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DOWNTOWN DEVELOPMENT AUTHORITY
A COMPONENT UNIT OF THE
CITY OF SHREVEPORT

SHREVEPORT, LOUISIANA

AUDITED FINANCIAL STATEMENTS

DECEMBER 31, 1999

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and each member of 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 APR 05 2000

DOWNTOWN DEVELOPMENT AUTHORITY
A COMPONENT UNIT OF THE CITY OF SHREVEPORT
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February 20, 2000

INDEPENDENT AUDITORS' REPORT

Board of Directors
Downtown Development Authority
Shreveport, Louisiana

We have audited the accompanying general purpose financial statements of the Downtown Development Authority, a component unit of the City of Shreveport, at December 31, 1999 and for the year then ended. These financial statements are the responsibility of the Downtown Development Authority's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the Downtown Development Authority at December 31, 1999, and the results of its operations for the year then ended in conformity with generally accepted accounting principles.

In accordance with Government Auditing Standards, we have also issued a report dated February 20, 2000, on our consideration of Downtown Development Authority's internal control and a report dated February 20, 2000, on its compliance with laws and regulations.

Cole, Evans & Peterson

DOWNTOWN DEVELOPMENT AUTHORITY
A COMPONENT UNIT OF THE CITY OF SHREVEPORT
BALANCE SHEET-ALL FUND TYPES AND ACCOUNT GROUPS-
AT DECEMBER 31, 1999

<u>ASSETS</u>	<u>General Fund</u>	<u>General Fixed Assets Account Group</u>
Cash and Cash Equivalents (Note 6)	324,622	
Property Taxes Receivable-1999 (Note 7)	480,300	
Grant Receivable from City of Shreveport (Note 2)	95,011	
Receivable from Other Related Parties (Note 2)	3,817	
Prepaid Expenses	5,758	
Security Deposit	400	
Furniture and Equipment (Note 8)		152,854
Leasehold Improvements (Note 8)		<u>52,369</u>
Total Assets	<u>909,908</u>	<u>205,223</u>
 <u>LIABILITIES AND FUND EQUITY</u>		
<u>Liabilities:</u>		
Accounts Payable	41,214	
Accrued and Withheld Payroll Taxes	<u>4,660</u>	
Total Liabilities	45,874	<u>- 0 -</u>
 <u>Fund Equity:</u>		
Investment in General Fixed Assets		205,223
 Fund Balance: (Exhibit B)		
Reserved for Downtown Shreveport Development Corporation (Note 2)	50,000	
Unreserved-Undesignated	<u>814,034</u>	
Total Fund Balance	<u>864,034</u>	
Total Fund Equity	<u>864,034</u>	<u>205,223</u>
Total Liabilities and Fund Equity	<u>909,908</u>	<u>205,223</u>

The Accompanying Notes Are An Intergral Part Of These Financial Statements

DOWNTOWN DEVELOPMENT AUTHORITY
A COMPONENT UNIT OF THE CITY OF SHREVEPORT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE-
ALL GOVERNMENTAL FUND TYPES-
FOR THE YEAR ENDED DECEMBER 31, 1999

		General Fund
<u>Revenues:</u>		
City of Shreveport-1999 Property Taxes (Note 7)	480,300	
1998 Property Tax Adjustment (Note 7)	12,429	
Expense Reimbursements (Note 2)	19,500	
Investment Income	14,308	
Grant Revenue-City of Shreveport (Note 2)	197,000	
Miscellaneous Program Assistance	<u>40,000</u>	
Total Revenues		763,537
<u>Expenditures:</u>		
<u>Administrative:</u>		
Salaries	203,427	
Payroll Taxes	20,287	
Retirement Expense (Notes 5 and 9)	6,829	
Medical Insurance	14,624	
Parking	3,743	
Professional Fees	15,011	
Insurance-General	14,973	
Dues and Subscriptions	2,866	
Postage	5,195	
Printing	2,634	
Office Supplies	10,071	
Dining and Entertainment	3,469	
Seminars and Travel	8,958	
Office Equipment Rental and Repair	15,693	
Telephone	12,426	
Repairs and Maintenance	2,586	
Office Furniture and Equipment	<u>5,304</u>	
Total Administrative		348,096

