

**COMPREHENSIVE
ANNUAL FINANCIAL REPORT
of the
CITY OF BOSSIER CITY, LOUISIANA
for the
Year Ended December 31, 1998**

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the audited, or reviewed, 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 JUL 28 1999

**George Dement
Mayor**

**Charles E. Glover
Director of Finance**

Prepared by Department of Finance

CITY OF BOSSIER CITY, LOUISIANA

Comprehensive Annual Financial Report

Year ended December 31, 1998

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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

May 10, 1999

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 fiscal year 1998. Last year was another good year for our city. The area economy continues to grow as indicated by the opening of new businesses, expansion of existing businesses, continued increases in housing starts, and in tourist activity.

Indicators of this growth are the sustained increase of our Sales Tax, Building Permit fees and Occupational License tax collections over 1997. Bossier Medical Center's financial difficulties continue. An election to consider a proposal to sell the Center was held on May 1, 1999, at which time Bossier City voters approved the sale.

The last quarter of 1998 saw the opening of Casino Magic's 200-room hotel. The Isle of Capri Casino's 300-room hotel is scheduled to open in the 2nd quarter of 1999. The construction of an 18-hole golf course and housing development and construction of our 14,000 seat multipurpose arena are well underway.

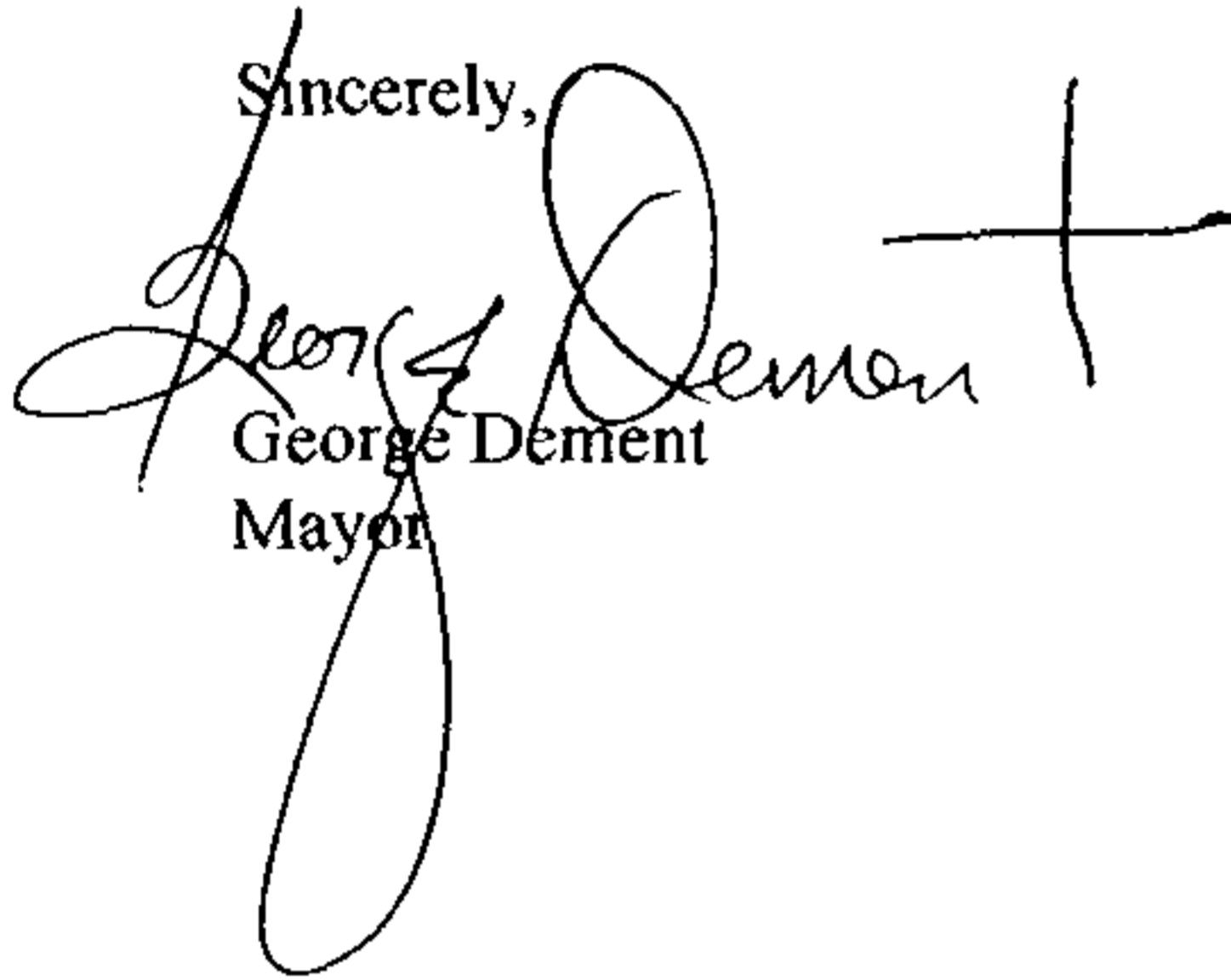
This unprecedented growth necessitates that we aggressively pursue expansions and improvements to our infrastructure. To this end the expansions of our water and sewer plants will come on line in mid-1999. The Arthur Ray Teague Parkway from McDade to Hamilton Road is scheduled for completion in late 1999. These must remain top priorities if we are to successfully and orderly manage our growth.

There is nothing on the horizon to indicate that our growth will not continue. This growth will also necessitate that we carefully monitor our receipts and expenditures so that taxpayers are receiving the maximum value for their tax dollars. Our City Council continues to effectively perform their check and balance function to insure that this happens.

Members of the City Council
City of Bossier City, Louisiana
May 10, 1999
Page 2

We look forward to fiscal year 1999 as another year of productive and harmonious partnership with the Council as we continue our efforts to provide the citizens of our growing community with the services and quality of life they deserve.

Sincerely,

A handwritten signature in cursive script that reads "George Dement". The signature is written in black ink and is positioned to the right of the word "Sincerely,". Below the signature, the name "George Dement" and the title "Mayor" are printed in a standard font.

George Dement
Mayor



CITY OF BOSSIER CITY

P. O. BOX 5337

BOSSIER CITY, LOUISIANA 71171-5337

May 10, 1999

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

In compliance with Section 4.06, paragraph 7 of the City Charter, the comprehensive annual financial report for the City of Bossier City, Louisiana (the "City") for the year ended December 31, 1998, is submitted herewith. This document is the official comprehensive publication of the City's financial position at December 31, 1998, and of the results of operations for the year ended December 31, 1998, for all funds and account groups of the City.

This report was prepared by the City's Finance Department. Responsibility for both the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures, rests with the City. The report complies in all material respects to the Governmental Accounting Standards Board authoritative promulgations. The notes to the financial statements explain the City's accounting policies, basis of accounting, funds, and accounts used, as well as other significant accounting information. These notes are an integral part of this report.

The report includes all entities or organizations that are required to be included in the City's reporting entity. The basic criterion for determining whether a governmental department, agency, institution, commission, public authority, or other governmental organization should be included in a governmental unit's reporting entity 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.

There are several agencies that provide services to City residents and are included in the financial statements of the City as discrete component units because they are legally separate from the City. These entities are:

City Court of Bossier City
Bossier City Marshal's Office
Metropolitan Planning Commission
Bossier Public Trust Financing Authority

The Honorable George Dement, Mayor
and Members of the City Council
May 10, 1999

The comprehensive annual financial report is presented in three sections: introductory, financial, and statistical. The introductory section includes this transmittal letter, the government's organizational chart, and a list of principal officials. The financial section includes the general purpose financial statements, the combining and individual fund and account group financial statements and schedules and supplementary data, as well as the auditors' report on the financial statements. The statistical section includes selected financial and demographic information, generally presented on a multi-year basis.

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.

ECONOMIC CONDITION AND OUTLOOK

During 1998, the City continued to experience significant growth in new construction. This is evidenced by the consistency in the number of building permits issued and the revenues derived therefrom. There continues to be significant increases in residential construction in North, East, and South Bossier, primarily in single family dwellings. Expansion of existing businesses and construction of new businesses, many of which are located on Airline Drive in North Bossier and along the I-220 by pass, are evidence of continued growth and expansion that can be attributed to the improved economy and the increase in tourist activity, primarily as a result of the advent of riverboat gaming.

Barksdale Air Force Base, which currently employs over 7,000 people in the area, remains as viable and active as it has in the past. New construction and continued talks of additional missions and mission expansion are indicators that the base will remain an integral part of our community.

With the Red River connecting Bossier City to the City of Shreveport, the condition of the Shreveport economy directly and indirectly has an effect on our City. The economy of the Bossier/Shreveport area once again experienced sustained growth during 1998. This growth is evidenced by continued increases in retail sales, employment, and residential housing construction. The continued expansion of the Caddo Bossier Port and Interstate-49 continue to have positive effects on the economy and provide major links for Northwest Louisiana with other areas of the state and beyond. The three riverboat gaming pavilions in the City and one in Shreveport continue to contribute significantly to the area's economy. One 600 room luxury hotel opened in late 1997, another 200 room hotel opened in late 1998 and a 300 room facility is scheduled to be opened in early spring of 1999.

**REQUIRED
SUPPLEMENTARY
INFORMATION**

INTRODUCTORY SECTION

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FOR EXCELLENCE**
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-
-
-

The Honorable George Dement, Mayor
and Members of the City Council
May 10, 1999

MAJOR INITIATIVES

Current

Construction of the Arthur Ray Teague Parkway, Phase III, is ahead of schedule and may be completed by the end of 1999. Our Northeast Sewer Treatment Plant is substantially complete now, and our Water Treatment plan upgrade is going well with a planned project completion in May of 1999. Construction of the City's 14,000 seat multi-purpose arena is underway and engineering to improve water distribution is near completion.

Future

Plans are complete for Phase IV of the Arthur Ray Teague Parkway, south to the vicinity of the arena site, and construction starting in late 1999 is feasible. The Downtown Redevelopment implementation is progressing. Additional properties are being purchased and traffic studies to help alleviate downtown vehicle traffic problems are in progress.

FINANCIAL INFORMATION

Accounting System and Budgetary Control

In developing and evaluating the City's accounting system, consideration is given to the adequacy of internal accounting controls. Internal accounting controls are designed to provide reasonable, but not absolute, assurance regarding: (1) the safeguarding of assets against loss from unauthorized use or disposition; and (2) the reliability of financial records for preparing financial statements and maintaining accountability for assets. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the evaluation of costs and benefits requires estimates and judgments by management.

All internal control evaluations occur within the above framework. We believe that the City's internal accounting controls adequately safeguard assets and provide reasonable assurance of proper recording of financial transactions.

The accounting records for general governmental operations are maintained on a modified accrual basis with the revenues being recorded when measurable and available and expenditures being recorded when the liability is incurred. Accounting records of the City's proprietary funds are maintained on the accrual basis.

Budgetary control is maintained at the subclass level by the encumbrance of balances with purchase orders before their release to vendors. Purchase orders which would result in an overrun of a budget allocation, after considering fund surpluses or deficits, are rejected by the accounting system and are not processed until additional funds are available. Monthly budget reports are prepared for management's use in controlling and monitoring the approved budget. Open encumbrances are reported as reservations of fund balance at December 31, 1998.

The Honorable George Dement, Mayor
and Members of the City Council
May 10, 1999

Assessed valuations of \$243,058,780 represented an increase of 7.7% over the preceding year. Allocations of property tax levy by purpose (tax rate per \$1,000 assessed value) for 1998 and 1997 are as follows:

Purpose	<u>1998</u>	<u>1997</u>
General Fund - unrestricted	\$ 6.90	6.90
General Fund - restricted for Fire and Police Departments	19.48	19.48
	<u>\$ 26.38</u>	<u>26.38</u>

Expenditures in the General Fund totaled \$25,375,376 in 1998, an increase of 3.6% over 1997. The amount of expenditures in 1998 by general governmental function is shown in the following tabulation:

	<u>1998</u>		<u>Increase (Decrease) From 1997</u>
	<u>Amount</u>	<u>Percent of Total</u>	
General government	\$ 6,589,604	25.8%	\$ 296,275
Solid waste	1,856,190	7.3	(15,815)
Public safety	13,968,245	55.1	676,912
Highways and streets	825,058	3.3	(58,718)
Culture and recreation	1,349,568	5.4	(33,205)
City Court and Marshal	786,711	3.1	24,270
	<u>\$ 25,375,376</u>	<u>100.0%</u>	<u>\$ 889,719</u>

Total General Fund expenditures increased due primarily to additional personnel, repairs and maintenance cost increases, and increases in worker's compensation expenditures.

Fund balance in the General Fund was maintained at an adequate level. The General Fund fund balance experienced an increase of \$182,945 bringing the total fund balance to \$4,572,646 at December 31, 1998, which represents 18.0% of 1998 expenditures.

The Honorable George Dement, Mayor
and Members of the City Council
May 10, 1999

The following paragraphs are highlights of the activities of the funds and account groups controlled by or dependent upon the City. Significant financial events and changes in financial reporting practices are also reflected.

General Governmental Functions

The General Fund is the general operating fund of the City and is used to account for all financial resources not accounted for in other funds. The following disclosures of general governmental functions reflect those operating activities recorded in the General Fund. Revenues and other financing sources for general governmental functions totaled \$25,609,921 in 1998, an increase of 2.7% over 1997. General property and sales taxes, revenues from sanitation charges, licenses and permits, and intergovernmental, which represent the four major general governmental revenue sources of the City, produced 74.2% of general revenues compared to 77.3% last year. The amount of revenues from various sources in 1998 is shown in the following tabulation:

Revenues and Other Financing Sources	1998		Increase (Decrease) From 1997
	Amount	Percent of Total	
Taxes	\$ 13,861,276	54.2%	\$ (426,976)
Licenses and permits	1,903,456	7.4	59,031
Intergovernmental	1,590,529	6.2	76,432
Fines and penalties	998,030	3.9	287,926
Racing Commission - Louisiana Downs	325,271	1.3	21,967
Video Poker	431,185	1.7	257,850
Interest	88,615	0.3	55,503
Sanitation charges	1,642,548	6.4	2,637
Miscellaneous	1,234,272	4.8	(5,096)
Total revenues	22,075,182	86.2	329,274
Transfers in	3,534,739	13.8	334,388
Total revenues and other financing sources	\$ <u>25,609,921</u>	<u>100.0%</u>	\$ <u>663,662</u>

The category showing one of the most significant changes from 1997 was fines and penalties revenues which increased in 1998 primarily from a newly imposed fine on underage persons attempting to board a riverboat. In 1997, the City again began recording video poker revenue in the General Fund to compensate for increased salary and benefit costs. In 1998, the General Fund includes a full year of video poker revenue resulting in a significant increase in revenues. Tax revenue in the General Fund decreased due to increased funding requirements for the City's Firemen's and Policemen's Pension and Relief Funds.

The Honorable George Dement, Mayor
and Members of the City Council
May 10, 1999

At December 31, 1998, there was no general obligation debt recorded in the financial statements of the City. Tables 6 to 10C of this report present more detailed information about the debt position of the City.

Pension Plans

The City and the State of Louisiana collectively have six pension plans to provide substantially all full-time City employees with retirement, death, and disability benefits. Employees, other than fire, police, and Bossier Medical Center, are covered under the Municipal Employees' Retirement System of Louisiana. The City contributes 3.25% of eligible earnings to the state for administration of this system.

Employees of the Bossier Medical Center are eligible for coverage in the Bossier Medical Center Employee's Pension Fund, which is administered commercially. The plan is noncontributory and is funded on a current basis.

City-administered Fire and Police Pension and Relief Funds currently serve 160 active and retired members. These pension plans were established by state statutes without providing for adequate levels of contribution to fund the benefits offered by the plans. The latest actuarial valuation, dated January 1, 1998, indicated that the unfunded actuarial accrued liability for active and retired employees covered by these plans is \$58,270,203. According to the latest actuarial report, the estimated annual contribution required to pay normal cost and to fund the unfunded prior service cost over a 30-year period from 1983 is approximately \$4,902,834.

The unfunded actuarial liability of the Firemen's and Policemen's Plans increased more than expected this year due to salary increases which are passed on to retirees in the form of increased benefit payments. Generally, the unfunded actuarial liability of these plans can be expected to increase for the next few years before beginning to decrease. Growth in these numbers should not be viewed as an indication of underfunding as the City continues to keep the plans actuarially sound by making the required contributions.

A one-half cent sales tax was approved by the voters in 1982 with a portion of the tax dedicated to liquidate the unfunded liabilities of the Fire and Police Pension and Relief Funds over 30 years.

Cash Management

The City has a cash management program which consists of pooling cash and investments for all funds of the City except the pension trust funds. Available cash was invested in obligations collateralized by instruments issued by the United States Government or United States Government agencies created by an act of Congress or insured by the Federal Deposit Insurance Corporation. The total amount of interest earned during 1998 was \$7,135,006. This was \$673,825 more than interest earned during 1997.

The Honorable George Dement, Mayor
and Members of the City Council
May 10, 1999

Special Revenue Funds

Special revenue funds are used to account for the proceeds of specific revenue sources. The total revenues of \$12,462,943 from these sources for 1998 reflects a net decrease of 28.8% from 1997. Sales and use taxes, riverboat gaming, video poker, intergovernmental revenues and interest income generated 96.4% of the total 1998 revenues compared to 98.6% in 1997. Sales tax revenues of \$3,353,646 were recorded in three special revenue funds established for the purposes of constructing and operating two new fire stations and a training facility, maintaining and operating the City jail and municipal buildings, and repair and maintenance of streets and drainage. Riverboat gaming revenue of \$4,852,821 was received during 1998 as part of the agreement with the three riverboats operational during 1998. These funds were accumulated until the \$15,000,000 base amount created by ordinance was attained. A subsequent ordinance required that 50% of the revenue, after the accumulation of the \$15,000,000 base, be used for water plant expansion and 50% added to the base until a base amount of \$30,000,000 is attained. In 1998, \$2,565,647 was transferred from the Riverboat Gaming Special Revenue Fund to the water and sewage fund to fund construction activities related to the water plant expansion. At December 31, 1998, the balance of the base amount is \$30,747,722. Intergovernmental revenues of \$1,811,196 consisted primarily of Community Development Block Grant monies expended for programs designed to benefit low and moderate income residents and an allocation of \$1,212,529 from the State of Louisiana for the operation of the Civic Center. The Civic Center, in its seventh full year of operation, generated total revenues of \$1,496,161, primarily from the State grant and rental fees. Other special revenue funds were used to account for the Court Witness Fee Fund.

Debt Administration

Bonded indebtedness activity for 1998, which consists of revenue bonds applicable to general city, water and sewerage, and Medical Center operations, is summarized in the following table:

Bonds payable at January 1, 1998	\$ 52,150,106
New issue	39,435,730
Debt retired	(3,180,000)
Amortization of gain on refunding	<u>117,723</u>
Bonds payable at December 31, 1998	<u>\$ 88,523,559</u>

The Honorable George Dement, Mayor
and Members of the City Council
May 10, 1999

The operating revenues of the water and sewer systems have continued to improve during 1998 due primarily to increased service revenues. Water operating expenses have increased due to increased repair and maintenance costs.

Comparative data for the Bossier Medical Center and Emergency Medical Services for the past two years is presented in the following tabulation:

	Bossier Medical Center		Emergency Medical Services	
	<u>1998</u>	<u>1997</u>	<u>1998</u>	<u>1997</u>
Gross operating revenues	\$ 46,411,214	48,319,731	2,121,861	1,889,669
Operating expenses	<u>49,391,030</u>	<u>47,630,634</u>	<u>2,021,439</u>	<u>1,759,577</u>
Operating income (loss)	\$ <u>(2,979,816)</u>	<u>689,097</u>	<u>100,422</u>	<u>130,092</u>
Net income (loss)	\$ <u>(5,865,120)</u>	<u>254,919</u>	<u>126,071</u>	<u>149,472</u>

During 1998, the City requested bids for the sale of Bossier Medical Center. As a result of this process, the citizens voted May 1 to accept the bid to sell the hospital. Net income for the Bossier Medical Center decreased in 1998 primarily due to a decline in patient days, an increase in the average contractual discount percentage for third party and managed care payors, a decline in revenues from hospital services, the result of uncollectible receivables and the write off of approximately \$2,300,000 of impaired assets based on the bid received for the sale of the hospital. The Emergency Medical Services Fund operated at a net income in 1998 due primarily to an increase in collection efforts of out of town customers as well as growth in the outlying areas.

OTHER INFORMATION

Independent Audit

Section 3.10 of the City Charter of Bossier City requires that the City Council designate annually a certified public accountant or firm of certified public accountants to provide an annual independent audit of every agency and department of the City. The City Council designated KPMG LLP to meet these requirements and their report follows as an integral component of this report.

The City is required to undergo an annual single audit in conformity with the provisions of the revised Single Audit Act of 1996 and U.S. Office of Management and Budget Circular A-133, *Audits of State and Local Governments*. Information related to this single audit, including the schedule of federal financial assistance, findings and recommendations, and auditors' reports on the internal control structure and compliance with applicable laws and regulations, are presented in a separate report.

The Honorable George Dement, Mayor
and Members of the City Council
May 10, 1999

Certificate of Achievement of Excellence

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, 1997.

In order to be awarded a Certificate of Achievement for Excellence, a governmental unit must publish an easily readable and efficiently organized comprehensive annual financial report, whose contents conform to program standards. Such reports must satisfy both generally accepted accounting principles and applicable legal requirements.

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

Acknowledgments

The preparation of this report could not be accomplished without the efficient and dedicated services of the entire staff of the Finance Department and the assistance of the City's external auditors, KPMG LLP. I would like to express my appreciation to all members of the Department who assisted and contributed to its preparation. I would also like to thank the Mayor and the members of the City Council for their interest and support in planning and conducting the financial operations of the City in a responsible and progressive manner.

Respectfully submitted,



Charles E. Glover
Director of Finance

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Bossier City,
Louisiana

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
December 31, 1997

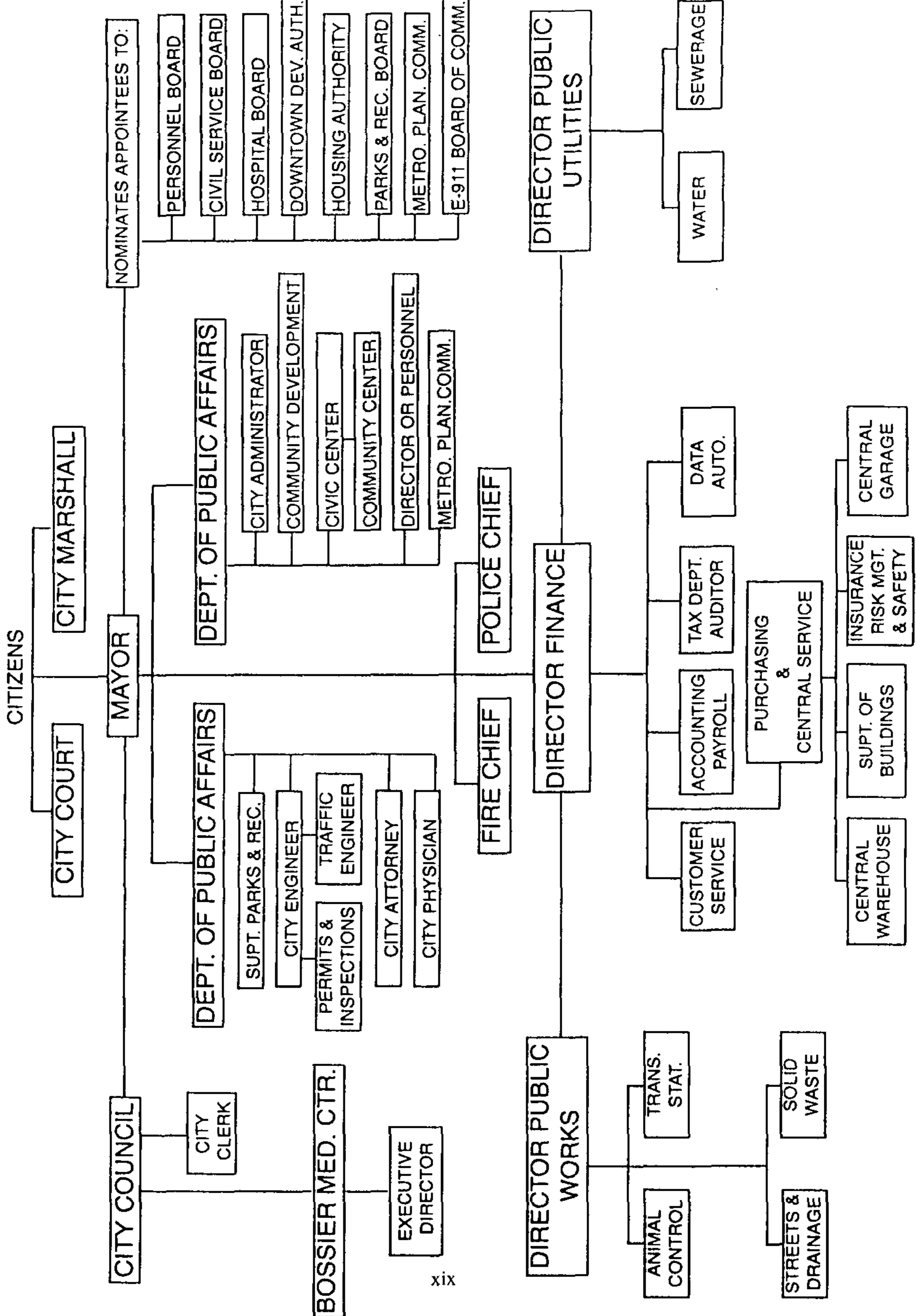
A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards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



Douglas R. Ellsworth
President

Jeffrey L. Esser
Executive Director

ORGANIZATION CHART



ELECTED OFFICIALS



MAYOR GEORGE DEMENT



**Council Member at Large
COY COOPER**



**Council Member at Large
P.O. DePRANG, JR.**



**Council Member District 1
FAY T. RAWLS**



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



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



**Council Member District 4
DAVID JONES**



**Council Member District 5
JAMES ROGERS**

The Honorable George Dement, Mayor
and Members of the City Council
May 10, 1999

Risk Management

The City maintains a combination of self-insurance and stop-loss coverage to manage its risk of loss from worker's compensation claims, property damage, theft, and claims against employees. During 1998, the City began participating in a health management organization and is no longer self-insured for group hospitalization. During 1998, the Insurance Fund deficit was eliminated by a payment of \$1,100,000 from the Riverboat Gaming special revenue fund. The retained earning in the Liability Insurance Fund improved by \$166,741 during 1998.

