

# Comprehensive Annual Financial Report



of the  
**City of Ruston, Louisiana**  
For the Year Ended September 30, 2012

Mayor  
Dan Hollingsworth

Prepared by the  
Finance Department  
Emmett Gibbs, Treasurer

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

Release Date APR 24 2013

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## *Introductory Section*

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**CITY OF RUSTON, LOUISIANA  
ANNUAL FINANCIAL REPORT  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2012**

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**CITY OF RUSTON, LOUISIANA  
ANNUAL FINANCIAL REPORT  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2012**

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**CITY OF RUSTON**  
Mayor Dan Hollingsworth

**Board of Aldermen**  
Glenda Howard - District 1  
Elmore Mayfield - District 2  
Jedd Lewis - District 3  
Jim Pearce - District 4  
Marie Riggs - District 5

March 25, 2013

Mayor Dan Hollingsworth  
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, 2012. 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 2012 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 Douglas A. Brewer, LLC 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, 2012, 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, 2012, 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 local economy has taken a downturn in economic growth and development over the past fiscal year in the same manner as the national economy has. Building permit valuations were \$20.9 million for the fiscal year which was a 7% decrease over the previous fiscal year.

The City of Ruston and Lincoln Parish have experienced steady population growth from 1970 to 2010 with approximately 4,500 new City residents and about 9,400 new parish residents.

The Tax Increment District continues to create new economic activity for the City and parish, and the new commercial activities have increased the sales tax revenue of the City.

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. There are several firms in the university's business incubator that could become the foundation for a complete transformation of the local market structure by creating new high tech industrial activities in the community.

The City of Ruston, Lincoln Parish and Louisiana Tech University continue to enjoy economic growth and are excited about the future despite the present economic slowdown that the country is experiencing.

**Long-term financial planning.** Recently, sales taxes revenues have maintained the same level as the previous year. In the General Fund, sales taxes represent 56.8% 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. The City of Ruston has no obligation in connection with employee benefits offered through these plans.

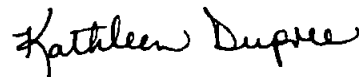
Additional information on the City's pension arrangements and postemployment benefits can be found in the notes to the financial statements.

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,

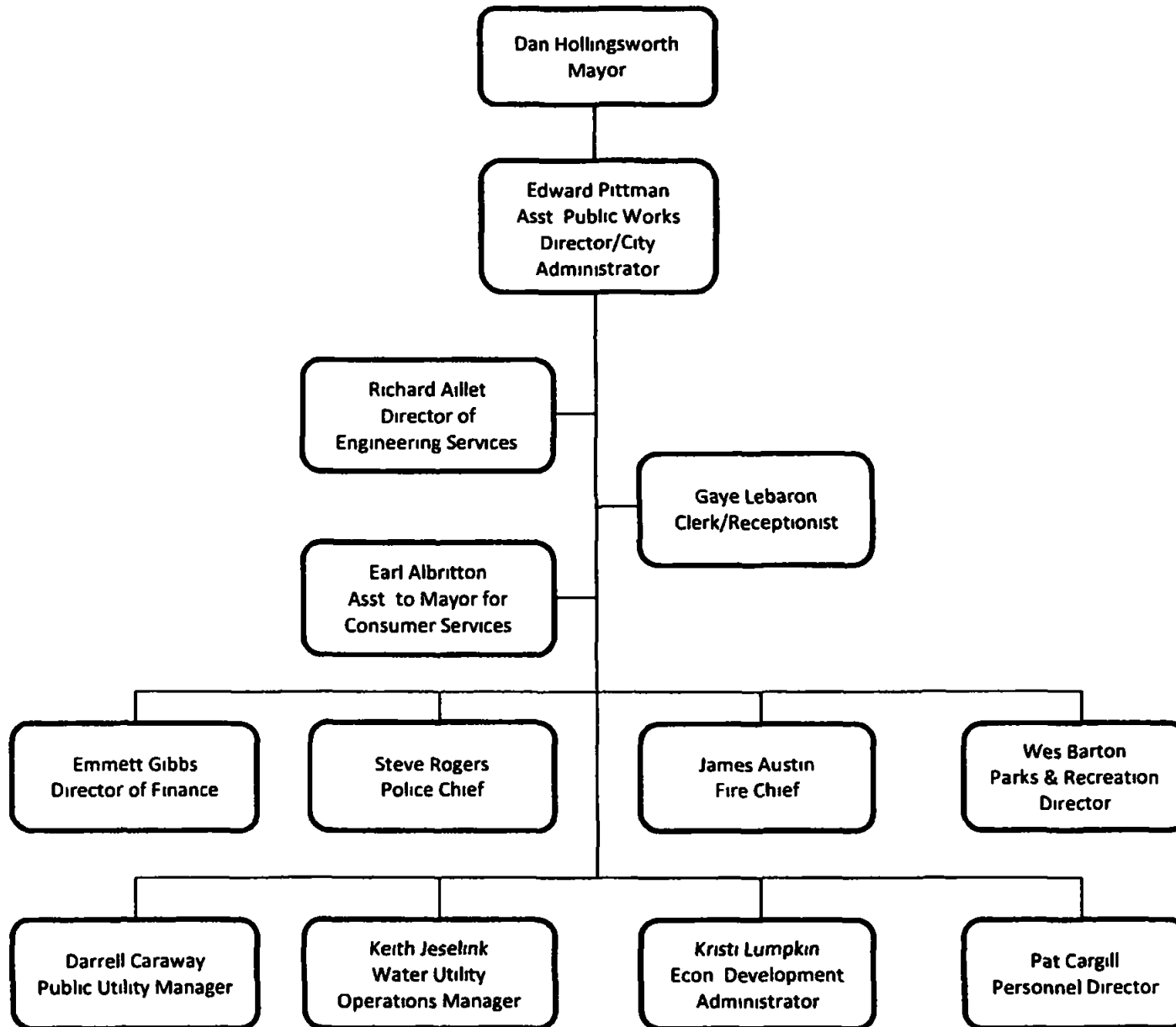


Emmett Gibbs  
Treasurer



Kathleen Dupree  
Controller

**CITY OF RUSTON  
ORGANIZATIONAL CHART**



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# **CITY OF RUSTON, LOUISIANA**

## **PRINCIPAL OFFICIALS**

**Dan Hollingsworth  
Mayor**

### **Members of City Council**

<b>Glenda Howard</b>	<b>Ward 1</b>
<b>Elmore D. Mayfield</b>	<b>Ward 2</b>
<b>Jedd Lewis</b>	<b>Ward 3</b>
<b>Jim Pearce</b>	<b>Ward 4</b>
<b>Marie Riggs</b>	<b>Ward 5</b>

## *Financial Section*

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# Douglas A. Brewer, LLC

Certified Public Accountant

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Ruston, LA 71273-1250

Phone (318) 255-8244 Fax (318) 255-8245

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## **INDEPENDENT AUDITOR'S REPORT**

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

I 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, 2012, which collectively comprise the City's basic financial statements as listed in the table of contents. I have also audited the financial statements of each of the City's nonmajor governmental, nonmajor enterprise, and internal service funds presented as supplementary information in the accompanying combining fund financial statements as of and for the year ended September 30, 2012, as listed in the table of contents. These financial statements are the responsibility of the City's management. My responsibility is to express opinions on these financial statements based on my audit. I did not audit the Ruston City Judge's Office, which represents 91%, 91%, and 65%, respectively, of the assets, net assets, and revenues of the aggregate discretely presented component units. Those financial statements were audited by other auditors whose reports thereon have been furnished to me, and my opinion, insofar as it relates to the amounts included for the Ruston City Judge's Office, is based on the reports of the other auditors.

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

In my opinion, based on my audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Ruston, Louisiana, as of September 30, 2012, and the respective changes in its financial position and, where applicable, its cash flows, thereof for the year then ended, in conformity with accounting principles generally accepted in the United States of America. In addition, in my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of each nonmajor governmental, nonmajor enterprise and internal service funds of the City, as of September 30, 2012, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, I have also issued my report dated March 25, 2013, on my consideration of the City's internal control over financial reporting and on my 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 my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and important for assessing the results of my audit.

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. I 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. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's financial statements as a whole. 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 combining fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the 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 financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the information is fairly stated in all material respects in relation to the 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 I express no opinion on it.

*Douglas A. Brewer, LLC*

Ruston, Louisiana  
March 25, 2013



## **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, 2012. 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, 2012, include the following:

- The assets of the City exceeded its liabilities at September 30, 2012, by \$129,811,917 (net assets). Of this amount, \$7,092,241 is unrestricted and may be used to meet the City's ongoing obligations to citizens and creditors.
- The City's total net assets increased \$1,982,214 for the year ended September 30, 2012. Net assets of governmental activities decreased \$942,565 and net assets of business-type activities increased \$2,722,278.
- As of September 30, 2012, the City's governmental funds reported combined ending fund balances of \$11,999,961, a decrease of \$948,017 from the prior year. Of this amount \$5,788,079 was unrestricted, unassigned, and available for spending, \$1,574,967 was unrestricted but assigned for subsequent years' expenditures; \$1,624,270 was assigned for debt service, \$2,933,976 was assigned for encumbrances, \$76,419 was assigned for inventories, and \$2,250 was assigned for prepaid items.
- At the end of the current fiscal year, unreserved, undesignated fund balances for the General Fund was \$63,134, or 0.32% of total General Fund expenditures and transfers out.
- The City's total long-term liabilities decreased by \$661,791 during the current fiscal year due to the payment of debt as it became due.

### **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 assets presents information on all of the City's assets less liabilities which results in net assets. The statement is designed to display the financial position of the City. Over time, increases or decreases in net assets 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 assets 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 assets 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 Assets 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 ten 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, 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 telecommunication, 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 assets may serve over time as a useful indicator of a government's financial position. In the case of the City, assets exceeded liabilities by \$129,761,917 at the

close of the current fiscal year. The largest portion of the City of Ruston's net assets, totaling approximately \$120.75 million (93%), reflects its 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 investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

**City of Ruston's Net Assets  
September 30, 2012**

	Governmental Activities		Business-type activities		Total	
	2012	2011	2012	2011	2012	2011
Current and other assets	\$15,675,118	\$17,020,189	\$6,414,875	\$9,423,816	\$22,089,993	\$26,444,005
Capital assets	<u>74,180,597</u>	<u>72,779,916</u>	<u>67,886,986</u>	<u>64,236,626</u>	<u>142,067,583</u>	<u>137,016,542</u>
Total assets	<u>89,855,715</u>	<u>89,800,105</u>	<u>74,301,861</u>	<u>73,660,442</u>	<u>164,157,576</u>	<u>163,460,547</u>
Current and other liabilities	1,541,432	1,464,813	3,257,359	3,704,871	4,798,791	5,169,684
Long-term liabilities	<u>12,231,921</u>	<u>11,260,364</u>	<u>17,364,947</u>	<u>18,998,295</u>	<u>29,596,868</u>	<u>30,258,659</u>
Total liabilities	<u>13,773,353</u>	<u>12,725,177</u>	<u>20,622,306</u>	<u>22,703,166</u>	<u>34,395,659</u>	<u>35,428,343</u>
Net assets						
Invested in capital assets, net of related debt	66,905,597	64,919,916	53,846,986	48,368,019	120,752,583	113,287,935
Restricted	1,624,270	1,864,834	342,823	376,438	1,967,093	2,241,272
Unrestricted	<u>7,552,495</u>	<u>10,290,178</u>	<u>(510,254)</u>	<u>2,212,819</u>	<u>7,042,241</u>	<u>12,502,997</u>
Total net assets	<u>\$76,082,362</u>	<u>\$77,074,928</u>	<u>\$53,679,555</u>	<u>\$50,957,276</u>	<u>\$129,761,917</u>	<u>\$128,032,204</u>

152% of net assets represent resources that are subject to external restriction on how they may be used. Accounts reserved for debt service account for the total of restricted net assets. The remaining balance of unrestricted net assets of \$7,042,241 may be used to meet the City of Ruston's ongoing obligations to citizens and creditors.

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

The City of Ruston's net assets increased by \$1,729,713 during the current fiscal year. Key elements of this increase are as follows:

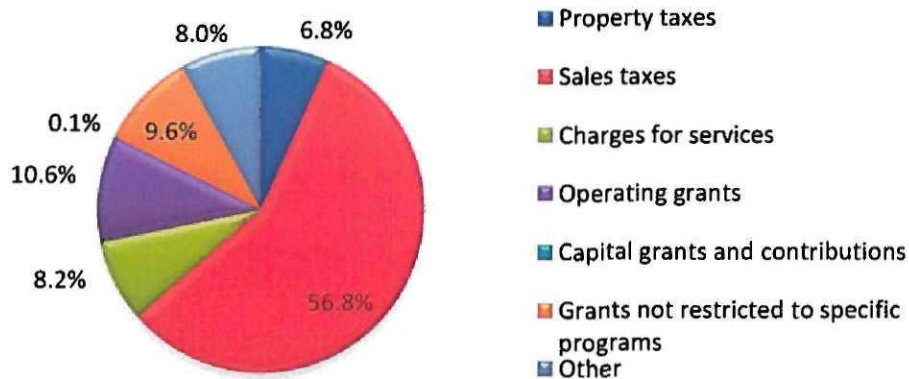
### City of Ruston's Changes in Net Assets

Revenues	Governmental activities		Business-type activities		Total	
	2012	2011	2012	2011	2012	2011
Program revenues						
Charges for services	\$1,765,905	\$1,755,836	\$29,819,638	\$29,687,504	\$31,585,543	\$31,443,340
Operating grants and contributions	2,267,185	1,434,302	-	-	2,267,185	1,434,302
Capital grants and contributions	15,121	481,456	2,676,906	1,943,167	2,692,027	2,424,623
General revenues						
Property taxes	1,456,022	1,450,795	-	-	1,456,022	1,450,795
Sales taxes	12,203,638	12,416,281	-	-	12,203,638	12,416,281
Other taxes	724,187	755,767	-	-	724,187	755,767
Grants and contributions not restricted to specific programs	2,059,281	1,318,874	-	-	2,059,281	1,318,874
Other	995,198	339,305	133,249	174,092	1,128,447	513,397
Total revenues	<u>21,486,537</u>	<u>19,952,616</u>	<u>32,629,793</u>	<u>31,804,763</u>	<u>54,116,330</u>	<u>51,757,379</u>
Expenses						
General government	8,696,337	5,730,070	-	-	8,696,337	5,730,070
Public safety	8,435,345	7,491,769	-	-	8,435,345	7,491,769
Public works	6,271,608	6,070,653	-	-	6,271,608	6,070,653
Cultural and recreation	179,028	720,377	-	-	179,028	720,377
City Judge's Office and Marshal	497,363	570,619	-	-	497,363	570,619
Interest on long-term debt	338,780	362,749	-	-	338,780	362,749
Electric	-	-	21,865,808	21,237,156	21,865,808	21,237,156
Water	-	-	1,817,799	1,901,070	1,817,799	1,901,070
Sewer	-	-	3,285,590	3,343,220	3,285,590	3,343,220
Telecommunications	-	-	102,614	-	102,614	-
Regional airport	-	-	443,092	436,031	443,092	436,031
Ambulance service	-	-	453,253	469,236	453,253	469,236
Total expenses	<u>24,418,461</u>	<u>20,946,237</u>	<u>27,968,156</u>	<u>27,386,714</u>	<u>52,386,617</u>	<u>48,332,950</u>
Increase (decrease) in net assets before transfers	(2,931,924)	(993,621)	4,661,637	4,418,049	1,729,713	3,424,428
Transfers	<u>1,939,359</u>	<u>1,906,326</u>	<u>(1,939,359)</u>	<u>(1,906,326)</u>	-	-
Increase (decrease) in net assets	(992,565)	912,705	2,722,278	2,511,723	1,729,713	3,424,428
Net assets at beginning of year	<u>77,074,927</u>	<u>76,162,223</u>	<u>50,957,277</u>	<u>48,445,553</u>	<u>128,032,204</u>	<u>124,607,776</u>
Net assets at end of year	<u>\$76,082,362</u>	<u>\$77,074,928</u>	<u>\$53,679,555</u>	<u>\$50,957,276</u>	<u>\$129,761,917</u>	<u>\$128,032,204</u>

Revenues for the City's governmental activities for the year ended September 30, 2012, were \$21,486,537 compared to \$19,952,616 in 2011. The increase of \$1,533,921 was largely due to an increase of federal and state grants.

