

Comprehensive Annual Financial Report



of the
City of Ruston, Louisiana
For the Year Ended September 30, 2017

Mayor
Ronny Walker

Prepared by the
Finance Department
Laura Hartt, Treasurer

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**CITY OF RUSTON, LOUISIANA
ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2017**

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INTRODUCTORY SECTION



Mayor Ronny Walker

Board of Aldermen

Carolyn Cage • District 1

Angela Mayfield • District 2

Jedd Lewis • District 3

Jim Pearce • District 4

Bruce Siegmund • District 5

March 30, 2018

Mayor Ronny Walker
Members of the City Council
City of Ruston, Louisiana

Mayor and Members of the City Council:

I am pleased to submit the Comprehensive Annual Financial Report for the year ended September 30, 2017. The financial statements were prepared in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted government auditing standards by a firm of licensed certified public accountants. I believe this report presents comprehensive information about the City's financial and operating activities during fiscal year 2017 that is useful to taxpayers, citizens, and other interested persons.

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

In accordance with the Lawrason Act, 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 Cameron, Hines & Company, APAC 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 September 30, 2017, 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 unqualified opinions that the City's financial statements for the fiscal year ended September 30, 2017,

are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

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

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

Profile of the City of Ruston

The City of Ruston was incorporated in 1898. It is located in North Central Louisiana at the cross roads of U.S. Highway 167, Interstate 20 and U.S. Highway 80, approximately thirty-five miles south of Arkansas. Ruston is the seat of Lincoln Parish. The current area of the City is approximately 21 square miles.

The City of Ruston has been organized under a Mayor – Board of Aldermen form of government. There is a five member board, with each member selected for four year terms from separate wards 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, electric, telecommunications, water, and sewer services, airports, ambulance, recreational activities, general administration functions, and others.

These financial statements present the City of Ruston (the primary government) and its component units. The component units are included in the City's reporting entity because of the significance of their operational or financial relationships with the City. Included as discretely presented component units is the financial data for the City Judge's Office and the City Marshal. 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. The Treasurer's Office compiles for the Mayor estimates of revenues and requests for appropriations of the annual budget. Before August 31, the Mayor's budget is submitted to the Council for possible revision and adoption. The Council conducts a public hearing on the budget, which must be adopted by September 30 to become effective October 1.

State law provides that in no event shall the total appropriations exceed total anticipated revenues taking into account the estimated surplus or deficit at the end of the current fiscal year. Budgets may be amended during the year with Council approval.

Budgetary control is exercised at the departmental object level, with the exception of salaries, regular and overtime, which are at the line item level. Formal budgetary integration and encumbrance accounting are employed as management control devices during the year.

Local economy. The City of Ruston and Lincoln Parish have experienced steady population growth from 1970 to 2017 with approximately 22,370 City residents and 47,700 parish residents. The past two years have been a period of extraordinary population growth, as evidenced by the sharp increase in new home construction.

The Tax Increment District continues to provide an economic growth base for the City and parish, and the new commercial activities have increased the sales tax revenue of the City. Fiscal year 2018 promises to bring even more growth in this area with a new shopping center planned for the upcoming year.

Louisiana Tech University is still a mainstay in the local economy both as the major employer of the area and as a strong partner in the development efforts of the community. With our relationship with Louisiana Tech, Ruston is positioned to be a key player in the technology sector development along the I-20 corridor in the near future. The City of Ruston provides many amenities while keeping a small town feel, attractive to many executives and families relocating to the area for technology employment.

Long-term financial planning. Recently, sales taxes revenues have maintained the same level as the previous year. In the General Fund, sales taxes represent 57.6% of the revenues and transfers in. Because of the increasing trends in retirement costs and health insurance, difficulty to balance the budget will exist now and in the future.

Cash management policies and practices. Cash temporarily idle during the year was invested in certificates of deposit, or obligations of the U.S. Treasury. The maturities of the investments range from 90 days to two years.

The City's investment policy is to exercise 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. All of the investments held by the City are classified in the category of lowest risk. State statutes require that all public funds should be insured or collateralized. The City's policy is not to have uninsured/uncollateralized funds which it controls.

Risk management. The City partially retains the risk for property, liability, workers compensation, and general health insurance. As part of this comprehensive plan, resources are being accumulated in the respective 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 as well as random drug screening for current employees, and pre-employment physicals have been implemented to minimize accident-related losses. The City has third-party coverages subject to self-insured retentions which are more fully described in the notes to the financial statements.

Pension and other postemployment benefits. Substantially all employees of the City of Ruston are members of one of the following statewide retirement systems: Municipal Employees Retirement System of Louisiana (MERS), Statewide Firefighter's Retirement System (SFRS), or Municipal Police Employees Retirement System of Louisiana (MPERS). These systems are multiple employer (cost-sharing), public employee retirement systems (PERS), controlled and administered by separate State appointed board of trustees. Additional information on the City's pension arrangements and postemployment benefits can be found in the notes to the financial statements.

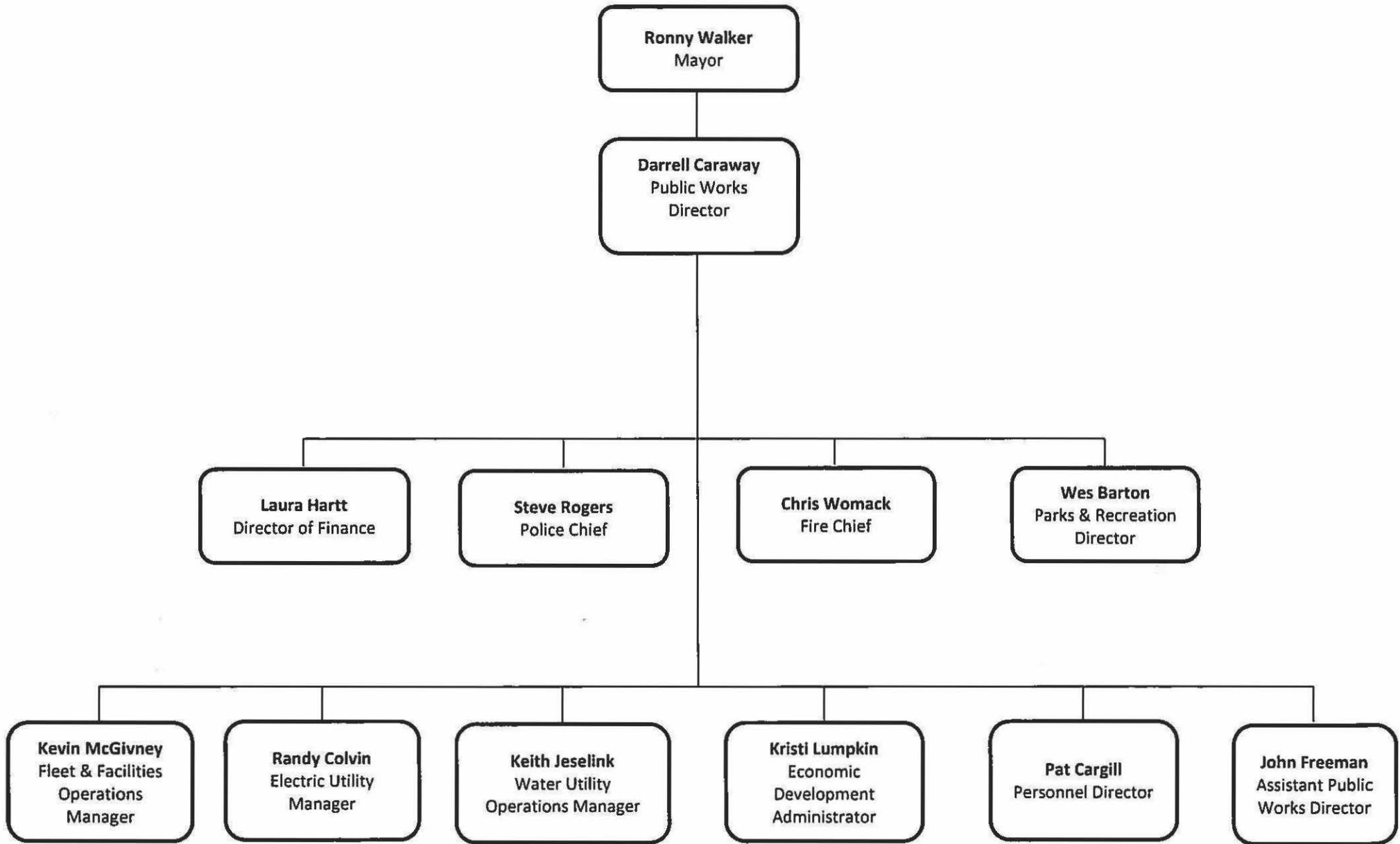
The preparation of this report would not have been possible without the efficient and dedicated services of the entire staff of the Finance Department. We would like to express our appreciation to all members of the department who assisted and contributed to the preparation of this report. Credit also must be given to the Mayor and the City Council for their unfailing support of excellence in financial reporting and fiscal integrity.

Sincerely,

A handwritten signature in blue ink that reads "Laura Hartt". The signature is written in a cursive style.

Laura Hartt
Treasurer

**CITY OF RUSTON
ORGANIZATIONAL CHART**



CITY OF RUSTON, LOUISIANA

PRINCIPAL OFFICIALS

Ronny Walker
Mayor

Members of City Council

Carolyn Cage	Ward 1
Angela Mayfield	Ward 2
Jedd Lewis	Ward 3
Jim Pearce	Ward 4
Bruce Siegmund	Ward 5

FINANCIAL SECTION

CAMERON, HINES & COMPANY

(A Professional Accounting Corporation)

Certified Public Accountants

104 Regency Place

West Monroe, Louisiana 71291

Mailng Address:

P O Box 2474

West Monroe, LA 71294-2474

Phone (318) 323-1717

Fax (318) 322-5121

INDEPENDENT AUDITORS' REPORT

Honorable Mayor and Board of Aldermen of
The City of Ruston, Louisiana

Report on the Financial Statements

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 Ruston, Louisiana (the City), as of and for the year ended September 30, 2017, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents. We have also audited the financial statements of each of the City's nonmajor governmental, nonmajor enterprise, and internal service funds presented as supplementary information as defined by the Governmental Accounting Standards Board, in the accompanying combining fund financial statements as of and for the year ended September 30, 2017, as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Ruston City Judge's Office, which represent 85%, 83%, and 66%, respectively, of the assets, net position, and revenues of the aggregate discretely presented component units. Those financial statements were audited by another auditor whose report thereon have been furnished to us, and in our opinion, insofar as it relates to the amounts included for the Ruston City Judge's Office, is based solely on the report of the other auditor. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, 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 as well as the nonmajor governmental, nonmajor enterprise and internal service funds of the City, as of September 30, 2017, and the respective changes in financial position and, where applicable, cash flows, thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information listed as Required Supplemental Information in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of the financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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 and the combining fund financial statements are presented for purposes of additional analysis and are not a required part of the financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 *U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

The combining fund financial statements and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining fund financial statements and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory section has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we express no opinion or provide any assurance on them.

Honorable Mayor and Board of Aldermen of
The City of Ruston, Louisiana
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Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 23, 2018, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Cameron, Aines & Company (APAC)

West Monroe, Louisiana
March 23, 2018

Management's Discussion and Analysis

We offer readers of the City of Ruston's financial statements this narrative overview and analysis of the financial activities of the City of Ruston for the fiscal year ended September 30, 2017. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal. This discussion focuses on the primary government of the City.

Financial Highlights

Key financial highlights for the year ended September 30, 2017, include the following:

- The assets and deferred outflows of resources of the City exceeded its liabilities and deferred inflows of resources at September 30, 2017, by \$136,704,899 (net position).
- The City's total net position increased \$10,186,812 for the year ended September 30, 2017. Net position of governmental activities increased \$9,291,045 and net position of business-type activities increased \$895,767.
- Total net position of governmental activities is \$73,529,850 that includes unrestricted net position of (\$18,721,593) which is a result primarily from this year's requirement per GASB 68 *Accounting and Financial Reporting for Pensions* that requires recognizing the actuarial determined pension liability of \$25,820,945. Another liability as required to be reported by GASB 45 *Accounting and Financial Reporting by Employers for Post-Employment Benefits Other than Pensions* (OPEB) totals \$7,167,622.
- As of September 30, 2017, the City's governmental funds reported combined ending fund balances of \$72,304,217, an increase of \$13,044,180 from the prior year. Of this amount \$6,167,585 was unassigned and available for spending; \$2,776,322 was assigned for subsequent years' expenditures; \$63,284,936 was restricted. This restricted amount includes \$55,428,654, restricted to fund ongoing construction projects, \$4,162,329 for debt covenants, \$106,639 was restricted for Section 8 housing, \$4,426,767 was restricted by sales tax ordinances, and \$550,801 was restricted by ordinance for use by RPAR; \$71,254 was assigned for inventories; and \$4,120 was assigned for prepaid items.
- At the end of the current fiscal year, unreserved, undesignated fund balances for the General Fund was \$6,167,585, or 28.95% of total General Fund expenditures and transfers out.

Overview of the Financial Statements

The MD&A is intended to serve as an introduction to the City of Ruston's basic financial statements which are the government-wide financial statements, fund financial statements, and notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

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

The statement of net position presents information on all of the City's assets and deferred outflows of resources less liabilities and deferred inflows of resources which results in net position. The statement is designed to display the financial position of the City. Over time, increases or decreases in net position help determine whether the City's financial position is improving or deteriorating.

The statement of activities provides information which shows how the City's net position changed as a result of the year's activities. The statement uses the accrual basis of accounting, which is similar to the accounting used by private-sector businesses. All changes in net position are reported as soon as the underlying event giving rise to the revenue or expense occurs regardless of the timing of when cash is received or paid.

The Statement of Net Position and the Statement of Activities distinguish functions of the City that are financed primarily by taxes, intergovernmental revenues, and charges for services (governmental activities) from functions where user fees and charges to customers help to cover all or most of the cost of services (business-type activities). The City's governmental activities include general government, public safety, public works, and cultural and recreation. The business-type activities of the City include airports, electric, water, and sewer systems, and ambulance operations.

Not only do the government-wide financial statements include the City itself which is the primary government, but also its component units, City Judge's Office, and City Marshal. Although these component units are legally separate, their operational or financial relationship with the City makes the City financially accountable for them. Financial information for these component units is reported separately from the financial information presented for the primary government itself.

Fund financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City of Ruston, 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 can be divided into two categories: governmental funds and proprietary funds.

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

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

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

The City maintains twelve individual governmental funds. Information is presented separately in the governmental funds Balance Sheet and in the governmental funds Statement of Revenues, Expenditures and Changes in Fund Balances for the General Fund, 1968 Sales Tax Special Revenue Fund, 1985 Sales Tax Special Revenue Fund, 1990 Sales Tax Special Revenue Fund, 2016 Sales Tax Special Revenue Fund, Moving Ruston Forward (MRF) Capital Project Fund, and I-20 Capital Project Fund, all of which are considered to be major funds. Data for the other five 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 adopts an annual appropriated budget for its General Fund and certain special revenue funds. Budgetary comparison schedules have been provided elsewhere in this report to demonstrate compliance with these budgets.

Proprietary funds. The City maintains two different types of proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its electric, water, and sewer systems, and telecommunications, airport, and ambulance services. Internal service funds are used to accumulate and allocate costs internally among the City's various functions. The City uses internal service funds to account for its workmen's compensation, general insurance, purchasing-warehouse, and general and auto liability services. Because these services predominantly benefit governmental rather than business-type functions, they have been included within governmental activities in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. Proprietary fund financial statements provide separate information for the electric, water, and sewer systems, which are considered to be major funds of the City of Ruston. Data from the other proprietary funds are also presented although they are not considered major funds.

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

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

Other information. In addition to the basic financial statements and accompanying notes, budgetary schedules are presented as required supplementary information. Also, the combining statements referred to earlier in connection with nonmajor governmental funds, nonmajor proprietary funds, and internal service funds are presented immediately following the notes to the financial statements.

Financial Analysis of Government-wide Activities

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$136,704,899 at the close of the current fiscal year. The largest portion of the City of Ruston's net position, totaling approximately \$166 million, reflects its net investment in capital assets (e.g., land, buildings, streets, drainage, machinery, and equipment); less any related debt that is still outstanding used to acquire those assets. The City uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the City's net investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

City of Ruston's Net Position September 30, 2017

	Governmental Activities		Business-type activities		Total	
	2016	2017	2016	2017	2016	2017
Current and other assets	\$62,619,085	\$79,508,307	\$13,476,200	\$12,842,235	\$76,095,285	\$92,350,542
Capital assets	<u>77,890,654</u>	<u>100,888,484</u>	<u>65,333,343</u>	<u>65,448,641</u>	<u>143,223,997</u>	<u>166,337,125</u>
Total assets	<u>140,509,739</u>	<u>180,396,791</u>	<u>78,809,543</u>	<u>78,290,876</u>	<u>219,319,282</u>	<u>258,687,667</u>
Deferred outflows	4,086,794	5,449,805	-	-	4,086,794	5,449,805
Current and other liabilities	2,022,023	6,128,346	3,224,565	4,029,045	5,246,588	7,157,391
Long-term liabilities	<u>78,335,705</u>	<u>105,009,061</u>	<u>13,305,696</u>	<u>11,086,782</u>	<u>91,641,401</u>	<u>116,095,843</u>
Total liabilities	<u>80,357,728</u>	<u>111,138,207</u>	<u>16,530,261</u>	<u>15,115,827</u>	<u>96,887,989</u>	<u>123,253,234</u>
Deferred inflows	-	1,178,539	-	-	-	1,178,539
Net position:						
Net investment in capital assets	34,200,654	30,813,484	52,386,343	53,676,252	86,586,997	84,489,736
Restricted	49,138,529	61,437,959	-	-	49,138,529	61,437,959
Unrestricted	<u>(19,100,378)</u>	<u>(18,721,593)</u>	<u>9,892,939</u>	<u>9,498,797</u>	<u>(9,207,439)</u>	<u>(9,222,796)</u>
Total net position	<u>\$64,238,805</u>	<u>\$73,529,850</u>	<u>\$62,279,282</u>	<u>\$63,175,049</u>	<u>\$126,518,087</u>	<u>\$139,705,699</u>

45% of net position represents resources that are subject to external restriction on how they may be used. Accounts reserved by external restrictions account for the total of restricted net position.

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

The City of Ruston's net position increased by \$10,186,812 during the current fiscal year. Key elements of this increase are, as follows:

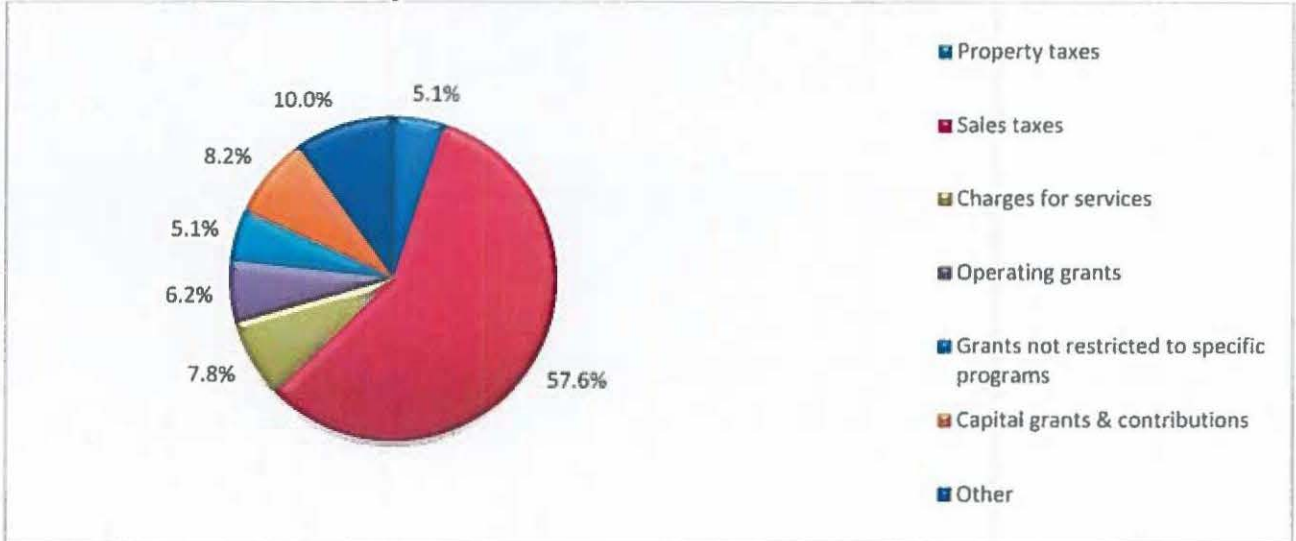
City of Ruston's Changes in Net Position

Revenues:	Governmental activities		Business-type activities		Total	
	2016	2017	2016	2017	2016	2017
Program revenues:						
Charges for services	\$1,987,038	\$2,470,794	\$31,968,006	\$32,247,359	\$33,955,044	\$34,718,153
Operating grants and contributions	1,641,098	1,949,508	-	-	1,641,098	1,949,508
Capital grants and contributions	-	2,578,684	495,351	463,764	495,351	3,042,448
General revenues:						
Property taxes	1,532,280	1,604,719	-	-	1,532,280	1,604,719
Sales taxes	14,693,117	18,184,078	-	-	14,693,117	18,184,078
Other taxes	858,780	857,214	-	-	858,780	857,214
Grants and contributions not restricted to specific programs	1,735,297	1,611,158	-	-	1,735,297	1,611,158
Other	<u>1,714,660</u>	<u>2,291,086</u>	<u>114,508</u>	<u>46,452</u>	<u>1,829,168</u>	<u>2,337,538</u>
Total revenues	<u>24,162,270</u>	<u>31,616,724</u>	<u>32,577,865</u>	<u>32,757,575</u>	<u>56,740,135</u>	<u>64,304,816</u>
Expenses:						
General government	7,153,319	7,356,526	-	-	7,153,319	7,356,526
Public safety	7,961,663	9,843,578	-	-	7,961,663	9,843,578
Public works	2,206,786	3,453,296	-	-	2,206,786	3,453,296
Cultural and recreation	988,936	1,049,630	-	-	988,936	1,049,630
City Judge and Marshal	538,439	618,693	-	-	538,439	618,693
Interest on long-term debt	233,916	3,494,047	-	-	233,916	3,494,047
Electric	-	-	19,963,131	20,675,671	19,963,131	20,675,671
Water	-	-	1,928,648	2,098,743	1,928,648	2,098,743
Sewer	-	-	3,966,439	3,851,078	3,966,439	3,851,078
Telecommunications	-	-	545,656	759,785	545,656	759,785
Regional airport	-	-	269,582	249,762	269,582	249,762
Ambulance service	-	-	699,535	667,195	699,535	667,195
Total expenses	<u>19,083,059</u>	<u>25,815,770</u>	<u>27,372,991</u>	<u>28,302,234</u>	<u>46,456,050</u>	<u>54,118,004</u>
Increase (decrease) in net position before transfers	5,079,211	5,731,471	5,204,874	4,455,341	10,284,085	10,186,812
Transfers	<u>3,156,401</u>	<u>3,559,574</u>	<u>(3,156,401)</u>	<u>(3,559,574)</u>	-	-
Increase (decrease) in net Position	8,235,612	9,291,045	2,048,473	895,767	10,284,085	10,186,812
Net position at beginning of year	<u>56,003,193</u>	<u>64,238,805</u>	<u>60,230,809</u>	<u>62,279,282</u>	<u>116,234,002</u>	<u>126,518,087</u>
Net position at end of year	<u>\$64,238,805</u>	<u>\$73,529,850</u>	<u>\$62,279,282</u>	<u>\$63,175,049</u>	<u>\$126,518,087</u>	<u>\$136,704,899</u>

Revenues for the City's governmental activities for the year ended September 30, 2017, were \$31,547,241 compared to \$24,162,270 in 2016, or a 30.56% increase.

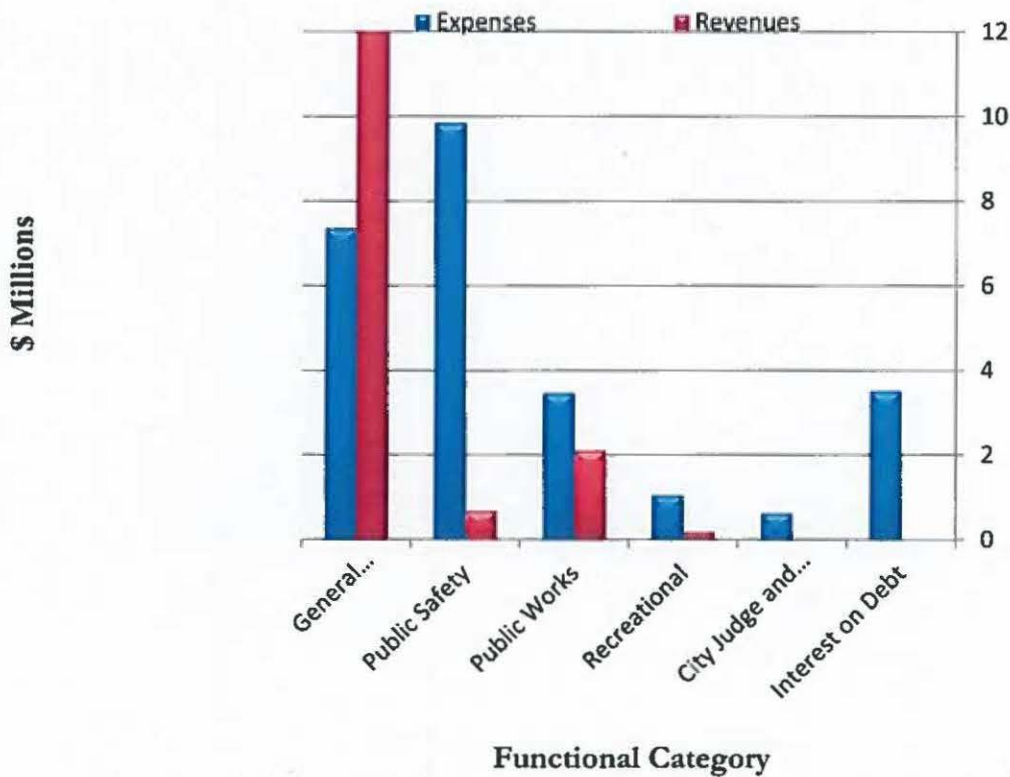
General revenues, specifically sales tax (57.6%), is the largest component of revenues.