Capital Project Funds

The capital project funds are used to account for the acquisition or construction of major capital facilities other than those financed by proprietary funds or trust funds. Expenditures for capital improvement projects in 1998 totaled \$16,036,825. The primary sources of funding the City's capital improvement program are sales taxes and riverboat gaming.

The capital project fund balances, totaling \$42,787,196 at December 31, 1998, were invested through the City's cash management program in certificates of deposit and U.S. government obligations.

General Fixed Assets

The general fixed assets of the City are those fixed assets used in the performance of general governmental functions and exclude the fixed assets of enterprise funds. As of December 31, 1998, the general fixed assets of the City amounted to \$52,600,574. This amount represents the original cost of the assets. Depreciation of general fixed assets is not recognized in the City's accounting system, nor is interest capitalized.

Enterprise Funds

Comparative data for the water and sewerage system for the past two fiscal years is presented in the following tabulation:

	1998		1997	
	Water	Sewer	Water	Sewer
Gross operating revenues	\$ 4,540,409	4,945,864	4,197,120	4,777,599
Operating expenses	3,704,504	3,851,388	3,329,909	3,937,802
Operating income	\$ 835,905	1,094,476	867,211	839,797

**FINANCIAL
SECTION**

- **INDEPENDENT AUDITORS' REPORT**
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 - **COMBINING AND INDIVIDUAL FUND AND
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**INDEPENDENT
AUDITORS' REPORT —
OPINION OF INDEPENDENT
CERTIFIED PUBLIC
ACCOUNTANTS**

**COMBINED
FINANCIAL STATEMENTS
— OVERVIEW**

The Combined Financial Statements include all funds and account groups of the City and are designed to provide an overview of the financial position and results of operations for the City as a whole. Additional information in the form of combining and individual fund and account group statements and schedules is included elsewhere in this report.



1900 Deposit Guaranty Tower
333 Texas Street
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 general-purpose financial statements (except for the combined financial statements – enterprise funds contained in exhibits 1, 4 and 5), the combining and individual governmental and fiduciary fund financial statements, the combining and individual internal service fund financial statements, and the general fixed assets and general long-term obligation account group schedules of the City of Bossier City, Louisiana (City), as of and for the year ended December 31, 1998, as listed in the accompanying table of contents. We have also audited the Department of Water and Sewerage and Emergency Medical Services financial statements in the accompanying combining enterprise fund financial statements (exhibits E-1, E-2, and E-3) as of and for the year ended December 31, 1998. These financial statements and schedules are the responsibility of the City's management. Our responsibility is to express an opinion on these financial statements and schedules based on our audit. We did not audit the financial statements of the Bossier Medical Center (Center) in the accompanying combining enterprise fund financial statements and the component unit Bossier Public Trust Financing Authority (Authority), which statements reflect total assets of \$36,937,657 and \$13,435,188 as of December 31, 1998 and November 30, 1998, respectively, and total revenues of \$46,411,214 and \$1,050,163, respectively, for the years then ended. Those financial statements were audited by other auditors whose reports have been furnished to us, and our opinion on the accompanying financial statements and schedules, insofar as it relates to the amounts included for the Center and the Authority, is based on the reports of the other auditors.

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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit and the reports of other auditors provide a reasonable basis for our opinion.

Management of the Center was unable to provide its auditors with written representations regarding certain uncertainties and their presentation or disclosure in the Center's financial statements. Accordingly, the scope of the other auditors' work was not sufficient to enable them to express, and they did not express, an opinion on the Center's financial statements. As more fully described in Note 17 to the accompanying financial statements, the auditors of the Center also identified certain conditions that raise substantial doubt about the Center's ability to continue as a going concern. We were engaged to audit the combined financial statements – enterprise funds (contained in exhibits 1, 4 and 5) and the combining enterprise fund financial statements (exhibits E-1, E-2, and E-3) as of and for the year ended December 31, 1998. Because of the matter discussed in the first sentence of this paragraph and the materiality of the assets, revenues and cash flows of the Center to the total assets, revenues and cash flows of the combined financial statements –enterprise funds (contained in exhibits 1, 4 and 5) and the combining enterprise fund



financial statements (exhibits E-1, E-2, and E-3), we are unable to express, and we do not express, an opinion on the combined financial statements – enterprise funds (contained in exhibits 1, 4 and 5) and the combining enterprise fund financial statements (exhibits E-1, E-2, and E-3) of the City as of and for the year ended December 31, 1998.

In our opinion, based on our audit and the reports of other auditors, the general-purpose financial statements referred to in the first paragraph of this report present fairly, in all material respects, the financial position of the City as of December 31, 1998, and the results of its operations and the cash flows of its internal service funds for the year then ended in conformity with generally accepted accounting principles. Also, in our opinion, the combining and individual governmental and fiduciary fund financial statements, the combining and individual internal service fund financial statements, and the general fixed assets and general long-term obligation account group schedules referred to above present fairly, in all material respects, the financial position of each of the individual funds and account groups of the City as of December 31, 1998, and the results of operations of such funds and the cash flows of the internal service funds for the year then ended in conformity with generally accepted accounting principles. Further, in our opinion, the Department of Water and Sewerage and Emergency Medical Services financial statements referred to in the first paragraph of this report present fairly, in all material respects, the financial position of each of these individual funds of the City as of December 31, 1998, and the results of operations and cash flows of those funds 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 March 26, 1999, on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants.

The schedule of funding progress and the year 2000 information on pages 59 and 58, respectively, are not a required part of the general purpose financial statements, but are supplementary information required by the Governmental Accounting Standards Board, and we did not audit and do not express an opinion on such information. We have applied to the schedule of funding progress certain limited procedures prescribed by professional standards, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the schedule. We were unable to apply certain of these limited procedures to the year 2000 information because of the nature of the subject matter underlying the disclosure requirements and because sufficiently specific criteria regarding the matters to be disclosed have not been established. In addition, we do not provide assurance that the City is or will become year 2000 compliant, that the City's year 2000 remediation efforts will be successful in whole or in part, or that parties with which the City does business are or will become year 2000 compliant.

The accompanying information in the Introductory Section and the information in the Statistical Section has not been audited by us, and accordingly we express no opinion on this information.

KPMG LLP

March 26, 1999, except for Note 17
which is dated May 1, 1999

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CITY OF BOSSIER CITY, LOUISIANA

Combined Balance Sheet - All Fund Types, Account Groups, and Discretely Presented Component Units

December 31, 1998
with comparative totals for 1997

Assets and Other Debits	Governmental Fund Types				Proprietary Fund Types		Fiduciary Fund Type			Account Groups			Totals (Memorandum Only)		Component Units 1998
	General	Special Revenue	Debt Service		Capital Projects	Enterprise Funds	Internal Service	Trust and Agency Funds	General	Fixed Assets	General Long-Term Obligation	1998	1997		
			General	Special Revenue										Debt	
Cash and cash equivalents (note 2)	2,720,458	35,148,143	7,014,693	7,014,693	43,305,249	10,106,608	680,762	2,511,993	-	-	-	101,487,906	68,151,095	550,376	
Investments (note 2)	-	-	-	-	-	-	-	26,570,892	-	-	-	26,570,892	23,329,498	155,216	
Receivables, net:															
Property taxes (note 3)	1,856,996	-	-	-	-	-	-	-	-	-	-	1,856,996	1,521,633	-	
Customers (net of allowance for uncollectible accounts of \$2,194,181)	-	-	-	-	-	9,718,172	-	-	-	-	-	9,718,172	11,571,151	-	
Accrued interest	30,497	479,242	100,202	100,202	586,521	134,929	-	216,118	-	-	-	1,547,509	959,197	379	
Other	700,050	-	-	-	295,938	346,970	-	-	-	-	-	1,342,958	1,956,011	-	
Due from other funds (note 11)	66,662	-	183,061	183,061	223,445	-	-	-	-	-	-	473,168	588,782	-	
Due from other governmental units	90,146	547,847	-	-	-	-	-	-	-	-	-	637,993	366,271	5,420	
Prepaid items	-	-	-	-	-	549,939	148,246	-	-	-	-	698,185	803,627	-	
Inventories, at cost	92,539	-	-	-	-	1,107,312	-	-	-	-	-	1,199,851	1,294,430	-	
Restricted assets (notes 2 and 5):															
Cash and cash equivalents	-	-	-	-	-	17,255,578	-	-	-	-	-	17,255,578	16,907,838	29,112	
Investments, at cost	-	-	-	-	-	250,000	-	-	-	-	-	250,000	1,197,630	13,326,927	
Accrued interest	-	-	-	-	-	121,104	-	-	-	-	-	121,104	132,857	79,149	
Property, plant, and equipment, net (note 4)	-	-	-	-	80,715,385	-	-	-	52,600,574	-	-	133,315,959	115,984,936	133,101	
Other assets (note 15)	-	-	-	-	630,055	-	-	-	-	-	-	630,055	1,098,034	-	
Amounts available in debt service funds	-	-	-	-	-	-	-	-	-	7,074,511	-	7,074,511	6,432,405	-	
Amount to be provided for retirement of general long-term obligations	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Total assets and other debits	\$ 5,557,348	36,175,232	7,297,956	7,297,956	44,411,153	120,936,052	829,008	29,299,003	52,600,574	66,420,779	59,346,268	363,527,105	279,438,829	14,279,680	

(Continued)

CITY OF BOSSIER CITY, LOUISIANA

Combined Balance Sheet - All Fund Types, Account Groups, and Discretely Presented Component Units

December 31, 1998
with comparative totals for 1997

Liabilities	Governmental Fund Types				Proprietary Fund Types		Fiduciary Fund Type		Account Groups		Totals		Component Units 1998
	General	Special Revenue	Debt Service	Capital Projects	Enterprise Funds	Internal Service	Trust and Agency Funds	General	Fixed Assets	General Long-Term Obligation	(Memorandum Only) Primary Government		
											1998	1997	
Accounts payable	\$ 547,570	691,084	-	1,164,849	3,766,930	593,350	79,569	-	-	-	6,843,352	6,878,155	71,022
Accrued liabilities	-	-	-	-	-	-	-	-	-	-	-	581,714	-
Amounts due to third-party payors	-	-	-	-	285,805	-	-	-	-	-	285,805	-	-
Estimates and retainages payable	-	-	-	276,047	1,119,033	-	-	-	-	-	1,395,080	217,149	-
Due to other funds (note 11)	-	66,662	223,445	183,061	-	-	-	-	-	-	473,168	588,782	-
Due to other governmental units	-	-	-	-	-	-	-	-	-	-	-	-	124,282
Taxes paid under protest	-	-	-	-	-	-	483,442	-	-	-	483,442	380,946	-
Refundable deposits and other	-	-	-	-	171,301	-	55,869	-	-	-	227,170	260,503	-
Accrued vacation (note 5)	-	-	-	-	1,116,668	-	-	-	570,779	-	1,687,447	1,561,787	-
Payable from restricted assets:	-	-	-	-	-	-	-	-	-	-	-	-	-
Accrued interest	-	-	-	-	406,336	-	-	-	-	-	406,336	391,377	-
Revenue bonds - current portion (note 5)	-	-	-	-	5,495,000	-	-	-	-	-	5,495,000	1,255,000	-
Deferred revenues	437,132	4,289	-	-	-	-	-	-	-	-	441,421	280,795	99,936
Revenue bonds payable (note 5):	-	-	-	-	-	-	-	-	-	-	-	-	-
Enterprise funds	-	-	-	-	17,178,559	-	-	-	-	-	17,178,559	17,870,106	-
General city operations	-	-	-	-	-	-	-	-	65,850,000	-	65,850,000	33,025,000	-
Component units	-	-	-	-	-	-	-	-	-	-	-	-	13,145,000
Total liabilities	984,702	762,035	223,445	1,623,957	29,539,632	593,350	618,880	-	-	66,420,779	100,766,780	63,291,314	13,440,240
Equity and Other Credits													
Contributed capital (note 8)	-	-	-	-	48,122,693	-	-	-	-	-	48,122,693	45,815,567	-
Investment in general fixed assets (note 4)	-	-	-	-	-	-	-	-	52,600,574	-	52,600,574	46,548,858	133,101
Retained earnings:													
Reserved for revenue bond requirements (note 5)	-	-	-	-	1,697,082	-	-	-	-	-	1,697,082	1,874,255	-
Unreserved	-	-	-	-	41,576,645	235,658	-	-	-	-	41,812,303	43,415,591	259,586
Fund Balance:													
Reserved for:													
Debt service (note 5)	-	-	7,074,511	-	-	-	-	-	-	-	7,074,511	6,432,405	-
Encumbrances	51,246	505,990	-	6,246,597	-	-	-	-	-	-	6,803,833	3,594,830	-
Employees' retirement systems (note 9)	-	-	-	-	-	-	28,680,123	-	-	-	28,680,123	25,083,823	-
Unreserved:													
Designated for subsequent years' expenditures	-	30,747,722	-	36,540,599	-	-	-	-	-	-	67,288,321	36,570,149	-
Undesignated	4,521,400	4,159,485	-	-	-	-	-	-	-	-	8,680,885	6,812,037	446,753
Total retained earnings fund balances	4,572,646	35,413,197	7,074,511	42,787,196	43,273,727	235,658	28,680,123	-	-	-	162,037,058	123,783,090	706,339
Total equity and other credits	4,572,646	35,413,197	7,074,511	42,787,196	91,396,420	235,658	28,680,123	-	-	-	262,760,325	216,147,515	839,440
Total liabilities, equity, and other credits	\$ 5,557,348	36,175,232	7,297,956	44,411,153	120,936,052	829,008	29,299,003	66,420,779	52,600,574	66,420,779	363,527,105	279,438,829	14,279,680

See accompanying notes to combined financial statements.

CITY OF BOSSIER CITY, LOUISIANA

Combined Statement of Revenues, Expenditures, and Changes in Fund Balances - All Governmental Fund Types and Discretely Presented Component Units

Year ended December 31, 1998
with comparative totals for year ended December 31, 1997

	General	Special Revenue	Debt Service	Capital Projects	Totals		Component Units 1998
					Primary Government 1998	(Memorandum Only) 1997	
Revenues:							
Taxes (notes 3 and 6)	\$ 13,861,276	3,353,646	4,895,859	4,720,521	26,831,302	26,440,655	-
Riverboat gaming	-	4,852,821	-	8,162,324	13,015,145	10,814,190	-
Licenses and permits	1,903,456	-	-	-	1,903,456	1,844,425	-
Intergovernmental	1,590,529	1,811,196	-	655,502	4,057,227	3,498,546	34,400
Fines and penalties	998,030	28,972	-	-	1,027,002	739,251	-
Racing Commission - Louisiana Downs	325,271	-	-	-	325,271	303,304	-
Video poker	431,185	-	-	-	431,185	529,682	-
Rental fees	-	175,652	-	-	175,652	173,794	-
Interest	88,615	1,994,670	438,833	1,496,771	4,018,889	2,956,276	13,290
Sanitation charges	1,642,548	-	-	-	1,642,548	1,639,911	-
Miscellaneous	1,234,272	245,986	1,762	156,387	1,638,407	1,407,754	840,601
Total revenues	<u>22,075,182</u>	<u>12,462,943</u>	<u>5,336,454</u>	<u>15,191,505</u>	<u>55,066,084</u>	<u>50,347,788</u>	<u>888,291</u>
Expenditures:							
Current:							
General government	6,589,604	1,196,634	-	-	7,786,238	6,434,782	361,396
Solid waste	1,856,190	-	-	-	1,856,190	1,872,005	-
Public safety	13,968,245	112,390	-	-	14,080,635	13,408,907	482,580
Highways and streets	825,058	142,508	-	-	967,566	992,790	-
Culture and recreation	1,349,568	416,364	-	-	1,765,932	1,953,112	-
City Court and Marshal	786,711	39,318	-	-	826,029	811,940	-
Miscellaneous	-	221,733	-	-	221,733	312,108	-
Capital outlay	-	3,270,074	-	16,036,825	19,306,899	9,624,555	70,839
Debt service:							
Principal retirement (note 5)	-	-	1,925,000	-	1,925,000	1,960,000	-
Advance refunding escrow (note 5)	-	-	-	-	-	201,363	-
Interest and fiscal charges (note 5)	-	-	2,793,776	-	2,793,776	2,040,145	-
Total expenditures	<u>25,375,376</u>	<u>5,399,021</u>	<u>4,718,776</u>	<u>16,036,825</u>	<u>51,529,998</u>	<u>39,611,707</u>	<u>914,815</u>
Excess (deficiency) of revenues over expenditures	<u>(3,300,194)</u>	<u>7,063,922</u>	<u>617,678</u>	<u>(845,320)</u>	<u>3,536,086</u>	<u>10,736,081</u>	<u>(26,524)</u>
Other financing sources (uses):							
Proceeds of bond issuance	-	-	2,211,203	32,758,087	34,969,290	-	-
Proceeds of refunding bonds	-	-	-	-	-	8,588,252	-
Payments to refunding bond escrow agent	-	-	-	-	-	(8,588,252)	-
Operating transfers in (note 11)	3,534,739	2,539,008	-	2,186,775	8,260,522	4,271,405	-
Operating transfers out (note 11)	-	(2,919,740)	(2,186,775)	(2,604,007)	(7,710,522)	(3,721,405)	-
Transfer from primary government	(51,600)	-	-	-	(51,600)	51,600	-
Transfer to component unit	3,483,139	(380,732)	24,428	32,340,855	35,467,690	498,400	-
Total other financing sources (uses)	<u>3,483,139</u>	<u>(380,732)</u>	<u>24,428</u>	<u>32,340,855</u>	<u>35,467,690</u>	<u>498,400</u>	<u>51,600</u>
Excess of revenues and other sources over expenditures and other uses	<u>182,945</u>	<u>6,683,190</u>	<u>642,106</u>	<u>31,495,535</u>	<u>39,003,776</u>	<u>11,234,481</u>	<u>25,076</u>
Fund balances at beginning of year	<u>4,389,701</u>	<u>31,295,654</u>	<u>6,432,405</u>	<u>11,291,661</u>	<u>53,409,421</u>	<u>46,745,818</u>	<u>421,677</u>
Residual equity transfer out (note 11)	<u>-</u>	<u>(2,565,647)</u>	<u>-</u>	<u>(2,565,647)</u>	<u>(2,565,647)</u>	<u>(4,570,878)</u>	<u>-</u>
Fund balances at end of year	<u>\$ 4,572,646</u>	<u>\$ 5,413,197</u>	<u>\$ 7,074,511</u>	<u>\$ 42,787,196</u>	<u>\$ 89,847,550</u>	<u>\$ 53,409,421</u>	<u>\$ 446,753</u>

See accompanying notes to combined financial statements.

CITY OF BOSSIER CITY, LOUISIANA

Combined Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual on a Budgetary Basis - General and Special Revenue Fund Types

Year ended December 31, 1998

	General Fund			Special Revenue Fund		
	Actual on a Budgetary Basis	Budget	Variance Favorable (Unfavorable)	Actual on a Budgetary Basis	Budget	Variance Favorable (Unfavorable)
Revenues:						
Taxes	\$ 13,861,276	13,708,987	152,289	3,353,646	3,306,849	46,797
Licenses and permits	1,903,456	1,780,000	123,456	-	-	-
Intergovernmental	1,687,163	1,752,242	(65,079)	1,212,529	525,000	687,529
Fines and penalties	998,030	668,000	330,030	-	-	-
Racing Commission - Louisiana Downs	325,271	300,000	25,271	-	-	-
Video poker	431,185	450,000	(18,815)	-	-	-
Rental fees	-	-	-	-	-	-
Interest	88,615	100,000	(11,385)	175,652	200,000	(24,348)
Sanitation charges	1,642,548	1,640,000	2,548	267,573	79,500	188,073
Miscellaneous	1,234,272	1,101,500	132,772	245,986	18,000	227,986
Total revenues	<u>22,171,816</u>	<u>21,500,729</u>	<u>671,087</u>	<u>5,255,386</u>	<u>4,129,349</u>	<u>1,126,037</u>
Expenditures:						
Current:						
General government	6,686,238	6,603,573	(82,665)	-	-	-
Solid waste	1,856,190	2,036,171	179,981	-	-	-
Public safety	13,968,245	13,632,495	(335,750)	-	-	-
Highways and streets	825,058	825,209	151	-	-	-
Culture and recreation	1,349,568	1,098,128	(251,440)	384,539	462,816	78,277
City Court and Marshal	786,711	821,293	34,582	-	-	-
Capital Outlay	-	-	-	3,270,074	2,500,000	(770,074)
Total expenditures	<u>25,472,010</u>	<u>25,016,869</u>	<u>(455,141)</u>	<u>3,654,613</u>	<u>2,962,816</u>	<u>(691,797)</u>
Excess (deficiency) of revenues over expenditures	(3,300,194)	(3,516,140)	215,946	1,600,773	1,166,533	434,240
Other financing sources (uses):						
Operating transfers in	3,534,739	3,534,740	(1)	-	-	-
Operating transfers out	(51,600)	(51,600)	-	(2,544,740)	(2,544,740)	-
Total other financing sources (uses)	<u>3,483,139</u>	<u>3,483,140</u>	<u>(1)</u>	<u>(2,544,740)</u>	<u>(2,544,740)</u>	<u>-</u>
Excess of revenues and other sources over expenditures and other uses	182,945	(33,000)	215,945	(943,967)	(1,378,207)	434,240
Fund balances at beginning of year	4,389,701	4,389,701	-	5,607,339	5,607,339	-
Fund balances at end of year	<u>\$ 4,572,646</u>	<u>4,356,701</u>	<u>215,945</u>	<u>4,663,372</u>	<u>4,229,132</u>	<u>434,240</u>

See accompanying notes to combined financial statements.

CITY OF BOSSIER CITY, LOUISIANA

Combined Statement of Revenues, Expenses, and Changes in Retained Earnings/Fund Balance - All Proprietary Fund Types and Discretely Presented Component Unit

Year ended December 31, 1998
with comparative totals for year ended December 31, 1997

	Proprietary Fund Types		Totals		Component Unit - Bossier Public Trust Financing Authority 1998
	Enterprise Funds	Internal Service	(Memorandum Only) Primary Government 1998	1997	
Operating revenues:	\$ 57,276,063	-	57,276,063	58,463,835	1,050,163
Charges for services	-	-	-	-	-
Interest income	-	-	-	-	-
Contributions (notes 9 and 11):	-	-	-	-	-
City	-	2,864,981	2,864,981	3,303,148	-
Employees	-	144,151	144,151	655,450	-
Miscellaneous	743,285	523,641	1,266,926	1,212,283	-
Total revenues	58,019,348	3,532,773	61,552,121	63,634,716	1,050,163
Operating expenses:					
Personal services	28,944,765	-	28,944,765	27,966,390	-
Supplies	8,010,132	-	8,010,132	7,591,566	-
Utilities	1,366,197	-	1,366,197	1,137,764	-
Repairs and maintenance	823,005	-	823,005	803,309	-
Provision for bad debts	3,396,611	-	3,396,611	4,544,520	-
Other medical	10,431,337	-	10,431,337	9,128,882	-
Miscellaneous	1,410,890	2,232,034	3,642,924	6,458,029	-
Depreciation and amortization	4,585,424	-	4,585,424	4,300,178	-
Cost of services	-	-	-	-	1,041,422
Total expenses	58,968,361	2,232,034	61,200,395	61,930,638	1,041,422
Operating income (loss)	(949,013)	1,300,739	351,726	1,704,078	8,741
Nonoperating revenues (expenses):					
Interest income	1,551,003	-	1,551,003	1,898,505	-
Interest expense	(1,358,743)	-	(1,358,743)	(1,205,768)	-
Amortization	(133,758)	-	(133,758)	(169,984)	-
Asset impairment	(2,274,752)	-	(2,274,752)	-	-
Other, net	(1,633)	-	(1,633)	(5,936)	-
Restricted donation	-	-	-	19,918	-
Total nonoperating revenues (expenses)	(2,217,883)	-	(2,217,883)	536,735	-
Income (loss) before operating transfers	(3,166,896)	1,300,739	(1,866,157)	2,240,813	8,741
Operating transfers out (note 11)	(550,000)	-	(550,000)	(550,000)	-
Net income (loss)	(3,716,896)	1,300,739	(2,416,157)	1,690,813	8,741
Amounts charged to contribution accounts-depreciation on contributed assets (note 8)	635,696	-	635,696	636,868	-
Retained earnings (accumulated deficit)/fund balance at beginning of year, as previously reported	46,354,927	(1,065,081)	45,289,846	43,937,119	250,845
Less prior period adjustments	-	-	-	(974,954)	-
Retained earnings (accumulated deficit)/fund balance at beginning of year, as restated	46,354,927	(1,065,081)	45,289,846	42,962,165	250,845
Retained earnings/fund balance at end of year	\$ 43,273,727	235,658	43,509,385	45,289,846	259,586

See accompanying notes to combined financial statements.

