

2064

COMPREHENSIVE ANNUAL FINANCIAL REPORT

of the

CITY OF BOSSIER CITY, LOUISIANA

Year Ended December 31, 2007

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

Release Date

7/2/08

Lorenz "Lo" Walker
Mayor

William J. Buffington
Director of Finance

Prepared by Department of Finance

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**INTRODUCTORY
SECTION**

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CITY OF BOSSIER CITY, LOUISIANA

Comprehensive Annual Financial Report

Year ended December 31, 2007

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CITY OF BOSSIER CITY

P.O. BOX 5337

BOSSIER CITY, LOUISIANA 71171-5337

April 11, 2008

The Honorable Lorenz "Lo" Walker, Mayor
and Members of the City Council
City of Bossier City, Louisiana:

In accordance with Section 4.06, paragraph (7), of the City of Bossier City Charter, I am pleased to submit the Comprehensive Annual Financial Report for the year ended December 31, 2007. The financial statements were prepared in conformity with U.S. generally accepted accounting principles (GAAP) and audited in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, by a firm of licensed certified public accountants. I believe this report presents comprehensive information about the City of Bossier City's (the City) financial and operating activities during 2007 that is useful to taxpayers, citizens, and other interested persons.

This report was prepared by the Accounting Division of the Finance Department and consists of management's representations concerning the finances of the City. Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in this report. To provide a reasonable basis for making these representations, management of the City has established an internal control framework that is designed both to protect the government's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the City's financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, the City's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. We assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

In accordance with Section 3.10 of the City Charter, the City Council is required to provide for an annual independent audit of the accounts and financial transactions of the City by a firm of independent certified public accountants duly licensed to practice in the State of Louisiana. The accounting firm of KPMG LLP was selected by the City to conduct its annual audit. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City for the fiscal year ended December 31, 2007 are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the City's financial statements for the fiscal year ended December 31, 2007 are fairly presented in conformity with GAAP. The independent auditors' report is presented as the first component of the financial section of this report.

The Honorable Lorenz "Lo" Walker, Mayor
and Members of the City Council
April 11, 2008

The independent audit of the financial statements of the City was part of a broader, federally mandated "Single Audit" designed to meet the special needs of federal grantor agencies. The standards governing single audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited government's internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal awards. These reports are available in the City's separately issued Single Audit Report.

GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. The City's MD&A can be found immediately following the report of the independent auditors.

PROFILE OF THE CITY OF BOSSIER CITY

The City of Bossier City was incorporated in 1907. It is located on the east bank of the Red River in Northwest Louisiana, approximately 35 miles south of Arkansas and 20 miles east of Texas. The area dates back to the 1830s when it was the Elysian Groves Plantation of James and Mary Cane. Steamboat loads of cotton, corn, and sweet potatoes were shipped to markets in the south and east, from the plantation port known to many as "Canes Landing." The current area of the City is approximately 43 square miles.

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

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

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

BUDGETARY CONTROL

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

The Honorable Lorenz "Lo" Walker, Mayor
and Members of the City Council
April 11, 2008

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

LOCAL ECONOMY

The City of Bossier City is a dynamic growing area with a proud past and a future filled with the promise of continued growth. It is an area that continues to be defined by the Red River and major cultural features including Barksdale Air Force Base and riverboat casinos. Some of the key factors in the development of the area include its central location among major southern cities and its importance as a transportation hub. Barksdale Air Force Base is one of the largest military installations in the nation and by far the most significant employment generator in the area. The direct impact of Barksdale Air Force Base on the local economy is estimated to be in excess of \$430 million. The City of Bossier City and Bossier Parish have continued to gain in population in recent decades with both growing at a faster pace than statewide rates for Louisiana. The City added 15,000 residents between 1970 and 2000, and is currently estimated to have a population of 61,012. Bossier Parish has been documented as the fastest growing parish in the state and grew by nearly 34,000 persons in the three decades ending in year 2000.

The Bossier riverfront has undergone significant changes over the last decade. The area has seen the addition of Red River locks and dams stabilizing navigation channels, the Arthur Ray Teague Parkway extension, and riverboat casinos. Bossier's Riverfront Development District is evolving into an entertainment area and is anchored by a new Louisiana Boardwalk Project adjacent to the Horseshoe Casino and Hotel, the top-grossing casino in Louisiana. It consists of entertainment, retail, hospitality, and restaurant elements. The approximately 56 acres of riverfront property is situated in the heart of the Bossier/Shreveport metropolitan area. The project includes a variety of live music, performance theaters, restaurants, a blend of retail specialty shops, a multiplex movie theater, and a hotel is expected soon. It is not only a major attraction for the 14 million plus gaming tourist visitors annually, but also to residents of the metropolitan area and surrounding region's growing population and was recently indicated as the top tourist attraction by the Shreveport Bossier Tourist Bureau, narrowly edging out the riverboat casinos. A recent independent feasibility study of the local market indicates that the "Louisiana Boardwalk" development will generate \$200-\$300 million annually.

Also along the Riverfront District is the Bossier City CenturyTel Arena. The arena can house a variety of sporting and performance programs, as well as serve as a major assembly hall for the community. Since opening in late 2000, the Bossier City CenturyTel Center Arena has grown in national prominence within the event and entertainment industry, consistently placing in the top 100 venues in the world for ticket sales, according to Pollstar Magazine, the leading industry tracking firm.

The City of Bossier City and the Bossier Parish Police Jury, combined, issued bonds totaling \$50 million for the development of the Cyber Innovation Center (CIC) and Research Park. The State of Louisiana has appropriated \$57 million to facilitate the development of these facilities and related infrastructure to support this development. Sixty-four acres of property was acquired in close proximity to Barksdale Air Force Base and close to the Louisiana Optical Network Initiative (LONI) line, which will provide access to

The Honorable Lorenz "Lo" Walker, Mayor
and Members of the City Council
April 11, 2008

high-speed computer capability and also provide a connection to all the major universities in the United States of America. Plans and specifications have been completed and the bids will be opened in early June. The Cyber Innovation Facility will support the activities at Barksdale Air Force Base, including the Air Force Network Operations Center (AFNOC). The AFNOC makes Barksdale Air Force Base the traffic hub for all Air Force communication and the enterprise level organization in the Air Force for communications. This makes Barksdale Air Force Base the natural location for the majority of deployable technology of Air Force Cyber Command (AFCYBER). The Cyber Innovation Center has a distinguished list of academic research institutions serving as an academic advisory board. Currently, many of the major defense and technology companies have joined the Cyber Innovation Center and are currently located at Bossier Parish Community College, the interim CIC location, until the referenced facilities can be opened in October 2009.

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

LONG-TERM FINANCIAL PLANNING

In accordance with Section 6.09 of the City Charter, the Mayor submitted the year 2008–2012 Capital Improvement Program to the City Council in the first quarter of 2008. There are 25 projects that total approximately \$70 million in progress as of December 31, 2007. There are 108 planned projects from year 2008 through 2012, which total approximately \$243 million. Some of the major projects and funding of these projects are summarized as follows:

<u>Project</u>	<u>Funding</u>	<u>Amount</u>
ART – Traffic Street	2007 Capital Bond Issue	\$ 7,700,000
ART – North	2007 Capital Bond Issue	24,100,000
Swan Lake Widening (Shed to I-220) Construction	2007 Capital Bond Issue	10,000,000
Viking Drive Widening Project – Construction	2007 Capital Bond Issue	4,500,000
Old Minden North (Shed to Viking) Construction	Riverboat Capital Project Fund	3,700,000
ART – Hamilton Road to I-20 (Riverside Drive)	Riverboat Capital Project Fund	3,500,000
Tinsley Park Improvements	Sales Tax Capital Improvement Fund	1,976,421
Fire Station Number 6 (Riverside)	2007 Capital Bond Issue	3,500,000
Fire Station Number 5 (Meadowview)	2007 Capital Bond Issue	3,500,000
20 Million Gallon Per Day Water Plant Expansion	SRF Loans	70,000,000

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

The Honorable Lorenz "Lo" Walker, Mayor
and Members of the City Council
April 11, 2008

CASH MANAGEMENT POLICIES AND PRACTICES

The City maintains a pooled cash and investment account that is available for use by all funds except those restricted by statutes or other legal reasons. At the end of each business day, collected balances in all City's bank accounts are deposited into a sweep account. These funds are invested in U.S. government and U.S. agency securities under the terms of an overnight repurchase agreement. As of December 31, 2007, the City's cash resources were invested as follows:

Guaranteed investment contract	44.3%
U.S. government securities	29.7
Deposits	24.8
Money market funds	1.2
Total	<u>100.0%</u>

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

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

RISK MANAGEMENT

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

PENSION AND OTHER POSTEMPLOYMENT BENEFITS

The City administers two defined benefit pension plans: the Firemen's Pension and Relief Fund (FPRF) and the Policemen's Pension and Relief Fund (PPRF). Each year an independent actuary calculates the amount of the annual contribution the City must make to the pension plans. In 2006, the City contributed 111.0% of the annual required contribution of the FPRF and 155.0% of the annual required contribution of the PPRF. In 2007, the City contributed 129.0% of the annual required contribution of the FPRF and 165.0% of the annual required contribution of the PPRF. In 2006, the City had funded 48.8% of the actuarial accrued liability of the FPRF and 41.3% of the actuarial accrued liability of the PPRF. The current funding percentages are FPRF 50.5% and PPRF 47.9%. The remaining unfunded amounts for FPRF and PPRF are being amortized over 10 years.

The Honorable Lorenz "Lo" Walker, Mayor
and Members of the City Council
April 11, 2008

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

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

AWARDS AND ACKNOWLEDGMENTS

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Bossier City for its Comprehensive Annual Financial Report for the fiscal year ended December 31, 2006. The Certificate of Achievement is the highest form of recognition in governmental accounting and financial reporting, and its attainment represents a significant accomplishment by the City and its management. We are proud to have received this award each year for more than 20 years (beginning with our Comprehensive Annual Financial Report for the fiscal year ended December 31, 1981).

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

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

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

Respectfully submitted,



William J. Buffington
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, 2006**

**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.**



Oliver S. Cox

President

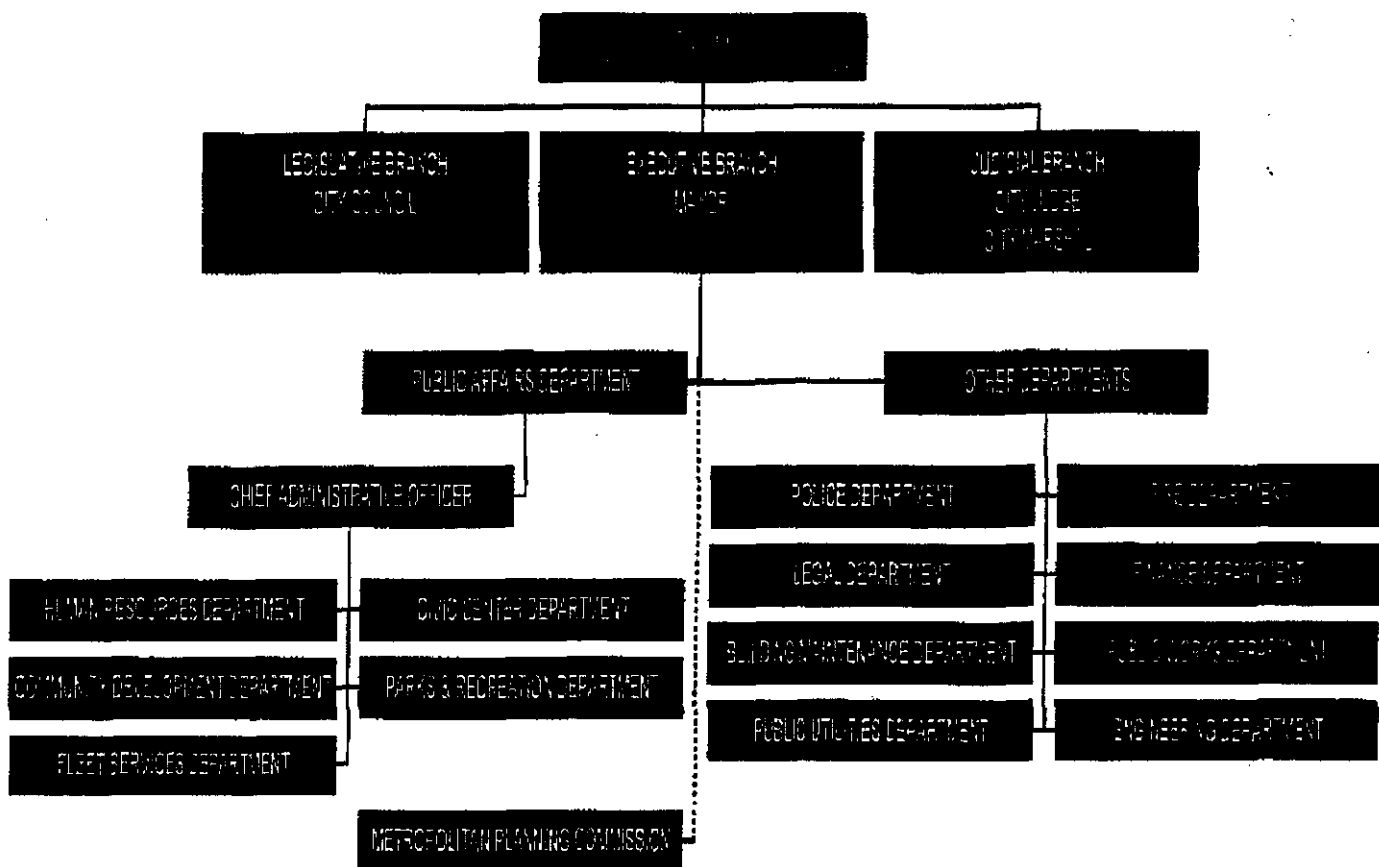
Jeffrey R. Ennis

Executive Director



CITY OF BOSSIER CITY

P. O. BOX 5337
BOSSIER CITY, LOUISIANA 71171-5337



Source: Mayor Walker
November 2006

ELECTED OFFICIALS



MAYOR LORENZ "LO" WALKER



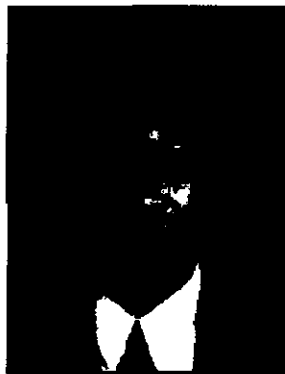
**Council Member at Large
TIMOTHY A. LARKIN**



**Council Member at Large
DAVID MONTGOMERY, JR.**



**Council Member District 1
SCOTT IRWIN**



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



**Council Member at Large
DON W. WILLIAMS**



**Council Member at Large
DAVID JONES**



**Council Member District 1
JAMES W. ROGER**

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**FINANCIAL
SECTION**

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

Independent Auditors' Report

The Honorable Members of the City Council and
the Honorable Lorenz "Lo" Walker, Mayor
City of Bossier City, Louisiana:

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Bossier City, Louisiana (City), as of and for the year ended December 31, 2007, which collectively comprise the City's basic financial statements as listed in the table of contents. We have also audited the financial statements of each of the City's nonmajor governmental, nonmajor enterprise, internal service, and fiduciary funds presented as supplementary information in the accompanying combining and individual fund financial statements as of and for the year ended December 31, 2007, as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Bossier Public Trust Financing Authority (Authority), the Bossier City Court (Court), and the Bossier City Marshal (Marshal), which represents 96%, 95%, and 80%, respectively, of the assets, net assets, and revenues of the aggregate discretely presented component units. Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinion, insofar as it relates to the amounts included for the Authority, the Court, and the Marshal, is based on the reports of the other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The financial statements of the Authority were not audited in accordance with *Government Auditing Standards*. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over financial reporting. Accordingly, we express no such opinion. 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 the other auditors provide a reasonable basis for our opinions.

In our opinion, based on our audit and the reports of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Bossier City, Louisiana, as of December 31, 2007, and the respective changes in its financial position and, where applicable, its cash flows, thereof for the year then ended, in conformity with U.S. generally accepted accounting principles. In addition, in our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of each nonmajor governmental, nonmajor enterprise, internal service, and fiduciary fund of the City of Bossier City, Louisiana, as of December 31, 2007, and the respective changes in its financial position and where applicable, its cash flows, thereof for the year then ended, in conformity with U.S. generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued our report dated April 11, 2008 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis, schedules of funding progress, and budgetary comparison information listed as required supplementary information in the table of contents are not a required part of the basic financial statements but are supplementary information required by U.S. generally accepted accounting principles. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, the individual fund schedules, and the statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The individual fund schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly we express no opinion on them.

KPMG LLP

April 11, 2008

CITY OF BOSSIER CITY, LOUISIANA

Management's Discussion and Analysis

December 31, 2007

We offer readers of the City of Bossier City's financial statements this narrative overview and analysis of the financial activities of the City of Bossier City for the fiscal year ended December 31, 2007. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal.

Financial Highlights

Key financial highlights for the 2007 fiscal year include the following:

- The assets of the City of Bossier City exceeded its liabilities at the close of the most recent fiscal year by \$370 million (net assets). Of this amount, approximately \$90 million (unrestricted net assets) may be used to meet the city's obligations to citizens and creditors.
- The total net assets of the City of Bossier City increased by \$24.1 million for the year ended December 31, 2007. Net assets of governmental activities increased by \$22.2 million and net assets of business-type activities increased by \$1.9 million.
- As of the close of the current fiscal year, the City of Bossier City's governmental funds reported combined ending fund balance of \$205 million, an increase of \$96 million in comparison with the prior fiscal year. Of this amount, \$25.1 million was unreserved, undesignated, and available for spending; \$144.4 million was unreserved, but designated for subsequent years' expenditures; \$11.3 million was reserved for debt service, inventories, and prepaid items; \$6.1 million was reserved for encumbrances; and \$17.9 million is held in a permanent trust and may not be spent.
- At the end of the current fiscal year, unreserved, undesignated fund balance for the General Fund was \$11.8 million or 23.1% of total General Fund expenditures.
- The City of Bossier City's total debt increased \$96.6 million (91.0%) during the current fiscal year primarily as a result of issuing \$100 million in new debt, which was offset by principal payments.

Overview of the Financial Statements

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

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

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

CITY OF BOSSIER CITY, LOUISIANA

Management's Discussion and Analysis

December 31, 2007

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

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

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

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

Because the focus of governmental funds is narrower than that of the governmentwide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the governmentwide financial statements. By doing so, readers may better understand the long-term impact of the City of Bossier City's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balance provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City of Bossier City maintains 22 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balance for the General Fund, Riverboat Gaming Special Revenue Fund, Arena Special Revenue Fund, Riverboat Gaming Capital Projects Fund, 2007 Bond Issue Capital Projects Fund, and Public Health and Safety Permanent Fund, all of which are considered to be major funds. Data for the other 16 governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

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

Proprietary funds – The City of Bossier City maintains three different types of proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the governmentwide financial statements, only in more detail. The City of Bossier City uses enterprise funds to account for its water and

CITY OF BOSSIER CITY, LOUISIANA

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sewerage, EMS, and sanitation. Internal service funds are an accounting device used to accumulate and allocate costs internally among the City of Bossier City's various functions. The City of Bossier City uses internal service funds to account for its dental healthcare and workers' compensation. Because these services predominantly benefit governmental rather than business-type functions, they have been included within governmental activities in the governmentwide financial statements.

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

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

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

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

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

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

Financial Analysis of Governmentwide Activities

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the City of Bossier City, assets exceed liabilities by \$370,347,013 at the close of the most recent fiscal year.

The largest portion of the City of Bossier City's net assets totaling approximately \$247 million (66.6%) reflects its investment in capital assets (e.g., land, buildings, streets, drainage, machinery, and equipment) less any related debt used to acquire those assets that are still outstanding. The City of Bossier City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City of Bossier City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

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City of Bossier City's Net Assets

December 31, 2007 and 2006

	Governmental activities		Business-type activities		Total	
	2007	2006	2007	2006	2007	2006
Current and other assets	\$ 221,846,378	120,858,848	16,916,097	16,603,384	238,762,475	137,462,232
Capital assets	264,723,858	244,434,874	83,120,325	83,320,314	347,844,183	327,755,188
Total assets	<u>486,570,236</u>	<u>365,293,722</u>	<u>100,036,422</u>	<u>99,923,698</u>	<u>586,606,658</u>	<u>465,217,420</u>
Current and other liabilities	9,427,450	7,287,245	1,074,259	1,433,339	10,501,709	8,720,584
Long-term liabilities	180,715,865	83,789,238	25,042,071	26,425,453	205,757,936	110,214,691
Total liabilities	<u>190,143,315</u>	<u>91,076,483</u>	<u>26,116,330</u>	<u>27,858,792</u>	<u>216,259,645</u>	<u>118,935,275</u>
Net assets:						
Invested in capital assets, net of related debt	186,465,732	166,097,681	60,466,449	59,278,622	246,932,181	225,376,303
Restricted	29,680,277	29,925,688	3,798,355	2,631,727	33,478,632	32,557,415
Unrestricted	80,280,912	78,193,870	9,655,288	10,154,557	89,936,200	88,348,427
Total net assets	<u>\$ 296,426,921</u>	<u>274,217,239</u>	<u>73,920,092</u>	<u>72,064,906</u>	<u>370,347,013</u>	<u>346,282,145</u>

There were 9.1% of net assets, which represent resources that are subject to external restrictions on how they may be used. Restrictions for debt service account for \$14,786,182 of the total of restricted net assets. The remaining balance is moneys restricted for public health and safety. State law requires the proceeds from the sale of the Bossier Medical Center be held in perpetuity; however, the investment earnings may be spent each year for purposes of public health and safety. As of December 31, 2007, the nonexpendable portion was \$17,911,368 and the expendable balance, which represents unspent investment earnings, was \$781,082.

The remaining balance of unrestricted net assets of \$89,936,200 is used to meet the City of Bossier City's ongoing obligations to citizens and creditors.

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

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The City of Bossier City's net assets increased by \$24,064,868 during the current fiscal year. Key elements of this increase are as follows:

City of Bossier City's Changes in Net Assets

	Governmental activities		Business-type activities		Total	
	2007	2006	2007	2006	2007	2006
Revenues:						
Program revenues:						
Charges for services	\$ 7,658,623	7,662,581	20,330,172	19,844,107	27,988,795	27,506,688
Operating grants and contributions	4,610,709	3,891,436	—	—	4,610,709	3,891,436
Capital grants and contributions	1,428,093	1,750,000	—	—	1,428,093	1,750,000
General revenues:						
Sales taxes	39,171,981	37,743,177	—	—	39,171,981	37,743,177
Other taxes	11,635,713	11,727,955	—	—	11,635,713	11,727,955
Gaming	14,721,787	15,626,932	—	—	14,721,787	15,626,932
Other general revenues	7,857,715	10,845,156	1,128,359	1,146,497	8,986,074	11,991,653
Total revenues	87,084,621	89,247,237	21,458,531	20,990,604	108,543,152	110,237,841
Expenses:						
General government	13,589,188	12,491,347	—	—	13,589,188	12,491,347
Public safety	34,262,793	34,206,159	—	—	34,262,793	34,206,159
Highways and streets	1,953,798	6,568,477	—	—	1,953,798	6,568,477
Culture and recreation	7,595,275	7,163,829	—	—	7,595,275	7,163,829
City Court and Marshal	1,746,396	1,843,893	—	—	1,746,396	1,843,893
Interest on long-term debt	4,515,805	3,299,376	—	—	4,515,805	3,299,376
Water and sewerage	—	—	13,041,663	12,932,577	13,041,663	12,932,577
BMS	—	—	4,010,269	4,093,140	4,010,269	4,093,140
Sanitation	—	—	3,763,097	3,526,361	3,763,097	3,526,361
Total expenses	63,663,255	65,573,081	20,815,029	20,552,078	84,478,284	86,125,159
Excess before transfers	23,421,366	23,674,156	643,502	438,526	24,064,868	24,112,682
Transfers	(1,211,684)	(2,270,017)	1,211,684	2,270,017	—	—
Change in net assets	22,209,682	21,404,139	1,855,186	2,708,543	24,064,868	24,112,682
Net assets, beginning of year	274,217,239	252,813,100	72,064,906	69,356,363	346,282,145	322,169,463
Net assets, end of year	\$ 296,426,921	274,217,239	73,920,092	72,064,906	370,347,013	346,282,145

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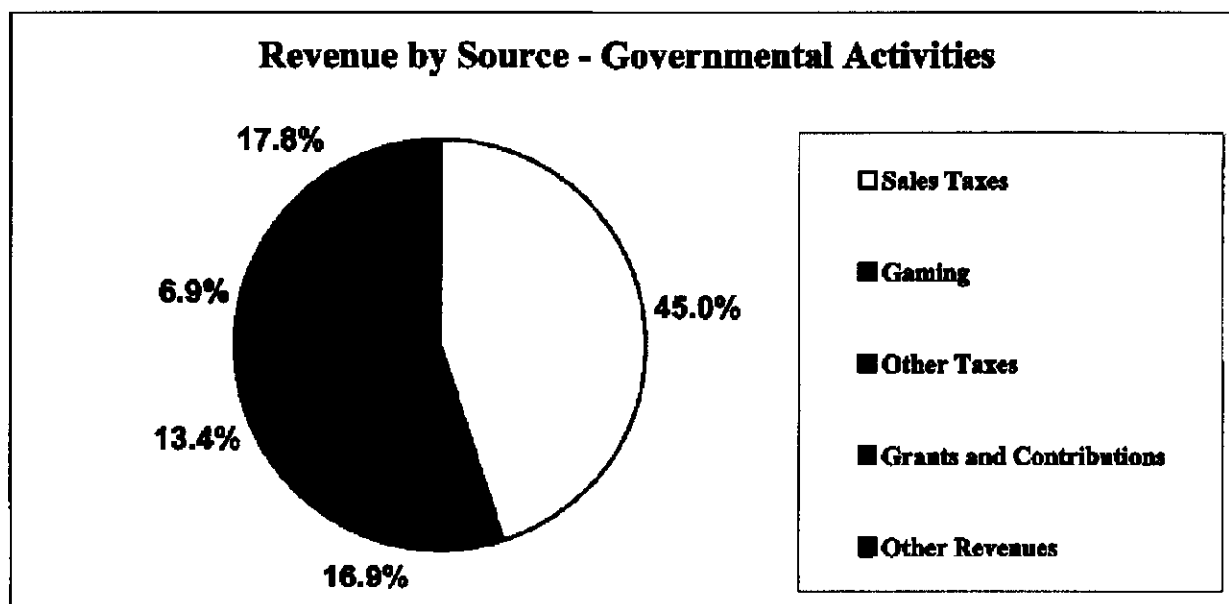
Management's Discussion and Analysis

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Revenues for the City of Bossier City's governmental activities for the year ended December 31, 2007 were \$87.1 million, compared to \$89.2 million in 2006.

Program revenues for governmental activities increased by \$393,000 in 2007, compared to 2006.

In total, general revenues decreased by \$2.6 million. This decrease was composed of the following: (1) other general revenues decreased \$3.0 million as a result of the proceeds from the sale of land in 2006 for which there was no similar revenue in 2007; (2) gaming revenues decreased \$900,000 as a result of decreased gross revenue at the Riverboats; and (3) these decreases were offset by an increase in sales tax revenues. Sales tax (53.4%) is the largest component of general revenues. Sales tax revenue increased \$1.4 million as a result of a full year of operations and openings at the Louisiana Boardwalk as well as improvements in the overall economy.



The cost of all governmental activities in 2007 was \$63.7 million, a decrease of \$1.9 million. The key components of the decrease were:

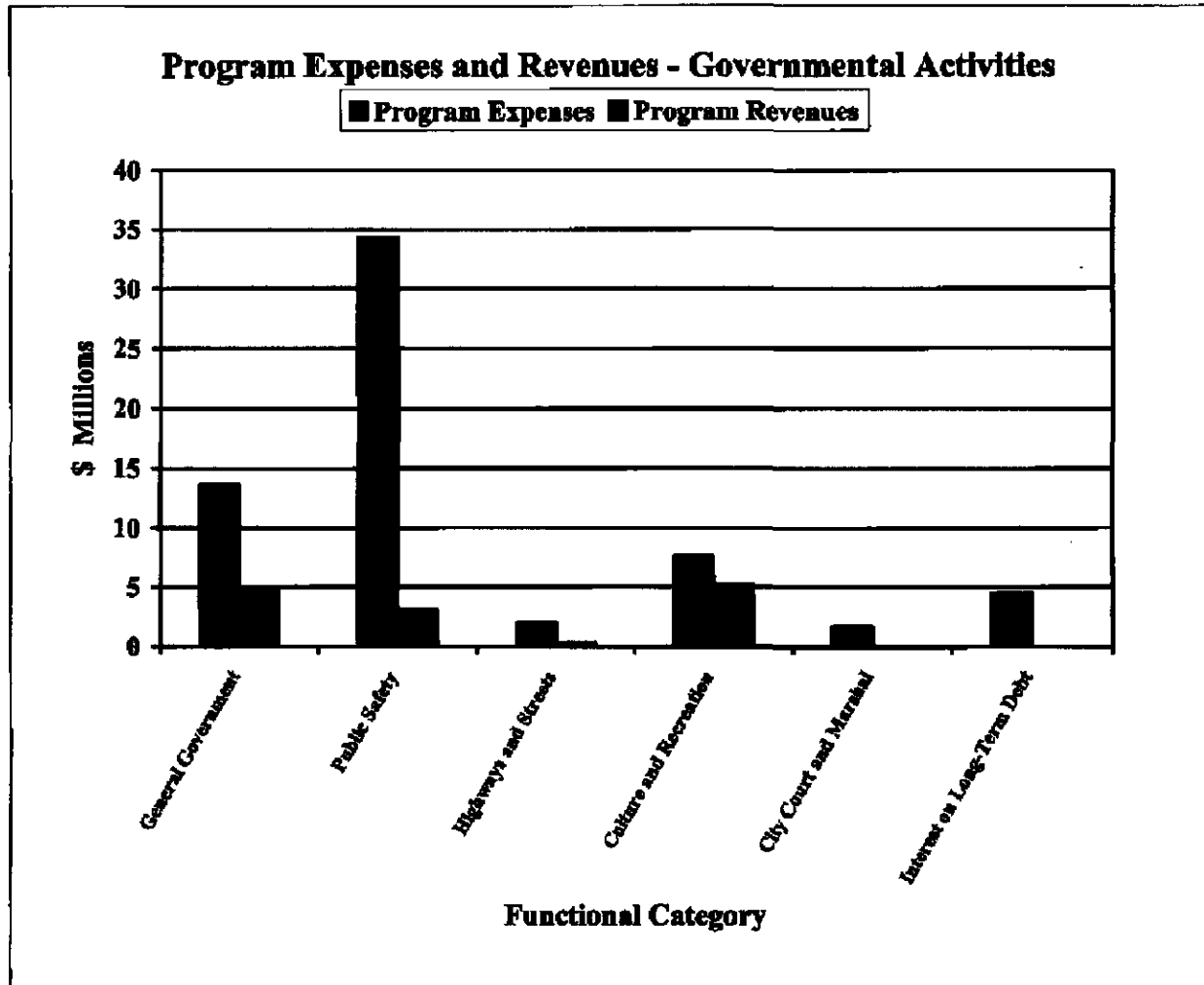
- Highways and streets expenses decreased by \$4.6 million as a result of the completion of the Benton Road overpass.
- General government expenses increased \$1.1 million primarily as a result of ordinance #63 of 2006 authorizing a base increase in salaries for the police department.
- Interest on long-term debt increased by \$1.2 million as a result of the issuance of \$100 million in bonds for capital projects.