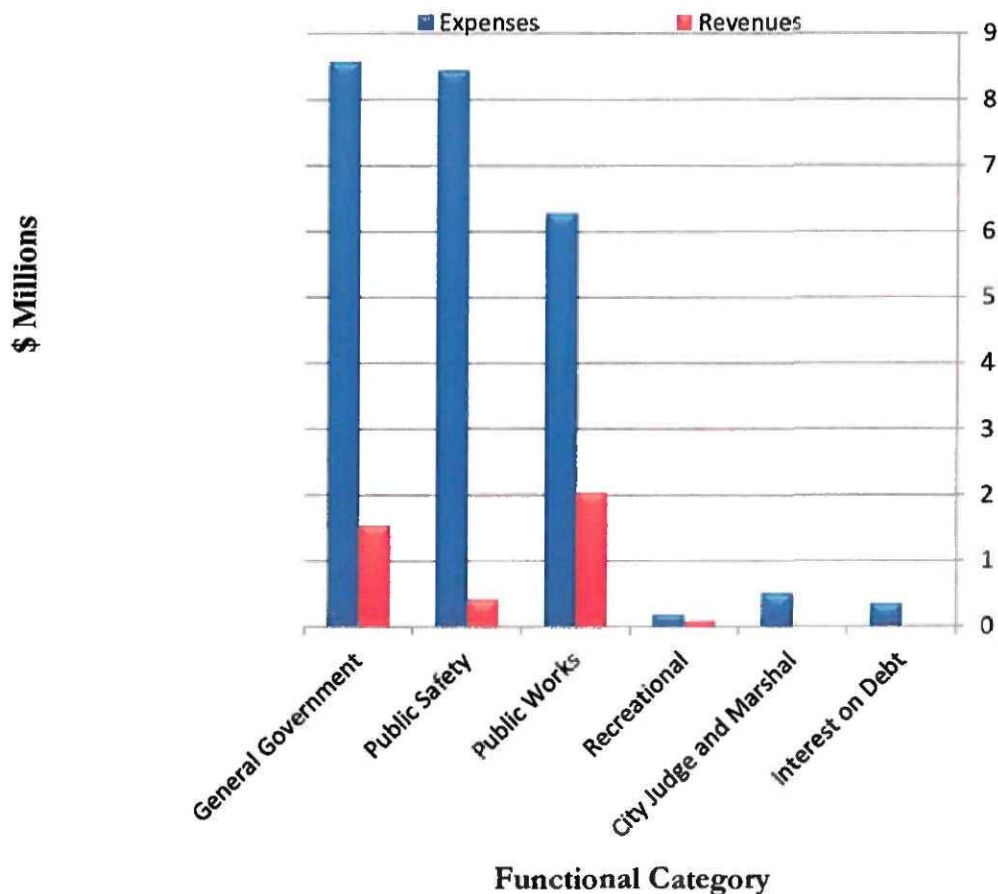
General revenues, specifically sales tax (56.8%), is the largest component of revenues.

## Revenues by Sources – Governmental Activities



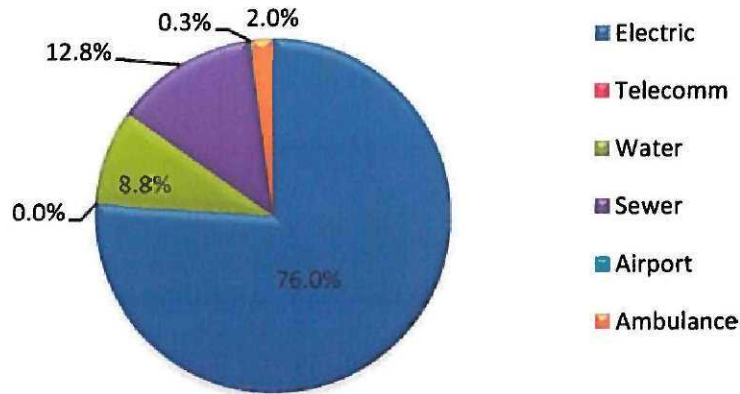
The cost of all governmental activities this year was \$24,418,461, an increase of approximately \$3,472,224 from 2011. The City's largest programs are general government, public safety, and public works. The graph below shows the expenses and program revenues generated by governmental activities.

## Expenses and Program Revenues – Governmental Activities



**Business-type Activities.** Charges for services for the City of Ruston’s business-type activities were \$29,924,849, an increase of \$237,345 from 2011. This increase in revenues came from an adjustment in ambulance fees and the construction of additional hangars resulting in an increase in hangar rental income.

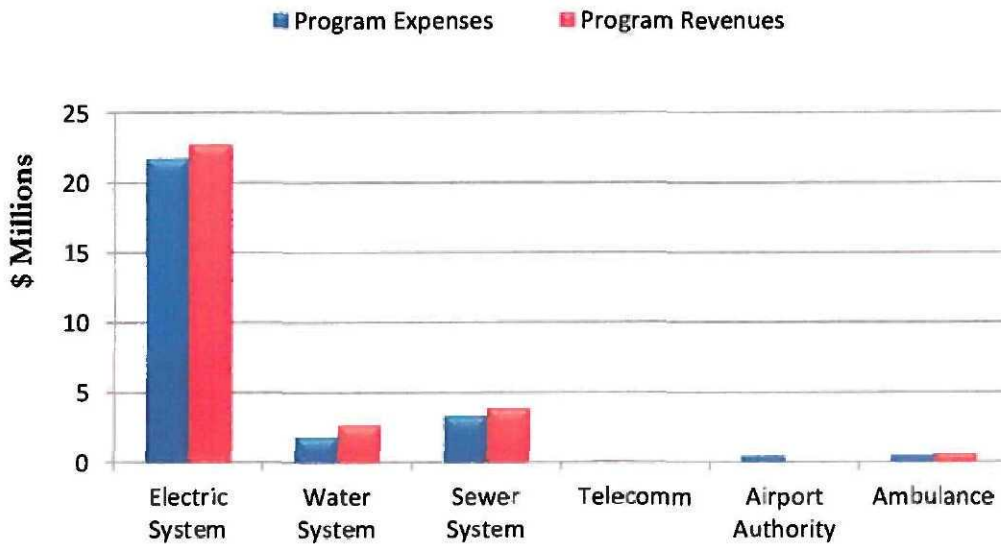
**Revenue by Source – Business-type Activities**



**Expenses and Program Revenues – Business-type Activities**

The costs of these activities were \$27,765,655, an increase of \$378,941 from 2011. This increase was due to an increase in the employer contribution rate to retirement funds and an increase in the cost of energy.

**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 \$11,999,961, a decrease of \$948,017 in comparison with the prior fiscal year. Of the combined ending fund balance, \$5,788,079, or 48.2% was unrestricted, unassigned and available for spending. \$1,536,051 was assigned for subsequent years' expenditures. The remainder of the fund balance was assigned to indicate that it was not available for new spending because it had already been committed (1) to liquidate contracts and purchase orders of the prior period (\$2,933,976), (2) to pay debt service (\$1,624,270), or (3) for other restricted purposes (\$78,669).
- 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 \$63,134, the total of which was available for spending at the City Council's discretion. The fund balance of the General Fund decreased by \$3,331,207. A key factor in this decrease was a concerted effort to improve the City's infrastructure.
- The 1968 Sales Tax Fund had a total fund balance of \$12,955 all of which was unrestricted, unassigned and available for spending for its specified purposes. Fund balance decreased \$349,762 as a result of an increase in transfers to the General Fund.
- The 1985 Sales Tax Fund had a total fund balance of \$966,975 all of which was unrestricted, unassigned and available for spending for its specified purposes. Fund balance increased \$145,031 as a result of a decrease in transfers to the General Fund.
- The 1990 Sales Tax Fund had a total fund balance of \$469,537 all of which was unrestricted, unassigned and available for spending for its specified purpose. Fund balance increased \$260,262 as a result of a decrease in transfers to the General Fund.
- The I-20 Fund had an unrestricted, unassigned fund balance of \$4,275,438. Total fund balance increased \$1,249,598 as a result of a decrease in capital outlay and an increase in incremental sales taxes received in excess of debt service requirements.



## 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.

- Unrestricted net assets of the Electric System at September 30, 2012, were (\$900,001) Total net assets for the Electric System increased \$729,212 as a result of an increase in capital grants.
- The unrestricted net assets for the Water System at September 30, 2012, were (\$333,911) Total net assets for the Water System increased \$505,854 primarily as a result of an increase in charges for services and a decrease in operating expenses.
- The unrestricted net assets for the Sewer System at September 30, 2012, were \$545,394 Total net assets for the Sewer System increased \$1,349,935 as a result of a decrease in long-term debt due to the refunding bond issue.

## 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 6, 2011. 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, 2011. 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 less than budget by \$98,196 due to a decrease in new construction.
- Intergovernmental revenues were expected to be more than prior year revenues. Actual revenues were less than budget by \$1,476,573 due primarily to the construction of a capital project not beginning when anticipated which delayed grant funds for the construction not being received within the fiscal year.
- Charges for services were expected to be similar to prior year revenues. Actual revenues were less than budget by \$69,957 due primarily to a less than anticipated increase in refuse collection fees.
- Investment earnings were expected to be less than prior year revenues. Actual revenues were less than budget by \$38,580 due to a decrease in interest rates.

### Expenditures

- Executive operating services were under budget by \$145,385 as a result of consulting services being lower than expected.

- Economic development operating services were under budget by \$84,896 as a result of consulting services being lower than expected
- Police department capital was under budget by \$150,029 as a result of the purchase of fewer vehicles than anticipated.
- Police department operating services were under budget by \$80,701 as a result of maintenance accounts being lower than expected.
- Fire department operating services were under budget by \$150,254 as a result of maintenance accounts being lower than expected
- Fire department capital was under budget by \$194,338 as a result of a project not beginning when anticipated.
- Street department personnel expenditures were under budget by \$208,220 as a result of not being fully staffed
- Street department operating services were under budget by \$902,022 maintenance of streets costs being lower than expected
- Street department capital was under budget by \$1,850,211 as a result of the construction of a capital project not beginning when anticipated.

### Capital Assets and Debt Administration

**Capital assets.** The City of Ruston's investment in capital assets as of September 30, 2012, amounts to \$142,067,581 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	
	2012	2011	2012	2011	2012	2011
Land and land improvements	\$10,823,354	\$10,706,474	\$1,266,223	\$1,266,223	\$12,089,577	\$11,972,697
Buildings	7,706,532	7,573,347	3,649,955	3,816,049	11,356,487	11,389,396
System Improvement	-	-	26,698,362	25,035,393	26,698,362	25,035,392
Improvements other than buildings	5,295,442	3,790,238	2,682,025	2,018,797	7,977,467	5,809,035
Equipment	4,894,635	5,165,463	22,724,792	4,870,929	27,619,427	10,036,392
Infrastructure	16,913,459	17,427,294	-	-	16,913,459	17,427,294
Construction in progress	28,547,175	28,117,100	10,865,627	27,229,235	39,412,802	55,346,335
Total	<u>\$74,180,597</u>	<u>\$72,779,916</u>	<u>\$67,886,984</u>	<u>\$64,236,626</u>	<u>\$142,067,581</u>	<u>\$137,016,541</u>

The major capital asset addition during the current fiscal year was the completion of the Wastewater Treatment Plant for approximately \$18,020,000

**Long-term debt.** At the end of the current fiscal year, the City of Ruston had total debt outstanding of \$26,453,024. The following table summarizes long-term debt outstanding at September 30, 2011.

	Outstanding Debt					
	Governmental		Business-type		Totals	
	2012	2011	2012	2011	2012	2011
General obligation bonds						
Revenue bonds	\$7,275,000	\$7,860,000	\$195,000	\$460,000	\$7,470,000	\$8,320,000
DI:Q Revolving Loan fund				16,043,607		16,043,607
Refunding bond			14,755,000		14,755,000	
DIII Revolving Loan fund			1,915,474	1,915,474	1,915,474	1,915,474
Due to State			173,943	173,943	173,943	173,943
Totals	<u>\$7,275,000</u>	<u>\$7,860,000</u>	<u>\$17,039,417</u>	<u>\$18,593,024</u>	<u>\$24,314,417</u>	<u>\$26,453,024</u>

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

### **Economic Factors and Next Year's Budgets and Rates**

In setting the budgets for fiscal year 2012, the City dealt with a number of issues with City-wide impact. One of the factors was the national economy. Although the local economy is stable, the City is not immune to national economic trends. For the fiscal year 2013, the City budgeted for sales tax dollars to remain steady. Preliminary 2013 figures reflect an increase of approximately 3.35%. National unemployment rates for September 2012 were down to 8.0% compared to 9.0% at September 2011.

Spiraling retirement costs continue to have an impact on City budgets. In fiscal year 2013, the budgets will be required to provide almost \$2.4 million to pay the City's portion of retirement costs.

All of these factors were considered in preparing the City's budget for the fiscal year 2013.

### **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 the City of Ruston Treasurer's Office, 401 North Trenton Street, Ruston, LA 71270.

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## *Basic Financial Statements*

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CITY OF RUSTON, LOUISIANA  
STATEMENT OF NET ASSETS  
SEPTEMBER 30, 2012

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
<b>ASSETS</b>				
Cash and cash equivalents	\$8,736,210	\$2,606,465	\$11,342,675	\$1,364,868
Investments	3,720,288	724,963	4,445,251	-
Receivables, net	2,084,349	1,576,803	3,661,152	1,185
Unbilled revenue	49,098	1,562,417	1,611,515	-
Due from other governments	-	2,500	2,500	12,647
Internal balances	914,293	(914,293)	-	-
Inventories	76,419	730,937	807,356	-
Prepaid items	47,250	2,842	50,092	2,742
Bond issue costs, net	47,211	122,241	169,452	-
Capital assets:				
Land and construction in progress	39,370,529	12,131,851	51,502,380	-
Other capital assets, net of depreciation	34,810,068	55,755,136	90,565,204	82,682
Total assets	<u>89,855,715</u>	<u>74,301,861</u>	<u>164,157,576</u>	<u>1,464,124</u>
<b>LIABILITIES</b>				
Accounts payable	566,616	2,151,831	2,718,447	10,301
Accrued liabilities	317,722	75,702	393,424	5,002
Accrued interest payable	23,722	82,555	106,277	-
Claims	561,986	-	561,986	-
Deposits	71,386	947,271	1,018,657	-
Non-current liabilities				
Due within one year	885,000	1,092,972	1,977,972	-
Due in more than one year	8,241,822	16,271,975	24,513,797	-
Post employment benefit obligation	3,105,099	-	3,105,099	-
Total liabilities	<u>13,773,353</u>	<u>20,622,306</u>	<u>34,395,659</u>	<u>15,303</u>
<b>NET ASSETS</b>				
Invested in capital assets, net of related debt	66,905,597	53,846,986	120,752,583	82,682
Encumbrances			-	-
Customer deposits and interest			-	-
Other purposes			-	-
Restricted for				
Debt service	1,624,270	342,823	1,967,093	-
Unrestricted	7,552,495	(510,254)	7,042,241	1,366,139
Total net assets	<u>76,082,362</u>	<u>\$53,679,555</u>	<u>\$129,761,917</u>	<u>\$1,448,821</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, 2012

Functions/Programs	Program Revenues			
	Expenses	Charges for Services	Operating Grants and Contributions	
<b>Primary Government:</b>				
Governmental Activities.				
General government	\$8,572,631	\$128,617	\$1,402,623	-
Public safety	8,435,345	344,849	64,562	-
Public works	6,271,608	1,217,597	800,000	\$15,121
Cultural and recreation	179,028	74,842	-	-
City Judge and Marshal	497,363	-	-	-
Interest on long-term debt	338,780	-	-	-
<i>Total governmental activities</i>	<u>24,294,755</u>	<u>1,765,905</u>	<u>2,267,185</u>	<u>15,121</u>
Business-type activities:				
Electric System	21,865,808	22,718,170	-	2,429,721
Telecommunications System	102,614	-	-	-
Water System	1,817,799	2,644,654	-	118,678
Sewer System	3,285,590	3,834,336	-	-
Ruston Airport Authority	443,092	20,425	-	4,801
Ambulance	453,253	602,053	-	-
<i>Total business-type activities</i>	<u>27,968,156</u>	<u>29,819,638</u>	<u>-</u>	<u>2,553,200</u>
<b>Total primary government</b>	<u><u>\$52,262,911</u></u>	<u><u>\$31,585,543</u></u>	<u><u>\$ 2,267,185</u></u>	<u><u>\$ 2,568,321</u></u>
<b>Component units:</b>				
City Judge	\$528,931	\$635,338	-	-
City Marshal	324,382	346,234	-	-
<b>Total component units</b>	<u><u>\$853,313</u></u>	<u><u>\$981,572</u></u>	<u><u>-</u></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 Assets