CITY OF BOSSIER CITY, LOUISIANA

Combined Statement of Cash Flows - All Proprietary Fund Types
and Discretely Presented Component UnitYear ended December 31, 1998
with comparative totals for year ended December 31, 1997

	Enterprise Funds	Internal Service Funds	Totals (Memorandum Only) Primary Government		Component Unit - Bossier Public Trust Financing Authority
			1998	1997	1998
Cash flows from operating activities:					
Operating income (loss)	\$ (949,013)	1,300,739	351,726	1,704,078	8,741
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:					
Depreciation and amortization	4,585,424	-	4,585,424	4,300,178	-
Provisions for bad debts	3,396,611	-	3,396,611	4,544,520	-
Write-off of cost in excess of acquired net assets and abandoned construction project	159,222	-	159,222	77,651	-
(Increase) decrease in assets:					
Accounts receivable	(1,543,632)	-	(1,543,632)	(5,552,402)	-
Other receivable	616,724	-	616,724	(663,873)	-
Due from other funds	-	-	-	165,000	-
Prepaid expense	55,574	48,868	104,442	(200,351)	-
Inventories	98,688	-	98,688	(290,771)	-
Other assets	2,008	-	2,008	(243,733)	19,599
Increase (decrease) in liabilities:					
Accounts payable and accrued expenses	353,919	(2,839)	351,080	993,899	(13,115)
Accrued vacation	105,720	-	105,720	53,225	-
Due to other funds	-	(483,752)	(483,752)	479,752	-
Refundable deposits	(41,783)	-	(41,783)	(72,474)	-
Accrued claims	-	(481,521)	(481,521)	31,265	-
Other liabilities	(1,633)	-	(1,633)	(5,936)	-
Net cash provided by operating activities	<u>6,837,829</u>	<u>381,495</u>	<u>7,219,324</u>	<u>5,320,028</u>	<u>15,225</u>
Cash flows from noncapital financing activities:					
Principal paid on revenue bond maturities	-	-	-	-	(2,315,000)
Operating transfers out	(550,000)	-	(550,000)	(550,000)	-
Net cash used in noncapital financing activities	<u>(550,000)</u>	<u>-</u>	<u>(550,000)</u>	<u>(550,000)</u>	<u>(2,315,000)</u>
Cash flows from capital and related financing activities:					
Acquisition and construction of capital assets	(17,986,434)	-	(17,986,434)	(8,951,188)	-
Contributions received for purchase of property and equipment	2,942,822	-	2,942,822	5,568,148	-
Principal paid on revenue bond maturities	(1,255,000)	-	(1,255,000)	(1,190,000)	-
Interest paid on revenue bonds	(1,206,119)	-	(1,206,119)	(1,228,812)	-
Proceeds of revenue bonds	4,685,730	-	4,685,730	417,730	-
Net cash used in capital and related financing activities	<u>(12,819,001)</u>	<u>-</u>	<u>(12,819,001)</u>	<u>(5,384,122)</u>	<u>-</u>
Cash flows from investing activities:					
Purchases of investments	-	-	-	(1,097,630)	(1,429,238)
Maturities and sales of investments	947,630	-	947,630	-	3,714,139
Interest received	1,559,096	-	1,559,096	1,804,345	-
Net cash provided by investing activities	<u>2,506,726</u>	<u>-</u>	<u>2,506,726</u>	<u>706,715</u>	<u>2,284,901</u>
Net increase (decrease) in cash and cash equivalents	(4,024,446)	381,495	(3,642,951)	92,621	(14,874)
Cash and cash equivalents at beginning of year	<u>31,386,632</u>	<u>299,267</u>	<u>31,685,899</u>	<u>31,593,278</u>	<u>43,986</u>
Cash and cash equivalents at end of year	<u>\$ 27,362,186</u>	<u>680,762</u>	<u>28,042,948</u>	<u>31,685,899</u>	<u>29,112</u>
Noncash transactions:					
Amortization	<u>\$ 271,423</u>	<u>-</u>	<u>271,423</u>	<u>169,984</u>	<u>-</u>

See accompanying notes to combined financial statements.

CITY OF BOSSIER CITY, LOUISIANA

Pension Trust Funds

Combined Statement of Changes in Plan Net Assets

Year ended December 31, 1998
with comparative totals for year ended December 31, 1997

	<u>1998</u>	<u>1997</u>
Additions:		
Sales taxes, net	\$ 4,727,683	3,297,828
Contributions from City:		
Fire insurance premiums	93,893	88,917
Employer's contributions	851,812	680,362
City Court fines	175,770	131,865
City liquor licenses	5,694	10,999
Total contributions from City	<u>1,127,169</u>	<u>912,143</u>
Employees' contributions	<u>23,812</u>	<u>20,362</u>
Investment income:		
Net appreciation in market value of investments	670,264	454,042
Interest income	1,565,114	1,606,400
Total investment income	<u>2,235,378</u>	<u>2,060,442</u>
Total additions	<u>8,114,042</u>	<u>6,290,775</u>
Deductions:		
Pensions and benefits	4,467,362	4,346,326
Miscellaneous	50,380	49,593
Total deductions	<u>4,517,742</u>	<u>4,395,919</u>
Net increase	3,596,300	1,894,856
Fund balances reserved for employees pension benefit:		
Beginning of year	<u>25,083,823</u>	<u>23,188,967</u>
End of year	<u>\$ 28,680,123</u>	<u>25,083,823</u>

See accompanying notes to combined financial statements.

CITY OF BOSSIER CITY, LOUISIANA

Combining Balance Sheet - Component Units

December 31, 1998

Assets	Governmental Fund Types			Proprietary Fund Type	Totals
	City Court of Bossier City	Bossier City Marshal's Office	Metropolitan Planning Commission		
Cash and cash equivalents	\$ 401,955	120,511	27,910	-	550,376
Investments (note 2)	155,216	-	-	-	155,216
Accrued interest receivable	-	-	379	-	379
Due from other governments - City Court	-	5,420	-	-	5,420
Restricted assets:					
Cash and cash equivalents	-	-	-	29,112	29,112
Investments	-	-	-	13,326,927	13,326,927
Accrued interest	-	-	-	79,149	79,149
Property and equipment	-	133,101	-	-	133,101
Total assets	\$ 557,171	259,032	28,289	13,435,188	14,279,680
Liabilities, Equity, and Other Credits					
Liabilities:					
Accounts payable and accrued liabilities	\$ 2,543	36,305	1,572	30,602	71,022
Revenue bonds payable (note 5)	-	-	-	13,145,000	13,145,000
Deferred revenue	99,936	-	-	-	99,936
Due to primary government	90,146	-	-	-	90,146
Due to other government entities:					
City Marshal	5,420	-	-	-	5,420
Other	28,716	-	-	-	28,716
Total liabilities	226,761	36,305	1,572	13,175,602	13,440,240
Equity and other credits:					
Investment in general fixed assets	-	133,101	-	-	133,101
Retained earnings	-	-	-	259,586	259,586
Fund balances - unreserved - undesignated	330,410	89,626	26,717	-	446,753
Total fund balances	330,410	89,626	26,717	259,586	706,339
Total equity and other credits	330,410	222,727	26,717	259,586	839,440
Total liabilities, equity, and other credits	\$ 557,171	259,032	28,289	13,435,188	14,279,680

See accompanying notes to combined financial statements and accompanying independent auditors' report.

CITY OF BOSSIER CITY, LOUISIANA

Combining Statement of Revenues, Expenditures, and
Changes in Fund Balances - Component Units

Year ended December 31, 1998

	Governmental Fund Types			Totals
	City Court of Bossier City	Bossier City Marshal's Office	Metropolitan Planning Commission	
Revenues:				
Fees, charges, and commissions for services	\$ 297,249	518,738	-	815,987
State and parish shares revenues	-	-	34,400	34,400
Miscellaneous	-	-	24,614	24,614
Interest income	9,350	2,023	1,917	13,290
Total revenues	<u>306,599</u>	<u>520,761</u>	<u>60,931</u>	<u>888,291</u>
Expenditures:				
Current:				
General government	237,930	-	123,466	361,396
Public safety	-	482,580	-	482,580
Capital outlay	-	70,839	-	70,839
Total expenditures	<u>237,930</u>	<u>553,419</u>	<u>123,466</u>	<u>914,815</u>
Excess (deficiency) of revenues over expenditures	68,669	(32,658)	(62,535)	(26,524)
Other financing sources - transfer from primary government	-	-	51,600	51,600
Excess (deficiency) of revenues and other sources over expenditures and other uses	68,669	(32,658)	(10,935)	25,076
Fund balances at beginning of year	261,741	122,284	37,652	421,677
Fund balances at end of year	<u>\$ 330,410</u>	<u>89,626</u>	<u>26,717</u>	<u>446,753</u>

See accompanying notes to combined financial statements and accompanying independent auditors' report.

CITY OF BOSSIER CITY, LOUISIANA

Notes to Combined Financial Statements

December 31, 1998

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

The financial statements present the City (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 OF BOSSIER CITY, LOUISIANA

Notes to Combined Financial Statements

December 31, 1998

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, 1998.

Bossier City Marshal's Office

The Bossier City Marshal's Office (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, 1998.

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, 1998.

The Commission does not issue separate financial statements. 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, 1998

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 percent 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 in the General Fixed Asset Account Group because it is immaterial.

Condensed unaudited financial information as of December 31, 1998, is as follows:

Balance Sheet Data	Total	City's Share
Total assets	\$ 588,987	294,494
Total fund balance	\$ 588,987	294,494
Statement of Revenues, Expenditures, and Changes in Fund Balance		
Revenues	\$ 375,443	187,722
Expenditures	1,960	980
Excess revenues over expenditures	373,483	186,742
Fund balance, January 1, 1998	\$ 215,504	107,752
Fund balance, December 31, 1998	\$ 588,987	294,494

CITY OF BOSSIER CITY, LOUISIANA

Notes to Combined Financial Statements

December 31, 1998

During 1998, the Industrial Park Fund was essentially inactive having completed its primary activity of prior years which consisted of funding the construction of a 420 foot road and a utility easement on behalf of an industrial company relocating to the Bossier City area. 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) Basis of Presentation - Fund Accounting

The accounts of the City are organized on the basis of funds or account groups, 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 and account groups are used by the City:

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. All governmental funds are accounted for on a spending measurement focus; that is, the measurement focus is upon determination of changes in financial position, rather than upon net income determination. The following are the City's governmental fund types:

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.

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. Special revenue funds at December 31, 1998, were State and Federal Grant, Court Witness Fee, Civic Center, Fire Improvements and Operations, Jail and Municipal Buildings, Streets and Drainage, and Riverboat Gaming.

CITY OF BOSSIER CITY, LOUISIANA

Notes to Combined Financial Statements

December 31, 1998

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).

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 net income. The following are the proprietary funds maintained by the City:

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. The City's enterprise funds are the Department of Water and Sewerage, Bossier Medical Center, and Emergency Medical Services.

The Department of Water and Sewerage is 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.

Bossier Medical Center is a municipal health care facility owned and operated by the City of Bossier City, Louisiana. The Bossier Medical Center is governed by a Board of Directors which is appointed by the Mayor and approved by the City Council. The City Council approves and has the right to change the annual operating and capital budgets, if it so desires. The Board administers the daily operations of the hospital within the budgetary and fiscal controls established by the City Council as a self-sustaining entity of the City.

The Emergency Medical Services department is operated as a self-sustaining service of the City and is responsible for providing the residents of the City of Bossier City, Louisiana, with emergency medical services.

CITY OF BOSSIER CITY, LOUISIANA

Notes to Combined Financial Statements

December 31, 1998

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. 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.

Account Groups

Account groups are used to establish accounting control and accountability for the City's general fixed assets and general long-term obligations. The following are the City's account groups:

General Fixed Assets Account Group - This account group is established to account for all fixed assets of the City, other than those accounted for in the proprietary funds.

General Long-Term Obligation Account Group - This account group is established to account for all long-term obligations of the City except those accounted for in the proprietary funds.

(b) Fixed Assets and Long-Term Liabilities

The accounting and reporting treatment applied to the fixed assets and long-term liabilities associated with a fund are determined by its measurement focus. All governmental funds are accounted for on a spending or "financial flow" measurement focus. This means that only current assets and current liabilities are generally included on their balance sheets. This reported fund balance (net current assets) is considered a

CITY OF BOSSIER CITY, LOUISIANA

Notes to Combined Financial Statements

December 31, 1998

measure of "available spendable resources." Governmental fund operating statements present increases (revenues and other financial sources) and decreases (expenditures and other financing uses) in net current assets. Accordingly, they are said to present a summary of sources and uses of "available spendable resources" during a period.

Fixed assets used in governmental fund type operations (general fixed assets) are accounted for in the General Fixed Assets Account Group, rather than in governmental funds. Public domain ("infrastructure") general fixed assets consisting of certain improvements including roads, bridges, curbs and gutters, streets and sidewalks, drainage systems, and lighting systems are not capitalized along with other general fixed assets. No depreciation has been provided on general fixed assets, nor has interest been capitalized.

All fixed assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated fixed assets are valued at their estimated fair value on the date donated.

Long-term liabilities expected to be financed from governmental funds are accounted for in the General Long-Term Obligation Account Group, not in the governmental funds. Long-term liabilities accounted for in the General Long-Term Obligation Account Group are retired from the General Fund and debt service funds while long-term liabilities accounted for in the proprietary funds are retired from the respective funds in which they are recorded.

The two account groups are not "funds." They are concerned only with the measurement of financial position. They are not involved with measurement of results of operations.

Special reporting treatments are also applied to governmental fund prepaid expenditures to indicate that they do not represent "available spendable resources," even though they are a component of net current assets. Such amounts are generally offset by fund balance reserve accounts.

Because of their spending measurement focus, expenditure recognition for governmental fund types is limited to exclude amounts represented by noncurrent liabilities. Since they do not affect net current assets, such long-term amounts are not recognized as governmental fund type expenditures or fund liabilities. They are instead reported as liabilities in the General Long-Term Obligation Account Group.

All proprietary funds and pension trust funds are accounted for on a cost of services or "capital maintenance" measurement focus. This means that all assets (including fixed assets) and all liabilities (whether current or noncurrent) associated with their activity are included on their balance sheets. Their reported fund equity (net total assets) is segregated into contributed capital and retained earnings components. Proprietary fund type operating statements present increases (revenues) and decreases (expenses) in net total assets.

CITY OF BOSSIER CITY, LOUISIANA

Notes to Combined Financial Statements

December 31, 1998

Depreciation of all exhaustible fixed assets used by proprietary funds is charged as an expense against their operations. Depreciation recognized on fixed assets acquired through intergovernmental grants, entitlements, or shared revenues externally restricted to capital acquisitions is allocated to contributed capital, while depreciation on fixed assets acquired with proprietary fund resources is allocated to retained earnings.

Accumulated depreciation is reported on the proprietary fund balance sheets. Depreciation has been provided over the estimated useful lives using the straight-line method. The estimated useful lives are as follows:

Buildings	15-50 years
Structures:	
Water reservoir and treatment plant	10-60 years
Transmission and distribution system	10-50 years
Equipment and vehicles	3-20 years

(c) *Basis of Accounting*

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

The modified accrual basis of accounting is followed by all governmental funds (General Fund, special revenue funds, debt service funds, agency funds, and capital projects funds). Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual, i.e., both measurable and available. Ad valorem taxes are considered "measurable" at the time of levy whereas such items as tobacco taxes are considered "measurable" when in the hands of intermediary collecting agencies and are recognized as revenue at that time. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period.

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. Exceptions to this general rule include (1) accumulated unpaid vacation, sick pay, and other employee amounts which are not accrued; and (2) principal and interest on general long-term debt which is recognized when due.

In applying the susceptible to accrual concept to intergovernmental revenues, the legal and contractual requirements of the numerous individual programs are used as guidance. There are however, essentially two types of these revenues. In one, 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 the other, monies are virtually unrestricted as to purpose of expenditure and are usually revocable only for failure to comply with prescribed compliance requirements. These resources are reflected as revenues at the time of receipt or earlier if the susceptible to accrual criteria are met.

CITY OF BOSSIER CITY, LOUISIANA

Notes to Combined Financial Statements

December 31, 1998

Licenses and permits, charges for general governmental services, fines and penalties, Racing Commission revenues, video poker revenues, riverboat gaming revenues, and miscellaneous other revenues (except investment earnings) are recorded as revenues when received in cash because they are generally not measurable until actually received. Taxes, charges for services, and investment earnings are recorded as earned since they are measurable and available (see note 3 for property tax accrual policy).

The accrual basis of accounting is used by the proprietary and 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 and Emergency Medical Services Fund are reflected in the accompanying financial statements at approximately \$298,725 and \$59,827, respectively, at December 31, 1998.

The City applies all applicable Governmental Accounting Standards Board (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.

(d) *Net Patient Service Revenue and Related Receivables*

The Bossier Medical Center Hospital has agreements with third-party payors that provide for payments to the Bossier Medical Center Hospital at amounts different from its established rates. A summary of the payment arrangements with third-party payors follows.

Inpatient acute care services rendered to Medicare program beneficiaries are paid at prospectively determined rates per discharge. These rates vary according to a patient classification system that is based on clinical, diagnostic and other factors. Inpatient nonacute services and certain outpatient services related to Medicare beneficiaries are paid based on cost reimbursement methodologies. The Bossier Medical Center Hospital is paid for cost reimbursable items at a tentative rate with final settlement determined after submission of annual cost reports by the Bossier Medical Center Hospital and audits thereof by the Medicare fiscal intermediary.

Inpatient services rendered to Medicaid program beneficiaries are paid at prospectively determined per diem rates. Outpatient services rendered to Medicaid program beneficiaries are reimbursed under a cost reimbursement methodology. The Bossier Medical Center Hospital is paid for cost reimbursable items at a tentative rate with final settlement determined after submission of annual cost reports by the Hospital and audits thereof by the Medicare fiscal intermediary.

The Bossier Medical Center Hospital also has entered into payment agreements with certain commercial insurance carriers, health maintenance organizations and preferred provider organizations. Payment methods under these agreements include prospectively determined rates per discharge, discounts from established charges and prospectively determined per diem rates.

CITY OF BOSSIER CITY, LOUISIANA

Notes to Combined Financial Statements

December 31, 1998

Net patient service revenue is reported at the estimated net realizable amounts due from patients, third-party payors and others for services rendered, including estimated retroactive adjustments under reimbursement agreements with third-party payors. Retroactive adjustments are accrued on an estimated basis in the period the related services are rendered and adjusted in future periods as final settlements are determined.

The Bossier Medical Center Hospital grants credit to patients, substantially all of whom are local residents, under terms requiring timely repayment. The Bossier Medical Center Hospital does not require collateral or other security in extending credit to patients; however, it routinely obtains assignment of (or is otherwise entitled to receive) patients' benefits payable under their health insurance programs, plans, or policies (e.g., Medicare, Blue Cross, and commercial insurance policies).

(e) Budgetary Data

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. Amendments to the budget were made and adopted by the Council during 1998.
- (5) The City utilizes formal budgetary integration as a management control device for the General Fund, special revenue funds, and capital projects funds. This process is not employed for the debt service funds because effective budgetary control is achieved through general bond indenture provisions.
- (6) Comparison of budgeted and actual amounts as shown in Exhibit 3 in the accompanying financial report includes the General Fund and those special revenue funds which are included in the annual operating budget (Civic

CITY OF BOSSIER CITY, LOUISIANA

Notes to Combined Financial Statements

December 31, 1998

Center, Fire Improvements and Operations, Jail and Municipal Buildings, and Streets and Drainage). 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 report for these funds.

- (7) The basis of accounting applied to budgetary data presented is substantially consistent with the appropriate basis of accounting for each fund type for which an annual budget is prepared. 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.
- (8) The City is legally required to prepare annual operating budgets for the Department of Water and Sewerage, Bossier Medical Center, and the Emergency Medical Services. The annual operating and capital budgets of the Bossier Medical Center are prepared by the staff of the hospital and are then reviewed and approved by the City Council. 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.

(f) Encumbrances

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of funds are recorded in order to reserve that portion of the applicable appropriation, is employed in the governmental funds. Open encumbrances are reported as reservations of fund balances since the commitments will be honored through subsequent years' budget appropriations. Encumbrances do not constitute expenditures or liabilities.

(g) Investments

For all funds investments are stated at fair value based on quoted market prices. The investments at December 31, 1998, were primarily U.S. government and U.S. government agency securities (see note 2 for the City's investment policy).

(h) 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. 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.

CITY OF BOSSIER CITY, LOUISIANA

Notes to Combined Financial Statements

December 31, 1998

(i) 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. No reserve for inventories is provided since no minimum amounts of inventories are required to be maintained. Inventories in the enterprise funds consist of repair materials, spare parts, drugs, and medical supplies.

(j) 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.

(k) Deferred Revenues

Certain licenses are collected in advance; therefore, the recognition of revenue is deferred until the following year.

(l) Contributions

Contributions recorded in the Department of Water and Sewerage Fund, the Emergency Medical Services Fund, and the Bossier Medical Center Fund include amounts advanced for aid in construction and other expenses paid or incurred on behalf of these funds by the City of Bossier City - General Fund and capital projects funds, various federal and state grants-in-aid of construction, and other contributions in aid of construction primarily from contractors and developers. The contributions or grants-in-aid of construction received do not reduce the cost basis of the respective assets acquired. Such contributions and grants are charged currently with the depreciation of the respective assets.

(m) 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 30 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 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

CITY OF BOSSIER CITY, LOUISIANA

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for unused vacation for governmental funds is recorded in the General Long-Term Debt Account Group. Accumulated vacation leave of proprietary funds is recorded as an expense and liability of those funds as it is earned by the employees.

(n) Comparative Total Data

Comparative total data for the prior year have been presented in the accompanying combined financial statements in order to provide an understanding of changes in the City's financial position and operations. However, comparative data (i.e., presentation of prior year totals by fund type) have not been presented in each of the statements, since their inclusion would make the statements unduly complex and difficult to read. Certain amounts relating to 1997 have been reclassified in the accompanying financial statements in order to conform with the 1998 presentation.

(o) Total Columns on Combined Statements

Total columns on the combined statements are captioned "Totals (Memorandum Only)" to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position or results of operations, in conformity with generally accepted accounting principles. Neither is such data comparable to consolidation. Interfund eliminations have not been made in the aggregation of this data.

(p) Pension Plans

The City of Bossier City, Louisiana, the Bossier Medical Center, and the State of Louisiana collectively have six pension plans which cover substantially all employees who meet certain length of service requirements. See note 9 for details of these plans.

(q) Third-Party Payor Arrangements

Bossier Medical Center participates in the Medicare and Medicaid programs as a provider of medical services to program beneficiaries. During the years ended December 31, 1998 and 1997, approximately 49% and 55%, respectively, of Bossier Medical Center's patient service charges were related to services provided to Medicare and Medicaid program beneficiaries.

Laws and regulations governing the Medicare and Medicaid programs are complex and subject to interpretation. Bossier Medical Center believes that it is 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

CITY OF BOSSIER CITY, LOUISIANA

Notes to Combined Financial Statements

December 31, 1998

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. Estimated settlements for the years ended through December 31, 1996 for the Medicare and Medicaid programs have been reviewed by program representatives and adjustments have been recorded to correct for the changes required. These adjustments resulted in a decrease in net patient service revenue of approximately \$678,000 in 1998.

(r) Reserves

Use of the term "reserve" in describing governmental fund "Fund Balances" indicates that a portion of the fund balance is not appropriable for expenditures or is legally segregated for a specific future use.

(s) Interfund Transactions

Interfund 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. Nonrecurring or nonroutine transfers of equity between funds and transfers of residual balances of discontinued funds are treated as residual equity transfers. Residual equity transfers are reported as additions to or deductions from beginning fund balance for governmental funds. For proprietary funds, they are reported as an addition to or deduction from contributed capital. Transactions which constitute reimbursements of a fund for expenditures or expenses initially made from it which are properly applicable to another fund are recorded as expenditures or expenses (as appropriate) in the reimbursing fund and as reductions of the expenditure or expense in the fund that is reimbursed. Operating transfers to the appropriate funds and legally authorized transfers from the Bossier Medical Center to other funds are distinguished from revenues, expenses, or expenditures in financial statements. These transfers are reported in the "Other Financing Sources (Uses)" section in the statement of revenues, expenditures, and changes in fund balance (governmental funds) and in the "Operating Transfers" section in the statement of revenues, expenses, and changes in retained earnings (proprietary funds).

(t) Property Taxes

Property taxes attach as an enforceable lien on property as of January 1. 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. City property tax revenues are recognized when levied to the extent that they are available. Property taxes levied for the current year are considered available in the current year as they are budgeted for and expected to be used to finance expenditures within the year levied. In addition, historically 96 percent of the taxes have been collected within 60 days after the due date. Available property taxes are recognized as current year revenues in accordance with generally accepted accounting principles as applicable to governmental units.

CITY OF BOSSIER CITY, LOUISIANA

Notes to Combined Financial Statements

December 31, 1998

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.

(u) *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. 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 subject to audit by the granting agency or its representative.

(v) *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.

(w) *Postretirement Benefits*

The City provides certain postretirement benefits to its employees as described in note 14.

(x) *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 Governmental Accounting Standards Board Statement Number 10.

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

(2) *Cash and Investments*

City of Bossier City (Primary Government)

All deposits of the City are held by area financial institutions. At December 31, 1998, the carrying amount of the City's deposits was \$73,425,813, and the bank balance was \$76,542,979. This difference is due to the outstanding checks at December 31, 1998.

CITY OF BOSSIER CITY, LOUISIANA

Notes to Combined Financial Statements

December 31, 1998

The City maintains a pooled cash and investments account for all funds of the City except the Firemen's Pension and Relief Fund, the Policemen's Pension and Relief Fund, Bossier Medical Center Fund, and the Bossier Medical Center Pension Fund. Each fund's equity in pooled cash and investments is presented as "Cash and Cash Equivalents" 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 City's deposits at year end were entirely covered by federal depository insurance or were 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 1998, the City invested in certificates of deposit, U.S. government and U.S. government agency securities, and mortgage-backed securities and mutual funds backed by 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, 1998. 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.