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Management's Discussion and Analysis

December 31, 2007

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



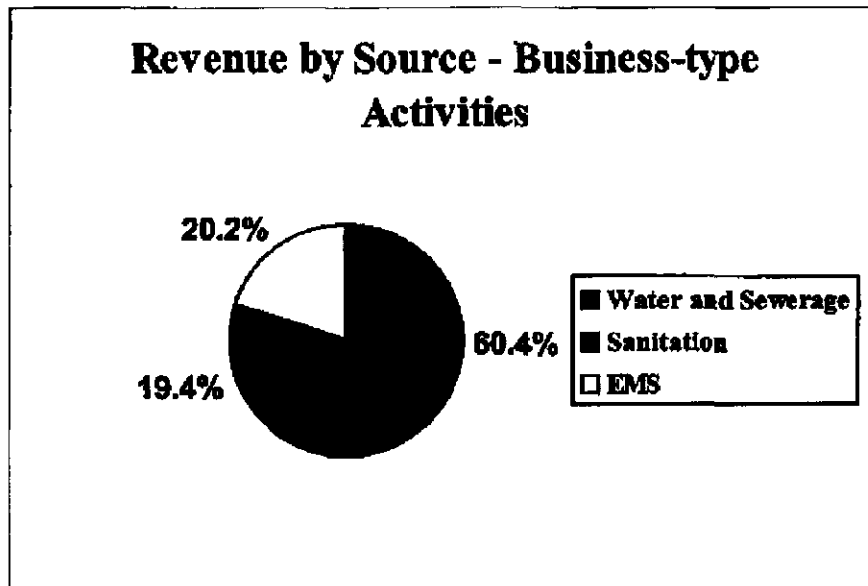
Business-Type Activities

Charges for services for the City of Bossier City's business-type activities were \$20.3 million in 2007, an increase of \$486,000. All business-type activities had slight increases in charges for services.

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Management's Discussion and Analysis

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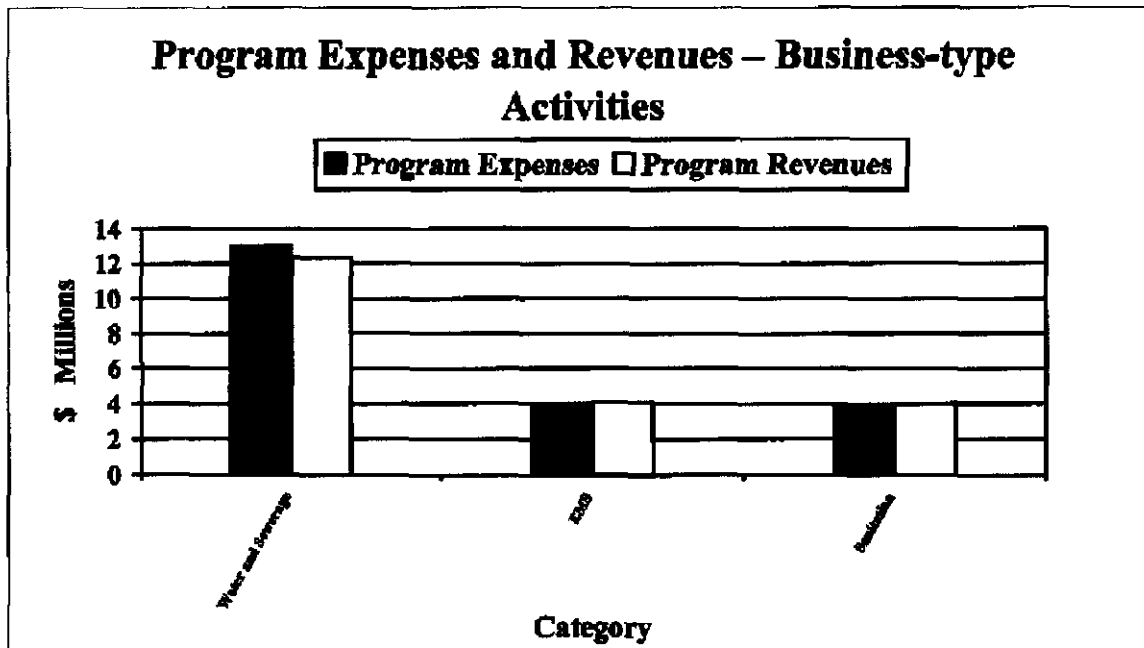
Expenses and Program Revenues – Business-Type Activities

The costs of these activities were \$20.8 million in 2007, an increase of \$263,000. All business-type activities had slight increases in costs.

CITY OF BOSSIER CITY, LOUISIANA

Management's Discussion and Analysis

December 31, 2007



Financial Analysis of the City of Bossier City's Funds

Governmental Funds

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

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

- As of the close of the current fiscal year, the City of Bossier City's governmental funds reported a combined ending fund balance of \$204,907,932, an increase of \$96,190,057 in comparison with the prior fiscal year. Of this amount, \$27,860,768 million or 13.6% was unreserved, undesignated, and available for spending. The amount of 141,720,232 or 69.2% was unreserved, but designated for subsequent years' expenditures. The remainder of the fund balance is reserved to indicate that it is not available for new spending because it has already been committed: (1) to liquidate contracts and purchase orders of the prior period (\$6,140,358), (2) to pay debt service (\$10,987,827), (3) to generate income to fund public health and safety expenses (\$17,911,368), or (4) for other restricted purposes (\$287,379).
- The General Fund is the chief operating fund of the City of Bossier City. At the end of the current fiscal year, unreserved fund balance of the General Fund was \$11,843,893. The total (undesignated) is available for spending at the City Council's discretion. The fund balance of the City of Bossier City's General Fund decreased by \$435,187. The key factor in this decline was police department salary increases.

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- The Riverboat Gaming Special Revenue Fund has a total fund balance of \$33,011,185, all of which is unreserved but designated for subsequent years' expenditures. Riverboat gaming revenues collected prior to 1999 were accumulated in this fund until a base amount of \$30 million was attained, as required by city ordinance. A net increase of \$1,328,590 occurred during the current fiscal year due to increased investment and higher historical interest rates.
- The Arena Special Revenue Fund accounts for the operations of the Bossier City CenturyTel Arena (Arena). The Arena has a fund balance of \$158,031, which reflected an increase of \$8,178 in 2007. Operations of the Arena in 2007 were consistent with those in 2006.
- The Riverboat Gaming Capital Projects Fund has a total fund balance of \$13,670,591, of which \$1,721,702 is reserved to liquidate contracts and purchase orders. A net decrease of \$1,260,601 occurred during the current fiscal year due to spending on the Benton Road overpass and completion of planned and budgeted projects.
- The 2007 Bond Issue Capital Projects Fund has a total fund balance of \$95,979,076, all of which is unreserved but designated for subsequent year's expenditures. This fund was created in 2007 to account for the proceeds and expenditure of the city's \$100 million of bonds issued in 2007. The bonds were issued for the purpose of constructing the Cyber Innovation Center and various other capital projects.
- The Public Health and Safety Permanent Fund has a total fund balance of \$18,692,450, all of which is restricted for public health and safety. The fund experienced a net decrease in fund balance of \$871,000 as a result of a transfer to the General Fund for support of public health and safety.

Proprietary Funds

Water and sewerage net assets increased by \$1,241,491 as a result of higher than anticipated revenues and lower than anticipated expenses coupled with increased capital investments.

General Fund Budgetary Highlights

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

The original budget for the General Fund of the City of Bossier City was adopted on November 7, 2006. For the year ended December 31, 2007, three amendments were made to the General Fund. One amendment was to increase budgeted expenditures for payments to the Red River Film Society as part of its cooperative endeavor agreement; another amendment was made to increase budgeted expenditures for the city's Centennial Committee; and lastly, to carryover budgets from 2006 that were not fully expended. Differences between the budget and the actual results of the General Fund are as follows:

Revenues

- Fines and penalties were \$453,590 higher than the budget due to increased activity in City Court proceedings.
- Investment earnings were \$459,178 higher than the budget due to increased interest rates.

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- Other miscellaneous revenues were \$283,946 higher than the budget due to higher than anticipated revenues in parks and recreation, engineering fees, police department revenues, and mowing charges.

Expenditures

- Fire department expenditures were less than budget by \$572,158 due to lower head count and related salaries expenses and retirement cost.
- Police department expenses were less than budget by \$336,842 due to lower head count and related salaries expenses and retirement cost.

Capital Assets and Debt Administration

Capital Assets: The City of Bossier City's investment in capital assets as of December 31, 2007 amounts to \$347,844,183 (net of accumulated depreciation). This investment in capital assets includes land, buildings, and improvements, streets, drainage, furniture and equipment, and construction in progress. The table below shows the value at the end of the fiscal year.

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

	Governmental activities		Business-type activities	
	2007	2006	2007	2006
Land and land improvements	\$ 75,097,394	67,916,781	861,184	861,184
Buildings and structures	84,340,158	85,913,555	—	—
Equipment and vehicles	3,002,149	3,515,459	2,642,530	2,407,118
Water and reservoir treatment plant	—	—	42,492,319	43,296,513
Transmission and distribution system	—	—	36,587,292	35,079,001
Infrastructure	73,872,426	65,750,535	—	—
Construction in progress – buildings	28,411,731	21,338,544	537,000	1,676,498
Total	\$ 264,723,858	244,434,874	83,120,325	83,320,314

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

- Benton Road Overpass
- Shreveport-Barksdale Ramps
- Cyber Innovation Center
- Tinsley Park Improvements

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Long-term debt: At the end of the current fiscal year, the City of Bossier City had total debt outstanding of \$201,661,942. The City of Bossier City has no general bonded debt outstanding. The following table summarizes bonds outstanding at December 31, 2007 and 2006:

	City of Bossier City's Outstanding Debt			
	Governmental activities		Business-type activities	
	2007	2006	2007	2006
Revenue bonds	\$ 177,099,150	79,140,992	24,562,792	25,937,792

In 2007, the city issued \$100 million in Public Improvement Revenue Bonds for the purpose of constructing the Cyber Innovation Center and various other capital projects.

There were no changes in the ratings of the city's bonds. Moody's Investors assigned an A2 rating to the City of Bossier City related to the 2006 refunding.

For additional information regarding capital assets and long-term debt, see notes 5 and 6, respectively, in the notes to the basic financial statements.

Economic Factors and Next Year's Budgets and Rates

The following economic factors were considered when the budget for fiscal year 2008 was presented to the City Council:

The plan is designed to continue supporting the following broadly stated objectives: (1) improve current level of services to our citizens; (2) continue improving city facilities and infrastructure; (3) provide continuous support of residential expansion and economic development; and (4) to maintain and improve the quality of life for our citizens.

For the year 2008, the city has budgeted a 5.4% increase in sales tax dollars over 2007 actual. This increase is anticipated due to the opening of the Sterling Property Shopping Center and build out of the Boardwalk. Preliminary 2008 figures reflect an increase of close to 8.7% for the first quarter. In 2007, the assessed value of property with the city increased by 5%. Actual licenses and permits collected during 2007 were 10.0% higher than 2006, and are budgeted 3.8% higher in 2008.

Requests for Information

This financial report is designed to provide a general overview of the City of Bossier City's finances for all those with an interest in the City of Bossier City's finances. Questions concerning any of the information provided in this report, or requests for additional financial information, should be addressed to: Director of Finance of the City of Bossier City, 333 Texas Street, AmSouth Building – Floor 15, Shreveport, LA 71101, or by calling 318-741-8525.

**BASIC FINANCIAL
STATEMENTS**

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CITY OF BOSSIER CITY, LOUISIANA

Statement of Net Assets

December 31, 2007

Assets	Primary government			Component units
	Governmental activities	Business-type activities	Total	
Cash and cash equivalents	\$ 15,319,279	1,550,587	16,869,866	2,331,271
Investments	186,552,228	10,386,433	196,938,661	1,420,839
Receivables, net	13,197,637	4,058,678	17,256,315	121,803
Prepaid items and other assets	434,370	166,507	600,877	—
Inventories	243,119	279,976	523,095	—
Net pension asset	3,815,721	—	3,815,721	—
Bond issue costs, net	2,284,024	473,916	2,757,940	—
Capital assets:				
Land and construction in progress	103,509,125	1,398,184	104,907,309	—
Other capital assets, net of depreciation	161,214,733	81,722,141	242,936,874	220,196
Total assets	486,570,236	100,036,422	586,606,658	4,094,109
Liabilities				
Accounts payable	4,406,334	426,955	4,833,289	99,372
Accrued liabilities	1,055,568	173,288	1,228,856	—
Accrued interest payable	1,096,772	279,752	1,376,524	12,303
Deposits and deferred charges	2,868,776	194,264	3,063,040	—
Noncurrent liabilities:				
Due within one year	7,452,560	1,810,995	9,263,555	50,000
Due in more than one year	173,263,305	23,231,076	196,494,381	780,000
Total liabilities	190,143,315	26,116,330	216,259,645	941,675
Net Assets				
Invested in capital assets, net of related debt	186,465,732	60,466,449	246,932,181	220,196
Restricted for:				
Debt service – expendable	10,987,827	3,798,355	14,786,182	296,294
Public health and safety – nonexpendable	17,911,368	—	17,911,368	—
Public health and safety – expendable	781,082	—	781,082	—
Victims of juvenile crime	—	—	—	3,367
Facility expenses	—	—	—	686,473
Unrestricted	80,280,912	9,655,288	89,936,200	1,946,104
Total net assets	\$ 296,426,921	73,920,092	370,347,013	3,152,434

See accompanying notes to basic financial statements.

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Statement of Activities

Year ended December 31, 2007

					Net (expenses) revenues and changes in net assets			
					Primary Government			Component units
					Governmental activities	Business-type activities	Total	
Functions/programs	Expenses	Charges for services	Operating grants and contributions	Capital grants and contributions				
Primary government:								
Governmental activities:								
General government	\$ 13,589,188	2,863,463	900,938	1,250,000	(8,494,787)	—	(8,494,787)	—
Public safety	34,262,793	1,595,615	1,539,309	—	(31,127,869)	—	(31,127,869)	—
Highways and streets	1,953,798	127,128	—	178,093	(1,648,577)	—	(1,648,577)	—
Cultural and recreation	7,595,275	3,072,417	2,090,462	—	(2,432,396)	—	(2,432,396)	—
City Court and City Marshal	1,746,396	—	—	—	(1,746,396)	—	(1,746,396)	—
Interest on long-term debt	4,515,805	—	—	—	(4,515,805)	—	(4,515,805)	—
Total governmental activities	63,663,255	7,658,623	4,610,709	1,428,093	(49,965,830)	—	(49,965,830)	—
Business-type activities:								
Water and sewerage	13,041,663	12,272,210	—	—	—	(769,453)	(769,453)	—
EMS	4,010,269	4,114,354	—	—	—	104,085	104,085	—
Sanitation	3,763,097	3,943,608	—	—	—	180,511	180,511	—
Total business-type activities	20,815,029	20,330,172	—	—	—	(484,857)	(484,857)	—
Total primary government	\$ 84,478,284	27,988,795	4,610,709	1,428,093	(49,965,830)	(484,857)	(50,450,687)	—
Component units:								
Bossier Public Trust Financing Authority	\$ 70,544	82,665	—	—	—	—	—	32,121
City Court	175,462	307,332	—	—	—	—	—	332,070
City Marshal	564,237	670,743	—	—	—	—	—	166,506
Metropolitan Planning Commission	284,221	173,503	—	—	—	—	—	(120,716)
Total component units	\$ 1,044,464	1,434,443	—	—	—	—	—	389,979
General revenue:								
Taxes:								
Property taxes levied for general purposes					\$ 9,290,483	—	9,290,483	—
Sales taxes levied for general purposes					14,042,894	—	14,042,894	—
Sales taxes levied for capital projects					9,661,146	—	9,661,146	—
Sales taxes levied for debt service					7,657,413	—	7,657,413	—
Sales taxes levied for pension plans					7,810,528	—	7,810,528	—
Franchise taxes					2,345,230	—	2,345,230	—
Gaming					14,721,787	—	14,721,787	—
Grants and contributions not restricted to specific purposes					345,144	—	345,144	—
Investment earnings					5,742,915	510,194	6,253,109	108,108
Payments from City of Bossier City					—	—	—	152,830
Miscellaneous					1,769,656	618,165	2,387,821	7,910
Transfers					(1,211,684)	1,211,684	—	—
Total general revenues and transfers					72,175,512	2,340,043	74,515,555	268,848
Change in net assets					22,209,682	1,855,186	24,064,868	658,827
Net assets, beginning					274,217,239	72,064,906	346,282,145	2,493,607
Net assets, ending					\$ 296,426,921	73,920,092	370,347,013	3,152,434

See accompanying notes to basic financial statements.

CITY OF BOSSIER CITY, LOUISIANA

Balance Sheet Governmental Funds December 31, 2007

Assets	General	Riverboat Gaming Special Revenue Fund	Arms Special Revenue Fund	Riverboat Gaming Capital Projects Fund	2007 Bond Issue Capital Projects Fund	Public Health and Safety Permanent Fund	Other governmental funds	Total governmental funds
Cash and cash equivalents	\$ 1,210,658	4,233,825	1,617,258	1,710,726	—	2,397,445	3,954,409	15,124,313
Investments	1,236,811	28,394,574	—	11,473,150	93,540,876	16,078,714	26,513,915	185,238,049
Receivables, net	6,306,395	352,630	555,554	1,326,204	579,618	216,806	3,137,521	13,174,728
Due from other funds	192,658	—	—	—	—	—	—	192,658
Prepaid items and other assets	—	—	44,260	—	—	—	—	44,260
Inventories, at cost	243,119	—	—	—	—	—	—	243,119
Investments - restricted	—	—	—	—	—	100,000	—	100,000
Total assets	\$ 15,189,633	33,481,029	2,217,072	14,710,089	96,120,494	18,792,965	33,605,845	214,117,127
Liabilities and Fund Balance								
Liabilities:								
Accounts payable	\$ 715,756	469,844	353,182	957,658	141,418	515	1,757,112	4,397,485
Accrued liabilities	943,310	—	—	—	—	100,000	12,258	1,055,568
Due to other funds	—	—	—	—	—	—	192,658	192,658
Deferred revenue	1,328,622	—	439,149	81,840	—	—	448,163	2,298,774
Deposits and deferred charges	—	—	1,264,710	—	—	—	—	1,264,710
Total liabilities	2,987,688	469,844	2,059,041	1,039,498	141,418	100,515	2,411,191	9,209,195
Fund balance:								
Reserved for:								
Debt service	—	—	—	—	—	—	10,967,827	10,967,827
Encumbrances	114,933	—	—	1,721,702	—	—	4,303,723	6,140,358
Inventories	243,119	—	—	—	—	—	—	243,119
Prepaid items	—	—	44,260	—	—	—	—	44,260
Public health and safety	—	—	—	—	—	17,911,368	—	17,911,368
Unreserved, designated for subsequent years' expenditures	—	33,011,185	—	11,946,889	93,979,076	781,082	—	141,720,232
Unreserved:								
Undesignated	11,843,893	—	113,771	—	—	—	—	11,957,664
Designated reported in nonmajor capital projects funds	—	—	—	—	—	—	2,696,404	2,696,404
Undesignated, reported in nonmajor special revenue funds	—	—	—	—	—	—	13,206,700	13,206,700
Total fund balance	12,201,945	33,011,185	158,031	13,670,591	93,979,076	18,692,450	31,194,654	204,907,932
Total liabilities and fund balance	\$ 15,189,633	33,481,029	2,217,072	14,710,089	96,120,494	18,792,965	33,605,845	214,117,127

See accompanying notes to basic financial statements.

CITY OF BOSSIER CITY, LOUISIANA

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

December 31, 2007

Fund balances – total governmental funds \$ 204,907,932

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

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

Governmental capital assets	\$ 325,047,873	
Less accumulated depreciation	<u>(60,324,015)</u>	264,723,858

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

Unamortized bond issuance costs	2,284,024
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Net pension assets represent the excess cumulative contributions
to pension plans and are not considered as financial resources
for governmental funds

Policemen's Pension and Relief Fund	3,815,721
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Some of the City of Bossier City's property taxes and other revenues
will be collected after year-end, but are not available soon enough
to pay for the current period's expenditures and, therefore, are
deferred in the governmental funds

694,708

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

Deferred loss on refunding	1,542,403	
Accrued interest payable	(1,096,772)	
Compensated absences	(1,205,273)	
Claims	(1,432,500)	
Bonds, notes, and loans payable	(178,641,553)	
Net pension obligation – Firemen's Pension and Relief Fund	(245,420)	<u>(181,079,115)</u>

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

1,079,793

Net assets of governmental activities	<u>\$ 296,426,921</u>
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See accompanying notes to basic financial statements.

CITY OF BOSSIER CITY, LOUISIANA
Statement of Revenues, Expenditures, and Changes in Fund Balance
Governmental Funds
Year ended December 31, 2007

Revenues	General	Riverboat Gaming Special Revenue Fund	Area Special Revenue Fund	Riverboat Gaming Capital Projects Fund	2007 Bond Issue Capital Projects Fund	Public Health and Safety Permanent Fund	Other Governmental Funds	Total Governmental Funds
Taxes	\$ 33,884,822	—	—	—	—	—	17,318,559	51,203,381
Licenses and permits	2,863,463	—	—	—	—	—	—	2,863,463
Intergovernmental	1,884,453	—	—	1,000,000	221,673	—	3,277,820	6,383,946
Video poker	478,251	—	—	—	—	—	—	478,251
Fees and rentals	—	—	2,742,620	127,128	—	—	329,797	3,199,545
Fines and penalties	1,553,990	—	—	—	—	—	42,025	1,595,615
Racing commission — Louisiana								
Downs	884,557	—	—	—	—	—	—	884,557
Gaming	—	—	—	13,358,979	—	—	—	13,358,979
Investment earnings	634,178	1,434,999	—	498,414	594,131	881,680	1,699,513	5,742,915
Miscellaneous	1,427,446	—	—	—	—	27,755	164,174	1,619,375
Total revenues	43,610,760	1,434,999	2,742,620	14,984,521	815,804	909,435	22,831,888	87,330,027
Expenditures								
Current:								
General government	11,410,011	106,409	—	—	—	—	923,992	12,440,412
Public safety	35,383,443	—	—	—	—	30,266	—	35,413,709
Highways and streets	578,771	—	—	—	—	—	—	578,771
Culture and recreation	2,943,828	—	2,804,442	—	—	—	793,178	5,723,448
City Court and City Marshal	1,640,170	—	—	—	—	—	40,225	1,680,395
Debt service:								
Principal	—	—	—	—	—	—	4,605,000	4,605,000
Bond issuance costs	—	—	—	—	1,606,761	—	—	1,606,761
Interest and other charges	—	—	—	—	—	—	3,646,252	3,646,252
Capital outlay	—	—	—	11,445,122	5,791,491	—	9,405,619	26,642,232
Metropolitan planning — payments to component units	152,830	—	—	—	—	—	—	152,830
Total expenditures	53,209,053	106,409	2,884,442	11,445,122	7,398,252	30,266	19,416,266	92,489,810
Excess (deficiency) of revenues over (under) expenditures	(7,598,293)	1,328,590	(141,822)	3,539,399	46,562,448	879,169	3,415,622	(5,159,783)
Other financing sources (uses):								
Transfers in	7,163,106	1,800,000	150,000	—	—	—	4,089,770	13,202,876
Transfers out	—	(1,800,000)	—	(4,800,000)	—	(1,750,000)	(6,064,560)	(14,414,560)
Issuance of long-term debt	—	—	—	—	100,000,000	—	—	100,000,000
Premium on debt issuance	—	—	—	—	2,561,524	—	—	2,561,524
Total other financing sources and uses	7,163,106	—	150,000	(4,800,000)	102,561,524	(1,750,000)	(1,974,790)	101,349,840
Net change in fund balances	(435,187)	1,328,590	8,178	(1,260,601)	95,979,076	(870,831)	1,440,832	95,190,057
Fund balances, beginning	12,637,132	31,682,595	149,833	14,931,192	—	19,563,281	29,753,822	108,717,875
Fund balances, ending	\$ 12,201,945	\$ 33,011,185	\$ (58,031)	\$ 13,670,591	\$ 95,979,076	\$ 18,692,450	\$ 31,194,654	\$ 204,907,932

See accompanying notes to basic financial statements.

CITY OF BOSSIER CITY, LOUISIANA

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

Year ended December 31, 2007

Net change in fund balances – total governmental funds		\$	96,190,057
Amounts reported for governmental activities in the statement of activities are different because:			
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.			
Capital outlay	\$	27,127,297	
Depreciation expense		<u>(6,838,313)</u>	20,288,984
Revenues reported in the statement of activities, which are not reported in governmental funds because they do not provide current financial resources. This adjustment is to recognize the net change in unavailable revenues, which includes property taxes and other miscellaneous revenues.			(245,406)
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. The detail of these differences in the treatment of long-term and related items is as follows:			
Principal payments			4,605,000
Bond issue costs paid			1,606,761
Bond proceeds			(100,000,000)
Premium on refunding bonds			<u>(2,561,524)</u>
The changes in other long-term assets and liabilities are reported in the statement of activities, but do not affect current financial resources of governmental funds. The changes are as follows:			
Policemen's Pension and Relief Fund net asset		1,406,730	
Firemen's Pension and Relief Fund net obligation		<u>1,195,450</u>	2,602,180
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.			
Amortization of deferred loss on refunding		(106,678)	
Amortization of bond issue costs		(126,536)	
Amortization of bond premium		105,044	
Decrease in compensated absences		12,404	
Claims		(255,000)	
Decrease in accrued interest		<u>(741,383)</u>	(1,112,149)
Internal service funds are used by management to charge the costs of certain activities to individual funds. The net revenue of the internal service funds is reported with governmental activities.			<u>835,779</u>
Change in net assets of governmental activities	\$		<u>22,209,682</u>

See accompanying notes to basic financial statements.

CITY OF BOSSIER CITY, LOUISIANA

Statement of Net Assets

Proprietary Funds

December 31, 2007

Assets	Business-type activities enterprise funds			Governmental activities internal service funds
	Water and sewerage	Other enterprise funds	Total	
Current assets:				
Cash and cash equivalents	\$ 924,625	253,001	1,177,626	194,966
Investments	4,891,296	1,696,782	6,588,078	1,214,179
Receivables, net	2,336,888	1,689,387	4,026,275	22,909
Prepaid items	—	—	—	390,110
Inventories	279,976	—	279,976	—
Restricted:				
Cash and cash equivalents	372,961	—	372,961	—
Accrued interest receivable	32,403	—	32,403	—
Total current assets	8,838,149	3,639,170	12,477,319	1,822,164
Noncurrent assets:				
Restricted:				
Investments	3,798,355	—	3,798,355	—
Capital assets:				
Land and land improvements	861,184	—	861,184	—
Construction in process	537,000	—	537,000	—
Water reservoir and treatment plant	62,041,842	—	62,041,842	—
Transmission and distribution system	55,974,665	—	55,974,665	—
Equipment	9,089,748	—	9,089,748	—
Less accumulated depreciation	(45,384,114)	—	(45,384,114)	—
Total capital assets (net of accumulated depreciation)	83,120,325	—	83,120,325	—
Deferred bond costs, net	473,916	—	473,916	—
Other deferred charges	166,507	—	166,507	—
Total other assets	640,423	—	640,423	—
Total noncurrent assets	87,559,103	—	87,559,103	—
Total assets	96,397,252	3,639,170	100,036,422	1,822,164
Liabilities				
Current liabilities (payable from current assets):				
Accounts payable	246,985	180,050	426,935	8,849
Accrued liabilities	140,427	32,861	173,288	—
Customer deposits	194,264	—	194,264	—
Accrued claims	—	—	—	733,522
Compensated absences	174,306	201,689	375,995	—
Total current liabilities (payable from current assets)	755,902	414,600	1,170,502	742,371
Current liabilities (payable from restricted assets):				
Accrued interest on revenue bonds	279,752	—	279,752	—
Current portion of long-term debt	1,435,000	—	1,435,000	—
Total current liabilities (payable from restricted assets)	1,714,752	—	1,714,752	—
Total current liabilities	2,470,654	414,600	2,885,254	742,371
Noncurrent liabilities:				
Compensated absences	31,242	72,042	103,284	—
Bonds and notes payable	23,127,792	—	23,127,792	—
Total noncurrent liabilities	23,159,034	72,042	23,231,076	—
Total liabilities	25,629,688	486,642	26,116,330	742,371
Net assets				
Invested in capital assets, net of related debt	60,466,449	—	60,466,449	—
Restricted for debt service	3,798,355	—	3,798,355	—
Unrestricted	6,502,760	3,152,528	9,655,288	1,079,793
Total net assets	\$ 70,767,564	3,152,528	73,920,092	1,079,793

See accompanying notes to basic financial statements.