The Accompanying Notes Are An Integral Part Of These Financial Statements

DOWNTOWN DEVELOPMENT AUTHORITY
A COMPONENT OF THE CITY OF SHREVEPORT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE-
ALL GOVERNMENTAL FUND TYPES-
FOR THE YEAR ENDED DECEMBER 31, 1999

	General Fund
<u>Expenditures: (Continued)</u>	
Programs/Projects:	
Streetscape Maintenance (Note 10)	219,883
Advertising and Marketing	18,667
Riverfront Development	6,244
Downtown Office Recruitment	48,213
Downtown Security	17,631
Residential Rehabilitation Plan	15,409
Vision 2000	1,000
Event Sponsorship	3,518
Warehouse Expense (Note 3)	6,239
Downtown Christmas Lighting	10,000
Downtown Saturday Night/Arts District	10,176
Downtown Parking Planning	5,000
Permanent Art Program (Note 4)	<u>20,000</u>
Total Programs/Projects	<u>381,980</u>
Total Expenditures	<u>730,076</u>
<u>Excess of Revenues Over Expenditures</u>	33,461
<u>Fund Balance at Beginning of Year</u>	<u>830,573</u>
<u>Fund Balance at End of Year</u>	<u>864,034</u>

The Accompanying Notes Are An Intergral Part Of These Financial Statements

DOWNTOWN DEVELOPMENT AUTHORITY
A COMPONENT UNIT OF THE CITY OF SHREVEPORT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE-
BUDGET AND ACTUAL (GAAP BASIS)-ALL GOVERNMENTAL FUND TYPES-
FOR THE YEAR ENDED DECEMBER 31, 1999

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<u>Revenues:</u>			
City of Shreveport-1999 Property Taxes (Including 1998 Property Tax Adjustment)	500,000	492,729	(7,271)
Expense Reimbursements	19,500	19,500	
Investment Income	14,000	14,308	308
Grant Revenue-City of Shreveport	197,000	197,000	
Miscellaneous Program Assistance	<u>10,000</u>	<u>40,000</u>	<u>30,000</u>
Total Revenues	740,500	763,537	23,037
<u>Expenditures:</u>			
Administrative:			
Salaries	188,169	203,427	(15,258)
Payroll Taxes and Insurance	30,000	20,287	9,713
Retirement Plan	6,000	6,829	(829)
Medical Insurance	10,000	14,624	(4,624)
Parking	4,000	3,743	257
Professional Fees	20,000	15,011	4,989
Insurance-General	12,000	14,973	(2,973)
Dues and Subscriptions	2,500	2,866	(366)
Postage	4,000	5,195	(1,195)
Printing	3,000	2,634	366
Office Supplies	15,000	10,071	4,929
Dining and Entertainment	5,500	3,469	2,031
Seminars and Travel	10,000	8,958	1,042
Office Equipment Rental and Repair	15,500	15,693	(193)
Telephone	14,000	12,426	1,574
Repairs and Maintenance	5,000	2,586	2,414
Office Furniture and Equipment	<u>3,000</u>	<u>5,304</u>	<u>(2,304)</u>
Total Administrative	347,669	348,096	(427)

The Accompanying Notes Are An Intergral Part Of These Financial Statements

DOWNTOWN DEVELOPMENT AUTHORITY
A COMPONENT UNIT OF THE CITY OF SHREVEPORT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE-
BUDGET AND ACTUAL (GAAP BASIS)-ALL GOVERNMENTAL FUND TYPES-
FOR THE YEAR ENDED DECEMBER 31, 1999