Revenues by Sources – Governmental Activities



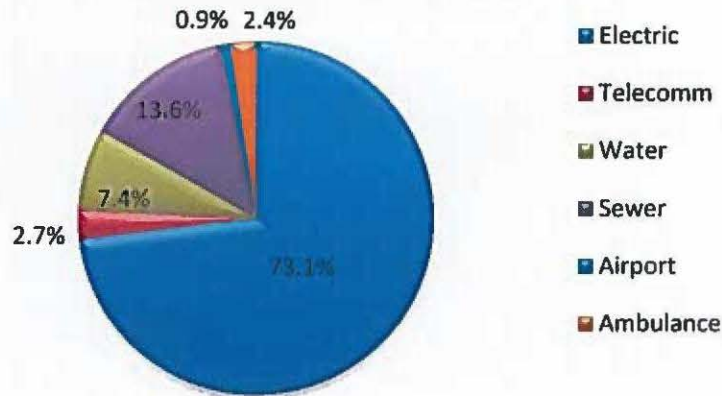
The cost of all governmental activities this year was \$25,815,770, an increase of approximately \$6,732,711 from 2016. The City's largest programs are general government, public safety, and public works. The graph below shows the expenses and program revenues generated by governmental activities.

Expenses and Program Revenues – Governmental Activities



Business-type Activities. Charges for services for the City of Ruston’s business-type activities were \$32,757,575, a decrease of \$179,710 from 2017.

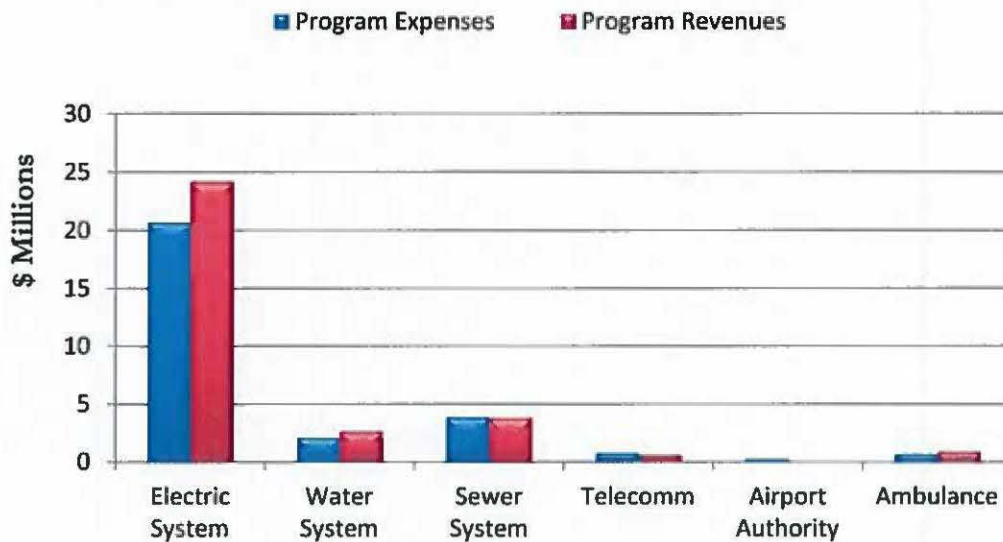
Revenue by Source – Business-type Activities



Expenses and Program Revenues – Business-type Activities

The costs of these activities were \$28,302,234, an increase of \$929,243 from 2016. This decrease was due to decreases in the Electric System Fund and the Regional Airport Fund.

Program Expenses and Revenues – Business-type Activities



Financial Analysis of the City of Ruston’s Funds

Governmental Funds

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

The focus of the 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'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 Ruston's governmental funds reported a combined ending fund balance of \$72,304,217, an increase of \$13,044,180 in comparison with the prior fiscal year. Of the combined ending fund balance, \$6,167,585, or 8.5% was unrestricted, unassigned and available for spending. \$2,776,322 was assigned for subsequent years' expenditures. The remainder of the fund balance was restricted to indicate that it was not available for new spending because it had already been committed (1) to pay debt service (\$2,772,075) or (2) for other restricted purposes (\$60,512,861).
- The General Fund is the chief operating fund of the City of Ruston. At the end of the current fiscal year, unrestricted, unassigned fund balance of the General Fund was \$6,167,585, the total of which was available for spending at the City Council's discretion. The fund balance of the General Fund increased by \$254,441. A key factor in this increase was a continued influx of oil and gas exploration on City land.
- The 1968 Sales Tax Fund had a total fund balance of \$325,980 all of which was restricted for its specified purposes. Fund balance increased \$37,476 as a result of a timing difference in the distribution of prior year sales tax collections.
- The 1985 Sales Tax Fund had a total fund balance of \$239,843 all of which was restricted for its specified purposes. Fund balance increased \$57,520 as a result of a timing difference in the distribution of prior year sales tax collections.
- The 1990 Sales Tax Fund had a total fund balance of \$800,390 all of which was restricted for its specified purpose. Fund balance increased \$37,476 as a result of a timing difference in the distribution of prior year sales tax collections.
- The 2016 Sales Tax Fund had a total fund balance of \$3,060,554 all of which was restricted for its specified purpose. Fund balance increased \$1,042,413 as a result of the first full fiscal year of sales tax collection in this fund. The surplus is restricted to use towards Moving Ruston Forward related projects.
- The I-20 Fund had a restricted fund balance of \$20,183,685. Total fund balance increased \$19,218,714 as a result of the bond proceeds of the 2017 Sales Tax Increment Bond issue net of current year spending towards I 20 Service Road construction projects.

Proprietary funds

The City of Ruston's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

- The unrestricted net position of the Electric System at September 30, 2017, was \$4,562,617. Total net position for the Electric System increased \$1,188,496 as a result of a decrease in capital expenditures.
- The unrestricted net position for the Water System at September 30, 2017, was \$3,658,454. Total net position for the Water System increased \$48,487 primarily as a result of a decrease in operating expenses and transfers out.
- The unrestricted net position for the Sewer System at September 30, 2017, was \$2,865,628. Total net position for the Sewer System decreased \$520,152 as a result of an increase in repairs and maintenance expense.

General Fund Budgetary Highlights

The budget policy of the City of Ruston 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 Ruston was adopted on September 12, 2016. During the year, the City Council revised the City's budget several times. Changes were made as new information indicated a need. The major difference between the original budget and the final budget was primarily an increase to appropriate open purchase orders as of September 30, 2017. The open purchase orders were spread throughout various departments. Differences between the budget and the actual results of the General Fund are as follows:

Revenues

- Licenses and permits were expected to be more than prior year revenues. Actual revenues were more than budget by \$502,875 due to an increase in new construction.
- Miscellaneous revenues were expected to be more than prior year revenues. Actual revenues were more than budget by \$1,618,903 due primarily to larger than expected payment from land leases due to oil and gas exploration.

Expenditures

- Executive operating services were under budget by \$98,839 as a result of overall operating costs being lower than anticipated.
- Information technology operating services were under budget by \$92,468 as a result of maintenance of office equipment being less than expected.
- Civic center/city hall operating services were under budget by \$132,915 as a result of maintenance of buildings and grounds being lower than expected.
- Police department salaries, wages, and employee benefits were under budget by \$54,133 as a result of being understaffed for the majority of the year.
- Police department operating services were under budget by \$311,187 as a result of some capital purchases delayed until the current year.
- Fire department salaries, wages, and employee benefits were under budget by \$218,128 as a result of having several open positions in the budget available for new hires.
- Fire department improvements and equipment were under budget by \$265,094 as a result of some capital purchases delayed until the current year.
- Public Works Administration salaries, wages, and benefits were under budget by \$19,621 as a result of less need for contract labor than anticipated.
- Streets operating services was under budget by \$356,946 as a result of maintenance of streets being lower than expected.
- Streets improvements and equipment were under budget by \$2,943,448 as a result of several capital projects being delayed until the subsequent year.
- Solid waste operating services was under budget by \$279,837 as a result of rent of equipment being lower than expected.
- Solid waste improvements and equipment was over budget by \$3,862 as a result of a capital purchase.

- Repair shop total costs were under budget by \$26,871 as a result of being understaffed for the majority of the year.
- Animal Control costs were \$87,632 under budget due to an open position in the budget that was not filled during the year.

Capital Assets and Long-Term Debt

Capital assets. The City of Ruston's investment in capital assets as of September 30, 2017, amounts to \$166,337,125, net of 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 Ruston's Capital Assets (Net of depreciation)

	Governmental Activities		Business-type Activities		Total	
	<u>2016</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>
Land and land improvements	\$13,583,447	\$16,273,570	\$1,572,586	\$1,572,586	\$15,156,03	\$17,846,156
Buildings	7,889,465	7,926,965	3,837,839	3,715,807	11,727,304	11,642,772
System Improvements	-	-	30,801,475	29,346,981	30,801,475	29,346,981
Improvements other than buildings	8,262,158	11,554,184	-	-	11,486,819	11,554,184
Equipment	3,574,864	3,719,471	27,964,993	27,331,967	27,186,042	31,051,438
Infrastructure	14,994,379	15,573,325	-	-	14,994,319	15,573,325
Construction in progress	<u>29,586,401</u>	<u>45,840,969</u>	<u>2,299,767</u>	<u>4,658,621</u>	<u>31,886,168</u>	<u>50,499,590</u>
Total	<u>\$77,890,714</u>	<u>\$100,888,484</u>	<u>66,476,660</u>	<u>\$66,625,962</u>	<u>\$264,597,926</u>	<u>\$167,514,446</u>

Long-term debt. At the end of the current fiscal year, the City of Ruston had total debt outstanding of \$84,237,076.

Economic Factors and Next Year's Budgets and Rates

In setting the budgets for fiscal year 2018, the City dealt with a number of issues with City-wide impact. For fiscal year 2017, the City budgeted for sales tax dollars to remain steady, although there is hope that increased activity from the downtown development efforts will produce a higher than expected sales tax number. Property tax continues to increase despite the City not rolling forward its millage rates in 2017, due to new construction added to the tax roll each year during this period of extraordinary growth.

Although retirement costs have recently leveled off, they continue to have an impact on City budgets. In fiscal year 2018, the budgets will be required to provide over \$2.8 million to pay the City's portion of retirement costs.

Requests for Information

This financial report is designed to provide a general overview of the City's finances for all those with an interest in the City of Ruston's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Laura Hartt, City of Ruston Treasurer's Office, 401 North Trenton Street, Ruston, LA 71270.

BASIC FINANCIAL STATEMENTS

CITY OF RUSTON, LOUISIANA
STATEMENT OF NET POSITION
SEPTEMBER 30, 2017

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
ASSETS				
Cash and cash equivalents	\$ 13,637,413	\$ 8,533,890	\$ 22,171,303	\$ 1,548,889
Investments	61,409,028	1,264,425	62,673,453	-
Receivables, net	3,072,211	1,376,549	4,448,760	495
Unbilled revenue	50,519	1,524,281	1,574,800	-
Due from other governments	36,357	28,175	64,532	25,364
Internal balances	995,677	(995,677)	-	-
Inventories	71,254	1,031,023	1,102,277	-
Prepaid items	226,507	4,033	230,540	1,452
Bond issue costs, net	9,341	75,537	84,878	-
Capital assets:				
Land and construction in progress	62,114,539	6,231,007	68,345,546	-
Other capital assets, net of depreciation	38,773,945	59,217,634	97,991,579	558,988
Total assets	<u>\$ 180,396,791</u>	<u>\$ 78,290,876</u>	<u>\$ 258,687,667</u>	<u>\$ 2,135,188</u>
Deferred outflow of resources	5,449,805	-	5,449,805	24,312
LIABILITIES				
Accounts payable	4,081,807	1,598,457	5,680,264	5,125
Accrued liabilities	648,969	952	649,921	2,422
Accrued interest payable	517,563	64,793	582,356	-
Claims	880,007	-	880,007	-
Deposits	-	1,153,782	1,153,782	-
Non-current liabilities:				
Due within one year	3,413,392	1,211,061	4,624,453	-
Due in more than one year	68,607,902	11,086,782	79,694,684	-
Net pension liability	25,820,945	-	25,820,945	272,332
Post employment benefit obligation	7,167,622	-	7,167,622	-
Total liabilities	<u>\$ 111,138,207</u>	<u>\$ 15,115,827</u>	<u>\$ 126,254,034</u>	<u>\$ 279,879</u>
Deferred inflow of resources	1,178,539	-	1,178,539	5,656
NET POSITION				
Invested in capital assets, net of related debt	30,813,484	53,676,252	84,489,736	558,988
Restricted for:				
I-20 Fund	20,183,685	-	20,183,685	-
MRF Fund	35,244,969	-	35,244,969	-
Sales Tax Funds	4,426,767	-	4,426,767	-
Parks and Recreation Fund	749,488	-	749,488	-
Section 8 Voucher Housing Fund	833,050	-	833,050	-
Unrestricted	(18,721,593)	9,498,797	(9,222,796)	1,314,977
Total net position	<u>\$ 73,529,850</u>	<u>\$ 63,175,049</u>	<u>\$ 136,704,899</u>	<u>\$ 1,873,965</u>

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

CITY OF RUSTON, LOUISIANA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2017

Functions/Programs	Program Revenues			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government:				
Governmental Activities:				
General government	\$ 7,356,526	\$ 314,773	\$ 1,114,363	\$ 2,578,684
Public safety	9,843,578	663,816	23,510	-
Public works	3,453,296	1,310,925	811,635	-
Cultural and recreation	1,049,630	181,280	-	-
City Judge and Marshal	618,693	-	-	-
Interest on long-term debt	3,494,047	-	-	-
Total governmental activities	<u>25,815,770</u>	<u>2,470,794</u>	<u>1,949,508</u>	<u>2,578,684</u>
Business-type activities:				
Electric System	20,675,671	24,189,364	-	194,000
Telecommunications System	759,785	\$606,413	-	-
Water System	2,098,743	\$2,662,533	-	-
Sewer System	3,851,078	\$3,829,377	-	0
Ruston Airport Authority	249,762	\$86,159	-	269,764
Ambulance	667,195	\$873,513	-	-
Total business-type activities	<u>28,302,234</u>	<u>32,247,359</u>	<u>-</u>	<u>463,764</u>
Total primary government	<u>\$54,118,004</u>	<u>\$34,718,153</u>	<u>\$1,949,508</u>	<u>\$3,042,448</u>
Component units:				
City Judge	\$743,048	\$1,046,367	-	-
City Marshal	346,133	540,696	-	-
Total component units	<u>\$1,089,181</u>	<u>\$1,587,063</u>	<u>-</u>	<u>-</u>

General revenues:

Taxes:

- Property taxes levied for general purposes
- Property taxes levied for recreation facilities and programs
- Sales taxes levied for general purposes
- Sales taxes levied for recreation facilities and programs
- Sales taxes levied for street and drainage facilities
- Sales taxes levied for fire protection
- Sales taxes levied for police protection
- Sales taxes levied for drug prevention programs
- Sales taxes levied for debt service
- Insurance taxes
- Alcoholic beverage taxes
- Franchise taxes

- Intergovernmental
- Investment earnings
- Miscellaneous

Transfers

Total general revenues and transfers

Change in net position

Net position - beginning

Net position - ending

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

**Net (Expenses) Revenue and
Changes in Net Position**

Primary Government			Component Units
Governmental Activities	Business-type Activities	Total	
\$ (3,348,706)	\$ -	\$ (3,348,706)	-
(9,156,252)	-	(9,156,252)	-
(1,330,736)	-	(1,330,736)	-
(868,350)	-	(868,350)	-
(618,693)	-	(618,693)	-
(3,494,047)	-	(3,494,047)	-
<u>(18,816,784)</u>	<u>-</u>	<u>(18,816,784)</u>	<u>-</u>
-	3,707,693	3,707,693	-
-	(153,372)	(153,372)	-
-	563,790	563,790	-
-	(21,701)	(21,701)	-
-	106,161	106,161	-
-	206,318	206,318	-
-	4,408,889	4,408,889	-
<u>(\$18,816,784)</u>	<u>\$4,408,889</u>	<u>(\$14,407,895)</u>	<u>-</u>
-	-	-	\$303,319
-	-	-	194,563
-	-	-	<u>497,882</u>
\$1,030,500	-	\$1,030,500	-
574,219	-	574,219	-
10,891,771	-	10,891,771	-
269,877	-	269,877	-
600,000	-	600,000	-
1,705,206	-	1,705,206	-
1,705,206	-	1,705,206	-
30,000	-	30,000	-
2,982,018	-	2,982,018	-
396,674	-	396,674	-
10,966	-	10,966	-
449,574	-	449,574	-
1,611,158	-	1,611,158	-
357,769	32,856	390,625	2,843
1,933,317	13,596	1,946,913	1,099
3,559,574	(3,559,574)	-	-
<u>28,107,829</u>	<u>(3,513,122)</u>	<u>24,594,707</u>	<u>3,942</u>
9,291,045	895,767	10,186,812	501,824
64,238,805	62,279,282	126,518,087	1,372,141
<u>\$73,529,850</u>	<u>\$63,175,049</u>	<u>\$136,704,899</u>	<u>\$1,873,965</u>

CITY OF RUSTON, LOUISIANA
BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2017

	<u>General</u>	<u>1968 Sales Tax</u>	<u>1985 Sales Tax</u>
ASSETS			
Cash and cash equivalents	\$2,944,024	\$1,260,271	
Investments	3,249,518	-	-
Receivables, net	532,797	606,723	415,084
Unbilled revenues	50,519	-	-
Due from other funds	1,466,295	-	164,628
Due from other governments	-	-	-
Inventories, at cost	71,254	-	-
Prepaid items	3,672	-	-
Total assets	<u>8,318,079</u>	<u>1,866,994</u>	<u>579,712</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	382,281	-	-
Accrued liabilities	64,496	-	-
Due to other funds	-	1,541,014	339,869
Deposits and deferred charges	79,090	-	-
Total liabilities	<u>525,867</u>	<u>1,541,014</u>	<u>339,869</u>
Fund Balances:			
Nonspendable:			
Inventories	71,254	-	-
Prepaid items	3,672	-	-
Spendable:			
Restricted	-	325,980	239,843
Assigned	1,549,699	-	-
Unassigned	6,167,587	-	-
Total fund balances	<u>7,792,212</u>	<u>325,980</u>	<u>239,843</u>
Total liabilities and fund balances	<u>\$8,318,079</u>	<u>\$1,866,994</u>	<u>\$579,712</u>

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

1990 Sales Tax	2016 Sales Tax	I-20 TID Fund	Moving Ruston Forward Fund	Other Governmental Funds	Total Governmental Funds
-	\$2,722,209	\$2,645,152	\$1,111,754	\$1,791,321	\$12,474,731
-	-	24,977,895	30,183,572	2,160,430	60,571,415
276,723	415,084	-	-	825,800	3,072,211
-	-	-	-	-	50,519
767,302	365,448	-	5,220,680	-	7,984,353
-	-	36,357	-	-	36,357
-	-	-	-	-	71,254
-	-	-	-	448	4,120
<u>1,044,025</u>	<u>3,502,741</u>	<u>27,659,404</u>	<u>36,516,006</u>	<u>4,777,999</u>	<u>84,264,960</u>
-	-	2,108,711	1,266,011	114,093	3,871,096
-	442,187	142,286	-	-	648,969
243,635	-	5,224,722	5,026	5,931	7,360,197
-	-	-	-	1,389	80,479
<u>243,635</u>	<u>442,187</u>	<u>7,475,719</u>	<u>1,271,037</u>	<u>121,413</u>	<u>11,960,741</u>
-	-	-	-	-	71,254
-	-	-	-	448	4,120
800,390	3,060,554	20,183,685	35,244,969	3,429,515	63,284,936
-	-	-	-	1,226,623	2,776,322
-	-	-	-	-	6,167,587
<u>800,390</u>	<u>3,060,554</u>	<u>20,183,685</u>	<u>35,244,969</u>	<u>4,656,586</u>	<u>72,304,219</u>
<u>\$1,044,025</u>	<u>\$3,502,741</u>	<u>\$27,659,404</u>	<u>\$36,516,006</u>	<u>4,777,999</u>	<u>\$84,264,960</u>

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CITY OF RUSTON, LOUISIANA
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
FOR THE YEAR ENDED SEPTEMBER 30, 2017

Fund balances - total governmental funds \$72,304,219

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	134,064,812	
Less accumulated depreciation	<u>(33,176,328)</u>	100,888,484

Unfunded post employment benefit obligations are not financial resources and therefore are not reported in the funds		(7,167,622)
----------------------------------------------------------------------------------------------------------------------	--	-------------

Net pension liability		(25,820,945)
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Deferred outflows related to pensions	5,449,805	
Deferred inflows related to pensions	<u>(1,178,539)</u>	
Total deferred outflows/inflows related to pensions		4,271,266

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

Unamortized bond issuance costs		9,341
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Long-term liabilities including bonds payable are not due and payable in the current period and therefore are not reported in the governmental funds.

Accrued interest payable	(517,563)	
Compensated absences	(1,953,084)	
Bonds, notes, and loans payable	<u>(70,075,000)</u>	(72,545,647)

Internal service funds are used by management to charge the costs of certain activities to individual funds. The assets and liabilities of the internal service funds are reported with governmental activities.		<u>\$1,590,754</u>
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Net position of governmental activities		<u><u>\$73,529,850</u></u>
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The accompanying notes are an integral part of the financial statements.

CITY OF RUSTON, LOUISIANA
 STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
 GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED SEPTEMBER 30, 2017

	<u>General</u>	<u>1968 Sales Tax</u>	<u>1985 Sales Tax</u>
REVENUES			
Taxes:			
Property	\$1,030,500	-	-
Sales	-	\$3,040,412	\$4,560,618
Licenses and permits	1,199,875	-	-
Intergovernmental	1,865,449	-	-
Charges for services	1,427,547	-	-
Fines and forfeitures	642,632	-	-
Investment earnings	28,413	420	631
Miscellaneous	1,724,503	-	-
Total revenues	<u>7,918,919</u>	<u>3,040,832</u>	<u>4,561,249</u>
EXPENDITURES			
Current:			
General government	4,771,316	28,820	12,812
Public safety	9,422,369	-	-
Public works	6,498,449	-	-
Culture and recreation	-	-	-
City Court and Marshal	610,997	-	-
Debt service:			
Principal	-	-	-
Interest and other charges	-	-	-
Capital outlay			
Total expenditures	<u>21,303,131</u>	<u>28,820</u>	<u>12,812</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(13,384,212)</u>	<u>3,012,012</u>	<u>4,548,437</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	13,638,653	-	-
Transfers out	-	(2,974,536)	(4,490,917)
Bond proceeds	-	-	-
Premium on bond proceeds	-	-	-
Total other financing sources and (uses)	<u>13,638,653</u>	<u>(2,974,536)</u>	<u>(4,490,917)</u>
Net change in fund balances	254,441	37,476	57,520
Fund balances - beginning	7,537,771	288,504	182,323
Fund balances - ending	<u>\$7,792,212</u>	<u>\$325,980</u>	<u>\$239,843</u>

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

<u>1990 Sales Tax</u>	<u>2016 Sales Tax</u>	<u>1-20 Fund</u>	<u>Moving Ruston Forward Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
-	-	-	-	\$574,219	\$1,604,719
\$3,040,412	\$4,560,618	-	-	2,982,018	18,184,078
-	-	-	-	-	1,199,875
-	-	2,553,684	25,000	1,925,998	6,370,131
-	-	-	-	74,455	1,502,002
-	-	-	-	-	642,632
420	2,302	-	\$226,200	99,383	357,769
-	-	-	10,150	20,865	1,755,518
<u>3,040,832</u>	<u>4,562,920</u>	<u>2,553,684</u>	<u>261,350</u>	<u>5,676,938</u>	<u>\$31,616,724</u>
8,820	13,377	-	-	1,657,957	6,493,102
-	-	-	-	-	9,422,369
-	-	-	-	-	6,498,449
-	-	-	-	886,074	886,074
-	-	-	-	-	610,997
-	810,000	4,695,000	-	2,110,000	7,615,000
-	1,721,402	1,025,590	97,131	123,020	2,967,143
-	-	12,085,910	9,553,075	-	21,638,985
<u>8,820</u>	<u>2,544,779</u>	<u>17,806,500</u>	<u>9,650,206</u>	<u>4,777,051</u>	<u>56,132,119</u>
<u>3,032,012</u>	<u>2,018,141</u>	<u>(15,252,816)</u>	<u>(9,388,856)</u>	<u>899,887</u>	<u>(24,515,395)</u>
-	-	471,530	-	380,911	14,491,094
(2,994,536)	-	-	-	(471,530)	(10,931,519)
-	-	34,000,000	-	-	34,000,000
-	-	-	-	-	-
<u>(2,994,536)</u>	<u>-</u>	<u>34,471,530</u>	<u>-</u>	<u>(90,619)</u>	<u>37,559,575</u>
<u>37,476</u>	<u>2,018,141</u>	<u>19,218,714</u>	<u>(9,388,856)</u>	<u>809,268</u>	<u>13,044,180</u>
<u>762,914</u>	<u>1,042,413</u>	<u>964,971</u>	<u>44,633,825</u>	<u>3,847,318</u>	<u>59,260,039</u>
<u>\$800,390</u>	<u>\$3,060,554</u>	<u>20,183,685</u>	<u>\$35,244,969</u>	<u>\$4,656,586</u>	<u>\$72,304,219</u>