Net assets - beginning

Net assets - ending

The accompanying notes are an integral part of the financial statements



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

<b>Primary Government</b>			<b>Component Units</b>
<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>	
(\$7,041,391)	-	(\$7,041,391)	-
(8,025,934)	-	(8,025,934)	-
(4,238,890)	-	(4,238,890)	-
(104,186)	-	(104,186)	-
(497,363)	-	(497,363)	-
(338,780)	-	(338,780)	-
<u>(20,246,544)</u>	<u>-</u>	<u>(20,246,544)</u>	<u>-</u>
-	\$3,282,083	3,282,083	-
-	(102,614)	(102,614)	-
-	945,533	945,533	-
-	548,746	548,746	-
-	(417,866)	(417,866)	-
-	148,800	148,800	-
-	<u>4,404,682</u>	<u>4,404,682</u>	-
<u>(\$20,246,544)</u>	<u>\$4,404,682</u>	<u>(\$15,841,862)</u>	-
-	-	-	\$106,407
-	-	-	21,852
-	-	-	<u>128,259</u>
\$972,877	-	\$972,877	-
483,145	-	483,145	-
5,025,808	-	5,025,808	-
263,702	-	263,702	-
600,000	-	600,000	-
1,442,904	-	1,442,904	-
1,442,904	-	1,442,904	-
30,000	-	30,000	-
3,398,321	-	3,398,321	-
322,554	-	322,554	-
10,345	-	10,345	-
391,288	-	391,288	-
2,059,281	-	2,059,281	-
17,077	17,376	34,453	5,079
978,121	115,873	1,093,994	-
1,815,653	(1,815,653)	-	-
<u>19,253,979</u>	<u>(1,682,404)</u>	<u>17,571,575</u>	<u>5,079</u>
(992,565)	2,722,278	1,729,713	133,338
<u>77,074,927</u>	<u>50,957,277</u>	<u>128,032,204</u>	<u>1,315,483</u>
<u>\$76,082,362</u>	<u>\$53,679,555</u>	<u>\$129,761,917</u>	<u>\$1,448,821</u>

CITY OF RUSTON, LOUISIANA  
 BALANCE SHEET  
 GOVERNMENTAL FUNDS  
 SEPTEMBER 30, 2012

	<u>General</u>	<u>1968 Sales Tax</u>
<b>ASSETS</b>		
Cash and cash equivalents	\$678,825	\$692,977
Investments	1,811,685	-
Receivables, net	579,067	223,526
Unbilled revenues	49,098	-
Due from other funds	1,155,495	-
Inventories, at cost	76,419	-
Prepaid items	2,250	-
Total assets	<u>\$4,352,839</u>	<u>\$916,503</u>
 <b>LIABILITIES AND FUND BALANCES</b>		
Liabilities:		
Accounts payable	\$471,432	\$22,198
Accrued liabilities	305,705	-
Due to other funds	523,759	881,310
Deposits and deferred charges	70,982	-
Total liabilities	<u>1,371,878</u>	<u>903,508</u>
 Fund Balances:		
Nonspendable:		
Inventories	76,419	-
Prepaid items	2,250	-
Spendable:		
Restricted	-	12,995
Assigned	2,839,158	-
Unassigned	63,134	-
Total fund balances	<u>2,980,961</u>	<u>12,995</u>
Total liabilities and fund balances	<u>\$4,352,839</u>	<u>\$916,503</u>

The accompanying notes are an integral part of the financial statements

<u>1985</u> <u>Sales Tax</u>	<u>1990</u> <u>Sales Tax</u>	<u>I-20</u> <u>Fund</u>	<u>Other</u> <u>Governmental</u> <u>Funds</u>	<u>Total</u> <u>Governmental</u> <u>Funds</u>
-	-	\$4,303,236	\$2,313,502	\$7,988,540
-	-	-	-	1,811,685
\$335,288	\$223,526	-	720,345	2,081,752
-	-	-	-	49,098
633,854	247,456	-	311,397	2,348,202
-	-	-	-	76,419
-	-	-	-	2,250
<u>\$969,142</u>	<u>\$470,982</u>	<u>\$4,303,236</u>	<u>\$3,345,244</u>	<u>\$14,357,946</u>
\$2,167	\$1,445	\$15,842	\$37,664	\$550,748
-	-	-	8,678	314,383
-	-	11,885	4,514	1,421,468
-	-	-	404	71,386
<u>2,167</u>	<u>1,445</u>	<u>27,727</u>	<u>51,260</u>	<u>2,357,985</u>
-	-	-	-	76,419
-	-	-	-	2,250
-	-	-	-	-
966,975	469,537	4,275,509	3,293,984	9,019,000
-	-	-	-	2,839,158
-	-	-	-	63,134
<u>966,975</u>	<u>469,537</u>	<u>4,275,509</u>	<u>3,293,984</u>	<u>11,999,961</u>
<u>\$969,142</u>	<u>\$470,982</u>	<u>\$4,303,236</u>	<u>\$3,345,244</u>	<u>\$14,357,946</u>

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CITY OF RUSTON, LOUISIANA  
 RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET  
 TO THE STATEMENT OF NET ASSETS  
 FOR THE YEAR ENDED SEPTEMBER 30, 2012

Fund balances - total governmental funds		\$ 11,999,961
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	98,749,580	
Less accumulated depreciation	<u>(24,571,864)</u>	74,177,716
Unfunded post employment benefit obligations are not financial resources and therefore are not reported in the funds		
		(3,105,099)
Other assets used in governmental activities that are not financial resources and therefore are not reported in the governmental funds		
Unamortized bond issuance costs		47,211
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	(23,722)	
Compensated absences	(1,836,245)	
Bonds, notes, and loans payable	<u>(7,275,000)</u>	(9,134,967)
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>2,097,540</u>
Net assets of governmental activities		<u>\$ 76,082,362</u>

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, 2012

	<u>General</u>	<u>1968 Sales Tax</u>	<u>1985 Sales Tax</u>
<b>REVENUES</b>			
Taxes:			
Property	\$972,877	-	-
Sales	-	\$2,515,807	\$3,773,703
Licenses and permits	852,804	-	-
Intergovernmental	2,254,912	-	-
Charges for services	1,212,043	-	-
Fines and forfeitures	350,403	-	-
Investment earnings	11,420	147	184
Miscellaneous	967,547	-	-
Total revenues	<u>6,622,006</u>	<u>2,515,954</u>	<u>3,773,887</u>
<b>EXPENDITURES</b>			
Current:			
General government	3,557,397	25,716	23,154
Public safety	8,061,454	-	-
Public works	7,716,808	-	-
Culture and recreation	-	-	-
City Court and Marshal	476,714	-	-
Debt service:			
Principal	-	-	-
Interest and other charges	-	-	-
Capital outlay	-	-	-
Total expenditures	<u>19,812,373</u>	<u>25,716</u>	<u>23,154</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(13,190,367)</u>	<u>2,490,238</u>	<u>3,750,733</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	11,631,467	-	-
Transfers out	(67,736)	(2,840,000)	(3,605,702)
Total other financing sources and (uses)	<u>11,563,731</u>	<u>(2,840,000)</u>	<u>(3,605,702)</u>
Net change in fund balances	<u>(1,626,636)</u>	<u>(349,762)</u>	<u>145,031</u>
Fund balances - beginning	<u>4,607,597</u>	<u>362,757</u>	<u>821,944</u>
Fund balances - ending	<u>\$2,980,961</u>	<u>\$12,995</u>	<u>\$966,975</u>

The accompanying notes are an integral part of the financial statements

<u>1990 Sales Tax</u>	<u>I-20 Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
-	-	\$483,145	\$1,456,022
\$2,515,807	-	3,398,321	12,203,638
-	-	-	852,804
-	-	2,086,675	4,341,587
-	-	74,842	1,286,885
-	-	-	350,403
72	\$3,400	1,854	17,077
-	-	10,574	978,121
<u>2,515,879</u>	<u>3,400</u>	<u>6,055,411</u>	<u>21,486,537</u>
15,617	2,311	1,211,510	4,835,705
-	-	-	8,061,454
-	-	-	7,716,808
-	-	972,706	972,706
-	-	-	476,714
-	-	585,000	585,000
-	-	332,478	332,478
-	422,375	970,673	1,393,048
<u>15,617</u>	<u>424,686</u>	<u>4,072,367</u>	<u>24,373,913</u>
<u>2,500,262</u>	<u>(421,286)</u>	<u>1,983,044</u>	<u>(2,887,376)</u>
-	2,721,407	592,589	14,945,463
(2,240,000)	(1,429,357)	(2,823,309)	(13,006,104)
<u>(2,240,000)</u>	<u>1,292,050</u>	<u>(2,230,720)</u>	<u>1,939,359</u>
260,262	870,764	(247,676)	(948,017)
209,275	3,404,745	3,541,660	12,947,978
<u>\$469,537</u>	<u>\$4,275,509</u>	<u>\$3,293,984</u>	<u>\$11,999,961</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, 2012

Net change in fund balances - total governmental funds		(\$948,017)
Amounts reported for governmental activities in the statement of activities are different because		
Governmental funds report capital outlays as expenditures However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.		
Capital outlay	4,913,204	
Depreciation expense	<u>(1,806,685)</u>	3,106,519
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, write offs, and donations) is to decrease net assets		
		(1,704,823)
Post employment benefit obligation		
		(1,492,065)
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. The detail of these differences in the treatment of long-term debt and related items is as follows:		
Principal payments	<u>585,000</u>	585,000
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.		
Amortization of issuance costs	(8,364)	
Decrease in compensated absences	(57,533)	
Decrease in accrued interest	<u>2,062</u>	(63,835)
Internal service funds are used by management to charge the costs of certain activities to individual funds. The net revenue of the internal service funds is reported with governmental activities.		
		<u>(475,344)</u>
Change in net assets of governmental activities		
		<u><u>(\$992,565)</u></u>

The accompanying notes are an integral part of the financial statements

CITY OF RUSTON, LOUISIANA  
STATEMENT OF NET ASSETS  
PROPRIETARY FUNDS  
SEPTEMBER 30, 2012

	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
<b>ASSETS</b>								
Current assets								
Cash and cash equivalents	\$1,709,381	\$158,680	\$72,352	\$75,303	\$183,953	\$79,144	\$2,278,813	\$747,670
Investments	-	606,590	-	-	-	-	606,590	1,908,603
Receivables, net	1,171,860	131,729	177,239	-	4,225	91,750	1,576,803	2,597
Unbilled revenue	1,251,704	127,412	183,301	-	-	-	1,562,417	-
Due from other funds	256,404	1,037,629	1,780,568	-	-	892	3,075,493	29,664
Due from other governments	-	-	-	-	-	2,500	2,500	-
Inventories	509,142	186,932	34,863	-	-	-	730,937	-
Prepaid items	1,049	-	1,653	-	-	140	2,842	45,000
Total current assets	<u>4,899,540</u>	<u>2,248,972</u>	<u>2,249,976</u>	<u>75,303</u>	<u>188,178</u>	<u>174,426</u>	<u>9,836,395</u>	<u>2,733,534</u>
Noncurrent assets								
Restricted								
Cash and cash equivalents	83,307	132,544	111,801	-	-	-	327,652	-
Investments	12,180	-	106,193	-	-	-	118,373	-
Capital assets								
Land	622,501	75,070	218,801	-	349,851	-	1,266,223	-
Construction in progress	8,072,916	961,145	1,336,267	379,342	115,958	-	10,865,628	-
Buildings	4,593,812	139,934	151,353	-	1,056,681	-	5,941,780	13,080
Improvements other than buildings	-	-	-	-	7,035,012	-	7,035,012	-
Equipment	21,036,985	808,287	24,649,226	-	231,239	703,893	47,429,630	48,123
Distribution and collection systems	31,996,146	14,531,417	19,590,988	-	-	-	66,118,551	-
Less accumulated depreciation	<u>(40,782,504)</u>	<u>(8,581,193)</u>	<u>(16,257,254)</u>	<u>-</u>	<u>(4,699,930)</u>	<u>(448,957)</u>	<u>(70,769,838)</u>	<u>(58,322)</u>
Total capital assets (net of accumulated depreciation)	<u>25,539,856</u>	<u>7,934,660</u>	<u>29,689,381</u>	<u>379,342</u>	<u>4,088,811</u>	<u>254,936</u>	<u>67,886,986</u>	<u>2,881</u>
Deferred bond costs, at cost less amortization	-	38,504	83,737	-	-	-	122,241	-
Total noncurrent assets	<u>25,635,343</u>	<u>8,105,708</u>	<u>29,991,112</u>	<u>379,342</u>	<u>4,088,811</u>	<u>254,936</u>	<u>68,455,252</u>	<u>2,881</u>
Total assets	<u>\$30,534,883</u>	<u>\$10,354,680</u>	<u>\$32,241,088</u>	<u>\$454,645</u>	<u>\$4,276,989</u>	<u>\$429,362</u>	<u>\$78,291,647</u>	<u>\$2,736,415</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
<b>LIABILITIES</b>								
Current liabilities								
Accounts payable	\$1 705 374	\$4 194	\$366 412	\$45 885	\$22 610	\$7 356	\$2 151 831	\$15 868
Accrued liabilities	43 242	9 251	15 599	1 313	-	6 297	75 702	3 339
Due to other funds	2 819 795	575 566	484 831	80 701	4 179	24 714	3 989 786	42 105
Claims and judgments	-	-	-	-	-	-	-	561 986
Compensated absences	5 000	2 000	2 000	-	-	6 000	15 000	-
Total current liabilities	<u>4 573 411</u>	<u>591 011</u>	<u>868 842</u>	<u>127 899</u>	<u>26 789</u>	<u>44 367</u>	<u>6 232 319</u>	<u>623 298</u>
Current liabilities payable from restricted assets								
Customer deposits	936 105	-	7 715	-	3 451	-	947 271	-
Bonds payable	-	-	-	-	-	-	-	-
DEQ Revolving Loan fund	-	-	895 000	-	-	-	895 000	-
DHH Revolving Loan fund	-	96 000	-	-	-	-	96 000	-
Due to LADOTD	37 148	49 824	-	-	-	-	86 972	-
Accrued interest	82 555	-	-	-	-	-	82 555	-
Total current liabilities payable from restricted assets	<u>1 055 808</u>	<u>145 824</u>	<u>902 715</u>	<u>-</u>	<u>3 451</u>	<u>-</u>	<u>2 107 798</u>	<u>-</u>
Noncurrent liabilities								
Compensated absences	265 809	42 962	24 477	3 342	-	53 795	390 385	15 577
Bonds payable	-	-	-	-	-	-	-	-
DEQ Revolving Loan fund	-	-	14 040 000	-	-	-	14 040 000	-
DHH Revolving Loan fund	-	1 841 590	-	-	-	-	1 841 590	-
Due to LADOTD	-	-	-	-	-	-	-	-
Total noncurrent liabilities	<u>265 809</u>	<u>1 884 552</u>	<u>14 064 477</u>	<u>3 342</u>	<u>-</u>	<u>53 795</u>	<u>16 271 975</u>	<u>15 577</u>
Total liabilities	<u>5 895 028</u>	<u>2 621 387</u>	<u>15 836 034</u>	<u>131 241</u>	<u>30 240</u>	<u>98 162</u>	<u>24 612 092</u>	<u>638 875</u>
<b>NET ASSETS</b>								
Invested in capital assets net of related debt	25 539 856	7 934 660	15 649 381	379 342	4 088 811	254 936	53 846 986	2 881
Restricted for debt service	-	132 544	210 279	-	-	-	342 823	-
Unrestricted (deficit)	(900 001)	(333 911)	545 394	(55 938)	157 938	76 264	(510 254)	2 094 659
Total net assets (deficit)	<u>\$24 639 855</u>	<u>\$7 733 293</u>	<u>\$16 405 054</u>	<u>\$323 404</u>	<u>\$4 246 749</u>	<u>\$331 200</u>	<u>\$53 679 555</u>	<u>\$2 097 540</u>