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<u>Expenditures: (Continued)</u>			
<u>Programs/Projects:</u>			
Streetscape Maintenance	200,000	219,883	(19,883)
Advertising and Marketing	41,000	18,667	22,333
Riverfront Development	5,000	6,244	(1,244)
Downtown Office Recruitment	30,000	48,213	(18,213)
Downtown Security	20,000	17,631	2,369
Residential Rehabilitation Plan	20,000	15,409	4,591
Vision 2000	1,000	1,000	
Event Sponsorship	4,000	3,518	482
Warehouse Expense	6,500	6,239	261
Downtown Christmas Lighting	10,000	10,000	
Downtown Saturday Nights/Arts District	10,000	10,176	(176)
Downtown Parking Planning	5,000	5,000	
Permanent Art Program	<u>20,000</u>	<u>20,000</u>	
Total Programs/Projects	<u>372,500</u>	<u>381,980</u>	<u>(9,480)</u>
Total Expenditures	<u>720,169</u>	<u>730,076</u>	<u>(9,907)</u>
<u>Excess of Revenues Over Expenditures</u>	20,331	33,461	<u>13,130</u>
<u>Fund Balance at Beginning of Year</u>	<u>830,573</u>	<u>830,573</u>	
<u>Fund Balance at End of Year</u>	<u>850,904</u>	<u>864,034</u>	

The Accompanying Notes Are An Integral Part Of These Financial Statements

DOWNTOWN DEVELOPMENT AUTHORITY
A COMPONENT UNIT OF THE CITY OF SHREVEPORT
NOTES TO FINANCIAL STATEMENTS

Note 1 - Summary of Significant Accounting Policies

A summary of significant accounting policies follows:

Basis of Presentation

The accompanying financial statements of the Downtown Development Authority (DDA) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. Application of GAAP often requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could differ from those estimates.

The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

Reporting Entity

The Downtown Development Authority, a component unit of the City of Shreveport, is a quasi-public organization established by an ordinance of the City of Shreveport to provide for the revitalization of downtown Shreveport. Its purpose is to coordinate the efforts of the public and private sectors for the economic and overall development of the Downtown Development District, a special taxing district within the city of Shreveport created by an act of the Louisiana State Legislature. The governing authority of the DDA is a board of directors consisting of seven voting members and two non-voting ex-officio members. The voting members are appointed by the Mayor of the City of Shreveport and confirmed by the City Council for three-year terms. The ex-officio members are the Mayor and the executive director of DDA. The board members do not receive compensation for serving on the board. The governing authority of the DDA board was established by an ordinance of the City of Shreveport.

The DDA was determined to be a component unit of the City of Shreveport for the following reasons:

The City of Shreveport has the ability to impose its will on DDA through approval or modification of its budget.

The DDA imposes a financial burden on the City because the City levies the ad valorem taxes dedicated for DDA's purpose.

The accompanying financial statements present information only on the funds maintained by the DDA and do not present information on the City of Shreveport.

DDA has no component units since it has no substantial authority to control the affairs of other governmental entities.

DOWNTOWN DEVELOPMENT AUTHORITY
A COMPONENT UNIT OF THE CITY OF SHREVEPORT
NOTES TO FINANCIAL STATEMENTS

Note 1 - Summary of Significant Accounting Policies (Continued)

Fund Accounting

DDA uses funds and account groups to report its financial position and results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions relating to certain government functions or activities.

A fund is a separate accounting entity with a self-balancing set of accounts. An account group is a financial reporting device designed to provide accountability for certain assets and liabilities that are not recorded in the funds because they do not directly affect net expendable available financial resources.

The following funds and account groups are used by DDA:

General Fund-This fund is the general operating fund of DDA. It is used to account for all financial resources except those required to be accounted for in other funds. The general fund is a governmental fund.

General Fixed Assets Account Group-This account group is established to account for all fixed assets of DDA and is used to maintain accounting control over these fixed assets.