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CITY OF RUSTON, LOUISIANA
 RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF
 GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
 FOR THE YEAR ENDED SEPTEMBER 30, 2017

Net change in fund balances - total governmental funds		13,044,180
Amounts reported for governmental activities in the statement of activities are different because:		
<p>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.</p>		
Capital outlay	24,287,837	
Depreciation expense	<u>(1,624,223)</u>	22,663,614
<p>The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, write offs, and donations) is to decrease net position.</p>		
		(1,024,629)
<p>Post employment benefit obligation</p>		
		1,039,855
<p>Pension net change - GASB 68</p>		
		981,120
<p>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 position. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. The detail of these differences in the treatment of long-term debt and related items is as follows:</p>		
Bond proceeds	(34,000,000)	
Bond Issuance Costs	(366,334)	
Principal payments	<u>7,615,000</u>	(26,751,334)
<p>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.</p>		
Amortization of issuance costs	(9,341)	
Increase in compensated absences	(399,358)	
Increase in accrued interest	<u>(517,563)</u>	(926,262)
<p>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.</p>		
		<u>264,501</u>
Change in net position of governmental activities		<u><u>\$9,291,045</u></u>

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

CITY OF RUSTON, LOUISIANA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
SEPTEMBER 30, 2017

	Business-type Activities Enterprise Funds						Governmental Activities Internal Service Funds	
	Major Funds			Nonmajor Funds				
	Electric System	Water System	Sewer System	Telecommunications	Airport Authority	Ambulance		Total
ASSETS								
Current assets:								
Cash and cash equivalents	\$ 4,335,268	\$ 1,449,365	\$ 1,308,598	\$ 69,047	\$ 289,182	\$ 609,736	\$ 8,061,196	\$ 1,162,682
Investments	769,901	251,953	-	-	-	-	1,021,854	837,613
Receivables, net	1,043,759	108,926	168,027	-	-	55,837	1,376,549	-
Unbilled revenue	1,254,044	112,111	158,126	-	-	-	1,524,281	-
Due from other funds	2,413,694	1,331,310	904,546	1,408	-	-	4,650,958	548,258
Due from other governments	-	-	-	-	62,070	2,500	64,570	-
Inventories	650,036	203,227	38,521	139,239	-	-	1,031,023	-
Prepaid items	3,188	-	-	-	-	845	4,033	222,387
Total current assets	<u>10,469,890</u>	<u>3,456,892</u>	<u>2,577,818</u>	<u>209,694</u>	<u>351,252</u>	<u>668,918</u>	<u>17,734,464</u>	<u>2,770,940</u>
Noncurrent assets:								
Restricted:								
Cash and cash equivalents	61,910	124,505	286,279	-	-	-	472,694	-
Investments	32,000	102,881	107,690	-	-	-	242,571	-
Capital assets:								
Land	627,501	75,070	218,801	-	651,214	-	1,572,586	-
Construction in progress	3,345,719	53,184	200,826	98,088	960,604	-	4,658,421	-
Buildings	5,334,566	139,934	151,353	-	9,781,987	-	15,407,840	13,080
Improvements other than buildings	-	-	-	2,603,462	-	-	2,603,462	-
Equipment	21,226,300	834,127	29,813,612	-	231,239	1,212,408	53,317,687	76,306
Distribution and collection systems	42,374,577	16,413,403	19,583,593	-	-	(1,038,739)	77,332,834	-
Less accumulated depreciation	(47,425,850)	(10,925,814)	(24,622,152)	(240,401)	(6,229,972)	-	(89,444,189)	(63,245)
Total capital assets (net of accumulated depreciation)	<u>25,482,812</u>	<u>6,589,904</u>	<u>25,346,034</u>	<u>2,461,149</u>	<u>5,395,072</u>	<u>173,669</u>	<u>65,448,640</u>	<u>26,141</u>
Deferred bond costs, at cost less amortization	-	27,179	48,358	-	-	-	75,537	-
Total noncurrent assets	<u>25,576,722</u>	<u>6,844,469</u>	<u>25,788,361</u>	<u>2,461,149</u>	<u>5,395,072</u>	<u>173,669</u>	<u>66,239,442</u>	<u>26,141</u>
Total assets	<u>\$36,046,612</u>	<u>\$10,301,361</u>	<u>\$28,366,179</u>	<u>\$2,670,843</u>	<u>\$5,746,324</u>	<u>\$842,587</u>	<u>\$83,973,906</u>	<u>\$2,797,081</u>

	Business-type Activities Enterprise Funds						Governmental Activities Internal Service Funds	
	Major Funds			Nonmajor Funds				
	Electric System	Water System	Sewer System	Telecommunications	Airport Authority	Ambulance		Total
LIABILITIES								
Current liabilities								
Accounts payable	1,477,426	\$3,727	\$19,523	\$63,890	\$21,502	\$12,389	\$1,598,457	\$210,711
Accrued liabilities	-	952	-	-	-	-	952	-
Due to other funds	3,028,700	-	18,246	2,606,802	4,035	25,247	5,683,030	176,737
Claims and judgments	-	-	-	-	-	-	-	799,528
Compensated absences	43,483	7,248	16,019	3,815	-	11,496	82,061	-
Total current liabilities	4,549,609	11,927	53,788	2,674,507	25,537	49,132	7,364,500	1,186,976
Current liabilities payable from restricted assets:								
Customer deposits	1,140,377	-	9,955	-	3,450	-	1,153,782	-
Bonds payable	-	-	1,020,000	-	-	-	1,020,000	-
DHH Revolving Loan fund	-	109,000	-	-	-	-	109,000	-
Due to LADOTD	-	-	-	-	-	-	-	-
Accrued interest	64,793	-	-	-	-	-	64,793	-
Total current liabilities payable from restricted assets	1,205,170	109,000	1,029,955	-	3,450	-	2,347,575	-
Noncurrent liabilities:								
Compensated absences	246,404	41,076	90,774	-	-	65,140	443,394	19,351
Bonds payable	-	-	9,180,000	-	-	-	9,180,000	-
DHH Revolving Loan fund	-	1,463,388	-	-	-	-	1,463,388	-
Due to LADOTD	-	-	-	-	-	-	-	-
Total noncurrent liabilities	246,404	1,504,464	9,270,774	-	-	65,140	11,086,782	19,351
Total liabilities	6,001,183	1,625,391	10,354,517	2,674,507	28,987	114,272	20,798,857	1,206,327
NET POSITION								
Net investment in capital assets	25,482,812	5,017,516	15,146,034	2,461,149	5,395,072	173,669	53,676,252	26,141
Unrestricted (deficit)	4,562,617	3,658,454	2,865,628	(2,464,813)	322,265	554,646	9,498,797	1,564,613
Total net position (deficit)	30,045,429	\$8,675,970	\$18,011,662	(\$3,664)	\$5,717,337	\$728,315	\$63,175,049	\$1,590,754

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

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CITY OF RUSTON, LOUISIANA
 STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
 PROPRIETARY FUNDS
 FOR THE YEAR ENDED SEPTEMBER 30, 2017

	Business-type Activities Enterprise Funds						Governmental Activities Internal Service Funds	
	Major Funds			Nonmajor Funds				
	Electric System	Water System	Sewer System	Telecommunications	Airport Authority	Ambulance		Total
OPERATING REVENUES								
Charges for services	\$24,153,927	\$2,662,533	\$3,829,377	\$606,413	\$23,266	\$873,513	\$32,149,029	41,039
Charges to other funds	-	-	-	-	-	-	-	\$4,301,581
Premiums paid by retired employees	-	-	-	-	-	-	-	228,211
Rent income	35,437	-	-	-	62,893	-	98,330	-
Miscellaneous	-	1,555	7,773	4,123	145	-	13,596	-
Total operating revenues	<u>24,189,364</u>	<u>2,664,088</u>	<u>3,837,150</u>	<u>610,536</u>	<u>86,304</u>	<u>873,513</u>	<u>32,260,955</u>	<u>4,570,831</u>
OPERATING EXPENSES								
Personnel services	2,350,519	453,558	921,946	136,537	-	351,356	4,213,916	155,645
Operating services	1,336,496	1,014,707	927,509	498,069	60,060	53,841	3,890,682	19,430
Materials and supplies	15,437,591	139,137	76,970	6,021	5,605	83,431	15,748,755	9,836
Travel and other	99,667	4,698	6,059	-	-	51,485	161,909	2,540
Depreciation	1,451,398	428,510	1,605,690	119,158	184,097	127,082	3,915,935	3,615
Claims	-	-	-	-	-	-	-	2,488,564
Insurance premiums	-	-	-	-	-	-	-	1,629,884
Total operating expenses	<u>20,675,671</u>	<u>2,040,610</u>	<u>3,538,174</u>	<u>759,785</u>	<u>249,762</u>	<u>667,195</u>	<u>27,931,197</u>	<u>4,309,514</u>
Operating income (loss)	<u>3,513,693</u>	<u>623,478</u>	<u>298,976</u>	<u>(149,249)</u>	<u>(163,458)</u>	<u>206,318</u>	<u>4,329,758</u>	<u>261,317</u>
NONOPERATING REVENUES (EXPENSES)								
Investment earnings	25,298	3,414	2,256	62	1,206	620	32,856	3,184
Capital grants	194,000	-	-	-	269,764	-	463,764	-
Interest expense	-	(55,868)	(305,828)	-	-	-	(361,696)	-
Amortization	-	(2,265)	(7,076)	-	-	-	(9,341)	-
Total nonoperating revenues (expenses)	<u>219,298</u>	<u>(54,719)</u>	<u>(310,648)</u>	<u>62</u>	<u>270,970</u>	<u>620</u>	<u>125,583</u>	<u>3,184</u>
Income (loss) before contributions and transfers	<u>3,732,991</u>	<u>568,759</u>	<u>(11,672)</u>	<u>(149,187)</u>	<u>107,512</u>	<u>206,938</u>	<u>4,455,341</u>	<u>264,501</u>
Capital contributions	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	13,673	-	13,673	-
Transfers out	(2,544,495)	(520,272)	(508,480)	-	-	-	(3,573,247)	-
Change in net position	<u>1,188,496</u>	<u>48,487</u>	<u>(520,152)</u>	<u>(149,187)</u>	<u>121,185</u>	<u>206,938</u>	<u>895,767</u>	<u>264,501</u>
Total net position (deficit) - beginning	28,856,933	8,627,483	18,531,814	145,523	5,596,152	521,377	62,279,282	1,326,252
Total net position (deficit) - ending	<u>\$30,045,429</u>	<u>\$8,675,970</u>	<u>\$18,011,662</u>	<u>(\$3,664)</u>	<u>\$5,717,337</u>	<u>\$728,315</u>	<u>\$63,175,049</u>	<u>\$1,590,753</u>

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

CITY OF RUSTON, LOUISIANA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2017

	Business-type Activities Enterprise Funds						Governmental Activities Internal Service Funds	
	Major Funds			Nonmajor Funds				
	Electric System	Water System	Sewer System	Telecommunications	Airport Authority	Ambulance		Total
CASH FLOWS FROM OPERATING ACTIVITIES:								
Receipts from operations	\$24,152,309	\$1,425,150	\$2,996,870	\$620,385	\$38,283	\$871,219	\$30,104,216	\$3,861,518
Payments to suppliers	(14,330,285)	(1,283,138)	(1,022,896)	(37,675)	(58,852)	(396,167)	(17,129,013)	(1,189,687)
Payments to employees	(2,386,771)	(465,554)	(888,124)	(139,603)	-	(363,411)	(4,243,463)	(158,609)
Claim payments	-	-	-	-	-	-	-	(2,488,564)
Other receipts	35,437	1,555	7,773	4,123	145	-	49,033	-
Net cash provided by operating activities	7,470,690	(321,987)	1,093,623	447,230	(20,424)	111,641	8,780,773	24,658
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:								
Transfers in	-	-	-	-	13,673	-	13,673	-
Transfers out	(2,544,495)	(520,272)	(508,480)	-	-	-	(3,573,247)	-
Net cash provided by (used in) noncapital financing activities	(2,544,495)	(520,272)	(508,480)	-	13,673	-	(3,559,574)	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:								
Acquisition and construction of capital assets	(2,825,756)	(49,984)	(406,587)	(429,760)	(314,283)	-	(4,026,370)	(28,183)
Capital Grants	194,000	-	-	-	269,764	-	463,764	-
Bond issuance costs	-	-	-	-	-	-	-	-
DEQ Revolving Loan fund	-	(108,000)	-	-	-	-	(108,000)	-
Payable to State	-	-	-	-	-	-	-	-
Principal paid on debt	-	-	(1,000,000)	-	-	-	(1,000,000)	-
Interest paid on debt	-	(55,868)	(305,828)	-	-	-	(361,696)	-
Net cash used in capital and related financing activities	(2,631,756)	(213,852)	(1,712,415)	(429,760)	(44,519)	-	(5,032,302)	(28,183)
CASH FLOWS FROM INVESTING ACTIVITIES:								
Proceeds from sales and maturities of investments	-	-	-	-	-	-	-	-
Purchase of investments	(767,259)	(898)	(272)	-	-	-	(768,429)	(1,631)
Interest and dividends received	25,298	3,414	2,256	62	1,206	620	32,856	3,184
Net cash provided by (used in) investing activities	(741,961)	2,516	1,984	62	1,206	620	(735,573)	1,553
Net increase (decrease) in cash and cash equivalents	1,552,478	(1,053,595)	(1,125,288)	17,532	(50,064)	112,261	(546,676)	(1,972)
Cash and cash equivalents, beginning of year	2,844,700	2,627,465	2,720,165	51,515	339,246	497,475	9,080,566	1,164,654
Cash and cash equivalents, end of year	\$4,397,178	\$1,573,870	1,594,877	\$69,047	\$289,182	\$609,736	\$8,533,890	\$1,162,682
Noncash item:	4,397,178	1,573,870	1,594,877	69,047	289,182	609,736	8,533,890	1,162,682
Amortization	-	2,265	7,076	-	-	-	9,341	-

	Business-type Activities Enterprise Funds						Governmental Activities Internal Service Funds	
	Major Funds			Nonmajor Funds				
	Electric System	Water System	Sewer System	Telecommunications	Airport Authority	Ambulance		Total
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:								
Operating income (loss)	\$3,513,693	\$623,478	\$298,976	(\$149,249)	(\$163,458)	\$206,318	\$4,329,758	\$261,317
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:								
Depreciation	1,451,398	457,850	1,605,690	119,158	184,097	127,082	3,945,275	3,615
(Increase) Decrease in assets:								
Receivables	346,910	6,427	(10,474)	13,972	8,562	(2,295)	363,102	204
Due from other funds	(238,899)	(1,273,150)	(826,700)	-	5,542	1,774	(2,331,433)	(548,099)
Inventories	(131,337)	30,372	(1,979)	161,399	-	-	58,455	-
Prepaid items	(76)	1,576	-	-	-	-	1,500	(161,418)
Increase (Decrease) in liabilities:								
Accounts payable	(184,127)	(149,946)	(14,123)	37,854	6,959	2,095	(301,288)	175,808
Accrued liabilities	(76,588)	(15,816)	(27,534)	(4,217)	-	(12,578)	(136,733)	(5,585)
Due to other funds	2,721,765	(5,022)	8,246	267,162	(62,126)	(209,505)	2,720,520	(5,727)
Customers' deposits	31,275	-	165	-	-	-	31,440	-
Claims and judgments	-	-	-	-	-	-	-	301,921
Compensated absences	36,676	2,244	61,356	1,151	-	(1,250)	100,177	2,622
Total adjustments	3,956,997	(945,465)	794,647	596,479	143,034	(94,677)	4,451,015	(236,659)
Net cash provided by operating activities	\$7,470,690	(\$321,987)	\$1,093,623	\$447,230	(\$20,424)	\$111,641	\$8,780,773	\$24,658

CITY OF RUSTON, LOUISIANA
STATEMENT OF NET POSITION
COMPONENT UNITS
SEPTEMBER 30, 2017

	<u>Ruston City Judge's Office</u>	<u>Ruston City Marshal's Office</u>	<u>Total</u>
ASSETS			
Cash and cash equivalents	\$1,310,093	\$238,796	\$1,548,889
Investments	-	-	-
Receivables	-	495	495
Prepaid items	962	490	1,452
Due from governmental units	25,364	-	25,364
Capital assets, net of depreciation	474,536	84,452	558,988
Total assets	<u>1,810,955</u>	<u>324,233</u>	<u>2,135,188</u>
 Deferred outflow of resources	 24,312	 -	 24,312
LIABILITIES			
Accounts payable	4,015	1,110	5,125
Accrued liabilities	2,422	-	2,422
Due to governmental units	-	-	-
Non-current liabilities:			
Due within one year	-	-	
Due in more than one year	-	-	
Net pension liability	272,332	-	272,332
Total liabilities	<u>278,769</u>	<u>1,110</u>	<u>279,879</u>
 Deferred inflow of resources	 5,656	 -	 5,656
NET POSITION			
Net investment in capital assets	474,536	84,452	558,988
Unrestricted	1,076,306	238,671	1,314,977
Total net position	<u>\$1,550,842</u>	<u>\$323,123</u>	<u>\$1,873,965</u>

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

CITY OF RUSTON, LOUISIANA
STATEMENT OF ACTIVITIES
COMPONENT UNITS
FOR THE YEAR ENDED SEPTEMBER 30, 2017

	<u>Program Revenues</u>			<u>Net (Expenses) Revenues and Changes in Net Position</u>		
	<u>Expenses</u>	<u>Charges for Services</u>	<u>On-Behalf Revenues</u>	<u>Ruston City Judge's Office</u>	<u>Ruston City Marshal's Office</u>	<u>Total</u>
City Judge: Judicial	\$743,048	\$534,120	\$512,247	\$303,319	-	\$303,319
City Marshal: Judicial	346,133	273,046	\$267,650	-	\$194,563	194,563
	<u>\$1,089,181</u>	<u>\$807,166</u>	<u>\$779,897</u>	<u>303,319</u>	<u>194,563</u>	<u>497,882</u>
General Revenues:						
Interest earnings				2,655	188	2,843
Miscellaneous				1,099	-	1,099
Total general revenues				<u>3,754</u>	<u>188</u>	<u>3,942</u>
Change in net position				307,073	194,751	501,824
Net position - beginning				1,243,769	128,372	1,372,141
Net position - ending				<u>\$1,550,842</u>	<u>\$323,123</u>	<u>\$1,873,965</u>

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

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CITY OF RUSTON, LOUISIANA
Notes to Financial Statements
For the Year Ended September 30, 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Ruston, Louisiana, (the "City") was incorporated in 1898, under the provisions of the Lawrason Act. The City operates under a Mayor-Board of Aldermen form of government. The City's major operations include police and fire protection, public works, parks and recreation, utility services, and general administrative services. In addition, the City exercises sufficient control over other governmental agencies and authorities that are included as part of the City's reporting entity.

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

The financial statements present the City of Ruston (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's column in the government-wide financial statements includes the financial data of the City's discretely presented component units. They are reported in a separate column to emphasize that they are legally separate from the City.

City Judge's Office

The Ruston City Judge's Office was created by special legislative act. Its jurisdiction includes the incorporated area of the City. The City Judge is elected and cannot be removed by City officials. The City Judge's Office 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 Judge's Office, pursuant to state statute, which are under the control of the Court. The City Judge's Office serves the citizenry of the City. The financial statements of the City Judge's Office included in the accompanying financial statements are as of and for the fiscal year ended September 30, 2017.

City Marshal

The Ruston 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. Certain funds are collected such as court costs, pursuant to state statute, which are under the control of the City Marshal. The City Marshal serves the citizenry of the Parish. The financial statements of the City Marshal included in the accompanying financial statements are as of and for the fiscal year ended September 30, 2017.

Complete financial statements of the individual component units may be obtained at the following addresses:

City Judge's Office
P.O. Box 1821
Ruston, Louisiana 71273-1821

City Marshal
P. O. Box 1582
Ruston, Louisiana 71273-1582

CITY OF RUSTON, LOUISIANA
Notes to Financial Statements
For the Year Ended September 30, 2017

OTHER RELATED ORGANIZATIONS

Housing Authority

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

Lincoln Parish Sales and Use Tax Commission

The Commission is an independent agency that collects sales taxes. It is legally separate from the City. The commission is a jointly governed organization. The City does not retain an ongoing financial interest or responsibility for its operations. It is not included in the City's financial statements.

Union Lincoln Regional Water Supply Initiative

The Initiative is an independent agency that develops and utilizes any and all alternate water sources within Lincoln and Union parishes to reduce the consumption of water from the Sparta Aquifer. The Initiative is a joint venture. The City does retain an ongoing financial responsibility for its operations. It is not included in the City's financial statements.

Complete financial statements of the individual related organizations may be obtained at the following addresses:

Ruston Housing Authority
1615 North Farmerville
Ruston, Louisiana 71270

Lincoln Parish Sales and Use Tax Commission
P.O. Box 863
Ruston, Louisiana 71273-0863

Union Lincoln Regional Water Supply Initiative
407 S. Main Street
Farmerville, Louisiana 71241

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

a. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

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

CITY OF RUSTON, LOUISIANA
Notes to Financial Statements
For the Year Ended September 30, 2017

reported separately from certain legally separate component units for which the primary government is financially accountable.

The statement of net position presents information on all of the City's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position 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 of governmental activities is considered an indirect expense and is reported separately on the statement of activities. Interest on long-term debt of business-type activities is recorded as direct expenses. Program revenues include 1) fees, fines, and charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or 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 and proprietary funds. Major individual governmental and enterprise funds are reported as separate columns in the FFS with nonmajor governmental, nonmajor enterprise and internal service funds being reported on an aggregated basis.

b. MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. The City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period, except for franchise tax revenues which are considered available if collected within 90 days and grant revenue if collected within one year. Property taxes are recognized as revenues in the year in which final approval is received from the Louisiana Tax Commission, at which time a valid claim exists, to the extent considered available. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences are recorded only when payment is due.

Property taxes are considered "measurable" at the time of levy whereas such items as beer taxes are considered "measurable" when in the hands of intermediary collecting

CITY OF RUSTON, LOUISIANA
Notes to Financial Statements
For the Year Ended September 30, 2017

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

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

1968 Sales Tax Fund – This special revenue fund accounts for the receipt and use of proceeds of the City's sales and use tax. A one-half cent sales tax is dedicated to general operating expenses, general capital assets, and waterworks extensions and improvements.

1985 Sales Tax Fund – This special revenue fund accounts for the receipt and use of proceeds of the City's sales and use tax. A three-fourths cent sales tax is dedicated to the recreation department, streets and drainage, fire protection and police protection.

1990 Sales Tax Fund – This special revenue fund accounts for the receipt and use of proceeds of the City's sales and use tax. A one-half cent sales tax is dedicated for police and fire departments and drug prevention.

2016 Sales Tax Fund – This special revenue fund accounts for the receipt and use of proceeds of the City's sales and use tax. A three-fourths cent sales tax is dedicated for the debt service payments related to the 2016 Sales and Use Tax Revenue Bonds.

CITY OF RUSTON, LOUISIANA
Notes to Financial Statements
For the Year Ended September 30, 2017

I-20 Fund – This capital projects fund accounts for infrastructure improvements along the I-20 Service Road that are funded from the issuance of sales tax increment bonds.

Moving Ruston Forward Capital Projects Fund – This capital projects fund accounts for numerous capital projects that are funded from the issuance of the 2016 Sales and Use Tax Revenue Bonds.

Additionally the City reports nonmajor governmental funds in the aggregate. The funds are within 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 property and sales taxes paid to the City.

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

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 are accounted for on a capital maintenance focus; that is, the measurement focus is upon determination of the change in net position. 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 four internal service funds for workmen's compensation, health insurance coverage, purchasing/warehouse, and general/auto liability insurance.

The City reports the following major enterprise funds:

Electric System Fund – Operated as a self-sustaining utility of the City and is responsible for providing the residents of the City of Ruston, Louisiana, with electricity.

Water System Fund – Operated as a self-sustaining utility of the City and is responsible for providing the residents of the City of Ruston, Louisiana with water.

CITY OF RUSTON, LOUISIANA
Notes to Financial Statements
For the Year Ended September 30, 2017

Sewer System Fund - Operated as a self-sustaining utility of the City and is responsible for providing the residents of the City of Ruston, Louisiana with sewer treatment.

The City applies all applicable GASB pronouncements in accounting and reporting for its government-wide and business-type activities and its enterprise funds as well as the following pronouncements issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements: Financial Accounting Standards Board Statements and Interpretations, Accounting Principles Board opinions, and Accounting Research Bulletins.

As a general rule the effect of interfund activity has been eliminated from the GWFS. Exceptions to this general rule are payments-in-lieu of taxes and other charges between the government's electric, water, and sewerage function and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned. Transactions that would be treated as revenues, expenditures or expenses if they involved organizations external to the City as they are exchange transactions 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 enterprise funds and the internal service funds are charges to customers for sales and services. Operating expenses for enterprise funds and internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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

The reserve method is used to account for bad debt expenses on enterprise fund receivables. Unbilled service receivables of the General Fund, Electric Fund, Water Fund, and Sewer Fund are determined based on October and November billings for electric, water, sewer and refuse services. A percentage is calculated based on the read dates for each cycle and then applied to the total billings.

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 columns in the GWFS and the proprietary funds. 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 estimated fair value at the date of donation. The City maintains a threshold level for capitalization of capital assets except land and construction in progress.

CITY OF RUSTON, LOUISIANA
Notes to Financial Statements
For the Year Ended September 30, 2017

All land and construction in progress is capitalized, regardless of the amount. All other capital assets are capitalized utilizing a threshold of \$5,000. The costs of normal maintenance and repairs that do not add to the value of the assets or materially extend assets lives are not capitalized.

Capital assets are not reported in the governmental FFS.