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 ASSETS  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2012

	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
<b>OPERATING REVENUES</b>								
Charges for services	\$22,718,170	\$2,644,654	\$3,834,336	-	\$20,425	\$602,053	\$29,819,638	\$41,581
Charges to other funds	-	-	-	-	-	-	-	3,331,792
Premiums paid by retired employees	-	-	-	-	-	-	-	300,546
Rent income	35,437	-	-	-	69,774	-	105,211	-
Miscellaneous	-	10,478	-	-	134	50	10,662	25
<i>Total operating revenues</i>	<u>22,753,607</u>	<u>2,655,132</u>	<u>3,834,336</u>	<u>-</u>	<u>90,333</u>	<u>602,103</u>	<u>29,935,511</u>	<u>3,673,944</u>
<b>OPERATING EXPENSES</b>								
Personnel services	2,200,818	528,449	699,793	\$61,079	-	285,354	3,775,493	163,338
Operating services	1,365,322	603,660	894,750	28,233	60,905	24,163	2,977,033	14,890
Materials and supplies	16,644,784	202,562	135,391	12,237	14,595	64,554	17,074,123	8,818
Travel and other	21,986	2,495	7,383	1,065	-	16,560	49,489	1,201
Depreciation	1,632,898	416,093	1,003,803	-	367,592	62,622	3,483,008	327
Claims	-	-	-	-	-	-	-	2,985,882
Insurance premiums	-	-	-	-	-	-	-	1,003,310
<i>Total operating expenses</i>	<u>21,865,808</u>	<u>1,753,259</u>	<u>2,741,120</u>	<u>102,614</u>	<u>443,092</u>	<u>453,253</u>	<u>27,359,146</u>	<u>4,177,766</u>
Operating income (loss)	<u>887,799</u>	<u>901,873</u>	<u>1,093,216</u>	<u>(102,614)</u>	<u>(352,759)</u>	<u>148,850</u>	<u>2,576,365</u>	<u>(503,822)</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>								
Investment earnings	14,665	442	1,907	28	214	120	17,376	28,478
Capital grants	2,429,721	118,678	-	-	4,801	-	2,553,200	-
Interest expense	-	(62,275)	(537,394)	-	-	-	(599,669)	-
Amortization	-	(2,265)	(7,076)	-	-	-	(9,341)	-
<i>Total nonoperating revenues (expenses)</i>	<u>2,444,386</u>	<u>54,580</u>	<u>(542,563)</u>	<u>28</u>	<u>5,015</u>	<u>120</u>	<u>1,961,566</u>	<u>28,478</u>
Income (loss) before contributions and transfers	3,332,185	956,453	550,653	(102,586)	(347,744)	148,970	4,537,931	(475,344)
Transfers in	-	75,994	1,477,069	425,990	12,647	-	1,991,700	-
Transfers out	(2,602,973)	(526,593)	(677,787)	-	-	-	(3,807,353)	-
Change in net assets	729,212	505,854	1,349,935	323,404	(335,097)	148,970	2,722,278	(475,344)
Total net assets (deficit) - beginning	23,910,643	7,227,439	15,055,119	-	4,581,846	182,230	50,957,277	2,572,884
Total net assets (deficit) - ending	<u>\$24,639,855</u>	<u>\$7,733,293</u>	<u>\$16,405,054</u>	<u>\$323,404</u>	<u>\$4,246,749</u>	<u>\$331,200</u>	<u>\$53,679,555</u>	<u>\$2,097,540</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, 2012

	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
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>								
Receipts from operations	\$22,967,112	\$2,476,669	\$3,092,572	-	\$86,250	\$567,523	\$29,190,126	\$3,662,119
Payments to suppliers	(18,187,779)	(458,181)	(434,157)	\$65,051	(75,656)	(103,320)	(19,174,044)	(1,005,034)
Payments to employees	(2,194,420)	(527,651)	(697,649)	(56,424)	-	(581,210)	(4,057,354)	(155,708)
Claim payments	-	-	-	-	-	-	-	(2,842,593)
Other receipts	35,437	10,478	-	-	134	50	46,099	41,606
Net cash provided by operating activities	<u>2,620,350</u>	<u>1,501,315</u>	<u>1,960,766</u>	<u>28,627</u>	<u>10,726</u>	<u>(116,957)</u>	<u>6,004,827</u>	<u>(299,610)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>								
Transfers in	-	75,994	1,477,069	425,990	12,647	-	1,991,700	-
Transfers out	(2,602,973)	(526,593)	(677,787)	-	-	-	(3,807,353)	-
Net cash provided by (used in) noncapital financing activities	<u>(2,602,973)</u>	<u>(450,599)</u>	<u>799,282</u>	<u>425,990</u>	<u>12,647</u>	<u>-</u>	<u>(1,815,653)</u>	<u>-</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>								
Acquisition and construction of capital assets	(4,338,906)	(1,043,171)	(1,208,280)	(379,342)	(93,354)	-	(7,063,053)	-
Capital contributions	2,429,721	118,678	-	-	4,802	-	2,553,201	-
Bond issuance costs	-	-	-	-	-	-	-	-
DEQ Revolving Loan fund	-	22,116	(1,309,464)	-	-	-	(1,287,348)	-
Payable to State	(37,148)	-	-	-	-	-	(37,148)	-
Principal paid on debt	-	(49,824)	(395,000)	-	-	-	(444,824)	-
Interest paid on debt	(4,771)	(62,275)	(537,394)	-	-	-	(604,440)	-
Net cash used in capital and related financing activities	<u>(1,951,104)</u>	<u>(1,014,476)</u>	<u>(3,450,138)</u>	<u>(379,342)</u>	<u>(88,552)</u>	<u>-</u>	<u>(6,883,612)</u>	<u>-</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>								
Proceeds from sales and maturities of investments	1,217,183	-	-	-	-	-	1,217,183	(1,464)
Purchase of investments	-	(137)	(24)	-	-	-	(161)	(7,043)
Interest and dividends received	14,665	442	1,907	28	214	120	17,376	28,478
Net cash provided by (used in) investing activities	<u>1,231,848</u>	<u>305</u>	<u>1,883</u>	<u>28</u>	<u>214</u>	<u>120</u>	<u>1,234,398</u>	<u>19,971</u>
Net increase (decrease) in cash and cash equivalents	(701,879)	36,545	(688,207)	75,303	(64,965)	(116,837)	(1,460,040)	(279,639)
Cash and cash equivalents, beginning of year	2,494,567	254,679	872,360	-	248,921	195,980	4,066,507	1,027,309
Cash and cash equivalents, end of year	<u>\$1,792,688</u>	<u>\$291,224</u>	<u>\$184,153</u>	<u>\$75,303</u>	<u>\$183,956</u>	<u>\$79,143</u>	<u>\$2,606,467</u>	<u>\$747,670</u>
Noncash item 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)	\$887,799	\$901,873	\$1,093,216	(\$102,614)	(\$352,759)	\$148,850	\$2,576,365	(\$503,822)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities								
Depreciation	1,632,898	416,093	1,003,803	-	367,592	62,622	3,483,008	327
(Increase) Decrease in assets								
Receivables	287,704	99,554	66,244	-	(3,900)	(34,530)	415,072	131
Due from other funds	(144,280)	(267,539)	(808,833)	-	-	(237)	(1,220,889)	4,740
Inventories	(17,305)	(10,097)	5,027	-	-	-	(22,375)	-
Prepaid items	(1,019)	-	(1,653)	-	-	-	(2,672)	-
Increase (Decrease) in liabilities								
Accounts payable	(636,977)	(159,268)	159,793	45,885	-	2,194	(588,373)	7,939
Accrued liabilities	8,693	1,556	3,744	1,313	-	1,428	16,734	50,671
Due to other funds	498,595	519,901	438,547	80,701	(158)	(296,037)	1,241,549	40,156
Customers' deposits	105,518	-	825	-	(49)	-	106,294	-
Claims and judgments	-	-	-	-	-	-	-	93,289
Compensated absences	(1,276)	(758)	53	3,342	-	(1,247)	114	6,959
Total adjustments	1,732,551	599,442	867,550	131,241	363,485	(265,807)	3,428,462	204,212
Net cash provided by operating activities	\$2,620,350	\$1,501,315	\$1,960,766	\$28,627	\$10,726	(\$116,957)	\$6,004,827	(\$299,610)

The accompanying notes are an integral part of the financial statements

CITY OF RUSTON, LOUISIANA  
STATEMENT OF NET ASSETS  
COMPONENT UNITS  
SEPTEMBER 30, 2012

	<u>Ruston City Judge's Office</u>	<u>Ruston City Marshal's Office</u>	<u>Total</u>
<b>ASSETS</b>			
Cash and cash equivalents	\$1,250,224	\$114,644	\$1,364,868
Investments	-	-	-
Receivables	-	1,185	1,185
Prepaid items	2,359	383	2,742
Due from governmental units	12,647	-	12,647
Capital assets, net of depreciation	59,984	22,698	82,682
Total assets	<u>1,325,214</u>	<u>138,910</u>	<u>1,464,124</u>
<b>LIABILITIES</b>			
Accounts payable	8,683	1,618	10,301
Accrued liabilities	5,002	-	5,002
Non-current liabilities:			
Due within one year	-	-	-
Due in more than one year	-	-	-
Total liabilities	<u>13,685</u>	<u>1,618</u>	<u>15,303</u>
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt	59,984	22,698	82,682
Unrestricted	1,251,545	114,594	1,366,139
Total net assets	<u>\$1,311,529</u>	<u>\$137,292</u>	<u>\$1,448,821</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, 2012

	<u>Program Revenues</u>			<u>Net (Expenses) Revenues and Changes in Net Assets</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	\$528,931	\$261,267	\$374,071	\$106,407	-	\$106,407
City Marshal Judicial	324,382	119,247	\$226,987	-	\$21,852	21,852
	<u>\$853,313</u>	<u>\$380,514</u>	<u>\$601,058</u>	<u>106,407</u>	<u>21,852</u>	<u>128,259</u>
General Revenues						
Interest earnings				4,422	657	5,079
Total general revenues				<u>4,422</u>	<u>657</u>	<u>5,079</u>
Change in net assets				110,829	22,509	133,338
Net assets - beginning				<u>1,200,700</u>	<u>114,783</u>	<u>1,315,483</u>
Net assets - ending				<u>\$1,311,529</u>	<u>\$137,292</u>	<u>\$1,448,821</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, 2012

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 Alderman 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, 2012.

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 City. The financial statements of the City Marshal included in the accompanying financial statements are as of and for the fiscal year ended September 30, 2012.

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  
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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 assets 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, 2012

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

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

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Depreciation expense is identified by function and is included in the direct expense of each function. Interest on general long-term debt 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  
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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 assets, revenues expenditures/expenses and other changes in fund balance/net assets. 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.

*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.

CITY OF RUSTON, LOUISIANA  
Notes to Financial Statements  
For the Year Ended September 30, 2012

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 and trust funds).

**Proprietary Funds**

Proprietary funds are used to account for the City's ongoing organizations and activities which are similar to those often found in the private sector. All proprietary funds are accounted for on a capital maintenance focus; that is, the measurement focus is upon determination of the change in net assets. 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 three internal service funds for workmen's compensation, general insurance coverage, and purchasing/warehouse.

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.

*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.

CITY OF RUSTON, LOUISIANA  
Notes to Financial Statements  
For the Year Ended September 30, 2012

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. 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



CITY OF RUSTON, LOUISIANA  
Notes to Financial Statements  
For the Year Ended September 30, 2012

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

In the FFS, governmental 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, 2012 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, 2012

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 permitted to use sick leave toward retirement up to a maximum of six months, if they have sufficient time to qualify for retirement. Only unpaid vacation pay for the employees has been accrued, and sick leave for the 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 assets 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.

CITY OF RUSTON, LOUISIANA  
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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.

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, 2012.

CITY OF RUSTON, LOUISIANA  
Notes to Financial Statements  
For the Year Ended September 30, 2012

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.

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

All deposits of the City are held by area financial institutions. At September 30, 2012, the carrying amount of the City's deposits was \$12,413,072 and the bank balance was \$13,484,697. The difference is due to the outstanding checks and deposits in transit at September 30, 2012.

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

State statutes authorize the City to invest in United States bonds, treasury notes, government agencies' securities, certificates and time certificates of deposit of state banks organized under the laws of Louisiana and national banks having their principal office in the State of Louisiana, or mutual or trust fund institutions which have underlying investments consisting solely of and limited to securities of the United States government or its agencies. During the year ending September 30, 2012, the City invested in certificates of deposit and U.S. government and U.S. government agency securities.

CITY OF RUSTON, LOUISIANA  
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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, 2012. 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	\$95,487	\$--	\$--	\$ 95,487
Louisiana Asset Management Pool				<u>759,914</u>
Total Investments				855,401
Total Deposits				<u>11,557,671</u>
Total cash, cash equivalents, & investments, including restricted cash and investments				<u>\$12,413,072</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.

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 \$1,364,868 at September 30, 2012.

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 \$168,123,934 and \$160,743,929 in 2012 and 2011, respectively. The distribution of the City's levy (tax rate per \$1,000 assessed value) was, as follows, for 2012 and 2011:

CITY OF RUSTON, LOUISIANA  
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	2012	Levy	2011
General Fund	5.88		6.04
Recreation Tax	<u>2.92</u>		<u>3.00</u>
	<u>8.80</u>		<u>9.04</u>

4. **RECEIVABLES**

Receivables as of September 30, 2012, for the City's individual major funds and nonmajor and internal service funds, including the applicable 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>
<b>Governmental activities:</b>					
General	\$181,121	-	\$687,987	(\$290,041)	\$579,067
1968 Sales Tax	-	\$223,526	-	-	223,526
1985 Sales Tax	-	335,288	-	-	335,288
1990 Sales Tax	-	223,526	-	-	223,526
Nonmajor governmental funds	-	<u>706,538</u>	<u>13,807</u>	-	<u>720,345</u>
Total governmental activities	<u>\$181,121</u>	<u>\$1,488,878</u>	<u>\$701,794</u>	<u>(\$290,041)</u>	<u>\$2,081,752</u>
<b>Business-type activities:</b>					
Electric System	\$2,600,969	-	-	(\$1,429,109)	\$1,171,860
Water System	347,132	-	-	(215,403)	131,729
Sewer System	567,657	-	-	(390,418)	177,239
Nonmajor business-type activities	<u>126,088</u>	-	<u>\$2,597</u>	<u>(30,113)</u>	<u>98,572</u>
Total business-type activities	<u>\$3,641,846</u>	<u>-</u>	<u>\$2,597</u>	<u>(\$2,065,043)</u>	<u>\$1,579,400</u>

5. **CAPITAL ASSETS**

A summary of changes in capital assets is as follows

	Balance September 30, 2011	Additions	Retirements	Balance September 30, 2012
<b>Governmental activities:</b>				
Capital assets, not being depreciated:				
Land	\$10,706,474	\$116,880	-	\$10,823,354
Construction in progress	<u>28,117,100</u>	<u>2,335,083</u>	<u>(\$1,905,008)</u>	<u>28,547,175</u>
Total capital assets, not being depreciated	<u>38,823,574</u>	<u>2,451,963</u>	<u>(1,905,008)</u>	<u>39,370,529</u>
Capital assets, being depreciated:				
Buildings	10,313,901	406,063	-	10,719,964
Improvements other than buildings	7,773,106	1,772,202	-	9,545,308
Equipment	15,335,813	399,856	-	15,735,669
Infrastructure	<u>23,439,313</u>	<u>-</u>	<u>-</u>	<u>23,439,313</u>
Total capital assets being depreciated	<u>56,862,133</u>	<u>2,578,121</u>	<u>-</u>	<u>59,440,254</u>
Less accumulated depreciation for:				
Buildings	(2,740,554)	(272,878)	-	(3,013,432)
Improvements other than buildings	(3,982,868)	(266,998)	-	(4,249,866)

CITY OF RUSTON, LOUISIANA  
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For the Year Ended September 30, 2012

	Balance September 30, 2011	Additions	Retirements	Balance September 30, 2012
Equipment	(10,170,350)	(752,974)	82,290	(10,841,034)
Infrastructure	<u>(6,012,019)</u>	<u>(513,835)</u>	-	<u>(6,525,854)</u>
Total accumulated depreciation	<u>(22,905,791)</u>	<u>(1,806,685)</u>	<u>82,290</u>	<u>(24,630,186)</u>
Total capital assets, being depreciated, net	<u>33,956,342</u>	<u>771,436</u>	<u>82,290</u>	<u>34,810,068</u>
Governmental activities capital assets, net	<u>\$72,779,916</u>	<u>\$3,223,399</u>	<u>(\$1,822,718)</u>	<u>\$74,180,597</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 \$24,646,244 for I-20 Infrastructure projects; \$2,517,715 for the Streetscape project; \$372,537 for the Martin Luther King Extension; \$580,854 for the Tech Research Park Line & Grade and Homer Street Reconstruction project; \$106,492 for the Turn Lane at Georgia Avenue and Vienna Street project; \$1,697 for the Colorado Avenue Improvements project; \$935,284 for the LCDBG Sewer Rehabilitation project; \$60,301 for the McAllister St. Improvements project; \$160,130 for the Central Station Improvements project; \$73,725 for the East Kentucky project; \$11,336 for the Hundred Oaks Drainage project, \$10,000 for the Shepherd Creek Flood Control project; \$67,568 for the Duncan Park Playground project, \$39,141 for the Cook Park project; \$94,521 for the JC Love Complex project, \$43,458 for the Huckleberry Trails Park project; and \$23,533 for the McLane Rec Center project.