Basis of Accounting

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. The governmental funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. Operating statements of these funds present increases and decreases in net current assets. The modified accrual basis of accounting is used by the governmental funds. The governmental funds use the following practices in recording revenues and expenditures:

Revenues-Revenues are recognized in the accounting period in which they become both measurable and available to finance expenditures of the fiscal period. See Note 7 concerning revenues from property taxes.

Expenditures-Administrative and programs/projects expenditures are recognized in the accounting period in which the fund liability is incurred, if measurable.

Budgets

DDA's budgetary calendar is January 1 through December 31 of each year. The 1999 budget, prepared by the Executive Director, was approved by the DDA board and the City Council. An abbreviated version of the budget as illustrated in the city ordinance was published in The Times newspaper. The 1999 budget was not amended. Unexpended budget balances lapse at the end of each year.

DOWNTOWN DEVELOPMENT AUTHORITY
A COMPONENT UNIT OF THE CITY OF SHREVEPORT
NOTES TO FINANCIAL STATEMENTS

Note 1 - Summary of Significant Accounting Policies (Continued)

Budgets (Continued)

The 1999 budget was adopted on a basis consistent with generally accepted accounting principles (GAAP).

Encumbrances

DDA does not use encumbrance accounting. See Note 4 concerning commitments.

Fixed Assets

Fixed assets are recorded as expenditures at the time purchased or constructed and the related assets are capitalized (reported) in the general fixed assets account group. All assets are recorded at cost. Depreciation is not provided on general fixed assets.

Cash and Cash Equivalents

Cash and cash equivalents include amounts in demand deposit, money market accounts and highly liquid debt instruments acquired with maturities of three months or less. Under state law, DDA may deposit funds in demand deposits, interest-bearing demand deposits, money market accounts, or time deposits with state banks organized under Louisiana law and national banks having their principal offices in Louisiana.

Compensated Absences

The DDA's formal leave policy does not provide for the accumulation or vesting of leave and accordingly no liability is recorded in the financial statements.

Fund Equity

Reserves represent those portions of fund equity not appropriable for expenditure or legally segregated for a specific future use. Designated fund balances represent tentative plans for future use of financial resources.

Note 2 - Related Party Transactions

DDA has reserved \$50,000 for use by Downtown Shreveport Development Corporation (DSDC), an organization which utilizes the professional staff of DDA, in making loans to qualifying downtown businesses for the revitalization of downtown Shreveport. DDA has agreed to transfer all or part of these funds to DSDC as additional loans are made.

DDA receives board approved reimbursements from DSDC for administrative services provided. During 1999, DDA received \$8,500 from DSDC for administrative services rendered. In addition, DDA paid certain expenses on behalf of DSDC during 1999. Reimbursements due from DSDC total \$186 at December 31, 1999.

DOWNTOWN DEVELOPMENT AUTHORITY
A COMPONENT UNIT OF THE CITY OF SHREVEPORT
NOTES TO FINANCIAL STATEMENTS

Note 2 - Related Party Transactions (Continued)

DDA also provides administrative services to Downtown Shreveport Unlimited (DSU), an organization utilizing the professional staff of DDA. For the year ended December 31, 1999, DDA received \$11,000 from DSU for administrative services rendered. DDA also serves as paymaster for an employee hired exclusively for DSU. DSU reimburses DDA for the employee's gross payroll, payroll taxes, workman's compensation insurance, health insurance premiums and retirement contributions. Reimbursements due from DSU total \$3,631 at December 31, 1999.

For the year ended December 31, 1999, the City of Shreveport committed \$197,000 for Streetscape Maintenance. At December 31, 1999, the balance due from the City of Shreveport for streetscape maintenance totals \$32,833.