CITY OF BOSSIER CITY, LOUISIANA
Statement of Revenues, Expenses, and Changes in Net Assets
Proprietary Funds
Year ended December 31, 2007

	Business-type activities enterprise funds			Governmental activities internal service funds
	Water and sewerage	Other enterprise funds	Total	
Operating revenues				
Charges for services pledged as security for revenue bonds (net of allowance of \$365,664)	\$ 12,272,210	—	12,272,210	—
Charges for services (net of allowance of \$479,868)	—	8,057,962	8,057,962	2,825,195
Miscellaneous	336,410	281,755	618,165	—
Total operating revenues	12,608,620	8,339,717	20,948,337	2,825,195
Operating expenses				
Personal services	4,885,638	4,802,286	9,687,924	—
Supplies	1,417,712	441,128	1,858,840	—
Administrative	—	43,200	43,200	—
Utilities	980,952	94,290	1,075,242	—
Repairs and maintenance	665,697	192,522	858,219	—
Travel and training	—	30,399	30,399	—
Professional services	—	16,626	16,626	—
Insurance	—	220,004	220,004	—
Contractual expenses	—	1,866,167	1,866,167	149,362
Miscellaneous	862,148	66,744	928,892	38,631
Claims	—	—	—	1,823,161
Depreciation	3,016,930	—	3,016,930	—
Total operating expenses	11,829,077	7,773,366	19,602,443	2,011,154
Operating income	779,543	566,351	1,345,894	814,041
Nonoperating revenues (expenses)				
Investment earnings	462,850	47,344	510,194	21,738
Interest expense	(1,127,625)	—	(1,127,625)	—
Amortization	(47,100)	—	(47,100)	—
Fiscal charges	(37,861)	—	(37,861)	—
Total nonoperating revenues (expenses)	(749,736)	47,344	(702,392)	21,738
Income before transfers	29,807	613,695	643,502	835,779
Transfers in	1,211,684	—	1,211,684	—
	<u>1,211,684</u>	<u>—</u>	<u>1,211,684</u>	<u>—</u>
Change in net assets	1,241,491	613,695	1,855,186	835,779
Total net assets, beginning	69,526,073	2,538,833	72,064,906	244,014
Total net assets, ending	\$ <u>70,767,564</u>	<u>3,152,528</u>	<u>73,920,092</u>	<u>1,079,793</u>

See accompanying notes to basic financial statements.

CITY OF BOSSIER CITY, LOUISIANA

Statement of Cash Flows

Proprietary Funds

Year ended December 31, 2007

	Business-type activities enterprise funds			Governmental activities internal service funds
	Water and sewerage	Other enterprise funds	Total	
Cash flows from operating activities:				
Receipts from operations	\$ 11,490,477	8,433,343	19,923,820	2,825,195
Payments to suppliers	(4,332,777)	(2,966,372)	(7,299,149)	(131,363)
Payments to employees	(4,880,064)	(4,797,296)	(9,677,360)	—
Claims paid	—	—	—	(1,901,838)
Other receipts (payments)	346,410	75,460	421,870	(6,541)
Net cash provided by operating activities	2,624,046	745,135	3,369,181	785,453
Cash flows from noncapital financing activity:				
Transfers in	1,211,684	—	1,211,684	—
Net cash provided by noncapital financing activity	1,211,684	—	1,211,684	—
Cash flows from capital and related financing activities:				
Acquisition and construction of capital assets	(2,816,941)	—	(2,816,941)	—
Principal paid on debt	(1,375,000)	—	(1,375,000)	—
Interest paid	(1,142,377)	—	(1,142,377)	—
Fiscal charges	(37,861)	—	(37,861)	—
Net cash used in capital and related financing activities	(5,372,179)	—	(5,372,179)	—
Cash flows from investing activities:				
Sale of investments	632,020	—	632,020	—
Purchase of investments	—	(711,670)	(711,670)	(691,364)
Interest received	436,173	47,441	483,614	—
Net cash provided by (used in) investing activities	1,068,193	(664,229)	403,964	(691,364)
Net increase (decrease) in cash and cash equivalents	(468,256)	80,906	(387,350)	94,089
Cash and cash equivalents, beginning of year	1,765,842	172,095	1,937,937	100,877
Cash and cash equivalents, end of year	\$ 1,297,586	253,001	1,550,587	194,966

CITY OF BOSSIER CITY, LOUISIANA

Statement of Cash Flows

Proprietary Funds

Year ended December 31, 2007

	Business-type activities enterprise funds			Governmental activities internal service funds
	Water and sewerage	Other enterprise funds	Total	
Reconciliation of operating income to net cash provided by operating activities:				
Operating income	\$ 779,543	566,351	1,345,894	814,041
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation	3,016,930	—	3,016,930	—
Provision for bad debts	365,664	479,868	845,532	—
(Increase) decrease in assets:				
Accounts receivable	(1,152,214)	(313,918)	(1,466,132)	(6,541)
Inventories	(30,333)	—	(30,333)	—
Prepaid items	10,000	—	10,000	50,366
Increase (decrease) in liabilities:				
Accounts payable	(375,935)	4,708	(371,227)	6,264
Accrued liabilities	17,243	4,839	22,082	—
Compensated absences	(11,669)	3,287	(8,382)	—
Customer deposits	4,817	—	4,817	—
Accrued claims	—	—	—	(78,677)
Total adjustments	1,844,503	178,784	2,023,287	(28,588)
Net cash provided by operating activities	\$ 2,624,046	745,135	3,369,181	785,453
Noncash items:				
Amortization	\$ 47,100	—	47,100	—
Change in fair value of investments	61,853	(570)	61,283	5,370

See accompanying notes to basic financial statements.

CITY OF BOSSIER CITY, LOUISIANA

Statement of Fiduciary Net Assets

Fiduciary Funds

December 31, 2007

Assets	Pension Trust Funds	Agency Funds
Cash and cash equivalents	\$ 3,493,577	443,469
Receivables:		
Interest receivable	254,589	40,086
Other	—	210,319
Investments, at fair value:		
U.S. government securities	40,238,614	2,973,502
Certificates of deposit	4,984,718	—
Total investments	45,223,332	2,973,502
Total assets	48,971,498	3,667,376
Liabilities		
Accounts payable	—	42,905
Accrued liabilities	—	11,340
Taxes paid under protest	—	3,474,150
Refundable deposits	—	91,280
Due to other governmental units	—	47,701
Total liabilities	—	3,667,376
Net assets		
Held in trust for pension benefits	\$ 48,971,498	—

See accompanying notes to basic financial statements.

CITY OF BOSSIER CITY, LOUISIANA
Statement of Changes in Fiduciary Net Assets
Pension Trust Funds
Year ended December 31, 2007

Additions

Contributions from the City:	
Sales taxes, net	\$ 7,866,837
Fire insurance premiums	194,637
City Court fines	301,790
City liquor licenses	6,508
Total contributions	<u>8,369,772</u>
Investment earnings	3,615,850
Less investment expense	(816)
Net investment earnings	<u>3,615,034</u>
Total additions	<u>11,984,806</u>

Deductions

Pensions and benefits	6,380,242
Administrative expenses	48,880
Total deductions	<u>6,429,122</u>
Change in net assets	5,555,684
Net assets, beginning	<u>43,415,814</u>
Net assets, ending	<u>\$ 48,971,498</u>

See accompanying notes to basic financial statements.

CITY OF BOSSIER CITY, LOUISIANA

Statement of Net Assets

Component Units

December 31, 2007

Assets	Bossier Public Trust Financing Authority	Bossier City Court	Bossier City Marshal	Metropolitan Planning Commission	Total
Cash and cash equivalents	\$ 1,052	1,980,619	327,530	22,070	2,331,271
Investments	1,131,454	142,044	—	147,341	1,420,839
Receivables, net	—	1,393	2,651	—	4,044
Accrued interest	6,091	—	—	1,986	8,077
Due from other governments	—	—	109,682	—	109,682
Capital assets:					
Other capital assets, net of depreciation	—	—	220,196	—	220,196
Total assets	1,138,597	2,124,056	660,059	171,397	4,094,109
Liabilities					
Accounts payable	—	4,899	86,261	8,212	99,372
Accrued interest payable	12,303	—	—	—	12,303
Noncurrent liabilities:					
Due within one year	50,000	—	—	—	50,000
Due in more than one year	780,000	—	—	—	780,000
Total liabilities	842,303	4,899	86,261	8,212	941,675
Net assets					
Invested in capital assets	—	—	220,196	—	220,196
Restricted for:					
Debt service	296,294	—	—	—	296,294
Victims of juvenile crime	—	3,367	—	—	3,367
Facility expenses	—	686,473	—	—	686,473
Unrestricted	—	1,429,317	353,602	163,185	1,946,104
Total net assets	\$ 296,294	2,119,157	573,798	163,185	3,152,434

See accompanying notes to basic financial statements.

CITY OF BOSSIER CITY, LOUISIANA

Statement of Activities

Component Units

Year ended December 31, 2007

	Program revenues		Net (expenses) revenues and changes in net assets				
	Expenses	Charges for services	Bossier Public Trust Financing Authority		Bossier City Court		Metropolitan Planning Commission
Bossier Public Trust Financing Authority							
Mortgage operations	\$ 70,544	82,665	12,121	—	—	—	12,121
Bossier City Court							
Judicial	175,462	507,532	—	332,070	—	—	332,070
Bossier City Marshal							
Judicial	504,237	670,743	—	—	166,506	—	166,506
Metropolitan Planning Commission							
Planning and zoning	294,221	173,503	—	—	—	(120,718)	(120,718)
	<u>1,044,464</u>	<u>1,434,443</u>					
General revenues:							
Investment earnings			—	89,086	12,256	6,766	108,108
Payment from the City of Bossier City			—	—	—	152,830	152,830
Miscellaneous			—	6,654	145	1,111	7,910
				<u>95,740</u>	<u>12,401</u>	<u>160,707</u>	<u>268,848</u>
Total general revenues							
Change in net assets			12,121	427,810	178,907	39,989	638,827
Net assets, beginning			284,173	1,691,347	394,891	123,196	2,493,607
Net assets, ending		\$	<u>296,294</u>	<u>2,119,157</u>	<u>573,798</u>	<u>163,185</u>	<u>3,152,434</u>

See accompanying notes to basic financial statements.

CITY OF BOSSIER CITY, LOUISIANA

Notes to Basic Financial Statements

December 31, 2007

(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 safety, highways and streets, sanitation, water and sewerage, culture and recreation, and general administrative services. Education and welfare are administered by other governmental entities.

The basic criterion for determining whether a governmental department, agency, institution, commission, public authority, or other governmental organization should be included in a primary governmental unit's reporting entity for basic financial statements is financial accountability. Financial accountability includes the appointment of a voting majority of the organization's governing body and the ability of the primary government to impose its will on the organization or if there is a financial benefit/burden relationship. In addition, an organization that 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 unit columns in the basic 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 Bossier 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 and parish. The Commission does not issue separate financial statements.

Bossier City Court

The Bossier City Court (City Court) was created by the special legislative act. Its jurisdiction includes the incorporated area of the City. The city judge is elected and cannot be removed by City officials. The city Court is fiscally dependent on the City. The City has the ability to modify or approve its budget, which comes from the General Fund. There are certain funds collected by the City Court, pursuant to state statute, which are under the control of the City Court. The City Court serves the citizenry of the City. The financial statements of the City Court included in the accompanying financial statements are as of and for the fiscal year ended December 31, 2007.

CITY OF BOSSIER CITY, LOUISIANA

Notes to Basic Financial Statements

December 31, 2007

Bossier City Marshal

The Bossier City Marshal (City Marshal) is an elected official. The City Marshal is fiscally dependent on the City. The City has the ability to modify or approve the budget, which comes from the General Fund. There are certain funds collected as court costs, pursuant to state statute, which are under the control of the City Marshal. The City Marshal serves the citizenry of the City. The financial statements of the City Marshal included in the accompanying financial statements are as of and for the fiscal year ended December 31, 2007.

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, 2007.

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

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

Bossier City Marshal
P.O. Box 5337
Bossier City, Louisiana 71171

Bossier Public Trust Financing Authority
333 Texas Street
Amsouth Building, Floor 15
Shreveport, Louisiana 71101

CITY OF BOSSIER CITY, LOUISIANA

Notes to Basic Financial Statements

December 31, 2007

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.

The accounting policies of the City conform to U.S. 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) Governmentwide and Fund Financial Statements

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

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

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

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

(b) Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The GWFS are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and pension trust fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing

CITY OF BOSSIER CITY, LOUISIANA

Notes to Basic Financial Statements

December 31, 2007

of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements have been met. Gaming revenues are based on gross receipts and therefore, reported as general revenue.

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

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

CITY OF BOSSIER CITY, LOUISIANA

Notes to Basic Financial Statements

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

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

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

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

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

2007 Bond Issue Capital Projects Fund – This fund accounts for the proceeds and expenditures of the 2007 bonds that were issued for the purpose of constructing the Cyber Innovation Center and various other capital projects.

Public Health and Safety Permanent Fund – This fund was created to account for the proceeds from the sale of the Bossier Medical Center. The proceeds from the sale of \$17,911,368 may not be spent. Earnings on the principal may only be spent for the purpose of public health and safety.

Additionally, the City reports the following governmental fund types:

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

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

CITY OF BOSSIER CITY, LOUISIANA

Notes to Basic Financial Statements

December 31, 2007

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 the change in net assets. The City reports the following major proprietary fund:

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

Additionally, the City reports the following proprietary fund types:

Enterprise Funds – Enterprise funds are used to account for activities in which established fees and charges are designed to recover its costs, including capital costs such as depreciation and debt service.

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 two 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 (Firemen's Fund), and the Policemen's Pension and Relief Fund (Policemen's 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 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.

Private sector standards of accounting and financial reporting issued prior to December 1, 1989 generally are followed in both the GWFS and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Government Accounting Standards

CITY OF BOSSIER CITY, LOUISIANA

Notes to Basic Financial Statements

December 31, 2007

Board (GASB). Governments also have the option of following subsequent private sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The City has elected not to follow subsequent private sector guidance.

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

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

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

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

Unbilled service receivables of the Department of Water and Sewerage Fund, EMS Fund, and Public Service and Sanitation Fund are reflected in the accompanying financial statements at \$1,183,507, \$137,415, and \$176,675, respectively, at December 31, 2007.

(c) Capital Assets

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

Capital assets are not reported in the governmental fund financial statements.

CITY OF BOSSIER CITY, LOUISIANA

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

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

(d) Long-Term Liabilities

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

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

(e) Investments

For all funds, investments are stated at fair value based on quoted market prices, except for MBIA guaranteed investment contract which is stated at cost. The investments at December 31, 2007 were primarily U.S. government instrumentalities (see note 2 for the City's investment policy).

(f) Prepaid Items

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

(g) Inventories

Inventories are valued at cost (first-in, first-out). Inventories in the General Fund consist of expendable supplies held for consumption. The cost is recorded as an asset at the time individual inventory items are purchased and charged as an expenditure when used in both governmentwide and fund financial statements. The reserve for inventories in governmental fund type is equal to the

CITY OF BOSSIER CITY, LOUISIANA

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December 31, 2007

amount of inventories to indicate a portion of fund balance is not available for future expenditures. Inventories in the enterprise funds consist of repair materials and spare parts.

(h) *Refundable Deposits*

The Department of Water and Sewerage of the 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 moneys are not restricted by law and are generally used by the Department of Water and Sewerage in meeting current operating cash requirements.

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

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

(i) *Deferred Revenues*

Taxes not collected within 60 days after year-end are deferred in the governmental fund financial statements. Certain licenses are collected in advance; therefore, the recognition of revenue is deferred until the following year. Rental fees for luxury boxes and advertising at the Arena are collected in advance. The revenue is recognized over the term of the agreements.

In the GWFS, revenues that are not yet earned are deferred.

(j) *Vacation and Sick Leave*

City employees are granted vacation and sick leave in varying amounts. The maximum allowable accumulation of vacation and sick leave is up to 40 days and 100 days, respectively. In the event of termination, an employee is reimbursed for accumulated vacation days up to the maximum allowable accumulation. The City does not accrue vacation until matured in the governmental fund financial statements. Vacation and sick leave are recorded as an expenditure when paid in governmental funds. The estimated liability for unused vacation for governmental funds is recorded in the GWFS. Accumulated vacation leave of proprietary funds is recorded as an expense and liability of those funds as it is earned by the employees.

CITY OF BOSSIER CITY, LOUISIANA

Notes to Basic Financial Statements

December 31, 2007

(k) Pension Plans

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

(l) Restricted Assets

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

(m) Fund Equity

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

(n) Interfund Receivables and Payables

All outstanding balances between funds are reported as due to/from other funds. There is no activity between funds that is representative of lending/borrowing arrangements at the end of the fiscal year.

(o) Property Taxes

Property taxes attach as an enforceable lien on property when the assessment is approved by the Louisiana Tax Commission. Taxes are normally levied in November of each year and are due on or before December 31. The City bills and collects its own property taxes. Historically, 95% of the taxes have been collected within 60 days after the due date.

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

(p) Grants from Other Governmental Agencies

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

(q) 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.

CITY OF BOSSIER CITY, LOUISIANA

Notes to Basic Financial Statements

December 31, 2007

(r) Self-Insurance Claims

The City is self-insured up to \$250,000 for noncivil service employees and \$350,000 for civil service employees for workmen's compensation coverage. Self-insured claims are recorded in the City's internal service funds in accordance with GASB Statement No. 10.

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

(2) Cash and Investments

City of Bossier City (Primary Government)

The City maintains a consolidated cash management pool that is available for use by all funds except the Pension Trust Funds. Each fund type's portion of the consolidated cash pool is displayed in the statement of net assets as "cash and cash equivalents" or "investments."

(a) Deposits

Primary government, including agency funds and excluding pension trust funds:

Deposits (including demand deposit accounts and certificates of deposits) at December 31, 2007 for the City are summarized as follows:

<u>Carrying Amount</u>	<u>Bank Balance</u>
\$53,416,014	\$53,331,276

Certificates of deposit with a maturity of three months or more are classified in the statement of net assets as "investments" (\$40,220,466). There were no certificates of deposits with a maturity of three months or less.

The City's bank balance of deposits at December 31, 2007 is not exposed to any custodial credit risk. Custodial credit risk is the risk that in the event of a bank failure, the City's deposits may not be returned. All City deposits are covered by FDIC insurance or pledged securities.

The carrying amount of deposits does not include a cash on hand balance of \$1,447,519, which is not on deposit with a financial institution. Cash on hand includes petty cash and cash received but not yet deposited at year-end.

Money market funds of \$2,670,268 are classified as a cash equivalent in the statement of net assets but are an investment type.

CITY OF BOSSIER CITY, LOUISIANA

Notes to Basic Financial Statements

December 31, 2007

Pension Trust Funds:

Deposits (including demand deposit accounts and certificates of deposits) at December 31, 2007 for the Fiduciary Funds are summarized as follows:

<u>Carrying Amount</u>	<u>Bank Balance</u>
\$8,478,295	\$8,479,253

Certificates of deposit with a maturity of three months or more are classified in the statement of net assets as "investments" (\$4,984,718). There were no certificates of deposits with a maturity of three months or less.

The Pension Trust Funds' bank balance of deposits at December 31, 2007 is not exposed to any custodial credit risk as all deposits are covered by FDIC insurance or pledged securities.

(b) Investments

Primary government:

The primary government's investments are made in accordance with Louisiana Revised Statute (LSA R.S.) 33:2955. The state authorized investments are as follows:

U.S. Treasury Obligations

U.S. Government Agencies

U.S. Government Instrumentalities

Collateralized repurchase agreements

Collateralized certificates of deposit with Louisiana-domiciled institutions

Collateralized interest-bearing bank accounts

Mutual or trust funds that are registered with the Securities and Exchange Commission, which have underlying investments consisting of and limited to securities of the U.S. government or its agencies

Guaranteed investment contracts having one of the two highest short-term rating categories of either Standard and Poor's Corporation (S&P) or Moody's Investors Service (Moody's)

Investment grade (A-1/P-1) commercial paper of domestic U.S. corporations

Louisiana Asset Management Pool (LAMP)

Any other investments allowed by state statute for local governments

CITY OF BOSSIER CITY, LOUISIANA

Notes to Basic Financial Statements

December 31, 2007

At December 31, 2007, investments for the primary government, excluding Pension Trust Funds, were as follows:

	<u>Investment maturity in years</u>			<u>Fair value</u>
	<u>Less than 1 year</u>	<u>1 - 3 years</u>	<u>3 - 5 years</u>	
U.S. government instrumentalities	\$ 18,480,607	22,141,662	23,528,552	64,150,821
MBIA Guaranteed Investment Contract (GIC)	—	95,540,876	—	95,540,876
Money market	2,670,268	—	—	2,670,268
Total investments				<u>\$ 162,361,965</u>

The investments with original maturities of three months or more when purchased totaling \$64,150,821 are classified as "investments" in the statement of net assets. There were no investments with original maturities of three months or less when purchased.

Interest Rate Risk: The City's investment policy does not include a policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk: State law limits investments in guaranteed investment contracts to those having one of the two highest short-term rating categories of either S&P (AAA or AA) or Moody's (Aaa or Aa). State law also limits investments in commercial paper of domestic U. S. corporations with investment grade (A-1/P-1). The City's investment policy does not further limit its investment choices. The City's investment in money market funds is unrated. The investments in U.S. government instrumentalities have ratings of either AAA by S&P or Aaa by Moody's. The guaranteed investment contract requires minimum ratings be maintained and an underlying insurance policy guarantees payment of principal and interest.

Concentration of Credit Risk: The City places no limit on the amount the City may invest in any one issuer. More than 5.00% of the City's investments are in the Federal Home Loan Bank, Federal National Mortgage Association, Freddie Mac, and MBIA GIC. These investments are 17.07%, 8.40%, 8.22%, and 58.79%, respectively, of the City's total investments.

Pension Trust Funds:

The Pension Trust Funds are composed of two funds: the Firemen's Fund and the Policemen's Fund.

The Firemen's Fund investments are made in accordance with LSA R.S. 11:3509. Such investments shall be only in interest-bearing bonds or securities issued or backed by the United States of America, the State of Louisiana, or the City of Bossier City, or in certificates of deposit in banks of the United States of America and/or the State of Louisiana.

The Policemen's Fund investments are made in accordance with LSA R.S. 11:3197. Such investments shall be only in interest-bearing bonds of the United States of America, the State of

CITY OF BOSSIER CITY, LOUISIANA

Notes to Basic Financial Statements

December 31, 2007

Louisiana, the City, or any other municipality of Louisiana, any parish, any drainage or levee district, or any school board district, or the State Board of Highways, or may be deposited in savings accounts of banks, loan companies, or associations, or any other agencies, whose deposits are insured by the U.S. government.

At December 31, 2007, the Pension Trust Funds' investments were all in U.S. government instrumentalities. Maturities of those investments were as follows:

Less than 1 year	\$ 3,557,654
1 - 5 years	4,387,746
5 - 10 years	6,109,980
10 - 15 years	12,058,779
15 - 20 years	9,049,206
20 - 25 years	3,858,216
25 - 30 years	870,029
30 - 35 years	347,004
	<hr/>
	\$ 40,238,614

The investments with original maturities of three months or more when purchased totaling \$40,238,614 are classified as "investments" in the statement of net assets. There were no investments with an original maturity of three months or less when purchased.

Interest Rate Risk: The Pension Trust Funds do not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk: The Pension Trust Funds' investments are restricted by state law. State law does not restrict investments by rating. The Pension Trust Funds do not have an investment policy that further restricts investment choices by minimum ratings. At December 31, 2007, the Policemen's Fund's investments, totaling \$5,872,186, were in obligations of the U.S. government or obligations explicitly guaranteed by the U.S. government, which are not considered to have credit risk and do not require disclosure of credit quality. The Firemen's Fund investments as of December 31, 2007 were all in U.S. government instrumentalities, the ratings of which are summarized in the table below:

Unrated	\$ 7,437,301
Moody's AAA/S&P Aaa	26,929,127
	<hr/>
	\$ 34,366,428

Concentration of Credit Risk: The Pension Trust Funds place no limit on the amount they may invest in any one issuer. At December 31, 2007, the Pension Trust Funds did not have concentrations of investment of more than 5% of total investments in any one issuer.

CITY OF BOSSIER CITY, LOUISIANA

Notes to Basic Financial Statements

December 31, 2007

Custodial Credit Risk: For an investment, custodial credit risk is the risk that, in the event of failure of the counterparty, the Pension Trust Funds will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. At December 31, 2007, the Pension Trust Funds did not have any investments that were exposed to custodial credit risk. All investments were insured, registered in the name of the Pension Trust Funds, or held by a counterparty in the Pension Trust Funds' name. The Pension Trust Funds do not have a policy with respect to custodial credit risk for investments.

Component Units

City Court of Bossier City (Court)

Cash includes amounts in demand deposits and interest-bearing demand deposits. Cash equivalents include amounts in time deposits and those investments with original maturities of 90 days or less when purchased. Under state law, the Court may deposit funds in demand deposits, interest-bearing demand deposits, or time deposits with state banks organized under Louisiana law or any other state of the United States of America, or under the laws of the United States of America.

At December 31, 2007, the Court, including its fiduciary funds, which are not part of this report, had cash, cash equivalents, and investments (book balances) totaling \$3,166,727.

These deposits with financial institutions are stated at cost, which approximates market value. At December 31, 2007, the carrying amount of the Court's deposits was \$2,889,745, and the collected bank balance was \$2,925,381. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent bank. These securities are held in the name of the Court in a holding or custodial bank that is mutually acceptable to both parties.

At December 31, 2007, the Court held certificates of deposit totaling \$276,982 that were classified as investments since their maturity was in excess of 90 days subsequent to their initial purchase. These certificates of deposits are carried at cost, which approximates market value, and are secured by federal deposit insurance and the pledge of securities owned by the fiscal agent bank. Investments are limited by LSA R.S. 33:2955.

Custodial Credit Risk: Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the government will not be able to recover its deposits. At year-end, bank balances of \$3,202,363 were protected by \$468,433 of federal depository insurance. The remaining bank balance of \$2,733,930 was exposed to custodial credit risk as uninsured deposits protected with pledged securities held by the custodial banks in the name of the Court.

CITY OF BOSSIER CITY, LOUISIANA

Notes to Basic Financial Statements

December 31, 2007

Interest Rate Risk: The Court's certificates of deposit have maturities of two years or less, which limits exposure to fair value losses arising from rising interest rates.

Credit Risk: The Court's investments comply with LSA R.S. 33:2955. Under state law, the Court may deposit funds with a fiscal agent organized under the laws of Louisiana, the laws of any other state in the union, or the laws of the United States of America. The Court may invest in U.S. bonds, treasury notes and bills, government-backed agency securities, or certificates and time deposits of state banks organized under Louisiana law and national banks having principal offices in Louisiana.

Bossier City Marshal (Marshal)

Cash includes amounts in demand deposits and interest-bearing demand deposits. Cash equivalents include amounts in time deposits and those investments with original maturities of 90 days or less when purchased. Time deposits with original maturities in excess of 90 days are recorded as investments. Investments are stated at cost, which approximates market value.

The Marshal's investments comply with LSA R.S. 33:2955. Under state law, the Marshal may deposit funds in demand deposits, interest-bearing demand deposits, or time deposits with state banks organized under Louisiana law or any other state of the United States of America, or under the laws of the United States of America.

At December 31, 2007, the Marshal, including its fiduciary funds, which are not part of this report, had cash and cash equivalents (book balances) totaling \$328,286.

These deposits are stated at cost, which approximates market value. At December 31, 2007, the carrying amount of the Marshal's deposits was \$328,286 and the collected bank balance was \$293,848. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal or exceed the amount on deposit with the fiscal agent bank.

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. At December 31, 2007, \$129,186 of the Marshal's bank balance of \$399,923 was exposed to custodial credit risk as uninsured deposits protected and collateralized with pledged securities held by the custodial bank's trust department in the Marshal's name.

(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 \$424,688,760 and \$413,424,940 in 2007 and 2006, respectively. Property taxes are recorded as receivables and revenues in the year for which it was levied. The General Fund property tax receivable at December 31, 2007 and 2006 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 2007 and 2006:

CITY OF BOSSIER CITY, LOUISIANA

Notes to Basic Financial Statements

December 31, 2007

	Levy	
	2007	2006
General Fund – unrestricted	\$ 6.02	6.02
General Fund – restricted for Fire and Police Departments	17.35	17.35
	<u>\$ 23.37</u>	<u>23.37</u>

A revaluation of all property is required to be completed no less than every four years. A revaluation was completed for the tax roll as of January 1, 2004.