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

<u>Assets</u>	<u>Years</u>
Buildings	10-50
Improvements other than buildings	10-50
Infrastructure	20-75
Distribution and collection systems	10-50
Equipment	3-20

d. LONG-TERM LIABILITIES

In the GWFS, and proprietary funds 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 funds statement of net position. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the term of the related debt. Bonds payable are reported net of the applicable bond premium or discount.

In the FFS, governmental funds 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. The investments at September 30, 2017, were primarily Certificates of Deposit, U.S. government and U.S. government agency securities (see note 2 for the City's investment policy.)

f. PREPAID ITEMS

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

CITY OF RUSTON, LOUISIANA
Notes to Financial Statements
For the Year Ended September 30, 2017

g. INVENTORIES

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

h. REFUNDABLE DEPOSITS

The Electric System Fund requires deposits for certain customers. These monies are restricted and are reported as assets and liabilities.

i. VACATION AND SICK LEAVE

City employees are granted vacation and sick leave in varying amounts. Employees are paid for unused sick leave up to a maximum of six months upon retirement. Unpaid vacation pay for all employees and sick leave for those employees eligible for retirement benefits has been accrued. All other sick leave is recorded as an expenditure when paid. The estimated liability for unused vacation for governmental funds is recorded in the GWFS. Vacation leave of governmental funds is recorded as an expenditure when paid. Accumulated vacation leave of proprietary funds is recorded as an expense and liability of those funds as it is earned by the employees.

j. PENSION PLANS

The State of Louisiana has 3 pension plans which cover substantially all employees of the City who meet certain length of service requirements. See note 8 for details of these plans.

k. RESTRICTED ASSETS

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

l. FUND EQUITY

GASB Statement No. 54 establishes standards for five fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of resources reported in governmental funds. The nonspendable fund balance classification includes amounts that cannot be spent because they are either (a) not in spendable form - prepaid items or inventories; or (b) legally or contractually required to be maintained intact.

The spendable portion of the fund balance comprises the remaining four classifications: restricted, committed, assigned, and unassigned.

Restricted Fund Balance - This classification reflects the constraints imposed on resources either (a) externally by creditors, grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

CITY OF RUSTON, LOUISIANA
Notes to Financial Statements
For the Year Ended September 30, 2017

Committed Fund Balance - These amounts can only be used for specific purposes pursuant to constraints imposed by formal resolutions or ordinances of the aldermen, - the government's highest level of decision-making authority. Those committed amounts cannot be used for any other purpose unless the City aldermen remove the specified use by taking the same type of action imposing the commitment. This classification also includes contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

Assigned Fund Balance - This classification reflects the amounts constrained by the City's "intent" to be used for specific purposes, but are neither restricted nor committed. The City aldermen and management have the authority to assign amounts to be used for specific purposes. Assigned fund balances include all remaining amounts (except negative balances) that are reported in governmental funds, other than the General Fund, that are not classified as nonspendable and are neither restricted nor committed.

Unassigned Fund Balance - This fund balance is the residual classification for the General Fund. It is used to report negative fund balances in other governmental funds.

When both restricted and unrestricted resources are available for use, it is the City's policy to use externally restricted resources first, then unrestricted resources - committed, assigned, and unassigned - in order as needed.

m. INTERFUND RECEIVABLES AND PAYABLES

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

n. PROPERTY TAXES

Property taxes attach as an enforceable lien on property when the assessment is approved by the Louisiana Tax Commission. Property taxes levied are based on the assessed value of property as listed on the previous December 31. Taxes are normally levied in November of each year and are due on or before December 31. A revaluation of all real property must be made every four years. The last revaluation date was January 1, 2016.

o. 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.

CITY OF RUSTON, LOUISIANA
Notes to Financial Statements
For the Year Ended September 30, 2017

p. CASH AND CASH EQUIVALENTS

For purposes of the statement of cash flows, the City considers all highly liquid debt instruments (including restricted assets) with an original maturity of three months or less when purchased to be cash equivalents.

q. SELF-INSURANCE CLAIMS

The City is self-insured for workmen's compensation coverage and medical insurance for employees. 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. An estimate for these claims is provided by a third party administrator based on historical experience.

r. ESTIMATES

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

2. CASH AND INVESTMENTS

At September 30, 2017, the City has cash and cash equivalents (book balances net of overdrafts) totaling \$84,844,756.

These deposits are stated at cost, which approximates market. 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.

These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable by both parties. Cash and cash equivalents (bank balances) at September 30, 2017, are secured as follows:

Bank Balances	<u>\$80,474,785</u>
Federal Deposit Insurance	\$ 2,000,000
Pledged Securities (Uncollateralized)	<u>84,938,652</u>
Total	<u>\$86,938,652</u>
Governmental Funds Cash and Equivalents	\$73,049,108
Enterprise Funds Cash and Equivalents	9,450,852
Internal Service Funds Cash and Equivalents	<u>2,044,796</u>
Total Book Balances	<u>\$84,844,756</u>

CITY OF RUSTON, LOUISIANA
Notes to Financial Statements
For the Year Ended September 30, 2017

The City's investments are categorized below to give an indication of the level of custodial credit risk assumed by the City at September 30, 2017. Category 1 includes investments that are insured or registered or for which the securities are held by the City or its agent in the City's name. Category 2 includes uninsured and unregistered investments with securities held by the counterparty's trust department or agent in the City's name. Category 3 includes uninsured and unregistered investments with securities held by the counterparty, or by its trust department or agent, but not in the City's name.

	CATEGORY			Carrying Amount & Fair Value
	1	2	3	
U.S. government and U.S. government agency securities	\$46,170,274	\$-	\$-	\$ 46,170,274
Louisiana Asset Management Pool				<u>9,857,343</u>
Total Investments				56,027,617
Total Deposits				<u>28,817,139</u>
Total cash, cash equivalents, & investments, including restricted cash and investments				<u>\$84,844,756</u>

The investments in the Louisiana Asset Management Pool are not categorized because they are not evidenced by securities that exist in physical or book entry form. Louisiana Asset Management Pool ("LAMP"), a local government investment pool, is administered by LAMP, Inc., a non-profit corporation organized under the laws of the State of Louisiana. While LAMP is not required to be a registered investment company under the Investment Company Act of 1940, its investment policies are similar to those established by Rule 2-a7, which governs registered money market funds. The LAMP portfolio includes only securities and other obligations in which local governments in Louisiana are authorized to invest. The dollar weighted average portfolio maturity of LAMP assets is restricted to not more than 90 days, and consists of no securities with a maturity in excess of 397 days. The fair value of investments is determined on a weekly basis to monitor any variances between amortized cost and market value. For purposes of determining participants' shares, investments are valued at amortized cost. LAMP is designed to be highly liquid to give its participants immediate access to their account balances. LAMP issues a publicly available financial report. That report may be obtained by writing the Board of Directors, 228 St. Charles Ave., New Orleans, Louisiana 70130, or by calling (504)-525-5161.

Discretely Presented Component Units – Deposits

All deposits of the component units are held by area financial institutions. At the respective year ends, all deposits are insured or collateralized with securities held in the component unit's name by its agent (the trust department of a bank other than the pledging bank). The securities have a fair value of \$149,253 at September 30, 2017.

3. 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 Lincoln Parish Assessor and approved by the State of Louisiana Tax Commission. Total assessed value was \$200,836,537 and \$196,947,361 in 2017 and 2016, respectively. The distribution of the City's levy (tax rate per \$1,000 assessed value) was, as follows, for 2017 and 2016:

CITY OF RUSTON, LOUISIANA
Notes to Financial Statements
For the Year Ended September 30, 2017

 Levy	
	<u>2017</u>	<u>2016</u>
General Fund	5.24	5.24
Recreation Tax	<u>2.92</u>	<u>2.92</u>
Total	<u>8.16</u>	<u>8.16</u>

4. RECEIVABLES

Receivables as of September 30, 2017, for the City's individual major funds and nonmajor and internal service funds, including allowances for uncollectible accounts, are outlined below:

	<u>Customers</u>	<u>Taxes</u>	<u>Other</u>	<u>Allowance for Uncollectible Accounts</u>	<u>Net Receivable</u>
Governmental activities:					
General	\$178,287	-	\$761,567	(\$407,057)	\$532,797
1968 Sales Tax	-	\$606,723	-	-	606,723
1985 Sales Tax	-	415,084	-	-	415,084
1990 Sales Tax	-	276,723	-	-	276,723
2016 Sales Tax	-	415,084	-	-	415,084
Nonmajor governmental funds	-	<u>687,020</u>	<u>138,780</u>	-	<u>825,800</u>
Total governmental activities	<u>\$178,287</u>	<u>\$1,882,135</u>	<u>\$900,347</u>	<u>(\$407,057)</u>	<u>\$3,072,211</u>
Business-type activities:					
Electric System	\$2,877,993	-	-	(\$1,834,234)	\$1,043,759
Water System	399,845	-	-	(290,919)	108,926
Sewer System	705,060	-	-	(537,033)	168,027
Nonmajor business-type activities	<u>98,475</u>	-	-	<u>(42,638)</u>	<u>55,837</u>
Total business-type activities	<u>\$4,081,373</u>	<u>-</u>	<u>-</u>	<u>(\$2,704,824)</u>	<u>\$1,376,549</u>

5. CAPITAL ASSETS

A summary of changes in capital assets is as follows:

	Balance September 30, <u>2016</u>	<u>Additions</u>	<u>Retirements</u>	Balance September 30, <u>2017</u>
Governmental activities				
Capital assets, not being depreciated:				
Land	\$13,583,447	\$2,690,123	-	\$16,273,570
Construction in progress	<u>29,586,401</u>	<u>19,647,845</u>	<u>(3,393,277)</u>	<u>45,840,969</u>
Total capital assets, not being depreciated	<u>43,169,848</u>	<u>22,337,968</u>	<u>(3,393,277)</u>	<u>62,114,539</u>
Capital assets, being depreciated:				
Buildings	12,027,187	243,800	-	12,270,987
Improvements other than buildings	14,141,282	3,585,150	-	17,726,432
Equipment	17,689,728	1,848,382	(1,024,629)	18,513,481
Infrastructure	<u>23,439,373</u>	<u>-</u>	<u>-</u>	<u>23,439,373</u>

CITY OF RUSTON, LOUISIANA
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For the Year Ended September 30, 2017

	Balance September 30, <u>2016</u>	<u>Additions</u>	<u>Retirements</u>	Balance September 30, <u>2017</u>
Total capital assets being depreciated	<u>68,297,570</u>	<u>5,677,332</u>	<u>(1,024,629)</u>	<u>72,950,273</u>
Less accumulated depreciation for:				
Buildings	(4,137,722)	(206,300)	-	(4,344,022)
Improvements other than buildings	(5,879,124)	(293,124)	-	(6,172,248)
Equipment	(14,114,864)	(703,745)	1,024,629	(14,794,010)
Infrastructure	<u>(8,444,994)</u>	<u>(421,054)</u>	<u>-</u>	<u>(8,866,048)</u>
Total accumulated depreciation	<u>(32,576,704)</u>	<u>(1,624,223)</u>	<u>1,024,629</u>	<u>(34,176,328)</u>
Total capital assets, being depreciated, net	<u>34,720,866</u>	<u>4,053,109</u>	<u>-</u>	<u>38,773,945</u>
Governmental activities capital assets, net	<u>\$77,890,714</u>	<u>\$26,391,076</u>	<u>(\$3,393,277)</u>	<u>\$100,888,484</u>

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

Construction in progress for governmental activities consisted of \$14,985,397 for I-20 Infrastructure projects; \$4,664,701 for the Sports Complex; \$3,969,078 for the Streetscape projects; \$3,679,527 for sewer rehabilitation projects, \$3,143,120 for water system improvements; \$2,998,248 for the Martin Luther King Extension; \$2,991,171 for Kentucky Avenue 3 lane project; \$1,559,843 for Airport improvements; \$1,545,632 for Tennessee Ave. Substation project; \$1,341,106 for the East Kentucky Bridge project; \$979,404 for the Rock Island Greenway project; \$873,277 for City Hall renovations; \$736,557 for the Highway 33 connector to North Frontage Road project; \$724,260 for the US 167 turn lane at Reynolds Dr. project; \$702,854 for the Tech research park/Homer St. streets project; \$493,648 for the Lee Ave. Bridge project; \$131,883 for the Shared Use Path project; \$130,941 for the Cooktown turn lane project; \$69,295 for the animal control facility; \$44,193 for the Pedestrian Crossing at Vaughn Street project; \$41,200 for the Heard Building improvements project; \$17,124 for the Goyne St. improvement project; \$9,705 for the Farmers Market West Entry project; \$8,805 Jefferson avenue bridge repair project.

	Balance September 30, <u>2016</u>	<u>Additions</u>	<u>Retirements</u>	Balance September 30, <u>2017</u>
Business-type activities:				
Electric System				
Capital assets, not being depreciated:				
Land	\$627,501	-	-	\$627,501
Construction in progress	<u>864,601</u>	<u>2,481,118</u>	<u>-</u>	<u>3,345,719</u>
Total capital assets, not being depreciated	<u>1,492,102</u>	<u>2,481,118</u>	<u>-</u>	<u>3,973,220</u>
Capital assets, being depreciated:				
Buildings	5,334,566	-	-	5,334,566
System Improvements	41,970,189	431,503	(27,115)	42,374,577
Equipment	<u>21,262,636</u>	<u>51,638</u>	<u>(87,974)</u>	<u>21,226,300</u>
Total capital assets being depreciated	<u>68,567,391</u>	<u>483,141</u>	<u>(115,089)</u>	<u>68,935,443</u>
Less accumulated depreciation for:				
Buildings	(2,408,487)	(113,678)	-	(2,522,165)

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	Balance September 30, <u>2016</u>	<u>Additions</u>	<u>Retirements</u>	Balance September 30, <u>2017</u>
System Improvements	(23,430,597)	(892,174)	27,115	(24,295,656)
Equipment	<u>(20,249,095)</u>	<u>(446,909)</u>	<u>87,974</u>	<u>(20,608,029)</u>
Total accumulated depreciation	<u>(46,088,179)</u>	<u>(1,452,761)</u>	<u>115,089</u>	<u>(47,425,850)</u>
Total capital assets, being depreciated, net	<u>22,479,445</u>	<u>(969,620)</u>	<u>-</u>	<u>21,509,593</u>
Electric System capital assets, net	<u>\$23,971,314</u>	<u>\$1,511,498</u>	<u>-</u>	<u>\$25,482,812</u>

Construction in progress for the electric system consisted of \$2,470,170 for the Tennessee Avenue Substation project, \$837,277 for City Hall renovations, and \$38,272 for Streetscape Phase VI Improvements.

	Balance September 30, <u>2016</u>	<u>Additions</u>	<u>Retirements</u>	Balance September 30, <u>2017</u>
Telecommunications System				
Capital assets, not being depreciated:				
Construction in progress	<u>\$ 53,538</u>	<u>\$ 44,550</u>	<u>-</u>	<u>\$ 98,088</u>
Capital assets, being depreciated:				
Equipment	<u>2,358,899</u>	<u>244,563</u>	<u>-</u>	<u>2,603,462</u>
Total capital assets being depreciated	<u>2,358,899</u>	<u>244,563</u>	<u>-</u>	<u>2,603,462</u>
Less accumulated depreciation for:				
Equipment	<u>(121,240)</u>	<u>(119,159)</u>	<u>-</u>	<u>(240,401)</u>
Total accumulated depreciation	<u>(121,240)</u>	<u>(119,159)</u>	<u>-</u>	<u>(240,401)</u>
Total capital assets, being depreciated, net	<u>2,237,659</u>	<u>125,404</u>	<u>-</u>	<u>2,363,065</u>
Telecommunications System capital assets, net	<u>\$2,291,197</u>	<u>\$169,954</u>	<u>-</u>	<u>\$2,461,151</u>

Construction in progress for the telecommunications system consisted of \$98,088 for installations of telecommunications throughout the City.

	Balance September 30, <u>2016</u>	<u>Additions</u>	<u>Retirements</u>	Balance September 30, <u>2017</u>
Water System				
Capital assets, not being depreciated:				
Land	<u>\$ 75,070</u>	<u>-</u>	<u>-</u>	<u>\$ 75,070</u>
Construction in progress	<u>80,062</u>	<u>-</u>	<u>(26,878)</u>	<u>53,184</u>
Total capital assets, not being depreciated	<u>155,132</u>	<u>-</u>	<u>(26,878)</u>	<u>128,254</u>
Capital assets, being depreciated:				
Buildings	139,934	-	-	139,934
System Improvements	16,368,089	45,314	-	16,413,403
Equipment	<u>817,321</u>	<u>31,550</u>	<u>(14,743)</u>	<u>834,127</u>
Total capital assets being depreciated	<u>17,325,344</u>	<u>76,864</u>	<u>(14,743)</u>	<u>17,387,465</u>

CITY OF RUSTON, LOUISIANA
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For the Year Ended September 30, 2017

	Balance September 30, <u>2016</u>	<u>Additions</u>	<u>Retirements</u>	Balance September 30, <u>2017</u>
Less accumulated depreciation for:				
Buildings	(134,802)	(3,449)	-	(138,251)
System Improvements	(9,493,792)	(404,504)	-	(9,898,296)
Equipment	<u>(883,454)</u>	<u>(20,557)</u>	<u>14,743</u>	<u>(889,268)</u>
Total accumulated depreciation	<u>(10,512,048)</u>	<u>(428,510)</u>	<u>14,743</u>	<u>(10,925,815)</u>
Total capital assets, being depreciated, net	<u>6,813,296</u>	<u>(351,646)</u>	<u>-</u>	<u>6,461,650</u>
Water System capital assets, net	<u>\$6,968,428</u>	<u>(\$351,646)</u>	<u>(26,878)</u>	<u>\$6,589,904</u>

Construction in progress for the water system consisted of \$53,184 for the Master Plan for development of water distribution system.

	Balance September 30, <u>2016</u>	<u>Additions</u>	<u>Retirements</u>	Balance September 30, <u>2017</u>
Sewer System				
Capital assets, not being depreciated:				
Land	\$218,801	-	-	\$218,801
Construction in progress	<u>669,323</u>	<u>-</u>	<u>(468,497)</u>	<u>200,826</u>
Total capital assets, not being depreciated	<u>888,124</u>	<u>-</u>	<u>-</u>	<u>419,627</u>
Capital assets, being depreciated:				
Buildings	151,353	-	-	151,353
System Improvements	19,590,988	-	(7,395)	19,583,993
Equipment	<u>28,947,291</u>	<u>883,545</u>	<u>(17,224)</u>	<u>29,813,612</u>
Total capital assets being depreciated	<u>48,689,632</u>	<u>883,545</u>	<u>(24,619)</u>	<u>49,548,558</u>
Less accumulated depreciation for:				
Buildings	(84,379)	(4,905)	-	(89,284)
System Improvements	(14,203,402)	(634,633)	7,395	(14,830,640)
Equipment	<u>(8,753,300)</u>	<u>(966,151)</u>	<u>17,224</u>	<u>(9,702,227)</u>
Total accumulated depreciation	<u>(23,041,081)</u>	<u>(1,605,690)</u>	<u>24,619</u>	<u>(24,622,151)</u>
Total capital assets, being depreciated, net	<u>25,648,551</u>	<u>(722,144)</u>	<u>-</u>	<u>24,926,407</u>
Sewer System capital assets, net	<u>\$26,536,675</u>	<u>(\$722,144)</u>	<u>-</u>	<u>\$25,346,034</u>

Construction in progress consisted of \$200,826 for the LCDBG Sewer Improvement project.

	Balance September 30, <u>2016</u>	<u>Additions</u>	<u>Retirements</u>	Balance September 30, <u>2017</u>
Airport Authority				
Capital assets, not being depreciated:				
Land	\$ 651,214	\$ -	-	\$ 651,214
Construction in progress	<u>632,243</u>	<u>328,361</u>	<u>-</u>	<u>960,064</u>

CITY OF RUSTON, LOUISIANA
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For the Year Ended September 30, 2017

Total capital assets, not being depreciated	<u>1,283,457</u>	<u>328,361</u>	-	<u>1,611,818</u>
Capital assets, being depreciated:				
Buildings	1,094,626	-	-	1,094,626
Runways, aprons, and taxiways	8,687,361	-	-	8,687,361
Equipment	<u>231,239</u>	-	-	<u>231,239</u>
Total capital assets being depreciated	<u>10,013,226</u>	-	-	<u>10,013,226</u>
Less accumulated depreciation for:				
Buildings	(254,972)	(20,125)	-	(275,097)
Runways, aprons, and taxiways	(5,491,036)	(159,720)	-	(5,650,756)
Equipment	<u>(299,868)</u>	<u>(4,251)</u>	-	<u>(304,119)</u>
Total accumulated depreciation	<u>(6,045,876)</u>	<u>(184,096)</u>	-	<u>(6,229,972)</u>
Total capital assets, being depreciated, net	<u>3,736,111</u>	<u>(184,096)</u>	-	<u>3,783,254</u>
Airport Authority capital assets, net	<u>\$5,019,568</u>	<u>\$ 144,265</u>	-	<u>\$5,395,072</u>

Construction in progress consisted of \$409,361 for the Runway 36 Obstruction Removal project; \$526,804 for the Airport Master Plan project; and \$24,439 for the Eastside Obstruction Removal project.

	Balance September 30, <u>2016</u>	Additions	Retirements	Balance September 30, <u>2017</u>
Ambulance Fund				
Capital assets, being depreciated:				
Equipment	\$1,212,408	\$ -	-	\$1,212,408
Less accumulated depreciation for equipment	<u>(911,657)</u>	<u>(127,082)</u>	-	<u>(1,038,739)</u>
Total capital assets, being depreciated, net	<u>\$300,751</u>	<u>\$ (127,082)</u>	-	<u>\$ 173,669</u>
	Balance September 30, <u>2016</u>	Additions	Retirements	Balance September 30, <u>2017</u>
Business-type activities capital assets				
Capital assets, not being depreciated:				
Land	\$1,572,586	\$ -	\$ -	\$1,572,586
Construction in progress	<u>2,299,767</u>	<u>2,854,029</u>	<u>(495,375)</u>	<u>4,658,421</u>
Total capital assets, not being depreciated	<u>3,872,353</u>	<u>2,854,829</u>	<u>(495,375)</u>	<u>6,231,007</u>
Capital assets, being depreciated:				
Buildings	6,720,312	-	-	6,720,479
System Improvements	77,929,266	476,817	(34,510)	78,371,573
Runways, aprons, and taxiways	8,687,362	-	-	8,687,361
Equipment	<u>54,782,494</u>	<u>1,221,296</u>	<u>(119,941)</u>	<u>55,883,849</u>
Total capital assets being depreciated	<u>148,119,434</u>	<u>1,698,113</u>	<u>(154,451)</u>	<u>149,663,096</u>
Less accumulated depreciation for:				
Buildings	(2,882,640)	(122,032)	-	(3,004,672)
System Improvements	(47,127,791)	(1,931,311)	34,510	(49,024,592)

CITY OF RUSTON, LOUISIANA
Notes to Financial Statements
For the Year Ended September 30, 2017

	Balance September 30, 2016	Additions	Retirements	Balance September 30, 2017
Runways, aprons, and taxiways	(5,462,701)	(159,720)	-	(5,622,421)
Equipment	<u>(31,218,616)</u>	<u>(1,695,102)</u>	<u>119,941</u>	<u>(32,793,777)</u>
Total accumulated depreciation	<u>(86,691,748)</u>	<u>(3,908,165)</u>	<u>154,451</u>	<u>(90,445,462)</u>
Total capital assets, being depreciated, net	<u>61,427,686</u>	<u>(2,210,052)</u>	-	<u>59,217,634</u>
Business-type activities capital assets, net	<u>\$65,333,339</u>	<u>\$ 644,777</u>	<u>(\$495,375)</u>	<u>\$66,625,162</u>

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

Governmental activities:

General government	\$228,776
Public safety	282,082
Public works, including depreciation of general infrastructure assets	1,021,624
Recreation	<u>91,741</u>
Total depreciation expense-governmental activities	<u>\$1,624,223</u>

Business-type activities:

Electric System	\$1,451,398
Telecommunications System	119,158
Water System	428,510
Sewer System	1,605,690
Airport Authority	184,097
Ambulance	<u>127,082</u>
Total depreciation expense-business-type activities	<u>\$3,915,935</u>

6. LONG-TERM LIABILITIES

Long-term liability activity for the year ended September 30, 2017, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
Revenue bonds payable	\$43,690,000	\$34,000,000	(\$7,615,000)	\$70,075,000	\$3,105,000
Compensated absences	<u>1,883,615</u>	<u>188,980</u>	<u>(126,301)</u>	<u>1,946,294</u>	<u>308,392</u>
Governmental activities long- term liabilities	<u>\$45,573,615</u>	<u>\$34,188,980</u>	<u>(\$7,741,301)</u>	<u>\$72,021,294</u>	<u>\$3,413,392</u>

Business-type activities:

Electric System:

Compensated absences	<u>\$253,241</u>	<u>\$ 36,646</u>	-	<u>\$289,887</u>	<u>\$43,483</u>
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Telecommunications System:

Compensated absences	<u>\$2,664</u>	<u>\$ 1,151</u>	-	<u>\$3,815</u>	<u>\$ 3,815</u>
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CITY OF RUSTON, LOUISIANA
Notes to Financial Statements
For the Year Ended September 30, 2017

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Water System:					
DHH Revolving Loan fund	\$1,680,388	-	(\$108,000)	\$1,572,388	\$109,000
Compensated absences	<u>46,080</u>	<u>\$ 2,244</u>	<u>-</u>	<u>48,324</u>	<u>7,248</u>
Water System long-term liabilities	<u>\$1,726,468</u>	<u>\$ 2,244</u>	<u>(\$108,000)</u>	<u>\$1,620,712</u>	<u>\$116,248</u>
Sewer System:					
Refunding sewer bonds	\$11,200,000	-	(\$1,000,000)	\$10,200,000	\$1,020,000
Compensated absences	<u>45,437</u>	<u>\$ 61,357</u>	<u>-</u>	<u>106,793</u>	<u>16,019</u>
Sewer System long-term liabilities	<u>\$11,245,437</u>	<u>\$ 61,357</u>	<u>(\$1,000,000)</u>	<u>\$10,306,793</u>	<u>\$1,036,019</u>
Ambulance Fund:					
Compensated absences	<u>\$ 77,886</u>	<u>\$ -</u>	<u>(1,250)</u>	<u>\$ 76,636</u>	<u>\$ 11,496</u>
Business-type activities long-term liabilities:					
DHH Revolving Loan fund	\$ 1,680,388	-	(\$108,000)	\$ 1,572,388	\$109,000
Refunding sewer bonds	11,200,000	-	(1,000,000)	10,200,000	1,020,000
Compensated absences	<u>425,308</u>	<u>\$ 101,398</u>	<u>(1,250)</u>	<u>525,456</u>	<u>82,061</u>
Business-type activities long-term liabilities	<u>\$13,305,696</u>	<u>\$ 101,398</u>	<u>(\$1,109,250)</u>	<u>\$12,297,844</u>	<u>\$1,211,061</u>

Internal service funds predominantly serve the governmental funds. Accordingly, long-term liabilities for them are included as part of the above totals for governmental activities. For the governmental activities, the balance of compensated absences is generally liquidated by the General Fund.

