ledger. Currently the property tax department operates a module of the HtE system that indicates the amount received and remaining amount receivable. In addition, the sales tax department uses the Taxman program to record receipts and amounts due to the City. We recommend that a control be implemented to reconcile the subledgers for property and sales taxes to the general ledger on at least a monthly basis. However, for property taxes we recommend that this control be performed at least weekly during the months of November, December, and January, as the majority of property taxes are collected during this period.

Management's Response – The tax department currently sends a daily collection sheet to the accounting department that is used to post sales tax entries to the general ledger on a daily basis. The sales tax and property tax departments will begin attaching the cash-posting sheet for the Taxman program and the HtE property tax program which will indicate postings to the individual programs reconcile to the postings to the general ledger. We will also prepare a formal reconciliation of the general ledger to the sales tax subledger on a monthly basis. From November to January, we will perform the property tax control weekly.

CAPITAL ASSETS

With the implementation of Governmental Accounting Standards Board Statement No. 34, the City is now required to report capital assets for governmental activities in its financial statements. Capital assets can have a significant impact on the financial results reported by the City. Given this, we believe that controls over recording and accounting for capital assets can be strengthened. Specifically, in some instances, purchases were made during the year for capital assets that did not appear on the capital assets records. Also, the City did not report any retirements or disposals of capital assets. We recommend the City implement procedures to identify capital assets at the time invoices are coded. This process should include a review to ensure that all purchases have been coded to the correct expenditure accounts in the general ledger as well as the identification of all capital assets and their useful life. We also recommend the City implement procedures to ensure that as capital assets are sold, destroyed, or retired they are removed from the capital assets records at the appropriate value along with the related accumulated depreciation.

Management's Response – Capital assets are identified through the purchasing process and are to be captured in specific general ledger accounts. For purposes of our separate accounting for capital assets, we will implement procedures to improve our ability to identify capital additions and retirements on a timely basis by reviewing the general ledger capital accounts monthly and making the appropriate entries to record capital and infrastructure assets. We will implement procedures to meet with engineering and public works officials on a monthly basis to discuss any significant capital retirements based on our knowledge of the areas where additions were recorded during the month.

The Honorable George Dement, Mayor
and Members of the City Council
City of Bossier City
March 21, 2003
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FEDERAL PROGRAM DOCUMENTATION

Payroll – One employee splits her time between a federal program and nonfederal duties. As required by the federal program an after-the-fact distribution of her time is maintained, however, these timesheets are not signed by the employee. We recommend the employee sign each timesheet.

Management's Response – The above noted employee has begun signing her timesheets and we will institute follow up procedures to ensure this continues.

Authorization – We noted three instances in which check requests for a federal program disbursement did not reflect authorization by all appropriate parties. We also noted two instances in which an expenditure was only supported by a check request, no invoice or check copy could be located. While these costs were determined to be allowable, we recommend the City implement controls to review payments to ensure the payment is supported by an appropriately authorized check request and an invoice.

Management's Response – Currently, our accounts payable clerk reviews invoices to ensure that all documentation has been attached and appropriate signatures have been obtained. The Accounting Department will monitor this approval process more closely in the future to ensure all payments are properly supported and authorized.

* * * * *

We also issued a letter dated March 21, 2003 in connection with our separate audit of the CenturyTel Center Arena Fund of the City of Bossier City in which we identified certain matters involving internal control and its operation at the CenturyTel Center.

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

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

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

Very truly yours,

KPMG LLP