(4) Receivables

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

	Customers	Property taxes	Other taxes	Gaming fees	Accrued interest	Due from other governments	Other	Allowance for uncollectible accounts	Net receivables
Governmental activities:									
General Fund	\$ —	3,898,651	2,111,558	76,847	97,559	177,762	9,018	(65,000)	6,306,393
Riverboat Gaming Special Revenue Fund	—	—	—	469,844	382,786	—	—	—	852,630
Arms Special Revenue Fund	555,554	—	—	—	—	—	—	—	555,554
Riverboat Gaming Capital Projects Fund	—	—	—	1,222,545	134,669	18,758	130,232	—	1,526,204
2007 Bond Issue Capital Projects Fund	—	—	—	—	579,618	—	—	—	579,618
Public Health and Safety Permanent Fund	—	—	—	—	216,756	—	50	—	216,806
Nonmajor governmental funds	—	—	1,796,498	—	357,432	983,591	—	—	3,137,521
Total governmental activities	<u>\$ 555,554</u>	<u>3,898,651</u>	<u>3,908,056</u>	<u>1,769,396</u>	<u>1,788,820</u>	<u>1,180,111</u>	<u>139,300</u>	<u>(65,000)</u>	<u>13,194,928</u>
Business-type activities:									
Water and Sewerage Fund	\$ 2,162,830	—	—	—	117,142	—	1,201,134	(1,141,815)	2,369,291
Nonmajor business-type activities									
EMS	1,919,342	—	—	—	7,598	—	138,463	(968,922)	1,095,481
Sanitation	751,290	—	—	—	15,278	47,156	172,646	(433,464)	592,906
	<u>2,710,632</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>22,876</u>	<u>47,156</u>	<u>311,109</u>	<u>(1,402,386)</u>	<u>1,689,387</u>
Total business-type activities	<u>\$ 4,873,462</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>140,018</u>	<u>47,156</u>	<u>1,512,243</u>	<u>(2,514,201)</u>	<u>4,058,678</u>

CITY OF BOSSIER CITY, LOUISIANA

Notes to Basic Financial Statements

December 31, 2007

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

	<u>Unavailable</u>	<u>Unearned</u>
Delinquent property taxes receivable (General Fund)	\$ 266,249	—
Other revenues not collected within 60 days of year-end	278,756	—
Hotel/motel taxes (Hotel/Motel Taxes Special Revenue Fund)	220,000	—
Licenses collected in advance (General Fund)	—	58,098
Civic center rental revenue collected in advance	—	32,247
Arena rental and advertising revenues collected in advance	—	439,149
Taxes paid in protest (General Fund)	—	508,381
Grant drawdowns prior to meeting all eligibility requirements – General Fund	—	495,894
Total deferred revenue for governmental funds	\$ <u>765,005</u>	<u>1,533,769</u>

CITY OF BOSSIER CITY, LOUISIANA

Notes to Basic Financial Statements

December 31, 2007

(5) Capital Assets

A summary of changes in capital assets is as follows:

	Balance December 31, 2006	Additions	Retirements	Balance December 31, 2007
Governmental activities:				
Capital assets not being depreciated:				
Land and land improvements	\$ 67,916,781	7,180,613	—	75,097,394
Construction in progress	21,338,544	14,969,922	(7,896,735)	28,411,731
Total capital assets not being depreciated	89,255,325	22,150,535	(7,896,735)	103,509,125
Capital assets being depreciated:				
Buildings and structures	107,919,152	1,153,417	—	109,072,569
Equipment and vehicles	23,082,105	3,100,448	(1,260,544)	24,922,009
Infrastructure	77,663,994	9,880,176	—	87,544,170
Total capital assets being depreciated	208,665,251	14,134,041	(1,260,544)	221,538,748
Less accumulated depreciation for:				
Buildings and structures	(22,005,597)	(2,726,814)	—	(24,732,411)
Equipment and vehicles	(19,566,646)	(2,353,214)	—	(21,919,860)
Infrastructure	(11,913,459)	(1,758,285)	—	(13,671,744)
Total accumulated depreciation	(53,485,702)	(6,838,313)	—	(60,324,015)
Total capital assets being depreciated, net	155,179,549	7,295,728	(1,260,544)	161,214,733
Capital assets, net	\$ 244,434,874	29,446,263	(9,157,279)	264,723,858

Construction in progress consisted of: \$12,616,259 for the Benton Road Overpass Project; \$6,352,357 for the Shreveport-Barksdale Ramp Project; \$481,741 for the Hamilton Road Widening Project; \$5,521,918 for the Cyber Innovation Center Project; \$1,309,733 for the Tinsley Park Project; \$617,090 for the Bossier Ditch Improvement Project; \$189,775 for the North Bossier Recreational Facility Improvements; \$342,583 for the Swan Lake Improvements; \$162,861 for the Homeland Security Complex; \$358,830 for the Riverside Drive Project; and \$458,584 related to many small various projects.

CITY OF BOSSIER CITY, LOUISIANA

Notes to Basic Financial Statements

December 31, 2007

	Balance December 31, 2006	Additions	Retirements	Balance December 31, 2007
Business-type activities – water and sewerage:				
Capital assets not being depreciated:				
Land and land improvements	\$ 861,184	—	—	861,184
Construction in progress	1,676,498	537,000	(1,676,498)	537,000
Total capital assets not being depreciated	2,537,682	537,000	(1,676,498)	1,398,184
Capital assets being depreciated:				
Water reservoir and treatment plant	61,559,826	482,016	—	62,041,842
Transmission and distribution system	53,313,409	2,661,256	—	55,974,665
Equipment	8,276,581	813,167	—	9,089,748
Total capital assets being depreciated	123,149,816	3,956,439	—	127,106,255
Less accumulated depreciation for:				
Water reservoir and treatment plant	(18,263,313)	(1,286,210)	—	(19,549,523)
Transmission and distribution system	(18,234,408)	(1,152,965)	—	(19,387,373)
Equipment	(5,869,463)	(577,755)	—	(6,447,218)
Total accumulated depreciation	(42,367,184)	(3,016,930)	—	(45,384,114)
Total capital assets being depreciated, net	80,782,632	939,509	—	81,722,141
Capital assets, net	\$ 83,320,314	1,476,509	(1,676,498)	83,120,325

Construction in progress consisted of \$480,000 for the Membrane Pilot Study Project and \$57,000 for the CDM Rate Study Project.

CITY OF BOSSIER CITY, LOUISIANA

Notes to Basic Financial Statements

December 31, 2007

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

Governmental activities:		
General government	\$	1,776,633
Public safety		1,356,691
Highways and streets		1,898,533
Culture and recreation		1,746,454
City court and marshal		60,002
Total depreciation expense – governmental activities	\$	<u>6,838,313</u>
Business-type activities:		
Water and sewerage	\$	<u>3,016,930</u>
Total depreciation expense – business-type activities	\$	<u>3,016,930</u>

(6) Long-Term Debt

City of Bossier City (Primary Government)

The following is a summary of the long-term obligation activity for the year ended December 31, 2007:

	<u>Beginning balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending balance</u>	<u>Due within one year</u>
Governmental activities:					
Revenue bonds payable	\$ 79,785,000	100,000,000	4,605,000	175,180,000	6,485,000
Premium on bonds	1,005,073	2,561,524	105,044	3,461,553	—
Deferral on refunding	(1,649,081)	—	106,678	(1,542,403)	—
Claims and judgments payable	1,989,699	2,078,162	1,901,839	2,166,022	733,522
Net pension obligation	1,440,870	—	1,195,450	245,420	—
Compensated absences	1,217,677	955,156	967,560	1,205,273	967,560
Governmental activity long-term liabilities	<u>\$ 83,789,238</u>	<u>105,594,842</u>	<u>8,881,571</u>	<u>180,715,865</u>	<u>8,186,082</u>
Business-type activities – water and sewerage:					
Revenue bonds payable	\$ 25,937,792	—	1,375,000	24,562,792	1,435,000
Compensated absences	217,217	162,637	174,306	205,548	174,306
Water and sewerage long-term liabilities	<u>\$ 26,155,009</u>	<u>162,637</u>	<u>1,549,306</u>	<u>24,768,340</u>	<u>1,609,306</u>
Other business-type activities:					
Compensated absences	\$ 270,444	204,976	201,689	273,731	201,689
Total business-type activities	<u>\$ 26,425,453</u>	<u>367,613</u>	<u>1,750,995</u>	<u>25,042,071</u>	<u>1,810,995</u>

CITY OF BOSSIER CITY, LOUISIANA

Notes to Basic Financial Statements

December 31, 2007

Internal service funds predominantly serve the governmental funds. Accordingly, long-term liabilities for them are included as part of the above totals for governmental activities. The claims and judgments liability will be liquidated through the City's Insurance Fund and Liability Insurance Fund. These funds will finance the payment of these claims by charging other funds based on the origination of the claims. The General Fund normally bears approximately 76% of these costs. For the governmental activities, the balance of compensated absences is generally liquidated by the General Fund. The net pension obligation will also be liquidated by the General Fund.

The following is a summary of bond transactions (all revenue bonds) for the year ended December 31, 2007:

Bonds payable, January 1, 2007	\$ 105,078,784
New issue, net	102,561,524
Debt retired	(5,980,000)
Amortization of premium	(105,044)
Deferral on refunding bonds	<u>106,678</u>
Bonds payable, December 31, 2007	<u>\$ 201,661,942</u>

CITY OF BOSSIER CITY, LOUISIANA

Notes to Basic Financial Statements

December 31, 2007

In addition to \$5,980,000 of bonds retired, the City paid \$6,098,518 in interest.

Bonds payable at December 31, 2007 comprise the following issues:

Revenue bonds – applicable to general city operations:

\$8,765,000 1997 Revenue Refunding Bonds due in annual installments of \$550,000 to \$830,000 through 2014; maturing November 1 of each year; interest at 4.45% to 5.20%	\$ 4,920,000
\$9,355,000 2001 Public Improvement Sales Tax Refunding Bonds due in annual installments of \$845,000 to \$1,010,000 through 2012; maturing November 1 of each year; interest at 3.00% to 4.25%	4,700,000
\$4,880,000 2001 Revenue Bonds due in annual installments of \$490,000 to \$570,000 through 2011; maturing October 1 of each year; interest at 3% to 4%	2,150,000
\$29,260,000 2002 Public Improvement Sales Tax Bonds due in annual installments of \$630,000 to \$2,620,000 through 2022; maturing December 1 of each year; interest at 3% to 5% (plus a premium of \$669,529)	27,634,529
\$5,190,000 2003 Public Improvement Sales Tax Bonds due in annual installments of \$740,000 to \$800,000 through 2010; maturing December 1 of each year; interest at 2% to 3% (plus premium of \$9,769 and net of deferred amount on refunding of \$391,271)	1,943,498
\$7,160,000 Public Improvement Sales Tax Bonds due in annual installments of \$225,000 to \$545,000 through 2025; maturing December 1 of each year; interest at 4% to 7%	6,720,000
\$27,400,000 Public Improvement Sales Tax Refunding Bonds due in annual installments of \$1,290,000 to \$2,465,000 through 2022; maturing December 1 of each year; interest at 4% to 5% (plus premium of \$220,731 and net of deferred amount on refunding \$1,151,132)	26,469,599
\$100,000,000 Louisiana Local Government Environmental Facilities and Community Development Authority Revenue Bonds due in annual installments of \$1,570,000 to \$6,080,000 through 2037; maturing November 1 of each year; interest at 4.00% to 5.25% (plus premium of \$2,561,524)	<u>102,561,524</u>
	<u>177,099,150</u>

CITY OF BOSSIER CITY, LOUISIANA

Notes to Basic Financial Statements

December 31, 2007

Revenue bonds – applicable to water and sewerage operations:

\$7,595,000 1996 Utilities Revenue Refunding Bonds due in annual installments of \$760,000 to \$880,000 through 2010; maturing October 1 of each year; interest at 4.3% to 5.1%	\$ 2,510,000
\$6,500,000 Utility Revenue Bonds, Series 1997 due in annual installments of \$260,000 to \$415,000 through 2019; maturing October 1 of each year; interest at 3.45%	4,035,000
\$3,500,000 Utility Revenue Bonds, Series 2001 due in annual installments of \$140,000 to \$245,000 through 2022; maturing October 1 of each year; interest at 3.45%	2,692,792
\$16,410,000 Utility Revenue Refunding Bonds, Series 2002 due in annual installments of \$215,000 to \$1,510,000 through 2022; maturing October 1 of each year; interest at 3.5% to 5.0%	<u>15,325,000</u>
Total water and sewerage bonds	<u>24,562,792</u>
Total revenue bonds	<u>\$ 201,661,942</u>

In 2007, the City authorized the issuance of \$100,000,000 Public Improvement Revenue Bonds, Series 2007 for the purpose of construction for the Cyber Innovation Center and various other capital projects. The proceeds from issuance of \$102,561,524 included a premium of \$2,561,524. The City paid \$1,606,761 in costs related to the issuance.

The annual requirements, excluding \$3,461,553 premium on bonds and deferral of \$1,542,403, to amortize all debt outstanding as of December 31, 2007 are as follows:

	<u>Governmental activities</u>		<u>Business-type activities</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	
Year(s) ending December 31:					
2008	\$ 6,485,000	7,949,803	1,435,000	1,084,573	16,954,376
2009	6,810,000	7,851,759	1,495,000	1,021,270	17,178,029
2010	7,095,000	7,577,113	1,565,000	955,486	17,192,599
2011	7,460,000	7,284,468	1,635,000	884,454	17,263,922
2012	7,210,000	6,955,618	1,695,000	821,610	16,682,228
2013 – 2017	32,760,000	30,047,449	8,100,000	3,125,610	74,033,059
2018 – 2022	39,265,000	22,071,327	8,637,792	1,201,144	71,175,263
2023 – 2027	18,850,000	14,842,499	—	—	33,692,499
2028 – 2032	21,665,000	10,317,323	—	—	31,982,325
2033 – 2037	27,580,000	4,407,938	—	—	31,987,938
	<u>\$ 175,180,000</u>	<u>119,305,299</u>	<u>24,562,792</u>	<u>9,094,147</u>	<u>328,142,238</u>

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

CITY OF BOSSIER CITY, LOUISIANA

Notes to Basic Financial Statements

December 31, 2007

Changes in the Department of Water and Sewerage assets restricted for debt service and unrestricted and invested in capital assets during the year ended December 31, 2007 were as follows:

Department of Water and Sewerage Fund:

Restricted:

Balance, beginning of year	\$ 2,631,727
Transfer from unreserved net assets	<u>1,166,628</u>
Balance, end of year	<u>3,798,355</u>

Invested in capital assets and unrestricted:

Balance, beginning of year	66,894,346
Changes in net assets	1,241,491
Transferred to net assets	<u>(1,166,628)</u>
Balance, end of year	<u>66,969,209</u>
Total net assets	<u>\$ 70,767,564</u>

Details of restricted assets at December 31, 2007 are as follows:

Department of Water and Sewerage:

Water Division:

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

Utility Revenue Serial Bonds Debt Service Fund:

Investments	\$ 3,798,355
Accrued interest receivable	<u>28,027</u>
	<u>3,826,382</u>

Water Capital Additions and Contingencies Fund:

Cash and cash equivalents	247,784
Accrued interest receivable	<u>2,907</u>

Total restricted assets applicable to the Water Division	<u>250,691</u>
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Sewerage Division – Sewerage Capital Additions and Contingencies Fund:

Cash and cash equivalents	125,177
Accrued interest receivable	<u>1,469</u>

Total restricted assets applicable to the Sewerage Division	<u>126,646</u>
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Total Department of Water and Sewerage restricted assets	<u>\$ 4,203,719</u>
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CITY OF BOSSIER CITY, LOUISIANA

Notes to Basic Financial Statements

December 31, 2007

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, 2007 is \$424,688,760. The maximum debt allowable for any one purpose and total debt allowable by state law as of December 31, 2007 is \$42,468,876 and \$148,641,066, respectively. Therefore, at December 31, 2007, the City has a debt margin of \$48,641,066 available for issuance pursuant to the 35% limitation.

Component Units

The following is a summary of the long-term obligation activity for the year ended November 30, 2007:

Balance, November 30, 2006	\$ 1,075,000
Additions	—
Reductions	<u>245,000</u>
Balance, November 30, 2007	<u>\$ 830,000</u>

At November 30, 2007, bonds payable consist of Single Family Mortgage Revenue Bonds, 1995 Series as follows:

Term Bonds, 6.0% interest, maturing on August 1, 2015	\$ 170,000
Term Bonds, 6.125% interest, maturing on August 1, 2028	630,000
Serial Bonds, 4.2% – 5.5% interest, annual maturities beginning on August 1, 1998 and ending on August 1, 2008	<u>30,000</u>
Total bonds	<u>\$ 830,000</u>

The principal amount of bonds called for early redemption for the year ended November 30, 2007 was \$190,000.

Scheduled bond principal maturities are as follows:

2008	\$ 50,000
Thereafter	<u>780,000</u>
	<u>\$ 830,000</u>

Under provisions of the indenture, the City 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.

CITY OF BOSSIER CITY, LOUISIANA

Notes to Basic Financial Statements

December 31, 2007

(7) Sales Tax

The Consolidated Sales Tax Agency Fund accounts for the collection of a two and one-half cent City sales and use tax and the distribution of this tax to other funds of the City. This fund also accounts for the collection and distribution of sales taxes levied by the Bossier Parish School Board, Bossier Parish Police Jury, Bossier Parish Sheriff, 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 City Council.

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

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 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. During 2002, the voters approved a rededication of sales tax revenues, whereby any amounts in excess of debt service requirements are payable for the purpose of operating and maintaining fire, police, and other departments of the City and for previously authorized purposes, which would include payments 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 revenues related to the operation of the department and the collection of the tax.

CITY OF BOSSIER CITY, LOUISIANA

Notes to Basic Financial Statements

December 31, 2007

(8) Defined Benefit Pension Plans

The City administers two defined benefit pension plans: the Firemen's Fund and the Policemen's Fund.

A. Summary of Significant Accounting Policies

Basis of Accounting – The two City-administered pension plans' financial statements are prepared using the accrual basis of accounting. Employer and plan members' contributions are recognized when due, pursuant to statutory requirements. 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.

B. Concentration of Investments

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

C. Plan Descriptions and Contribution Information

Membership of each plan consisted of the following at December 31, 2007:

	<u>Firemen's Fund</u>	<u>Policemen's Fund</u>
Retirees and beneficiaries receiving benefits	99	46

Administrative costs of the Firemen's Fund and Policemen's 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 1% 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 75% 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.

CITY OF BOSSIER CITY, LOUISIANA

Notes to Basic Financial Statements

December 31, 2007

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 50% of the eligible benefits to which the deceased member would be entitled. Each surviving minor child under the age of 18 years shall receive 24% of said benefits until the age of 18 or until married, whichever is sooner. If there is no widow, but there are children, each child receives 30% until age 18 years or until married, whichever is sooner. These amounts paid to the family of the deceased will not exceed two-third (2/3) of the member's salary.

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 75% 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 10 years of service becomes disabled by reason of causes not arising or developing directly from employment, with certain exceptions, the member 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 2% of such salary for each year of active service rendered over 5 years. The maximum benefit shall not exceed two-third (2/3) of the monthly salary of the active member holding the position corresponding to that held by the beneficiary at the time the member became disabled.

Deferred Retirement Option Plan – The Firemen's Fund provides for a Deferred Retirement Option Plan (DROP). Under the DROP, any member who has at least 20 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
- A matching 5% 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 Fund
- Amounts from the sales tax levy sufficient to liquidate the unfunded liability over a period not to exceed 30 years.

CITY OF BOSSIER CITY, LOUISIANA

Notes to Basic Financial Statements

December 31, 2007

Annual Pension Cost and Net Pension Obligation – A pension liability at transition was determined in accordance with GASB Statement No. 27, *Accounting for Pensions by State and Local Governmental Employers*, and equaled \$0 before and after transition. The City's annual pension cost and net pension obligations to the Firemen's Fund for the current year were as follows:

Annual required contribution	\$ 3,976,506
Interest	<u>122,740</u>
Annual pension cost	4,099,246
Contributions made	<u>5,294,696</u>
Decrease in net pension obligation	(1,195,450)
Net pension obligation, beginning of year	<u>1,440,870</u>
Net pension obligation, end of year	<u>\$ 245,420</u>

The annual required contribution for the current year was determined as part of the December 31, 2007 actuarial valuation using the entry age normal actuarial cost method. Significant actuarial assumptions included: (a) 6.50% investment rate of return, compounded annually, including inflation of 3.25%, (b) cost of living adjustments of 3.25%, and (c) amortization method of level percentage of payroll over an eight-year closed period. The actuarial value of assets is based upon fair value.

Three-Year Trend Information

	<u>Annual pension cost</u>	<u>Percentage of annual pension cost contributed</u>	<u>Net pension asset (obligation)</u>
Fiscal year ended:			
12/31/05	\$ 4,848,203	89%	(1,945,748)
12/31/06	4,545,345	111	(1,440,870)
12/31/07	4,099,246	129	(245,420)

The Firemen's Fund issues a publicly available financial report that includes required supplementary information. That report may be obtained by writing to Mr. Joe Buffington, 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.

CITY OF BOSSIER CITY, LOUISIANA

Notes to Basic Financial Statements

December 31, 2007

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

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

Deferred Retirement Option Plan – The Policemen's Plan provides for a DROP. Under the DROP, any member who has at least 20 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 18 years of age, a widow, or a dependent mother, these survivors should be paid as follows: dependent mother, \$100 per month; widow, survivor benefits based upon the election of the participant; each child under 18 years of age or who is attending college, \$150 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:

- 20% of all amounts collected for City Court fines
- 10% of all funds collected by the City for taxes, licenses, or permits for the sale of alcoholic beverages
- Income from investments owned by the Policemen's Fund
- 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.

CITY OF BOSSIER CITY, LOUISIANA

Notes to Basic Financial Statements

December 31, 2007

Annual Pension Cost and Net Pension Asset – A pension liability at transition was determined in accordance with GASB Statement No. 27, and equaled \$0 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	\$ 1,852,165
Interest	(195,892)
Annual pension cost	1,656,273
Contributions made	3,063,003
Increase in net pension asset	(1,406,730)
Net pension asset, beginning of year	(2,408,991)
Net pension asset, end of year	\$ (3,815,721)

The annual required contribution for the current year was determined as part of the December 31, 2007 actuarial valuation using the entry age normal actuarial cost method. Significant actuarial assumptions included: (a) 6.50% investment rate of return, compounded annually, including inflation of 3.25%, (b) cost of living adjustments of 3.25%, and (c) amortization method of level percentage of payroll over an eight-year closed period. The actuarial value of assets is based upon fair value.

Three-Year Trend Information

Fiscal year ended:	Annual pension cost	Percentage of annual pension cost contributed	Net pension asset
12/31/05	\$ 1,888,095	132%	\$ 1,385,446
12/31/06	1,847,412	155	2,408,991
12/31/07	1,852,165	165	3,815,721

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

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

Municipal Employees' Retirement System of Louisiana

Plan Description – The City contributes to the Municipal Employees' Retirement System of Louisiana (MERS), a cost-sharing multiple-employer defined benefit pension plan administered by the board of trustees of the MERS. MERS covers substantially all employees of the City not covered by the fire and police pension plans. Benefits are established and may be amended by state statutes. The MERS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the board of trustees, Municipal Employees' Retirement System of Louisiana, 7937 Office Park Boulevard, Baton Rouge, Louisiana 70809 or by calling 504-925-4810.

CITY OF BOSSIER CITY, LOUISIANA

Notes to Basic Financial Statements

December 31, 2007

Funding policy – Plan members are required to contribute 5.0% of their annual compensation and the City is required to contribute 6.5% of annual compensation. The contribution requirements of plan members and the City are established and may be amended by state statute. The City's contributions to MERS for the years ended December 31, 2007, 2006, and 2005 were \$1,550,259, \$1,163,538, and \$1,092,494, respectively, equal to the required contributions for each year. The plan's net pension obligation was \$0 at December 31, 2007.

The City's pension liability at transition was determined in accordance with GASB Statement No. 27 and equaled \$0 before and after transition.

Municipal Police Employees' Retirement System of Louisiana

Plan Description – The City contributes to the Municipal Police Employees' Retirement System of Louisiana (MPERS) Pension Plan, a cost-sharing multiple-employer defined benefit pension plan administered by the MPERS. 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. The City was required to contribute 15.5% of annual compensation, excluding overtime but including state supplemental pay in 2007. The contribution requirements of plan members and the City are established and may be amended by state statute. The City's contributions to MPERS for the years ended December 31, 2007, 2006, and 2005 were \$2,057,436, \$1,685,996, and \$1,560,100, respectively, equal to the required contributions for each year. The plan's net pension obligation was \$0 at December 31, 2007.

The City's pension liability at transition was determined in accordance with GASB Statement No. 27 and equaled \$0 before and after transition.

Statewide Firefighters' Retirement System

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

CITY OF BOSSIER CITY, LOUISIANA

Notes to Basic Financial Statements

December 31, 2007

Funding Policy – The contribution requirements of plan members and the City are established and may be amended by the SFRS board of trustees. Plan members are required to contribute 8.0% of their annual compensation. The City was required to contribute 15.5% of annual compensation, excluding overtime, but including state supplemental pay. The City's contributions to SFRS for the years ended December 31, 2007, 2006, and 2005 were \$2,119,567, \$2,033,789, and \$1,844,796, respectively, equal to the required contributions for each year prior to the settlement discussed above. The plan's net pension obligation was \$0 at December 31, 2007.

The City's pension liability at transition was determined in accordance with GASB Statement No. 27 and equaled \$0 before and after transition.

(9) Lease Commitments

The City has commitments under several operating lease agreements for equipment, land, and a water supply reservoir. With the exception of the water supply reservoir, these lease agreements are cancelable by the City at any time. City management does feel, however, that such leases will generally be renewed or replaced each year. The City's lease agreement for the water supply reservoir calls for fixed annual payments of \$1,000 for the next 19 years.

Total rental expense for 2007 for all City operating leases was \$531,017.

(10) Other Required Individual Fund Disclosures

(a) Interfund Receivables and Payables

Interfund balances at December 31, 2007 were as follows:

<u>DUE FROM</u>	<u>DUE TO</u> <u>Nonmajor</u> <u>governmental</u> <u>funds</u>	<u>Total</u>
General Fund	\$ 192,658	192,658

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

CITY OF BOSSIER CITY, LOUISIANA

Notes to Basic Financial Statements

December 31, 2007

(b) Transfers

Transfers for the year ended December 31, 2007 were as follows:

TRANSFERS IN	TRANSFERS OUT				Total
	Riverboat Gaming Special Revenue Fund	Riverboat Gaming Capital Projects Fund	Public Health and Safety Permanent Fund	Nonmajor governmental activities	
General Fund	\$ 1,800,000	—	1,750,000	3,613,106	7,163,106
Water and Sewerage Enterprise Fund	—	—	—	1,211,684	1,211,684
CenturyTel Center Arena Special Revenue Fund	—	—	—	150,000	150,000
Riverboat Gaming Special Revenue Fund	—	1,800,000	—	—	1,800,000
Nonmajor governmental activities	—	3,000,000	—	1,089,770	4,089,770
	<u>\$ 1,800,000</u>	<u>4,800,000</u>	<u>1,750,000</u>	<u>6,064,560</u>	<u>14,414,560</u>

Transfers are used to: (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend, (2) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund as debt service payments become due, and (3) use unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

(c) Fund Deficits

The state and federal grant fund had a deficit fund balance of \$27,248 at December 31, 2007. The deficit was a result of expenditures for which the City will be reimbursed under federal programs. However, at December 31, 2007, the revenues related to those expenditures were not considered available as they had not been collected within 60 days of year-end.

(11) Federal and State Financial Assistance

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

CITY OF BOSSIER CITY, LOUISIANA

Notes to Basic Financial Statements

December 31, 2007

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 2007, the state paid supplemental salaries to the following groups of employees: Fire Department employees, \$872,628; Police Department employees, \$844,613; and City Marshal employees (a component unit), \$31,500.

(12) Commitments and Contingencies

Construction Projects

There are certain construction projects in progress at December 31, 2007. The City entered into a contract with the State of Louisiana Department of Transportation and Development to provide all services necessary to design, acquire right-of-way, relocate utilities, and construct the Arthur Ray Teague Parkway Interchange at State Route LA 3032 in Bossier Parish. The City paid \$833,000 in 2001 and \$700,000 in 2003, which represented a preliminary estimate of costs to purchase remaining right-of-way and relocate utilities. The total estimate to construct the interchange is \$5.0 million, which will be paid by the City. The City budgeted to spend approximately \$180,000 in 2007 on this project of which only \$33,369 was spent due to delays encountered by the contractor. The City and the State of Louisiana are expected to recover liquidating damages from the contractor due to the untimely completion of the project. The City has purchased \$6.7 million in right-of-way as of 2006 for the purpose of constructing the Benton Road overpass. The City appropriated \$12.0 million of riverboat gaming funds in 2006 for the Benton Road overpass construction, which was completed in December of 2007 and the overpass was opened to traffic. The City has still not paid the final payment to the contractor pending final landscaping and signage. The City has appropriated \$2.0 million in 2008 for this purpose. The City undertook many other capital construction projects in 2007 that were still in progress at the end of 2007 with the largest being the acquisition of land and planning for the Cyber Innovation Center. The Cyber Innovation Center is located adjacent to Bossier Parish Community College where a tract of land was purchased for \$4.7 million. This is a joint initiative between the City and the Bossier Parish Police Jury with the total cost estimated to be \$50 million and the City's share being \$35 million, which was budgeted and appropriated in the 2007 Bond Issue of \$100 million along with other major Transportation Improvement Program (TIP) projects. The TIP also included many other major improvements to Tinsley Recreation Park and lighting improvements to our other recreation facilities throughout the City.

Pension Funds

According to existing legislative acts of the State of Louisiana, the City is required to reimburse the Firemen's Fund and the Policemen's 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, group dental coverage, and the self-insured retention for automobile, general liability, and property claims.

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

CITY OF BOSSIER CITY, LOUISIANA

Notes to Basic Financial Statements

December 31, 2007

fund and expenditures/expense by the paying funds. The City maintains stop-loss coverage with an insurance company of \$250,000 per occurrence related to noncivil service employees and \$350,000 related to civil service employees 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 \$100,000 per occurrence retention for claims involving third parties. The City maintained property insurance during 2007 on approximately \$203 million in city property, subject to a \$100,000 per occurrence retention for property claims. The maximum cumulative amount of self-insured retentions related to automobile and general liability claims is \$750,000.

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

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

	Accrued claims January 1	Claims incurred	Claims paid	Accrued claims December 31
Insurance Fund:				
2006	\$ 36,837	316,651	317,063	36,425
2007	36,425	326,955	335,706	27,674
Liability Insurance Fund:				
2006	802,321	1,123,892	1,150,439	775,774
2007	775,774	1,496,207	1,566,133	705,848
General liability claims (GWFS):				
2006	967,000	210,500	—	1,177,500
2007	1,177,500	255,000	—	1,432,500

Postretirement Benefits

As an established practice, the City provides for a portion of the healthcare costs and life insurance costs of all retirees that meet the minimum service requirements of the retirement plan (as described in note 8) in which the employee participates. The City participates in a health management organization (HMO). As a result, the cost of providing benefits to the eligible retirees consists of the portion of the monthly premiums paid for coverage applicable to the retirees. These costs are accounted for on a pay as you go basis. At December 31, 2007, 148 retirees are currently eligible to receive or are receiving benefits under the plan. The City does not incur any costs as the retirees pay for their total benefit.