Bonds payable at September 30, 2017, were comprised of the following issues:

Governmental Activities:	Outstanding at September 30, 2017
<u>Tax Increment Revenue Bonds</u>	
\$34,000,000 – 2017 Sales Tax Increment Revenue Bonds dated April 20, 2017, interest at 3.0% payable in annual installments of \$1,740,000 to \$2,270,000 through September 1, 2033.	<u>\$ 31,890,000</u>
Total Tax Increment Revenue Bonds	\$ 31,890,000
<u>Sales & Use Tax Revenue Bonds</u>	
\$38,995,000 – 2016 Sales & Use Tax Revenue Bonds dated September 13, 2016, interest at 2.00% - 5.00% payable in annual installments of \$810,000 to \$2,985,000 through June 1, 2036.	<u>\$38,185,000</u>
Total Sales & Use Tax Revenue Bonds	<u>\$70,075,000</u>
Business-type Activities:	
<u>DHH Revolving Loan</u>	
\$2,334,000 2009 Water Revenue Bonds dated October 29, 2009, due in annual installments of \$107,000 to \$145,000 through October 1, 2030, interest at 3.45%.	<u>\$1,572,388</u>
Total DHH Revolving Loan	<u>\$1,572,388</u>

CITY OF RUSTON, LOUISIANA
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For the Year Ended September 30, 2017

Refunding Bonds

\$14,870,000 2012 Refunding Sewer Bonds dated July 24, 2012, due in annual installments of \$1,000,000 to \$1,250,000 through October 1, 2026, interest at 2.75%.	<u>\$10,200,000</u>
Total Refunding Bonds	<u>\$11,772,388</u>

The annual requirements to amortize all debt outstanding as of September 30, 2017, including interest requirements were as follows:

Year ending September 30:	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	
2018	3,105,000	2,711,800	1,160,447	331,308	7,308,555
2019	3,190,000	2,632,000	1,191,357	304,021	7,317,378
2020	3,265,000	2,542,900	1,216,209	274,992	7,299,101
2021	3,365,000	2,444,275	1,247,023	243,894	7,300,192
2022	3,470,000	2,327,550	1,271,780	211,049	7,280,379
2023-2027	19,465,000	8,922,850	5,244,140	490,919	34,122,909
2028-2032	20,955,000	6,284,300	441,432	25,282	27,706,014
2033-2036	<u>13,260,000</u>	<u>931,950</u>	<u>-</u>	<u>-</u>	<u>14,191,950</u>
	<u>\$70,075,000</u>	<u>\$28,797,625</u>	<u>\$11,772,388</u>	<u>\$1,881,463</u>	<u>\$112,526,476</u>

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

On March 14, 2008, the City issued Sales Tax Increment Revenue Bonds to fund engineering and construction expenditures related to the I-20 Service Road Project. The bonds will be paid with the incremental sales tax revenue received from the State.

The amount of long-term debt that can be incurred by the City is limited by state statute. State law allows a maximum of 10% of the 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, 2017, was \$200,836,537. The maximum debt allowable for any one purpose and total debt allowable by state law as of December 31, 2017, is \$20,083,654 and \$70,292,788, respectively. The City currently has no general bonded debt outstanding.

7. SALES TAX

The 1968 Sales Tax, 1985 Sales Tax, and 1990 Sales Tax, and 2016 Sales Tax Funds account for the collection of a one-half cent, three-quarter cent, and one-half cent, and three-quarter cent City sales and use tax, respectively, and the distribution of this tax to other funds of the City.

For financial reporting purposes, sales taxes are recorded as revenue in the individual funds which collect the sales tax and are recorded as transfers to and from the operations or projects for which the taxes were levied and as approved for expenditure by ordinance of the Council.

CITY OF RUSTON, LOUISIANA
Notes to Financial Statements
For the Year Ended September 30, 2017

The 1968 one-half cent sales tax is used initially to pay operating expenses incurred in the administration and collection of sales taxes. Certain contributions may be made from these funds. After these payments, the remaining amount is payable to the General Fund.

The 1985 three-quarter cent sales tax is used initially to pay operating expenses incurred in the administration and collection of sales taxes. Payments are made on a monthly basis to the Ruston Parks and Recreation Fund of up to seven percent of the annual net proceeds for construction, acquiring, improving and/or operating recreation facilities and programs. After these payments, the remaining amount is payable to the General Fund for public works, fire protection, and police protection.

The 1990 one-half cent sales tax is used initially to pay operating expenses incurred in the administration and collection of sales taxes. After these payments, the remaining amount is payable to the General Fund for fire protection and police protection.

The 2016 three-quarter cent sales tax is used initially to pay operating expenses incurred in the administration and collection of sales taxes. After these payments, the remaining amount is dedicated and used to construct, improve, maintain, and/or repair public streets, related drainage, and facilities for the provision of water and sewer services; for economic development; and to acquire, construct, maintain, operate and/or equip a multi-sports recreation complex, an animal shelter and related property, facilities and utilities.

8. MULTIPLE-EMPLOYER COST-SHARING BENEFIT PLANS – PUBLIC EMPLOYEE RETIREMENT SYSTEMS

Municipal Employees' Retirement System

Plan Description - Substantially all full-time employees, except police and firemen of the City of Ruston, are covered under the Municipal Employees' Retirement System of Louisiana, (the "System") a cost sharing multiple employer public employee retirement system, controlled and administered by the Board of Trustees of the System. The System is mandatory for all employees who are employed on a permanent basis working at least 35 hours per week. Benefits are established by State statutes. The System issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing the Board of Trustees, 7937 Office Park Blvd., Baton Rouge, Louisiana 70809, or by calling (800) 820-1137.

Funding Policy - State statute requires covered employees to contribute 9.50% of their annual compensation. As provided by Louisiana Revised Statute 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. The current actuarially determined rate is 22.75% of annual compensation. The City's contributions to the System for the years ended September 30, 2017, 2016, and 2015 were \$1,464,167, \$1,220,026, and \$1,142,086, respectively, equal to the required contributions for each year.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At September 30, 2017, the City reported a liability of \$14,343,355 for its proportionate share of the net pension liability for the MERS plan. The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

CITY OF RUSTON, LOUISIANA
Notes to Financial Statements
For the Year Ended September 30, 2017

The City's proportion of the net pension liability was based on a projection of the City's long-term share of contributions to the MERS pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2017, the City's proportion was 3.4286%, which was an increase of 0.0237% from its proportion measured as of June 30, 2016.

For the year ended September 30, 2017, the City recognized net pension expense of \$2,590,804 plus employer's amortization of change in proportionate share and differences between employer contributions and proportionate share of contributions, \$85,829.

At September 30, 2017, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 436,839
Changes of assumptions	239,833	-
Net difference between projected and actual earnings on pension plan investments	2,892,365	-
Changes in proportion and differences between Employer contributions and proportionate share of contributions	107,702	-
Employer contributions subsequent to the measurement date	<u>347,354</u>	-
Total	<u>\$ 3,614,356</u>	<u>\$ 436,839</u>

The City reported a total of \$347,354 as deferred outflow of resources related to pension contributions made subsequent to the measurement period of June 30, 2017, which will be recognized as a reduction in net pension liability in the year ended September 30, 2018.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as an increase (decrease) in pension expense as follows:

<u>Year</u>	<u>MERS</u>
2018	\$ 934,354
2019	934,354
2020	<u>934,354</u>
Total	<u>\$ 2,803,063</u>

Actuarial Assumptions

A summary of the actuarial methods and assumptions used in determining the total pension liability as of September 30, 2017, is as follows:

CITY OF RUSTON, LOUISIANA
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Valuation Date	June 30, 2017
Actuarial Cost Method	Entry Age Normal
Actuarial Assumptions:	
Expected Remaining Service Lives	3 years
Investment Rate of Return	7.4%, net of investment expense
Projected salary increases	5.0% (2.775% Inflation, 2.225% Merit)
Mortality	RP-2000 Employee Table for active members (set back 2 years for males and females) RP-2000 Disabled Lives Mortality Table for Disabled Annuitants (set back 5 years for males and 3 years for females) RP-2000 Healthy Annuitant Table for healthy annuitants (set forward 2 years for males and 1 year for females)
Cost of Living Adjustments	The present value of future retirement benefits is based on benefits currently being paid by the System and includes previously granted cost of living increases. The present values do not include provisions for potential future increases not yet authorized by the Board of Trustees.

The long-term expected rate of return on pension plan investments was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation and an adjustment for the effect of rebalancing/diversification.

Discount Rate

The discount rate used to measure the total pension liability was 7.4%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rates and that contributions from participating employers will be made at the actuarially determined rates, actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Employer's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following table presents the City's proportionate share of the net pension liability (NPL) using the discount rate of each Retirement System as well as what the City's proportionate share of the NPL would be if it were calculated using a discount rate that is one percentage-point lower or one percentage-point higher than the current rate used by each of the Retirement Systems:

CITY OF RUSTON, LOUISIANA
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	<u>1.0%</u> <u>Decrease</u>	<u>Current</u> <u>Discount</u> <u>Rate</u>	<u>1.0%</u> <u>Increase</u>
MERS			
Rates	6.40%	7.40%	8.40%
COR Share-NPL	\$18,278,202	\$14,343,355	\$10,987,038

Statewide Firefighter's Retirement System (SFRS)

Plan Description - The City of Ruston contributes to the Statewide Firefighter's Retirement System of Louisiana, a cost sharing multiple employer defined benefit pension plan administered by the Firefighter's Retirement System. SFRS covers firefighters employed by any municipality, parish, or fire protection district of the State of Louisiana under the provisions of Louisiana Revised Statutes 11:2251 through 2269 effective January 1, 1980. Benefits are established 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 the Board of Trustees, Firefighters' Retirement System, 3100 Brentwood Drive, Baton Rouge, Louisiana 70809 or by calling (225) 925-4060.

Funding Policy - State statute requires covered employees to contribute 10% of their annual compensation. For the year ended September 30, 2017, The City is required to contribute 27.25% of annual compensation excluding overtime but including State supplemental pay. As provided by Louisiana Revised Statute 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. The City's contributions to SFRS for the years ended September 30, 2017, 2016 and 2015 were \$587,465, \$587,331 and \$602,789, respectively, equal to the required contributions for each year.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At September 30, 2017, the City reported a liability of \$5,606,625 for its proportionate share of the net pension liability for the FRS plan. The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportion of the net pension liability was based on a projection of the City's long-term share of contributions to the FRS pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2017, the City's proportion was 0.9782%, which was a decrease of 0.0063% from its proportion measured as of June 30, 2016.

For the year ended September 30, 2017, the City recognized pension expense of \$998,012 plus employer's amortization of change in proportionate share and differences between employer contributions and proportionate share of contributions, \$23,269.

At September 30, 2017, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

CITY OF RUSTON, LOUISIANA
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	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	-	\$ 312,664
Changes of assumptions	234,499	1,337
Net difference between projected and actual earnings on pension plan investments	482,331	-
Changes in proportion and differences between Employer contributions and proportionate share of contributions	51,059	146,968
Employer contributions subsequent to the measurement date	<u>145,945</u>	<u>-</u>
Total	<u>\$ 913,834</u>	<u>\$ 460,969</u>

The City reported a total of \$145,945 as deferred outflow of resources related to pension contributions made subsequent to the measurement period of June 30, 2017, which will be recognized as a reduction in net pension liability in the year ended September 30, 2018.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as an increase (decrease) in pension expense as follows:

<u>Year</u>	<u>FRS</u>
2018	\$ 43,846
2019	43,846
2020	43,846
2021	43,846
2022	43,846
2023	43,845
2024	<u>43,845</u>
	<u>\$ 306,920</u>

Actuarial Assumptions

A summary of the actuarial methods and assumptions used in determining the total pension liability as of September 30, 2017, is as follows:

Valuation Date	June 30, 2017
Actuarial Cost Method	Entry Age Normal
Actuarial Assumptions:	
Expected Remaining Service Lives	7 years
Investment Rate of Return	7.4%, net of investment expense
Projected salary increases	4.75% – 15% per year based on years of service

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Mortality	RP-2000 Employee Table for active members RP-2000 Disabled Lives Mortality Table for Disabled Annuitants RP-2000 Healthy Annuitant Table for healthy annuitants
Cost of Living Adjustments	Only those previously granted.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation and an adjustment for the effect of rebalancing/diversification.

Discount Rate

The discount rate used to measure the total pension liability was 7.4%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rates and that contributions from participating employers will be made at the actuarially determined rates, actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Employer's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following table presents the City's proportionate share of the net pension liability (NPL) using the discount rate of each Retirement System as well as what the City's proportionate share of the NPL would be if it were calculated using a discount rate that is one percentage-point lower or one percentage-point higher than the current rate used by each of the Retirement Systems:

	<u>1.0% Decrease</u>	Current Discount <u>Rate</u>	<u>1.0% Increase</u>
FRS			
Rates	6.40%	7.40%	8.40%
COR Share- NPL	\$8,056,504	\$5,606,625	\$3,547,150

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Municipal Police Employees' Retirement System (MPERS)

Plan Description - The City of Ruston contributes to the Municipal Police Employees' Retirement System Pension Plan, a cost sharing multiple employer defined benefit pension plan administered by the Municipal Police Employees' Retirement System. MPERS covers any full-time police officer, empowered to make arrests, employed by any 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 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 the Board of Trustees of the Municipal Police Employees' Retirement System, 7722 Office Park Blvd., Suite 200, Baton Rouge, Louisiana 70809 or by calling 1-800-443-4248.

Funding Policy - State statute requires plan members to contribute 10% of their annual compensation. For the year ended September 30, 2017, the City was required to contribute 31.75% of annual compensation excluding overtime but including State supplemental pay. As provided by Louisiana Revised Statute 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. The City's contributions to MPERS for the years ended September 30, 2017, 2016 and 2015 were \$656,807, \$547,670 and \$574,403, respectively, equal to the required contributions for each year.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At September 30, 2017, the City reported a liability of \$5,870,965 for its proportionate share of the net pension liability for the MPERS plan. The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportion of the net pension liability was based on a projection of the City's long-term share of contributions to the MPERS pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2016, the City's proportion was 0.6725%, which was an increase of 0.0086% from its proportion measured as of June 30, 2016.

For the year ended September 30, 2017, the City recognized pension expense of \$638,996 plus employer's amortization of change in proportionate share and differences between employer contributions and proportionate share of contributions, \$202,798.

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Notes to Financial Statements
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At September 30, 2017, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 38,443	\$ 45,125
Changes of assumptions	417,752	-
Net difference between projected and actual earnings on pension plan investments	257,009	-
Changes in proportion and differences between Employer contributions and proportionate share of contributions	49,156	235,606
Employer contributions subsequent to the measurement date	<u>159,255</u>	<u>-</u>
Total	<u>\$921,615</u>	<u>\$ 280,731</u>

The City reported a total of \$159,255 as deferred outflow of resources related to pension contributions made subsequent to the measurement period of June 30, 2017, which will be recognized as a reduction in net pension liability in the year ended September 30, 2018.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as an increase (decrease) in pension expense as follows:

<u>Year</u>	<u>MPERS</u>
2018	\$ 120,407
2019	120,407
2020	120,407
2021	<u>120,408</u>
	<u>\$ 481,529</u>

Actuarial Assumptions

A summary of the actuarial methods and assumptions used in determining the total pension liability as of September 30, 2017, is as follows:

Valuation Date	June 30, 2017
Actuarial Cost Method	Entry Age Normal
Actuarial Assumptions:	
Expected Remaining Service Lives	4 years
Investment Rate of Return	7.325%, net of investment expense
Projected salary increases	4.25% - 9.75% based on years of service
Mortality	RP-2000 Employee Table for active members RP-2000 Disabled Lives Mortality Table for Disabled Annuitants

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The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation and an adjustment for the effect of rebalancing/diversification.

Discount Rate

The discount rate used to measure the total pension liability was 7.325%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rates and that contributions from participating employers will be made at the actuarially determined rates, actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Employer's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following table presents the City's proportionate share of the net pension liability (NPL) using the discount rate of each Retirement System as well as what the City's proportionate share of the NPL would be if it were calculated using a discount rate that is one percentage-point lower or one percentage-point higher than the current rate used by each of the Retirement Systems:

	<u>1.0% Decrease</u>	Current Discount <u>Rate</u>	<u>1.0% Increase</u>
MPERS			
Rates	6.325%	7.325%	8.325%
COR Share- NPL	\$8,111,304	\$5,870,965	\$3,991,482

CITY OF RUSTON, LOUISIANA
Notes to Financial Statements
For the Year Ended September 30, 2017

9. OTHER REQUIRED INDIVIDUAL FUND DISCLOSURES

a. INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

Interfund balances at September 30, 2017, were as follows:

<u>DUE FROM OTHER FUNDS</u>	<u>DUE TO OTHER FUNDS</u>											<u>Total</u>	
	<u>General Fund</u>	<u>I-20 Fund</u>	<u>Sales Tax Fund</u>	<u>MRF</u>	<u>Electric System</u>	<u>Telecom</u>	<u>Water System</u>	<u>Sewer</u>	<u>Airport</u>	<u>Ambulance</u>	<u>Nonmajor Govt</u>		<u>Internal Service</u>
General Fund	-	4,042	827,137	2,714	766,586	325,331	1,729	4,246	4,035	30,547	825	184,068	2,151,260
I-20 Fund	32,315	-	-	-	4,414	-	55	-	-	-	-	32,315	69,099
1968 Sales Tax	-	-	1,297,378	-	-	-	-	-	-	-	-	-	1,297,378
1985	-	-	-	-	-	-	-	-	-	-	-	-	-
1990 Sales Tax	-	-	-	-	-	-	-	-	-	-	-	-	-
2016 Sales Tax	-	-	-	-	-	-	-	-	-	-	-	-	-
MRF	-	5,220,680	-	-	-	-	-	-	-	-	-	-	5,220,680
Electric System	47,957	-	-	2,311	-	2,341,176	-	-	-	-	-	22,249	2,413,693
Telecom	-	-	-	-	-	-	-	-	-	-	-	1,408	1,408
Water System	13,568	-	-	-	1,316,126	-	-	-	-	-	-	10,992	1,340,686
Sewer System	-	20	-	-	890,054	-	-	-	-	-	-	14,471	904,545
Airport	-	-	-	-	-	-	-	-	-	-	-	268	268
Ambulance	2,911	-	-	-	-	-	-	-	-	-	-	2,388	5,299
Nonmajor Governmental	2,155	-	-	-	-	-	-	-	-	-	-	7,239	9,394
Internal Service	585,888	-	-	-	51,520	8,000	8,000	14,000	-	-	20,000	-	687,408
	<u>\$ 684,794</u>	<u>\$ 5,224,742</u>	<u>\$ 2,124,515</u>	<u>\$ 5,025</u>	<u>\$ 3,028,700</u>	<u>\$ 2,674,507</u>	<u>\$ 9,784</u>	<u>\$ 18,246</u>	<u>\$ 4,035</u>	<u>\$ 30,547</u>	<u>\$ 20,825</u>	<u>\$ 275,398</u>	<u>\$ 14,101,118</u>

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.

b. INTERFUND TRANSFERS

Transfers for the year ended September 30, 2017, were as follows:

<u>TRANSFERS OUT</u>	<u>TRANSFERS IN</u>				<u>Total</u>
	<u>General Fund</u>	<u>Airport Authority</u>	<u>Nonmajor Governmental Funds</u>	<u>I-20 Capital Projects Fund</u>	
1968 Sales Tax	\$ 2,974,536	-	-	-	\$2,974,536
1985 Sales Tax	4,202,012	-	\$288,905	-	4,490,917
1990 Sales Tax	2,994,536	-	-	-	2,994,536
Electric System	24,48,958	\$ 13,673	81,864	-	2,544,495
Water System	511,496	-	8,777	-	520,273
Sewer System	507,115	-	1,366	-	508,480
Nonmajor Other Governmental Funds	-	-	-	471,530	471,530
Total Transfers	<u>\$13,638,653</u>	<u>\$ 13,673</u>	<u>\$ 380,911</u>	<u>\$ 471,530</u>	<u>\$14,504,767</u>

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, (2) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund as debt service payments become due, (3) use unrestricted revenue collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations, and (4) pay the General Fund in lieu of property and sales taxes and services performed by other departments.

CITY OF RUSTON, LOUISIANA
Notes to Financial Statements
For the Year Ended September 30, 2017

c. EXCESS OF EXPENDITURES OVER BUDGET

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

<u>Fund</u>	<u>Budget</u>	<u>Actual on a budgetary basis</u>	<u>Negative variance</u>
General Fund:			
General Government:			
Other Employee Benefits	\$361,145	\$414,885	(\$53,740)
Public Safety:			
Other Employee Benefits	\$2,467,918	\$2,557,655	(\$89,737)
Public Works:			
Other Employee Benefits	\$847,585	\$886,204	(\$38,619)

The unfavorable variance in each line is related to the increasing costs in employee health insurance premiums. During the budget preparation, the prior year selected plans and coverage are used as a projection. Because employees are able to change their plan and coverage during open enrollment, the actual cost to provide health insurance can be higher than this projection.

d. ON BEHALF OF PAYMENTS

The City makes certain payments on behalf of the City Judge's Office and the Ruston Marshal's Office as part of normal operations and considered in the annual budget process. The on behalf of payments are shown in detail below:

<u>Payee</u>	<u>Amount</u>
City Judge's Office:	
Salaries and Employee Benefits	\$512,247
Ruston Marshal's Office:	
Salaries and Employee Benefits	<u>\$267,650</u>
Total On Behalf payments	<u>\$779,897</u>

10. FEDERAL AND STATE FINANCIAL ASSISTANCE

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

11. POST-EMPLOYMENT HEALTH CARE BENEFITS

Plan Description – The City of Ruston's medical benefits are provided through a self-insured medical plan and are made available to employees upon actual retirement.

CITY OF RUSTON, LOUISIANA
Notes to Financial Statements
For the Year Ended September 30, 2017

The employees are covered by one of three retirement systems: first, the Municipal Employees' Retirement System of Louisiana, whose retirement eligibility (D.R.O.P. entry) provisions are as follows: 25 years of service at any age; or, age 60 and 10 years of service; second, the Municipal Police Retirement System of Louisiana, whose retirement eligibility (D.R.O.P. entry) provisions are as follows: 25 years of service at any age; age 50 and 20 years of service; or, age 55 and 12 years of service; and, third, the Firefighters' Retirement System of Louisiana, whose retirement eligibility (D.R.O.P. entry) provisions are as follows: 25 years of service at any age; age 50 and 20 years of service; or, age 55 and 12 years of service.

Life insurance coverage in varying amounts is provided to retirees based on a blended rate (for all retired combined). The employer pays 100% of the cost of the retiree life insurance. Since GASB Codification Section P50 requires the use of "unblended" rates, we have used the 94GAR mortality table described below to "unblend" the rates so as to reproduce the composite blended rate overall as the rate structure to calculate the actuarial valuation results for life insurance. All of the assumptions used for the valuation of the medical benefits have been used except for the trend assumption; zero trend was used for life insurance. Retiree insurance coverage amounts are \$20,000, reduced to \$10,000 at age 70 and to \$1,000 at age 75.

Contribution Rates – Employees do not contribute to their post-employment benefits costs until they become retirees and begin receiving those benefits. The plan provisions and contribution rates are contained in the official plan documents.

Fund Policy – Until 2008, the City of Ruston recognized the cost of providing post-employment medical and life insurance benefits (the City of Ruston's portion of the retiree medical and life insurance benefit premiums) as an expense when the benefit premiums were due and thus financed the cost of the post-employment benefits on a pay-as-you-go basis. In 2016 and 2015, the City of Ruston's portion of health care and life insurance funding cost for retired employees totaled \$368,572 and \$341,270, respectively.

Effective October 1, 2008, the City of Ruston implemented Government Accounting Standards Board Codification Section P50, *Accounting and Financial Reporting by Employers for Post-Employment Benefits Other than Pensions* (GASB Codification Section P50). This amount was applied toward the Net OPEB Benefit Obligation as shown in the following table.