	Balance September 30, 2011	Additions	Retirements	Balance September 30, 2012
<b>Business-type activities:</b>				
<b>Electric System</b>				
Capital assets, not being depreciated.				
Land	\$622,501	-	-	\$622,501
Construction in progress	<u>4,344,053</u>	<u>\$3,728,863</u>	-	<u>8,072,916</u>
Total capital assets, not being depreciated	<u>4,966,554</u>	<u>3,728,863</u>	-	<u>8,695,417</u>
Capital assets, being depreciated:				
Buildings	4,593,487	325	-	4,593,812
System Improvement	31,778,409	217,737	-	31,996,146
Equipment	<u>20,774,426</u>	<u>391,980</u>	<u>(\$129,422)</u>	<u>21,036,984</u>
Total capital assets being depreciated	<u>57,146,322</u>	<u>610,042</u>	<u>(129,422)</u>	<u>57,626,942</u>
Less accumulated depreciation for				
Buildings	(1,821,119)	(135,090)	-	(1,956,209)
System Improvement	(18,280,007)	(1,196,473)	-	(19,476,480)
Equipment	<u>(19,177,902)</u>	<u>(301,334)</u>	<u>129,422</u>	<u>(19,349,814)</u>
Total accumulated depreciation	<u>(39,279,028)</u>	<u>(1,632,897)</u>	<u>129,422</u>	<u>(40,782,503)</u>
Total capital assets, being depreciated, net	<u>17,867,294</u>	<u>(1,022,855)</u>	-	<u>16,844,439</u>
Electric System capital assets, net	<u>\$22,833,848</u>	<u>\$2,706,008</u>	-	<u>\$23,539,856</u>

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Construction in progress for the electric system consisted of \$6,719,683 for the Smart Grid Initiative project, \$690,745 for the Customer Service office and Information Technology Improvements project, \$20,674 for the Security Additions project; \$317,814 for the Frazier Road Substation Upgrade project; and \$308,560 for the Maple Street Substation Upgrade project.

	Balance September 30, <u>2011</u>	<u>Additions</u>	<u>Retirements</u>	Balance September 30, <u>2012</u>
<b>Telecommunications System</b>				
Capital assets, not being depreciated.				
Construction in progress	-	<u>\$379,342</u>	-	<u>\$379,342</u>
Telecommunications System capital assets, net	<u>-</u>	<u>\$379,342</u>	<u>-</u>	<u>\$379,342</u>

Construction in progress for the telecommunications system consisted of \$379,372 for the Infrastructure

	Balance September 30, <u>2011</u>	<u>Additions</u>	<u>Retirements</u>	Balance September 30, <u>2012</u>
<b>Water System</b>				
Capital assets, not being depreciated.				
Land	\$75,070	-	-	\$75,070
Construction in progress	<u>3,417,743</u>	<u>\$967,175</u>	<u>(\$3,423,773)</u>	<u>961,145</u>
Total capital assets, not being depreciated	<u>3,492,813</u>	<u>967,175</u>	<u>(3,423,773)</u>	<u>1,036,215</u>
Capital assets, being depreciated:				
Buildings	139,934	-	-	139,934
System Improvement	11,031,650	3,499,767	-	14,531,417
Equipment	<u>826,280</u>	<u>-</u>	<u>(17,993)</u>	<u>808,287</u>
Total capital assets being depreciated	<u>11,997,864</u>	<u>3,499,767</u>	<u>(17,993)</u>	<u>15,479,638</u>
Less accumulated depreciation for:				
Buildings	(111,867)	(4,172)	-	(116,039)
System Improvement	(7,343,036)	(357,939)	-	(7,700,975)
Equipment	<u>(728,190)</u>	<u>(53,982)</u>	<u>17,993</u>	<u>(764,179)</u>
Total accumulated depreciation	<u>(8,183,093)</u>	<u>(416,093)</u>	<u>17,993</u>	<u>(8,581,193)</u>
Total capital assets, being depreciated, net	<u>3,814,771</u>	<u>3,439,908</u>	<u>-</u>	<u>6,898,445</u>
Water System capital assets, net	<u>\$7,307,584</u>	<u>\$4,407,083</u>	<u>(\$3,423,773)</u>	<u>\$7,934,660</u>

Construction in progress for the water system consisted of \$219,154 for the Master Plan for development of water distribution system, and \$741,991 for the Vienna Line Replacement project



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	Balance September 30, <u>2011</u>	<u>Additions</u>	<u>Retirements</u>	Balance September 30, <u>2012</u>
<b>Sewer System</b>				
Capital assets, not being depreciated:				
Land	\$218,801	-	-	\$218,801
Construction in progress	<u>18,492,818</u>	<u>\$1,057,147</u>	<u>(\$18,213,699)</u>	<u>1,336,266</u>
Total capital assets, not being depreciated	<u>18,711,619</u>	<u>1,057,147</u>	<u>(18,213,699)</u>	<u>1,555,067</u>
Capital assets, being depreciated:				
Buildings	151,353	-	-	151,353
System Improvement	19,608,972	-	(17,984)	19,590,988
Equipment	<u>6,236,682</u>	<u>18,412,544</u>	<u>-</u>	<u>24,649,226</u>
Total capital assets being depreciated	<u>25,997,007</u>	<u>18,412,544</u>	<u>(17,984)</u>	<u>44,391,567</u>
Less accumulated depreciation for:				
Buildings	(62,633)	(4,361)	-	(66,994)
System Improvement	(11,760,595)	(500,121)	17,984	(12,242,732)
Equipment	<u>(3,448,207)</u>	<u>(499,320)</u>	<u>-</u>	<u>(3,947,527)</u>
Total accumulated depreciation	<u>(15,271,435)</u>	<u>(1,003,802)</u>	<u>17,984</u>	<u>(16,257,253)</u>
Total capital assets, being depreciated, net	<u>10,725,572</u>	<u>17,408,742</u>	<u>-</u>	<u>28,134,314</u>
Sewer System capital assets, net	<u>\$29,437,191</u>	<u>\$18,465,889</u>	<u>(\$18,213,699)</u>	<u>\$29,689,381</u>

Construction in progress consisted of \$108,628 for the Wet Weather Lagoon Rehabilitation project; and \$1,058,934 for the Trenton Street to Georgia Avenue and Maryland Avenue Sewer Rehabilitation project.

	Balance September 30, <u>2011</u>	<u>Additions</u>	<u>Retirements</u>	Balance September 30, <u>2012</u>
<b>Airport Authority</b>				
Capital assets, not being depreciated.				
Land	\$349,851	-	-	\$349,851
Construction in progress	<u>974,621</u>	<u>\$115,958</u>	<u>(\$974,621)</u>	<u>115,958</u>
Total capital assets, not being depreciated	<u>1,324,472</u>	<u>115,958</u>	<u>(974,621)</u>	<u>465,809</u>
Capital assets, being depreciated				
Buildings	1,056,681	-	-	1,056,681
Runways, aprons, and taxiways	6,060,391	974,621	-	7,035,012
Equipment	<u>231,239</u>	<u>-</u>	<u>-</u>	<u>231,239</u>
Total capital assets being depreciated	<u>7,348,311</u>	<u>974,621</u>	<u>-</u>	<u>8,322,932</u>
Less accumulated depreciation for:				
Buildings	(129,787)	(22,796)	-	(152,583)
Runways, aprons, and taxiways	(4,041,594)	(311,393)	-	(4,352,987)
Equipment	<u>(160,957)</u>	<u>(33,403)</u>	<u>-</u>	<u>(194,360)</u>
Total accumulated depreciation	<u>(4,332,338)</u>	<u>(367,592)</u>	<u>-</u>	<u>(4,699,930)</u>
Total capital assets, being depreciated, net	<u>3,015,973</u>	<u>607,029</u>	<u>-</u>	<u>3,623,002</u>
Airport Authority capital assets, net	<u>\$4,340,445</u>	<u>\$722,987</u>	<u>(\$974,621)</u>	<u>\$4,088,811</u>

CITY OF RUSTON, LOUISIANA  
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Construction in progress consisted of \$43,990 for the Rehabilitation and Expansion of Existing Apron project, \$30,190 for the Airfield Electrical and Lighting Systems Improvement project; \$18,000 for the Runway 36 Obstruction Removal project, and \$23,778 for the Airport Control Fence project.

	Balance September 30, <u>2011</u>	<u>Additions</u>	<u>Retirements</u>	Balance September 30, <u>2012</u>
<b>Ambulance Fund</b>				
Capital assets, being depreciated.				
Equipment	\$703,893	-	-	\$703,893
Less accumulated depreciation for equipment	<u>(386,335)</u>	<u>(\$62,622)</u>	-	<u>(448,957)</u>
Total capital assets, being depreciated, net	<u>\$317,558</u>	<u>(\$62,622)</u>	-	<u>\$254,936</u>
	Balance September 30, <u>2011</u>	<u>Additions</u>	<u>Retirements</u>	Balance September 30, <u>2012</u>
<b>Business-type activities capital assets</b>				
Capital assets, not being depreciated.				
Land	\$1,266,223	-	-	\$1,266,223
Construction in progress	<u>27,229,235</u>	<u>\$6,248,485</u>	<u>(\$22,612,093)</u>	<u>10,865,627</u>
Total capital assets, not being depreciated	<u>28,495,458</u>	<u>6,248,485</u>	<u>(22,612,093)</u>	<u>12,131,850</u>
Capital assets, being depreciated				
Buildings	5,941,455	325	-	5,941,780
System Improvement	62,419,031	3,717,504	(17,984)	66,118,551
Runways, aprons, and taxiways	6,060,391	974,621	-	7,035,012
Equipment	<u>28,772,520</u>	<u>18,804,524</u>	<u>(147,415)</u>	<u>47,429,629</u>
Total capital assets being depreciated	<u>103,193,397</u>	<u>23,496,974</u>	<u>(165,399)</u>	<u>126,524,972</u>
Less accumulated depreciation for				
Buildings	(2,125,406)	(166,419)	-	(2,291,825)
System Improvement	(37,383,638)	(2,054,533)	17,984	(39,420,187)
Runways, aprons, and taxiways	(4,041,594)	(311,393)	-	(4,352,987)
Equipment	<u>(23,901,591)</u>	<u>(950,661)</u>	<u>147,415</u>	<u>(24,704,837)</u>
Total accumulated depreciation	<u>(67,452,229)</u>	<u>(3,483,006)</u>	<u>165,399</u>	<u>(70,769,836)</u>
Total capital assets, being depreciated, net	<u>35,741,168</u>	<u>20,013,966</u>	-	<u>55,755,134</u>
Business-type activities capital assets, net	<u>\$64,236,626</u>	<u>\$26,262,453</u>	<u>(\$22,612,093)</u>	<u>\$67,886,986</u>

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

<b>Governmental activities:</b>	
General government	\$236,937
Public safety	361,610
Public works, including depreciation of general infrastructure assets	1,258,452
Recreation	<u>101,978</u>
Total depreciation expense-governmental activities	<u>\$1,958,977</u>

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<b>Business-type activities:</b>	
Electric System	1,632,897
Water System	416,093
Sewer System	1,003,802
Airport Authority	367,592
Ambulance	<u>62,622</u>
Total depreciation expense-business-type activities	<u>\$3,483,006</u>

6. LONG-TERM LIABILITIES

Long-term liability activity for the year ended September 30, 2012, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
<b>Governmental activities:</b>					
Revenue bonds payable	\$7,860,000	-	\$585,000	\$7,275,000	\$610,000
Compensated absences	<u>1,778,713</u>	<u>\$930,421</u>	<u>872,889</u>	<u>1,836,245</u>	<u>225,000</u>
Governmental activities Total long-term liabilities	<u>\$9,638,713</u>	<u>\$930,421</u>	<u>\$1,457,889</u>	<u>\$9,111,245</u>	<u>\$835,000</u>
<b>Business-type activities:</b>					
<b>Electric System:</b>					
Due to other governments	\$74,296	-	\$37,148	\$37,148	\$37,148
Compensated absences	<u>272,085</u>	<u>\$87,424</u>	<u>88,700</u>	<u>270,809</u>	<u>5,000</u>
Electric System long-term liabilities	<u>\$346,381</u>	<u>\$87,424</u>	<u>\$125,848</u>	<u>\$307,957</u>	<u>\$42,148</u>
<b>Telecommunications System:</b>					
Compensated absences	<u>-</u>	<u>\$6,544</u>	<u>\$3,202</u>	<u>\$3,342</u>	<u>-</u>
<b>Water System:</b>					
DHH Revolving Loan fund	\$1,915,474	\$111,116	\$89,000	\$1,937,590	\$96,000
Due to other governments	99,647	-	49,823	49,824	49,824
Compensated absences	<u>45,720</u>	<u>11,103</u>	<u>11,861</u>	<u>44,962</u>	<u>2,000</u>
Water System long-term liabilities	<u>\$2,060,841</u>	<u>\$122,219</u>	<u>\$150,684</u>	<u>\$2,032,375</u>	<u>\$147,824</u>
<b>Sewer System:</b>					
Revenue bonds	\$460,000	-	\$280,000	\$180,000	\$90,000
DEQ Revolving Loan fund	16,043,607	-	\$16,043,607	-	-
Refunding sewer bonds	-	\$14,870,000	115,000	14,755,000	805,000
Compensated absences	<u>26,424</u>	<u>20,357</u>	<u>20,304</u>	<u>26,477</u>	<u>2,000</u>
Sewer System long-term liabilities	<u>\$16,530,031</u>	<u>\$14,890,357</u>	<u>\$16,458,911</u>	<u>\$14,961,477</u>	<u>\$897,000</u>
<b>Ambulance Fund:</b>					
Compensated absences	<u>\$61,042</u>	<u>\$16,526</u>	<u>\$17,772</u>	<u>\$59,796</u>	<u>\$6,000</u>
<b>Business-type activities long-term liabilities.</b>					
Revenue bonds	\$460,000	-	\$280,000	\$180,000	\$90,000

CITY OF RUSTON, LOUISIANA  
Notes to Financial Statements  
For the Year Ended September 30, 2012

	Beginning <u>Balance</u>	<u>Additions</u>	<u>Reductions</u>	Ending <u>Balance</u>	Due Within <u>One Year</u>
DHH Revolving Loan fund	1,915,474	\$111,116	89,000	1,937,590	96,000
DEQ Revolving Loan fund	16,043,607	-	16,043,607	-	-
Refunding sewer bonds	-	14,870,000	115,000	14,755,000	805,000
Due to other governments	173,943	-	86,971	86,972	86,972
Compensated absences	<u>405,271</u>	<u>141,954</u>	<u>141,839</u>	<u>405,386</u>	<u>15,000</u>
Business-type activities long-term liabilities	<u>\$18,998,295</u>	<u>\$15,123,070</u>	<u>\$16,756,417</u>	<u>\$17,364,948</u>	<u>\$1,092,972</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, 2012, were comprised of the following issues:

<b>Governmental Activities:</b>	<b>Outstanding at September 30, 2012</b>
<b><u>Tax Increment Revenue Bonds</u></b>	
\$10,000,000 – 2008 Sales Tax Increment Revenue Bonds dated March 14, 2008, interest at 4.23% payable in annual installments of \$610,000 to \$860,000 through September 1, 2022	<u>\$7,275,000</u>
Total Tax Increment Revenue Bonds	<u>\$7,275,000</u>
<b><u>Business-type Activities:</u></b>	
<b><u>Revenue Bonds</u></b>	
\$1,620,000 authorized 1993 Sewer Revenue Bonds \$1,432,536 issued, interest at 2.45%, payable in annual installments of \$90,000 through October 1, 2014.	<u>\$180,000</u>
Total Revenue Bonds	<u>\$180,000</u>
<b><u>DHH Revolving Loan</u></b>	
\$2,334,000 2009 Water Revenue Bonds dated October 29, 2009, due in annual installments of \$96,000 to \$145,000 through October 1, 2030 interest at 3.45%	<u>\$1,937,590</u>
Total DHH Revolving Loan	<u>\$1,937,590</u>
<b><u>Refunding Bonds</u></b>	
\$14,870,000 2012 Refunding Sewer Bonds dated July 24, 2012, due in annual installments of \$805,000 to \$1,250,000 through October 1, 2026 interest at 2.75%	<u>\$14,755,000</u>
Total DEQ Revolving Loan	<u>\$14,755,000</u>

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Notes to Financial Statements  
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**Due to Other Governments**

\$869,716 (\$334,333 for the Electric System and \$448,412 for the Water System) due to the State of Louisiana, Department of Transportation and Development, payable in annual installments of \$86,972 (\$37,148 from the Electric System and \$49,824 from the Water System) through April 1, 2013.