CITY OF BOSSIER CITY, LOUISIANA

Notes to Basic Financial Statements

December 31, 2007

Litigation

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

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 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.

**REQUIRED
SUPPLEMENTARY
INFORMATION**

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CITY OF BOSSIER CITY, LOUISIANA

Required Supplementary Information

Schedules of Funding Progress

Fiscal years ended December 31, 2005 through December 31, 2007
(unaudited)

	(1) Fiscal year	(2) 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:							
	2007	\$ 36,099,790	71,549,456	35,449,666	50.5%	N/A	N/A
	2006	32,281,519	66,163,569	33,882,050	48.8%	N/A	N/A
	2005	29,831,582	67,148,190	37,316,609	44.4%	N/A	N/A
Policemen's Fund:							
	2007	12,866,064	26,872,777	14,006,713	47.9%	N/A	N/A
	2006	11,118,623	26,900,101	15,781,479	41.3%	N/A	N/A
	2005	9,480,354	26,181,258	16,700,904	36.2%	N/A	N/A

See accompanying independent auditors' report

CITY OF BOSSIER CITY, LOUISIANA
Notes to Required Supplementary Information
Year ended December 31, 2007
(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	1/1/08	1/1/08
Actuarial cost method	Entry age normal cost	Entry age normal cost
Amortization method	Level percentage (closed basis)	Level percentage (closed basis)
Remaining amortization period	10 years (minimum)	10 years (minimum)
Asset valuation method	Fair value	Fair value
Actuarial assumptions:		
Investment rate of return	6.50%	6.50%
Projected salary increases	N/A	N/A
Cost of living adjustments	3.25%	3.25%
Amortization increase rate	2.65%	3.40%

See accompanying independent auditors' report.

CITY OF BOSSIER CITY, LOUISIANA

General Fund

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

**Year ended December 31, 2007
(unaudited)**

	<u>Original budget</u>	<u>Final budget</u>	<u>Actual on a budgetary basis</u>	<u>Variance with final budget positive (negative)</u>
Revenues:				
Taxes:				
Sales, net	\$ 14,287,292	14,287,292	14,042,894	(244,398)
Ad valorem	9,780,290	9,780,290	9,686,170	(94,120)
Utility	1,450,000	1,450,000	1,548,109	98,109
Telephone	145,000	145,000	184,704	39,704
Franchise:				
Cable television	450,000	450,000	518,858	68,858
Chain store	85,000	85,000	85,739	739
Taxi	7,600	7,600	7,820	220
	<u>26,205,182</u>	<u>26,205,182</u>	<u>26,074,294</u>	<u>(130,888)</u>
Licenses and permits	2,663,000	2,663,000	2,863,463	200,463
Intergovernmental:				
Grants	108,500	108,500	149,744	41,244
State and parish revenues:				
Supplemental pay	1,422,264	1,422,264	1,539,309	117,045
Beer tax	105,000	105,000	107,855	2,855
Tobacco tax	—	—	72,327	72,327
Special funds from state of Louisiana	163,000	163,000	164,962	1,962
	<u>1,798,764</u>	<u>1,798,764</u>	<u>2,034,197</u>	<u>235,433</u>
Fines and penalties	1,100,000	1,100,000	1,553,590	453,590
Racing commission – Louisiana Downs	1,075,000	1,075,000	884,557	(190,443)
Video poker	615,000	615,000	478,251	(136,749)
Investment earnings	175,000	175,000	634,178	459,178
Miscellaneous:				
Payment in lieu of taxes – Federal Housing Authority	41,000	41,000	83,831	42,831
Parks and recreation	175,000	175,000	203,749	28,749
Engineering fees	50,000	50,000	128,527	78,527
Enterprise funds and Civic Center Fund pro rata share of general and administrative expenses	452,500	452,500	428,500	(24,000)
Police department revenues	225,000	225,000	271,438	46,438
Other income	200,000	200,000	311,401	111,401
Total miscellaneous	<u>1,143,500</u>	<u>1,143,500</u>	<u>1,427,446</u>	<u>283,946</u>
Total revenues	<u>\$ 34,775,446</u>	<u>34,775,446</u>	<u>35,949,976</u>	<u>1,174,530</u>

CITY OF BOSSIER CITY, LOUISIANA

General Fund

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

**Year ended December 31, 2007
(unaudited)**

	<u>Original budget</u>	<u>Final budget</u>	<u>Actual on a budgetary basis</u>	<u>Variance with final budget positive (negative)</u>
Expenditures:				
Current:				
General government:				
Administration	\$ 491,259	531,259	552,984	(21,725)
Municipal building	2,043,229	2,054,536	2,099,691	(45,155)
Finance	963,515	970,877	960,042	10,835
City garage	823,310	824,708	940,007	(115,299)
Traffic engineering and safety	854,267	854,267	897,963	(43,696)
Purchasing	354,140	354,140	267,821	86,319
Engineering	795,333	795,333	788,882	6,451
Personnel	414,584	414,584	419,340	(4,756)
Permits and inspections	932,458	932,458	1,051,144	(118,686)
City attorney	329,711	329,711	339,009	(9,298)
Public works	263,563	263,563	283,799	(20,236)
City council	292,016	292,016	294,721	(2,705)
Community development	189,689	189,689	181,221	8,468
Information services	827,488	827,488	834,854	(7,366)
Payments to other governmental agencies	1,618,154	1,718,154	1,648,277	69,877
	<u>11,192,716</u>	<u>11,352,783</u>	<u>11,559,755</u>	<u>(206,972)</u>
Public safety:				
Fire	11,818,421	11,820,171	11,248,013	572,158
Police	16,660,736	16,661,453	16,324,902	336,551
	<u>28,479,157</u>	<u>28,481,624</u>	<u>27,572,915</u>	<u>908,709</u>
Highways and streets	569,742	569,742	578,771	(9,029)
Culture and recreation	2,137,508	2,139,654	2,043,828	95,826
City Court and Marshal:				
City Court	763,191	763,191	727,360	35,831
Marshal's office	911,636	911,636	912,810	(1,174)
	<u>1,674,827</u>	<u>1,674,827</u>	<u>1,640,170</u>	<u>34,657</u>
Total expenditures	<u>44,053,950</u>	<u>44,218,630</u>	<u>43,395,439</u>	<u>823,191</u>
Excess of expenditures over revenues	<u>(9,278,504)</u>	<u>(9,443,184)</u>	<u>(7,445,463)</u>	<u>1,997,721</u>
Other financing sources (uses):				
Transfers in	7,163,106	7,163,106	7,163,106	—
Transfer to component unit	(152,830)	(152,830)	(152,830)	—
	<u>7,010,276</u>	<u>7,010,276</u>	<u>7,010,276</u>	<u>—</u>
Excess (deficiency) of revenues and other sources over (under) expenditures and other uses	<u>(2,268,228)</u>	<u>(2,432,908)</u>	<u>(435,187)</u>	<u>1,997,721</u>
Fund balance, beginning of year	12,637,132	12,637,132	12,637,132	—
Fund balance, end of year	<u>\$ 10,368,904</u>	<u>10,204,224</u>	<u>12,201,945</u>	<u>1,997,721</u>

See accompanying independent auditors' report.

CITY OF BOSSIER CITY, LOUISIANA

**Special Revenue Fund
Arena Fund**

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

**Year ended December 31, 2007
(unaudited)**

	Original and final budget	Actual	Variance with final budget positive (negative)
Revenues:			
Direct event income	\$ 338,800	298,797	(40,003)
Ancillary income	1,158,176	977,701	(180,475)
Advertising	710,183	523,765	(186,418)
Luxury box income	516,332	752,749	236,417
Other income	246,299	189,608	(56,691)
Total revenues	2,969,790	2,742,620	(227,170)
Expenditures – current – culture and recreation:			
Executive	226,122	257,331	(31,209)
Finance	201,870	168,616	33,254
Operations	1,231,429	219,299	1,012,130
Marketing	197,120	1,169,138	(972,018)
Box office	111,531	107,726	3,805
Facility overhead	1,024,530	962,332	62,198
Total expenditures	2,992,602	2,884,442	108,160
Deficiency of revenues under expenditures	(22,812)	(141,822)	(119,010)
Other financing sources:			
Transfers in	100,000	150,000	50,000
Excess (deficiency) of revenues and other financing sources over (under) expenditures	77,188	8,178	(69,010)
Fund balance, beginning of year	149,853	149,853	—
Fund balance, end of year	\$ 227,041	158,031	(69,010)

See accompanying independent auditors' report.

CITY OF BOSSIER CITY, LOUISIANA

Notes to Budgetary Comparison Schedules

December 31, 2007

(unaudited)

Budget and Budgetary Accounting

The City of Bossier City (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 City Council may revise or amend the budget at its discretion during legally convened sessions. Management may amend the budget only below the department level. For the year ended December 31, 2006, three amendments were made to the General Fund. One amendment was to increase budgeted police expenditures to cover an increase in the base salary for police officers, jailers, and dispatchers. Another amendment was to increase budgeted police expenditures to allow the hiring of four additional police officers. Another amendment was made to increase budgeted fire expenditures to allow the hiring of three additional firefighters.
- (5) Comparison of budgeted and actual amounts, as shown in the accompanying financial statements, includes the General Fund and those special revenue funds, which are included in the annual operating budget (Civic Center, Hotel/Motel Taxes, Fire Improvements and Operations, Jail and Municipal Buildings, Streets and Drainage, and Arena). Annual operating budgets are not prepared for the State and Federal grant, Court Witness Fee, Public Safety Pension Reserve, and Riverboat Gaming Special Revenue Fund, but rather these funds are budgeted on a project basis. The capital budget ordinances, which encompass the capital projects funds, present cumulative as opposed to annual budget amounts, and thus, budget and actual comparisons are not reported in the accompanying financial statements for these funds. Budgetary control for the debt service funds is achieved through general bond indenture provisions.
- (6) All budgets are adopted on a basis substantially consistent with U.S. generally accepted accounting principles (GAAP), except that payments to the Firemen's and Policemen's Pension and Relief Funds are not budgeted in the General Fund and administrative expenditures allocated to the State and Federal Grant Special Revenue Fund are budgeted in the General Fund. Appropriations, which are not expended lapse at year-end, except appropriations for capital improvements, which do not lapse until the purpose of the appropriation has been accomplished or abandoned.
- (7) The City is legally required to prepare annual operating budgets for the Department of Water and Sewerage, Sanitation, and Emergency Medical Services. The City is not, however, required to present an actual-to-budget comparison for the enterprise funds. Budgets are not prepared for the internal service funds.

CITY OF BOSSIER CITY, LOUISIANA

Notes to Budgetary Comparison Schedules

December 31, 2007

(unaudited)

Reconciliation of the Budgetary Basis and the GAAP Basis

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

	<u>General Fund</u>
Budgetary basis expenses	\$ 43,395,439
Administrative costs of State and Federal Grant Special Revenue Fund	(149,744)
Sales taxes dedicated to Firemen's and Policemen's Pension and Relief Funds	7,810,528
Payments to component units	<u>152,830</u>
GAAP basis expenses	<u>\$ 51,209,053</u>

Excess of Expenditures over Budget – Major Funds

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

Fund	<u>Budget</u>	<u>Actual on a budgetary basis</u>	<u>Negative variance</u>
General Fund:			
General government:			
Administration	\$ 531,259	552,984	(21,725)
Municipal building	2,054,536	2,099,691	(45,155)
City garage	824,708	940,007	(115,299)
Traffic engineering and safety	854,267	897,963	(43,696)
Personnel	414,584	419,340	(4,756)
Permits and inspections	932,458	1,051,144	(118,686)
City attorney	329,711	339,009	(9,298)
Public works	263,563	283,799	(20,236)
City council	292,016	294,721	(2,705)
Information services	827,488	834,854	(7,366)
Highways and streets	569,742	578,771	(9,029)
Marshal's office	911,636	912,810	(1,174)

The unfavorable variance in city garage is related to the salaries of four employees that transferred to the garage department during the year. The unfavorable variance in permits and inspections is due to higher than expected mowing and demolition charges due to an initiative by the council to clean up the City.

CITY OF BOSSIER CITY, LOUISIANA

Nonmajor Governmental Funds

Combining Balance Sheet – By Fund Type

December 31, 2007

Assets	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	Total
Assets:				
Cash and cash equivalents	\$ 1,766,419	1,327,370	860,620	3,954,409
Investments	11,839,953	8,902,133	5,771,829	26,513,915
Receivables, net:				
Taxes – other	486,992	638,315	671,191	1,796,498
Accrued interest	159,613	120,009	77,810	357,432
Other	—	—	—	—
Due from other governmental units	821,660	—	161,931	983,591
Total assets	\$ 15,074,637	10,987,827	7,543,381	33,605,845
Liabilities and Fund Balances				
Liabilities:				
Accounts payable	\$ 466,042	—	1,291,070	1,757,112
Accrued liabilities	12,258	—	—	12,258
Due to other funds	192,658	—	—	192,658
Deferred revenue	364,208	—	84,955	449,163
Total liabilities	1,035,166	—	1,376,025	2,411,191
Fund balances:				
Reserved:				
Debt service	—	10,987,827	—	10,987,827
Encumbrances	832,771	—	3,470,952	4,303,723
Unreserved:				
Designated for subsequent year's expenditure	—	—	2,696,404	2,696,404
Undesignated	13,206,700	—	—	13,206,700
Total fund balances	14,039,471	10,987,827	6,167,356	31,194,654
Total liabilities and fund balances	\$ 15,074,637	10,987,827	7,543,381	33,605,845

See accompanying notes to basic financial statements.

CITY OF BOSSIER CITY, LOUISIANA

Nonmajor Governmental Funds

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

Year ended December 31, 2007

	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	Total
Revenues:				
Taxes	\$ 5,637,859	7,657,413	4,023,287	17,318,559
Intergovernmental	2,849,727	—	428,093	3,277,820
Fees and rentals	329,797	—	—	329,797
Fines and penalties	42,025	—	—	42,025
Investment earnings	638,088	629,489	431,936	1,699,513
Miscellaneous	62,500	—	101,674	164,174
Total revenues	9,559,996	8,286,902	4,984,990	22,831,888
Expenditures:				
Current:				
General government	923,992	—	—	923,992
Culture and recreation	795,178	—	—	795,178
City court and marshal	40,225	—	—	40,225
Capital outlay	2,062,176	—	7,343,443	9,405,619
Debt service:				
Principal retirement	—	4,605,000	—	4,605,000
Interest and fiscal charges	—	3,646,252	—	3,646,252
Total expenditures	3,821,571	8,251,252	7,343,443	19,416,266
Excess (deficiency) of revenues over (under) expenditures	5,738,425	35,650	(2,358,453)	3,415,622
Other financing sources (uses):				
Transfers in	500,000	589,770	3,000,000	4,089,770
Transfers out	(4,852,876)	—	(1,211,684)	(6,064,560)
Total other financing sources (uses)	(4,352,876)	589,770	1,788,316	(1,974,790)
Net change in fund balances	1,385,549	625,420	(570,137)	1,440,832
Fund balances, beginning of year	12,653,922	10,362,407	6,737,493	29,753,822
Fund balances, end of year	\$ 14,039,471	10,987,827	6,167,356	31,194,654

See accompanying notes to basic financial statements.

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NONMAJOR GOVERNMENTAL FUNDS

Special Revenue Funds

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

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

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

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

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

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

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

Debt Service Funds

Sales Tax Bond Sinking and Reserve Fund – Used to account for the accumulation of resources for, and the payment of, long-term debt principal, interest, and related costs of the 1998, 2002, and 2003 bond series.

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

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

Capital Projects Funds

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

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

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

2006 Sales Tax Bond Fund – This fund was established in 2006 to account for the proceeds received from the Public Improvement Sales Tax Bonds and the expenditures of the bond moneys.

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

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

CITY OF BOSSIER CITY, LOUISIANA

Nonmajor Special Revenue Funds

Combining Balance Sheet

December 31, 2007

Assets	State and federal grant	Court witness fee	Civic center	Hotel/motel taxes	Five improvements and operations	Jail and municipal buildings	Streets and drainage	Total
Cash and cash equivalents	\$ —	—	143,906	743,854	31,731	488,606	358,322	1,766,419
Investments	—	—	958,413	4,988,732	212,802	3,276,881	2,403,125	11,839,953
Tax receivables - other	—	—	—	—	192,063	137,181	157,758	486,992
Interest receivables	—	—	12,920	67,253	2,869	44,175	32,396	159,613
Due from other government agencies	330,485	3,875	—	487,300	—	—	—	821,660
Total assets	\$ 330,485	3,875	1,115,239	6,287,139	439,455	3,946,843	2,951,601	15,074,637
Liabilities and Fund Balances								
Liabilities:								
Accounts payable	\$ 53,114	—	25,224	66,053	—	279,531	42,120	466,042
Accrued liabilities	—	—	12,258	—	—	—	—	12,258
Due to other funds	192,658	—	—	—	—	—	—	192,658
Deferred revenue	111,961	—	32,247	220,000	—	—	—	364,208
Total liabilities	357,733	—	69,729	286,053	—	279,531	42,120	1,035,166
Fund balances:								
Reserved for encumbrances	41,972	—	35	98,625	—	423,031	269,088	832,771
Unreserved - undesignated	(69,220)	3,875	1,045,455	5,902,461	439,455	3,244,281	2,640,393	13,206,700
Total fund balances	(27,248)	3,875	1,045,510	6,001,086	439,455	3,667,312	2,909,481	14,039,471
Total liabilities and fund balances	\$ 330,485	3,875	1,115,239	6,287,139	439,455	3,946,843	2,951,601	15,074,637

See accompanying notes to basic financial statements.

CITY OF BOSSIER CITY, LOUISIANA

Nonmajor Special Revenue Funds

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

Year ended December 31, 2007

	State and federal grant	Court witness fee	Civic center	Hotel/motel taxes	Fire improvements and operations	Jail and municipal buildings	Streets and drainage	Total
Revenues:								
Sales tax, net	\$ —	—	—	—	2,223,381	1,588,129	1,826,349	5,637,859
Fees and rentals	—	—	329,797	—	—	—	—	329,797
Intergovernmental:								
U.S. government grants and entitlements	759,265	—	—	2,090,462	—	—	—	759,265
State and parish-shared revenues	—	—	—	2,090,462	—	—	—	2,090,462
Total intergovernmental	759,265	—	—	2,090,462	—	—	—	2,849,727
Fines and penalties	—	42,025	—	—	—	—	—	42,025
Investment earnings	—	—	37,604	245,011	18,861	185,116	151,496	638,088
Miscellaneous	—	—	—	62,500	—	—	—	62,500
Total revenues	759,265	42,025	367,401	2,397,973	2,242,242	1,773,245	1,977,845	9,559,996
Expenditures:								
Current:								
General government	861,492	—	—	62,500	—	—	—	923,992
Culture and recreation	—	—	795,178	—	—	—	—	795,178
City Court and Marshal	—	40,225	—	—	—	—	—	40,225
Capital outlay	—	—	87,814	211,408	—	847,007	915,947	2,062,176
Total expenditures	861,492	40,225	882,992	273,908	—	847,007	915,947	3,821,571
(Deficiency) excess of revenues over (under) expenditures	(102,227)	1,800	(515,591)	2,124,065	2,242,242	926,238	1,061,898	5,738,425
Other financing sources (uses):								
Transfers in	—	—	500,000	—	—	—	—	500,000
Transfers out	—	—	—	(1,239,770)	(2,138,106)	(875,000)	(600,000)	(4,852,876)
Net change in fund balances	(102,227)	1,800	(15,591)	884,295	104,136	51,238	461,898	1,385,549
Fund balances, beginning of year	74,979	2,075	1,061,101	5,116,791	335,319	3,616,074	2,447,583	12,653,922
Fund balances, end of year	\$ (27,248)	3,875	1,045,510	6,001,086	439,455	3,667,312	2,909,481	14,039,471

See accompanying notes to basic financial statements.

CITY OF BOSSIER CITY, LOUISIANA

Nonmajor Debt Service Funds

Combining Balance Sheet

December 31, 2007

Assets	Sales Tax Bond Sinking and Reserve Fund	Parkway Sales Tax Bond Sinking and Reserve Fund	Hotel/ Motel Bond Sinking and Reserve Fund	Total
Cash and cash equivalents	\$ 917,874	301,175	108,321	1,327,370
Investments	6,155,816	2,019,857	726,460	8,902,133
Accounts receivable – taxes	480,911	157,404	—	638,315
Accrued interest	82,986	27,230	9,793	120,009
Total assets	\$ <u>7,637,587</u>	<u>2,505,666</u>	<u>844,574</u>	<u>10,987,827</u>
Fund Balances				
Fund balances – reserved for debt service	\$ <u>7,637,587</u>	<u>2,505,666</u>	<u>844,574</u>	<u>10,987,827</u>

See accompanying notes to basic financial statements.

CITY OF BOSSIER CITY, LOUISIANA

Nonmajor Debt Service Funds

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

Year ended December 31, 2007

	<u>Sales Tax Bond Sinking and Reserve Fund</u>	<u>Parkway Sales Tax Bond Sinking and Reserve Fund</u>	<u>Hotel/ Motel Bond Sinking and Reserve Fund</u>	<u>Total</u>
Revenues:				
Sales taxes, net	\$ 5,771,477	1,885,936	—	7,657,413
Investment earnings	<u>432,699</u>	<u>154,518</u>	<u>42,272</u>	<u>629,489</u>
Total revenues	<u>6,204,176</u>	<u>2,040,454</u>	<u>42,272</u>	<u>8,286,902</u>
Expenditures -- debt service:				
Principal retirement	2,720,000	1,395,000	490,000	4,605,000
Interest and fiscal charges	<u>3,054,812</u>	<u>491,170</u>	<u>100,270</u>	<u>3,646,252</u>
Total expenditures	<u>5,774,812</u>	<u>1,886,170</u>	<u>590,270</u>	<u>8,251,252</u>
Excess (deficiency) of revenues over (under) expenditures	429,364	154,284	(547,998)	35,650
Other financing sources:				
Transfers in	<u>—</u>	<u>—</u>	<u>589,770</u>	<u>589,770</u>
Total other financing sources	<u>—</u>	<u>—</u>	<u>589,770</u>	<u>589,770</u>
Net change in fund balances	429,364	154,284	41,772	625,420
Fund balances, beginning of year	<u>7,208,223</u>	<u>2,351,382</u>	<u>802,802</u>	<u>10,362,407</u>
Fund balances, end of year	<u>\$ 7,637,587</u>	<u>2,505,666</u>	<u>844,574</u>	<u>10,987,827</u>

See accompanying notes to basic financial statements.

CITY OF BOSSIER CITY, LOUISIANA

Nonmajor Capital Projects Funds

Combining Balance Sheet

December 31, 2007

Assets	Sales Tax Capital Improvement Fund		Parkway Capital Projects Fund		Sales Tax Bond Capital Projects Fund		2006 Sales Tax Bond Fund		Equipment Replacement Fund		Land Acquisition Fund		Total
	Fund		Fund		Fund		Fund		Fund		Fund		
Cash and cash equivalents	\$ 395,894		343,569		51,353		32,473		19,395		17,936		860,620
Investments	2,655,104		2,704,182		344,401		217,779		130,073		120,290		5,771,829
Taxes receivable - other	340,509		330,682		—		—		—		—		671,191
Due from other government agencies	20,268		141,663		—		—		—		—		161,931
Accrued interest	35,793		31,062		4,643		2,936		1,754		1,622		77,810
Total assets	\$ 3,447,568		3,151,158		400,397		253,188		151,222		139,848		7,543,381
Liabilities and Fund Balances													
Liabilities:													
Accounts payable	\$ 942,688		299,058		48,601		723		—		—		1,291,070
Deferred revenue	13,743		71,212		—		—		—		—		84,955
Total liabilities	956,431		370,270		48,601		723		—		—		1,376,025
Fund balances:													
Reserved for encumbrances	2,491,137		803,103		148,498		28,214		—		—		3,470,952
Unreserved - designated for subsequent years' expenditures	—		1,977,785		203,298		224,251		151,222		139,848		2,696,404
Total fund balances	2,491,137		2,780,888		351,796		252,465		151,222		139,848		6,167,356
Total liabilities and fund balances	\$ 3,447,568		3,151,158		400,397		253,188		151,222		139,848		7,543,381

See accompanying notes to basic financial statements.

CITY OF BOSSIER CITY, LOUISIANA

Nonmajor Capital Projects Funds

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances Year ended December 31, 2007

	Sales Tax Capital Improvement Fund	Parkway Capital Projects Fund	Sales Tax Bond Capital Projects Fund	2006 Sales Tax Bond Fund	Equipment Replacement Fund	Land Acquisition Fund	Total
Revenues:							
Sales taxes, net	\$ 2,068,900	1,954,387	—	—	—	—	4,023,287
Intergovernmental	85,129	92,964	—	250,000	—	—	428,093
Investment earnings	180,635	170,289	27,929	44,909	2,095	6,079	431,936
Other income	—	—	—	—	101,674	—	101,674
Total revenues	2,334,664	2,217,640	27,929	294,909	103,769	6,079	4,984,990
Expenditures:							
Capital outlay – project expenditures and engineering fees	4,048,693	2,272,993	303,192	701,922	16,643	—	7,343,443
Total expenditures	4,048,693	2,272,993	303,192	701,922	16,643	—	7,343,443
Excess (deficiency) of revenues over (under) expenditures	(1,714,029)	(55,353)	(275,263)	(407,013)	87,126	6,079	(2,358,453)
Other financing sources (uses):							
Transfers in	1,500,000	1,500,000	—	—	—	—	3,000,000
Transfers out	(82,891)	(1,012,053)	(90)	(116,650)	—	—	(1,211,684)
Total other financing sources (uses)	1,417,109	487,947	(90)	(116,650)	—	—	1,788,316
Net change in fund balances	(296,920)	432,594	(275,353)	(523,663)	87,126	6,079	(570,137)
Fund balances, beginning of year	2,788,057	2,348,294	627,149	776,128	64,096	133,769	6,737,493
Fund balances, end of year	\$ 2,491,137	2,780,888	351,796	252,465	151,222	139,848	6,167,356

See accompanying notes to basic financial statements.

**NONMAJOR
ENTERPRISE
FUNDS**

EMS Fund – Operated as a self-sustaining service of the City and is responsible for providing the residents of the City with emergency medical services. This fund was created in 2006, and previously these activities were reported in the General Fund of the City.

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

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CITY OF BOSSIER CITY, LOUISIANA

Nonmajor Enterprise Funds

Combining Statement of Net Assets

December 31, 2007

Assets	EMS Fund	Public Service and Sanitation Fund	Total
Cash and cash equivalents	\$ 84,032	168,969	253,001
Investments	563,575	1,133,207	1,696,782
Receivables	1,096,481	592,906	1,689,387
Total assets	\$ 1,744,088	1,895,082	3,639,170
Liabilities			
Current liabilities (payable from current assets):			
Accounts payable	\$ 19,224	160,826	180,050
Accrued liabilities	3,136	29,725	32,861
Compensated absences	156,688	45,001	201,689
Total current liabilities	179,048	235,552	414,600
Noncurrent liabilities:			
Compensated absences	61,418	10,624	72,042
Total noncurrent liabilities	61,418	10,624	72,042
Total liabilities	240,466	246,176	486,642
Net Assets			
Net assets – unrestricted	1,503,622	1,648,906	3,152,528
Total liabilities and net assets	\$ 1,744,088	1,895,082	3,639,170

See accompanying notes to basic financial statements.

CITY OF BOSSIER CITY, LOUISIANA

Nonmajor Enterprise Funds

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

Year ended December 31, 2007

	EMS Fund	Public Service and Sanitation Fund	Total
Operating revenues:			
Charges for services (net of allowance of \$309,576 and \$170,292, respectively)	\$ 4,114,354	3,943,608	8,057,962
Miscellaneous revenue	209,431	72,324	281,755
Total operating revenues	4,323,785	4,015,932	8,339,717
Operating expenses:			
Personal services	3,464,979	1,337,307	4,802,286
Supplies	213,159	227,969	441,128
Administrative	13,200	30,000	43,200
Utilities	68,202	26,088	94,290
Repairs and maintenance	50,866	141,656	192,522
Travel and training	27,237	3,162	30,399
Professional services	16,626	—	16,626
Insurance	156,000	64,004	220,004
Contractual expenses	—	1,866,167	1,866,167
Miscellaneous	—	66,744	66,744
Total operating expenses	4,010,269	3,763,097	7,773,366
Operating income	313,516	252,835	566,351
Nonoperating revenues:			
Investment earnings	(7,339)	54,683	47,344
Nonoperating revenues	(7,339)	54,683	47,344
Change in net assets	306,177	307,518	613,695
Net assets, beginning of year	1,197,445	1,341,388	2,538,833
Net assets, end of year	\$ 1,503,622	1,648,906	3,152,528

See accompanying notes to basic financial statements.