CITY OF BOSSIER CITY, LOUISIANA

Notes to Combined Financial Statements

December 31, 1998

	Category			Fair Value
	1	2	3	
U.S. government and U.S. government agency securities	\$ <u>66,335,234</u>	<u>-</u>	<u>-</u>	66,335,234
Mortgage-backed securities in Firemen's Pension and Relief Fund	\$ <u>5,314,268</u>	<u>-</u>	<u>-</u>	5,314,268
Mutual Fund in Bossier Medical Center Pension Fund				<u>489,061</u>
Total investments				<u>72,138,563</u>
Total deposits				<u>73,425,813</u>
Total cash, cash equivalents, and investments, including restricted cash and investments				<u>\$ 145,564,376</u>

The pension trust funds own approximately 3.4 percent of the City's deposits in financial institutions and 31.3 percent 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, 1998, consist primarily of mortgage-backed securities and investment agreements which are considered category 1 investments. The securities have a market value of \$13,242,200 at November 30, 1998.

CITY OF BOSSIER CITY, LOUISIANA

Notes to Combined Financial Statements

December 31, 1998

(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 \$243,058,780 and \$225,760,430 in 1998 and 1997, respectively. Property taxes are recorded as receivables and revenues in the year assessed. The General Fund property tax receivable at December 31, 1998 and 1997, 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 1998 and 1997:

		<u>Levy</u>	
		<u>1998</u>	<u>1997</u>
General Fund - unrestricted	\$	6.90	6.90
General Fund - restricted for Fire and Police Departments		19.48	19.48
	\$	<u>26.38</u>	<u>26.38</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, 1996.

(4) Fixed Assets

A summary of changes in general fixed assets is as follows:

	<u>Balance January 1, 1998</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance December 31, 1998</u>
Land and land improvements	\$ 7,248,020	878,217	-	8,126,237
Buildings and structures	26,220,222	2,559,126	-	28,779,348
Equipment and vehicles	<u>13,080,616</u>	<u>3,074,200</u>	<u>459,827</u>	<u>15,694,989</u>
	\$ <u>46,548,858</u>	<u>6,511,543</u>	<u>459,827</u>	<u>52,600,574</u>

CITY OF BOSSIER CITY, LOUISIANA

Notes to Combined Financial Statements

December 31, 1998

A summary of proprietary fund types property, plant, and equipment at December 31, 1998, follows:

Department of Water and Sewerage:	
Land	\$ 583,508
Water reservoir and treatment plant	35,362,598
Transmission and distribution system	28,239,380
Equipment	4,211,960
Construction in progress	18,634,335
	<u>87,031,781</u>
Less accumulated depreciation	24,602,843
Total Department of Water and Sewerage	<u>62,428,938</u>
Bossier Medical Center:	
Land and land improvements	\$ 1,884,628
Buildings	14,439,973
Fixed equipment	13,072,612
Major movable equipment	22,999,922
Minor equipment	1,049,856
Construction in progress	187,803
	<u>53,634,794</u>
Less accumulated depreciation	35,634,794
Total Bossier Medical Center	<u>18,000,000</u>
Emergency Medical Services - equipment	1,064,525
Less accumulated depreciation	778,078
Total Emergency Medical Services	<u>286,447</u>
Total all proprietary fund types	<u>\$ 80,715,385</u>

Included in construction in progress for the Department of Water and Sewerage is \$12,326,697 for the water plant expansion and \$4,891,879 for the sewer plant expansion.

As a result of the bids received for the sale of Bossier Medical Center, an impairment in the value of the hospital of \$2,274,752 was recorded in asset impairment expense and accumulated depreciation during 1998.

CITY OF BOSSIER CITY, LOUISIANA

Notes to Combined Financial Statements

December 31, 1998

(5) Long-Term Debt
City of Bossier City (Primary Government)

A summary of changes in general long-term obligations follows:

		<u>Accrued Vacation</u>	<u>Revenue Bonds Payable - General City Operations</u>	<u>Total</u>
Balance, January 1, 1998	\$	550,839	33,025,000	33,575,839
Debt issues/additions		19,940	34,750,000	34,769,940
Debt retirements		-	<u>(1,925,000)</u>	<u>(1,925,000)</u>
Balance, December 31, 1998	\$	<u>570,779</u>	<u>65,850,000</u>	<u>66,420,779</u>

The following is a summary of bond transactions (all revenue bonds) for the year ended December 31, 1998:

Bonds payable at January 1, 1998	\$	52,150,106
New issue		39,435,730
Debt retired - serial bonds		(3,180,000)
Amortization of gain on refunding		<u>117,723</u>
Bonds payable at December 31, 1998	\$	<u>88,523,559</u>

In addition to \$3,180,000 of bonds retired, the City paid \$4,137,560 in interest.

CITY OF BOSSIER CITY, LOUISIANA

Notes to Combined Financial Statements

December 31, 1998

Bonds payable at December 31, 1998, 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 \$370,000 to \$500,000 through December 1, 2003; interest at 6.1% to 6.25%	\$ 2,215,000
\$10,000,000 1989 Public Improvement Sales Tax Serial Bonds due in annual installments of \$240,000 to \$285,000 through 2014; maturing November 1 of each year; interest at 10.0% to 12.0%; callable on or after November 1, 1999	285,000
\$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 6.15% to 6.85%; callable on or after December 1, 2001	3,655,000
\$11,675,000 1992 Revenue Refunding Bonds due in annual installments of \$475,000 to \$1,080,000 through 2012; maturing November 1 of each year; interest at 5.30% to 6.35%; callable on or after November 1, 1997	10,600,000
\$6,325,000 1993 Public Improvement Sales Tax Refunding Bonds, due in annual installments of \$325,000 to \$640,000 through 2010; maturing December 1 of each year; interest at 3.95% to 5.3%; callable on or after July 1, 1996	5,655,000
\$8,765,000 1997 Revenue Refunding Bonds due in annual installments of \$75,000 to \$830,000; maturing November 1 of each year; interest at 3.8% to 5.2%	8,690,000
\$34,750,000 1998 Public Improvement Sales Tax Serial Bonds due in annual installments of \$705,000 to \$2,515,000 through 2022; maturing December 1 of each year; interest at 4.60% to 6.75%; callable on or after December 1, 2007	<u>34,750,000</u>
	<u>65,850,000</u>

CITY OF BOSSIER CITY, LOUISIANA

Notes to Combined Financial Statements

December 31, 1998

Revenue bonds - applicable to water and sewer operations:

\$9,995,000 1990 Utilities Revenue Serial Bonds due in annual installments of \$390,000 to \$445,000 through 2000; maturing October 1 of each year; interest at 6.7% to 6.9%	\$ 860,000
\$6,695,000 1992 Utilities Revenue Serial Bonds due in annual installments of \$255,000 to \$560,000 through 2012; maturing October 1 of each year; interest at 5.0% to 6.1%	5,520,000
\$7,595,000 1996 Utilities Revenue Refunding Bonds due in annual installments of \$95,000 to \$880,000; maturing October 1 of each year; interest at 3.9% to 5.1%, (net of \$894,901 of unamortized deferred gain on refunding of 1990 Utilities Revenue Bonds)	6,480,000
\$6,500,000 Utility Revenue Bonds, Series 1997 due in annual installments of \$220,000 to \$460,000 through 2019; maturing October 1 of each year; interest at 3.95%	<u>5,103,460</u>
	<u>17,963,559</u>

Revenue bonds - applicable to Medical Center operations:

\$10,165,000 1987 Hospital Refunding Serial Bonds due in annual installments of \$545,000 to \$840,000 through 2005, maturing January 1 of each year; interest at 7.15% to 7.85%; callable on or after January 1, 1998	<u>4,710,000</u>
Total revenue bonds	\$ <u>88,523,559</u>

CITY OF BOSSIER CITY, LOUISIANA

Notes to Combined Financial Statements

December 31, 1998

The annual requirements, excluding unamortized deferred gain on bond refunding of \$894,901, to amortize all debt outstanding as of December 31, 1998, are as follows:

<u>Year Ending December 31</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
1999	\$ 8,235,000	6,128,659	14,363,659
2000	3,955,000	4,354,506	8,309,506
2001	4,175,000	4,129,769	8,304,769
2002	4,390,000	3,909,684	8,299,684
2003-2007	21,835,000	15,898,001	37,733,001
2008-2012	23,735,000	9,636,205	33,371,205
2013-2017	11,758,460	4,658,872	16,417,332
2018-2022	11,335,000	1,760,750	13,095,750
	<u>\$ 89,418,460</u>	<u>50,476,446</u>	<u>139,894,906</u>

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, except for the revenue bonds applicable to the Bossier Medical Center operations. The Bossier Medical Center is required to comply with covenants contained in the 1987 Revenue Bond Ordinance, including, among other requirements, the maintenance of certain funds on deposit with the Trustee, annual certification to the Trustee of adequate insurance coverage, limitations on the issuance of additional indebtedness by the Bossier Medical Center, and the maintenance of a debt service coverage ratio of 1.20. The Bossier Medical Center was in compliance with revenue bond covenants for the year ended December 31, 1997. However, the Bossier Medical Center's debt service coverage ratio was less than 1.20 for the year ended December 31, 1998. Based on the terms of the 1987 Revenue Bond Ordinance, the revenue bonds are in default as a result of this covenant violation, and are classified as current liabilities in the Bossier Medical Center's balance sheet as of December 31, 1998.

The 1986 and 1987 Series bonds are considered to be defeased and the liability for those bonds has been removed from the General Long-Term Debt Account Group. At December 31, 1998, \$5,265,000 and \$9,515,000 of the 1986 and 1987 bonds, respectively, remain outstanding.

The 1973, 1974, 1975, and 1978 series general obligation bonds are considered to be defeased and the liability has been removed from the General Long-Term Debt Account Group. At December 31, 1998, \$82,050 of these bonds are outstanding.

The 1990 Utilities Revenue Bonds are considered to be defeased and the liability for those bonds has been removed from the Water and Sewer Fund. At December 31, 1998, \$6,605,000 of these bonds are outstanding.

The advance refunding of the 1990 Utilities Revenue Bonds resulted in a difference between the reacquisition price and the net carrying amount of the old debt of \$1,251,537. This difference, reported in the accompanying financial statements as a deduction from bonds payable, is being charged to operations through the year 2010 using the effective interest method. At December 31, 1998, the unamortized balance was \$894,901.

CITY OF BOSSIER CITY, LOUISIANA

Notes to Combined Financial Statements

December 31, 1998

The 1989 Public Improvement Bonds are considered to be defeased and the liability for those bonds has been removed from the general long-term debt account group. At December 31, 1998, the outstanding balance on the 1989 refunded bonds was \$8,135,000.

In 1997, the City authorized the issuance of \$6,500,000 Utility Revenue Bonds, Series 1997 for the purpose of acquiring and constructing extensions and improvements to the utilities system. In December 1997, the City received the first installment of the purchase price of the bonds in the amount of \$417,730. During 1998, the City received additional purchase price installments of \$4,685,730. Principal payments for Series 1997 begin in the year 2000.

In 1998, the City issued \$34,750,000 in Public Improvement Sales Tax Serial Bonds, Series 1998 for the purpose of purchasing, constructing, acquiring, extending or improving any public works or capital improvements. The City intends to use the proceeds to finance construction of an arena and the extension of the Arthur Ray Teague Parkway.

Changes in Bossier Medical Center retained earnings reserved for debt service and unreserved during the year ended December 31, 1998 and 1997, were as follows:

	<u>1998</u>	<u>1997</u>
Bossier Medical Center Fund:		
Reserved:		
Balance at beginning of year	\$ 890,405	1,035,206
Transfer (to) from unreserved retained earnings	2,258	(144,801)
Balance at end of year	<u>892,663</u>	<u>890,405</u>
Unreserved:		
Balance at beginning of year, as previously reported	30,364,652	30,939,886
Less prior period adjustments	-	(974,954)
Balance at beginning of year, as restated	<u>30,364,652</u>	<u>29,964,932</u>
Transfer from (to) reserves	(2,258)	144,801
Net income (loss)	<u>(5,865,120)</u>	<u>254,919</u>
Balance at end of year	<u>24,497,274</u>	<u>30,364,652</u>
Total retained earnings	\$ <u>25,389,937</u>	\$ <u>31,255,057</u>

CITY OF BOSSIER CITY, LOUISIANA

Notes to Combined Financial Statements

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Changes in the Department of Water and Sewerage retained earnings reserved for debt service and unreserved during the year ended December 31, 1998 and 1997, were as follows:

	<u>1998</u>	<u>1997</u>
<i>Department of Water and Sewerage Fund:</i>		
Reserved:		
Balance at beginning of year	\$ 839,049	975,975
Transfer from (to) unreserved retained earnings	<u>(34,630)</u>	<u>(136,926)</u>
Balance at end of year	<u>804,419</u>	<u>839,049</u>
Unreserved:		
Balance at beginning of year	13,520,203	10,638,447
Net income	2,022,153	2,108,541
Amounts charged to contribution accounts for depreciation	635,696	636,289
Transferred from (to) reserves	<u>34,630</u>	<u>136,926</u>
Balance at end of year	<u>16,212,682</u>	<u>13,520,203</u>
Total retained earnings	\$ <u>17,017,101</u>	<u>14,359,252</u>

CITY OF BOSSIER CITY, LOUISIANA

Notes to Combined Financial Statements

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Details of restricted assets at December 31, 1998 and 1997, are as follows:

	<u>1998</u>	<u>1997</u>
Department of Water and Sewerage:		
Water Division:		
Utility Revenue Bond Funds - 1990, 1992 and 1996 Utility Revenue Serial Bonds Debt Service Fund:		
Cash and cash equivalents	\$ 1,772,118	1,772,394
Accrued interest receivable	25,909	20,598
	<u>1,798,027</u>	<u>1,792,992</u>
Water Capital Additions and Contingencies Fund:		
Cash and cash equivalents	4,472,242	8,301,325
Accrued interest receivable	60,805	94,152
	<u>4,533,047</u>	<u>8,395,477</u>
Total restricted assets applicable to the Water Division	<u>6,331,074</u>	<u>10,188,469</u>
Sewerage Division - Sewerage Capital Additions and Contingencies Fund:		
Cash and cash equivalents	2,676,113	1,319,676
Accrued interest receivable	34,390	18,107
Total restricted assets applicable to the Sewerage Division	<u>2,710,503</u>	<u>1,337,783</u>
Total Department of Water and Sewerage restricted assets	\$ <u>9,041,577</u>	<u>11,526,252</u>
Bossier Medical Center:		
Revenue Bond Retirement Fund - cash and cash equivalents	\$ <u>1,617,283</u>	<u>1,603,437</u>
Designated for plant and equipment additions and replacements:		
Cash and cash equivalents	6,717,822	3,911,006
Certificate of deposit	250,000	100,000
Government agency securities	-	1,097,630
	<u>6,967,822</u>	<u>5,108,636</u>
Total restricted assets applicable to Bossier Medical Center	\$ <u>8,585,105</u>	<u>6,712,073</u>

CITY OF BOSSIER CITY, LOUISIANA

Notes to Combined Financial Statements

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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, 1998, is \$243,058,780. The maximum debt allowable for any one purpose and total debt allowable by state law as of December 31, 1998, is \$24,305,878 and \$85,070,573, respectively. The City currently has no general bonded debt outstanding. Therefore, at December 31, 1998, the City has a debt margin of \$85,070,573 available for issuance pursuant to the 35% limitation.

Component Units

The bonds payable of the Bossier Public Trust Financing Authority at November 30, 1998, consist of \$13,145,000 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, 1998, the Authority has cash and cash equivalents, investments, and accrued interest receivable of \$29,112; \$13,326,927; \$79,149; respectively, restricted for repayment of the bonds.

Scheduled bond principal maturities are as follows:

1999	\$	135,000
2000		140,000
2001		150,000
2002		155,000
2003		160,000
Thereafter		<u>12,405,000</u>
	\$	<u>13,145,000</u>

Under provisions of the indenture, the Bossier Public Trust Financing 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.

(6) 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.

CITY OF BOSSIER CITY, LOUISIANA

Notes to Combined Financial Statements

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

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

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

(7) City Charter Provisions - Department of Water and Sewerage

The City Charter, which became effective July 1, 1977, authorized annual transfers from the Department of Water and Sewerage operating accounts of an amount equal to debt service on general obligation bonds issued for water and sewerage purposes to the Bond and Interest Sinking Funds.

However, the transfer to the Bond and Interest Sinking Funds for debt service on general obligation bonds issued for water and sewerage purposes was not made because, in the opinion of the City attorney, the Charter provisions are in conflict with previous contractual obligations arising from issuance of general obligation and water revenue refunding bonds, and the transfer may not be required. These particular bonds were advance refunded in 1995 and no payments were made in 1998.

CITY OF BOSSIER CITY, LOUISIANA

Notes to Combined Financial Statements

December 31, 1998

(8) Contributed Capital

Changes in contributed capital during the year ended December 31, 1998, were as follows:

	<u>Department of Water and Sewerage</u>	<u>Bossier Medical Center</u>	<u>Emergency Medical Services</u>	<u>Total</u>
Balances at January 1, 1998	\$ 42,889,362	2,922,230	3,975	45,815,567
Contributions	2,942,822	-	-	2,942,822
Amounts charged to contribution account for depreciation	<u>(635,696)</u>	<u>-</u>	<u>-</u>	<u>(635,696)</u>
Balances at December 31, 1998	\$ <u>45,196,488</u>	<u>2,922,230</u>	<u>3,975</u>	<u>48,122,693</u>

(9) 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, Policemen's Fund and BMC 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. There are no investments in loans to or leases with parties related to the pension plans.

CITY OF BOSSIER CITY, LOUISIANA

Notes to Combined Financial Statements

December 31, 1998

C. Plan Descriptions and Contribution Information

Membership of each plan consisted of the following at December 31, 1998:

	<u>Firemen's Fund</u>	<u>Policemen's Fund</u>	<u>BMC Fund</u>
Retirees and beneficiaries receiving benefits	76	59	67
DROP members	20	-	-
Current employees:			
Vested	1	-	171
Nonvested	4	-	235
 Total	 <u>101</u>	 <u>59</u>	 <u>473</u>

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.

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. These amounts paid to the family of the deceased will not exceed two-thirds (2/3) of the member's salary.

CITY OF BOSSIER CITY, LOUISIANA

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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.

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.

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Annual Pension Cost and Net Pension Obligation – A pension liability at transition was determined in accordance with Government Accounting Standards Board 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	\$ 3,409,742
Interest on net pension obligation	7,883
Adjustment to annual required contribution	-
Annual pension cost	<u>3,417,625</u>
Contributions made	<u>3,267,396</u>
Increase in net pension asset	150,229
Net pension obligation beginning of year	<u>92,540</u>
Net pension obligation end of year	\$ <u><u>57,689</u></u>

The annual required contribution for the current year was determined as part of the December 31, 1998 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 over 14 year closed period. The actuarial value of assets is based upon fair value.

Three-Year Trend Information

Fiscal Year Ending:	<u>Annual Pension Cost</u>	<u>Percentage of Annual Pension Cost Contributed</u>	<u>Net Pension Asset (Obligation)</u>
12/31/96	\$ 1,949,123	104%	-
12/31/97	2,279,747	100%	92,540
12/31/98	3,417,625	96%	(57,689)

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

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

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

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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. 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.

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.

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.

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Annual Pension Cost and Net Pension Obligation – A pension liability at transition was determined in accordance with Government Accounting Standards Board 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	\$ 1,731,244
Interest on net pension obligation	1,158
Adjustment to annual required contribution	-
Annual pension cost	<u>1,732,402</u>
Contributions made	<u>1,759,456</u>
Increase in net pension asset	27,054
Net pension asset beginning of year	<u>14,246</u>
 Net pension asset end of year	 <u>\$ 41,300</u>

The annual required contribution for the current year was determined as part of the December 31, 1998 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 over 14 year closed period. The actuarial value of assets is based upon fair value.

Three-Year Trend Information

Fiscal Year Ending:	<u>Annual Pension Cost</u>	<u>Percentage of Annual Pension Cost Contributed</u>	<u>Net Pension Asset</u>
12/31/96	\$ 1,061,054	100%	-
12/31/97	1,163,438	101%	14,246
12/31/98	1,732,402	102%	41,300

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.

CITY OF BOSSIER CITY, LOUISIANA

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Bossier Medical Center Employees' Pension Fund ("BMC Fund")

Plan Description - The BMC Fund is a single-employer defined benefit pension plan that covers all eligible employees of the Bossier Medical Center. The Bossier Medical Center maintains a separate noncontributory defined benefit pension plan for its employees only. The plan covers substantially all employees who have met the length of service requirements. There is no publicly available financial report issued on this plan. All required disclosures are included in these notes. Trend data is not required when the aggregate actuarial cost method is used.

Benefits - The BMC Fund is a plan sponsored by Bossier Medical Center to provide retirement benefits as well as death and disability benefits. Benefits vest 100% after five years. Employees who retire at age 65 are entitled to a benefit of 1.2 percent of each year's compensation plus .5 percent of compensation in excess of \$10,000 for service after January 1, 1989. The formula is 1 percent of compensation in excess of \$10,000 for service prior to 1989, but is based on a five-year average compensation as of 1989. Compensation is defined as total base salary and wages actually paid excluding any additions such as bonuses, overtime, and business expenses. Employees may receive a reduced benefit at or after age 55 if they have ten years of service.

Funding Sources - The contribution requirements are established and may be amended by the Bossier Medical Center's Board of Directors. The Bossier Medical Center is required to contribute at an actuarially determined rate; the current rate is 6.5% of covered payroll.

Annual Pension Cost and Net Pension Obligation - For 1998, annual pension cost of \$828,000 was equal to 100% of Bossier Medical Center's actual contributions. The BMC Fund's net pension obligation was zero at December 31, 1998. Annual pension cost for December 31, 1997 and 1996 was \$660,000 and \$724,000, respectively, which was equal to 100% of the contributions.

The required contribution for 1998 was determined as part of the January 1, 1998 actuarial valuation using the aggregate actuarial cost method. This method does not identify or separately amortize unfunded liabilities. Significant actuarial assumptions included: (a) 7.0% investment rate of return, compounded annually, (b) projected salary increases of 3% per year compounded annually, attributable to inflation, (c) additional projected salary increases of 1% per year, attributable to seniority/merit, (d) no postretirement benefit increases, and (e) postretirement benefit values based on 7.5% interest and sex specific 1983 Group Annuity mortality.

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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.

Funding Policy - Plan members are required to contribute 5% of their annual compensation and the City is required to contribute 3.25% 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 ending December 31, 1998, 1997 and 1996 were \$241,399, \$201,948 and \$226,899, respectively, equal to the required contributions for each year.

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 ending December 31, 1998, 1997, and 1996 were \$443,229, \$407,278 and \$373,348, respectively, equal to the required contributions for each year.

CITY OF BOSSIER CITY, LOUISIANA

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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.

Funding Policy - Plan members are required to contribute 8% of their annual compensation and the City is required to contribute 9% of annual compensation, excluding overtime but including State supplemental pay. The contribution requirements of plan members and the City are established and may be amended by the SFRS Board of Trustees. The City's contributions to SFRS for the years ending December 31, 1998, 1997, and 1996 were \$372,379, \$326,766 and \$308,702, respectively, equal to the required contributions for each year.

(10) 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 24 years.

Bossier Medical Center has future minimum lease payments under operating leases that have initial or remaining lease terms in excess of one year as of December 31, 1998, as follows:

Year Ending December 31,	Minimum Lease Payments
1999	\$ 399,510
2000	272,867
2001	89,310
2002	56,713
2003	-
Total minimum lease payments	\$ 818,400

Total rental expense for 1998 and 1997 for all City and Bossier Medical Center operating leases was \$1,341,527 and \$1,921,611, respectively.

CITY OF BOSSIER CITY, LOUISIANA

Notes to Combined Financial Statements

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(11) Other Required Individual Fund Disclosures

(A) Interfund Receivables and Payables

Individual fund interfund receivable and payable balances at December 31, 1998, were as follows:

Fund	Interfund Receivables	Interfund Payables
General Fund	\$ 66,662	-
Special Revenue Funds - State and Federal grants		66,662
Capital Projects Funds:		
Parkway Capital Projects	223,445	-
Sales Tax Capital Improvements	-	183,061
Debt Service Funds:		
Parkway Sales Tax Bond Sinking and Reserve	-	223,445
Sales Tax Bond Sinking and Reserve	183,061	-
	<u>\$ 473,168</u>	<u>473,168</u>

(B) Segments of Enterprise Activities

There are three services provided by the City which are financed by user charges – water and sewer services, hospital services and emergency medical services. The key financial data for the year ended December 31, 1998, for the three services are as follows:

	Water and Sewer Services	Hospital Services	Emergency Medical Services	Total
Operating revenues	\$ 9,486,273	46,411,214	2,121,861	58,019,348
Operating expenses:				
Depreciation	1,579,970	2,885,248	120,206	4,585,424
Other	5,975,922	46,505,782	1,901,233	54,382,937
	<u>7,555,892</u>	<u>49,391,030</u>	<u>2,021,439</u>	<u>58,968,361</u>
Operating income (loss)	\$ <u>1,930,381</u>	<u>(2,979,816)</u>	<u>100,422</u>	<u>(949,013)</u>
Operating transfers in (out)	\$ <u>-</u>	<u>550,000</u>	<u>-</u>	<u>550,000</u>

CITY OF BOSSIER CITY, LOUISIANA

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December 31, 1998

	<u>Water and Sewer Services</u>	<u>Hospital Services</u>	<u>Emergency Medical Services</u>	<u>Total</u>
Net income (loss)	\$ 2,022,153	(5,865,120)	126,071	(3,716,896)
Contributions received	\$ 2,942,822	-	-	2,942,822
Assets	\$ 82,975,470	36,937,657	1,022,925	120,936,052
Bonds payable	\$ 17,963,559	4,710,000	-	22,673,559
Fund equity	\$ 62,213,589	28,312,167	870,664	91,396,420
Net working capital	\$ 8,322,007	6,597,969	584,217	15,504,193
Acquisition of property, plant, and equipment	\$ 15,010,695	2,857,817	117,922	17,986,434

(C) Operating Transfers

A reconciliation of operating transfers follows:

	<u>Year ended December 31, 1998</u>		<u>Year ended December 31, 1997</u>	
	<u>In</u>	<u>Out</u>	<u>In</u>	<u>Out</u>
General Fund	\$ 3,534,739	-	3,200,351	-
Special revenue funds:				
Fire Improvements and Operations Fund	-	1,300,000	-	1,209,000
Jail and Municipal Buildings Fund	-	813,507	-	590,004
Streets and Drainage Fund	-	431,233	-	105,000
Riverboat Gaming Fund	2,539,008	375,000	-	1,702,401
Debt service funds:				
Parkway Sales Tax Bond Sinking and Reserve	-	358,445	-	50,000
Sales Tax Bond Sinking and Reserve	-	1,828,330	-	-

CITY OF BOSSIER CITY, LOUISIANA

Notes to Combined Financial Statements

December 31, 1998

	Year ended December 31, 1998		Year ended December 31, 1997	
	<u>In</u>	<u>Out</u>	<u>In</u>	<u>Out</u>
Capital projects funds:				
Sales Tax Capital Improvement Fund	\$ 1,828,330			
Parkway Capital Projects Fund	358,445	-	50,000	-
Parkway Sales Tax Bond Fund	-	-	-	65,000
Special Project Fund	-	2,604,007	3,021,054	-
Riverboat Gaming Fund	-	-	-	2,000,000
Enterprise funds – Bossier Medical Center Fund	<u>-</u>	<u>550,000</u>	<u>-</u>	<u>550,000</u>
	<u>\$ 8,260,522</u>	<u>8,260,522</u>	<u>6,271,405</u>	<u>6,271,405</u>

In 1987, the City Council adopted an ordinance by which annual transfers will be made from Bossier Medical Center to various funds of the City. In 1994, the City Council adopted an ordinance budgeting the Bossier Medical Center transfers to the General Fund. In accordance with the ordinance, \$550,000 was transferred in 1998. Future transfers are subject to various financial ratios and earnings of the Bossier Medical Center.