\$86,972

Total Due to Other Governments

\$86,972

The annual requirements to amortize all debt outstanding as of September 30, 2012, including interest requirements were as follows:

Year ending September 30	Governmental Activities		Business-Type Activities		Total
	Principal	Interest	Principal	Interest	
2013	\$610,000	\$307,732	\$1,077,972	\$433,034	\$2,428,738
2014	630,000	281,930	1,014,000	413,938	2,338,868
2015	660,000	255,280	1,052,000	393,581	2,360,861
2016	680,000	227,362	1,079,000	371,829	2,358,191
2017	710,000	198,598	1,107,000	348,061	2,363,659
2018-2022	3,985,000	518,388	5,951,000	1,327,542	11,781,930
2023-2027	-	-	5,464,000	469,159	5,933,159
2028-2030	-	-	425,000	20,717	445,717
	<u>\$7,275,000</u>	<u>\$1,789,290</u>	<u>\$17,169,972</u>	<u>\$3,777,861</u>	<u>\$30,011,123</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.

In May 2003, the City issued \$1,655,000 in Sewer Utilities Revenue Refunding Bonds to advance refund \$2,005,000 of outstanding 1990 Utilities Revenue Bonds. The proceeds, net of issuance costs, were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the 1990 Utilities Revenue Bonds. The 1990 bonds are considered to be defeased and have been removed from the City's financial statements. The principal outstanding at September 30, 2012, on the refunded bonds was \$195,000.

In 1995, the City entered into an agreement with the State of Louisiana, Department of Transportation and Development, to relocate a portion of the City's facilities for \$869,716. At that time, the City was unsure whether it would ultimately be obligated to pay this amount and accordingly did not record a liability in the financial records. During 2004, the State formally requested payment and the City agreed to pay 10% of the total amount owed per year for ten years.

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.

CITY OF RUSTON, LOUISIANA  
Notes to Financial Statements  
For the Year Ended September 30, 2012

In July 2012, the City issued \$14,870,000 in Refunding Bonds, Series 2012. The bonds were issued to advance refund \$16,043,607 of the 2005 Sewer Revenue Bonds. The proceeds, net of issuance costs, were used to defease the outstanding bonds and have been removed from the City's financial statements. With this refunding, the City was able to reduce the par amount and final maturity.

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, 2012, was \$168,123,934. The maximum debt allowable for any one purpose and total debt allowable by state law as of December 31, 2012, is \$16,812,393 and \$58,843,377, respectively. The City currently has no general bonded debt outstanding.

7. SALES TAX

The 1968 Sales Tax, 1985 Sales Tax, and 1990 Sales Tax Funds account for the collection of a one-half cent, three-quarter cent, and one-half 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.

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

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 (504) 925-4810

CITY OF RUSTON, LOUISIANA  
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Funding Policy - Covered employees are required to contribute 9.25% of their annual compensation and the City is required to contribute for the 9 months ended June 30, 2012, and for the 3 months ended September 30, 2012, 16.75% and 17%, respectively, of annual compensation. The contribution requirements are established and may be amended by State statute. The City's contributions to the System for the years ended September 30, 2012, 2011, and 2010 were \$1,025,199, \$942,407, and \$863,299, respectively, equal to the required contributions for each year. In accordance with GASB Statement No. 27, *Accounting for Pensions by State and Local Governmental Employees*, the net pension obligation was determined to be zero. Prior to adoption of GASB 27, the City did not report a pension liability.

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, 2051 Silverside Drive, Suite 210, Baton Rouge, Louisiana 70808-4136 or by calling (504) 925-4060.

Funding Policy - Covered employees are required to contribute 10% of their annual compensation and the City is required to contribute for the 9 months ended June 30, 2012, and for the 3 months ended September 30, 2012, 23.25% and 24%, respectively, of annual compensation excluding overtime but including State supplemental pay. The contribution requirements are established and may be amended by State statute. The City's contributions to SFRS for the years ended September 30, 2012, 2011, and 2010 were \$478,639, \$440,248, and \$317,244, respectively, equal to the required contributions for each year. In accordance with GASB Statement No. 27, *Accounting for Pensions by State and Local Governmental Employees*, the net pension obligation was determined to be zero. Prior to adoption of GASB 27, the City did not report a pension liability.

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, 8401 United Plaza Blvd., Room 305, Baton Rouge, Louisiana 70806 or by calling 1-800-443-4248.

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Funding Policy - Plan members are required to contribute 10% of their annual compensation and the City is required to contribute for the 9 months ended June 30, 2012, and for the 3 months ended September 30, 2012, 26.50% and 31%, respectively, of annual compensation excluding overtime but including State supplemental pay. The contribution requirements are established and may be amended by State statute. The City's contributions to MPERS for the years ended September 30, 2012, 2011, and 2010 were \$616,672, \$524,175, and \$292,096, respectively, equal to the required contributions for each year.

9. OTHER REQUIRED INDIVIDUAL FUND DISCLOSURES

a. INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

Interfund balances at September 30, 2012, were as follows:

DUE TO OTHER FUNDS									
DUE FROM OTHER FUNDS	General Fund	1968 Sales Tax	Electric System	Water System	Sewer System	Nonmajor Govern- mental Funds	Nonmajor Enterprise Funds	Internal Service	Total
General Fund	-	-	\$24,584	\$575,566	\$461,495	\$16,399	\$35,880	\$41,571	\$1,155,495
1985 Sales Tax	-	\$633,854	-	-	-	-	-	-	633,854
1990 Sales Tax	-	247,456	-	-	-	-	-	-	247,456
Electric System	\$182,690	-	-	-	-	-	73,714	-	256,404
Water System	-	-	1,014,294	-	23,335	-	-	-	1,037,629
Sewer System	-	-	1,780,568	-	-	-	-	-	1,780,568
Nonmajor Governmental	311,397	-	-	-	-	-	-	-	311,397
Nonmajor Enterprise	892	-	-	-	-	-	-	-	892
Internal Service	28,780	-	350	-	-	-	-	534	29,664
<b>Total</b>	<u>\$523,759</u>	<u>\$881,310</u>	<u>\$2,819,796</u>	<u>\$575,566</u>	<u>\$484,830</u>	<u>\$16,399</u>	<u>\$109,594</u>	<u>\$42,105</u>	<u>\$5,453,359</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, 2012, were as follows.

TRANSFERS IN								
TRANSFERS OUT	General Fund	I-20	Water System	Sewer System	Telecomm	Airport Authority	Nonmajor Governmental Funds	Total
General Fund	-	-	-	-	-	-	\$67,736	\$67,736
1968 Sales Tax	\$2,840,000	-	-	-	-	-	-	2,840,000
1985 Sales Tax	3,342,000	-	-	-	-	-	263,702	3,605,702
1990 Sales Tax	2,240,000	-	-	-	-	-	-	2,240,000
I-20 Fund	-	-	\$75,995	\$1,477,069	-	-	-	1,553,064
Electric System	2,088,544	-	-	-	\$425,990	\$11,666	76,773	2,602,973
Water System	511,907	-	-	-	-	981	13,705	526,593
Sewer System	507,114	-	-	-	-	-	170,673	677,787
Nonmajor governmental	101,902	\$2,721,407	-	-	-	-	-	2,823,309
<b>Total transfers</b>	<u>\$11,631,467</u>	<u>\$2,721,407</u>	<u>\$75,995</u>	<u>\$1,477,069</u>	<u>\$425,990</u>	<u>\$12,647</u>	<u>\$592,589</u>	<u>\$16,937,164</u>



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For the Year Ended September 30, 2012

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

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:			
Revenues	\$8,739,135	\$6,622,006	(\$2,117,129)
General Government:			
Inspections Dept - Operating Services	103,519	103,889	(370)
Public Safety:			
Police Dept - Total Salaries, Wages, and Employee Benefits	3,293,400	3,301,370	(7,970)
Probation	89,385	93,876	(4,491)

The unfavorable variance in revenues is due to a project, partially funded by a state grant, not beginning during the fiscal year as originally budgeted. The unfavorable variance in the Inspections Dept is due to the estimate of an allowance for uncollectible accounts that was not anticipated during the budget preparation. The unfavorable variance in Probation is due to an increase in fuel costs and an increase in the retirement contribution rate. The unfavorable variance in the Police Dept is due to an increase in the retirement contribution rate.

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.

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

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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. Complete plan provisions are included in the official plan documents.

Life insurance coverage in varying amounts are provided to retirees and the blended rate (for all retired combined) is approximately \$0.33 and \$0.31 for the three (3) months ending December 31, 2011, and for the nine (9) months ending September 30, 2012, respectively, per \$1,000 of insurance. The employer pays 100% of the cost of the retiree life insurance. Since GASB 45 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 2012 and 2011, the City of Ruston's portion of health care and life insurance funding cost for retired employees totaled \$261,883 and \$267,324, respectively.

Effective October 1, 2008, the City of Ruston implemented Government Accounting Standards Board Statement Number 45, *Accounting and Financial Reporting by Employers for Post-Employment Benefits Other than Pensions* (GASB 45). 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 45. 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 43/45) has been used for the post-employment benefits. The actuarially computed ARC is as follows:

	<u>2012</u>	<u>2011</u>
Normal cost	\$354,122	\$340,502
30-year UAL amortization amount	<u>719,791</u>	<u>692,107</u>
Annual required contribution (ARC)	<u>\$1,073,913</u>	<u>\$1,032,609</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

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For the Year Ended September 30, 2012

	<u>2012</u>	<u>2011</u>
Beginning Net OPEB Obligation	\$2,334,696	\$1,597,902
Annual required contribution	1,073,913	1,032,609
Interest on Net OPEB Obligation	93,388	63,916
ARC Adjustment	<u>(135,016)</u>	<u>(92,407)</u>
OPEB Cost	1,032,285	1,004,118
Contribution to Irrevocable Trust	-	-
Current year retiree premium	<u>(261,883)</u>	<u>(267,324)</u>
Change in Net OPEB Obligation	<u>770,402</u>	<u>736,794</u>
Ending Net OPEB Obligation	<u>\$3,105,099</u>	<u>\$2,334,696</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, 2012	\$1,032,285	25.37%	\$3,105,099
September 30, 2011	\$1,004,118	26.62%	\$2,334,696

Funded Status and Funding Progress - In 2012 and 2011, 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, 2010 actuarial valuation, the most recent valuation, the Actuarial Accrued Liability (AAL) at the end of the year September 30, 2012 was \$12,446,761 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>2012</u>	<u>2011</u>
Actuarial Accrued Liability (AAL)	\$12,446,761	\$11,968,039
Actuarial Value of Plan Assets (AVP)	-	-
Unfunded Act Accrued Liability (UAAL)	\$12,446,761	\$11,968,039
Funded Ratio (AVP/AAL)	0.00%	0.00%
Covered Payroll (active plan members)	\$10,304,287	\$10,915,424
UAAL as a percentage of covered payroll	120.79%	109.64%

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

CITY OF RUSTON, LOUISIANA  
Notes to Financial Statements  
For the Year Ended September 30, 2012

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. 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 Statement 45

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. Entitlement to benefits continue through Medicare to death

Investment Return Assumption (Discount Rate) - GASB Statement 45 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 based on projections performed by the Office of the Actuary at the Centers for Medicare & Medicaid Services as published in National Health Care Expenditures Projections 2003 to 2013, Table 3 National Health Expenditures, Aggregate and per Capita Amounts, Percent Distribution and Average Annual Percent Change by Source of Funds Selected Calendar Years 1990-2013, released in January, 2004 by the Health Care Financing Administration ([www.cms.hhs.gov](http://www.cms.hhs.gov)) "State and Local" rates for 2008 through 2013 from this report were used, with rates beyond 2013 graduated down to an ultimate annual rate of 5.0% for 2016 and later

Mortality Rate - The 1994 Group Annuity Reserving (94GAR) table, projected to 2002, based on a fixed blend of 50% of the unloaded male mortality rate and 50% of the unloaded female

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Notes to Financial Statements  
For the Year Ended September 30, 2012

mortality rates, was used. This is a published mortality table which was designed to be used in determining the value of accrued benefits in defined benefit pension plans.

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 45.

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 calendar years

	FY 2010	FY 2011	FY 2012
OPEB Cost	\$1,845,840	\$1,004,118	\$1,032,285
Contribution	-	-	-
Retiree premium	247,938	267,324	261,883
Total contribution and premium	247,938	267,324	261,883
Change in net OPEB obligation	\$1,597,902	\$736,794	\$770,402
% of contribution to cost	0.00%	0.00%	0.00%
% of contribution plus premium to cost	13.43%	26.62%	25.37%

12 COMMITMENTS AND CONTINGENCIES

Construction projects

There are certain construction projects in progress at September 30, 2012. The City issued \$2,000,000 in sales tax increment bonds in 2001 and \$10,000,000 in 2008 for the purpose of providing engineering and construction expenditures related to the I-20 Service Road Projects. The projects are estimated to cost approximately \$45 million. The City has spent \$2,517,715 for

CITY OF RUSTON, LOUISIANA  
Notes to Financial Statements  
For the Year Ended September 30, 2012

the Streetscape project; \$372,537 for the Martin Luther King Extension project, \$580,854 for the Tech Research Park Line & Grade and Homer Street Reconstruction project, \$106,492 for the Turn Lane at Georgia Avenue and Vienna Street project, \$1,697 for the Colorado Avenue Improvements project; \$935,284 for the LCDBG Sewer Rehabilitation project, \$60,301 for the McAllister St. Improvements; \$160,130 for the Central Station Improvements project; \$73,725 for the East Kentucky project; \$11,336 for the Hundred Oaks Drainage project; \$10,000 for the Shepherd Creek Flood Control project, \$67,568 for the Duncan Park Playground project, \$39,141 for the Cook Park project, \$94,521 for the JC Love Complex project; \$43,458 for the Huckleberry Trails Park project; \$23,533 for the McLane Rec. Center project; \$6,719,683 for the Smart Grid Initiative project, \$690,745 for the Customer Service office and Information Technology Improvements project; \$20,674 for the Security Additions project; \$317,814 for the Frazier Road Substation Upgrade project, \$308,560 for the Maple Street Substation Upgrade project; \$219,154 for the Master Plan for development of water distribution system; \$741,991 for the Vienna Line Replacement project; \$108,628 for the Wet Weather Lagoon Rehabilitation project, \$1,058,934 for the Trenton Street to Georgia Avenue and Maryland Avenue Sewer Rehabilitation project, \$43,990 for the Rehabilitation and Expansion of Existing Apron project; \$30,190 for the Airfield Electrical and Lighting Systems Improvement project; \$18,000 for the Runway 36 Obstruction Removal project; and \$23,778 for the Airport Control Fence project.

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 \$50,000 deductible. The City maintained property insurance during the year on approximately \$77 million in City property, subject to a \$100,000 per occurrence retention for property claims. The property insurance is with Zurich/Liberty Ins Co.