CITY OF BOSSIER CITY, LOUISIANA

Nonmajor Enterprise Funds

Combining Statement of Cash Flows

Year ended December 31, 2007

	EMS Fund	Public Service and Sanitation Fund	Total
Cash flows from operating activities:			
Receipts from operations	\$ 4,566,425	3,866,918	8,433,343
Payments to suppliers	(547,949)	(2,418,423)	(2,966,372)
Payments to employees	(3,457,872)	(1,339,424)	(4,797,296)
Other receipts	3,136	72,324	75,460
Net cash provided by operating activities	<u>563,740</u>	<u>181,395</u>	<u>745,135</u>
Cash flows from investing activities:			
Purchases of investments	(485,060)	(226,610)	(711,670)
Interest received	—	47,441	47,441
Net cash used in investing activities	<u>(485,060)</u>	<u>(179,169)</u>	<u>(664,229)</u>
Net increase in cash	78,680	2,226	80,906
Cash and cash equivalents, beginning of year	<u>5,352</u>	<u>166,743</u>	<u>172,095</u>
Cash and cash equivalents, end of year	\$ <u><u>84,032</u></u>	<u><u>168,969</u></u>	<u><u>253,001</u></u>
Reconciliation of operating income to net cash provided by operating activities:			
Operating income	\$ 313,516	252,835	566,351
Adjustments to reconcile operating income to net cash provided by operating activities:			
Provision for bad debts	309,576	170,292	479,868
Increase in assets:			
Accounts receivables	(66,936)	(246,982)	(313,918)
Increase (decrease) in liabilities:			
Accounts payable	(2,659)	7,367	4,708
Accrued liabilities	3,136	1,703	4,839
Compensated absences	7,107	(3,820)	3,287
Net cash provided by operating activities	\$ <u><u>563,740</u></u>	<u><u>181,395</u></u>	<u><u>745,135</u></u>
Noncash items:			
Change in fair value of investments	\$ (7,339)	6,769	(570)

See accompanying notes to basic financial statements.

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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* and the *Policemen's Pension and Relief Fund*.

Agency Funds – The Consolidated Sales Tax Fund accounts for the collection of a two-cent 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.

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CITY OF BOSSIER CITY, LOUISIANA

Pension Trust Funds

Combining Statement of Plan Net Assets

December 31, 2007

Assets	Firemen's Pension and Relief Fund	Policemen's Pension and Relief Fund	Total
Cash and cash equivalents	\$ 993,604	2,499,973	3,493,577
Investments, at fair value:			
U.S. Treasury bonds and U.S. government and agency obligations	34,366,428	5,872,186	40,238,614
Certificates of deposit	582,000	4,402,718	4,984,718
	34,948,428	10,274,904	45,223,332
Accrued interest receivables	157,758	96,831	254,589
Total assets	\$ 36,099,790	12,871,708	48,971,498
Liabilities and Fund Balances			
Fund balances reserved for employees' retirement system	\$ 36,099,790	12,871,708	48,971,498

See accompanying notes to basic financial statements.

CITY OF BOSSIER CITY, LOUISIANA
Pension Trust Funds
Combining Statement of Changes in Plan Net Assets
December 31, 2007

Additions	Firemen's Pension and Relief Fund	Policemen's Pension and Relief Fund	Total
Contributions from the City:			
Sales taxes, net	\$ 5,100,059	2,766,778	7,866,837
Fire insurance premiums	194,637	—	194,637
City court fines	—	301,790	301,790
City liquor licenses	—	6,508	6,508
Total contributions	<u>5,294,696</u>	<u>3,075,076</u>	<u>8,369,772</u>
Investment earnings	2,987,396	704,923	3,692,319
Less investment expense	(67,269)	(10,016)	(77,285)
Net investment earnings	<u>2,920,127</u>	<u>694,907</u>	<u>3,615,034</u>
Total additions	<u>8,214,823</u>	<u>3,769,983</u>	<u>11,984,806</u>
Deductions			
Pensions and benefits	4,354,677	2,018,573	6,373,250
Administrative expenses	33,311	22,561	55,872
Total deductions	<u>4,387,988</u>	<u>2,041,134</u>	<u>6,429,122</u>
Change in net assets	<u>3,826,835</u>	<u>1,728,849</u>	<u>5,555,684</u>
Net assets, beginning of year	<u>32,272,955</u>	<u>11,142,859</u>	<u>43,415,814</u>
Net assets, ending of year	<u>\$ 36,099,790</u>	<u>12,871,708</u>	<u>48,971,498</u>

See accompanying notes to basic financial statements.

CITY OF BOSSIER CITY, LOUISIANA

Fiduciary Funds

Combining Statement of Changes in Assets and Liabilities – Agency Funds

Year ended December 31, 2007

	Balance January 1, 2006	Additions	Deductions	Balance December 31, 2007
Consolidated Sales Tax Fund				
Assets				
Cash and cash equivalents	\$ 465,833	112,337,645	112,360,009	443,469
Investments	2,573,314	3,163,530	2,763,342	2,973,502
Other receivable	183,895	218,219	191,795	210,319
Accrued interest receivable	—	41,066	980	40,086
Total assets	<u>\$ 3,223,042</u>	<u>115,760,460</u>	<u>115,316,126</u>	<u>3,667,376</u>
Liabilities				
Accounts payable	\$ 69,406	71,723,764	71,750,265	42,905
Accrued liabilities	9,023	11,904	9,587	11,340
Taxes paid under protest	3,070,758	632,990	229,598	3,474,150
Refundable deposits	73,855	50,796	33,371	91,280
Due to other governmental units	—	47,701	—	47,701
Total liabilities	<u>\$ 3,223,042</u>	<u>72,467,155</u>	<u>72,022,821</u>	<u>3,667,376</u>
Riverboat Gaming				
Assets				
Cash and cash equivalents	\$ —	6,851,826	6,851,826	—
Liabilities				
Due to other governmental units	\$ —	6,851,826	6,851,826	—
Total all Agency Funds				
Assets				
Cash and cash equivalents	\$ 465,833	119,189,471	119,211,835	443,469
Investments	2,573,314	3,163,530	2,763,342	2,973,502
Other receivable	183,895	218,219	191,795	210,319
Accrued interest receivable	—	41,066	980	40,086
Total assets	<u>\$ 3,223,042</u>	<u>122,612,286</u>	<u>122,167,952</u>	<u>3,667,376</u>
Liabilities				
Accounts payable	\$ 69,406	71,723,764	71,750,265	42,905
Accrued liabilities	9,023	11,904	9,587	11,340
Taxes paid under protest	3,070,758	632,990	229,598	3,474,150
Refundable deposits	73,855	50,796	33,371	91,280
Due to other governmental units	—	6,899,527	6,851,826	47,701
Total liabilities	<u>\$ 3,223,042</u>	<u>79,318,981</u>	<u>78,874,647</u>	<u>3,667,376</u>

See accompanying notes to basic financial statements.

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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.

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CITY OF BOSSIER CITY, LOUISIANA

Internal Service Funds

Combining Statement of Net Assets

December 31, 2007

Assets	Insurance Fund	Liability Insurance Fund	Total
Cash and cash equivalents	\$ 32,942	162,024	194,966
Investments	127,550	1,086,629	1,214,179
Prepaid items	—	390,110	390,110
Accrued interest receivable	1,719	14,649	16,368
Receivable – expense reimbursement	—	6,541	6,541
Total assets	\$ 162,211	1,659,953	1,822,164
Liabilities and Net Assets			
Accounts payable	\$ —	8,849	8,849
Accrued claims	27,674	705,848	733,522
Total liabilities	27,674	714,697	742,371
Net assets – unrestricted	134,537	945,256	1,079,793
Total liabilities and net assets	\$ 162,211	1,659,953	1,822,164

See accompanying notes to basic financial statements.

CITY OF BOSSIER CITY, LOUISIANA

Internal Service Funds

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

Year ended December 31, 2007

	Insurance Fund	Liability Insurance Fund	Total
Revenues:			
Employers' contributions/premiums	\$ 261,242	2,194,406	2,455,648
Employees' contributions	273,717	—	273,717
Refunds and reimbursements	497	95,333	95,830
Total revenues	535,456	2,289,739	2,825,195
Expenses:			
Claims	326,955	1,496,206	1,823,161
Employee insurance premiums	149,362	—	149,362
Other	36,581	2,050	38,631
Total expenses	512,898	1,498,256	2,011,154
Operating income	22,558	791,483	814,041
Nonoperating revenues – investment earnings	2,569	19,169	21,738
Change in net assets	25,127	810,652	835,779
Net assets, beginning of year	109,410	134,604	244,014
Net assets, end of year	\$ 134,537	945,256	1,079,793

See accompanying notes to basic financial statements.

CITY OF BOSSIER CITY, LOUISIANA

Internal Service Funds

Combining Statement of Cash Flows

Year ended December 31, 2007

	<u>Insurance Fund</u>	<u>Liability Insurance Fund</u>	<u>Total</u>
Cash flows from operating activities:			
Receipts from operations	\$ 535,456	2,289,739	2,825,195
Payments to suppliers	(185,943)	54,580	(131,363)
Claims paid	(335,706)	(1,566,132)	(1,901,838)
Other payments	<u>—</u>	<u>(6,541)</u>	<u>(6,541)</u>
Net cash provided by operating activities	<u>13,807</u>	<u>771,646</u>	<u>785,453</u>
Cash flows from investing activities:			
Purchases of investments	<u>(4,657)</u>	<u>(686,707)</u>	<u>(691,364)</u>
Net cash used in investing activities	<u>(4,657)</u>	<u>(686,707)</u>	<u>(691,364)</u>
Net increase in cash	9,150	84,939	94,089
Cash and cash equivalents, beginning of year	<u>23,792</u>	<u>77,085</u>	<u>100,877</u>
Cash and cash equivalents, end of year	\$ <u>32,942</u>	<u>162,024</u>	<u>194,966</u>
Reconciliation of operating income to net cash provided by operating activities:			
Operating income	\$ 22,558	791,483	814,041
(Increase) decrease in assets:			
Receivables	—	(6,541)	(6,541)
Prepaid items	—	50,366	50,366
Increase (decrease) in liabilities:			
Accounts payable	—	6,264	6,264
Accrued claims	<u>(8,751)</u>	<u>(69,926)</u>	<u>(78,677)</u>
Net cash provided by operating activities	\$ <u>13,807</u>	<u>771,646</u>	<u>785,453</u>
Noncash items:			
Change in fair value of investments	\$ 850	4,520	5,370

See accompanying notes to basic financial statements.

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**INDIVIDUAL FUND
SCHEDULES**

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CITY OF BOSSIER CITY, LOUISIANA
Special Revenue Fund
Civic Center Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balance -- Budget and Actual
December 31, 2007
(unaudited)

	<u>Original budget</u>	<u>Final budget</u>	<u>Actual</u>	<u>Variance with final budget positive (negative)</u>
Revenues:				
Rental fees	\$ 337,700	337,700	329,797	(7,903)
Investment earnings	25,000	25,000	37,604	12,604
Total revenues	<u>362,700</u>	<u>362,700</u>	<u>367,401</u>	<u>4,701</u>
Expenditures:				
Culture and recreation:				
Salaries, fringe benefits, and payroll taxes	459,590	459,590	453,070	6,520
Insurance	21,850	21,850	21,850	—
Professional services	2,000	2,000	2,000	—
Contract services	250	250	—	250
Utilities	139,400	139,400	220,255	(80,855)
Office and operating supplies	52,575	52,575	45,948	6,627
Administrative expenses	23,000	23,000	23,000	—
Travel and training	4,000	4,000	4,265	(265)
Maintenance	31,650	31,650	20,690	10,960
Other	4,700	4,700	4,100	600
Capital outlay	145,000	172,500	87,814	84,686
Total expenditures	<u>884,015</u>	<u>911,515</u>	<u>882,992</u>	<u>1,023</u>
Deficiency of revenues under expenditures	<u>(521,315)</u>	<u>(548,815)</u>	<u>(515,591)</u>	<u>5,724</u>
Other financing sources:				
Transfer in	500,000	500,000	500,000	—
Net change in fund balance	(21,315)	(48,815)	(15,591)	5,724
Fund balance, beginning of year	<u>1,061,101</u>	<u>1,061,101</u>	<u>1,061,101</u>	<u>—</u>
Fund balance, end of year	<u>\$ 1,039,786</u>	<u>1,012,286</u>	<u>1,045,510</u>	<u>5,724</u>

See accompanying independent auditors' report.

CITY OF BOSSIER CITY, LOUISIANA

Special Revenue Fund
Hotel/Motel TaxesSchedule of Revenues, Expenditures, and
Changes in Fund Balance – Budget and ActualDecember 31, 2007
(unaudited)

	<u>Original budget</u>	<u>Final budget</u>	<u>Actual</u>	<u>Variance with final budget positive (negative)</u>
Revenues:				
Intergovernmental – state and parish-shared revenues	\$ 1,470,000	1,470,000	2,090,462	620,462
Investment earnings	100,000	100,000	245,011	145,011
Other	—	—	62,500	62,500
Total revenues	<u>1,570,000</u>	<u>1,570,000</u>	<u>2,397,973</u>	<u>827,973</u>
Expenditures:				
Capital outlay	150,000	187,081	211,408	(24,327)
Other	—	—	62,500	(62,500)
Total expenditures	<u>150,000</u>	<u>187,081</u>	<u>273,908</u>	<u>(86,827)</u>
Excess of revenues over expenditures	1,420,000	1,382,919	2,124,065	741,146
Other financing sources (uses):				
Transfer out	(1,589,770)	(1,589,770)	(1,239,770)	350,000
Total other financing uses	<u>(1,589,770)</u>	<u>(1,589,770)</u>	<u>(1,239,770)</u>	<u>350,000</u>
Net change in fund balance	(169,770)	(206,851)	884,295	1,091,146
Fund balance, beginning of year	<u>5,116,791</u>	<u>5,116,791</u>	<u>5,116,791</u>	<u>—</u>
Fund balance, end of year	<u>\$ 4,947,021</u>	<u>4,909,940</u>	<u>6,001,086</u>	<u>1,054,065</u>

See accompanying independent auditors' report.

CITY OF BOSSIER CITY, LOUISIANA
Special Revenue Fund
Fire Improvements and Operations Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balance – Budget and Actual
December 31, 2007
(unaudited)

	Original and final budget	Actual	Variance with final budget positive (negative)
Revenues:			
Sales tax, net	\$ 2,138,106	2,223,381	85,275
Investment earnings	—	18,861	18,861
Total revenues	<u>2,138,106</u>	<u>2,242,242</u>	<u>104,136</u>
Expenditures:			
Capital outlay	—	—	—
Excess of revenues over expenditures	<u>2,138,106</u>	<u>2,242,242</u>	<u>104,136</u>
Other financing uses:			
Transfer out	<u>(2,138,106)</u>	<u>(2,138,106)</u>	<u>—</u>
Net change in fund balance	—	104,136	104,136
Fund balance, beginning of year	<u>335,319</u>	<u>335,319</u>	<u>—</u>
Fund balance, end of year	<u>\$ 335,319</u>	<u>439,455</u>	<u>(104,136)</u>

See accompanying independent auditors' report.

CITY OF BOSSIER CITY, LOUISIANA
Special Revenue Fund
Jail and Municipal Buildings Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balance – Budget and Actual
December 31, 2007
(unaudited)

	<u>Original budget</u>	<u>Final budget</u>	<u>Actual</u>	<u>Variance with final budget positive (negative)</u>
Revenues:				
Sales tax, net	\$ 1,527,219	1,527,219	1,588,129	60,910
Investment earnings	<u>75,000</u>	<u>75,000</u>	<u>185,116</u>	<u>110,116</u>
Total revenues	<u>1,602,219</u>	<u>1,602,219</u>	<u>1,773,245</u>	<u>171,026</u>
Expenditures:				
Capital outlay	<u>700,000</u>	<u>1,049,437</u>	<u>847,007</u>	<u>202,430</u>
Excess of revenues over expenditures	<u>902,219</u>	<u>552,782</u>	<u>926,238</u>	<u>373,456</u>
Other financing uses:				
Transfer out	<u>(875,000)</u>	<u>(875,000)</u>	<u>(875,000)</u>	<u>—</u>
Net change in fund balance	<u>27,219</u>	<u>(322,218)</u>	<u>51,238</u>	<u>373,456</u>
Fund balance, beginning of year	<u>3,616,074</u>	<u>3,616,074</u>	<u>3,616,074</u>	<u>—</u>
Fund balance, end of year	<u>\$ 3,643,293</u>	<u>3,293,856</u>	<u>3,667,312</u>	<u>24,019</u>

See accompanying independent auditors' report.

CITY OF BOSSIER CITY, LOUISIANA

Special Revenue Fund
Streets and Drainage FundSchedule of Revenues, Expenditures, and
Changes in Fund Balance – Budget and ActualDecember 31, 2007
(unaudited)

	Original budget	Final budget	Actual	Variance with final budget positive (negative)
Revenues:				
Sales tax, net	\$ 1,756,301	1,756,301	1,826,349	70,048
Investment earnings	55,000	55,000	151,496	96,496
Total revenues	1,811,301	1,811,301	1,977,845	166,544
Expenditures:				
Capital outlay	1,000,000	1,034,000	915,947	118,053
Excess of revenues over expenditures	811,301	777,301	1,061,898	284,597
Other financing uses:				
Transfer out	(600,000)	(600,000)	(600,000)	—
Net change in fund balance	211,301	177,301	461,898	284,597
Fund balance, beginning of year	2,447,583	2,447,583	2,447,583	—
Fund balance, end of year	\$ 2,658,884	2,624,884	2,909,481	284,597

See accompanying independent auditors' report.

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**STATISTICAL
SECTION**

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Table 1

CITY OF BOSSIER CITY, LOUISIANA

Net Assets by Component
Last Six Fiscal Years
(accrual basis of accounting)

	Fiscal year					
	2007	2006	2005	2004	2003	2002
Governmental activities:						
Invested in capital assets, net of related debt	\$ 186,465,732	167,545,977	151,362,489	144,172,168	140,330,985	115,340,957
Restricted	29,680,277	29,925,688	27,479,073	27,793,422	29,963,514	28,662,311
Unrestricted	80,280,912	78,192,477	73,971,538	72,489,133	65,452,825	75,657,667
Total governmental activities net assets	296,426,921	275,664,142	252,813,100	244,454,723	235,747,324	219,660,935
Business-type activities:						
Invested in capital assets, net of related debt	60,466,449	59,278,622	55,314,909	57,275,837	48,742,367	43,209,460
Restricted	3,798,355	2,631,727	2,760,263	3,420,135	3,338,741	1,666,172
Unrestricted	9,655,288	10,154,557	11,281,191	7,184,147	15,069,856	22,365,596
Total business-type activities net assets	73,920,092	72,064,906	69,356,363	67,880,119	67,150,964	67,241,228
Primary government:						
Invested in capital assets, net of related debt	246,932,181	226,824,599	206,677,398	201,448,005	189,073,352	158,550,417
Restricted	33,478,632	32,557,415	30,239,336	31,213,557	33,302,255	30,328,483
Unrestricted	89,936,200	88,347,034	85,252,729	79,673,280	80,522,681	98,023,263
Total primary government net assets	\$ 370,347,013	347,729,048	322,169,463	312,334,842	302,898,288	286,902,163

Source: Audited Comprehensive Annual Financial Reports

Unaudited – see accompanying independent auditors' report.

Table 2

CITY OF BOSSIER CITY, LOUISIANA

Changes in Net Assets

Last Six Fiscal Years
(accrual basis of accounting)

	Fiscal year					
	2007	2006	2005	2004	2003	2002
Expenses:						
Governmental activities:						
General government	\$ 13,589,188	12,491,347	12,122,863	11,084,501	10,883,770	9,555,803
Public safety	34,262,793	34,206,159	39,309,494	37,711,185	28,026,913	25,678,549
Highways and streets	1,953,798	5,120,181	11,079,601	6,710,590	7,028,600	3,997,047
Cultural and recreation	7,595,275	7,165,222	7,104,623	7,297,540	6,998,869	7,155,218
City court and City marshal	1,746,396	1,843,893	1,635,432	1,384,667	1,299,469	1,073,671
Interest on long-term debt	4,515,805	3,299,376	3,736,672	3,886,658	4,121,524	3,262,080
Total governmental activities expenses	63,663,253	64,126,178	74,988,685	68,075,141	58,359,145	50,722,368
Business-type activities:						
Water and sewerage	13,041,663	12,932,577	12,485,709	11,611,928	11,391,493	10,885,174
Sanitation	4,010,269	3,526,361	2,819,565	2,733,210	2,375,756	2,364,900
Emergency medical services (1)	3,763,097	4,093,140	—	—	3,918,759	3,337,955
Total business-type activities expense	20,815,029	20,552,078	15,305,274	14,345,138	17,686,008	16,588,029
Total primary government expenses	84,478,284	84,678,256	90,293,959	82,420,279	76,045,153	67,310,397
Program revenues:						
Governmental activities:						
Charges for services:						
General government	2,863,463	2,592,047	2,580,024	2,648,743	2,540,673	2,045,831
Public safety	1,595,615	1,452,048	5,640,922	5,083,818	1,094,032	1,154,814
Highways and streets	127,128	127,128	127,128	—	—	—
Culture and recreation	3,072,417	3,491,358	2,331,776	3,136,892	3,041,961	3,326,942
Operating grants and contributions	4,610,709	3,891,436	3,441,130	3,061,774	3,367,825	3,044,346
Capital grants and contributions	1,428,093	1,750,000	3,753,364	2,161,654	3,527,399	1,031,367
Total governmental activities program revenues	13,697,425	13,304,017	17,874,344	16,092,881	13,571,890	10,603,300
Business-type activities:						
Charges for services:						
Water and sewerage	12,272,210	11,999,790	12,109,022	10,939,409	10,322,962	10,041,818
Sanitation	4,114,354	3,830,934	2,865,466	2,713,140	2,597,772	2,608,353
Emergency medical services (1)	3,943,608	4,013,383	—	—	3,472,242	3,313,671
Total business-type activities program revenues	20,330,172	19,844,107	14,974,488	13,652,549	16,392,976	15,963,842
Total primary government program revenues	34,027,597	33,148,124	32,848,832	29,745,430	29,964,866	26,567,142
Net expense:						
Governmental activities	(49,965,830)	(50,822,161)	(57,114,341)	(51,982,260)	(44,787,255)	(40,119,068)
Business-type activities	(484,857)	(707,971)	(330,786)	(692,589)	(1,293,032)	(624,187)
Total primary government net expense	(50,450,687)	(51,530,132)	(57,445,127)	(52,674,849)	(46,080,287)	(40,743,255)

(Continued)

Table 2

CITY OF BOSSIER CITY, LOUISIANA

Changes in Net Assets

Last Six Fiscal Years
(accrual basis of accounting)

	Fiscal year					
	2007	2006	2005	2004	2003	2002
General revenues and other changes in net assets:						
Governmental activities:						
Taxes:						
Property	\$ 9,290,483	9,536,827	8,497,236	8,362,284	8,490,128	8,246,066
Sales	39,171,981	37,743,177	35,249,876	31,910,135	30,117,504	29,341,705
Franchise	2,345,230	2,191,128	2,117,698	1,874,451	1,912,121	1,808,469
Gaming	14,721,787	15,626,932	14,842,388	14,932,147	15,261,464	15,234,198
Grants and contributions not restricted to specific purposes	345,144	342,918	356,841	303,029	191,579	323,047
Investment earnings	5,742,915	5,399,404	2,445,567	1,398,490	2,283,448	3,449,466
Miscellaneous	1,769,656	5,102,834	2,602,015	2,494,794	3,001,169	1,831,093
Transfers	(1,211,684)	(2,270,017)	(638,903)	(585,671)	(383,769)	(499,164)
Total governmental activities general revenues	<u>72,175,512</u>	<u>73,673,203</u>	<u>65,472,718</u>	<u>60,589,659</u>	<u>60,873,644</u>	<u>59,734,880</u>
Business-type activities:						
Intergovernmental	—	—	—	—	—	29,548
Investment earnings	510,194	706,728	380,564	254,916	380,599	609,442
Miscellaneous	618,165	439,769	787,563	581,157	438,400	535,682
Transfers	1,211,684	2,270,017	638,903	585,671	383,769	499,164
Total business-type activities general revenues	<u>2,340,043</u>	<u>3,416,514</u>	<u>1,807,030</u>	<u>1,421,744</u>	<u>1,202,768</u>	<u>1,673,836</u>
Total primary government general revenues	<u>74,515,555</u>	<u>77,089,717</u>	<u>67,279,748</u>	<u>62,111,403</u>	<u>62,076,412</u>	<u>61,408,716</u>
Changes in net assets:						
Governmental activities	22,209,682	22,851,042	8,358,377	8,707,399	16,086,389	19,615,812
Business-type activities	1,855,186	2,708,543	1,476,244	729,155	(90,264)	1,049,649
Total primary government net revenue	<u>\$ 24,064,868</u>	<u>25,559,585</u>	<u>9,834,621</u>	<u>9,436,554</u>	<u>15,996,125</u>	<u>20,665,461</u>

Source: Audited Comprehensive Annual Financial Reports

Notes:

(1) In 2004, the City began recording emergency medical services in the General Fund. Those activities had previously been reported in an enterprise fund. In 2006, the City moved the activities back to an enterprise fund.

Unaudited — see accompanying independent auditors' report.

Table 3

CITY OF BOSSIER CITY, LOUISIANA
Governmental Activities Tax Revenues by Source
Last Six Fiscal Years
(accrual basis of accounting)

	Property taxes	Sales taxes	Franchise taxes	Total
2007	\$ 9,290,483	39,171,981	2,345,230	50,807,694
2006	9,536,827	37,743,177	2,191,128	49,471,132
2005	8,497,236	35,249,876	2,117,698	45,864,810
2004	8,362,284	31,910,135	1,874,451	42,146,870
2003	8,490,128	30,117,504	1,912,121	40,519,753
2002	8,246,066	29,341,705	1,808,469	39,396,240

Unaudited – see accompanying independent auditors' report.

Table 4

CITY OF BOSSIER CITY, LOUISIANA

Fund Balances of Governmental Funds

Last Six Fiscal Years
(modified accrual basis of accounting)

	2007	2006	2005	2004	2003	2002
General Fund:						
Reserved	\$ 358,052	373,425	312,690	192,388	242,467	152,647
Unreserved	11,843,893	12,263,707	10,779,879	8,089,045	6,039,756	5,759,394
Total General Fund	12,201,945	12,637,132	11,092,569	8,281,433	6,282,223	5,912,041
All other governmental funds (1):						
Reserved	34,968,880	34,206,545	28,527,580	34,060,781	36,634,759	30,701,620
Unreserved, reported in:						
Special revenue funds	46,331,656	43,531,004	40,308,080	40,017,760	42,185,299	41,102,309
Capital projects funds	110,624,369	16,689,888	23,077,994	22,588,892	43,565,715	53,897,426
Permanent fund	781,082	1,651,913	754,028	1,404,774	2,239,161	877,215
Total all other governmental funds	\$ 192,705,987	96,079,350	92,667,682	98,072,207	124,624,934	126,578,570

Source: Audited Comprehensive Annual Financial Reports

Note:

(1) Includes Special Revenue, Capital Projects, Permanent, and Debt Service Funds.

All fund balances in Debt Service funds are reserved to pay future debt service.

Unaudited – see accompanying independent auditors' report.

Table 5

CITY OF BOSSIER CITY, LOUISIANA
Changes in Fund Balances of Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)

	2007	2006	2005	2004	2003	2002	2001	2000	1999	1998
Revenues:										
Taxes	\$ 51,203,381	49,394,168	45,885,819	42,226,759	40,489,486	39,327,341	38,319,143	36,259,480	33,259,670	31,558,985
Licenses and permits	2,863,463	2,592,047	2,580,024	2,648,743	2,540,673	2,045,831	1,958,687	1,867,440	1,966,087	1,903,456
Intergovernmental	6,383,946	5,984,354	5,488,296	4,612,553	5,229,031	4,398,760	4,008,321	5,055,731	6,653,037	4,057,227
Video poker	478,251	573,602	527,424	563,119	562,293	544,952	496,226	469,486	388,916	431,185
Fees and rentals	3,199,545	3,618,486	2,458,904	3,136,892	3,041,561	3,326,942	2,662,997	836,928	213,715	175,652
Fines and penalties	1,595,615	1,452,048	1,342,813	1,217,773	1,094,032	1,154,814	1,195,284	1,239,089	1,163,259	1,027,002
Charges for services	—	—	4,298,109	3,866,045	—	—	1,628,997	1,643,345	1,706,796	1,642,548
Racing commission - Louisiana Downs	884,557	969,207	1,008,173	816,756	412,977	188,639	195,125	261,995	290,635	325,271
Gaming	13,358,979	14,084,123	13,306,791	13,552,272	14,286,194	14,500,607	14,279,098	15,831,847	14,479,446	13,015,145
Investment earnings	5,742,915	5,399,404	2,445,567	1,398,490	2,283,448	3,449,466	3,455,941	4,819,378	3,793,362	4,018,889
Miscellaneous	1,619,375	5,044,656	2,602,015	3,819,854	4,076,947	1,527,641	1,489,305	1,283,528	1,567,814	1,638,407
Total revenues	87,330,027	89,112,095	81,943,935	77,859,256	74,015,042	70,464,993	69,689,124	69,568,247	65,484,737	59,793,767
Expenditures										
Current:										
General government	12,440,412	11,014,551	10,568,293	9,824,916	10,180,498	8,709,063	8,063,723	7,365,320	7,224,192	7,786,238
Solid waste	—	—	—	—	—	—	2,164,617	2,067,610	2,010,192	1,856,190
Public safety	35,413,709	34,003,642	38,122,172	35,997,291	27,082,705	24,383,866	22,989,537	21,450,746	20,134,385	18,808,318
Highways and streets	578,771	542,007	1,367,818	1,405,612	1,221,209	1,049,714	933,967	1,088,576	937,074	967,566
Culture and recreation	5,723,448	5,634,206	5,249,668	5,395,122	5,396,409	4,868,631	4,845,111	3,834,649	1,815,108	1,765,932
City court and municipal	1,680,395	1,538,173	1,598,150	1,355,885	1,273,338	1,046,967	997,804	927,256	897,351	826,029
Miscellaneous	—	—	—	—	—	—	402,268	612,615	350,577	221,733
Debt service:										
Principal	4,605,000	4,415,000	4,015,000	3,860,000	3,965,000	3,750,000	3,060,000	2,900,000	2,740,000	1,925,000
Interest and other charges	3,646,252	3,160,039	3,725,706	3,874,375	4,183,872	3,237,558	3,363,392	3,415,507	3,590,073	2,793,776
Bond issuance costs	1,606,761	583,522	—	—	—	—	—	—	—	—
Advance refunding escrow	—	619,793	—	—	—	—	—	—	—	—
Capital outlay	26,642,232	27,860,105	19,090,140	39,998,502	21,765,986	17,321,508	16,174,548	48,231,503	32,912,560	19,306,899
Metropolitan planning - payments to component units	152,830	165,000	161,474	115,399	145,710	132,650	87,528	80,765	51,600	51,600
Total expenditures	92,489,810	89,556,038	83,898,421	101,827,102	75,214,727	64,499,957	63,081,695	91,974,547	72,663,132	56,309,281
Excess (deficiency) of revenues over (under) expenditures	(5,159,783)	(413,943)	(1,954,486)	(23,967,846)	(1,199,685)	5,965,036	6,607,429	(22,406,301)	(7,178,375)	3,484,486

(Continued)

Other financing sources (uses):

Table 5

CITY OF BOSSIER CITY, LOUISIANA
Changes in Fund Balances of Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)

	Fiscal year									
	2007	2006	2005	2004	2003	2002	2001	2000	1999	1998
Transfers in	\$ 13,202,876	19,006,801	24,362,118	16,639,145	16,090,030	8,605,270	6,803,374	7,031,207	4,394,620	8,260,522
Transfers out	(14,414,560)	(21,276,818)	(25,001,021)	(17,244,816)	(16,473,799)	(9,104,434)	(5,703,576)	(6,171,450)	(3,983,402)	(7,710,522)
Debt issuance	100,000,000	7,160,000	—	—	—	30,292,952	4,880,000	—	—	34,969,290
Premium on debt issuance	2,561,524	—	—	—	—	—	—	—	—	—
Premium on refunded bonds	—	279,564	—	—	—	—	—	—	—	—
Refunding bonds issued	—	27,400,000	—	—	—	—	—	—	—	—
Payment to refunded bond escrow agent	—	(27,169,373)	—	—	—	—	—	—	—	—
Total other financing sources (uses)	101,349,840	5,400,174	(638,903)	(585,671)	(583,769)	29,793,788	5,979,798	859,757	411,218	35,519,290
Net change in fund balances	\$ 96,190,057	4,956,231	(2,593,380)	(24,553,517)	(1,583,454)	35,758,824	12,987,227	(21,546,543)	(6,767,157)	39,003,776
Debt services as a percentage of noncapital expenditures	15%	13%	11%	12%	14%	14%	N/A	N/A	N/A	N/A

Source: Audited Comprehensive Annual Financial Reports

Notes:

Beginning in 2002, sanitation activities were reported in an enterprise fund. Prior to 2002, those activities were reported in the General Fund.
Beginning in 2004, emergency medical services activities were reported in the General Fund. Prior to 2004, those activities were reported in an enterprise fund.