(D) Residual Equity Transfers

During 1998, \$2,565,647 was transferred from the Riverboat Gaming Fund and recorded as a contribution in the Water and Sewer Fund for the purpose of funding various utility construction projects.

CITY OF BOSSIER CITY, LOUISIANA

Notes to Combined Financial Statements

December 31, 1998

(12) Budget Comparisons and Fund Deficits

(A) Budget Comparisons

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>Unfavorable Variance</u>
General Fund:			
General government:			
Administration	\$ 251,882	301,794	(49,912)
Municipal building	956,168	1,069,840	(113,672)
Finance	562,709	580,015	(17,306)
Personnel	127,270	129,830	(2,560)
Public works	178,995	184,385	(5,390)
City Council	165,589	175,299	(9,710)
Information services	340,181	405,821	(65,640)
Herbicide	157,490	162,599	(5,109)
Public Safety - fire	5,616,677	6,050,359	(433,682)
Culture and recreation	1,098,128	1,349,568	(251,440)
Marshal's office	415,187	415,301	(114)
Special Revenue Funds:			
Civic Center - capital outlay	1,850,000	2,191,172	(341,172)
Fire Improvements and Operations - capital outlay	-	534,407	(534,407)

The unfavorable variance in administration is due to the inclusion of salary costs for an employee who was previously budgeted in another department. The unfavorable variance in municipal building is due primarily to unbudgeted repairs and maintenance activities. The unfavorable variance in information services is related to consultant costs. The unfavorable variance in public safety-fire is due primarily to increased worker's compensation costs. The unfavorable variance in culture and recreation is related to unbudgeted expenditures. Capital outlay expenditures in the Civic Center Fund reflect an unfavorable variance due to costs absorbed by this fund which were initially expected to be funded from the Sales Tax Capital Improvements Fund. The unfavorable variance in the Fire and Improvements Fund is related to the purchase of a new ladder truck for which the City anticipated reimbursement from the riverboats.

All budgets are adopted on a basis substantially consistent with generally accepted accounting principles (GAAP) except that administrative expenditures allocated to the State and Federal Grant Special Revenue Fund are budgeted in the General Fund.

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

CITY OF BOSSIER CITY, LOUISIANA

Notes to Combined Financial Statements

December 31, 1998

	<u>General Fund</u>	<u>Special Revenue Funds</u>
Budgetary basis	\$ 25,472,010	3,654,613
Administrative costs of State and Federal Grant Special Revenue Fund	96,634	-
Special Revenue Funds without operating budgets	<u>-</u>	<u>1,744,408</u>
GAAP basis	\$ <u>25,375,376</u>	<u>5,399,021</u>

(13) 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 State and Local Governments*.

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 1998 and 1997 respectively, the state paid supplemental salaries to the following groups of employees: Fire Department employees, \$491,125 and \$538,340; Police Department employees, \$545,100 and \$461,895; and City marshal employees (a component unit), \$19,790 and \$13,923.

(14) Commitments and Contingencies

Construction Projects

There are certain construction projects in progress at December 31, 1998. These include, among others, Phase IV of the Arthur Ray Teague Parkway project and projects associated with enhancement to the wastewater and water treatment plants. In addition, the City has begun preliminary construction activities associated with a multi-purpose arena. As approved by the voters, \$56,750,000 in sales tax revenue bonds have been issued to fund the Arthur Ray Teague Parkway, the arena and other projects. The City has issued approximately \$20,790,000 in utility revenue bonds to fund the wastewater treatment plant improvements, and other related utility improvement projects. Also, \$2,565,647 in riverboat gaming revenues have been transferred to the Water and Sewer Fund to help fund utility improvement projects.

CITY OF BOSSIER CITY, LOUISIANA

Notes to Combined Financial Statements

December 31, 1998

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.

The City is self-insured for 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.

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 \$50,000 per occurrence retention for claims involving third parties. The City maintained property insurance during 1998 on approximately \$65.7 million in City property, subject to a \$50,000 per occurrence retention for property claims. The maximum cumulative amount of self-insured retentions related to automobile, general liability, and property claims is \$300,000.

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.

The Hospital is qualified under the State of Louisiana medical malpractice program and has obtained coverage for the first \$100,000 of professional liability per occurrence through the Louisiana Hospital Association Trust Fund (Trust Fund), effective through October 31, 1997, and through a commercial insurance carrier effective November 1, 1997. Additional coverage is provided by the Louisiana Patients' Compensation Fund (LPCF) for the next \$400,000 of professional liability up to the present statutory maximum of \$500,000 per claim (exclusive of additional amounts for future medical expense provided by law). The Trust Fund and the LPCF provide coverage on an occurrence basis, and the commercial coverage is provided on a claims made basis.

The Hospital provides coverage for payment of compensation and benefits required of employers pursuant to the Louisiana Workers' Compensation Act. The Hospital is partially self-insured for workers' compensation claims incurred prior to November 1, 1998. Commercial carriers cover claims incurred prior to November 1, 1998 exceeding the \$200,000 per incident stop-loss limitation

CITY OF BOSSIER CITY, LOUISIANA

Notes to Combined Financial Statements

December 31, 1998

up to an annual aggregate limit of \$1,000,000 and claims incurred on or after November 1, 1998 up to \$1,000,000 per incident. The Hospital is responsible for all workers' compensation claims incurred below the per incident limitation (for claims incurred prior to November 1, 1998) and in excess of the annual aggregate limitation. The Hospital has pledged a certificate of deposit in the amount of \$250,000 and \$100,000 at December 31, 1998 and 1997, respectively, with the Office of Workers' Compensation for the State of Louisiana as collateral to secure the prompt payment of workers' compensation claims.

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:					
1997	\$	481,231	3,520,721	3,479,929	522,023
1998		522,023	363,976	850,999	35,000
Liability Insurance Fund:					
1997	\$	519,841	847,385	856,912	510,314
1998		510,314	1,126,130	1,120,628	515,816

Postretirement Benefits

As an established practice, the City provides for a portion of the health care costs and life insurance costs of all retirees that meet the minimum service requirements of the retirement plan (as described in note 9) in which the employee participates. In previous years, the City was self-insured for medical benefits. In 1998, the client began participating in a Health Management Organization (HMO). As a result, the cost of providing benefits to the eligible retirees consist of the portion of monthly premiums paid for coverage applicable to the retirees. These costs are accounted for on a pay-as-you-go basis. At December 31, 1998, 100 retirees are currently eligible to receive or are receiving benefits under the plan. The costs of providing these benefits totaled approximately \$68,016 for 1998.

Litigation

The City is defendant in a number of legal actions, most of which are adequately 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. In the opinion of the City attorney, the City's ultimate uninsured exposure cannot be presently determined. 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. Amounts are accrued under Financial Accounting Standards No. 5 as liabilities become probable and can be estimated.

CITY OF BOSSIER CITY, LOUISIANA

Notes to Combined Financial Statements

December 31, 1998

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.

(15) Cost in Excess of Acquired Net Assets

In 1995, Bossier Medical Center purchased the net assets of physician employee practices. The cost in excess of the fair value of the net assets of the physician practices acquired in the amount of \$881,221 is amortized on a straight-line basis over the life of the physicians' contracts with the Hospital, not exceeding five years. Amortization expense totaled \$153,049 for 1998 and is included in depreciation and amortization expense.

In 1998, Bossier Medical Center wrote off the net unamortized balance of cost in excess of acquired net assets totaling \$159,222 related to physicians who had terminated employment at the Medical Center.

(16) Accounting Changes

The City implemented GASB Statement No. 31, Accounting and Financial Reporting for Certain Investments and for External Investment Pools in 1998. This statement establishes accounting and financial reporting standards for all investments held by governmental external investment pools. For most other governmental entities, it establishes fair value standards for investments in (a) participating interest-earning investment contracts, (b) external investment pools, (c) open-end mutual funds, (d) debt securities, and (e) equity securities, option contracts, stock warrants, and stock rights that have readily determinable fair values. Under this statement, governmental entities, including governmental external investment pools, should report investments at fair value in the balance sheet. The adoption of this statement had no effect for the City.

(17) Bossier Medical Center Sale

The Bossier Medical Center's (the "Center") financial statements have been prepared assuming that the Center will continue as a going concern. For the year ended December 31, 1998, the Center incurred an excess of expenses over revenues of approximately \$5,315,000 (including an asset impairment loss of approximately \$2,275,000 as discussed below), and was not in compliance with certain covenants of its revenue bond ordinance. The Center's revenue bonds are in default as of December 31, 1998 and are classified as current liabilities in the balance sheet as of that date. Management expects the Center to incur additional losses in 1999.

CITY OF BOSSIER CITY, LOUISIANA

Notes to Combined Financial Statements

December 31, 1998

In 1998, the City issued a request for proposal to interested parties for a potential sale of the Center, and received an offer and a subsequent amended offer to purchase the Center's property, plant and equipment, inventory and accrued vacation liability for a price of \$18,000,000. Due to the existence of several impairment indicators including the significant operating loss in 1998 and expected future losses, the Center's property, plant and equipment have been written down to the estimated fair value of \$18,000,000 as of December 31, 1998, resulting in an asset impairment loss of approximately \$2,275,000 for the year ended December 31, 1998. The sale of the Center was approved by public referendum on May 1, 1999, and is also subject to approval by the office of the Attorney General.

These conditions raise substantial doubt about the Center's ability to continue as a going concern. The financial statements of the Center do not include any adjustments to reflect the possible future effects on the recoverability and classification of assets or the amounts and classification of liabilities that may result from the outcome of this uncertainty. Severance agreements exist for five current employees of the Bossier Medical Center. Upon the sale of the Center and their termination of employment, approximately \$585,000 will be paid under these agreements by the Center. These amounts are not accrued in the accompanying financial statements.

There are potential liabilities and costs associated with the Center's operations and sale for which amounts are not determinable at this time. Management believes that the ultimate resolution of any uncertainties related to the Center will not have a material adverse effect on the City's financial position, results of operations, or liquidity.

CITY OF BOSSIER CITY, LOUISIANA

Required Supplementary Information

Disclosure About Year 2000 Issues

For the year ended December 31, 1998

(unaudited)

The City is currently addressing year 2000 issues relating to its computer systems and other electronic equipment. The year 2000 issue refers to the fact that many computer programs use only the last two digits to refer to a year. Therefore, both 1900 and 2000 would be referred to as "00". Computer programs have to be adjusted to recognize the difference between those two years or the programs will fail or create errors. Also, some programs may not be able to recognize that 2000 is a leap year. Further, the year 2000 issue could affect electronic equipment—such as environmental systems, vehicles and medical equipment—containing computer chips that have date recognition features.

The City has completed an inventory of computer systems and other electronic equipment that may be affected by the year 2000 issue and that are necessary to conducting City operations. The City has identified public safety, financial administration and public works (water/sewer) as mission critical systems.

The City has completed the awareness and assessment stage of work with respect to its mission critical systems whereby a plan has been established for dealing with these issues and systems have been identified which are in need of year 2000 compliance work. The City is currently within the remediation stage, during which changes are being made to systems and equipment. The costs associated with these changes are being funded on a pay as you go basis. Certain of these changes require commitments with vendors for assistance in addressing year 2000 issues. As of December 31, 1998, the amount of those commitments is approximately \$1,200,000. The validation and testing phase of the work is targeted to be completed by June 30, 1999.

Because of the unprecedented nature of the Year 2000 issue, its effects and the success of related remediation efforts will not be fully determinable until the year 2000 and thereafter. Management cannot assure that the City is or will be Year 2000 ready, that the City's remediation efforts will be successful in whole or in part, or that parties with whom the City does business will be year 2000 ready.

CITY OF BOSSIER CITY, LOUISIANA

Required Supplementary Information

Schedules of Funding Progress

Fiscal years ended December 31, 1996 through December 31, 1998

(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:						
1998	16,792,228	54,491,576	37,699,348	30.8%	239,695	15,728.0%
1997	14,662,576	50,896,950	36,234,374	28.8%	359,619	10,075.8%
1996	13,215,514	43,254,638	30,039,124	30.6%	547,015	5,491.5%
Policemen's Fund:						
1998	4,726,734	25,297,589	20,570,855	18.7%	N/A	N/A
1997	4,157,019	24,162,879	20,005,860	17.2%	N/A	N/A
1996	4,335,342	21,314,195	16,978,853	20.3%	N/A	N/A

CITY OF BOSSIER CITY, LOUISIANA

Notes to Required Supplementary Information

For the year ended December 31, 1998
(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	1/1/99	1/1/99
Actuarial cost method	Entry age normal cost	Entry age normal cost
Amortization method	Level percentage	Level percentage
Remaining amortization period	14 years - closed	14 years - closed
Asset valuation method	Market value	Market value
Actuarial assumptions:		
Investment rate of return*	6.50%	6.50%
Projected salary increases*	4.50%	N/A
*Includes inflation at	3.25%	3.25%
Cost-of-living adjustments	3.25%	3.25%

**COMBINING AND
INDIVIDUAL FUND
AND ACCOUNT GROUP
STATEMENTS
AND SCHEDULES**

GOVERNMENTAL FUNDS

- **GENERAL FUND**
 - **SPECIAL REVENUE FUNDS**
 - **DEBT SERVICE FUNDS**
 - **CAPITAL PROJECTS 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.

CITY OF BOSSIER CITY LOUISIANA

General Fund

Comparative Balance Sheets

December 31, 1998 and 1997

	1998	1997		1998	1997
Assets			Liabilities		
Cash and cash equivalents	\$ 2,720,458	2,609,757	Accounts payable	\$ 547,570	574,807
Ad valorem property taxes receivable, less allowance for uncollectible taxes of and \$65,000 in 1998 and 1997	1,856,996	1,521,633	Accrued Liabilities	-	581,714
Accrued interest	30,497	30,288	Deferred revenues:		
Other accounts receivable	700,050	992,714	Licenses	49,545	48,680
Due from other funds			Other	387,587	227,826
Insurance Fund	-	483,752		<u>437,132</u>	<u>276,506</u>
State and Federal Grant Fund	66,662	55,030	Total liabilities	984,702	1,433,027
	<u>66,662</u>	<u>538,782</u>			
Due from other government entities	90,146	41,124			
Inventories, at cost	92,539	88,430	Fund balance:		
			Reserved for encumbrances	51,246	23,060
			Unreserved - undesignated	4,521,400	4,366,641
			Total fund balance	<u>4,572,646</u>	<u>4,389,701</u>
Total assets	<u>\$ 5,557,348</u>	<u>5,822,728</u>	Total liabilities and fund balance	<u>5,557,348</u>	<u>5,822,728</u>

CITY OF BOSSIER CITY, LOUISIANA

General Fund

Statement of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual on a Budgetary BasisYear ended December 31, 1998
with comparative actual figures for year ended December 31, 1997

	1998			1997
	Budget	Actual on a Budgetary Basis	Variance Favorable (Unfavorable)	Actual on a Budgetary Basis
Revenues:				
Taxes:				
Sales, net	\$ 6,008,217	6,058,639	50,422	7,000,717
Ad valorem	6,147,270	6,214,086	66,816	5,724,385
Utility	949,000	976,584	27,584	946,014
Telephone	195,000	202,619	7,619	195,150
Franchise:				
Cable television	355,000	355,000	-	374,678
Chain store	52,000	54,035	2,035	44,761
Taxi	2,500	313	(2,187)	2,547
	<u>13,708,987</u>	<u>13,861,276</u>	<u>152,289</u>	<u>14,288,252</u>
Licenses and permits	1,780,000	1,903,456	123,456	1,844,425
Intergovernmental:				
Grants	155,000	96,634	(58,366)	141,454
State and parish revenues:				
Supplemental pay	1,089,242	1,056,015	(33,227)	1,014,158
Cigarette tax	236,000	235,413	(587)	235,413
Beer tax	100,000	131,271	31,271	91,934
Special funds from State of Louisiana	172,000	167,830	(4,170)	172,592
	<u>1,752,242</u>	<u>1,687,163</u>	<u>(65,079)</u>	<u>1,655,551</u>
Fines and penalties	668,000	998,030	330,030	710,104
Racing Commission - Louisiana Downs	300,000	325,271	25,271	303,304
Video poker	450,000	431,185	(18,815)	173,335
Interest	100,000	88,615	(11,385)	33,112
Sanitation charges	1,640,000	1,642,548	2,548	1,639,911
Miscellaneous:				
Payment in lieu of taxes - Federal Housing Authority	50,000	54,978	4,978	54,369
Parks and recreation	150,000	247,335	97,335	251,402
Engineering fees	25,000	10,502	(14,498)	26,587
Enterprise funds and Civic Center Fund pro rata share of general and administrative expenses	416,500	402,500	(14,000)	402,500
Police Department revenues	205,000	239,757	34,757	203,415
Other income	255,000	279,200	24,200	301,095
	<u>1,101,500</u>	<u>1,234,272</u>	<u>132,772</u>	<u>1,239,368</u>
Total revenues	<u>21,500,729</u>	<u>22,171,816</u>	<u>671,087</u>	<u>21,887,362</u>

(Continued)

CITY OF BOSSIER CITY, LOUISIANA

General Fund

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

	1998			1997
	Budget	Actual on a Budgetary Basis	Variance Favorable (Unfavorable)	Actual on a Budgetary Basis
Expenditures:				
Current:				
General government:				
Administration	\$ 251,882	301,794	(49,912)	253,227
Municipal building	956,168	1,069,840	(113,672)	918,072
Finance	562,709	580,015	(17,306)	514,230
City garage	539,861	486,465	53,396	521,687
Traffic engineering and safety	648,501	620,649	27,852	611,802
Purchasing	290,968	287,584	3,384	284,320
Engineering	557,665	538,492	19,173	525,153
Personnel	127,270	129,830	(2,560)	122,508
Permits and inspections	413,896	406,526	7,370	389,496
City attorney	186,325	182,019	4,306	189,238
Public works	178,995	184,385	(5,390)	287,962
City Council	165,589	175,299	(9,710)	150,617
Community development	262,876	205,545	57,331	215,620
Animal control	217,267	207,697	9,570	210,805
Information services	340,181	405,821	(65,640)	299,810
Herbicide	157,490	162,599	(5,109)	144,918
Payments to other governmental agencies	745,930	741,678	4,252	795,318
	<u>6,603,573</u>	<u>6,686,238</u>	<u>(82,665)</u>	<u>6,434,783</u>
Solid waste	2,036,171	1,856,190	179,981	1,872,005
Public safety:				
Fire	5,616,677	6,050,359	(433,682)	5,671,185
Police	8,015,818	7,917,886	97,932	7,620,148
	<u>13,632,495</u>	<u>13,968,245</u>	<u>(335,750)</u>	<u>13,291,333</u>
Highways and streets	825,209	825,058	151	883,776
Culture and recreation	1,098,128	1,349,568	(251,440)	1,382,773
City Court and Marshal:				
City Court	406,106	371,410	34,696	371,564
Marshal's office	415,187	415,301	(114)	390,877
	<u>821,293</u>	<u>786,711</u>	<u>34,582</u>	<u>762,441</u>
Total expenditures	<u>25,016,869</u>	<u>25,472,010</u>	<u>(455,141)</u>	<u>24,627,111</u>
Excess of expenditures over revenues	(3,516,140)	(3,300,194)	215,946	(2,739,749)
Other financing sources (uses):				
Operating transfers in	3,534,740	3,534,739	(1)	3,200,351
Transfer to component unit	(51,600)	(51,600)	-	(51,600)
	<u>3,483,140</u>	<u>3,483,139</u>	<u>(1)</u>	<u>3,148,751</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	(33,000)	182,945	215,945	409,002
Fund balance at beginning of year	<u>4,389,701</u>	<u>4,389,701</u>	-	<u>3,980,699</u>
Fund balance at end of year	<u>\$ 4,356,701</u>	<u>4,572,646</u>	<u>215,945</u>	<u>4,389,701</u>

See accompanying notes to combined financial statements.

SPECIAL REVENUE FUNDS

Special revenue funds are used to account for the proceeds of specific revenue sources (other than expendable trust or major capital projects) that are legally restricted to expenditures for specified purposes. The City has seven 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.

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.

Riverboat Gaming — This fund accounts for the monthly payments made by the riverboats of the City's percentage of their monthly revenues. The funds will be used for capital and other undetermined projects.

CITY OF BOSSIER CITY, LOUISIANA

Special Revenue Funds

Combining Balance Sheet

December 31, 1998
with comparative totals for 1997

Assets	State and Federal Grant	Court Witness Fee	Civic Center	Fire Improvements and Operations	Jail and Municipal Buildings	Streets and Drainage	Riverboat Gaming	Totals	
								1998	1997
Cash and cash equivalents	\$ -	2,103	983,511	342,516	2,174,272	1,128,519	30,517,222	35,148,143	30,762,034
Interest receivable	-	-	13,351	4,657	26,000	15,331	419,903	479,242	356,012
Other receivables	-	-	-	-	-	-	-	-	603
Due from other government agencies	227,706	-	320,141	-	-	-	-	547,847	325,147
Total assets	\$ 227,706	2,103	1,317,003	347,173	2,200,272	1,143,850	30,937,125	36,175,232	31,443,796
Liabilities and Fund Balances									
Liabilities:									
Accounts payable	\$ 156,755	-	339,569	-	-	5,357	189,403	691,084	88,823
Due to other funds - general fund	66,662	-	-	-	-	-	-	66,662	55,030
Deferred revenue	4,289	-	-	-	-	-	-	4,289	4,289
Total liabilities	227,706	-	339,569	-	-	5,357	189,403	762,035	148,142
Fund balances:									
Reserved for encumbrances	7,469	-	452,365	-	46,156	-	-	505,990	3,163,325
Unreserved - designated	-	-	-	-	-	-	30,747,722	30,747,722	25,686,933
Unreserved - undesignated	(7,469)	2,103	525,069	347,173	2,154,116	1,138,493	-	4,159,485	2,445,396
Total fund balances	-	2,103	977,434	347,173	2,200,272	1,138,493	30,747,722	35,413,197	31,295,654
Total liabilities and fund balances	\$ 227,706	2,103	1,317,003	347,173	2,200,272	1,143,850	30,937,125	36,175,232	31,443,796

See accompanying notes to combined financial statements.

CITY OF BOSSIER CITY, LOUISIANA

Special Revenue Funds

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances (Deficit)

Year ended December 31, 1998
with comparative totals for year ended December 31, 1997

	State and Federal Grant	Court Witness Fee	Civic Center	Fire Improvements and Operations	Jail and Municipal Buildings	Streets and Drainage	Riverboat Gaming	Totals
								1998
Revenues:								1997
Sales, tax, net	-	-	-	1,322,564	944,690	1,086,392	-	3,353,646
Riverboat gaming	-	-	-	-	-	-	4,852,821	4,852,821
Video poker	-	-	-	-	-	-	-	-
Intergovernmental:								
U.S. government grants and entitlements	595,267	-	-	-	-	-	-	595,267
State and parish shared revenues	-	3,400	1,212,529	-	-	-	-	1,215,929
	595,267	3,400	1,212,529	-	-	-	-	1,811,196
Fines and penalties	-	28,972	-	-	-	-	-	28,972
Rental fees	-	-	175,652	-	-	-	-	175,652
Interest	-	-	76,473	16,271	110,116	64,713	1,727,097	1,994,670
Miscellaneous	-	-	31,507	214,479	-	-	-	245,986
Total revenues	595,267	32,372	1,496,161	1,553,314	1,054,806	1,151,105	6,579,918	12,462,943
Expenditures:								
Current:								
General government	96,634	-	-	-	-	-	1,100,000	1,196,634
Public safety	112,390	-	-	-	-	-	-	112,390
Highways and streets	142,508	-	-	-	-	-	-	142,508
Culture and recreation	31,825	-	384,539	-	-	-	-	416,364
City Court and Marshal	6,993	32,325	-	-	-	-	-	39,318
Miscellaneous	204,243	-	-	-	-	-	17,490	221,733
Capital outlay	-	-	2,191,172	534,407	-	544,495	-	3,270,074
Total expenditures	594,593	32,325	2,575,711	534,407	-	544,495	1,117,490	5,399,021
Excess (deficiency) of revenues over expenditures	674	47	(1,079,550)	1,018,907	1,054,806	606,610	5,462,428	7,063,922
Other financing sources (uses):								
Operating transfer in	-	-	-	(1,300,000)	(813,507)	(431,233)	2,539,008	2,539,008
Operating transfers out	-	-	-	(1,300,000)	(813,507)	(431,233)	(375,000)	(2,919,740)
Excess (deficiency) of revenues and other sources over expenditures and other uses	674	47	(1,079,550)	(281,093)	241,299	175,377	7,626,436	6,683,190
Fund balances (deficit) at beginning of year	(674)	2,056	2,056,984	628,266	1,958,973	963,116	25,686,933	31,295,654
Residual equity transfer (out)	-	-	-	-	-	-	(2,565,647)	(2,565,647)
Fund balances at end of year	\$ -	2,103	977,434	347,173	2,200,272	1,138,493	30,747,722	35,413,197

See accompanying notes to combined financial statements.