During 1999 DDA entered into a contract with the City of Shreveport to manage the downtown parking system. The contract has a four year term beginning January 1, 2000. DDA's responsibility under the contract will be to enforce parking and no parking zones in all areas of the city, with the exception of the Shreveport Regional Airport. Payments under the contract are \$24,000 per month for the initial year. Payments for subsequent years are subject to negotiation. In addition, for the initial year of contract, the City of Shreveport has agreed to pay \$122,000 for reimbursement of program start-up expenditures. At December 31, 1999 the reimbursement due from the City of Shreveport for start-up expenditures paid by DDA totals \$62,178.

Note 3 - Lease Commitments

Beginning August 1, 1998, DDA entered into a lease for 3,350 square feet of office space located in the building known as Louisiana Tower. Renovations were completed and DDA moved its offices during December, 1998. The lease is for a term of six years with an option to renew under the same terms at the conclusion of the original term. For the first three years of the lease term, no rent is required. Beginning August, 2001, rent will be \$544 per month. The cost of utilities is included in the stated monthly rental.

DDA renewed an operating lease in September, 1998 for warehouse space located at 1215 Texas Street. Lease terms provide for monthly rentals of \$450 for 36 months. Rent expense under this lease for 1999 is \$5,400.

DDA leases warehouse space located at 720 Edwards Street. The lease for this warehouse expired during May, 1999 and the space is currently leased on a month-to-month basis for \$300 per month. Rent expense under this lease for 1999 is \$3,600.

DDA entered into an operating lease in April, 1996 for a copier. Lease terms provide for monthly rentals of \$560 for 48 months. Rent expense under this lease for 1999 is \$6,716.

DDA entered into an operating lease in August, 1996 for a postage meter. Lease terms provide for monthly rentals of \$588 for 66 months. Rent expense under this lease for 1999 is \$7,056.

DOWNTOWN DEVELOPMENT AUTHORITY
A COMPONENT UNIT OF THE CITY OF SHREVEPORT
NOTES TO FINANCIAL STATEMENTS

Note 3 - Lease Commitment (Continued)

Total rent expense for the year ended December 31, 1999 is \$22,772.

At December 31, 1999, minimum future lease payments under the noncancelable leases are as follows:

<u>Year Ending</u> <u>December 31</u>	<u>Total</u> <u>Minimum</u> <u>Payments</u>
2000	\$ 14,696
2001	13,375
2002	7,701
2003	6,525
2004	3,806

Note 4 - Commitments

DDA has committed \$20,000 per year through the year 2003, for permanent works of art in the downtown area.

DDA has committed \$30,000 per year through the year 2005, to the City of Shreveport for the purpose of defraying costs associated with relocating City Hall to the downtown area.

See Note 3 concerning lease commitments.

Note 5 - Retirement Plan

DDA maintains a defined contribution pension plan covering all employees over age 20 1/2 with three or more months of qualified service. Bank One, Louisiana, N.A. administers the plan. For 1999, total payroll for all employees was \$378,276 with \$364,400 covered under the plan. Required total employer and employee contributions to the plan, equal to three percent of covered payroll, amounted to \$10,932 for the employer and \$10,932 for the employees. Employee account balances are fully vested after five years of service. Employer contributions are reported as follows:

	<u>Year Ended</u> <u>December 31,</u> <u>1999</u>
Administrative Expenditures	\$ 6,829
Programs/Projects Expenditures (Streetscape) (Note 10)	<u>4,103</u>
	<u>\$ 10,932</u>

DOWNTOWN DEVELOPMENT AUTHORITY
A COMPONENT UNIT OF THE CITY OF SHREVEPORT
NOTES TO FINANCIAL STATEMENTS

Note 6 - Cash and Cash Equivalents

At December 31, 1999, bank deposits, without regard to DDA's outstanding checks and deposits, are as follows:

Bank One, Louisiana, N.A.	\$280,624
Deposit Guaranty National Bank	<u>55,804</u>
	<u>\$336,428</u>

Cash deposits in banks are insured to the extent of FDIC limitations of \$100,000. All funds in excess of FDIC limitations are collateralized with securities pledged with the Federal Reserve Bank of Atlanta by Bank One, Louisiana, N.A.