Unaudited - see accompanying independent auditors' report.

Table 6

CITY OF BOSSIER CITY, LOUISIANA
Tax Revenues by Source -- Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)

	Property taxes	Sales taxes	Utility taxes	Telephone taxes	Franchise taxes	Total
2007	\$ 9,686,170	39,171,981	1,548,109	184,704	612,417	51,203,381
2006	9,459,863	37,743,177	1,453,763	189,858	547,507	49,394,168
2005	8,518,245	35,249,876	1,466,908	157,395	493,395	45,885,819
2004	8,442,173	31,910,135	1,166,447	185,836	522,168	42,226,759
2003	8,459,861	30,117,504	1,189,796	200,467	521,858	40,489,486
2002	8,177,167	29,341,705	1,026,894	233,904	547,671	39,327,341
2001	7,664,819	28,795,515	1,187,201	240,608	431,000	38,319,143
2000	7,709,522	27,057,905	922,284	233,073	416,276	36,339,060
1999	6,719,904	25,059,892	855,747	212,249	411,878	33,259,670
1998	6,214,086	19,028,665	976,584	202,619	409,348	26,831,302

Source: Audited Comprehensive Annual Financial Reports

Unaudited -- see accompanying independent auditors' report.

Table 7

CITY OF BOSSIER CITY, LOUISIANA
Assessed Value and Estimated Actual Value of Taxable Property
Last Ten Fiscal Years

Fiscal year	Bossier Parish			Caddo Parish			Total taxable assessed value	Total direct tax rate	Estimated actual value	Ratio of total assessed value to estimated actual value
	Real estate	Public services/rolling stock	Movable	Real estate	Movable	Real estate				
1998 (1)							\$ 243,058,780	26.38	2,089,466,520	11.63%
1999 (1)							256,358,740	26.38	2,176,533,580	11.78%
2000 (1)							296,336,780	26.38	2,613,187,787	11.34%
2001 (1)							296,288,890	26.77	2,690,417,219	11.01%
2002 (1)							309,006,730	26.77	2,776,340,793	11.13%
2003 \$	202,288,690	15,106,160	84,952,440	5,198,460	5,329,350		314,566,810	26.77	2,821,226,996	11.15%
2004	247,284,290	15,693,370	90,745,970	3,604,660	5,351,580		363,852,350	23.37	3,263,249,776	11.15%
2005	264,595,660	17,286,650	95,952,370	3,492,310	4,944,910		387,762,750	23.37	3,391,817,696	11.43%
2006	279,702,960	18,105,920	105,749,880	3,492,310	4,808,290		413,424,940	23.37	3,673,948,427	11.25%
2007	289,391,600	17,576,760	108,493,450	3,649,870	4,261,490		424,688,760	23.37	3,657,672,047	11.61%

Source: Bossier Parish Tax Assessor and the Caddo Parish Tax Assessor

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 four years. The last revaluation was completed for the roll of January 1, 2004.

(1) Detail of assessed value for 1998 through 2002 was not available.

Unaudited - see accompanying independent auditors' report.

Table 8

CITY OF BOSSIER CITY, LOUISIANA
Property Tax Rates and Tax Levies – Direct and Overlapping Governments
Last Ten Fiscal Years

Fiscal year	City rates			Overlapping rates				Total direct/overlapping rates	Tax levies			
	Unrestricted	Fire and Police Departments	Total City millage	School	Parish	Recreational districts	City		School	Parish	Recreational districts	Total
1998	\$ 6.90	19.48	26.38	61.39	43.23	1.54	132.54	6,411,901	16,521,978	11,133,897	339,382	34,407,158
1999	6.90	19.48	26.38	55.14	43.48	1.54	126.54	6,761,107	15,190,241	11,975,734	344,113	34,271,195
2000	6.90	19.48	26.38	55.16	42.64	1.54	125.72	7,817,364	18,206,129	13,493,489	408,296	39,925,278
2001	6.90	19.87	26.77	54.64	42.69	1.54	125.64	7,929,897	20,162,108	14,933,886	464,671	43,510,562
2002	6.90	19.87	26.77	53.14	42.11	1.54	123.56	8,272,141	20,468,369	15,722,021	481,802	44,944,333
2003	6.90	19.87	26.77	53.14	42.11	1.54	123.56	8,544,055	20,920,480	16,073,035	490,411	46,027,981
2004	6.02	17.35	23.37	56.53	37.10	1.54	118.54	8,503,249	26,298,710	16,822,476	570,752	52,195,187
2005	6.02	17.35	23.37	56.53	39.95	1.54	121.39	9,062,015	28,504,976	20,144,592	611,053	58,322,636
2006	6.02	17.35	23.37	56.53	42.11	1.54	123.55	9,706,514	31,063,862	26,385,231	661,740	67,817,347
2007	6.02	17.35	23.37	56.53	42.11	1.54	123.55	9,740,110	32,928,803	22,116,985	681,067	65,466,965

Source: Bossier Tax Assessor Grand Recapitulation Report

Unaudited – see accompanying independent auditors' report.

Table 9

CITY OF BOSSIER CITY, LOUISIANA

Principal Property Taxpayers

Current Year and Ten Years Ago

	2007			1997		
	Assessed valuation	Rank	Percentage of total assessed valuation	Assessed valuation	Rank	Percentage of total assessed valuation
Horseshoe Entertainment	\$ 28,232,750	1	6.77%	10,351,130	1	4.59%
Louisiana Riverboat Gaming	11,697,120	2	2.81%	—	—	—
Southwestern Electric Power Company	8,918,470	3	2.14%	5,689,810	4	2.52%
Harrah's Louisiana Downs	8,696,380	4	2.09%	—	—	—
Bellsouth Telecommunications	4,948,190	5	1.19%	5,406,040	5	2.39%
Halliburton Energy Services	4,714,200	6	1.13%	—	—	—
Louisiana RW, LLC	4,246,280	7	1.02%	—	—	—
Louisiana Machinery Co., LLC	3,644,360	8	0.87%	—	—	—
Wal-Mart	3,120,740	9	0.75%	—	—	—
Diamond Jack's Casino	2,872,210	10	0.69%	—	—	—
Casino Magic	—	—	—	7,422,390	3	3.29%
Isle of Capri	—	—	—	7,462,070	2	3.31%
Bank One	—	—	—	2,462,910	6	1.09%
Hibernia Bank	—	—	—	1,679,440	9	0.74%
Bossier Plaza Associates, Inc.	—	—	—	2,322,060	7	1.03%
Louisiana Downs, Inc.	—	—	—	2,029,620	8	0.90%
Red River Motor Company	—	—	—	1,628,050	10	0.72%
Total amount for ten principal taxpayers	81,090,700		19.46%	46,453,520		20.58%
Total for remaining taxpayers	335,686,700		80.54%	179,306,910		79.42%
Total amount for all taxpayers	\$ 416,777,400		100.00%	225,760,430		100.00%

Source: Bossier Parish Tax Assessor's Office

Unaudited — see accompanying independent auditors' report.

Table 10

CITY OF BOSSIER CITY, LOUISIANA

Property Tax Levies and Collections

Last Ten Fiscal Years

Fiscal year	Total tax levy (1)	Collected within the Fiscal Year of Levy		Collections in subsequent years	Total taxes collected	Percent of total tax collections to tax levy
		Amount	Percent of levy collected			
1998	\$ 6,411,901	4,489,905	70.02%	1,569,246	6,059,151	94.50%
1999	6,761,107	4,597,220	68.00%	1,741,980	6,339,200	93.76%
2000	7,817,364	4,528,320	57.93%	2,677,108	7,205,428	92.17%
2001	7,881,807	5,430,702	68.90%	2,437,152	7,867,854	99.82%
2002	8,321,702	5,657,331	67.98%	2,652,079	8,309,410	99.85%
2003	8,544,055	5,701,105	66.73%	2,830,560	8,531,665	99.85%
2004	8,503,249	5,051,656	59.41%	3,438,409	8,490,065	99.84%
2005	9,062,015	5,373,553	59.30%	3,678,754	9,052,307	99.89%
2006	9,661,764	6,699,610	69.34%	2,904,500	9,604,110	99.40%
2007	9,740,110	6,126,932	62.90%	—	6,126,932	62.90%

Source: Bossier Parish Tax Assessor's Grand Recapitulation of the Assessment Roll for the Parish of Bossier.

Note:

(1) Does not include adjustments from Louisiana Tax Commission

Unaudited -- see accompanying independent auditors' report.

Table 11

CITY OF BOSSIER CITY, LOUISIANA

Sales Tax Revenues

Last Ten Fiscal Years

(modified accrual basis of accounting)

Fiscal year		1% General	1/2 % Pensions	1/2 % Debt service	1/2 % Capital	Total
1998	\$	6,058,639	4,727,683	4,895,859	8,074,167	23,756,348
1999		6,430,005	4,987,407	6,324,191	7,318,289	25,059,892
2000		6,953,281	5,408,130	6,324,191	8,372,303	27,057,905
2001		7,000,376	5,664,364	6,346,830	9,471,943	28,483,513
2002		8,090,235	5,759,387	6,329,078	9,163,005	29,341,705
2003		11,555,466	5,933,946	7,952,493	4,675,599	30,117,504
2004		12,030,730	6,305,420	6,806,360	6,767,625	31,910,135
2005		12,505,450	7,055,175	7,195,791	8,493,460	35,249,876
2006		13,920,015	7,562,348	7,736,017	8,524,797	37,743,177
2007		14,008,846	7,813,988	7,657,197	9,589,907	39,069,938

Source: Audited Comprehensive Annual Financial Reports

Unaudited – see accompanying independent auditors' report.

Table 12

CITY OF BOSSIER CITY, LOUISIANA

Taxable Sales by Category

Last Six Fiscal Years

Category	Fiscal year					
	2007	2006	2005	2004	2003	2002
Food	\$ 296,991,355	291,580,908	233,461,553	210,133,934	198,838,705	200,548,064
Apparel	132,610,884	118,551,254	104,495,750	100,269,886	99,459,990	98,229,148
General merchandise	374,018,091	366,285,117	325,432,013	317,685,602	275,141,948	254,883,075
Automotive	104,485,396	97,280,707	82,067,249	78,172,379	70,959,116	68,942,133
Home furnishings	168,483,003	200,307,750	105,389,100	85,832,477	65,891,976	59,726,056
Builders/contractors	219,399,077	204,802,434	94,408,704	84,644,209	69,485,087	57,000,717
Services	170,019,396	178,544,130	193,283,284	148,373,493	152,191,327	149,369,735
Manufacturers	55,681,253	53,358,663	23,533,156	27,214,846	21,699,535	17,397,512
Utilities	145,013,660	148,116,077	119,444,969	122,188,810	121,322,988	119,306,801
Miscellaneous	53,802,205	47,623,720	34,173,863	35,848,712	31,455,217	31,018,655
Total	\$ 1,720,504,320	1,706,450,760	1,315,689,641	1,210,364,348	1,106,445,889	1,056,421,896
City direct sales tax rate	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%

Source: Bossier City Tax Division

Unaudited – see accompanying independent auditors' report.

Table 13

CITY OF BOSSIER CITY, LOUISIANA

Ratios of Outstanding Debt by Type

Last Ten Fiscal Years

(accrual basis of accounting)

	Governmental activities – revenue bonds	Business- type activities revenue bonds	Total primary government	Percentage of estimated actual value taxable property	Per capita
1998	\$ 65,850,000	22,673,559	88,523,559	3.39%	\$ 1,539
1999	63,110,000	17,934,480	81,044,480	3.01%	1,430
2000	60,210,000	17,125,975	77,335,975	2.79%	1,370
2001	62,385,000	17,825,289	80,210,289	2.84%	1,407
2002	88,927,952	29,919,269	118,847,221	3.64%	2,082
2003	84,697,683	28,759,269	113,456,952	3.35%	1,964
2004	80,804,495	28,507,792	109,312,287	2.98%	1,877
2005	76,290,000	27,252,792	103,542,792	2.83%	1,765
2006	78,660,000	25,937,792	104,597,792	2.85%	1,735
2007	175,180,000	24,562,792	199,742,792	5.46%	3,724

Source: (1) Details regarding the City's outstanding debt can be found in the notes to the basic financial statements.

(2) See Demographic and Economic Statistics Table 17 for estimated actual value of taxable property and population data.

Note:

The City has no general obligation bonds outstanding.

Unaudited – see accompanying independent auditors' report.

Table 14

CITY OF BOSSIER CITY, LOUISIANA
Direct and Overlapping Governmental Activities Debt
 As of December 31, 2007

<u>Jurisdiction</u>	<u>Debt outstanding (2)</u>	<u>Estimated percentage applicable (1)</u>	<u>Estimated share of overlapping debt</u>
Bossier Parish	\$ 38,295,000	73.86%	\$ 28,284,687
Bossier Parish School Board	40,240,000	73.86%	29,721,264
Subtotal overlapping debt			58,005,951
City direct debt			175,180,000
Total direct and overlapping debt			\$ 233,185,951

Source: (1) Bossier Parish Tax Assessor

(2) Financial statements of applicable jurisdictions

Note:

Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the City. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of the City. This process recognizes that, when considering the government's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident and, therefore, responsible for repaying the debt, of each overlapping government.

(1) The percentage of overlapping debt applicable is estimated using taxable property values. Applicable percentages were estimated by determining the portion of the government's taxable assessed value that is within the City's boundaries and dividing it by the government's total taxable assessed value.

Unaudited – see accompanying independent auditors' report.

Table 15

CITY OF BOSSIER CITY, LOUISIANA
Legal Debt Margin Information
 Last Ten Fiscal Years

	Fiscal year									
	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Debt limit	\$ 85,070,573	89,725,559	103,822,873	103,701,112	108,152,356	110,098,384	127,348,323	135,716,963	144,698,729	148,641,066
Total net debt applicable	—	—	—	—	—	—	—	—	—	100,000,000
Legal debt margin	\$ 85,070,573	89,725,559	103,822,873	103,701,112	108,152,356	110,098,384	127,348,323	135,716,963	144,698,729	48,641,066
Total net debt applicable to the limit as a percentage of debt limit	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	67.30%

<u>Legal Debt Margin Calculation for Fiscal Year 2007:</u>	
Assessed value	\$ 424,688,760
Debt limit (35% of total assessed value for any one purpose)	148,641,066
Less general bonded debt	100,000,000
Legal debt margin	\$ 48,641,066

Note:

Total debt applicable to limit includes all general obligation bonds payable from assessed property taxes in their original principal amount outstanding. State law allows a maximum of 10% of assessed valuation for bonded debt for any one purpose. However, the 10% can be exceeded, if the aggregate issued for all purposes does not exceed 35% of the total assessed valuation.

Unaudited – see accompanying independent auditors' report.

Table 16

CITY OF BOSSIER CITY, LOUISIANA

Pledged Revenue Coverage

Last Ten Fiscal Years

	Utility Revenue Bonds					Sales Tax Bonds				
	Charges for services and other (1)	Less: operating expenses (1)	Net available revenue		Coverage	Sales taxes	Less: operating expenses (1)	Net available revenue		Coverage
			Principal	Interest				Principal	Interest	
2007	\$ 13,071,470	8,812,147	4,259,323	1,127,625	1.70	\$ 39,919,397	747,416	39,171,981	3,646,252	4.75
2006	13,054,202	8,893,595	4,160,607	1,215,681	1.64	38,487,287	744,110	37,743,177	3,160,039	4.98
2005	13,111,514	8,526,657	4,584,857	1,288,988	1.80	35,934,107	684,231	35,249,876	3,721,471	4.56
2004	11,664,125	7,867,197	3,796,928	1,315,880	1.50	32,606,975	696,840	31,910,135	3,871,175	4.13
2003	11,050,788	7,726,193	3,324,595	1,332,566	1.33	30,763,157	645,653	30,117,504	3,878,267	3.84
2002	10,942,886	6,878,647	4,064,159	903,059	1.77	29,893,353	551,648	29,341,705	3,046,832	4.32
2001	10,016,659	6,896,976	3,119,683	820,324	1.63	29,277,883	482,368	28,795,515	3,249,580	4.56
2000	10,694,230	6,237,520	4,456,710	884,293	2.29	27,499,793	441,888	27,057,905	3,415,507	4.28
1999	9,981,751	5,967,889	4,013,862	899,590	2.38	25,497,052	437,159	25,059,893	3,584,193	3.96
1998	10,574,654	5,975,922	4,598,732	773,380	3.04	23,930,939	359,679	23,591,260	2,786,991	5.01

Source: Details regarding the City's outstanding debt can be found in the notes to the financial statements.

Note:

(1) Charges for services and other includes miscellaneous revenues and investment earnings. Operating expenses do not include interest, depreciation and other nonoperating expenses.

(2) Operating expenditures of the sales tax department.

Unaudited - see accompanying independent auditors' report.

Table 17

CITY OF BOSSIER CITY, LOUISIANA
Demographic and Economic Statistics
Last Ten Fiscal Years

Fiscal year	Population	Estimated actual value of taxable property ⁽¹⁾	Personal Income ⁽⁵⁾	Per capita estimated actual value of taxable property	Median age ⁽³⁾	School enrollment ⁽²⁾	Unemployment rate ⁽⁴⁾
1998	57,533 ⁽³⁾	\$ 2,089,466,520	1,990,980,000	36,318	31.6	18,822	5.6%
1999	56,667 ⁽³⁾	2,176,533,580	2,110,550,000	38,409	31.6	18,787	5.0%
2000	56,466 ⁽⁴⁾	2,613,187,787	2,235,278,000	46,279	31.6	18,950	4.9%
2001	57,002 ⁽³⁾	2,690,417,219	2,339,423,000	47,199	31.6	18,933	6.7%
2002	57,075 ⁽³⁾	2,776,340,791	2,482,275,000	48,644	31.6	18,756	7.4%
2003	57,771 ⁽³⁾	2,821,226,996	2,606,502,000	48,835	33.8	18,878	6.3%
2004	58,241 ⁽³⁾	3,263,249,776	2,835,878,000	56,030	32.1	18,480	6.0%
2005	58,661 ⁽³⁾	3,391,817,696	2,947,369,000	57,821	32.1	17,750	5.3%
2006	60,279 ⁽³⁾	3,673,948,427	—	60,949	32.8	19,170	5.0%
2007	61,012 ⁽³⁾	3,657,672,047	—	59,950	32.1	19,202	5.2%

Sources:

- ⁽¹⁾ Bossier Parish Tax Assessor
- ⁽²⁾ Bossier Parish School Board
- ⁽³⁾ Center for Business Research, Louisiana State University in Shreveport
- ⁽⁴⁾ Per Census Bureau
- ⁽⁵⁾ Personal income data for Bossier Parish. Obtained from the Bureau of Economic Analysis at www.bea.gov. Personal income not available for 2006 and 2007

Unaudited – see accompanying independent auditors' report.

Table 18

CITY OF BOSSIER CITY, LOUISIANA

Principal Employers

For the years 2007 and 2003

Employer	2007		2003	
	Number of employees	Rank	Number of employees	Rank
Barksdale Air Force Base	9,165	1	8,743	1
Harrah's Horseshoe Casino and Hotel/ Harrah's Louisiana	3,000	2	2,554	2
Bossier Parish School Board	2,638	3	2,524	3
Isle of Capri Casino and Hotel of Bossier City	1,056	4	1,229	4
Boomtown Bossier City Casino and Hotel	850	5	—	—
City of Bossier City	820	6	730	6
Willis-Knighton Health System	760	7	648	8
McElroy Metal, Inc.	750	8	700	7
Wal-Mart Supercenter – Airline Drive	595	9	—	—
Bossier Parish Community College	545	10	540	10
Casino Magic Casino and Hotel	—	—	1,118	5
Harrah's Louisiana Downs, Inc.	—	—	645	9

Source: Bossier Chamber of Commerce: no new information available

Note:

2003 was the earliest year available.

Unaudited – see accompanying independent auditors' report.

Table 19

CITY OF BOSSIER CITY, LOUISIANA
Full-time Equivalent City Government Employees by Function
Last Ten Fiscal Years

Function	Full-time equivalent employees as of December 31									
	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
General government	78	84	89	92	90	98	96	102	98	102
Public safety:										
Police	184	196	192	196	205	212	228	239	238	238
Fire	171	177	189	187	199	199	224	218	221	213
Highways and streets	45	43	37	46	48	48	46	48	49	50
Engineering	19	18	19	16	16	20	21	22	22	21
Permits/inspections	13	13	12	12	12	12	12	12	13	14
Culture and recreation	27	27	28	24	27	29	28	29	30	32
City court and marshal	23	23	23	24	26	25	26	27	27	29
Water and sewerage	56	56	56	57	61	61	63	58	59	60
Sanitation	49	51	54	53	51	57	59	58	60	61
Total	\$ 665	688	699	707	735	761	803	813	817	820

Source: Personnel Department of the City

Unaudited - see accompanying independent auditors' report.

Table 20

CITY OF BOSSIER CITY, LOUISIANA

Operating Indicators by Function

Last Ten Fiscal Years

Function	Full-time equivalent employees as of December 31									
	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Police:										
Physical arrests	7,447	7,090	7,849	8,467	7,169	7,591	7,621	8,049	8,463	9,474
Traffic violations	8,032	7,753	8,402	7,833	7,469	8,749	11,510	9,721	16,900	22,271
Fire:										
Number of calls answered	1,618	1,704	1,816	1,829	1,812	1,684	1,876	2,127	2,044	2,053
Inspections (1)	718	809	131	1,227	1,979	2,204	2,267	2,419	2,462	2,644
Highways and streets:										
Street resurfacing (miles)	—	—	2.18	1.72	4.36	3.44	1.62	1.62	0.80	2.20
Culture and recreation:										
Athletic field permits issued (1)	—	—	—	—	17	18	18	22	23	17
Civic center events	187	213	235	222	237	242	221	202	188	205
Civic center use days	280	350	343	357	339	354	382	313	315	353
Water and sewerage:										
New connections (1)	—	—	—	—	—	4,260	4,608	5,080	4,859	4,789
Water main breaks (1)	—	—	219	145	135	123	87	156	198	133
Average daily consumption (millions of gallons) (1)	—	—	9.60	9.50	9.54	10.45	10.65	12.47	13.27	12.47
Average daily sewage treatment (millions of gallons) (1)	—	—	8.22	10.64	9.64	8.69	10.61	9.34	8.18	9.45
EMS:										
Number of emergency responses	4,889	4,884	5,302	5,355	5,913	6,088	6,766	6,930	7,040	6,636
Number of patient transports (1)	—	—	—	—	—	—	—	5,413	5,319	5,040
Sanitation:										
Refuse collected (tons/day) (1)	—	—	—	—	84.10	78.50	83.99	84.88	80.55	84.33
Recyclables collected (tons/day) (1)	—	—	—	—	2.88	2.93	0.81	0.91	0.84	0.96

Source: Various City departments

Note:

(1) Information was not available for ten years of reporting, but will be accumulated over time as it becomes available.

Unaudited - see accompanying independent auditors' report.

Table 21

CITY OF BOSSIER CITY, LOUISIANA
Capital Asset Statistics by Function
Last Ten Fiscal Years

Function	Full-time Equivalent Employees as of December 31									
	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Public safety:										
Police:										
Stations (includes training facility)	2	2	2	2	2	2	2	2	2	3
Patrol units (2)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	153
Fire stations	8	8	9	9	9	9	9	9	9	9
Sanitation:										
Collection trucks (1)	—	—	—	—	—	—	—	—	—	—
Highways and streets:										
Streets (miles) (2)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	334.55
Streetlights (2)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	9,321
Traffic signals (2)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	71
Culture and recreation:										
Parks acreage	310.94	310.94	310.94	310.94	309.35	273.99	328.99	328.99	328.99	328.99
Parks	21	21	21	21	18	17	18	18	18	18
Swimming pools	3	3	3	3	3	3	3	3	3	3
Tennis courts	15	15	15	15	12	12	12	12	24	24
Civic centers	1	1	1	1	1	1	1	1	1	1
Community centers (2)	N/A	N/A	N/A	N/A	3	3	3	3	3	3
Water and sewerage:										
Water mains (miles) (2)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	341.10
Fire hydrants (2)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	2,627	2,637
Maximum daily capacity (millions of gallons) (2)	25	25	25	25	25	25	25	25	25	25
Sanitary sewers (miles) (2)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	236.61	248.49
Storm sewers (miles) (2)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	63.55	64.19
Maximum daily treatment capacity (millions of gallons)	12	12	14	14	14	14	14	14	14	14

Source: Various City departments

Note:

- (1) The City contracts out sanitation to the City of Shreveport and does not own any capital assets related to sanitation
 (2) Information was not available for ten years of reporting, but will be accumulated over time as it becomes available

Unaudited – see accompanying independent auditors' report.

Table 22

CITY OF BOSSIER CITY, LOUISIANA
Compensation Paid to City Council Members
December 31, 2007

City Council Member	
Jeffery Darby	\$ 11,354
Scott Irwin	10,800
David Jones	10,800
Timothy Larkin	11,466
David Montgomery	10,800
James Rogers	10,800
Don Williams	10,800
	<hr/>
	\$ 76,820

Unaudited – see accompanying independent auditors' report.



CITY OF BOSSIER CITY, LOUISIANA

OMB Circular A-133 Reports

December 31, 2007

(With Independent Auditors' Reports Thereon)

CITY OF BOSSIER CITY, LOUISIANA

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

**Independent Auditors' Report on Internal Control over Financial Reporting and
on Compliance and Other Matters Based on an Audit of Financial Statements
Performed in Accordance with *Government Auditing Standards***

The Honorable Lorenz Walker, Mayor,
and Members of the City Council
City of Bossier City, Louisiana:

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, the aggregate remaining fund information, each nonmajor governmental, nonmajor enterprise, and internal service fund of the City of Bossier City, Louisiana (the City) as of and for the year ended December 31, 2007, and have issued our report thereon dated April 11, 2008. Our report was modified to include a reference to other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Other auditors audited the financial statements of the Bossier Public Trust Financing Authority, the Bossier City Court, and the Bossier City Marshal, as described in our report on the City's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors. The financial statements of the Bossier Public Trust Financing Authority were not audited in accordance with *Government Auditing Standards*.

Internal Control over Financial Reporting

In planning and performing our audit, we considered the City's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain matters that we reported to management of the City in a separate letter dated April 11, 2008.

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

KPMG LLP

April 11, 2008



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

**Independent Auditors' Report on Compliance with Requirements Applicable to its
Major Program and on Internal Control over Compliance in Accordance with
OMB Circular A-133 and on the Schedule of Expenditures of Federal Awards**

The Honorable Lorenz Walker, 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 (the City) 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, 2007. The City'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's management. Our responsibility is to express an opinion on the City's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City'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's compliance with those requirements.

In our opinion, the City 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, 2007. However, the results of our auditing procedures disclosed instances of noncompliance with those requirements, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings and questioned costs as items 07-1 and 07-2.

Internal Control over Compliance

The management of the City 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's internal control over compliance, with the 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, but

not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in the City's internal control that might be significant deficiencies or material weaknesses as defined below. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be significant deficiencies.

A control deficiency in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 07-1 and 07-2 to be significant deficiencies.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control. We did not consider any of the deficiencies described in the accompanying schedule of findings and questioned costs to be material weaknesses.

The City's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit the City's response, and accordingly, we express no opinion on it.