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 \$311,232 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 net assets of \$85,435 at September 30, 2012. There was no increase in insurance coverage from the prior year. No claims exceeded the City's insurance coverage for each of the past six 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.

CITY OF RUSTON, LOUISIANA  
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For the Year Ended September 30, 2012

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, 2012, a total of \$3,001,454 was paid in benefits and administrative costs. The insurance fund has net assets of \$1,950,486 at September 30, 2012. An excess coverage co-insurance policy covers individual claims in excess of \$70,000 per calendar year. Incurred but not reported claims of \$200,754 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 General Self-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.

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

	<u>Accrued claims October 1</u>	<u>Claims incurred</u>	<u>Claims paid</u>	<u>Accrued claims September 30</u>
Worker's Compensation:				
2011	\$423,099	\$371,203	\$576,782	\$217,520
2012	217,520	451,039	357,327	311,232
General Insurance:				
2011	173,083	2,019,076	2,393,336	201,177
2012	201,177	2,492,499	2,492,922	200,754

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.

## *Required Supplementary Information*

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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, 2012  
 (unaudited)

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Taxes	\$985,000	\$985,000	\$972,877	(\$12,123)
Licenses and permits	951,000	951,000	852,804	(98,196)
Intergovernmental	2,007,000	3,731,485	2,254,912	(1,476,573)
Charges for services	1,282,000	1,282,000	1,212,043	(69,957)
Fines and forfeitures	305,050	305,050	350,403	45,353
Investment earnings	50,000	50,000	11,420	(38,580)
Miscellaneous	254,600	1,434,600	967,547	(467,053)
Total revenues	<u>5,834,650</u>	<u>8,739,135</u>	<u>6,622,006</u>	<u>(2,117,129)</u>
<b>EXPENDITURES</b>				
General government				
Executive				
Regular salaries	592,467	592,467	533,771	58,696
Overtime salaries	1,000	1,000	428	572
Other employee benefits	191,965	191,965	189,949	2,016
Total salaries, wages, and employee benefits	<u>785,432</u>	<u>785,432</u>	<u>724,148</u>	<u>61,284</u>
Operating services	906,405	951,941	806,556	145,385
Materials and supplies	75,126	75,126	70,003	5,123
Travel and other	12,000	18,000	17,195	805
Improvements and equipment	200,000	260,000	160,130	99,870
Total executive	<u>1,978,963</u>	<u>2,090,499</u>	<u>1,778,032</u>	<u>312,467</u>
Information technology				
Regular salaries	98,447	98,447	86,648	11,799
Overtime salaries	10,000	10,000	2,750	7,250
Other employee benefits	30,889	30,889	27,309	3,580
Total salaries, wages, and employee benefits	<u>139,336</u>	<u>139,336</u>	<u>116,707</u>	<u>22,629</u>
Operating services	305,400	305,400	251,662	53,738
Materials and supplies	43,000	44,359	35,628	8,731
Travel and other	15,000	15,000	14,805	195
Improvements and equipment	162,000	162,000	161,224	776
Total information technology	<u>664,736</u>	<u>666,095</u>	<u>580,026</u>	<u>86,069</u>
Economic development				
Regular salaries	70,000	70,500	70,407	93
Overtime salaries	-	-	-	-
Other employee benefits	17,147	17,172	17,297	(125)
Total salaries, wages, and employee benefits	<u>87,147</u>	<u>87,672</u>	<u>87,704</u>	<u>(32)</u>
Operating services	143,085	144,695	59,799	84,896
Materials and supplies	7,200	7,200	2,769	4,431
Travel and other	8,000	7,475	1,522	5,953
Total economic development	<u>245,432</u>	<u>247,042</u>	<u>151,794</u>	<u>95,248</u>
City Court				
	286,706	286,706	270,121	16,585
Marshal				
	204,925	204,925	206,593	(1,668)
Civic center/city hall				
Regular salaries	107,299	97,099	41,824	55,275
Overtime salaries	10,000	20,000	17,022	2,978
Other employee benefits	37,191	37,391	19,520	17,871
Total salaries, wages, and employee benefits	<u>154,490</u>	<u>154,490</u>	<u>78,366</u>	<u>76,124</u>
Operating services	190,407	197,114	151,496	45,618
Materials and supplies	34,750	34,750	29,942	4,808
Travel and other	1,500	1,500	-	1,500
Total civic center/city hall	<u>381,147</u>	<u>387,854</u>	<u>259,804</u>	<u>128,050</u>

(Continued)

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, 2012  
 (unaudited)

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget Positive (Negative)
	Original	Final		
Planning & zoning				
Regular salaries	161,760	161,260	140,435	20,825
Overtime salaries	3,000	3,000	1,670	1,330
Other employee benefits	58,732	58,732	50,486	8,246
Total salaries, wages, and employee benefits	<u>223,492</u>	<u>222,992</u>	<u>192,591</u>	<u>30,401</u>
Operating services	155,135	215,135	202,069	13,066
Materials and supplies	13,600	13,850	6,811	7,039
Travel and other	7,000	7,500	5,676	1,824
Total planning & zoning	<u>399,227</u>	<u>459,477</u>	<u>407,147</u>	<u>52,330</u>
Inspections				
Regular salaries	197,108	201,108	195,696	5,412
Overtime salaries	3,000	3,000	967	2,033
Other employee benefits	59,745	59,845	60,182	(337)
Total salaries, wages, and employee benefits	<u>259,853</u>	<u>263,953</u>	<u>256,845</u>	<u>7,108</u>
Operating services	56,719	103,519	103,889	(370)
Materials and supplies	15,100	15,290	11,372	3,918
Travel and other	9,000	9,000	8,488	512
Total inspections	<u>340,672</u>	<u>391,762</u>	<u>380,594</u>	<u>11,168</u>
Total general government	<u>4,501,808</u>	<u>4,734,360</u>	<u>4,034,111</u>	<u>700,249</u>
Public safety				
Police				
Regular salaries	2,029,576	2,054,576	2,052,095	2,481
Overtime salaries	220,000	199,500	193,840	5,660
Other employee benefits	1,038,824	1,039,324	1,055,435	(16,111)
Total salaries, wages, and employee benefits	<u>3,288,400</u>	<u>3,293,400</u>	<u>3,301,370</u>	<u>(7,970)</u>
Operating services	421,566	439,407	358,706	80,701
Materials and supplies	332,200	413,458	377,819	35,639
Travel and other	115,000	123,439	66,695	56,744
Improvements and equipment	210,000	210,000	59,971	150,029
Total police	<u>4,367,166</u>	<u>4,479,704</u>	<u>4,164,561</u>	<u>315,143</u>
Fire				
Regular salaries	1,743,972	1,743,972	1,715,843	28,129
Overtime salaries	153,000	153,000	49,650	103,350
Other employee benefits	963,459	963,459	924,093	39,366
Total salaries, wages, and employee benefits	<u>2,860,431</u>	<u>2,860,431</u>	<u>2,689,586</u>	<u>170,845</u>
Operating services	315,743	712,281	562,027	150,254
Materials and supplies	224,267	267,509	195,669	71,840
Travel and other	67,500	77,500	42,580	34,920
Improvements and equipment	1,000,000	314,500	120,162	194,338
Total fire	<u>4,467,941</u>	<u>4,232,221</u>	<u>3,610,024</u>	<u>622,197</u>
Street lighting				
Operating services	252,000	252,000	192,993	59,007
Total street lighting	<u>252,000</u>	<u>252,000</u>	<u>192,993</u>	<u>59,007</u>
Probation	89,385	89,385	93,876	(4,491)
Total public safety	<u>9,176,492</u>	<u>9,053,310</u>	<u>8,061,454</u>	<u>991,856</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, 2012  
 (unaudited)

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Public works</b>				
<b>Administration</b>				
Regular salaries	388,070	453,070	444,576	8,494
Overtime salaries	-	-	-	-
Other employee benefits	108,149	109,149	105,007	4,142
Total salaries, wages, and employee benefits	<u>496,219</u>	<u>562,219</u>	<u>549,583</u>	<u>12,636</u>
Operating services	128,946	129,933	91,805	38,128
Materials and supplies	22,600	32,600	29,958	2,642
Travel and other	20,000	20,000	14,602	5,398
Total administration	<u>667,765</u>	<u>744,752</u>	<u>685,948</u>	<u>58,804</u>
<b>Streets</b>				
Regular salaries	763,709	763,709	636,754	126,955
Overtime salaries	50,000	50,000	35,976	14,024
Other employee benefits	385,403	385,403	318,162	67,241
Total salaries, wages, and employee benefits	<u>1,199,112</u>	<u>1,199,112</u>	<u>990,892</u>	<u>208,220</u>
Operating services	1,107,174	1,484,153	582,131	902,022
Materials and supplies	260,000	262,254	234,872	27,382
Travel and other	3,000	3,000	1,876	1,124
Improvements and equipment	2,831,000	3,947,605	2,097,394	1,850,211
Total streets	<u>5,400,286</u>	<u>6,896,124</u>	<u>3,907,165</u>	<u>2,988,959</u>
<b>Solid waste</b>				
Regular salaries	609,819	609,819	547,568	62,251
Overtime salaries	42,000	42,000	33,574	8,426
Other employee benefits	258,274	258,274	255,607	2,667
Total salaries, wages, and employee benefits	<u>910,093</u>	<u>910,093</u>	<u>836,749</u>	<u>73,344</u>
Operating services	184,841	211,357	210,419	938
Materials and supplies	249,800	249,800	236,720	13,080
Travel and other	2,000	2,000	432	1,568
Improvements and equipment	30,000	5,000	-	5,000
Total solid waste	<u>1,376,734</u>	<u>1,378,250</u>	<u>1,284,320</u>	<u>93,930</u>
<b>Repair shop</b>				
Regular salaries	340,619	340,619	327,429	13,190
Overtime salaries	12,000	12,000	8,875	3,125
Other employee benefits	132,683	132,683	132,223	460
Total salaries, wages, and employee benefits	<u>485,302</u>	<u>485,302</u>	<u>468,527</u>	<u>16,775</u>
Operating services	22,133	1,093,533	1,043,661	49,872
Materials and supplies	53,600	135,600	121,109	14,491
Travel and other	2,000	2,250	2,190	60
Improvements and equipment	-	31,000	30,618	382
Total repair shop	<u>563,035</u>	<u>1,747,685</u>	<u>1,666,105</u>	<u>81,580</u>
<b>Animal Control</b>				
Regular salaries	80,196	80,196	79,564	632
Overtime salaries	20,000	20,000	14,779	5,221
Other employee benefits	33,576	33,576	33,694	(118)
Total salaries, wages, and employee benefits	<u>133,772</u>	<u>133,772</u>	<u>128,037</u>	<u>5,735</u>
Operating services	35,094	35,094	25,251	9,843
Materials and supplies	19,750	19,750	17,907	1,843
Travel and other	5,000	5,000	2,075	2,925
Total animal control	<u>193,616</u>	<u>193,616</u>	<u>173,270</u>	<u>20,346</u>
Total public works	<u>8,201,436</u>	<u>10,960,427</u>	<u>7,716,808</u>	<u>3,243,619</u>
Total expenditures	<u>21,879,736</u>	<u>24,748,097</u>	<u>19,812,373</u>	<u>4,935,724</u>

(Continued)

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, 2012  
 (unaudited)

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget Positive (Negative)
	Original	Final		
Excess (deficiency) of revenues over (under) expenditures	(16,045,086)	(16,008,962)	(13,190,367)	2,818,595
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	11,459,735	11,459,735	11,631,467	171,732
Transfers out	(240,236)	(240,236)	(67,736)	172,500
Total other financing sources and uses	11,219,499	11,219,499	11,563,731	344,232
Net change in fund balance	(4,825,587)	(4,789,463)	(1,626,636)	3,162,827
Fund balances - beginning	4,990,500	4,990,500	4,607,597	382,903
Fund balances - ending	\$164,913	\$201,037	\$2,980,961	\$3,545,730

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, 2012  
 (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>		
<b>REVENUES</b>				
Taxes	\$2,472,312	\$2,472,312	\$2,515,807	\$43,495
Investment earnings	500	500	147	(353)
Total revenues	<u>2,472,812</u>	<u>2,472,812</u>	<u>2,515,954</u>	<u>43,142</u>
<b>EXPENDITURES</b>				
General government:				
Collection and administrative	43,000	43,000	25,716	17,284
Total expenditures	<u>43,000</u>	<u>43,000</u>	<u>25,716</u>	<u>17,284</u>
Excess of revenues over expenditures	<u>2,429,812</u>	<u>2,429,812</u>	<u>2,490,238</u>	<u>60,426</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers out	(2,429,812)	(2,429,812)	(2,840,000)	(410,188)
Total other financing sources and uses	<u>(2,429,812)</u>	<u>(2,429,812)</u>	<u>(2,840,000)</u>	<u>(410,188)</u>
Net change in fund balance	-	-	(349,762)	470,614
Fund balances - beginning	<u>171,500</u>	<u>171,500</u>	<u>362,757</u>	<u>191,257</u>
Fund balances - ending	<u>\$171,500</u>	<u>\$171,500</u>	<u>\$12,995</u>	<u>\$661,871</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, 2012  
(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>		
<b>REVENUES</b>				
Taxes	\$3,708,461	\$3,708,461	\$3,773,703	\$65,242
Investment earnings	750	750	184	(566)
Total revenues	<u>3,709,211</u>	<u>3,709,211</u>	<u>3,773,887</u>	<u>64,676</u>
<b>EXPENDITURES</b>				
General government.				
Collection and administrative	<u>49,000</u>	<u>49,000</u>	<u>23,154</u>	<u>25,846</u>
Total expenditures	<u>49,000</u>	<u>49,000</u>	<u>23,154</u>	<u>25,846</u>
Excess of revenues over expenditures	<u>3,660,211</u>	<u>3,660,211</u>	<u>3,750,733</u>	<u>90,522</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers out	<u>(3,660,211)</u>	<u>(3,660,211)</u>	<u>(3,605,702)</u>	<u>54,509</u>
Total other financing sources and uses	<u>(3,660,211)</u>	<u>(3,660,211)</u>	<u>(3,605,702)</u>	<u>54,509</u>
Net change in fund balance	-	-	145,031	145,031
Fund balances - beginning	<u>257,000</u>	<u>257,000</u>	<u>821,944</u>	<u>564,944</u>
Fund balances - ending	<u>\$257,000</u>	<u>\$257,000</u>	<u>\$966,975</u>	<u>\$709,975</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, 2012  
 (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>		
<b>REVENUES</b>				
Taxes	\$2,472,312	\$2,472,312	\$2,515,807	\$43,495
Investment earnings	500	500	72	(428)
Total revenues	<u>2,472,812</u>	<u>2,472,812</u>	<u>2,515,879</u>	<u>43,067</u>
<b>EXPENDITURES</b>				
General government.				
Collection and administrative	33,000	33,000	15,617	17,383
Total expenditures	<u>33,000</u>	<u>33,000</u>	<u>15,617</u>	<u>17,383</u>
Excess of revenues over expenditures	<u>2,439,812</u>	<u>2,439,812</u>	<u>2,500,262</u>	<u>60,450</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers out	(2,439,812)	(2,439,812)	(2,240,000)	199,812
Total other financing sources and uses	<u>(2,439,812)</u>	<u>(2,439,812)</u>	<u>(2,240,000)</u>	<u>199,812</u>
Net change in fund balance	-	-	260,262	260,262
Fund balances - beginning	<u>171,500</u>	<u>171,500</u>	<u>209,275</u>	<u>37,775</u>
Fund balances - ending	<u>\$171,500</u>	<u>\$171,500</u>	<u>\$469,537</u>	<u>\$298,037</u>

See accompanying independent auditors' report

CITY OF RUSTON, LOUISIANA  
Notes to Budgetary Comparison Schedules  
For the Year Ended September 30, 2012  
(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, 2012, 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, Central Shop Construction, 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, 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  
Notes to Budgetary Comparison Schedules  
For the Year Ended September 30, 2012  
(Unaudited)

**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:			
Revenues	\$8,739,135	\$6,622,006	(\$2,117,129)
General Government:			
Inspections Dept. - Operating Services	103,519	103,889	(370)
Public Safety:			
Police Dept. - Total Salaries, Wages, and Employee Benefits	3,293,400	3,301,370	(7,970)
Probation	89,385	93,876	(4,491)

The unfavorable variance in the Inspections Dept. is due to the estimate of an allowance for uncollectible accounts that was not anticipated during the budget preparation. The unfavorable variance in Probation is due to an increase in fuel costs and an increase in the retirement contribution rate. The unfavorable variance in the Public Works Administration Dept. is due to purchases of supplies miscoded to another dept. and reclassified after year-end making it impossible to amend its budget.