Annual Required Contribution – The City of Ruston's Annual Required Contribution (ARC) is an amount actuarially determined in accordance with GASB Codification Section P50. The ARC is the sum of the Normal Cost plus the contribution to amortize the Unfunded Actuarial Accrued Liability (UAAL). A level dollar, open amortization period of 30 years (the maximum amortization period allowed by GASB Codification Section P50) has been used for the post-employment benefits. The actuarially computed ARC is as follows:

	<u>2017</u>	<u>2016</u>
Normal cost	\$467,974	\$359,538
30-year UAL amortization amount	<u>866,164</u>	<u>838,100</u>
Annual required contribution (ARC)	<u>\$1,334,138</u>	<u>\$1,197,638</u>

Net Post-Employment Benefit Obligation (Asset) – The table below shows the City of Ruston's Net Other Post-Employment Benefit (OPEB) Obligation for fiscal years ending September 30:

	<u>2017</u>	<u>2016</u>
Beginning Net OPEB Obligation	<u>\$6,127,767</u>	<u>\$5,394,893</u>

CITY OF RUSTON, LOUISIANA
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For the Year Ended September 30, 2017

Annual required contribution	1,334,138	1,197,638
Interest on Net OPEB Obligation	245,111	215,796
ARC Adjustment	<u>(354,369)</u>	<u>(311,987)</u>
OPEB Cost	1,224,879	1,101,447
Contribution to Irrevocable Trust	-	-
Current year retiree premium	<u>(185,024)</u>	<u>(368,572)</u>
Change in Net OPEB Obligation	<u>1,039,855</u>	<u>732,875</u>
Ending Net OPEB Obligation	<u>\$7,167,622</u>	<u>\$6,127,767</u>

The following table shows the City of Ruston's annual post-employment benefits (PEB) cost, percentage of the cost contributed, and the net unfunded post-employment benefits (PEB) liability for last year and this year:

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual Cost Contributed</u>	<u>Net OPEB Liability (Asset)</u>
September 30, 2017	\$1,224,879	15.11%	\$7,167,622
September 30, 2016	\$1,101,447	33.46%	\$6,127,767

Funded Status and Funding Progress – In 2017 and 2016, the City of Ruston made no contributions to its post-employment benefits plan. The plan is not funded, has no assets, and hence has a funded ratio of zero. Based on the October 1, 2016 actuarial valuation, the most recent valuation, the Actuarial Accrued Liability (AAL) at the end of the year September 30, 2017, was \$15,577,012 which is defined as that portion, as determined by a particular actuarial cost method (the City of Ruston uses the Projected Unit Credit Cost Method), of the actuarial present value of post-employment plan benefits and expenses which is not provided by normal cost.

	<u>2017</u>	<u>2016</u>
Actuarial Accrued Liability (AAL)	\$15,577,012	\$15,072,236
Actuarial Value of Plan Assets (AVP)	<u>-</u>	<u>-</u>
Unfunded Act. Accrued Liability (UAAL)	<u>\$15,577,012</u>	<u>\$15,072,236</u>
Funded Ratio (AVP/AAL)	0.00%	0.00%
Covered Payroll (active plan members)	\$11,760,657	\$11,108,063
UAAL as a percentage of covered payroll	132.45%	135.69%

Actuarial Methods and Assumptions – Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. The actuarial valuation for post-employment benefits includes estimates and assumptions regarding (1) turnover rate; (2) retirement rate; (3) health care cost trend rate; (4) mortality rate; (5) discount rate (investment return assumption); and (6) the period to which the costs apply (past, current, or future years of service by employees). Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future.

The actuarial calculations are based on the types of benefits provided under the terms of the substantive plan (the plan as understood by the City of Ruston and its employee plan members) at the time of the valuation and on the pattern of sharing costs between the City of Ruston and its plan members to that point.

CITY OF RUSTON, LOUISIANA
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For the Year Ended September 30, 2017

The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations on the pattern of cost sharing between the City of Ruston and plan members in the future. Consistent with the long-term perspective of actuarial calculations, the actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial liabilities and the actuarial value of assets.

Actuarial Cost Method – The ARC is determined using the Projected Unit Credit Cost Method. The employer portion of the cost for retiree medical care in each future year is determined by projecting the current cost levels using the healthcare cost trend rate and discounting this projected amount to the valuation date using the other described pertinent actuarial assumptions, including the investment return assumption (discount rate), mortality and turnover.

Actuarial Value of Plan Assets – There are not any plan assets. It is anticipated that in future valuations, should funding take place, a smoothed market value consistent with Actuarial Standards Board ASOP 6, as provided in paragraph number 125 of GASB Codification Section P50.

Turnover Rate – An age-related turnover scale based on actual experience has been used. The rates, when applied to the active employee census, produce a composite average annual turnover of approximately 12%.

Post-Employment Benefit Plan Eligibility Requirements – Based on past experience, it has been assumed that entitlement to benefits will commence three years after retirement eligibility (D.R.O.P. entry), as described above under "Plan Description", except that police and fire personnel were assumed to wait until age 60 and 10 years of service instead of age 55 and 12 years of service. Medical benefits are provided to employees upon actual retirement.

Investment Return Assumption (Discount Rate) – GASB Codification Section P50 states that the investment return assumption should be the estimated long-term investment yield on the investments that are expected to be used to finance the payment of benefits (that is, for a plan which is funded). Based on the assumption that the ARC will not be funded, a 4% annual investment return has been used in this valuation.

Health Care Cost Trend Rate – The expected rate of increase in medical cost is a flat 5.5% annually.

Mortality Rate - The 1994 Group Annuity Reserving (94GAR) table, projected to 2002, based on a fixed blend of 50% of the unloaded male mortality rates and 50% of the unloaded female mortality rates, is used. This is a recently published mortality table which has been used in determining the value of accrued benefits in defined benefit pension plans. Projected future mortality improvement has not been used since it is our opinion that this table contains sufficiently conservative margin for the population involved in this valuation.

Method of Determining Value of Benefits – The "value of benefits" has been assumed to be the portion of the premium after retirement date expected to be paid by the employer for each retiree and has been used as the basis for calculating the actuarial present value of OPEB benefits to be paid. The employer pays a percentage of the cost of the medical insurance for the retiree and dependents according to a formula based on service at time of actual retirement. The percentage is 50% for at least 30 years of service; 40% for 25 but less than 30 years of service; 25% for at least 20 but less than 25 years of service; and, zero for less than 20 years of service. The rates provided to which these percentages apply are "unblended" rates as required by GASB Codification Section P50.

CITY OF RUSTON, LOUISIANA
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For the Year Ended September 30, 2017

Inflation Rate - Included in both the Investment Return Assumption and the Healthcare Cost Trend rates above is an implicit inflation assumption of 2.50% annually.

Projected Salary Increases - This assumption is not applicable since neither the benefit structure nor the valuation methodology involves salary.

Post-retirement Benefit Increases - The plan benefit provisions in effect for retirees as of the valuation date have been used and it has been assumed for valuation purposes that there will not be any changes in the future.

Below is a summary of OPEB cost and contributions for the last three fiscal years.

	<u>OPEB Costs and Contributions</u>		
	<u>FY 2015</u>	<u>FY 2016</u>	<u>FY 2017</u>
OPEB Cost	<u>\$1,068,347</u>	<u>\$1,101,447</u>	<u>\$1,224,879</u>
Contribution	-	-	-
Retiree premium	<u>341,270</u>	<u>368,572</u>	<u>185,024</u>
Total contribution and premium	<u>341,270</u>	<u>368,572</u>	<u>185,024</u>
Change in net OPEB obligation	<u>\$727,077</u>	<u>\$732,875</u>	<u>\$1,039,855</u>
% of contribution to cost	0.00%	0.00%	0.00%
% of contribution plus premium to cost	31.94%	33.46%	15.11%

12. COMMITMENTS AND CONTINGENCIES

Construction projects

There are certain construction projects in progress at September 30, 2017. The City issued \$34,000,000 in 2017 for the purpose of providing engineering and construction expenditures related to the I-20 Service Road Projects. The City also issued \$38,995,000 in 2016 for the purpose of providing infrastructure improvements City wide. From these debt issuances, the City has spent \$14,985,397 for I-20 Infrastructure projects; \$4,463,382 for the Sports Complex; \$3,969,078 for the Streetscape projects; \$3,679,527 for sewer rehabilitation projects, \$3,143,120 for water system improvements; \$2,998,248 for the Martin Luther King Extension; \$2,991,171 for Kentucky Avenue 3 lane project; \$1,559,843 for Airport improvements; \$1,545,632 for Tennessee Ave. Substation project; \$1,341,106 for the East Kentucky Bridge project; \$979,404 for the Rock Island Greenway project; \$873,277 for City Hall renovations; \$736,557 for the Highway 33 connector to North Frontage Road project; \$724,260 for the US 167 turn lane at Reynolds Dr. project; \$702,854 for the Tech research park/Homer St. streets project; \$493,648 for the Lee Ave. Bridge project; \$131,883 for the Shared Use Path project; \$130,941 for the Cooktown turn lane project; \$69,295 for the animal control facility; \$44,193 for the Pedestrian Crossing at Vaughn Street project; \$41,200 for the Heard Building improvements project; \$17,124 for the Goyne St. improvement project; \$9,705 for the Farmers Market West Entry project; \$8,805 Jefferson avenue bridge repair project.

CITY OF RUSTON, LOUISIANA
Notes to Financial Statements
For the Year Ended September 30, 2017

Risk Management

The City is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City maintains commercial insurance for risks related to (1) Public Official Errors and Omissions Liability, (2) General Liability, (3) Business Auto Liability, (4) Law Enforcement Professional Liability, and (5) Fire and Extended coverage. Settled claims resulting from these risks did not exceed commercial insurance coverage in the current year. The General Liability and Business Auto Liability are subject to a \$1,000,000 per occurrence limit. The Public Official Errors and Omissions Liability and Law Enforcement Professional Liability are subject to a \$1,000,000 per occurrence limit with a \$100,000 deductible. The City maintained property insurance during the year on approximately \$54 million in City property, subject to a \$100,000 per occurrence retention for property claims. The property insurance is with Atlantic Specialty Insurance Company.

Worker's Compensation

The City established a limited risk management program for worker's compensation in 1988. Premiums are paid into the Workmen's Compensation Self-Insurance Fund by other funds and are available to pay claims, claim reserves, and administrative costs of the program. An excess coverage insurance policy covers individual claims in excess of \$175,000. Reported and an estimate of incurred, but not reported claims of \$318,746 have been accrued as a liability based upon the service company's loss reserve report. Interfund premiums are based upon the approximate premium. Payments to the worker's compensation fund are accounted for as an expenditure/expense of the paying fund. The Workmen's Compensation Self-Insurance Fund has a net position of \$165,870 at September 30, 2017. There was no increase in insurance coverage from the prior year. No claims exceeded the City's insurance coverage for each of the past seven fiscal years.

General Self-Insurance

The City established a limited risk management program for employee medical coverage in 1988. Amounts paid into the General Self-Insurance Fund stem from employee contributions, payments by retired employees, and payments by other funds, and are available to pay claims, claim reserves and administrative costs of the program. During the year ended September 30, 2017, a total of \$3,119,501 was paid in benefits and administrative costs. The insurance fund has a net position of \$1,062,778 at September 30, 2017. An excess coverage co-insurance policy covers individual claims in excess of \$70,000 per calendar year. Incurred but not reported claims of \$380,782 have been accrued as a liability based upon information provided by the claims administrators. Interfund payments are based on total operating expenses minus employee contributions and payments by retired employees. Payments to the Health Insurance Fund are accounted for as an expenditure/expense of the paying fund. There were no reductions in insurance coverage from the prior year. No claims exceeded the City's insurance coverage for each of the past four fiscal years.

CITY OF RUSTON, LOUISIANA
Notes to Financial Statements
For the Year Ended September 30, 2017

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

	Accrued claims <u>October 1</u>	Claims incurred	Claims paid	Accrued claims <u>September 30</u>
Worker's Compensation:				
2017	\$285,383	\$71,202	\$37,839	\$318,746
2016	261,134	193,539	169,290	285,383
Health Insurance:				
2017	162,224	2,476,897	2,258,339	\$380,782
2016	232,588	2,004,924	2,075,288	162,224

Litigation

The City is defendant in several lawsuits in which the outcome is uncertain at the present time. In the opinion of the City Attorney, the City's ultimate exposure will not have a material adverse affect on the financial condition of the City. The City believes that adequate provision has been made for any amounts not covered by insurance should the Court find in favor of the plaintiffs.

Grant Disallowances

The City participates in federally assisted grant programs. 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. The continuation of these revenues at these amounts is contingent on a variety of factors at the state level.

13. LEASES

On November 24, 2014, the City of Ruston agreed to lease equipment from Republic First National Corporation for the sum of \$4,698.28 payable on the 1st day of each month for 48 consecutive months. The lease term commenced on February 1, 2015, and will end on January 1, 2019.

Annual lease payments total \$56,379.36 for the current fiscal year.

Future minimum lease payments to be paid in the future are:

Year ending September 30,

2018	56,379
2019	<u>18,794</u>
Total	<u>\$ 75,173</u>

CITY OF RUSTON, LOUISIANA
Notes to Financial Statements
For the Year Ended September 30, 2017

14. COMPENSATION PAID TO MEMBERS OF THE BOARD OF ALDERMEN

In accordance with the requirements of the Office of the Legislative Auditor, State of Louisiana, the following schedule reflects compensation paid to members of the Board of Aldermen, City of Ruston for the fiscal year ended September 30, 2016:

Carolyn E. Cage	\$9,599
Jedd B. Lewis	9,599
Angela R. Mayfield	9,599
Jim C. Pearce	9,599
Bruce E. Siegmund	9,599

15. SUBSEQUENT EVENTS

Subsequent events have been evaluated through March 23, 2018, which is the day the financial statements were available to be issued, and it has been determined that no significant events have occurred for disclosure.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF RUSTON, LOUISIANA
 General Fund
 Schedule of Revenues, Expenditures, and Changes in Fund Balance -
 Budget and Actual on a Budgetary Basis
 For the Year Ended September 30, 2017
 (unaudited)

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Taxes	1,451,000	1,451,000	\$1,030,500	(420,500)
Licenses and permits	697,000	697,000	1,199,875	502,875
Intergovernmental	1,615,527	1,615,527	1,865,449	249,922
Charges for services	1,377,000	1,377,000	1,427,547	50,547
Fines and forfeitures	332,550	332,550	642,632	310,082
Investment earnings	15,000	15,000	28,413	13,413
Miscellaneous	105,600	105,600	1,724,503	1,618,903
Total revenues	<u>5,593,677</u>	<u>5,593,677</u>	<u>7,918,919</u>	<u>2,325,242</u>
EXPENDITURES				
General government:				
Executive:				
Regular salaries	821,433	821,433	717,540	103,893
Overtime salaries	5,000	5,000	2,946	2,054
Other employee benefits	296,389	296,389	343,844	(47,455)
Total salaries, wages, and employee benefits	<u>1,122,822</u>	<u>1,122,822</u>	<u>1,064,330</u>	<u>58,492</u>
Operating services	875,527	1,172,994	1,143,613	29,381
Materials and supplies	26,000	55,150	55,000	150
Travel and other	20,000	20,220	17,050	3,170
Improvements and equipment	15,000	391,875	384,229	7,646
Total executive	<u>2,059,349</u>	<u>2,763,061</u>	<u>2,664,222</u>	<u>98,839</u>
Information technology:				
Regular salaries	164,285	164,285	137,907	26,378
Overtime salaries	5,000	5,000	2,567	2,433
Other employee benefits	41,609	41,609	45,591	(3,982)
Total salaries, wages, and employee benefits	<u>210,894</u>	<u>210,894</u>	<u>186,065</u>	<u>24,829</u>
Operating services	433,244	440,113	392,242	47,871
Materials and supplies	12,000	12,000	5,535	6,465
Travel and other	18,000	18,000	13,295	4,705
Improvements and equipment	109,000	121,559	112,961	8,598
Total information technology	<u>783,138</u>	<u>802,566</u>	<u>710,098</u>	<u>92,468</u>
Economic development:				
Regular salaries	79,848	79,848	75,850	3,998
Other employee benefits	23,147	23,147	25,450	(2,303)
Total salaries, wages, and employee benefits	<u>102,995</u>	<u>102,995</u>	<u>101,300</u>	<u>1,695</u>
Operating services	235,286	304,067	296,066	8,001
Materials and supplies	1,500	1,500	2,205	(705)
Travel and other	8,000	8,000	6,230	1,770
Total economic development	<u>347,781</u>	<u>416,562</u>	<u>405,801</u>	<u>10,761</u>
City Court	290,765	355,765	361,324	(5,559)
Marshal	229,342	250,234	249,673	561
Civic center/city hall:				
Regular salaries	95,828	105,828	86,492	19,336
Overtime salaries	25,000	43,000	40,882	2,118
Other employee benefits	33,326	33,326	21,164	12,162
Total salaries, wages, and employee benefits	<u>154,154</u>	<u>182,154</u>	<u>148,538</u>	<u>33,616</u>
Operating services	203,058	235,656	187,231	48,425
Materials and supplies	20,000	20,000	15,679	4,321
Improvements and equipment	100,000	72,000	25,447	46,553
Total civic center/city hall	<u>477,212</u>	<u>509,810</u>	<u>376,895</u>	<u>132,915</u>

CITY OF RUSTON, LOUISIANA
General Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance -
Budget and Actual on a Budgetary Basis
For the Year Ended September 30, 2017
(unaudited)

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget Positive (Negative)
	Original	Final		
Planning & zoning:				
Regular salaries	392,638	392,638	325,093	67,545
Overtime salaries	5,000	5,000	135	4,865
Other employee benefits	162,697	165,997	141,031	24,966
Total salaries, wages, and employee benefits	<u>560,335</u>	<u>563,635</u>	<u>466,259</u>	<u>97,376</u>
Operating services	158,705	194,529	143,471	51,058
Materials and supplies	44,500	44,500		44,500
Travel and other	14,000	14,000	4,570	9,430
Improvements and equipment	-	25,000	-	25,000
Total planning & zoning	<u>777,540</u>	<u>841,664</u>	<u>614,300</u>	<u>227,364</u>
Total general government	<u>4,965,127</u>	<u>5,939,662</u>	<u>5,382,313</u>	<u>557,349</u>
Public safety:				
Police:				
Regular salaries	2,046,908	2,046,908	2,011,739	35,169
Overtime salaries	200,000	375,000	343,124	31,876
Other employee benefits	1,194,628	1,198,234	1,211,146	(12,912)
Total salaries, wages, and employee benefits	<u>3,441,536</u>	<u>3,620,142</u>	<u>3,566,009</u>	<u>54,133</u>
Operating services				-
Materials and supplies	755,577	791,667	735,175	56,492
Travel and other	47,000	47,435	39,608	7,827
Improvements and equipment	550,000	632,074	385,206	246,868
Total police	<u>4,794,113</u>	<u>5,091,318</u>	<u>4,725,998</u>	<u>365,320</u>
Fire:				
Regular salaries	2,112,437	2,112,437	1,941,962	170,475
Contract Labor	158,301	158,301	74,633	83,668
Overtime salaries	100,000	100,000	59,189	40,811
Other employee benefits	1,258,984	1,269,684	1,346,509	(76,825)
Total salaries, wages, and employee benefits	<u>3,629,722</u>	<u>3,640,422</u>	<u>3,422,293</u>	<u>218,129</u>
Operating services	428,351	455,384	347,855	107,529
Materials and supplies	115,000	122,395	83,929	38,466
Travel and other	55,000	55,000	34,684	20,316
Improvements and equipment	398,000	797,344	698,561	98,783
Total fire	<u>4,626,073</u>	<u>5,070,545</u>	<u>4,587,322</u>	<u>483,223</u>
Probation	110,240	110,240	109,049	1,191
Total public safety	<u>9,530,426</u>	<u>10,272,103</u>	<u>9,422,369</u>	<u>849,734</u>
Public works:				
Administration:				
Regular salaries	313,734	315,734	303,430	12,304
Overtime salaries	500	500	32	468
Other employee benefits	112,123	112,123	105,274	6,849
Total salaries, wages, and employee benefits	<u>426,357</u>	<u>428,357</u>	<u>408,736</u>	<u>19,621</u>
Operating services	108,753	120,725	106,870	13,855
Materials and supplies	22,500	20,666	18,618	2,048
Travel and other	6,000	6,000	2,061	3,939
Total administration	<u>563,610</u>	<u>575,748</u>	<u>536,285</u>	<u>39,463</u>

CITY OF RUSTON, LOUISIANA
 General Fund
 Schedule of Revenues, Expenditures, and Changes in Fund Balance -
 Budget and Actual on a Budgetary Basis
 For the Year Ended September 30, 2017
 (unaudited)

	<u>Budgeted Amounts</u>		<u>Actual Amounts Budgetary Basis</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Streets:				
Regular salaries	794,707	821,809	749,421	72,388
Overtime salaries	40,000	40,000	33,801	6,199
Other employee benefits	372,023	372,023	385,402	(13,379)
Total salaries, wages, and employee benefits	<u>1,206,730</u>	<u>1,233,832</u>	<u>1,168,624</u>	<u>65,208</u>
Operating services	1,183,989	1,311,850	954,874	356,976
Materials and supplies	25,000	25,650	24,734	916
Travel and other	2,500	2,500	1,394	1,106
Improvements and equipment	2,865,000	3,498,362	1,004,914	2,493,448
Total streets	<u>5,283,219</u>	<u>6,072,194</u>	<u>3,154,540</u>	<u>2,917,654</u>
Solid waste:				
Regular salaries	606,813	606,813	544,291	62,522
Contract Labor	50,000	60,089	55,268	4,821
Overtime salaries	35,000	59,200	59,178	22
Other employee benefits	322,672	322,672	342,285	(19,613)
Total salaries, wages, and employee benefits	<u>1,014,485</u>	<u>1,048,774</u>	<u>1,001,022</u>	<u>47,752</u>
Operating services	821,499	1,056,395	776,558	279,837
Materials and supplies	40,000	44,560	22,074	22,486
Travel and other	2,500	4,500	3,619	881
Improvements and equipment	-	236,923	240,785	(3,862)
Total solid waste	<u>1,878,484</u>	<u>2,391,152</u>	<u>2,044,058</u>	<u>347,094</u>
Repair shop:				
Regular salaries	316,968	316,968	301,344	15,624
Overtime salaries	6,000	6,000	5,743	257
Other employee benefits	152,890	152,890	158,517	(5,627)
Total salaries, wages, and employee benefits	<u>475,858</u>	<u>475,858</u>	<u>465,604</u>	<u>10,254</u>
Operating services	56,399	98,508	85,339	13,169
Materials and supplies	35,000	36,000	35,695	305
Travel and other	7,000	7,000	3,857	3,143
Total repair shop	<u>574,257</u>	<u>617,366</u>	<u>590,495</u>	<u>26,871</u>
Animal Control:				
Regular salaries	131,308	131,308	85,949	45,359
Overtime salaries	12,000	12,000	7,934	4,066
Other employee benefits	59,919	59,919	37,567	22,352
Total salaries, wages, and employee benefits	<u>203,227</u>	<u>203,227</u>	<u>131,450</u>	<u>71,777</u>
Operating services	38,151	38,151	24,816	13,335
Materials and supplies	15,000	15,325	13,541	1,784
Travel and other	4,000	4,000	3,264	736
Total animal control	<u>260,378</u>	<u>260,703</u>	<u>173,071</u>	<u>87,632</u>
Total public works	<u>8,559,948</u>	<u>9,917,163</u>	<u>6,498,449</u>	<u>3,418,714</u>
Total expenditures	<u>23,055,501</u>	<u>26,128,928</u>	<u>21,303,131</u>	<u>4,825,797</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(17,461,824)</u>	<u>(20,535,251)</u>	<u>(13,384,212)</u>	<u>7,151,039</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	14,561,063	14,561,063	13,638,653	(922,410)
Transfers out	-	-	-	-
Total other financing sources and uses	<u>14,561,063</u>	<u>14,561,063</u>	<u>13,638,653</u>	<u>(922,410)</u>
Net change in fund balance	<u>(2,900,761)</u>	<u>(5,974,188)</u>	<u>254,441</u>	<u>6,228,629</u>
Fund balances - beginning	<u>6,865,528</u>	<u>6,865,528</u>	<u>7,537,773</u>	<u>672,245</u>
Fund balances - ending	<u>\$3,964,767</u>	<u>\$891,340</u>	<u>\$7,792,214</u>	<u>6,900,874</u>

CITY OF RUSTON, LOUISIANA
 1968 Sales Tax Fund
 Schedule of Revenues, Expenditures, and Changes in Fund Balance -
 Budget and Actual on Budgetary Basis
 For the Year Ended September 30, 2017
 (unaudited)

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Taxes	\$3,000,000	\$3,000,000	\$3,040,412	\$40,412
Investment earnings	200	200	420	220
Total revenues	<u>3,000,200</u>	<u>3,000,200</u>	<u>3,040,832</u>	<u>40,632</u>
EXPENDITURES				
General government:				
Collection and administrative	29,100	29,100	28,820	280
Total expenditures	<u>29,100</u>	<u>29,100</u>	<u>28,820</u>	<u>280</u>
Excess of revenues over expenditures	<u>2,971,100</u>	<u>2,971,100</u>	<u>3,012,012</u>	<u>40,912</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	(3,180,000)	(3,180,000)	(2,974,536)	205,464
Total other financing sources and uses	<u>(3,180,000)</u>	<u>(3,180,000)</u>	<u>(2,974,536)</u>	<u>205,464</u>
Net change in fund balance	(208,900)	(208,900)	37,476	246,376
Fund balances - beginning	<u>320,366</u>	<u>320,366</u>	<u>288,504</u>	<u>(31,862)</u>
Fund balances - ending	<u>\$111,466</u>	<u>\$111,466</u>	<u>\$325,980</u>	<u>\$214,514</u>

See accompanying independent auditors' report.