CITY OF BOSSIER CITY, LOUISIANA

Special Revenue Fund
Civic Center FundStatement of Revenues, Expenditures, and
Changes in Fund Balance - Budget and ActualDecember 31, 1998
with comparative totals for year ended December 31, 1997

	1998		Variance Favorable (Unfavorable)	1997
	Budget	Actual		Actual
Revenues:				
Intergovernmental - state and parish shared revenues	\$ 525,000	1,212,529	687,529	1,164,363
Rental fees	200,000	175,652	(24,348)	173,794
Interest	30,000	76,473	46,473	70,540
Miscellaneous	18,000	31,507	13,507	22,962
Total revenues	<u>773,000</u>	<u>1,496,161</u>	<u>723,161</u>	<u>1,431,659</u>
Expenditures:				
Culture and recreation:				
Salaries, fringe benefits, and payroll taxes	244,966	236,365	8,601	225,804
Insurance	20,000	10,603	9,397	21,146
Professional services	3,000	-	3,000	3,000
Utilities	91,000	50,685	40,315	74,428
Office and operating supplies	38,100	37,105	995	34,507
Administrative expenses	10,000	5,893	4,107	2,430
Travel and training	4,000	1,652	2,348	3,782
Maintenance	23,750	20,196	3,554	20,586
Other	28,000	22,040	5,960	25,232
Capital outlay	1,850,000	2,191,172	(341,172)	43,559
Total expenditures	<u>2,312,816</u>	<u>2,575,711</u>	<u>(262,895)</u>	<u>454,474</u>
Excess (deficiency) of revenues over expenditures	(1,539,816)	(1,079,550)	460,266	977,185
Fund balance at beginning of year	<u>2,056,984</u>	<u>2,056,984</u>	-	<u>1,079,799</u>
Fund balance at end of year	<u>\$ 517,168</u>	<u>977,434</u>	<u>460,266</u>	<u>2,056,984</u>

See accompanying notes to combined financial statements.

CITY OF BOSSIER CITY, LOUISIANA

**Special Revenue Fund
Fire Improvements and Operations Fund**

**Statement of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual**

December 31, 1998
with comparative actual figures for the year ended December 31, 1997

	1998		Variance Favorable (Unfavorable)	1997
	Budget	Actual		Actual
Revenues:				
Sales tax, net	\$ 1,304,109	1,322,564	18,455	1,255,599
Interest	7,500	16,271	8,771	34,114
Miscellaneous	-	214,479	214,479	14,500
Total revenues	<u>1,311,609</u>	<u>1,553,314</u>	<u>241,705</u>	<u>1,304,213</u>
Expenditures - capital outlay	-	534,407	(534,407)	110,750
Excess of revenues over expenditures	<u>1,311,609</u>	<u>1,018,907</u>	<u>(292,702)</u>	<u>1,193,463</u>
Other financing use - operating transfer out	<u>(1,300,000)</u>	<u>(1,300,000)</u>	-	<u>(1,209,000)</u>
Excess (deficiency) of revenues over expenditures and other financing use	11,609	(281,093)	(292,702)	(15,537)
Fund balance at beginning of year	<u>628,266</u>	<u>628,266</u>	-	<u>643,803</u>
Fund balance at end of year	<u>\$ 639,875</u>	<u>347,173</u>	<u>(292,702)</u>	<u>628,266</u>

See accompanying notes to combined financial statements.

CITY OF BOSSIER CITY, LOUISIANA

Special Revenue Fund
Jail and Municipal Buildings FundStatement of Revenues, Expenditures, and
Changes in Fund Balance - Budget and ActualDecember 31, 1998
with comparative actual figures for the year ended December 31, 1997

	1998		Variance Favorable (Unfavorable)	1997
	Budget	Actual		Actual
Revenues:				
Sales tax, net	\$ 931,507	944,690	13,183	896,856
Interest	32,000	110,116	78,116	107,611
Total revenues	<u>963,507</u>	<u>1,054,806</u>	<u>91,299</u>	<u>1,004,467</u>
Expenditures - capital outlay	-	-	-	-
Excess of revenues over expenditures	<u>963,507</u>	<u>1,054,806</u>	<u>91,299</u>	<u>1,004,467</u>
Other financing use - operating transfer out	<u>(813,507)</u>	<u>(813,507)</u>	-	<u>(590,004)</u>
Excess of revenues over expenditures and other use	150,000	241,299	91,299	414,463
Fund balance at beginning of year	<u>1,958,973</u>	<u>1,958,973</u>	-	<u>1,544,510</u>
Fund balance at end of year	<u>\$ 2,108,973</u>	<u>2,200,272</u>	<u>91,299</u>	<u>1,958,973</u>

See accompanying notes to combined financial statements.

CITY OF BOSSIER CITY, LOUISIANA

**Special Revenue Fund
Streets and Drainage Fund**

**Statement of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual**

December 31, 1998
with comparative actual figures for the year ended December 31, 1997

	1998		Variance Favorable (Unfavorable)	1997
	Budget	Actual		Actual
Revenues:				
Sales tax, net	\$ 1,071,233	1,086,392	15,159	1,031,385
Interest	10,000	64,713	54,713	64,800
Total revenues	<u>1,081,233</u>	<u>1,151,105</u>	<u>69,872</u>	<u>1,096,185</u>
Expenditures - capital outlay	<u>650,000</u>	<u>544,495</u>	<u>105,505</u>	<u>1,087,318</u>
Excess of revenues over expenditures	431,233	606,610	175,377	8,867
Other financing use - operating transfer out	<u>(431,233)</u>	<u>(431,233)</u>	<u>-</u>	<u>(105,000)</u>
Excess (deficiency) of revenues over expenditures and other use	-	175,377	175,377	(96,133)
Fund balance at beginning of year	<u>963,116</u>	<u>963,116</u>	<u>-</u>	<u>1,059,249</u>
Fund balance at end of year	<u>\$ 963,116</u>	<u>1,138,493</u>	<u>175,377</u>	<u>963,116</u>

See accompanying notes to combined financial statements.

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 ad valorem and sales taxes paid to the City.

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, and 1998 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 1987, 1989, 1992, and 1997 bond series.

CITY OF BOSSIER CITY, LOUISIANA

Debt Service Funds
Bond and Interest Sinking Funds

Combining Balance Sheet

December 31, 1998
with comparative totals for 1997

Assets	Sales Tax Bond Sinking and Reserve Fund	Parkway Sales Tax Bond Sinking and Reserve Fund	Totals	
			1998	1997
Cash and cash equivalents	\$ 4,480,082	2,534,611	7,014,693	6,408,725
Accrued interest	64,202	36,000	100,202	73,680
Due from other funds - Sales Tax Capital Improvements Fund	183,061	-	183,061	-
Total assets	\$ <u>4,727,345</u>	<u>2,570,611</u>	<u>7,297,956</u>	<u>6,482,405</u>
Liabilities				
Due to other funds - Parkway Capital Projects Fund	\$ -	223,445	223,445	50,000
Fund balances - reserved for debt service	<u>4,727,345</u>	<u>2,347,166</u>	<u>7,074,511</u>	<u>6,432,405</u>
Total liabilities and fund balance	\$ <u>4,727,345</u>	<u>2,570,611</u>	<u>7,297,956</u>	<u>6,482,405</u>

See accompanying notes to combined financial statements.

CITY OF BOSSIER CITY, LOUISIANA

Debt Service Funds
Bond and Interest Sinking FundsCombining Statements of Revenues, Expenditures,
and Changes in Fund BalancesYear ended December 31, 1998
with comparative totals for year ended December 31, 1997

	Sales Tax Bond Sinking and Reserve Fund	Parkway Sales Tax Bond Sinking and Reserve Fund	Totals	
			1998	1997
Revenues:				
Taxes - sales, net	\$ 2,925,546	1,970,313	4,895,859	4,049,218
Interest	278,891	159,942	438,833	470,170
Miscellaneous other income	-	1,762	1,762	-
Total revenues	<u>3,204,437</u>	<u>2,132,017</u>	<u>5,336,454</u>	<u>4,519,388</u>
Expenditures - debt service:				
Principal retirement	1,110,000	815,000	1,925,000	1,960,000
Advance refunding escrow	-	-	-	201,363
Interest and fiscal charges	1,634,827	1,158,949	2,793,776	2,040,145
Total expenditures	<u>2,744,827</u>	<u>1,973,949</u>	<u>4,718,776</u>	<u>4,201,508</u>
Excess of revenues over expenditures	459,610	158,068	617,678	317,880
Other financing sources (uses):				
Proceeds of bond issuance	2,211,203	-	2,211,203	-
Proceeds of refunding bonds	-	-	-	8,588,252
Payments to refunded bond escrow agent	-	-	-	(8,588,252)
Operating transfer out - Sales Tax Capital Improvements Fund	(1,828,330)	-	(1,828,330)	-
Operating transfer out - Parkway Capital Projects Fund	-	(358,445)	(358,445)	(50,000)
	<u>382,873</u>	<u>(358,445)</u>	<u>24,428</u>	<u>(50,000)</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	842,483	(200,377)	642,106	267,880
Fund balances at the beginning of year	<u>3,884,862</u>	<u>2,547,543</u>	<u>6,432,405</u>	<u>6,164,525</u>
Fund balances at the end of year	<u>\$ 4,727,345</u>	<u>2,347,166</u>	<u>7,074,511</u>	<u>6,432,405</u>

See accompanying notes to combined financial statements.

CAPITAL PROJECTS FUNDS

Capital projects 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). Brief descriptions of each fund follow:

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.

1989 Parkway Bond Construction Fund — This fund is used to account for expenditures associated with the Arthur Ray Teague Parkway construction, Airline Drive widening and utility relocation, Shed Road Phase II and Phase III, and Canes Landing projects and is funded by the 1989 Parkway Bond proceeds and interest earned.

1998 Parkway Bond Construction Fund — This fund is used to account for expenditures associated with the Arthur Ray Teague Parkway and is funded by the 1998 bond proceeds and interest earned.

1998 Arena Bond Construction Fund — This fund is used to account for expenditures associated with the construction of a multi-purpose arena and is funded by the 1998 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.

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 the initial payments made by three riverboat casinos and related interest earnings.

CITY OF BOSSIER CITY, LOUISIANA

Capital Projects Funds

Combining Balance Sheet

December 31, 1998
with comparative totals for 1997

Assets	Sales Tax Capital Improvement Fund	Parkway Capital Projects Fund	1989 Parkway Bond Construction Fund	1998 Parkway Bond Construction Fund	1998 Arena Bond Construction Fund	Special Project Fund	Land Acquisition Fund	Equipment Replacement Fund	Riverboat Gaming Capital Projects Fund	Totals	
										1998	1997
Cash and cash equivalents	\$ 2,668,549	1,737,123	-	4,113,577	29,142,185	1,798,591	100,114	89,230	3,655,880	43,305,249	11,615,517
Accounts receivable	295,938	-	-	-	-	-	-	-	-	295,938	-
Due from other funds - Debt Service	-	223,445	-	-	-	-	-	-	-	223,445	50,000
Accrued interest	35,285	21,790	-	55,914	396,117	24,441	1,361	338	51,275	586,521	136,279
Total assets	\$ 2,999,772	1,982,358	-	4,169,491	29,538,302	1,823,032	101,475	89,568	3,707,155	44,411,153	11,801,796
Liabilities and Fund Balances											
Liabilities:											
Accounts payable	\$ 197,794	271,811	-	-	1,138	351,355	-	-	342,751	1,164,849	472,451
Retainages payable	-	-	-	-	-	276,047	-	-	-	276,047	-
Due to other funds - Debt Service	183,061	-	-	-	-	-	-	-	-	183,061	37,684
Total liabilities	380,855	271,811	-	-	1,138	627,402	-	-	342,751	1,623,957	510,135
Fund balances:											
Reserved for encumbrances	731,271	460,846	-	2,980,912	190,640	1,195,630	-	-	687,298	6,246,597	408,445
Unreserved-designated for subsequent years' expenditures	1,887,646	1,249,701	-	1,188,579	29,346,524	-	101,475	89,568	2,677,106	36,540,599	10,883,216
Total fund balances	2,618,917	1,710,547	-	4,169,491	29,537,164	1,195,630	101,475	89,568	3,364,404	42,787,196	11,291,661
Total liabilities and fund balances	\$ 2,999,772	1,982,358	-	4,169,491	29,538,302	1,823,032	101,475	89,568	3,707,155	44,411,153	11,801,796

See accompanying notes to combined financial statements.

CITY OF BOSSIER CITY, LOUISIANA

Capital Projects Funds

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

Year ended December 31, 1998
with comparative totals for year ended December 31, 1997

	1998	1997	1998	1997	1998	1997	1998	1997	1998	1997	1998	1997	1998	1997	1998	1997	1998	1997
	Sales Tax Capital Improvement Fund	Parkway Capital Projects Fund	1989 Parkway Bond Construction Fund	1998 Parkway Bond Construction Fund	1998 Arena Bond Construction Fund	Special Project Fund	Land Acquisition Fund	Equipment Replacement Fund	Riverboat Gaming Capital Projects Fund	Totals	1998	1997	1998	1997				
Revenues:	\$ 1,797,898	2,753,132	-	169,491	-	-	-	-	-	4,720,521	4,919,345							
Sales taxes, net																		
Intergovernmental																		
U.S. government grants and entitlements	211,311	148,253	-	-	-	-	-	-	-	359,564	-							
State and parish shared revenues	295,938	-	-	-	-	664,810	-	-	7,497,514	295,938	853,144							
Riverboat gaming	102,580	71,391	18,637	979,055	-	212,108	5,139	2,765	105,096	8,162,324	669,165							
Interest	5,660	-	-	-	-	25,338	90,300	32,089	3,000	1,496,771	130,924							
Other income										156,387								
Total revenues	2,413,387	2,972,776	18,637	169,491	979,055	902,256	95,439	34,854	7,605,610	15,191,505	6,572,578							
Expenditures-capital outlay-project expenditures and engineering fees	2,296,400	2,853,124	2,170,905	-	199,978	3,838,681	-	-	4,677,737	16,036,825	7,382,928							
Excess (deficiency) of revenues over expenditures	116,987	119,652	(2,152,268)	169,491	779,077	(2,936,425)	95,439	34,854	2,927,873	(845,320)	(810,350)							
Other financing sources (uses)	-	-	-	4,000,000	28,758,087	-	-	-	-	32,758,087	-							
Bond proceeds	-	-	-	-	-	(2,539,007)	-	-	-	(2,539,007)	1,021,054							
Operating transfers in (out):	-	-	-	-	-	-	-	-	-	2,186,775	50,000							
Riverboat Gaming Trust Fund	1,828,330	358,445	-	-	-	(65,000)	-	-	-	(65,000)	(65,000)							
Debt Service Fund	-	-	-	-	-	-	-	-	-	-	-							
General Fund	-	-	-	-	-	-	-	-	-	-	-							
Total other financing sources	1,828,330	358,445	-	4,000,000	28,758,087	(2,604,007)	-	-	-	32,340,855	1,006,054							
Excess (deficiency) of revenues and other sources over expenditures and other uses	1,945,317	478,097	(2,152,268)	4,169,491	29,537,164	(5,540,432)	95,439	34,854	2,927,873	31,495,535	195,704							
Fund balances at beginning of year	673,600	1,232,450	2,152,268	-	-	6,736,062	6,036	54,714	436,531	11,291,661	11,095,957							
Fund balances at end of year	\$ 2,618,917	1,710,547	-	4,169,491	29,537,164	1,195,630	101,475	89,568	3,364,404	42,787,196	11,291,661							

See accompanying notes to combined financial statements.

**PROPRIETARY
AND FIDUCIARY
FUNDS**

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-
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- **ENTERPRISE FUNDS**
 - **INTERNAL SERVICE FUNDS**
 - **FIDUCIARY FUNDS**

**ENTERPRISE
FUNDS**

The enterprise funds are used to account for operations that are financed and operated in a manner similar to private business enterprises in that the cost of goods and services are recovered primarily through user charges. Accountability over enterprise funds are directed at the periodic determination of revenues earned, expenses incurred, and net income.

The enterprise funds reported in this section are as follows:

Department of Water and Sewerage — 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.

Bossier Medical Center — A municipal health care facility owned and operated by the City of Bossier City, Louisiana.

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, Louisiana, with emergency medical services.

CITY OF BOSSIER CITY, LOUISIANA

Enterprise Funds

Combining Balance Sheet

December 31, 1998
with comparative totals for 1997

Assets	Department of Water and Sewerage	Bossier Medical Center	Emergency Medical Services	Totals	
				1998	1997
Current assets:					
Cash and cash equivalents	\$ 9,494,785	197,468	414,355	10,106,608	14,478,794
Accounts receivable - customers	963,297	10,544,934	404,122	11,912,353	14,703,199
Less allowance for doubtful accounts	(79,551)	(2,027,000)	(87,630)	(2,194,181)	(3,132,048)
	<u>883,746</u>	<u>8,517,934</u>	<u>316,492</u>	<u>9,718,172</u>	<u>11,571,151</u>
Accrued interest receivable	129,298	-	5,631	134,929	131,267
Others accounts receivable	157,644	189,326	-	346,970	952,694
Prepaid expenses	-	549,939	-	549,939	616,513
Inventories, at cost	228,140	879,172	-	1,107,312	1,206,000
Total current assets	<u>10,893,613</u>	<u>10,333,839</u>	<u>736,478</u>	<u>21,963,930</u>	<u>28,956,419</u>
Restricted assets:					
Cash and cash equivalents	8,920,473	8,335,105	-	17,255,578	16,907,838
Investments, at cost	-	250,000	-	250,000	1,197,630
Accrued interest	121,104	-	-	121,104	132,857
	<u>9,041,577</u>	<u>8,585,105</u>	<u>-</u>	<u>17,626,682</u>	<u>18,238,325</u>
Property, plant and equipment:					
Land and land improvements	583,508	1,884,628	-	2,468,136	2,439,893
Water reservoir and treatment plant	35,362,598	-	-	35,362,598	35,351,933
Buildings	-	14,439,973	-	14,439,973	12,938,167
Transmission and distribution system	28,239,380	-	-	28,239,380	26,812,527
Equipment	4,211,960	37,122,390	1,064,525	42,398,875	41,015,131
	<u>68,397,446</u>	<u>53,446,991</u>	<u>1,064,525</u>	<u>122,908,962</u>	<u>118,557,651</u>
Less accumulated depreciation	(24,602,843)	(35,634,794)	(778,078)	(61,015,715)	(54,308,009)
	<u>43,794,603</u>	<u>17,812,197</u>	<u>286,447</u>	<u>61,893,247</u>	<u>64,249,642</u>
Construction in progress	18,634,335	187,803	-	18,822,138	5,186,436
Net property, plant and equipment	<u>62,428,938</u>	<u>18,000,000</u>	<u>286,447</u>	<u>80,715,385</u>	<u>69,436,078</u>
Other assets:					
Cost in excess of acquired net assets, less accumulated amortization	-	-	-	-	312,271
Deferred bond costs, at cost less amortization	369,675	-	-	369,675	523,375
Other assets	241,667	18,713	-	260,380	262,388
Total other assets	<u>611,342</u>	<u>18,713</u>	<u>-</u>	<u>630,055</u>	<u>1,098,034</u>
Total assets	<u>\$ 82,975,470</u>	<u>36,937,657</u>	<u>1,022,925</u>	<u>120,936,052</u>	<u>117,728,856</u>

(Continued)

CITY OF BOSSIER CITY, LOUISIANA

Enterprise Funds

Combining Balance Sheet

Liabilities, Contributions and Retained Earnings	Department of Water and Sewerage	Bossier Medical Center	Emergency Medical Services	Totals	
				1998	1997
Current liabilities (payable from current assets):					
Accounts payable and accrued expenses	\$ 1,133,457	2,481,212	152,261	3,766,930	4,638,382
Accrued vacation	147,815	968,853	-	1,116,668	1,010,948
Amounts due to third-party payors	-	285,805	-	285,805	-
Estimates and retainages payable	1,119,033	-	-	1,119,033	179,465
Refundable deposits	171,301	-	-	171,301	213,084
Total current liabilities (payable from current assets)	<u>2,571,606</u>	<u>3,735,870</u>	<u>152,261</u>	<u>6,459,737</u>	<u>6,041,879</u>
Current liabilities (payable from restricted assets):					
Accrued interest on revenue bonds	226,716	179,620	-	406,336	391,377
Current portion of long-term debt	785,000	4,710,000	-	5,495,000	1,255,000
Total current liabilities (payable from restricted assets)	<u>1,011,716</u>	<u>4,889,620</u>	<u>-</u>	<u>5,901,336</u>	<u>1,646,377</u>
Total current liabilities	<u>3,583,322</u>	<u>8,625,490</u>	<u>152,261</u>	<u>12,361,073</u>	<u>7,688,256</u>
Long-term debt	17,178,559	-	-	17,178,559	17,870,106
Total liabilities	<u>20,761,881</u>	<u>8,625,490</u>	<u>152,261</u>	<u>29,539,632</u>	<u>25,558,362</u>
Fund equity:					
Contributions:					
Contributions from municipality	9,995,101	2,922,230	-	12,917,331	13,038,279
Contributions from Federal Revenue Sharing Fund	2,291,175	-	-	2,291,175	2,346,176
Contributions from Riverboat Gaming Fund	12,220,048	-	-	12,220,048	9,654,401
Contributions from Public Improvement Sales Tax Bond Fund	2,647,073	-	-	2,647,073	2,712,023
Contributions from Sales Tax Capital Fund	2,832,195	-	1,278	2,833,473	2,524,901
Contributions from subdividers and customers	1,775,691	-	-	1,775,691	1,819,297
Contributions from other governmental agencies	11,931,062	-	2,697	11,933,759	12,216,347
Contributions from Consolidated Debt Service Fund	860,942	-	-	860,942	860,942
Contributions from capital additions	221,860	-	-	221,860	221,860
Contributions from Bond and Interest Sinking Fund	421,341	-	-	421,341	421,341
Total contributions	<u>45,196,488</u>	<u>2,922,230</u>	<u>3,975</u>	<u>48,122,693</u>	<u>45,815,567</u>
Retained earnings:					
Reserved for revenue bond requirements	804,419	892,663	-	1,697,082	1,729,454
Unreserved	16,212,682	24,497,274	866,689	41,576,645	44,625,473
Total retained earnings	<u>17,017,101</u>	<u>25,389,937</u>	<u>866,689</u>	<u>43,273,727</u>	<u>46,354,927</u>
Total fund equity	<u>62,213,589</u>	<u>28,312,167</u>	<u>870,664</u>	<u>91,396,420</u>	<u>92,170,494</u>
Total liabilities and fund equity	<u>\$ 82,975,470</u>	<u>36,937,657</u>	<u>1,022,925</u>	<u>120,936,052</u>	<u>117,728,856</u>

See accompanying notes to combined financial statements.

CITY OF BOSSIER CITY, LOUISIANA

Enterprise Funds

Combining Statement of Revenues, Expenses, and
Changes in Retained EarningsYear ended December 31, 1998
with comparative totals for year ended December 31, 1997

	Department of Water and Sewerage	Bossier Medical Center	Emergency Medical Services	Totals	
				1998	1997
Operating revenues:					
Charges for services:					
Metered water sales	\$ 4,383,520	-	-	4,383,520	4,065,358
Sewerage service charges	4,833,048	-	-	4,833,048	4,654,291
Revenue from hospital services	-	45,977,869	-	45,977,869	47,898,609
Ambulance fees	-	-	2,081,626	2,081,626	1,845,577
	<u>9,216,568</u>	<u>45,977,869</u>	<u>2,081,626</u>	<u>57,276,063</u>	<u>58,463,835</u>
Miscellaneous - other revenues	269,705	433,345	40,235	743,285	720,284
Total revenues	<u>9,486,273</u>	<u>46,411,214</u>	<u>2,121,861</u>	<u>58,019,348</u>	<u>59,184,119</u>
Operating expenses:					
Personal services	2,858,364	24,592,725	1,493,676	28,944,765	27,966,390
Supplies	698,964	7,238,938	72,230	8,010,132	7,591,566
Utilities	534,593	806,859	24,745	1,366,197	1,137,764
Repairs and maintenance	540,523	249,075	33,407	823,005	803,309
Provision for bad debts	60,169	3,186,848	149,594	3,396,611	4,544,520
Other medical	-	10,431,337	-	10,431,337	9,128,882
Miscellaneous	1,283,309	-	127,581	1,410,890	1,185,313
Depreciation and amortization	1,579,970	2,885,248	120,206	4,585,424	4,300,178
Total expenses	<u>7,555,892</u>	<u>49,391,030</u>	<u>2,021,439</u>	<u>58,968,361</u>	<u>56,657,922</u>
Operating income (loss)	<u>1,930,381</u>	<u>(2,979,816)</u>	<u>100,422</u>	<u>(949,013)</u>	<u>2,526,197</u>
Nonoperating revenues (expenses):					
Interest income	1,088,381	436,973	25,649	1,551,003	1,898,505
Interest expense	(861,218)	(497,525)	-	(1,358,743)	(1,205,768)
Amortization	(133,758)	-	-	(133,758)	(169,984)
Asset impairment	-	(2,274,752)	-	(2,274,752)	-
Restricted donation	-	-	-	-	19,918
Other, net	(1,633)	-	-	(1,633)	(5,936)
Total nonoperating revenues (expenses)	<u>91,772</u>	<u>(2,335,304)</u>	<u>25,649</u>	<u>(2,217,883)</u>	<u>536,735</u>
Income (loss) before operating transfers	<u>2,022,153</u>	<u>(5,315,120)</u>	<u>126,071</u>	<u>(3,166,896)</u>	<u>3,062,932</u>
Operating transfers out	-	(550,000)	-	(550,000)	(550,000)
Net income (loss)	<u>2,022,153</u>	<u>(5,865,120)</u>	<u>126,071</u>	<u>(3,716,896)</u>	<u>2,512,932</u>
Amounts charged to contribution accounts - depreciation on contributed assets	635,696	-	-	635,696	636,868
Retained earnings at beginning of year, as previously reported	14,359,252	31,255,057	740,618	46,354,927	44,180,081
Less prior period adjustments	-	-	-	-	(974,954)
Retained earnings at beginning of year, as restated	<u>14,359,252</u>	<u>31,255,057</u>	<u>740,618</u>	<u>46,354,927</u>	<u>43,205,127</u>
Retained earnings at end of year, as restated	<u>\$ 17,017,101</u>	<u>25,389,937</u>	<u>866,689</u>	<u>43,273,727</u>	<u>46,354,927</u>

See accompanying notes to combined financial statements.