Note 7 - Property Taxes Receivable and 1998 Property Tax Adjustment

Property tax revenues for 1999, which will be collected by DDA in the year 2000, are estimated by management to be \$480,300. This amount is lower than the City of Shreveport's estimate of \$490,060, which is based on 1999 assessed value of \$61,334,170 and a millage rate of 7.99. The City's estimate is subject to adjustment by the Louisiana Tax Commission and a possible adjustment depending on final property tax receipts. Property taxes are levied on December 1 and due by December 31 of each year. The City of Shreveport collects property taxes and remits to DDA periodically. DDA recognizes property tax revenues when they are levied by the City of Shreveport.

For the year ended December 31, 1998, property tax revenue was estimated by management to be \$496,800. Actual collections of 1998 property taxes were \$509,229. The excess of \$12,429 is recorded as an increase in current period income.

Actual and estimated property tax revenue for the current and prior five years is as follows:

<u>Year Ended</u> <u>December 31</u>	<u>Actual</u>	<u>Estimated</u>	<u>Difference</u>
1994	\$446,933	\$426,000	\$ 20,933
1995	472,873	468,258	4,615
1996	479,124	467,190	11,934
1997	504,929	496,600	8,329
1998	509,229	496,800	12,429
1999		480,300	

DOWNTOWN DEVELOPMENT AUTHORITY
A COMPONENT UNIT OF THE CITY OF SHREVEPORT
NOTES TO FINANCIAL STATEMENTS

Note 8 - Changes in General Fixed Assets

A summary of changes in general fixed assets follows:

	Balance at January 1, <u>1999</u>	<u>Additions</u>	Balance at December 31, <u>1999</u>
Office Equipment and Furniture	\$ 98,206	\$ 5,304	\$103,510
Streetscape Equipment	49,344	- 0 -	49,344
Leasehold Improvements	<u>52,369</u>	<u>- 0 -</u>	<u>52,369</u>
	<u>\$199,919</u>	<u>\$ 5,304</u>	<u>\$205,223</u>

Note 9 - Other Postemployment Benefits

DDA provides no postemployment benefits to its employees other than those required by law under The Consolidated Omnibus Budget Reconciliation Act of 1985.

Note 10- Streetscape Maintenance

Streetscape Maintenance includes the following expenses:

Salaries and Wages	\$139,400
Payroll Taxes and Workmen's Compensation Insurance	21,650
Retirement Expense	4,103
Other Insurance	3,090
Rent-Edwards Street Warehouse	3,600
Maintenance and Supplies Expense	<u>48,040</u>
Total	<u>\$219,883</u>

Note 11- Insurance

DDA carries commercial insurance for all significant risks of loss. Settled claims resulting from these risks have not exceed commercial insurance coverage in any of the past three fiscal years.

COLE, EVANS & PETERSON

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SHEILA F. NATTIN, C.P.A.

February 20, 2000

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH LAWS AND REGULATIONS

Board of Directors
Downtown Development Authority
Shreveport, Louisiana

We have audited the financial statements of the Downtown Development Authority, a component unit of the City of Shreveport as of and for the year ended December 31, 1999, and have issued our report thereon dated February 20, 2000.

We conducted our audit in accordance with generally accepted auditing standards and Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

Compliance with laws, regulations, contracts, and grants applicable to the Downtown Development Authority is the responsibility of the Downtown Development Authority's management. As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we performed tests of the Downtown Development Authority's compliance with certain provisions of laws, regulations, contracts, and grants. However, the objective of our audit of the financial statements was not to provide an opinion on overall compliance with such provisions. Accordingly, we do not express such an opinion.

The results of our tests disclosed no instances of noncompliance that are required to be reported herein under Government Auditing Standards.

This report is intended solely for the information and use of the Board of Directors and management of the Downtown Development Authority, the City of Shreveport, and the State of Louisiana and is not intended to be and should not be used by anyone other than these specified parties.