CITY OF RUSTON, LOUISIANA
1985 Sales Tax Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance -
Budget and Actual on Budgetary Basis
For the Year Ended September 30, 2017
(unaudited)

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
REVENUES				
Taxes	\$4,500,000	\$4,500,000	\$4,560,618	\$60,618
Investment earnings	250	250	631	381
Total revenues	<u>4,500,250</u>	<u>4,500,250</u>	<u>4,561,249</u>	<u>60,999</u>
EXPENDITURES				
General government:				
Collection and administrative	13,100	13,100	12,812	288
Total expenditures	<u>13,100</u>	<u>13,100</u>	<u>12,812</u>	<u>288</u>
Excess of revenues over expenditures	<u>4,487,150</u>	<u>4,487,150</u>	<u>4,548,437</u>	<u>61,287</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	(4,639,083)	(4,639,083)	(4,490,917)	148,166
Total other financing sources and uses	<u>(4,639,083)</u>	<u>(4,639,083)</u>	<u>(4,490,917)</u>	<u>148,166</u>
Net change in fund balance	(151,933)	(151,933)	57,520	209,453
Fund balances - beginning	<u>261,804</u>	<u>261,804</u>	<u>182,323</u>	<u>(79,481)</u>
Fund balances - ending	<u>\$109,871</u>	<u>\$109,871</u>	<u>\$239,843</u>	<u>\$129,972</u>

See accompanying independent auditors' report.

CITY OF RUSTON, LOUISIANA
1990 Sales Tax Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance -
Budget and Actual on Budgetary Basis
For the Year Ended September 30, 2017
(unaudited)

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Taxes	\$3,000,000	\$3,000,000	\$3,040,412	\$40,412
Investment earnings	50	50	420	370
Total revenues	<u>3,000,050</u>	<u>3,000,050</u>	<u>3,040,832</u>	<u>40,782</u>
EXPENDITURES				
General government:				
Collection and administrative	9,000	9,000	8,820	180
Total expenditures	<u>9,000</u>	<u>9,000</u>	<u>8,820</u>	<u>180</u>
Excess of revenues over expenditures	<u>2,991,050</u>	<u>2,991,050</u>	<u>3,032,012</u>	<u>40,962</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	(3,650,000)	(3,650,000)	(2,994,536)	655,464
Total other financing sources and uses	<u>(3,650,000)</u>	<u>(3,650,000)</u>	<u>(2,994,536)</u>	<u>655,464</u>
Net change in fund balance	(658,950)	(658,950)	37,476	696,426
Fund balances - beginning	<u>767,045</u>	<u>767,045</u>	<u>762,914</u>	<u>(4,131)</u>
Fund balances - ending	<u><u>108,095</u></u>	<u><u>\$108,095</u></u>	<u><u>\$800,390</u></u>	<u><u>\$692,295</u></u>

See accompanying independent auditors' report.

CITY OF RUSTON, LOUISIANA
2016 Sales Tax Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance -
Budget and Actual on Budgetary Basis
For the Year Ended September 30, 2017
(unaudited)

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Taxes	\$4,500,000	\$4,500,000	\$4,560,618	\$60,618
Investment earnings	75	75	2,302	2,227
Total revenues	<u>4,500,075</u>	<u>4,500,075</u>	<u>4,562,920</u>	<u>62,845</u>
EXPENDITURES				
General government:				
Collection and administrative	13,100	13,100	13,377	(277)
Debt Service	3,569,000	3,569,000	2,531,402	1,037,598
Total expenditures	<u>3,582,100</u>	<u>3,582,100</u>	<u>2,544,779</u>	<u>1,037,321</u>
Excess of revenues over expenditures	<u>917,975</u>	<u>917,975</u>	<u>2,018,141</u>	<u>1,100,166</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	(2,000,000)	-	-	-
Total other financing sources and uses	<u>(2,000,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	(1,082,025)	917,975	2,018,141	1,100,166
Fund balances - beginning	<u>1,297,025</u>	<u>1,297,025</u>	<u>1,042,413</u>	<u>(254,612)</u>
Fund balances - ending	<u><u>215,000</u></u>	<u><u>\$2,215,000</u></u>	<u><u>\$3,060,554</u></u>	<u><u>\$845,554</u></u>

See accompanying independent auditors' report.

CITY OF RUSTON, LOUISIANA
Notes to Budgetary Comparison Schedules
For the Year Ended September 30, 2017
(Unaudited)

Budget and Budgetary Accounting

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

- (1) The Treasurer's Office compiles for the Mayor estimates of revenues and requests for appropriations of the annual budget.
- (2) During August, the Mayor submits to the City Council a proposed operating budget for the fiscal year commencing the following October 1. The operating budget includes proposed expenditures and the means of financing them.
- (3) A public hearing is then conducted, after proper official journal notification, to obtain taxpayer comments.
- (4) Prior to September 30, the budget is legally enacted through passage of an ordinance.
- (5) The budget ordinance is structured such that revenues are budgeted by source, and appropriations are budgeted by department and by principal object of expenditure. Budgetary control is exercised at the departmental code level, with the exception of salaries, regular and overtime, which are at the line item level, or by projects, and the City Court and Probation (total combined), and City Marshal departments, which are budgeted at the department level. The Council may revise or amend the budget at its discretion during legally convened sessions. For the year ended September 30, 2016, amendments were made to the budget, including salary and benefit accounts to appropriate for the change in the police department and fire department pay plans; and grant revenue and expenditure accounts to account for grants received throughout the year; and various other accounts to appropriate open purchase orders as of the end of the prior year.
- (6) 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. (1968 Sales Tax, 1985 Sales Tax, 1990 Sales Tax, Parks and Recreation, and Section 8 Vouchers). Annual operating budgets are not prepared for the D.A.R.T. Grant Program and I-20 funds, but rather these funds are budgeted on a project basis. The capital budget ordinances which encompass the capital projects funds present cumulative as opposed to annual budget amounts and thus budget and actual comparisons are not reported in the accompanying financial statements for these funds. Budgetary control for the debt service funds is achieved through general bond indenture provisions.
- (7) All budgets are adopted on a basis substantially consistent with generally accepted accounting principles (GAAP). Appropriations which are not expended lapse at year end.
- (8) The City is legally required to prepare annual operating budgets for the Electric System, Water System, Sewer System, Telecommunications System, Ruston Airport Authority, Ambulance Fund, Workmen's Compensation, General Insurance, and Purchasing/Warehouse Funds. The City is not, however, required to present an actual-to-budget comparison for the enterprise and internal service funds.

CITY OF RUSTON, LOUISIANA
 OTHER POST EMPLOYMENT BENEFITS
 SCHEDULE OF FUNDING PROGRESS
 FOR THE YEAR ENDED SEPTEMBER 30, 2017

<u>Fiscal Year Ending</u>	<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets (a)</u>	<u>Actuarial Accrued Liability (AAL) Entry Age (b)</u>	<u>Unfunded AAL (UAAL) (b-a)</u>	<u>Funded Ratio (a/b)</u>	<u>Covered Payroll (c)</u>	<u>UAAL as a Percentage of Covered Payroll ((b-a)/c)</u>
9/30/2017	10/1/2016	\$ -	\$ 15,577,012	\$ 15,577,012	0.00%	\$ 11,760,657	132.45%
9/30/2016	10/1/2015	\$ -	\$ 15,072,236	\$ 15,072,236	0.00%	\$ 11,108,063	135.69%
9/30/2015	10/1/2014	\$ -	\$ 14,492,534	\$ 14,492,534	0.00%	\$ 10,307,549	140.60%
9/30/2014	10/1/2013	\$ -	\$ 13,919,000	\$ 13,919,000	0.00%	\$ 10,529,588	132.19%
9/30/2013	10/1/2012	\$ -	\$ 13,383,654	\$ 13,383,654	0.00%	\$ 10,712,853	124.93%
9/30/2012	10/1/2011	\$ -	\$ 12,446,761	\$ 12,446,761	0.00%	\$ 10,304,287	120.79%

SCHEDULE OF EMPLOYER CONTRIBUTIONS

<u>Fiscal Year Ending</u>	<u>Annual OPEB Cost</u>	<u>Amount Contributed</u>	<u>Percentage of Annual OPEB Costs Contributed</u>	<u>Net OPEB Obligation</u>
9/30/2017	\$1,224,879	\$185,024	15.11%	\$ 7,167,622
9/30/2016	\$1,101,447	\$368,572	33.46%	\$ 6,127,767
9/30/2015	\$1,068,348	\$341,270	31.94%	\$ 5,394,893
9/30/2014	\$1,086,160	\$300,647	27.68%	\$ 4,667,815
9/30/2013	\$1,055,580	\$278,377	26.37%	\$ 3,882,302
9/30/2012	\$1,032,285	\$261,883	25.37%	\$ 3,105,099

CITY OF RUSTON, LOUISIANA
 SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY
 FOR THE YEAR ENDED SEPTEMBER 30, 2017

	<u>MERS</u>	<u>MPERS</u>	<u>FRS</u>
Employer's Proportion of the Net Pension Liability (Asset)	3.4286%	67.2500%	97.8200%
Employer's Proportionate Share of the Net Pension Liability (Asset)	\$14,343,355	\$5,870,965	\$5,606,625
Employer's Covered-Employee Payroll	\$6,435,899	\$2,068,683	\$2,155,839
Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll	222.86%	283.80%	260.07%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	72.45%	70.73%	72.45%

This schedule is to built prospectively. Until a full 10-year trend is compiled, the schedule will show information for those years for which data is available, beginning with FYE September 30, 2015.

* The amounts presented have a measurement date of June 30, 2017.

CITY OF RUSTON, LOUISIANA
 SCHEDULE OF THE EMPLOYER'S PENSION CONTRIBUTIONS
 FOR THE YEAR ENDED SEPTEMBER 30, 2017

	<u>MERS</u>	<u>MPERS</u>	<u>FRS</u>
Contractually Required Contribution ¹	\$1,464,167	\$ 656,807	\$ 587,466
Contributions in Relation to Contractually Required Contribution ²	<u>1,464,167</u>	<u>656,807</u>	<u>587,466</u>
Contribution Deficiency (Excess)	<u>-</u>	<u>-</u>	<u>-</u>
Employer's Covered-Employee Payroll ³	\$6,435,899	\$2,068,683	\$2,155,839
Contributions as a % of Covered-Employee Payroll	22.75%	31.75%	27.25%

This schedule is to built prospectively. Until a full 10-year trend is compiled, the schedule will show information for those years for which data is available, beginning with FYE September 30, 2015.

For reference only:

¹ *Employer contribution rate multiplied by employer's covered-employee payroll*

² *Actual employer contributions remitted to MERS, MPERS, and FRS*

³ *Employer's covered-employee payroll amount for the fiscal year ended September 30, 2017*

CITY OF RUSTON, LOUISIANA
SCHEDULE OF COMPENSATION, BENEFITS, AND OTHER PAYMENTS TO THE AGENCY HEAD
FOR THE YEAR ENDED SEPTEMBER 30, 2017

<u>Mayor Ronny Walker</u>	<u>Amount</u>
Salary	\$ 80,000
Benefits - medicare	1,108
Benefits - health insurance	12,500
Benefits - life insurance	55
Benefits - retirement/457 plan	19,000
Reimbursements	1,800
Travel	3,757
Total	\$ 118,220

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COMBINING FUND STATEMENTS

Nonmajor Governmental Funds

Special Revenue Funds

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

Ruston Parks and Recreation Board – This fund accounts for the receipts and subsequent expenditures of the City of Ruston Park and Recreation Program.

D.A.R.T. Grant Program – This fund accounts for the receipt and subsequent expenditures of a State of Louisiana Emergency Shelter Grant Program.

Section 8 Housing Choice Voucher Program – This fund accounts for receipt of Federal Funds and the payment of Housing Assistance Payments to qualifying rental property owners.

Debt Service Fund

The Debt Service Fund accounts for the accumulation of resources and payment of general obligation bond principal and interest from governmental resources.

Capital Projects Fund

Capital projects funds are used to account for the acquisition and construction of major capital facilities other than those financed by proprietary funds.

Sewer LCDBG Grant – This fund accounts for receipts and disbursements of a grant received from the Louisiana Community Development Block Grant for sewer improvements.

CITY OF RUSTON, LOUISIANA
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 SEPTEMBER 30, 2017

	<u>Special Revenue Funds</u>				<u>Debt Service Fund - I-20 TID</u>	<u>Capital Project Fund - Sewer LCDBG Grant</u>	<u>Total Nonmajor Governmental Funds</u>
	<u>Ruston Parks & Recreation Board</u>	<u>D.A.R.T. Grant Program</u>	<u>Section 8 Housing Choice Voucher Program</u>	<u>Total</u>			
ASSETS							
Cash and cash equivalents	\$ 780,293	\$ -	\$ 840,799	\$ 1,621,092		\$ 170,229	\$ 1,791,321
Investments	-	-	-	-	2,160,430		2,160,430
Accounts receivable, net	-	7,036	-	7,036	687,020	131,744	825,800
Prepaid Travel	448	-	-	448	-	-	448
Due from other funds	-	-	-	-			-
Total assets	<u>780,741</u>	<u>7,036</u>	<u>840,799</u>	<u>1,628,576</u>	<u>2,847,450</u>	<u>301,973</u>	<u>4,777,999</u>
LIABILITIES AND FUND BALANCES							
Liabilities:							
Accounts payable	24,278	7,036	7,404	38,718	75,375	-	114,093
Deposits	1,389	-	-	1,389	-	-	1,389
Due to other funds	5,586	-	345	5,931	-	-	5,931
Accrued salaries	-	-	-	-	-	-	-
Total liabilities	<u>31,253</u>	<u>7,036</u>	<u>7,749</u>	<u>46,038</u>	<u>75,375</u>	<u>-</u>	<u>121,413</u>
Fund balances:							
Spendable:							
Restricted	550,801	-	106,639	657,440	2,772,075	-	3,429,515
Assigned	198,687	-	726,411	925,098	-	301,973	1,227,071
Total fund balances	<u>749,488</u>	<u>-</u>	<u>833,050</u>	<u>1,582,538</u>	<u>2,772,075</u>	<u>301,973</u>	<u>4,656,586</u>
Total liabilities and fund balances	<u>\$ 780,741</u>	<u>\$ 7,036</u>	<u>\$ 840,799</u>	<u>\$ 1,628,576</u>	<u>\$ 2,847,450</u>	<u>\$ 301,973</u>	<u>\$ 4,777,999</u>

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

CITY OF RUSTON, LOUISIANA
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
 NONMAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED SEPTEMBER 30, 2017

	Special Revenue Funds			Total	Debt Service Fund - 1-20 TID	Capital Project Fund - Sewer LCDBG Grant	Total Nonmajor Governmental Funds
	Ruston Parks & Recreation Board	D.A.R.T. Grant Program	Section 8 Housing Choice Voucher Program				
REVENUES							
Taxes	\$574,219	-	-	\$574,219	\$2,982,018	-	\$3,556,237
Intergovernmental	-	\$41,036	\$1,073,327	1,114,363	-	\$811,635	1,925,998
Charges for services	74,455	-	-	74,455	-	-	74,455
Investment earnings	-	-	3,391	3,391	95,992	-	99,383
Miscellaneous	20,865	-	-	20,865	-	-	20,865
Total revenues	669,539	41,036	1,076,718	1,787,293	\$3,078,010	811,635	5,676,938
EXPENDITURES							
Current:							
General Government	-	41,036	1,105,893	1,146,929	-	511,028	1,657,957
Recreation	886,074	-	-	886,074	-	-	886,074
Capital outlay	-	-	-	-	-	-	-
Bond principal	-	-	-	-	2,110,000	-	2,110,000
Bond interest	-	-	-	-	123,020	-	123,020
Total expenditures	886,074	41,036	1,105,893	2,033,003	2,233,020	511,028	4,777,051
Excess (deficiency) of revenues over (under) expenditures	(216,535)	-	(29,175)	(245,710)	844,990	300,607	899,887
OTHER FINANCING SOURCES (USES)							
Transfers in	379,545	-	-	379,545	-	1,366	380,911
Transfers out	-	-	-	-	(471,530)	-	(471,530)
Total other financing sources and uses	379,545	-	-	379,545	(471,530)	1,366	(90,619)
Net change in fund balances	163,010	-	(29,175)	133,835	373,460	301,973	809,268
Fund balances - beginning	586,478	-	862,225	1,448,703	2,398,615	-	3,847,318
Fund balances - ending	\$749,488	-	\$833,050	\$1,582,538	\$2,772,075	301,973	\$4,656,586

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

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Internal Service Funds

Internal service funds are used to account for the financing of goods and services provided by one department or agency to other departments or agencies of the City, and to other government, on a cost reimbursement basis.

Workmen's Compensation Self-Insurance Fund – This fund accumulates resources to finance employee workmen's compensation injuries and claims.

Health Insurance Fund – This fund accumulates resources to finance claims and judgments arising from employee health insurance and other exposures.

Purchasing-Warehouse Fund – This fund coordinates purchasing and warehousing operations for all applicable funds.

General and Auto Liability Fund – This fund accumulates resources to finance general and auto liability premiums and claims.

CITY OF RUSTON, LOUISIANA
 COMBINING STATEMENT OF NET POSITION
 INTERNAL SERVICE FUNDS
 SEPTEMBER 30, 2017

	<u>Workmen's Compensation</u>	<u>Health Insurance</u>	<u>Purchasing/ Warehouse</u>	<u>General & Auto Liability</u>	<u>Total Internal Service Funds</u>
ASSETS					
Current Assets:					
Cash and cash equivalents	\$123,405	\$413,996	\$282,193	\$343,088	\$1,162,682
Investments	248,907	588,706	-	-	837,613
Receivables, net	-	-	-	-	-
Due from other funds	106,632	441,020	606	-	548,258
Prepaid items	45,000	-	-	177,387	222,387
Total current assets	<u>\$523,944</u>	<u>1,443,722</u>	<u>282,799</u>	<u>\$520,475</u>	<u>2,770,940</u>
Noncurrent Assets:					
Capital Assets:					
Buildings	-	-	13,080	-	13,080
Equipment	-	-	76,306	-	76,306
Less accumulated depreciation	-	-	(63,245)	-	(63,245)
Total noncurrent assets	<u>-</u>	<u>-</u>	<u>26,141</u>	<u>-</u>	<u>26,141</u>
Total assets	<u>\$523,944</u>	<u>\$1,443,722</u>	<u>\$308,940</u>	<u>\$520,475</u>	<u>\$2,797,081</u>
LIABILITIES					
Current Liabilities:					
Accounts payable	\$32,704	\$162	\$458	\$177,387	\$210,711
Accrued liabilities	-	-	-	-	-
Due to other funds	6,624	-	-	170,113	176,737
Claims and judgments	318,746	380,782	-	100,000	799,528
Total current liabilities	<u>358,074</u>	<u>380,944</u>	<u>458</u>	<u>\$447,500</u>	<u>1,186,976</u>
Noncurrent Liabilities:					
Compensated absences	-	-	19,351	-	19,351
Total noncurrent liabilities	<u>-</u>	<u>-</u>	<u>19,351</u>	<u>-</u>	<u>19,351</u>
Total liabilities	<u>358,074</u>	<u>380,944</u>	<u>19,809</u>	<u>447,500</u>	<u>1,206,327</u>
NET POSITION					
Net investments in capital assets	-	-	26,141	-	26,141
Unrestricted	165,870	1,062,778	262,990	72,975	1,564,613
Total net position	<u>\$165,870</u>	<u>\$1,062,778</u>	<u>\$289,131</u>	<u>\$72,975</u>	<u>\$1,590,754</u>

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

CITY OF RUSTON, LOUISIANA
 COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
 INTERNAL SERVICE FUNDS
 FOR THE YEAR ENDED SEPTEMBER 30, 2017

	<u>Workmen's Compensation</u>	<u>Health Insurance</u>	<u>Purchasing/ Warehouse</u>	<u>General & Auto Liability</u>	<u>Total Internal Service Funds</u>
OPERATING REVENUES					
Charges to other funds	\$375,000	\$3,056,546	\$200,000	\$670,035	\$4,301,581
Premiums paid by retired employees	-	228,211	-	-	228,211
Retiree drug subsidy	-	41,039	-	-	41,039
Total operating revenues	<u>375,000</u>	<u>3,325,796</u>	<u>200,000</u>	<u>670,035</u>	<u>4,570,831</u>
OPERATING EXPENSES					
Cost of Services:					
Salaries, wages and employee benefits	-	-	155,645	-	155,645
Operating services	-	952	18,478	-	19,430
Materials and supplies	-	-	9,836	-	9,836
Travel and other	-	-	2,540	-	2,540
Depreciation	-	-	3,615	-	3,615
Total cost of services	<u>-</u>	<u>952</u>	<u>190,114</u>	<u>-</u>	<u>191,066</u>
Claims	37,839	2,258,339	-	192,386	2,488,564
Insurance premiums	219,216	860,210	-	550,458	1,629,884
Total operating expenses	<u>257,055</u>	<u>3,119,501</u>	<u>190,114</u>	<u>742,844</u>	<u>4,309,514</u>
Operating income (loss)	<u>117,945</u>	<u>206,295</u>	<u>9,886</u>	<u>(72,809)</u>	<u>261,317</u>
NONOPERATING REVENUES (EXPENSES)					
Investment earnings	629	1,918	380	257	3,184
Total nonoperating revenues (expenses)	<u>629</u>	<u>1,918</u>	<u>380</u>	<u>257</u>	<u>3,184</u>
Income (loss) before transfers	<u>118,574</u>	<u>208,213</u>	<u>10,266</u>	<u>(72,552)</u>	<u>264,501</u>
Transfers in	-	-	-	-	-
Change in net position	<u>118,574</u>	<u>208,213</u>	<u>10,266</u>	<u>(72,552)</u>	<u>264,501</u>
Total net position - beginning	<u>47,296</u>	<u>854,565</u>	<u>278,864</u>	<u>145,527</u>	<u>1,326,252</u>
Total net position - ending	<u>\$165,870</u>	<u>\$1,062,778</u>	<u>\$289,130</u>	<u>\$72,975</u>	<u>\$1,590,753</u>

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

CITY OF RUSTON, LOUISIANA
 COMBINING STATEMENT OF CASH FLOWS
 INTERNAL SERVICE FUNDS
 FOR THE YEAR ENDED SEPTEMBER 30, 2017

	<u>Workmen's Compensation</u>	<u>Health Insurance</u>	<u>Purchasing/ Warehouse</u>	<u>General & Auto Liability</u>	<u>Total Internal Service Funds</u>
Cash flows from operating activities:					
Receipts from operations	\$268,368	\$3,284,875	\$200,729	\$659,126	\$4,413,098
Payments to suppliers	(212,377)	(1,485,773)	(77,237)	(353,467)	(2,128,854)
Payments to employees	-	-	(142,880)	-	(142,880)
Claims	(4,476)	(2,039,781)	-	(142,386)	(2,186,643)
Other receipts	-	41,039	-	-	41,039
Net cash provided by (used in) operating activities	<u>51,515</u>	<u>(199,640)</u>	<u>(19,388)</u>	<u>163,273</u>	<u>(4,240)</u>
Cash flows from investing activities:					
Proceeds from sales and maturities of investments	-	-	-	-	-
Purchases on investments	-	-	-	-	-
Interest on investments	629	1,002	380	257	2,268
Net cash provided by (used in) investing activities	<u>629</u>	<u>1,002</u>	<u>380</u>	<u>257</u>	<u>2,268</u>
Net increase (decrease) in cash and cash equivalents	52,144	(198,638)	(19,008)	163,530	(1,972)
Cash and cash equivalents - beginning of year	71,261	612,634	301,201	179,558	1,164,654
Cash and cash equivalents - end of year	<u>123,405</u>	<u>\$413,996</u>	<u>\$282,193</u>	<u>\$343,088</u>	<u>\$1,162,682</u>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:					
Operating income (loss)	<u>\$118,574</u>	<u>\$208,213</u>	<u>\$10,266</u>	<u>(\$72,552)</u>	<u>\$264,501</u>
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:					
Depreciation and amortization	-	-	3,615	-	3,615
(Increase) Decrease in assets:					
Receivables	-	204	-	-	204
Due from other funds	(106,632)	(355,236)	(447)	-	(462,315)
Prepaid items	-	-	-	(161,418)	(161,418)
Increase (Decrease) in liabilities:					
Accounts payable	7,468	(8,927)	(121)	(177,387)	(178,967)
Accrued liabilities	-	-	(5,585)	-	(5,585)
Due to other funds	-	174,664	(29,738)	(170,113)	(25,187)
Claims and judgments	32,105	(218,558)	-	744,743	558,290
Compensated absences	-	-	2,622	-	2,622
Total adjustments	<u>(67,059)</u>	<u>(407,853)</u>	<u>(29,654)</u>	<u>235,825</u>	<u>(268,741)</u>
Net cash provided by (used in) operating activities	<u>\$51,515</u>	<u>(\$199,640)</u>	<u>(\$19,388)</u>	<u>\$163,273</u>	<u>(\$4,240)</u>

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

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INDIVIDUAL FUND SCHEDULES

CITY OF RUSTON, LOUISIANA
RUSTON PARKS AND RECREATION BOARD
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL ON BUDGETARY BASIS
FOR THE YEAR ENDED SEPTEMBER 30, 2017

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance With Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Taxes	\$500,000	\$500,000	\$574,219	\$74,219
Charges for services	62,000	62,000	74,455	12,455
Investment earnings	150	150	1,213	1,063
Miscellaneous	14,500	14,500	19,652	5,152
Total revenues	<u>\$576,650</u>	<u>\$ 576,650</u>	<u>669,539</u>	<u>\$ 92,889</u>
EXPENDITURES				
Current:				
Recreation:				
Salaries, wages and employee benefits	575,179	575,179	553,210	21,969
Operating services	428,834	432,483	298,268	134,215
Materials and supplies	31,600	31,600	20,490	11,110
Travel and other	15,000	15,000	14,106	894
Improvements and equipment	225,000	244,815	-	244,815
Total expenditures	<u>1,275,613</u>	<u>1,299,077</u>	<u>886,074</u>	<u>413,003</u>
Deficiency of revenues over expenditures	<u>(698,963)</u>	<u>(722,427)</u>	<u>(216,535)</u>	<u>505,892</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	409,083	409,083	379,545	(29,538)
Total other financing sources (uses)	<u>409,083</u>	<u>409,083</u>	<u>379,545</u>	<u>(29,538)</u>
Net change in fund balance	(289,880)	(313,344)	163,010	476,354
Fund balances - beginning	<u>507,955</u>	<u>586,478</u>	<u>749,488</u>	<u>163,010</u>
Fund balances - ending	<u>\$218,075</u>	<u>\$273,134</u>	<u>\$912,498</u>	<u>\$639,364</u>

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

CITY OF RUSTON, LOUISIANA
SECTION 8 VOUCHER HOUSING
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL ON BUDGETARY BASIS
FOR THE YEAR ENDED SEPTEMBER 30, 2017

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance With Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Intergovernmental	\$1,150,000	\$1,150,000	\$1,073,327	(\$76,673)
Investment earnings	2,000	2,000	3,391	1,391
Total revenues	<u>1,152,000</u>	<u>1,152,000</u>	<u>1,076,718</u>	<u>(75,282)</u>
EXPENDITURES				
Current:				
General Government:				
Salaries, wages and employee benefits	142,705	142,705	167,458	(24,753)
Operating services	1,051,109	1,051,109	923,206	127,903
Materials and supplies	7,410	7,410	15,229	(7,819)
Travel and other	5,000	5,000	-	5,000
Improvements and equipment	-	-	-	-
Total expenditures	<u>1,206,224</u>	<u>1,206,224</u>	<u>1,105,893</u>	<u>100,331</u>
Deficiency of revenues over expenditures	<u>(54,224)</u>	<u>(54,224)</u>	<u>(29,175)</u>	<u>25,049</u>
Net change in fund balance	(54,224)	(54,224)	(29,175)	25,049
Fund balances - beginning	<u>862,225</u>	<u>862,225</u>	<u>833,331</u>	<u>(28,894)</u>
Fund balances - ending	<u>\$808,001</u>	<u>\$808,001</u>	<u>\$804,156</u>	<u>(\$3,845)</u>

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

City of Ruston, Louisiana

*Single Audit Reporting Packet
September 30, 2017*



**City of Ruston, Louisiana
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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

Honorable Mayor and Board of Aldermen of
The City of Ruston, Louisiana

We have audited, in accordance with the 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, the 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 Ruston, Louisiana (the City), as of and for the year ended September 30, 2017, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated March 23, 2018.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions 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.