CITY OF BOSSIER CITY, LOUISIANA

Enterprise Funds

Combining Statement of Cash Flows

Year ended December 31, 1998
with comparative totals for year ended December 31, 1997

	Department of Water and Sewerage	Bossier Medical Center	Emergency Medical Services	Totals	
				1998	1997
Cash flows from operating activities:					
Operating income (loss)	\$ 1,930,381	(2,979,816)	100,422	(949,013)	2,526,197
Adjustments to reconcile operating income to net cash provided by operating activities:					
Depreciation and amortization	1,579,970	2,885,248	120,206	4,585,424	4,300,178
Provision for bad debts	60,169	3,186,848	149,594	3,396,611	4,544,520
Write-off of cost in excess of acquired net assets and abandoned construction project	-	159,222	-	159,222	77,651
(Increase) decrease in assets:					
Accounts receivable	(117,896)	(1,122,556)	(303,180)	(1,543,632)	(5,552,402)
Other receivable	279,002	337,722	-	616,724	(663,873)
Prepaid expenses	-	55,574	-	55,574	(189,934)
Inventories	(15,344)	114,032	-	98,688	(290,771)
Other assets	8,333	(6,325)	-	2,008	(243,733)
Increase (decrease) in liabilities:					
Accounts payable and accrued expenses	350,997	(25,827)	28,749	353,919	948,526
Accrued vacation	5,106	100,614	-	105,720	53,225
Due to other funds	-	-	-	-	(4,000)
Refundable deposits	(41,783)	-	-	(41,783)	(72,474)
Other liabilities	(1,633)	-	-	(1,633)	(5,936)
Net cash provided by operating activities	4,037,302	2,704,736	95,791	6,837,829	5,427,174
Net cash used by noncapital financing activities - operating transfer out	-	(550,000)	-	(550,000)	(550,000)
Cash flows from capital and related financing activities:					
Acquisition and construction of capital assets	(15,010,695)	(2,857,817)	(117,922)	(17,986,434)	(8,951,188)
Contributions received for purchase of property and equipment	2,942,822	-	-	2,942,822	5,568,148
Principal paid on revenue bond maturities	(740,000)	(515,000)	-	(1,255,000)	(1,190,000)
Interest paid on revenue bonds	(827,847)	(378,272)	-	(1,206,119)	(1,228,812)
Proceeds of revenue bonds	4,685,730	-	-	4,685,730	417,730
Net cash used in capital and related financing activities	(8,949,990)	(3,751,089)	(117,922)	(12,819,001)	(5,384,122)
Cash flows from investing activities:					
Purchases and sales of investments	-	947,630	-	947,630	(1,097,630)
Interest received	1,097,483	436,973	24,640	1,559,096	1,804,345
Net cash provided by investing activities	1,097,483	1,384,603	24,640	2,506,726	706,715
Net increase (decrease) in cash and cash equivalents	(3,815,205)	(211,750)	2,509	(4,024,446)	199,767
Cash and cash equivalents at beginning of year	22,230,463	8,744,323	411,846	31,386,632	31,186,865
Cash and cash equivalents at end of year	\$ 18,415,258	8,532,573	414,355	27,362,186	31,386,632
Noncash transactions:					
Amortization	\$ 133,758	137,665	-	271,423	169,984

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 Balance Sheet

December 31, 1998
with comparative totals for 1997

Assets	Insurance Fund	Liability Insurance Fund	Totals	
			1998	1997
Cash and cash equivalents	\$ 123,417	557,345	680,762	299,267
Prepaid expense	-	148,246	148,246	197,114
Total assets	\$ 123,417	705,591	829,008	496,381
Liabilities and Retained Earnings (Deficit)				
Accounts payable	\$ 5,567	36,967	42,534	45,373
Accrued claims	35,000	515,816	550,816	1,032,337
Due to other funds - General Fund	-	-	-	483,752
Total liabilities	40,567	552,783	593,350	1,561,462
Retained earnings (deficit) - unreserved	82,850	152,808	235,658	(1,065,081)
Total liabilities and retained earnings (deficit)	\$ 123,417	705,591	829,008	496,381

See accompanying notes to combined financial statements.

CITY OF BOSSIER CITY, LOUISIANA

Internal Service Funds

Combining Statement of Revenues, Expenses, and
Changes in Retained Earnings (Deficit)Year ended December 31, 1998
with comparative totals for year ended December 31, 1997

	Insurance Fund	Liability Insurance Fund	Totals	
			1998	1997
Revenues:				
Employers' contributions/ premiums	\$ 1,100,000	1,764,981	2,864,981	3,303,148
Employees' contributions	144,151	-	144,151	655,450
Refunds and reimbursements	387,957	135,684	523,641	491,999
Total revenues	<u>1,632,108</u>	<u>1,900,665</u>	<u>3,532,773</u>	<u>4,450,597</u>
Expenses - miscellaneous:				
Claims	363,976	1,126,130	1,490,106	4,368,106
Legal fees	-	127,469	127,469	116,034
Employee insurance premiums	102,684	427,447	530,131	703,399
Other	31,450	52,878	84,328	85,177
Total expenses	<u>498,110</u>	<u>1,733,924</u>	<u>2,232,034</u>	<u>5,272,716</u>
Net income	1,133,998	166,741	1,300,739	(822,119)
Retained earnings (deficit) at beginning of year	<u>(1,051,148)</u>	<u>(13,933)</u>	<u>(1,065,081)</u>	<u>(242,962)</u>
Retained earnings (deficit) at end of year	\$ <u>82,850</u>	<u>152,808</u>	<u>235,658</u>	<u>(1,065,081)</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, 1998
with comparative totals for year ended December 31, 1997

	Insurance Fund	Liability Insurance Fund	Totals	
			1998	1997
Cash flows from operating activities:				
Operating income	\$ 1,133,998	166,741	1,300,739	(822,119)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
(Increase) decrease in assets:				
Prepaid expense and other	-	48,868	48,868	(10,417)
Due from other funds	-	-	-	165,000
Increase (decrease) in liabilities:				
Accounts payable	(39,806)	36,967	(2,839)	45,373
Due to other funds	(483,752)	-	(483,752)	483,752
Accrued claims	(487,023)	5,502	(481,521)	31,265
Net cash provided (used) by operating activities	123,417	258,078	381,495	(107,146)
Net increase (decrease) in cash	123,417	258,078	381,495	(107,146)
Cash and cash equivalents at beginning of year	-	299,267	299,267	406,413
Cash and cash equivalents at end of year	\$ 123,417	557,345	680,762	299,267

See accompanying notes to combined financial statements.

FIDUCIARY FUNDS

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

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

CITY OF BOSSIER CITY, LOUISIANA

Trust and Agency Funds

Combining Balance Sheet

December 31, 1998
with comparative totals for December 31, 1997

Assets	Pension Trust Funds			Agency Funds		Totals
	Firemen's Pension and Relief Fund	Policemen's Pension and Relief Fund	Bossier Medical Center Pension Fund	Consolidated Sales Tax Fund	Riverboat Gaming Agency Fund	
Cash and cash equivalents	\$ 686,153	595,397	611,563	618,880	-	1,977,001
Investments, at fair value:						
U.S. treasury bonds and U.S. government and agency obligations	10,657,641	4,131,337	5,978,585	-	-	16,662,669
Mortgage-backed securities	5,314,268	-	-	-	-	6,181,473
Mutual funds	-	-	489,061	-	-	485,356
	<u>15,971,909</u>	<u>4,131,337</u>	<u>6,467,646</u>	<u>-</u>	<u>-</u>	<u>23,329,498</u>
Accrued interest receivable	134,166	-	81,952	-	-	231,671
Total assets	<u>\$ 16,792,228</u>	<u>4,726,734</u>	<u>7,161,161</u>	<u>618,880</u>	<u>-</u>	<u>25,538,170</u>
Liabilities and Fund Balances						
Liabilities:						
Accounts payable	\$ -	-	-	79,569	-	25,982
Taxes paid under protest	-	-	-	483,442	-	380,946
Refundable deposits	-	-	-	55,869	-	47,419
Total liabilities	-	-	-	618,880	-	454,347
Fund balances-reserved for employees' retirement system	16,792,228	4,726,734	7,161,161	-	-	25,083,823
Total liabilities and fund balances	<u>\$ 16,792,228</u>	<u>4,726,734</u>	<u>7,161,161</u>	<u>618,880</u>	<u>-</u>	<u>25,538,170</u>

See accompanying notes to combined financial statements.

CITY OF BOSSIER CITY, LOUISIANA

Pension Trust Funds

Combining Statement of Plan Net Assets

December 31, 1998
with comparative totals for December 31, 1997

Assets	Firemen's Pension and Relief Fund	Policemen's Pension and Relief Fund	Bossier Medical Center Pension Fund	Totals	
				1998	1997
Cash and cash equivalents	\$ 686,153	595,397	611,563	1,893,113	1,522,654
Investments, at fair value:					
U.S. treasury bonds and U.S. government and agency obligations	10,657,641	4,131,337	5,978,585	20,767,563	16,662,669
Mortgage-backed securities	5,314,268	-	-	5,314,268	6,181,473
Mutual funds	-	-	489,061	489,061	485,356
	<u>15,971,909</u>	<u>4,131,337</u>	<u>6,467,646</u>	<u>26,570,892</u>	<u>23,329,498</u>
Accrued interest receivable	134,166	-	81,952	216,118	231,671
Other receivables	-	-	-	-	-
Total assets	<u>16,792,228</u>	<u>4,726,734</u>	<u>7,161,161</u>	<u>28,680,123</u>	<u>25,083,823</u>
Fund balance reserved for employees retirement system	\$ <u>16,792,228</u>	<u>4,726,734</u>	<u>7,161,161</u>	<u>28,680,123</u>	<u>25,083,823</u>

See accompanying notes to combined financial statements.

CITY OF BOSSIER CITY, LOUISIANA

Pension Trust Funds

Combining Statements of Changes in Plan Net Assets

December 31, 1998

with comparative totals for year ended December 31, 1997

	Firemen's Pension and Relief Fund	Policemen's Pension and Relief Fund	Bossier Medical Center Pension Fund	Totals	
				1998	1997
Additions:					
Sales taxes, net	\$ 3,149,691	1,577,992	-	4,727,683	3,297,828
Contributions from City:					
Fire insurance premiums	93,893	-	-	93,893	88,917
Employer's contributions	23,812	-	828,000	851,812	680,362
City court fines	-	175,770	-	175,770	131,865
City liquor licenses	-	5,694	-	5,694	10,999
Total contributions from City	<u>117,705</u>	<u>181,464</u>	<u>828,000</u>	<u>1,127,169</u>	<u>912,143</u>
Employee's contributions	23,812	-	-	23,812	20,362
Investment income:					
Net appreciation (depreciation) in fair value of investments	415,953	106,314	147,997	670,264	454,042
Interest income	893,853	274,798	396,463	1,565,114	1,606,400
Total investment income	<u>1,309,806</u>	<u>381,112</u>	<u>544,460</u>	<u>2,235,378</u>	<u>2,060,442</u>
Total additions	<u>4,601,014</u>	<u>2,140,568</u>	<u>1,372,460</u>	<u>8,114,042</u>	<u>6,290,775</u>
Deductions:					
Pension and benefits	2,459,362	1,557,466	450,534	4,467,362	4,346,326
Miscellaneous	12,000	13,387	24,993	50,380	49,593
Total deductions	<u>2,471,362</u>	<u>1,570,853</u>	<u>475,527</u>	<u>4,517,742</u>	<u>4,395,919</u>
Net increase	2,129,652	569,715	896,933	3,596,300	1,894,856
Fund balance reserved for employees pension benefits:					
Beginning of year	<u>14,662,576</u>	<u>4,157,019</u>	<u>6,264,228</u>	<u>25,083,823</u>	<u>23,188,967</u>
End of year	<u>\$ 16,792,228</u>	<u>4,726,734</u>	<u>7,161,161</u>	<u>28,680,123</u>	<u>25,083,823</u>

See accompanying notes to combined financial statements.

CITY OF BOSSIER CITY, LOUISIANA

Fiduciary Funds

Combining Statement of Changes in Assets
and Liabilities - All Agency Funds

Year ended December 31, 1998

	Balance January 1, 1998	Additions	Deductions	Balance December 31, 1998
Consolidated Sales Tax Fund				
Assets				
Cash and cash equivalents	\$ 454,347	44,312,834	44,148,301	618,880
Sales tax receivable	-	42,147,740	42,147,740	-
	<u>\$ 454,347</u>	<u>86,460,574</u>	<u>86,296,041</u>	<u>618,880</u>
Liabilities				
Accounts payable	\$ 25,982	631,655	578,068	79,569
Sales tax distributions payable	-	18,365,310	18,365,310	-
Due to other funds:				
General Fund	-	6,058,639	6,058,639	-
Sales Tax Bond Sinking and Reserve Fund	-	2,925,546	2,925,546	-
Parkway Sales Tax Bond Sinking and Reserve Fund	-	1,970,313	1,970,313	-
Policemen's Pension and Relief Fund	-	1,577,992	1,577,992	-
Firemen's Pension and Relief Fund	-	3,154,094	3,154,094	-
Sales Tax Capital Improvement Fund	-	1,797,898	1,797,898	-
Parkway Capital Projects Fund	-	2,753,132	2,753,132	-
Jail and Municipal Building Fund	-	944,690	944,690	-
Fire Improvements and Operations Fund	-	1,322,564	1,322,564	-
Streets and Drainage Fund	-	1,086,392	1,086,392	-
	<u>25,982</u>	<u>42,588,225</u>	<u>42,534,638</u>	<u>79,569</u>
Taxes paid under protest	380,946	1,124,233	1,021,737	483,442
Refundable deposits	47,419	39,457	31,007	55,869
	<u>\$ 454,347</u>	<u>43,751,915</u>	<u>43,587,382</u>	<u>618,880</u>
Riverboat Gaming				
Assets				
Cash and cash equivalents	\$ -	2,592,640	2,592,640	-
Liabilities				
Due to other governmental units	\$ -	2,592,640	2,592,640	-
Totals all Agency Funds				
Assets				
Cash and cash equivalents	\$ 454,347	46,905,474	46,740,941	618,880
Sales tax receivable	-	42,147,740	42,147,740	-
	<u>\$ 454,347</u>	<u>89,053,214</u>	<u>88,888,681</u>	<u>618,880</u>
Liabilities				
Accounts payable	\$ 25,982	631,655	578,068	79,569
Sales tax distributions payable	-	18,365,310	18,365,310	-
Due to other funds	-	23,591,260	23,591,260	-
Due to other governmental units	-	2,592,640	2,592,640	-
Taxes paid under protest	380,946	1,124,233	1,021,737	483,442
Refundable deposits	47,419	39,457	31,007	55,869
	<u>\$ 454,347</u>	<u>46,344,555</u>	<u>46,180,022</u>	<u>618,880</u>

See accompanying notes to combined financial statements.

ACCOUNT GROUPS

**GENERAL
FIXED ASSETS
ACCOUNT GROUP**

This account group is established to account for all fixed assets of the City, other than those accounted for in the proprietary and pension trust funds. Capital outlay in funds other than the proprietary funds are recorded as expenditures of those funds at the time of purchase and are subsequently recorded, at cost, for control purposes in the General Fixed Assets Account Group. In accordance with generally accepted accounting principles for municipalities, depreciation is not recorded in the General Fixed Assets Account Group.

CITY OF BOSSIER CITY, LOUISIANA

General Fixed Assets Account Group

Comparative Schedules of General Fixed Assets - By Source

December 31, 1998 and 1997

	<u>1998</u>	<u>1997</u>
General fixed assets:		
Land and land improvements	\$ 8,126,237	7,248,020
Buildings and structures	28,779,348	26,220,222
Equipment and vehicles	<u>15,694,989</u>	<u>13,080,616</u>
	<u>\$ 52,600,574</u>	<u>46,548,858</u>
Investment in general fixed assets:		
Investment, December 31, 1978	\$ 2,896,020	2,896,020
Subsequent to December 31, 1978:		
General obligation bonds	1,491,879	1,491,879
Federal Revenue Sharing	2,411,744	2,411,744
Sales tax revenues	22,184,751	16,332,386
Sales tax revenue bonds	18,429,476	18,230,125
Community Development Block Grant	825,351	825,351
Contributions from other governmental agencies	2,026,151	2,026,151
General Fund	1,873,511	1,873,511
Donations	<u>461,691</u>	<u>461,691</u>
	<u>\$ 52,600,574</u>	<u>46,548,858</u>

See accompanying notes to combined financial statements.

CITY OF BOSSIER CITY, LOUISIANA

General Fixed Assets Account Group

Schedule of Changes in General Fixed Assets -
By Function and Activity

Year ended December 31, 1998

Function and Activity	General Fixed Assets January 1, 1998	Additions	Retirements	General Fixed Assets December 31, 1998
General government:				
Administration	\$ 119,199	4,343	-	123,542
Municipal building	14,566,584	399,864	-	14,966,448
Finance	91,244	2,198	2,241	91,201
City garage	369,406	11,228	-	380,634
Traffic engineering and safety	3,913,589	43,850	-	3,957,439
Purchasing	84,886	19,936	13,379	91,443
Engineering	195,973	27,263	9,501	213,735
Personnel	63,265	-	-	63,265
Permits	161,790	30,057	-	191,847
City attorney	44,124	7,197	-	51,321
City Council	51,509	3,837	700	54,646
Data processing	637,547	20,860	-	658,407
Community development	101,307	2,826	18,715	85,418
	<u>20,400,423</u>	<u>573,459</u>	<u>44,536</u>	<u>20,929,346</u>
Public safety:				
Fire	3,948,473	626,467	-	4,574,940
Police	5,673,834	856,210	162,358	6,367,686
	<u>9,622,307</u>	<u>1,482,677</u>	<u>162,358</u>	<u>10,942,626</u>
Public works	2,775,155	765,161	-	3,540,316
Culture and recreation	7,725,807	864,567	252,933	8,337,441
Civic Center	5,338,485	11,685	-	5,350,170
City Court and Marshal:				
City Court	79,820	41,168	-	120,988
Marshal's office	205,155	61,157	-	266,312
	<u>284,975</u>	<u>102,325</u>	<u>-</u>	<u>387,300</u>
Construction in progress	<u>401,706</u>	<u>2,711,669</u>	<u>-</u>	<u>3,113,375</u>
Total general fixed assets	\$ <u>46,548,858</u>	<u>6,511,543</u>	<u>459,827</u>	<u>52,600,574</u>

See accompanying notes to combined financial statements.

CITY OF BOSSIER CITY, LOUISIANA

General Fixed Assets Account Group

Schedule of General Fixed Assets -
By Function and Activity

December 31, 1998

Function and Activity	Total	Land and Land Improvements	Buildings and Structures	Equipment and Vehicles
General government:				
Administration	\$ 123,542	-	-	123,542
Municipal building	14,966,448	1,782,250	12,716,487	467,711
Finance	91,201	-	-	91,201
City garage	380,634	2,500	43,901	334,233
Traffic engineering and safety	3,957,439	753,489	2,681,921	522,029
Purchasing	91,443	-	-	91,443
Engineering	213,735	-	-	213,725
Personnel	63,265	-	-	63,265
Permits	191,847	-	-	191,847
City attorney	51,321	-	-	51,321
City Council	54,646	-	-	54,646
Data processing	658,407	-	-	658,407
Community Development	85,418	-	-	85,418
	<u>20,929,346</u>	<u>2,538,239</u>	<u>15,442,309</u>	<u>2,948,798</u>
Public safety:				
Fire	4,574,940	270,015	958,933	3,345,992
Police	6,367,686	57,758	1,371,943	4,937,985
	<u>10,942,626</u>	<u>327,773</u>	<u>2,330,876</u>	<u>8,283,977</u>
Public works	3,540,316	-	269,447	3,270,869
Culture and recreation	8,337,441	4,992,433	2,916,763	428,245
Civic Center	5,350,170	68,440	4,905,930	375,800
City Court and Marshal:				
City Court	120,988	-	-	120,988
Marshal's Office	266,312	-	-	266,312
	<u>387,300</u>	<u>-</u>	<u>-</u>	<u>387,300</u>
CIP (Civic Center)	<u>3,113,375</u>	<u>199,352</u>	<u>2,914,023</u>	<u>-</u>
Total general fixed assets allocated to functions	<u>\$ 52,600,574</u>	<u>8,126,237</u>	<u>28,779,348</u>	<u>15,694,989</u>

See accompanying notes to combined financial statements.

**GENERAL LONG-TERM
OBLIGATION ACCOUNT
GROUP**

This account group represents a summary of all general obligation debt of the City.

CITY OF BOSSIER CITY, LOUISIANA

General Long-Term Obligation Account Group

Schedule of Changes in Long-Term Obligations

Year ended December 31, 1998

	January 1, 1997	Additions	Payments/ Reductions	Debt Service Fund Operations	December 31, 1998
Amount available in debt service funds	\$ 6,432,405	-	-	642,106	7,074,511
Amount to be provided for payment of accrued vacation	550,839	19,940	-	-	570,779
Amount to be provided for retirement of general long-term debt	26,592,595	34,750,000	(2,567,106)	-	58,775,489
	<u>\$ 33,575,839</u>	<u>34,769,940</u>	<u>(2,567,106)</u>	<u>642,106</u>	<u>66,420,779</u>
Long-term obligations payable:					
Accrued vacation	\$ 550,839	19,940	-	-	570,779
Revenue bonds payable - general city operations	33,025,000	34,750,000	(1,925,000)	-	65,850,000
	<u>\$ 33,575,839</u>	<u>34,769,940</u>	<u>(1,925,000)</u>	<u>-</u>	<u>66,420,779</u>

See accompanying notes to combined financial statements.

**STATISTICAL
SECTION**

CITY OF BOSSIER CITY, LOUISIANA
 General Governmental Expenditures by Function (1)
 Fiscal years ended December 31, 1989
 through December 31, 1998

Fiscal Year	General Government	Public Safety	Highways and Streets	Solid Waste	Culture and Recreation	City Court	Marshal's Office	Total
1989	\$ 3,384,506	6,398,328	418,340	-	675,833	257,398	176,099	11,310,504
1990	3,644,798	6,887,050	672,980	-	1,067,605	254,339	204,994	12,731,766
1991	3,776,397	7,583,613	706,552	-	1,084,552	262,304	357,645	13,771,063
1992	4,421,031	8,285,954	522,979	1,539,181 {2}	1,044,810	244,140	276,855	16,334,950
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 {3}	663,860	1,668,662	1,227,579	301,440	305,767 {3}	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	13,291,333	883,776	1,872,005	1,382,773	371,564	390,877	24,485,657
1998	6,589,604	13,968,245	825,058	1,856,190	1,349,568	371,410	415,301	25,375,376

Notes:

- {1} Includes General Fund expenditures only.
 {2} In 1992, the Solid Waste Disposal Fund was re-established as a department within the General Fund.
 {3} Beginning in 1995, public safety and marshal's office expenditures include state supplemental pay.

Unaudited - see accompanying independent auditors' report.

Table 2

CITY OF BOSSIER CITY, LOUISIANA

General Revenues by Source (1)

Fiscal years ended December 31, 1989
through December 31, 1998

Fiscal Year	Taxes	Licenses and Permits	Inter governmental	Fines and Penalties	Louisiana Downs	Video Poker	Charges for Services	Interest and Miscellaneous	Total
1989	\$ 6,335,855	1,079,079	367,396	472,779	1,755,988	-	-	781,074	10,792,171
1990	6,641,833	1,137,385	458,672	438,239	2,116,905	-	-	1,155,115	11,948,149
1991	7,703,792	1,209,928	458,098	393,640	2,000,691	-	-	1,066,217	12,832,366
1992	8,126,626	1,362,775	457,304	370,709	1,423,886	-	1,627,182 {2}	948,413	14,316,895
1993	8,572,269	1,404,210	477,847	534,646	1,284,194	661,058 {3}	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 {5}	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	- {4}	1,632,552	1,239,503	20,689,702
1997	14,288,252	1,844,425	1,514,097	710,104	303,304	173,335 {6}	1,639,911	1,272,480	21,745,908
1998	13,861,276	1,903,456	1,590,529	998,030	325,271	431,185	1,642,548	1,322,887	22,075,182

Notes:

- {1} Includes General Fund revenues only. Operating transfers in are not included.
 {2} In 1992, the Solid Waste Disposal Fund was re-established as a department within the General Fund.
 {3} Video poker was legalized in 1993.
 {4} In 1996, the City began recording video poker receipts in the Riverboat Gaming Fund.
 {5} Beginning in 1995, intergovernmental revenue includes grant for state supplemental pay.
 {6} In 1997, the City resumed recording video poker receipts in the General Fund.

Unaudited - see accompanying independent auditors' report.