Schedule of Expenditures of Federal Awards

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, the aggregate remaining fund information, each nonmajor governmental, nonmajor enterprise, and internal service fund of the City as of and for the year ended December 31, 2007, and have issued our report thereon dated April 11, 2008. Our report was modified to include a reference to other auditors. Our audit was performed for the purpose of forming our opinions on the financial statements that collectively comprise the City's basic financial statements. 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 basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

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

KPMG LLP

April 11, 2008

CITY OF BOSSIER CITY, LOUISIANA
Schedule of Expenditures of Federal Awards
Year ended December 31, 2007

<u>Federal grantor/pass-through grantor/program or cluster</u>	<u>Federal CFDA number</u>	<u>Grant or Pass-through number</u>	<u>Federal expenditures</u>
U.S. Department of Housing and Urban Development			
Direct programs:			
Community Development Block Grant	14.218	N/A	\$ 791,195
Emergency Shelter Grants Program	14.231	N/A	<u>38,145</u>
Total U.S. Department of Housing and and Urban Development			<u>829,340</u>
U.S. Department of Justice			
Direct programs:			
Organized Crime Drug Enforcement Task Force	16.XXX	166E-N0-54661	31,728
Passed-through Louisiana Commission on Law Enforcement:			
Domestic Violence	16.588	M06-1-003	28,748
Local Law Enforcement	16.592	2003-LB-Bx-0849	41,735
Internet Crimes Against Children	16.XXX	N/A	9,558
Bulletproof Vest Program	16.607	5026281	12,380
Fugitive Apprehension Strike Team	16.XXX	N/A	659
Operation Falcon – Nationwide Fugitive Round-up	16.XXX	N/A	<u>1,022</u>
Total U.S. Department of Justice			<u>125,830</u>
U.S. Department of Transportation			
Federal Highway Administration – Passed-through			
Louisiana Department of Transportation – Highway			
Planning and Construction:			
Hamilton Road Improvements	20.205	742-08-0003	6,041
U.S. Department of Homeland Security			
Passed-through Louisiana Department of Public			
Safety and Services:			
Law Enforcement Terrorism Prevention			
Program	97.074	FY05-LETP	<u>5,527</u>
			<u>11,568</u>
Total expenditures of federal awards			<u>\$ 966,738</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, 2007

(1) Basis of Presentation

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

(2) Subrecipients

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

<u>Program title</u>	<u>Federal CFDA number</u>	<u>Amount provided to subrecipients</u>
Community Development Block Grant	14.218	\$ 94,254

CITY OF BOSSIER CITY, LOUISIANA

Schedule of Findings and Questioned Costs

Year ended December 31, 2007

Section 1 – Summary of Auditor's Results

Basic Financial Statements

Type of report issued: unqualified opinion

Internal control over financial reporting:

- Material weaknesses identified? No
- Significant deficiencies identified that are not considered to be material weaknesses? None reported

Noncompliance material to basic financial statements noted? No

Federal Awards

Internal control over major programs:

- Material weaknesses identified? No
- Significant deficiencies in internal control over major programs? Yes

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

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

Identification of major programs:

CFDA number

Name of federal program or cluster

14.218

Department of Housing and Urban Development –
Community Development Block Grant

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

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

CITY OF BOSSIER CITY, LOUISIANA

Schedule of Findings and Questioned Costs

Year ended December 31, 2007

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

None

Section 3 – Federal Award Findings and Questioned Costs

Item: 07-1

Grant: Community Development Block Grant

CFDA Number: 14.218

Grant Numbers: N/A

Pass-Through Agency: Not applicable – Direct Program

Criteria: Subrecipient Monitoring

Type of Finding: Noncompliance and Significant Deficiency

Specific Requirement: Before disbursing any CDBG funds to a subrecipient, the recipient shall sign a written agreement with the subrecipient. The agreement shall include provisions concerning: the statement of work, records and reports, program income, and uniform administrative requirements (24 CFR Section 570.503).

Condition Found: We examined files for nine subrecipients which represented 100% of the subrecipients for the CDBG program. At the time of our audit and after funds had been disbursed, we noted there was no signed written agreement in the file for one subrecipient, the Low Income Sports Program. Subsequently, the City obtained a signed written agreement and based upon our review we determined it contained all the required components.

Questioned Costs: \$6,030, which represents the total grant funds paid to the subrecipient.

Effect: The City was not in compliance with subrecipient monitoring.

Cause: Internal Control procedures were ineffective to review the files for complete documentation.

Recommendation: We recommend the City's review process be strengthened to include a review of each subrecipient file to ensure all required documentation is include prior to disbursing any funds.

Management's Response:

- A) Name of Contact Responsible – Robert Brown / Kay Jackson
- B) Corrective Action Planned – The Department's review process has been strengthened by adding the requirement that a copy of the signed agreement be submitted for review with the 1st request for payment for each subrecipient.
- C) Anticipated Completion Date – May 21, 2008

CITY OF BOSSIER CITY, LOUISIANA

Schedule of Findings and Questioned Costs

Year ended December 31, 2007

Item: 07-2

Grant: Community Development Block Grant

CFDA Number: 14.218

Grant Numbers: N/A

Pass-Through Agency: Not applicable – Direct Program

Criteria: Allowable Costs

Type of Finding: Noncompliance and Significant Deficiency

Specific Requirement: Where employees work solely on a single Federal award or cost objective, charges for their salaries and wages must be supported by periodic certifications that the employees worked solely on that program for the period covered by the certification. These certifications must be prepared at least semiannually and signed by an employee or supervisory official having first hand knowledge of the work performed by the employee.

Condition Found: We examined the certifications for the three CDBG employees. However, each certification was dated January 16, 2008.

Questioned Costs: None

Effect: The City did not complete the certification periodically as required.

Cause: Unknown

Recommendation: We recommend the City implement procedures to ensure the certifications are done timely with respect to the period covered by the certification.

Management's Response:

- A) Name of Contact Responsible – Robert Brown
- B) Corrective Action Planned – The City has implemented procedures to ensure that the certifications are prepared semi-annually. The requirement has been placed on all internal schedules and calendars.
- C) Anticipated Completion Date – May 21, 2008



KPMG LLP
Suite 1900
333 Texas Street
Shreveport, LA 71101-3682

April 11, 2008

CONFIDENTIAL

The Honorable Lorenz "Lo" Walker, 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, 2007, and have issued our report thereon dated April 11, 2008. 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, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

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:

Information Technology Controls – Access to Programs and Data – Formal user access reviews are not performed regularly or documented to support the review. Controls should be in place to ensure that monitoring of user access rights and active users are performed periodically. Additionally, segregation of duties reviews are not formally performed or documented. Controls should ensure that segregation of duties conflicts do not exist for users having access to multiple system profiles or transactions.

Management's Response – We will implement a formal review process whereby users are reviewed quarterly to confirm all users are still appropriate and to confirm segregation of duties are being followed.

Financial Reporting Process – The audit engagement team has noted that significant progress has been made over the past year with respect to improving the financial reporting process. However, the City should continue to refine its financial reporting process in order to reduce reliance on the external auditors to bring year-end procedural matters to the attention of the accounting department. This includes ensuring all period end adjustments are identified and made by the City.

Management's Response – The accounting department will continue to refine year-end procedural matters to ensure all period end adjustments are identified and processed to further reduce the reliance on the external auditors.

Arena Fund Budget – State budget laws require the chief executive officer to notify in writing the governing authority during the year when actual revenues fail to meet total budgeted revenues by 5% or more. For the year ended December 31, 2007, revenues of the Arena Fund of the City failed to meet budgeted revenues by 5.77% and written notification to the City Council was not completed. While this issue does represent noncompliance with state law, we determined that the noncompliance was not

The Honorable Lorenz "Lo" Walker, Mayor
and Members of the City Council
City of Bossier City
April 11, 2008
Page 2

material to the financial statements of the City as the revenues were under the 5% threshold by approximately \$23,000, and therefore, we did not report this as a finding in our report on compliance. We recommend the City implement procedures to monitor budget to actual for compliance with state laws.

Management's Response – The CenturyTel Center and the City are working on implementing a plan to stop this from reoccurring. The General Manager as well as the Director of Finance of the CenturyTel Center will study the budget versus the actual figures and alert the Director of Finance for the City of any possible issues at least 30 days prior to year end.

Arena Fund Personnel Action Forms – We noted through testwork performed that personnel action forms (PAF) are not being signed off. Out of a sample of 40 items tested, 33 had no evidence of the General Manager's approval of the PAF. It was concluded that the review was being done through discussion with various personnel; however, we recommend that the General Manager review and approve each PAF and document this with a signature.

Management's Response – The CenturyTel Center is aware of the issue and has begun correcting this as quickly as possible. All new PAFs are being signed by the General Manager and this has been added to Human Resources duties. Also, all older PAFs that were not properly signed are being reviewed and updated to comply with the established policies.

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

The City's responses to our comments and recommendations are documented above. We did not audit the City's responses and, accordingly, we express no opinion on them.

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

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

Very truly yours,

KPMG LLP



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

April 11, 2008

The Honorable Lorenz "Lo" Walker, Mayor
and Members of the City Council
City of Bossier City, Louisiana

Ladies and Gentlemen:

We have audited the financial statements of the City of Bossier City, Louisiana (the City) as of and for the year ended December 31, 2007, and expect to issue our report thereon under date of April 11, 2008. Under our professional standards, we are providing you with the accompanying information related to the conduct of our audit.

Our Responsibility Under Professional Standards

We are responsible for forming and expressing an opinion about whether the financial statements, that have been prepared by management with the oversight of the City Council, are presented fairly, in all material respects, in conformity with U.S. generally accepted accounting principles. We have a responsibility to perform our audit of the financial statements in accordance with professional standards. In carrying out this responsibility, we planned and performed the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether caused by error or fraud. Because of the nature of audit evidence and the characteristics of fraud, we are to obtain reasonable, not absolute, assurance that material misstatements are detected. We have no responsibility to plan and perform the audit to obtain reasonable assurance that misstatements, whether caused by error or fraud, that are not material to the financial statements are detected. Our audit does not relieve management or the City Council of their responsibilities.

In addition, in planning and performing our audit of the financial statements, we considered internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

We also have a responsibility to communicate significant matters related to the financial statement audit that are, in our professional judgment, relevant to the responsibilities of the City Council in overseeing the financial reporting process. We are not required to design procedures for the purpose of identifying other matters to communicate to you.

The Honorable Lorenz "Lo" Walker, Mayor
and Members of the City Council
City of Bossier City, Louisiana
April 11, 2008
Page 2

Other Information in Documents Containing Audited Financial Statements

Our responsibility for other information in documents containing the City's financial statements and our auditors' report thereon does not extend beyond the financial information identified in our auditors' report, and we have no obligation to perform any procedures to corroborate other information contained in these documents. We have, however, read the other information included in the City's annual report, and no matters came to our attention that cause us to believe that such information, or its manner of presentation, is materially inconsistent with the information, or manner of its presentation, appearing in the financial statements.

Accounting Practices and Alternative Treatments

Significant Accounting Policies

The significant accounting policies used by the City are described in Note 1 to the financial statements.

Unusual Transactions

We noted no transactions entered into by the City that were both significant and unusual and that, under professional standards, we are required to inform you of, or transactions for which there is a lack of authoritative guidance or consensus.

Qualitative Aspects of Accounting Practices

We have discussed with the City Council and management our judgments about the quality, not just the acceptability, of the City's accounting principles as applied in its financial reporting. The discussions generally included such matters as the consistency of the City's accounting policies and their application, and the understandability and completeness of the City's financial statements, which include related disclosures.

Management Judgments and Accounting Estimates

The preparation of the financial statements requires management of the City to make a number of estimates and assumptions relating to the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period.

Management's estimate of the allowance for doubtful accounts receivable in its general and enterprise funds, the estimate of claims payable in the insurance funds, and the liability for litigation claims for governmental activities in the government-wide financial statements are based primarily on an analysis of historical trends and knowledge of certain accounts. We evaluated the key factors and assumptions used to develop the allowance in determining that these allowances are reasonable in relation to the financial statements of the City taken as a whole.

The Honorable Lorenz "Lo" Walker, Mayor
and Members of the City Council
City of Bossier City, Louisiana
April 11, 2008
Page 3

Uncorrected and Corrected Misstatements

In connection with our audit of the City's financial statements, we have not identified any significant financial statement misstatements that have not been corrected in the City's books and records as of and for the year ended December 31, 2007 and have communicated that finding to management.

Also, during the course of our audit, we identified certain misstatements that in our judgment could have a significant impact on the City's financial reporting process. Specifically, we proposed several corrections as described in the attached "Summary of Corrected Audit Differences", which have been recorded by the City. The corrections were not considered material in relation to the financial statements taken as a whole; however, such adjustments may impact periodic reporting through the financial reporting system.

Disagreements with Management

There were no disagreements with management on financial accounting, internal control over financial reporting, and reporting matters that, if not satisfactorily resolved, would have caused a modification of our auditors' report on the City's financial statements or on the effectiveness of internal control over financial reporting.

Material Written Communications

Attached to this letter please find a copy of the management representation letter which is the only material written communication between management and us.

This letter to the Mayor and Members of the City Council is intended solely for the information and use of the Mayor and Members of the City Council, management, 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

April 11, 2008

BOSSIER CITY, LOUISIANA 71171-5337

KPMG LLP

333 Texas Street, Suite 1900

Shreveport, LA 71101

Ladies and Gentlemen:

We are providing this letter in connection with your audit of the financial statements of the City of Bossier City, Louisiana, as of and for the year ended December 31, 2007, for the purpose of expressing an opinion as to whether the financial statements present fairly the financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, each nonmajor governmental fund, each nonmajor enterprise fund, each internal service fund and each fiduciary fund of the City of Bossier City, Louisiana (City), and the respective changes in financial position and cash flows, where applicable, in conformity with U.S. generally accepted accounting principles. We confirm that we are responsible for the fair presentation in the financial statements of financial position, changes in financial position, and cash flows in conformity with U.S. generally accepted accounting principles. We are also responsible for establishing and maintaining effective internal control over financial reporting. Further, we understand that the purpose of your testing of transactions and records from the City's federal programs (A-133 audit) was to obtain reasonable assurance that the City had complied, in all material respects, with the requirements of laws, regulations, contracts, and grants that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2007.

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in the light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement.

We confirm, to the best of our knowledge and belief, the following representations made to you during your audit:

1. The financial statements referred to above are fairly presented in conformity with U.S. generally accepted accounting principles.

2. We have made available to you:
 - a. All financial records and related data.
 - b. All minutes of the meetings of the City Council, or summaries of actions of recent meetings for which minutes have not yet been prepared.
3. Except as disclosed to you in writing, there have been no communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices.
4. There are no:
 - a. Violations or possible violations of laws or regulations and provisions of contracts and grant agreements, whose effects should be considered for disclosure in the financial statements or as a basis for recording a loss contingency, or for auditor reporting on noncompliance.
 - b. Unasserted claims or assessments that our lawyers have advised us are probable of assertion and must be disclosed in accordance with Statement of Financial Accounting Standards (SFAS) No. 5, *Accounting for Contingencies*.
 - c. Other liabilities or gain or loss contingencies that are required to be accrued or disclosed by SFAS No. 5
 - d. Material transactions, for example, grants or encumbrances, that have not been properly recorded in the accounting records underlying the financial statements.
 - e. Events that have occurred subsequent to the date of the statement of financial position and through the date of this letter that would require adjustment to or disclosure in the financial statements.
5. We acknowledge our responsibility for the design and implementation of programs and controls to prevent, deter and detect fraud. We understand that the term "fraud" includes misstatements arising from fraudulent financial reporting and misstatements arising from misappropriation of assets.
6. We have no knowledge of any fraud or suspected fraud affecting the entity involving:

- a. Management
 - b. Employees who have significant roles in internal control over financial reporting, or
 - c. Others where the fraud could have a material effect on the financial statements.
7. We have no knowledge of any allegations of fraud or suspected fraud affecting the entity received in communications from employees, former employees, analysts, regulators, short sellers, or others.
8. The City has no plans or intentions that may materially affect the carrying value or classification of assets and liabilities.
9. We have no knowledge of any officer of the City or member of the City Council, or any other person acting under the direction thereof, having taken any action to fraudulently influence, coerce, manipulate or mislead you during your audit.
10. The following have been properly recorded or disclosed in the financial statements:
 - a. Related party transactions including sales, purchases, loans, transfers, leasing arrangements, guarantees, ongoing contractual commitments and amounts receivable from or payable to related parties.
 - b. Guarantees, whether written or oral, under which the City is contingently liable.
 - c. Arrangements with financial institutions involving compensating balances or other arrangements involving restrictions on cash balances and lines of credit or similar arrangements.
 - d. Agreements to repurchase assets previously sold, including sales with recourse.
 - e. Changes in accounting principle affecting consistency.
 - f. The existence of and transactions with joint ventures and other related organizations.

11. Capital assets, including infrastructure assets, are properly capitalized, reported and, if applicable, depreciated. There are no liens or encumbrances on such assets nor has any asset been pledged as collateral.
12. The City has complied, in all material respects, with applicable laws, regulations, contracts and grants that could have a material effect on the financial statements in the event of noncompliance.
13. Management is responsible for compliance with the laws, regulations, and provisions of contracts and grant agreements applicable to the City. Management has identified and disclosed to you all laws, regulations, and provisions of contracts and grant agreements that have a direct and material effect on the determination of financial statement amounts.
14. The City has identified and properly accounted for all nonexchange transactions.
15. We have disclosed to you all deficiencies in the design and operation of internal control over financial reporting of which we are aware, which could adversely affect the City's ability to initiate, authorize, record, process or report financial data. We have separately disclosed to you all such deficiencies that we believe to be significant deficiencies or material weaknesses in internal control over financial reporting as those terms are defined in Statement on Auditing Standards No. 112 *Communicating Internal Control Related Matters Identified in an Audit*.
16. Receivables reported in the financial statements represent valid claims against debtors arising on or before the date of the statement of net assets and have been appropriately reduced to their estimated net realizable value.
17. The following information about financial instruments with off-balance-sheet risk and financial instruments with concentrations of credit risk has been properly disclosed in the financial statements:
 - a. Extent, nature, and terms of financial instruments with off-balance-sheet risk;
 - b. The amount of credit risk of financial instruments with off-balance-sheet credit risk, and information about the collateral supporting such financial instruments; and

- c. Significant concentrations of credit risk arising from all financial instruments and information about the collateral supporting such financial instruments.
- 18. The City is responsible for determining the fair value of certain investments as required by GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*. The amounts reported represent the City's best estimate of fair value of investments required to be reported under the Statement. The City also has disclosed the methods and significant assumptions used to estimate the fair value of its investments, and the nature of investments reported at amortized cost.
- 19. We believe that all material expenditures that have been deferred to future periods will be recoverable.
- 20. Deposits and investment securities are properly classified and reported.
- 21. We believe that the actuarial assumptions and methods used to measure pension liabilities and costs for financial accounting purposes are appropriate in the circumstances.
- 22. The City has no:
 - a. Commitments for the purchase or sale of services or assets at prices involving material probable loss.
 - b. Material amounts of obsolete, damaged, or unusable items included in the inventories at greater than salvage values.
 - c. Loss to be sustained as a result of other-than-temporary declines in the fair value of investments.
- 23. Expenses have been appropriately classified in or allocated to functions and programs in the statement of activities, and allocations have been made on a reasonable basis.
- 24. Revenues are appropriately classified in the statement of activities within program revenues, general revenues, contributions to term or permanent endowments, or contributions to permanent fund principal.
- 25. The City has identified and made the appropriate disclosures for all derivative instruments not reported at fair value in the financial statements in accordance with GASB Technical

Bulletin 03-1, Disclosure Requirements for Derivatives Not Reported at Fair Value on the Statement of Net Assets.

26. We have received opinions of counsel upon each issuance of tax-exempt bonds that the interest on such bonds is exempt from federal income taxes under section 103 of the Internal Revenue Code of 1986, as amended. There have been no changes in the use of property financed with the proceeds of tax-exempt bonds, or any other occurrences, subsequent to the issuance of such opinions, that would jeopardize the tax-exempt status of the bonds. Provision has been made, where material, for the amount of any required arbitrage rebate.
27. We do not have any accounting policies and practices we have adopted that, if applied to significant items or transactions, would not be in accordance with U.S. generally accepted accounting principles (GAAP).
28. In accordance with *Government Auditing Standards*, we have identified to you the significant findings and recommendations from previous financial audits, attestation engagements, performance audits, or other studies related to the objectives of this audit and have accurately communicated to you the related corrective actions taken to address the findings.
29. KPMG assisted management in drafting the financial statements and notes. In accordance with *Government Auditing Standards*, we confirm that we accept responsibility for the financial statements and notes and that we are in a position to make informed judgments about them. We also confirm that we have:
 - a. Designated a qualified management-level individual to be responsible and accountable for overseeing the drafting of the financial statements and notes.
 - b. Established and monitored the performance of the drafting of the financial statements and notes to ensure it meets our objectives.
 - c. Made all decisions that involve management functions and accept full responsibility for such decisions.
 - d. Evaluated the adequacy of the financial statements and notes.
30. The City's reporting entity includes all entities that are component units of the City. Such component units have been properly presented as either blended or discrete. Investments

in joint ventures in which the City holds an equity interest have been properly recorded on the statement of net assets. The financial statements disclose all other joint ventures and other related organizations.

31. The financial statements properly classify all funds and activities.
32. Net asset components (invested in capital assets, net of related debt; restricted; and unrestricted) and fund balance reserves and designations are properly classified and, if applicable, approved.
33. The City has complied with all tax and debt limits and with all debt related covenants.
34. The City has presented all required supplementary information. This information has been measured and prepared within prescribed guidelines.
35. The City has complied with all applicable laws and regulations in adopting, approving and amending budgets.
36. The City has not elected to apply the option allowed in paragraph 7 of GASB Statement No. 20, *Accounting and Financial Reporting for Proprietary Activities*, to the enterprise funds.
37. All funds that meet the quantitative criteria in GASB Statement No. 34 for presentation as major are identified and presented as such, and all other funds that are presented as major are considered to be particularly important to financial statement users by management.
38. Interfund, internal and intra-entity activity and balances have been appropriately classified and reported.
39. Special and extraordinary items are appropriately classified and reported.
40. Management has reviewed, approved, and taken responsibility for accrual adjustments.
41. Management has a process to track the status of audit findings and recommendations.

42. Management has provided views on reported findings, conclusions, and recommendations, as well as management's planned corrective actions, for the report.
43. The City is responsible for complying, and has complied, with the requirements of OMB Circular A-133.
44. The City has prepared the schedule of expenditures of federal awards in accordance with the requirements of OMB Circular A-133 and has included all expenditures made during the year ended December 31, 2007 for all awards provided by federal agencies in the form of grants, federal cost-reimbursement contracts, loans, loan guarantees, property (including donated surplus property), cooperative agreements, interest subsidies, insurance, food commodities, direct appropriations, and other assistance.
45. The City is responsible for complying, and has complied, with the requirements of laws and regulations, and the provisions of contracts and grant agreements related to each of its federal programs. The City has disclosed to you any interpretations of any compliance requirements that have varying interpretations.
46. The City is responsible for establishing and maintaining, and has established and maintained, effective internal control over compliance for federal programs that provides reasonable assurance that federal awards are administered in compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a material effect on a federal program.
47. We have communicated to you all significant deficiencies and material weaknesses in the design or operation of internal control over compliance that we have identified which could adversely affect the City's ability to administer a major federal program in accordance with the applicable requirements of laws, regulations, and the provisions of

contracts and grant agreements. Under standards established by the American Institute of Certified Public Accountants, a "control deficiency" in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A "significant deficiency" is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control. A "material weakness" is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

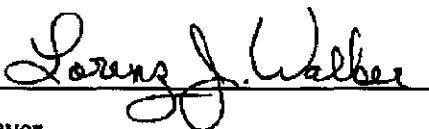
48. We acknowledge our responsibility for the design and implementation of programs and controls to prevent and detect fraud in the administration of federal programs. We have no knowledge of any fraud or suspected fraud affecting the entity's federal programs involving:
 - a. Management, including management involved in the administration of federal programs
 - b. Employees who have significant roles in internal control over the administration of federal programs
 - c. Others where the fraud could have a material effect on compliance with laws and regulations, and provisions of contract and grant agreements related to its federal programs.
50. The City has identified and disclosed to you the requirements of laws, regulations, and the provisions of contracts and grant agreements that are considered to have a direct and material effect on each major federal program.
51. The City has made available all contracts and grant agreements (including amendments, if any) and any other correspondence with federal agencies or pass-through entities related to major federal programs.

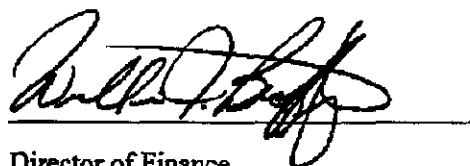
52. The City has identified and disclosed to you all questioned costs and any known noncompliance with the requirements of federal awards, including the results of other audits or program reviews.
53. The City has made available all documentation related to the compliance requirements, including information related to federal financial reports and claims for advances and reimbursements for major federal programs.
54. The City is in compliance with documentation requirements contained in OMB Circular A-87, "Cost Principles for State, Local and Tribal Governments" for all costs charged to federal awards, including both direct costs and indirect costs charged through cost allocation plans or indirect cost proposals. Costs charged to federal awards are considered allowable under the applicable cost principles contained in OMB Circular A-87.
55. Federal financial reports and claims for advances and reimbursements are supported by the accounting records from which the financial statements have been prepared.
56. The copies of federal financial reports provided to you are true copies of the reports submitted, or electronically transmitted, to the federal agency or pass-through entity, as applicable.
57. If applicable, the City has monitored subrecipients to determine that they have expended pass-through assistance in accordance with applicable laws and regulations and have met the requirements of OMB Circular A-133. If applicable, the City has issued management decisions on a timely basis after receipt of subrecipient audit reports that identified non-compliance with laws, regulations, or the provisions of contracts or grant agreements and has ensured that subrecipients have taken appropriate and timely corrective action on such findings.
58. If applicable, the City has considered the results of subrecipient audits and has made any necessary adjustments to its own accounting records.
59. The City is responsible for, and has accurately prepared, the summary schedule of prior audit findings to include all findings required to be included by OMB Circular A-133.

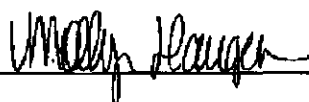
60. If applicable, the City has provided you with all information on the status of the follow-up on prior audit findings by federal awarding agencies and pass-through entities, including all management decisions.
61. The City has accurately completed Part I of the data collection form.
62. The City has advised you of all contracts or other agreements with service organizations.
63. If applicable, the City has disclosed to you all communications from its service organizations relating to noncompliance at the service organizations.
64. The City has disclosed any known noncompliance occurring subsequent to the period for which compliance is audited.
65. The City has disclosed whether any changes in internal control over compliance or other factors that might significantly affect internal control, including any corrective action taken by management with regard to significant deficiencies (including material weaknesses), have occurred subsequent to the date as to which compliance is audited.

Very truly yours,

City of Bossier City


Mayor


Director of Finance


Comptroller

City of Bossier City
Summary of Corrected Audit Differences
For year ended 12/31/2007

Accounts and Description	Debit	(Credit)	Income effect Debit / (Credit)	Type of Error Known Audit Difference (KD) or Most Likely Audit Difference (MLD)
Firemen's Pension and Relief Fund:				
Interest Income Accrued Interest Receivable <i>To reverse prior year accrued interest</i>	62,375	62,375	62,375	KD
Accrued Interest Receivable Interest Income <i>To record current year accrued interest</i>	157,758	157,758	(157,758)	KD
Interest Income Accrued Interest Purchased <i>To properly record prepaid expense at 12/31/07.</i>	29,117	29,117	29,117	KD
Accrued Interest Receivable Accrued Interest Purchased <i>To properly state accrued interest receivable</i>	30,423	30,423	-	KD
Policemen's Pensions and Relief Fund				
Interest Income Accrued Interest Purchased	6,429	6,429	6,429	KD
Interest Income Accrued Interest Receivable	126,372	126,372	126,372	KD
Accrued Interest Receivable Interest Income	66,831	66,831	(66,831)	KD
Fund Balance Accrued Interest Purchased Sales Taxes Interest Income Due from Other Funds <i>Reverse p/y AJE's recorded incorrectly</i>	65,814 12,377	12,073 42,097 24,021	(12,073) (42,097)	KD
CenturyTel Arena Fund				
Promoter Team Share Concessionaire Share <i>To correct miscoding of revenue</i>	94,612	94,612	-	KD
Heating Fuel A/P Control <i>To accrue for liabilities not recorded/expensed in the proper period</i>	18,076	18,076	(18,076)	KD
Incentive Fee A/P SMG Corporate <i>To record the incentive fee due SMG Corporate based on operating results</i>	19,664	19,664	(19,664)	KD
City of Bossier				
Accounts Receivable Water/Sewer/EMS/Sanitation Charges <i>To properly record unbilled revenues at 12/31/07.</i>	193,709	193,709	(193,709)	KD
Property Tax Revenue Deferred Revenue <i>To properly record property tax revenue at 12/31/07.</i>	266,249	266,249	266,249	KD
Insurance Expense Prepaid Expense <i>To properly record prepaid expense at 12/31/07.</i>	50,366	50,366	50,366	KD

CITY OF BOSSIER CITY, LOUISIANA
SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS
YEAR ENDED DECEMBER 31, 2007

Single Audit Findings:

06-1

Status: Corrective action was taken

Management letter (City):

Information Technology Controls – Access to Programs and Data – Timely terminated user access removal

Status: Corrective action was taken

Information Technology Controls – Access to Programs and Data – Enhanced IT Security Procedures

Status: Corrective action was taken

Information Technology Controls – Program Change

Status: Corrective action was taken

Cash collections

Status: Corrective action was taken

Year end accruals

Status: Corrective action was taken

Capital assets

Status: Corrective action was taken

Investment policy

Status: Corrective action was taken

Tax reconciliations

Status: Corrective action was taken

Federal programs

Status: Corrective action was taken

Civic center

Status: Corrective action was taken

Management letter (Arena):

Cross training

Status: Corrective action was taken

Concession reports

Status: Corrective action was taken

ADP Reconciliations

Status: Corrective action was taken

Personnel action forms

Status: Exceptions were noted in the 2007 audit see current year management letter comment

Note: all findings were initially reported in fiscal 2006