A deficiency in internal control 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 and correct misstatements on a timely basis. *A material weakness* is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, the communication is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Cameron, Hines & Company (APAC)

West Monroe, Louisiana
March 23, 2018

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INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

Honorable Mayor and Board of Aldermen of
the City of Ruston, Louisiana

Report on Compliance for Each Major Federal Program

We have audited the City of Ruston, Louisiana's (the City's) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended September 30, 2017. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the City's major federal programs based on our audit of the types of compliance requirements referred to above. 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 the audit requirements of Title 2 *U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)*. Those standards and the Uniform Guidance 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 on compliance for each major federal program. However, our audit does not provide a legal determination on the City's compliance.

Opinion on Each Major Federal Program

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2017.

Report on Internal Control Over Compliance

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, 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.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness* in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency* in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the 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 as of and for the year ended September 30, 2017, and the related notes to the financial statements, which collectively comprise the City's basic financial statements. We issued our report thereon dated March 23, 2018, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for the purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

Honorable Mayor and Board of Aldermen of
The City of Ruston, Louisiana
Page 3

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose. This report is intended solely for the information and use of management, the Board of Aldermen of the City of Ruston, Louisiana, others within the entity, the 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. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Cameron, Hines & Company (APAC)

West Monroe, Louisiana
March 23, 2018

City of Ruston
Schedule of Expenditures of Federal Awards
For The Year Ended September 30, 2017

<u>Grant Title</u>	Federal CFDA Number	Federal Expenditures
United States Department of Housing and Urban Development:		
Section 8 - Housing Choice Vouchers	14.871	\$ 919,829
Pass through Louisiana Office of Community Development:		
D.A.R.T. CDBG Program	14.231	41,036
Louisiana Community Development Block Grant	14.228	811,636
Total United States Department of Housing and Urban Development		1,772,501
Department of Transportation		
FAA - Airport Improvement Program	20.106	269,764
Total Department of Transportation		269,764
Department of Homeland Security		
Pass through Louisiana Department of Health and Hospitals:		
Homeland Security Grant (SHSP)	97.067	7,000
Emergency and Protective Measures (EMPG)	97.042	42,924
Disaster Grants - Public Assistance	97.036	130,952
Total Department of Homeland Security		180,876
Total Federal Awards		\$ 2,223,141

See accompanying notes to schedule of expenditures of federal awards.

City of Ruston, Louisiana
Notes to Schedule of Federal Awards
For The Year Ended September 30, 2017

1. General

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the City of Ruston, Louisiana and is presented on the modified accrual basis of accounting with the exception of the Airport Improvement Program, which is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Title 2 *U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)*. 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 this schedule, the City of Ruston, Louisiana, provided federal awards to subrecipients as follows:

<u>Program Title</u>	<u>Federal CFDA Number</u>		<u>Amount Provided To Subrecipients</u>
D.A.R.T. CDBG Program	14.231	\$	41,036

City of Ruston, Louisiana
Schedule of Findings and Questioned Costs
For The Year Ended September 30, 2017

Summary of Audit Results

1. The auditors' report expresses an unmodified opinion on the basic financial statements of the City of Ruston, Louisiana.
2. No significant deficiencies were disclosed during the audit of the financial statements are reported in the 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*.
3. No instances of noncompliance were disclosed during the audit, which would be required to be reported in accordance with *Government Auditing Standards*.
4. No significant deficiencies were disclosed during the audit of the major federal award programs as reported in the Independent Auditor's Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance
5. The Independent Auditors' Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance for the City of Ruston, Louisiana expresses an unmodified opinion on each major federal program.
6. The Department of Housing and Urban Development Voucher Program, CFDA No. 14.871 and Louisiana Community Development Block Grant, CFDA No. 14.228, were tested as major programs.
7. The threshold for distinguishing between Types A and B programs was \$750,000.
8. The City of Ruston, Louisiana does qualify to be a low-risk auditee.

City of Ruston, Louisiana
Schedule of Findings and Questioned Costs
For The Year Ended September 30, 2017

Findings And Questioned Costs –

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*

Independent Auditors' Report on Compliance For Each Major Program and on Internal Control over Compliance Required by The Uniform Guidance

There were no reportable findings or questioned costs for the year ended September 30, 2017.

**City of Ruston, Louisiana
Summary Schedule of Prior Findings
For The Year Ended September 30, 2017**

Findings And Questioned Costs –

There were no findings and questioned costs for the year ended September 30, 2016.

Management Letter

No management letter was issued for the year ended September 30, 2016.

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INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

To the City of Ruston and the Louisiana Legislative Auditor:

We have performed the procedures enumerated below, which were agreed to by the City of Ruston (City) and the Louisiana Legislative Auditor (LLA) on the control and compliance (C/C) areas identified in the LLA's Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period October 1, 2016 through September 30, 2017. The City's management is responsible for those C/C areas identified in the SAUPs.

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. The sufficiency of these procedures is solely the responsibility of the specified users of this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

The procedures and associated conclusions are as follows:

Written Policies and Procedures

1. Obtain the City's written policies and procedures and report whether those written policies and procedures address each of the following financial/business functions (or report that the City does not have any written policies and procedures), as applicable:
 - a) **Budgeting**, including preparing, adopting, monitoring, and amending the budget
 - b) **Purchasing**, including (1) how purchases are initiated; (2) how vendors are added to the vendor list; (3) the preparation and approval process of purchase requisitions and purchase orders; (4) controls to ensure compliance with the public bid law; and (5) documentation required to be maintained for all bids and price quotes.
 - c) **Disbursements**, including processing, reviewing, and approving
 - d) **Receipts**, including receiving, recording, and preparing deposits
 - e) **Payroll/Personnel**, including (1) payroll processing, and (2) reviewing and approving time and attendance records, including leave and overtime worked.
 - f) **Contracting**, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process

- g) *Credit Cards (and debit cards, fuel cards, P-Cards, if applicable)*, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers, and (5) monitoring card usage
- h) *Travel and expense reimbursement*, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers
- i) *Ethics*, including (1) the prohibitions as defined in Louisiana Revised Statute 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) requirement that all employees, including elected officials, annually attest through signature verification that they have read the City's ethics policy. Note: Ethics requirements are not applicable to nonprofits.
- j) *Debt Service*, including (1) debt issuance approval, (2) EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.

Conclusions: Twenty-eight exceptions noted where the policies of the City did not meet the requirements set by the procedures listed above.

Board (or Finance Committee, if applicable)

2. Obtain and review the board/committee minutes for the fiscal period, and:

- a) Report whether the managing board met (with a quorum) at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, or other equivalent document.
- b) Report whether the minutes referenced or included monthly budget-to-actual comparisons on the General Fund and any additional funds identified as major funds in the City's prior audit (GAAP-basis).
 - If the budget-to-actual comparisons show that management was deficit spending during the fiscal period, report whether there is a formal/written plan to eliminate the deficit spending for those entities with a fund balance deficit. If there is a formal/written plan, report whether the meeting minutes for at least one board meeting during the fiscal period reflect that the board is monitoring the plan.
- c) Report whether the minutes referenced or included non-budgetary financial information (e.g. approval of contracts and disbursements) for at least one meeting during the fiscal period.

Conclusions: One exception noted where the City does not do budget to actual comparisons for additional funds identified as major funds in the City's prior audit.

Bank Reconciliations

3. Obtain a listing of client bank accounts from management and management's representation that the listing is complete.

Conclusions: We obtained the listing and management's representation.

4. Using the listing provided by management, select all of the City's bank accounts (if five accounts or less) or one-third of the bank accounts on a three year rotating basis (if more than 5 accounts). If there is a change in practitioners, the new practitioner is not bound to follow the rotation established by the previous practitioner. *Note: School student activity fund accounts may be excluded from selection if they are otherwise addressed in a separate audit or AUP engagement.* For each of the bank accounts selected, obtain bank statements and reconciliations for all months in the fiscal period and report whether:

- a) Bank reconciliations have been prepared;
- b) Bank reconciliations include evidence that a member of management or a board member (with no involvement in the transactions associated with the bank account) has reviewed each bank reconciliation; and
- c) If applicable, management has documentation reflecting that it has researched reconciling items that have been outstanding for more than 6 months as of the end of the fiscal period.

Conclusions: Six exceptions noted where bank reconciliations had not been prepared for each bank account for all months. Nine exceptions were noted where there was no evidence that a member of management or a board member has reviewed each reconciliation. Seven exceptions noted where there was no documentation reflecting that the City had researched reconciling items that have been outstanding for more than 6 months as of the end of the fiscal period.

Collections

5. Obtain a listing of cash/check/money order (cash) collection locations and management's representation that the listing is complete.

Conclusions: We obtained the listing and management's representation.

6. Using the listing provided by management, select all of the City's cash collection locations (if five locations or less) or one-third of the collection locations on a three year rotating basis (if more than 5 locations). If there is a change in practitioners, the new practitioner is not bound to follow the rotation established by the previous practitioner. *Note: School student activity funds may be excluded from selection if they are otherwise addressed in a separate audit or AUP engagement.* For each cash collection location selected:

- a) Obtain existing written documentation (e.g. insurance policy, policy manual, job description) and report whether each person responsible for collecting cash is (1) bonded, (2) not responsible for depositing the cash in the bank, recording the related transaction, or reconciling the related bank account (report if there are compensating controls performed by an outside party), and (3) not required to share the same cash register or drawer with another employee.
- b) Obtain existing written documentation (e.g. sequentially numbered receipts, system report, reconciliation worksheets, policy manual) and report whether the City has a formal process to reconcile cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions, by a person who is not responsible for cash collections in the cash collection location selected.
- c) Select the highest (dollar) week of cash collections from the general ledger or other accounting records during the fiscal period and:
 - Using City's collection documentation, deposit slips, and bank statements, trace daily collections to the deposit date on the corresponding bank statement and report whether the deposits were made within one day of collection. If deposits were not made within one day of collection, report the number of days from receipt to deposit for each day at each collection location.
 - Using sequentially numbered receipts, system reports, or other related collection documentation, verify that daily cash collections are completely supported by documentation and report any exceptions.

Conclusions: One exception noted where an employee who is responsible for collecting cash is also responsible for depositing the cash in the bank. Five exceptions noted where each cash collection location did not have written documentation describing the formal process to reconcile the collections to the accounting records. One exception noted where the highest week of collections were not deposited within one business day of the collection. One exception noted where daily cash collections were not completely supported by documentation.

- 7. Obtain existing written documentation (e.g. policy manual, written procedure) and report whether the City has a process specifically defined (identified as such by the City) to determine completeness of all collections, including electronic transfers, for each revenue source and agency fund additions (e.g. periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation) by a person who is not responsible for collections.

Conclusions: Five exceptions noted where each cash collection location did not have written documentation of the process used to verify completeness of collections for the period.

Disbursements – General (excluding credit card/debit card/fuel card/P-Card purchases or payments)

8. Obtain a listing of entity disbursements from management or, alternately, obtain the general ledger and sort/filter for entity disbursements. Obtain management's representation that the listing or general ledger population is complete.

Conclusions: We obtained the general ledger and management's representation.

9. Using the disbursement population from #8 above, randomly select 25 disbursements (or randomly select disbursements constituting at least one-third of the dollar disbursement population if the City had less than 25 transactions during the fiscal period), excluding credit card/debit card/fuel card/P-card purchases or payments. Obtain supporting documentation (e.g. purchase requisitions, system screens/logs) for each transaction and report whether the supporting documentation for each transaction demonstrated that:

- a) Purchases were initiated using a requisition/purchase order system or an equivalent electronic system that separates initiation from approval functions in the same manner as a requisition/purchase order system.
- b) Purchase orders, or an electronic equivalent, were approved by a person who did not initiate the purchase.
- c) Payments for purchases were not processed without (1) an approved requisition and/or purchase order, or electronic equivalent; a receiving report showing receipt of goods purchased, or electronic equivalent; and an approved invoice.

Conclusions: No exceptions noted.

10. Using entity documentation (e.g. electronic system control documentation, policy manual, written procedure), report whether the person responsible for processing payments is prohibited from adding vendors to the City's purchasing/disbursement system.

Conclusions: Twenty-five exceptions noted where the person who approves purchase orders also adds vendors to the City's purchasing/disbursement system.

11. Using entity documentation (e.g. electronic system control documentation, policy manual, written procedure), report whether the persons with signatory authority or who make the final authorization for disbursements have no responsibility for initiating or recording purchases.

Conclusions: No exceptions noted.

12. Inquire of management and observe whether the supply of unused checks is maintained in a locked location, with access restricted to those persons that do not have signatory authority, and report any exceptions. Alternately, if the checks are electronically printed on blank check stock, review entity documentation (electronic system control documentation) and report whether the persons with signatory authority have system access to print checks.

Conclusions: No exceptions noted.

13. If a signature stamp or signature machine is used, inquire of the signer whether his or her signature is maintained under his or her control or is used only with the knowledge and consent of the signer. Inquire of the signer whether signed checks are likewise maintained under the control of the signer or authorized user until mailed. Report any exceptions.

Conclusions: No exceptions noted.

Credit Cards/Debit Cards/Fuel Cards/P-Cards

14. Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and P-cards (cards), including the card numbers and the names of the persons who maintained possession of the cards. Obtain management's representation that the listing is complete.

Conclusions: We obtained the listing and management's representation.

15. Using the listing prepared by management, randomly select 10 cards (or at least one-third of the cards if the City has less than 10 cards) that were used during the fiscal period, rotating cards each year. If there is a change in practitioners, the new practitioner is not bound to follow the rotation established by the previous practitioner.

Obtain the monthly statements, or combined statements if multiple cards are on one statement, for the selected cards. Select the monthly statement or combined statement with the largest dollar activity for each card (for a debit card, select the monthly bank statement with the largest dollar amount of debit card purchases) and:

- a) Report whether there is evidence that the monthly statement or combined statement and supporting documentation was reviewed and approved, in writing, by someone other than the authorized card holder. [Note: Requiring such approval may constrain the legal authority of certain public officials (e.g., mayor of a Lawrason Act municipality); these instances should not be reported.]
- b) Report whether finance charges and/or late fees were assessed on the selected statements.

Conclusions: No exceptions noted.

16. Using the monthly statements or combined statements selected under #15 above, obtain supporting documentation for all transactions for each of the 10 cards selected (i.e. each of the 10 cards should have one month of transactions subject to testing).

- a) For each transaction, report whether the transaction is supported by:

- An original itemized receipt (i.e., identifies precisely what was purchased)
 - Documentation of the business/public purpose. For meal charges, there should also be documentation of the individuals participating.
 - Other documentation that may be required by written policy (e.g., purchase order, written authorization.)
- b) For each transaction, compare the transaction's detail (nature of purchase, dollar amount of purchase, supporting documentation) to the City's written purchasing/disbursement policies and the Louisiana Public Bid Law (i.e. transaction is a large or recurring purchase requiring the solicitation of bids or quotes) and report any exceptions.
- c) For each transaction, compare the City's documentation of the business/public purpose to the requirements of Article 7, Section 14 of the Louisiana Constitution, which prohibits the loan, pledge, or donation of funds, credit, property, or things of value, and report any exceptions (e.g. cash advances or non-business purchases, regardless whether they are reimbursed). If the nature of the transaction precludes or obscures a comparison to the requirements of Article 7, Section 14, the practitioner should report the transaction as an exception.

Conclusions: No exceptions noted.

Travel and Expense Reimbursement

17. Obtain from management a listing of all travel and related expense reimbursements, by person, during the fiscal period or, alternately, obtain the general ledger and sort/filter for travel reimbursements. Obtain management's representation that the listing or general ledger is complete.

Conclusions: We obtained the general ledger and the City's travel and related expense reimbursements. We obtained management's representation.

18. Obtain the City's written policies related to travel and expense reimbursements. Compare the amounts in the policies to the per diem and mileage rates established by the U.S. General Services Administration (www.gsa.gov) and report any amounts that exceed GSA rates.

Conclusions: No exceptions noted.

19. Using the listing or general ledger from #17 above, select the three persons who incurred the most travel costs during the fiscal period. Obtain the expense reimbursement reports or prepaid expense documentation of each selected person, including the supporting documentation, and choose the largest travel expense for each person to review in detail. For each of the three travel expenses selected:

- a) Compare expense documentation to written policies and report whether each expense was reimbursed or prepaid in accordance with written policy (e.g., rates established for meals, mileage, lodging). If the City does not have written policies, compare to the GSA rates (#18 above) and report each reimbursement that exceeded those rates.

- b) Report whether each expense is supported by:
- An original itemized receipt that identifies precisely what was purchased. [Note: An expense that is reimbursed based on an established per diem amount (e.g., meals) does not require a receipt.]
 - Documentation of the business/public purpose (Note: For meal charges, there should also be documentation of the individuals participating).
 - Other documentation as may be required by written policy (e.g., authorization for travel, conference brochure, certificate of attendance)
- c) Compare the City's documentation of the business/public purpose to the requirements of Article 7, Section 14 of the Louisiana Constitution, which prohibits the loan, pledge, or donation of funds, credit, property, or things of value, and report any exceptions (e.g. hotel stays that extend beyond conference periods or payment for the travel expenses of a spouse). If the nature of the transaction precludes or obscures a comparison to the requirements of Article 7, Section 14, the practitioner should report the transaction as an exception.
- d) Report whether each expense and related documentation was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

Conclusions: Three exceptions noted where travel expenses did not follow the City's written policies. One exception noted where City funds were donated when an employee had a hotel stay that extended beyond the conference period and was reimbursed for expenses that were covered in the cost of the conference.

Contracts

20. Obtain a listing of all contracts in effect during the fiscal period or, alternately, obtain the general ledger and sort/filter for contract payments. Obtain management's representation that the listing or general ledger is complete.

Conclusions: We obtained the general ledger and sorted and filtered to locate any contracts in effect during the fiscal period. We obtained management's representation.

21. Using the listing above, select the five contract "vendors" that were paid the most money during the fiscal period (excluding purchases on state contract and excluding payments to the practitioner). Obtain the related contracts and paid invoices and:

- a) Report whether there is a formal/written contract that supports the services arrangement and the amount paid.
- b) Compare each contract's detail to the Louisiana Public Bid Law or Procurement Code. Report whether each contract is subject to the Louisiana Public Bid Law or Procurement Code and:

- If yes, obtain/compare supporting contract documentation to legal requirements and report whether the City complied with all legal requirements (e.g., solicited quotes or bids, advertisement, selected lowest bidder)
 - If no, obtain supporting contract documentation and report whether the City solicited quotes as a best practice.
- c) Report whether the contract was amended. If so, report the scope and dollar amount of the amendment and whether the original contract terms contemplated or provided for such an amendment.
- d) Select the largest payment from each of the five contracts, obtain the supporting invoice, compare the invoice to the contract terms, and report whether the invoice and related payment complied with the terms and conditions of the contract.
- e) Obtain/review contract documentation and board minutes and report whether there is documentation of board approval, if required by policy or law (e.g. Lawrason Act or Home Rule Charter).

Conclusions: No exceptions noted.

Payroll and Personnel

22. Obtain a listing of employees (and elected officials, if applicable) with their related salaries, and obtain management's representation that the listing is complete. Randomly select five employees/officials, obtain their personnel files, and:
- a) Review compensation paid to each employee during the fiscal period and report whether payments were made in strict accordance with the terms and conditions of the employment contract or pay rate structure.
 - b) Review changes made to hourly pay rates/salaries during the fiscal period and report whether those changes were approved in writing and in accordance with written policy.
- Conclusions:** No exceptions noted.
23. Obtain attendance and leave records and randomly select one pay period in which leave has been taken by at least one employee. Within that pay period, randomly select 25 employees/officials (or randomly select one-third of employees/officials if the City had less than 25 employees during the fiscal period), and:
- a) Report whether all selected employees/officials documented their daily attendance and leave (e.g., vacation, sick, compensatory). (Note: Generally, an elected official is not eligible to earn leave and does not document his/her attendance and leave. However, if the elected official is earning leave according to policy and/or contract, the official should document his/her daily attendance and leave.)
 - b) Report whether there is written documentation that supervisors approved, electronically or in writing, the attendance and leave of the selected employees/officials.

- c) Report whether there is written documentation that the City maintained written leave records (e.g., hours earned, hours used, and balance available) on those selected employees/officials that earn leave.

Conclusions: No exceptions noted.

24. Obtain from management a list of those employees/officials that terminated during the fiscal period and management's representation that the list is complete. If applicable, select the two largest termination payments (e.g., vacation, sick, compensatory time) made during the fiscal period and obtain the personnel files for the two employees/officials. Report whether the termination payments were made in strict accordance with policy and/or contract and approved by management.

Conclusions: No exceptions noted.

25. Obtain supporting documentation (e.g. cancelled checks, EFT documentation) relating to payroll taxes and retirement contributions during the fiscal period. Report whether the employee and employer portions of payroll taxes and retirement contributions, as well as the required reporting forms, were submitted to the applicable agencies by the required deadlines.

Conclusions: No exceptions noted.

Ethics (excluding nonprofits)

26. Using the five randomly selected employees/officials from procedure #22 under "Payroll and Personnel" above, obtain ethics compliance documentation from management and report whether the City maintained documentation to demonstrate that required ethics training was completed.

Conclusions: Two exceptions were noted where elected officials did not obtain the required ethics training.

27. Inquire of management whether any alleged ethics violations were reported to the City during the fiscal period. If applicable, review documentation that demonstrates whether management investigated alleged ethics violations, the corrective actions taken, and whether management's actions complied with the City's ethics policy. Report whether management received allegations, whether management investigated allegations received, and whether the allegations were addressed in accordance with policy.

Conclusions: We noted that no alleged ethics violations were reported to the City during the fiscal period.

Debt Service (excluding nonprofits)

28. If debt was issued during the fiscal period, obtain supporting documentation from the City, and report whether State Bond Commission approval was obtained.

Conclusions: No exceptions noted.

29. If the City had outstanding debt during the fiscal period, obtain supporting documentation from the City and report whether the City made scheduled debt service payments and maintained debt reserves, as required by debt covenants.

Conclusions: No exceptions noted.

30. If the City had tax millages relating to debt service, obtain supporting documentation and report whether millage collections exceed debt service payments by more than 10% during the fiscal period. Also, report any millages that continue to be received for debt that has been paid off.

Conclusions: We noted that the City does not have tax millages relating to debt service.

Other

31. Inquire of management whether the City had any misappropriations of public funds or assets. If so, obtain/review supporting documentation and report whether the City reported the misappropriation to the legislative auditor and the district attorney of the parish in which the City is domiciled.

Conclusions: We noted that there were no misappropriations of public funds or assets reported to the City.

32. Observe and report whether the City has posted on its premises and website, the notice required by R.S. 24:523.1. This notice (available for download or print at www.la.gov/hotline) concerns the reporting of misappropriation, fraud, waste, or abuse of public funds.

Conclusions: One exception noted where the notice was not posted at the City's premises or on the City's website.

33. If the practitioner observes or otherwise identifies any exceptions regarding management's representations in the procedures above, report the nature of each exception.

Conclusions: We did not observe or otherwise identify any exceptions regarding management's representations in the procedures above.

Management's Response

We concur with the results of the procedures and are working diligently to improve controls.

We were not engaged to and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on those C/C areas identified in the SAUPs. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

The purpose of this report is solely to describe the scope of testing performed on those C/C areas identified in the SAUPs, and the result of that testing, and not to provide an opinion on control or compliance. Accordingly, this report is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the LLA as a public document.

Cameron, Hines & Company (CAAC)

West Monroe, Louisiana
February 28, 2018