Table 3

CITY OF BOSSIER CITY, LOUISIANA

Property Tax Levies and Collections

Fiscal years ended December 31, 1989
through December 31, 1998

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}
1989	\$ 3,719,082	3,361,613	90.39%	106,585	3,468,198	250,884	93.25%
1990	3,445,405	3,090,097	89.69%	206,440	3,296,537	148,868	95.68%
1991	4,299,164	3,882,453	90.31%	227,879	4,110,332	188,832	95.61%
1992	4,375,380	4,061,878	92.84%	157,491	4,219,369	156,011	96.43%
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%

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 96.00 to 99.86 percent of the tax levy for the years 1989 through 1997.

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, 1989
through December 31, 1998

Fiscal Year	Assessed Value	Estimated Actual Value	Percent of Total Assessed to Estimated Actual Value
1989	\$ 146,247,190	1,260,137,980	11.61%
1990	147,906,800	1,267,029,620	11.67%
1991	150,847,340	1,292,083,040	11.67%
1992	154,223,650	1,340,404,177	11.51%
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	1,928,061,793	11.71%
1998	243,058,780	2,077,182,507	11.70%

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, 1996.

Unaudited - see accompanying independent auditors' report.

Table 5

CITY OF BOSSIER CITY, LOUISIANA

Property Tax Rates and Tax Levies -
Direct and Overlapping GovernmentsFiscal years ended December 31, 1989
through December 31, 1998

Fiscal Year	Tax Rates per \$1,000 Assessed Value				Tax Levies				
	City	School	Parish	Recreational Districts	City	School	Parish	Recreational Districts	Total
1989	\$ 25.43	39.59	31.51	1.54	3,719,082	5,787,001	4,932,520	194,237	14,632,840
1990	23.30	39.79	31.69	1.54	3,445,405	5,885,212	4,687,166	197,402	14,215,185
1991	28.50	39.79	31.69	1.54	4,299,164	6,002,216	4,780,352	186,910	15,268,642
1992	28.37	39.92	40.93	1.54	4,375,380	6,156,608	6,312,374	201,912	17,046,274
1993	27.37	39.42	44.19	1.54	4,369,789	6,293,564	7,055,114	209,665	17,928,132
1994	27.27	39.42	43.79	1.54	4,451,725	6,435,151	7,145,638	214,832	18,247,346
1995	23.85	39.42	41.27	1.54	4,395,265	7,264,612	7,605,544	241,362	19,506,783
1996	26.38	61.39	43.23	1.54	5,355,276	12,561,755	9,217,196	268,930	27,403,157
1997	26.38	61.38	43.23	1.54	5,955,560	15,379,860	10,829,235	385,774	32,550,429
1998	26.38	61.39	43.23	1.54	6,411,901	16,521,977	11,133,897	339,382	34,407,157

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, 1989 through December 31, 1998

Fiscal Year	Population	Assessed Value	Gross Bonded Debt{3}	Less Debt Service Funds	Net Bonded Debt	Percent of Net Bonded Debt to Assessed Value	Net Bonded Debt Per Capita
1989	58,886 {1}	\$ 146,247,190	\$ 4,235,000	\$ 2,540,462	\$ 1,694,538	1.16%	28.78
1990	52,721 {2}	147,906,800	3,575,000	2,647,987	927,013	0.63%	17.58
1991	53,199 {1}	150,847,340	2,900,000	2,632,209	267,791	0.18%	5.03
1992	53,999 {1}	154,223,650	2,210,000	2,597,170	(387,170) {4}	-0.25%	-7.17
1993	54,507 {1}	159,654,090	1,720,000	2,628,550	(908,550)	-0.57%	-16.67
1994	55,653 {1}	163,245,850	1,230,000	2,713,413	(1,483,413)	-0.91%	-26.65
1995	55,988 {1}	184,287,480	-	-	-	-	-
1996	56,304 {1}	203,005,170	-	-	-	-	-
1997	57,141 {1}	225,760,430	-	-	-	-	-
1998	57,533 {1}	243,058,780	-	-	-	-	-

Notes:

{1} Per Special Census.

{2} Per 1990 Census.

{3} Includes all general obligation debt.

{4} 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.

Unaudited - see accompanying independent auditors' report.

CITY OF BOSSIER CITY, LOUISIANA

Computation of Legal Debt Margin (1)

December 31, 1998

	Industrial Bonds	Water and Sewerage Improvements	Public Buildings	Parks and Recreation	Street Improvements	Drainage Improvements	Solid Waste Disposal
Assessed value of							
Debt limit-10% of assessed value for any one purpose (1)	\$ 24,305,878	24,305,878	24,305,878	24,305,878	24,305,878	24,305,878	24,305,878
Less general bonded debt	-	-	-	-	-	-	-
Legal debt margin	\$ 24,305,878	24,305,878	24,305,878	24,305,878	24,305,878	24,305,878	24,305,878

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 \$85,070,573 is available for issuance pursuant to the 35% limitation.

Unaudited - see accompanying independent auditors' report.

CITY OF BOSSIER CITY, LOUISIANA
 Computation of Direct and Overlapping Debt
 December 31, 1998

Jurisdiction	Net Debt	Percentage of Debt Applicable to the City (1)	City's Share of Debt
Total direct and overlapping debt - Bossier Parish, Louisiana, Bossier Parish School Board	\$ <u>22,601,004</u>	67%	\$ <u>15,142,673</u>

Notes:

- (1) Based on 1998 assessed valuation.
- (2) As of December 31, 1998, there are no general obligation bonds recorded in the financial statements of the City.

Unaudited - see accompanying independent auditors' report.

CITY OF BOSSIER CITY, LOUISIANA
Ratio of Annual Debt Service Expenditures
for General Bonded Debt to Total General Expenditures

Fiscal years ended December 31, 1989
through December 31, 1998

Fiscal Year	Principal	Interest	Total Debt Service	Total General Expenditures {1}	Debt Service as a Percentage of Total General Expenditures
1989	\$ 996,000	228,591	1,224,591	11,310,504	10.83
1990	660,000	188,676	848,676	12,731,766	6.67
1991	675,000	158,396	833,396	13,771,063	6.05
1992	690,000	130,182	820,182	16,334,950 {2}	5.02
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 {3}	49,844	543,233	21,087,187 {5}	2.58
1996	- {4}	-	-	22,854,525	-
1997	-	-	-	24,485,657	-
1998	-	-	-	25,375,376	-

Notes:

- {1} Includes General Fund expenditures only.
- {2} In 1992, the Solid Waste Disposal Fund was reestablished as a department within the General Fund.
- {3} Does not include \$741,981 paid by the City to advance refund bonds.
- {4} All general bonded debt was advance refunded in 1995.
- {5} In 1995, general expenditures began including state supplemental pay.

Unaudited - see accompanying independent auditors' report.

CITY OF BOSSIER CITY, LOUISIANA

Revenue Bond Coverage

Utility Bonds

Fiscal years ended December 31, 1989
through December 31, 1998

Fiscal Year	Gross Revenues {1}	Operating Expenses {2}	Net Revenue Available for Debt Service	Debt Service Requirements			Coverage
				Principal	Interest	Total	
1989	\$ 4,941,883	\$ 3,558,810	\$ 1,383,073	\$ -	\$ -	\$ -	-
1990	5,746,523	4,099,724	1,646,799	- {3}	-	-	-
1991	7,500,644	4,242,075	3,258,569	255,000	722,798	977,798	3.3326
1992	7,227,951	5,383,460	1,844,491	270,000	716,188	986,188	1.8703
1993	7,411,516	5,904,195	1,507,321	285,000	982,340	1,267,340	1.1894
1994	8,300,738	5,432,004	2,868,734	520,000	1,028,603	1,548,603	1.8525
1995	9,061,177	5,290,822	3,770,355	545,000	984,561	1,529,561	2.4650
1996	9,775,188	6,022,240	3,752,948	605,000	671,525	1,276,525	2.9400
1997	10,323,463	5,737,727	4,585,736	705,000	894,458	1,599,458	2.8671
1998	10,574,654	5,975,922	4,598,732	740,000	773,380	1,513,380	3.0387

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.
- {3} 1990 Utility Revenue Bond debt service requirements began in 1991.

Unaudited - see accompanying independent auditors' report.

Table 10B

CITY OF BOSSIER CITY, LOUISIANA

Revenue Bond Coverage

Sales Tax Bonds

Fiscal years ended December 31, 1989
through December 31, 1998

Fiscal Year	Gross Revenues	Operating Expenses {1}	Net Revenue Available for Debt Service	Debt Service Requirements		Coverage	
				Principal	Interest		
1989	\$ 9,580,717	\$ 151,763	\$ 9,428,954	\$ 915,000	\$ 2,755,841	\$ 3,670,841	2.5686
1990	10,315,425	181,979	10,133,446	1,135,000	3,536,061	4,671,061	2.1694
1991	11,117,766 {2}	195,730	10,922,036	1,040,000 {3}	3,077,124	4,117,124	2.6528
1992	13,558,778	203,909	13,354,869	1,215,000 {4}	2,632,350	3,847,350	3.4712
1993	14,556,334	208,065	14,348,269	1,425,000 {5}	2,643,628	4,068,628	3.5266
1994	17,478,649	234,898	17,243,751	1,595,000	2,537,467	4,132,467	4.1727
1995	19,215,597	238,935	18,976,662	1,710,000	2,434,501	4,144,501	4.5787
1996	21,334,315	315,583	21,018,732	1,835,000	2,297,819	4,132,819	5.0858
1997	22,877,414	428,720	22,448,694	1,960,000 {6}	2,032,736	3,992,736	5.6224
1998	23,950,939	359,679	23,591,260	1,925,000	2,786,991	4,711,991	5.0066

Notes:

- {1} Sales tax department operating expenditures.
- {2} An additional one-half cent sales tax was assessed in 1991, the net proceeds of which are dedicated to the construction of two fire stations and a training facility, the maintenance and operation of the City jail and municipal buildings, and streets and drainage improvements.
- {3} Does not include \$713,955 paid by the City in connection with refunding the 1982 and 1983 Series Bonds.
- {4} Does not include \$381,686 paid by the City in connection with refunding the 1987 Series Bonds.
- {5} Does not include \$200,151 paid by the City in connection with refunding the 1986 Series Bonds.
- {6} Does not include \$8,135,000 paid by the City in connection with refunding the 1989 Series Bonds.

Unaudited - see accompanying independent auditors' report.

Table 10C

CITY OF BOSSIER CITY, LOUISIANA

Revenue Bond Coverage

Hospital Bonds

Fiscal years ended December 31, 1989
through December 31, 1998

Fiscal Year	Gross Revenues {1}	Operating Expenses {2}	Net Revenue Available for Debt Service	Debt Service Requirements		Coverage
				Principal	Interest	
1989	\$ 27,483,527	\$ 23,498,075	\$ 3,985,452	\$ 510,000	\$ 707,699	3.2729
1990	31,890,416	27,067,322	4,823,094	540,000	635,068	4.1045
1991	35,581,380	33,172,641	2,408,739	420,000	621,437	2.3129
1992	39,288,408	36,816,892	2,471,516	450,000	582,567	2.3936
1993	41,118,193	39,476,007	1,642,186	475,000	554,224	1.5956
1994	44,305,063	42,319,182	1,985,881	510,000	522,804	1.9228
1995	53,720,462	48,406,108	5,314,354	535,000	522,080	5.0274
1996	51,350,571	49,085,505	2,265,066	585,000	470,159	2.1467
1997	48,850,112	47,630,634	1,219,478	515,000	430,020	1.2904
1998	46,848,187	49,391,030	(2,542,843)	515,000	396,070	(2.7911)

Notes:

{1} Includes operating revenues and interest income.

{2} Includes all operating expenditures including depreciation but excluding interest paid on debt service.

Unaudited - see accompanying independent auditors' report.

CITY OF BOSSIER CITY, LOUISIANA

Demographic Statistics

Fiscal years ended December 31, 1989
through December 31, 1998

<u>Fiscal Year</u>	<u>Population</u>	<u>Median Age {1}</u>	<u>School Enrollment {2}</u>	<u>Unemployment Rate {1}</u>
1989	\$ 58,886 {3}	30.0	11,355	9.8%
1990	52,721 {3}	30.0	11,374	7.2%
1991	53,199 {4}	30.0	11,109	7.3%
1992	53,999 {3}	30.6	11,997	7.6%
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%

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
- {3} Per Special Census
- {4} 1990 U.S. Census

Unaudited - see accompanying independent auditors' report.

CITY OF BOSSIER CITY, LOUISIANA

Property Value, Construction, and Bank Deposits

Fiscal years ended December 31, 1989
through December 31, 1998

Fiscal Year	Commercial Construction {1}		Residential Construction {1}		Property Value		Total {2}
	Number of Units	Value	Number of Units	Value	Commercial	Residential	
1989	39	3,515,184	86	7,598,663	319,904,080	940,233,900	1,260,137,980
1990	19	6,005,668	117	9,146,777	331,256,120	935,773,500	1,267,029,620
1991	9	2,932,276	179	13,639,932	349,761,640	942,321,400	1,292,083,040
1992	24	14,125,672	272	21,873,965	403,664,627	936,739,550	1,340,404,177
1993	23	9,139,939	343	28,890,264	406,256,667	987,155,900	1,393,412,567
1994	42	32,323,310	326	30,715,389	414,681,066	1,002,527,201	1,417,208,267
1995	37	59,111,229	324	31,554,341	464,392,988	1,118,582,879	1,582,975,867
1996	39	88,580,367	300	33,972,659	514,711,160	1,231,582,858	1,746,294,018
1997	33	28,332,238	181	20,271,988	592,270,413	1,346,201,000	1,938,471,413
1998	43	58,718,256	184	24,461,455	636,499,920	1,452,966,600	2,089,466,520

Notes:

{1} Permits and Inspection Department, City of Bossier City, Louisiana.

{2} A revaluation of all property is required to be completed no less than every four years. During 1988, 1992, and 1996, evaluations were completed.

Unaudited - see accompanying independent auditors' report.

CITY OF BOSSIER CITY, LOUISIANA

Principal Taxpayers

December 31, 1998

<u>Taxpayer</u>	<u>Type of Business</u>	<u>1998 Assessed Valuation</u>	<u>Percentage of Total Assessed Valuation</u>
Horseshoe Entertainment	Riverboat Gambling	\$ 22,208,570	9.14%
Casino Magic	Riverboat Gambling	8,158,260	3.36%
Isle of Capri	Riverboat Gambling	7,115,270	2.93%
Southwestern Electric Power Company	Electric Utility	6,540,500	2.69%
BellSouth Telecommunications	Telephone	5,373,260	2.21%
Bank One	Banking	2,663,630	1.10%
Hibernia Bank	Banking	2,545,410	1.05%
Bossier Plaza Associates, Inc.	Pierre Bossier Mall	2,439,280	1.00%
Louisiana Downs, Inc.	Horse Racing	2,269,280	0.93%
Wal-Mart	Retail Sales	2,061,150	0.85%
Total amount for ten principal taxpayers		<u>61,374,610</u>	<u>25.25%</u>
Total for remaining taxpayers		<u>181,684,170</u>	<u>74.75%</u>
Total amount for all taxpayers		<u>\$ 243,058,780</u>	<u>100.00%</u>

Unaudited - see accompanying independent auditors' report.

CITY OF BOSSIER CITY, LOUISIANA

Miscellaneous Statistics

December 31, 1998

Date of settlement	1843
Form of government	Mayor - Council
Date established	1977
Date of incorporation	1907
Area-square miles	39.96
Miles of streets:	
Paved	190
Unimproved	-
Police protection - number of policemen and officers	184
Fire protection - number of firemen and officers	170
Recreation:	
Parks - number of acres	286
Number of playgrounds	17
Number of picnic areas	8
Number of street lights	4,483
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	19,350
Daily average consumption	8,150,000 gallons
Employees - classified, appointed, elected, and exempt	695

Unaudited - see accompanying independent auditors' report.



98 JUN 20 P1:21

CITY OF BOSSIER CITY, LOUISIANA
Schedule of Expenditures of Federal Awards
(Single Audit)
December 31, 1998
(With Independent Auditors' Report Thereon)

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the audited, or reviewed, 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 _____

CITY OF BOSSIER CITY, LOUISIANA

**Schedule of Expenditures of Federal Awards
(Single Audit)**

Year ended December 31, 1998

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333 Texas Street
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 general-purpose financial statements of the City of Bossier City, Louisiana as of and for the year ended December 31, 1998, and have issued our report thereon dated March 26, 1999 (except for Note 17 which is dated May 1, 1999), which includes a reference to the reports of other auditors and a disclaimer of opinion on the combined and combining enterprise fund financial statements. 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.

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 no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

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 the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting 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 internal control over financial reporting which we have reported to management of the City of Bossier City, Louisiana, in a separate letter dated March 26, 1999.

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

KPMG LLP

March 26, 1999





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**Independent Auditors' Report on Compliance with Requirements
Applicable to Each Major Program and Internal Control Over
Compliance in Accordance with OMB Circular A-133**

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 its major federal program for the year ended December 31, 1998. The City of Bossier City, Louisiana's major federal program is 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 its major federal program 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 generally accepted auditing standards; 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 its major federal program for the year ended December 31, 1998. However, the results of our auditing procedures disclosed one 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 98-1.

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 general-purpose financial statements of the City of Bossier City, Louisiana as of and for the year ended December 31, 1998, and have issued our report thereon dated March 26, 1999 (except for Note 17 which is dated May 1, 1999), which includes a reference to the reports of other auditors and a disclaimer of opinion on the combined and combining enterprise fund financial statements. 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, and Federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

KPMG LLP

March 26, 1999

CITY OF BOSSIER CITY, LOUISIANA

Schedule of Expenditures of Federal Awards

For the year ended December 31, 1998

<u>Federal Grantor/Pass-Through Grantor/Program or Cluster</u>	<u>Federal CFDA Number</u>	<u>Federal Expenditures</u>
Department of Housing and Urban Development: Direct program - Community Development Block Grant	14.218	\$ <u>482,202</u>
Department of Justice - passed through Louisiana Commission on Law Enforcement:		
Caddo-Bossier Narcotic Task Force	16.579	112,390
Street Sales Disruption	16.579	2,392
Criminal Records Prevention	16.579	25,000
Youth Gang Prevention	16.579	27,031
COPS	16.579	45,588
Domestic Violence	16.579	18,977
Local Law Enforcement	16.579	<u>249,454</u>
Total Department of Justice		<u>480,832</u>
Department of Transportation - passed through Louisiana Highway Planning and Construction:		
Citywide Signalization	20.205	211,311
Buckle Up Louisiana '98	20.600	<u>930</u>
Total Department of Transportation		<u>212,241</u>
 Total expenditures of federal awards		 \$ <u><u>1,175,275</u></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, 1998

(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 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</u>	<u>CFDA Number</u>	<u>Amount Provided to Subrecipients</u>
Community Development Block Grant	14.218	\$ 13,980

CITY OF BOSSIER CITY, LOUISIANA

Schedule of Findings and Questioned Costs

Year ended December 31, 1998

(1) Summary of Auditor's Results

- (a) The type of report issued on the financial statements: unqualified opinion, except for a disclaimer of opinion on the combined and combining enterprise fund financial statements.
- (b) Reportable conditions in internal control were disclosed by the audit of the Financial Statements: none reported Material weaknesses: no
- (c) Noncompliance which is material to the financial statements: no
- (d) Reportable conditions in internal control over major programs: none reported Material weaknesses: no
- (e) The type of report issued on compliance for major programs: unqualified opinion
- (f) Any audit findings which are required to be reported under section 510(a) of OMB Circular A-133: yes
- (g) Major program:
United States Department of Housing and Urban Development:
Community Development Block Grant (CFDA Number 14.218)
- (h) Dollar threshold used to distinguish between Type A and Type B programs: \$300,000
- (i) Auditee qualified as a low-risk auditee under section 530 of OMB Circular A-133: yes

(2) Findings Related to the Financial Statements Reported in Accordance with *Government Auditing Standards*:

None

(3) Findings and Questioned Costs relating to Federal Awards:

Item: 98-1

Criteria or specific requirement: The City's CDBG grant (24 CFR, Section 570.902) requires that sixty days prior to the end of the grantee's current program year, the amount of entitlement grant funds available to the recipient under grant agreements but undisbursed by the U.S. Treasury be no more than 1.5 times the entitlement grant amount for its current program year.

Condition: The City's CDBG unexpended balance exceeds the 1.5 ratio.

Questioned costs: None.

CITY OF BOSSIER CITY, LOUISIANA

Schedule of Findings and Questioned Costs, continued

Year ended December 31, 1998

Context: Not applicable.

Effect: Failure to meet this regulatory requirement could result in the deobligation of CDBG funds.

Cause: Unanticipated changes in program created a delay in expending funds.

Recommendation: The City should implement procedures to monitor the unexpended balance of its CDBG funds to determine if funds are being spent in a timely manner.

Management's response:

A) Name of Contact Responsible:

Bob Brown, Community Development Coordinator

B) Corrective Action Planned:

Our strategy for addressing this issue is as follows:

1. Accelerate the draw down of funds that have been spent.
2. Finish projects where money has been obligated and draw down funds.
3. Reallocate funds from projects where the demand is not as great as first anticipated to projects where there is a current need and demand.
4. Reallocate funds from projects that have been completed but have some funds remaining to viable products.
5. Increase efforts to publicize programs where the demand has not developed as expected.
6. Change our single-family owner occupied housing rehab program requirements back to a forgivable loan for single family owner occupied housing rehabilitation applications for persons that are not handicapped and elderly. Additionally, we would change the requirement, in which, a person can only receive a single-family rehab once to the requirement that they can receive it again after 10 years.

C) Anticipated Completion Date:

December 31, 1999



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March 26, 1999

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, 1998, and have issued our report thereon dated March 26, 1999 (except for Note 17 which is dated May 1, 1999), which includes a reference to the reports of other auditors and a disclaimer of opinion on the combined and combining enterprise fund financial statements. In planning and performing our audit of the financial statements of the City, we considered internal control in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on internal control. We have not considered internal control since the date of our report.

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

YEAR 2000

The City has organized a citywide effort to address Year 2000 issues related to its computer systems and other electronic equipment. At the time of our audit the City had completed an inventory of computer systems and other electronic equipment that may be affected by the Year 2000 issue and that are necessary to conducting City operations. The City had completed the awareness and assessment stage of work with respect to its mission critical systems whereby a plan has been established for dealing with these issues and systems have been identified which are in need of Year 2000 compliance work. The City is currently within the remediation stage, during which changes are being made to systems and equipment.



The Honorable George Dement, Mayor
and Members of the City Council
March 26, 1999
Page 2

It appears that resources (personnel) are available and dollars are budgeted to timely complete significant aspects of the City's remediation effort. However, given the short time frame, failure to set and meet strict deadlines could result in delays in the City's Year 2000 project. We encourage the City to closely monitor the progress of its Year 2000 project and the deadlines for completion. This should include all aspects of its contingency plans in the event systems are not Year 2000 compliant.

Our discussions, which included limited inquiries in connection with the Year 2000 issue, were not designed to, and do not provide any assurance that the Year 2000 issues which may exist have been identified, on the adequacy of the City's remediation plans related to the Year 2000 financial or operational issues or whether the City is or will become Year 2000 compliant. Year 2000 compliance is the responsibility of the City's officials and management.

Federal Grant Revenues and Expenditures — The City accounts for various grants in the State and Federal Grants Special Revenue Fund. These grants are on a reimbursement basis whereby the City must first expend funds and then request a reimbursement. At the end of the year, any amounts expended but not reimbursed should be accrued as a receivable if amounts are considered allowable under the grant. As such, the revenue and expenses should always be in agreement. During our audit, we noted that some accrued revenues were not supported by reimbursement requests.

We recommend that revenues and expenditures for these grants be closely monitored to ensure that all expenditures and revenues are properly recorded and requested. For reimbursement grants, proper monitoring should ensure that revenues equal expenditures. While these differences were not significant, the City should be aware that all allowable expenditures under the grant are reimbursed.

COMMENTS REPEATED FROM PRIOR YEAR

Cash and Investments — The City is handling investment income on a cash basis and allocates investment income (discounts/premiums) to the various funds upon receipt. Given this treatment, the allocation of investment income could be impacted by the timing of the receipt of the cash. As long as investments are maintained in shorter-term maturities, this treatment should not differ significantly from the accrual basis. However, this situation should be monitored and if the City begins to consistently invest in longer term investments, a change in policy may be necessary if the impact becomes material.

Data Processing Disaster Planning — The City should develop a formal agreement with an alternative data processing site to provide an emergency processing site to be used in the event of a disaster. Additionally, the City should test the disaster plan with the alternative site. We recommend this test be performed annually to minimize downtime should a disaster occur.

The Honorable George Dement, Mayor
and Members of the City Council
March 26, 1999
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It should be appreciated that our audit procedures are designated primarily to enable us to form an opinion on the financial statements and, therefore, may not bring to light all weaknesses in systems and procedures which may exist. We aim, however, to use our knowledge of the City's organization gained during our work to make comments and suggestions which we hope will be useful to you.

We would like to take this opportunity to acknowledge the courtesy and assistance extended to us by the personnel of the City during the course of our audit.

This report is intended solely for the information and use of the 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.

Very truly yours,

KPMG LLP



CITY OF BOSSIER CITY

P. O. BOX 5337

BOSSIER CITY, LOUISIANA 71171-5337

June 30, 1999

Response to KPMG Management Letter Comments

YEAR 2000

We intend to closely monitor the progress of our Year 2000 project and contingency plans. We have made substantial progress in updating computer systems and equipment and should have our plan in place by year-end.

FEDERAL GRANT REVENUES AND EXPENDITURES

We intend to closely monitor grant revenues and expenditures to ensure that all expenditures and revenues are properly recorded and that all allowable expenditures under the grant are reimbursed.

CASH AND INVESTMENTS

We continue to monitor this situation and in the event the impact becomes material will evaluate the need for a change in policy.

DATA PROCESSING DISASTER PLANNING

We are currently working on a formal agreement with an outside third party to provide an emergency processing site to be used in the event of a disaster.