Cole, Evans & Peterson
Cole, Evans & Peterson

COLE, EVANS & PETERSON

CERTIFIED PUBLIC ACCOUNTANTS

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PARTNER EMERITUS

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February 20, 2000

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL

Board of Directors
Downtown Development Authority
Shreveport, Louisiana

We have audited the financial statements of Downtown Development Authority, a component unit of the City of Shreveport at and for the year ended December 31, 1999, and have issued our report thereon dated February 20, 2000.

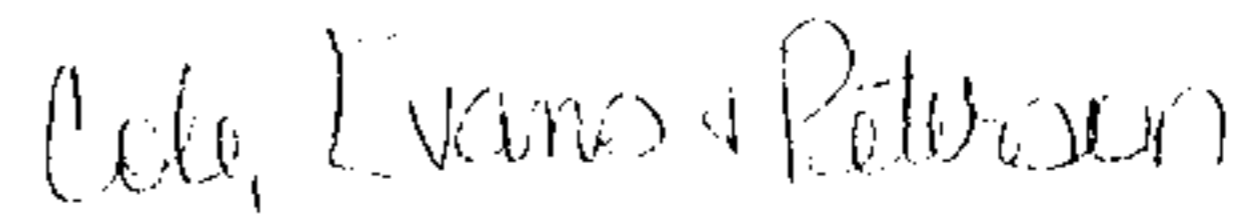
We conducted our audit in accordance with generally accepted auditing standards and Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

The management of Downtown Development Authority is responsible for establishing and maintaining internal control. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of controls. The objectives of internal control are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of financial statements in accordance with generally accepted accounting principles. Because of inherent limitations in any internal control, errors or fraud may nevertheless occur and not be detected. Also, projection of any evaluation of internal control to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the effectiveness of the design and operation of controls may deteriorate.

In planning and performing our audit of the financial statements of Downtown Development Authority for the year ended December 31, 1999, we obtained an understanding of internal control. With respect to internal control, we obtained an understanding of the design of relevant controls and whether they had been placed in operation, and we assessed control risk in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on internal control. Accordingly, we do not express such an opinion.

Our consideration of internal control would not necessarily disclose all matters in internal control that might be material weaknesses under standards established by the American Institute of Certified Public Accountants. 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 errors or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving internal control and its operation that we consider to be material weaknesses as defined above.

This report is intended solely for the information and use of the Board of Directors and management of the Downtown Development Authority, the City of Shreveport, and the State of Louisiana and is not intended to be and should not be used by anyone other than these specified parties.



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February 20, 2000

INDEPENDENT AUDITORS' SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS For the Year Ended December 31, 1999

We have audited the financial statements of Downtown Development Authority, a component unit of the City of Shreveport at and for the year ended December 31, 1999, and have issued our report thereon dated February 20, 2000. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our audit of the financial statements as of December 31, 1999 resulted in an unqualified opinion.

Section 1 - Summary of Auditors' Report

a. Report of Internal Control and Compliance Material to the Financial Statements

Internal Control

Material Weaknesses - No

Reportable Conditions - No

Compliance

Compliance Material to the Financial Statements - No

b. Management Letter

Management letter issued - No

Section 2 - Financial Statement Findings

There are no finding or questioned costs described in our reports dated February 20, 2000 on compliance and internal control for the year ended December 31, 1999 that are required to be reported herein.

DOWNTOWN DEVELOPMENT AUTHORITY, A COMPONENT UNIT OF THE CITY OF SHREVEPORT

MANAGEMENT'S SCHEDULE OF PRIOR YEAR FINDINGS
For the Year Ended December 31, 1999

Section 1 - Internal Control and Compliance Material to the Financial Statements

There are no uncorrected findings from prior audit reports as of February 20, 2000.

Section 2 - Internal Control and Compliance Material to Federal Awards

N/A

Section 3 - Management Letter

No findings during prior year.