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## *Combining Fund Statements*

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**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 Assistance Payments Programs** - These funds account for receipt of Federal Funds and the payment of Housing Assistance Payments to qualifying rental property owners.

**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.

**Central Shop Construction** - This fund accounts for receipts and disbursements of the proceeds from the issuance of Certificates of Indebtedness Series 1993, designated for the construction of a central repair shop. During the fiscal year, the remaining funds were transferred to the General Fund to assist in the reconstruction of the Repair Shop due to a fire and the fund was closed.

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

**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.

CITY OF RUSTON, LOUISIANA  
 COMBINING BALANCE SHEET  
 NONMAJOR GOVERNMENTAL FUNDS  
 SEPTEMBER 30, 2012

Special Revenue Funds

	<u>Ruston Parks &amp; Recreation Board</u>	<u>D.A.R.T. Grant Program</u>	<u>Section 8 Voucher Housing</u>	<u>Total</u>	<u>Debt Service Fund - I-20 TID</u>	<u>Total Nonmajor Governmental Funds</u>
<b>ASSETS</b>						
Cash and cash equivalents	\$286,876	-	\$1,108,894	\$1,395,770	\$917,732	\$2,313,502
Investments	-	-	-	-	-	-
Accounts receivable, net	-	\$5,992	7,815	13,807	706,538	720,345
Due from other funds	311,397	-	-	311,397	-	311,397
Total assets	<u>\$598,273</u>	<u>\$5,992</u>	<u>\$1,116,709</u>	<u>\$1,720,974</u>	<u>\$1,624,270</u>	<u>\$3,345,244</u>
<b>LIABILITIES AND FUND BALANCES</b>						
<b>Liabilities</b>						
Accounts payable	\$31,518	\$5,992	\$154	\$37,664	-	\$37,664
Deposits	404	-	-	404	-	404
Due to other funds	926	-	3,588	4,514	-	4,514
Accrued salaries	7,437	-	1,241	8,678	-	8,678
Total liabilities	<u>40,285</u>	<u>5,992</u>	<u>4,983</u>	<u>51,260</u>	<u>-</u>	<u>51,260</u>
<b>Fund balances</b>						
Spendable:						
Restricted	557,988	-	1,111,726	1,669,714	\$1,624,270	3,293,984
Total fund balances	<u>557,988</u>	<u>-</u>	<u>1,111,726</u>	<u>1,669,714</u>	<u>1,624,270</u>	<u>3,293,984</u>
<b>Total liabilities and fund balances</b>	<u>\$598,273</u>	<u>\$5,992</u>	<u>\$1,116,709</u>	<u>\$1,720,974</u>	<u>\$1,624,270</u>	<u>\$3,345,244</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, 2012

	Special Revenue Funds				Capital Project Funds			Total Nonmajor Governmental Funds
	Ruston Parks & Recreation Board	D A R T Grant Program	Section 8 Voucher Housing	Total	Debt Service Fund	Central Shop Construction	Sewer LCD&G Grant	
<b>REVENUES</b>								
Taxes	5483,145	-	-	5483,145	3,398,321	-	-	3,381,466
Intergovernmental	-	23,961	1,262,714	1,286,675	-	800,000	800,000	2,086,675
Charges for services	74,842	-	-	74,842	-	-	-	74,842
Investment earnings	628	-	1,131	1,759	-	95	95	1,854
Miscellaneous	10,574	-	-	10,574	-	-	-	10,574
Total revenues	569,189	23,961	1,263,845	1,856,995	3,398,321	95	800,095	6,055,411
<b>EXPENDITURES</b>								
Current								
General Government	-	23,961	1,187,549	1,211,510	-	-	-	1,211,510
Recreation	972,706	-	-	972,706	-	-	-	972,706
Capital outlay	-	-	-	-	-	970,673	970,673	970,673
Bond principal	-	-	-	-	585,000	-	-	585,000
Bond interest	-	-	-	-	332,478	-	-	332,478
Total expenditures	972,706	23,961	1,187,549	2,184,216	917,478	970,673	970,673	4,072,367
Excess (deficiency) of revenues over (under) expenditures	(403,517)	-	76,296	(327,221)	2,480,843	95	(170,578)	1,983,044
<b>OTHER FINANCING SOURCES (USES)</b>								
Transfers in	421,916	-	-	421,916	-	170,673	170,673	592,589
Transfers out	-	-	-	-	(2,721,407)	(101,902)	(101,902)	(2,823,309)
Total other financing sources and uses	421,916	-	-	421,916	(2,721,407)	170,673	68,771	(2,230,720)
Net change in fund balances	18,399	-	76,296	94,695	(240,564)	(101,807)	(101,807)	(247,676)
Fund balances - beginning	539,589	-	1,035,430	1,575,019	1,864,834	101,807	101,807	3,541,660
Fund balances - ending	557,988	-	1,111,726	1,669,714	1,624,270	-	-	3,293,984

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

**General Self-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.

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CITY OF RUSTON, LOUISIANA  
 COMBINING STATEMENT OF NET ASSETS  
 INTERNAL SERVICE FUNDS  
 SEPTEMBER 30, 2012

	<u>Workmen's Compensation</u>	<u>General Insurance</u>	<u>Purchasing/ Warehouse</u>	<u>General &amp; Auto Liability</u>	<u>Total Internal Service Funds</u>
<b>ASSETS</b>					
Current Assets.					
Cash and cash equivalents	\$111,803	\$466,172	\$149,459	\$20,236	\$747,670
Investments	245,226	1,663,377	-	-	1,908,603
Receivables, net	-	2,597	-	-	2,597
Due from other funds	10,000	19,294	350	20	29,664
Prepaid items	45,000	-	-	-	45,000
Total current assets	<u>412,029</u>	<u>2,151,440</u>	<u>149,809</u>	<u>20,256</u>	<u>2,733,534</u>
Noncurrent Assets.					
Capital Assets					
Buildings	-	-	13,080	-	13,080
Equipment	-	-	48,123	-	48,123
Less accumulated depreciation	-	-	(58,322)	-	(58,322)
Total noncurrent assets	<u>-</u>	<u>-</u>	<u>2,881</u>	<u>-</u>	<u>2,881</u>
Total assets	<u>\$412,029</u>	<u>\$2,151,440</u>	<u>\$152,690</u>	<u>\$20,256</u>	<u>\$2,736,415</u>
<b>LIABILITIES</b>					
Current Liabilities.					
Accounts payable	\$14,828	\$200	\$840	-	\$15,868
Accrued liabilities	-	-	3,339	-	3,339
Due to other funds	534	-	1,571	\$40,000	42,105
Claims and judgments	311,232	200,754	-	50,000	561,986
Total current liabilities	<u>326,594</u>	<u>200,954</u>	<u>5,750</u>	<u>90,000</u>	<u>623,298</u>
Noncurrent Liabilities					
Compensated absences	-	-	15,577	-	15,577
Total noncurrent liabilities	<u>-</u>	<u>-</u>	<u>15,577</u>	<u>-</u>	<u>15,577</u>
Total liabilities	<u>326,594</u>	<u>200,954</u>	<u>21,327</u>	<u>90,000</u>	<u>638,875</u>
<b>NET ASSETS</b>					
Invested in capital assets, net of related debt	-	-	2,881	-	2,881
Unrestricted	85,435	1,950,486	128,482	(69,744)	2,094,659
Total net assets	<u>\$85,435</u>	<u>\$1,950,486</u>	<u>\$131,363</u>	<u>(\$69,744)</u>	<u>\$2,097,540</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 ASSETS  
 INTERNAL SERVICE FUNDS  
 FOR THE YEAR ENDED SEPTEMBER 30, 2012

	<u>Workmen's Compensation</u>	<u>General Insurance</u>	<u>Purchasing/ Warehouse</u>	<u>General &amp; Auto Liability</u>	<u>Total Internal Service Funds</u>
<b>OPERATING REVENUES</b>					
Charges to other funds	\$300,000	\$2,380,345	\$225,000	\$426,447	\$3,331,792
Premiums paid by retired employees	-	300,546	-	-	300,546
Retiree drug subsidy	-	41,581	-	-	41,581
Other Income	-	25	-	-	25
<b>Total operating revenues</b>	<u>300,000</u>	<u>2,722,497</u>	<u>225,000</u>	<u>426,447</u>	<u>3,673,944</u>
<b>OPERATING EXPENSES</b>					
<b>Cost of Services</b>					
Salaries, wages and employee benefits	-	-	163,338	-	163,338
Operating services	-	2,012	12,878	-	14,890
Materials and supplies	-	-	8,818	-	8,818
Travel and other	-	-	1,201	-	1,201
Depreciation	-	-	327	-	327
<b>Total cost of services</b>	<u>-</u>	<u>2,012</u>	<u>186,562</u>	<u>-</u>	<u>188,574</u>
Claims	357,327	2,492,922	-	135,633	2,985,882
Insurance premiums	136,675	506,520	-	360,115	1,003,310
<b>Total operating expenses</b>	<u>494,002</u>	<u>3,001,454</u>	<u>186,562</u>	<u>495,748</u>	<u>4,177,766</u>
<b>Operating Income (loss)</b>	<u>(194,002)</u>	<u>(278,957)</u>	<u>38,438</u>	<u>(69,301)</u>	<u>(503,822)</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>					
Investment earnings	20,464	7,830	167	17	28,478
<b>Total nonoperating revenues (expenses)</b>	<u>20,464</u>	<u>7,830</u>	<u>167</u>	<u>17</u>	<u>28,461</u>
<b>Income (loss) before transfers</b>	<u>(173,538)</u>	<u>(271,127)</u>	<u>38,605</u>	<u>(69,284)</u>	<u>(475,344)</u>
<b>Transfers In</b>					
<b>Change in net assets</b>	<u>(173,538)</u>	<u>(271,127)</u>	<u>38,605</u>	<u>(69,284)</u>	<u>(475,344)</u>
Total net assets - beginning	258,973	2,221,613	92,758	(460)	2,572,884
Total net assets - ending	<u>\$85,435</u>	<u>\$1,950,486</u>	<u>\$131,363</u>	<u>(\$69,744)</u>	<u>\$2,097,540</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, 2012

	<u>Workmen's Compensation</u>	<u>General Insurance</u>	<u>Purchasing/ Warehouse</u>	<u>General &amp; Auto Liability</u>	<u>Total Internal Service Funds</u>
<b>Cash flows from operating activities.</b>					
Receipts from operations	\$290,000	\$2,681,022	\$224,650	\$466,447	\$3,662,119
Payments to suppliers	(127,200)	(494,311)	(22,662)	(360,861)	(1,005,034)
Payments to employees	-	-	(155,708)	-	(155,708)
Claims	(263,615)	(2,493,345)	-	(85,633)	(2,842,593)
Other receipts	-	41,606	-	-	41,606
Net cash provided by (used in) operating activities	<u>(100,815)</u>	<u>(265,028)</u>	<u>46,280</u>	<u>19,953</u>	<u>(299,610)</u>
<b>Cash flows from investing activities</b>					
Proceeds from sales and maturities of investments	(1,464)	-	-	-	(1,464)
Purchases on investments	-	(7,043)	-	-	(7,043)
Interest on investments	20,464	7,830	167	17	28,478
Net cash provided by (used in) investing activities	<u>19,000</u>	<u>787</u>	<u>167</u>	<u>17</u>	<u>19,971</u>
Net increase (decrease) in cash and cash equivalents	(81,815)	(264,241)	46,447	19,970	(279,639)
Cash and cash equivalents - beginning of year	193,618	730,413	103,012	266	1,027,309
Cash and cash equivalents - end of year	<u>\$111,803</u>	<u>\$466,172</u>	<u>\$149,459</u>	<u>\$20,236</u>	<u>\$747,670</u>
<b>Reconciliation of operating income (loss) to net cash provided by (used in) operating activities</b>					
Operating income (loss)	<u>(\$194,002)</u>	<u>(\$278,957)</u>	<u>\$38,438</u>	<u>(\$69,301)</u>	<u>(\$503,822)</u>
<b>Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities</b>					
Depreciation and amortization	-	-	327	-	327
<b>(Increase) Decrease in assets</b>					
Receivables	-	131	-	-	131
Due from other funds	(10,000)	15,090	(350)	-	4,740
Prepaid items	-	-	-	-	-
<b>Increase (Decrease) in liabilities:</b>					
Accounts payable	8,941	(869)	613	(746)	7,939
Accrued liabilities	-	-	671	50,000	50,671
Due to other funds	534	-	(378)	40,000	40,156
Claims and judgments	93,712	(423)	-	-	93,289
Compensated absences	-	-	6,959	-	6,959
Total adjustments	<u>93,187</u>	<u>13,929</u>	<u>7,842</u>	<u>89,254</u>	<u>204,212</u>
Net cash provided by (used in) operating activities	<u>(\$100,815)</u>	<u>(\$265,028)</u>	<u>\$46,280</u>	<u>\$19,953</u>	<u>(\$299,610)</u>

The accompanying notes are an integral part of the financial statements

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## *Individual Fund Schedules*

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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, 2012

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance With Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Taxes	\$485,000	\$485,000	\$483,145	(\$1,855)
Charges for services	76,000	76,000	74,842	(1,158)
Investment earnings	5,000	5,000	628	(4,372)
Miscellaneous	13,000	13,000	10,574	(2,426)
Total revenues	<u>579,000</u>	<u>579,000</u>	<u>569,189</u>	<u>(9,811)</u>
<b>EXPENDITURES</b>				
Current:				
Recreation				
Salaries, wages and employee benefits	545,811	545,811	522,260	23,551
Operating services	374,721	382,327	256,698	125,629
Materials and supplies	36,700	36,700	26,553	10,147
Travel and other	16,000	16,000	13,831	2,169
Improvements and equipment	292,000	432,775	153,364	279,411
Total expenditures	<u>1,265,232</u>	<u>1,413,613</u>	<u>972,706</u>	<u>440,907</u>
Deficiency of revenues over expenditures	<u>(686,232)</u>	<u>(834,613)</u>	<u>(403,517)</u>	<u>431,096</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	431,706	431,706	421,916	(9,790)
Total other financing sources (uses)	<u>431,706</u>	<u>431,706</u>	<u>421,916</u>	<u>(9,790)</u>
Net change in fund balance	(254,526)	(402,907)	18,399	421,306
Fund balances - beginning	<u>407,585</u>	<u>407,585</u>	<u>539,589</u>	<u>(132,004)</u>
Fund balances - ending	<u>\$153,059</u>	<u>\$4,678</u>	<u>\$557,988</u>	<u>\$553,310</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, 2012

	Budgeted Amounts		Actual Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Intergovernmental	\$1,334,324	\$1,334,324	\$1,262,714	(\$71,610)
Investment earnings	1,000	1,000	1,131	131
Total revenues	<u>1,335,324</u>	<u>1,335,324</u>	<u>1,263,845</u>	<u>(71,479)</u>
<b>EXPENDITURES</b>				
Current:				
General Government				
Salaries, wages and employee benefits	107,261	107,261	99,102	8,159
Operating services	1,178,776	1,178,776	1,086,422	92,354
Materials and supplies	15,800	15,800	1,077	14,723
Travel and other	10,000	10,000	948	9,052
Total expenditures	<u>1,311,837</u>	<u>1,311,837</u>	<u>1,187,549</u>	<u>124,288</u>
Excess of revenues over expenditures	<u>23,487</u>	<u>23,487</u>	<u>76,296</u>	<u>52,809</u>
Net change in fund balance	23,487	23,487	76,296	52,809
Fund balances - beginning	<u>974,755</u>	<u>974,755</u>	<u>1,035,430</u>	<u>(60,675)</u>
Fund balances - ending	<u>\$998,242</u>	<u>\$998,242</u>	<u>\$1,111,726</u>	<u>\$113,484</u>

The accompanying notes are an integral part of the financial statements

# Douglas A. Brewer, LLC

Certified Public Accountant

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## **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

I 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 of Ruston, Louisiana (the City) as of and for the year ended September 30, 2012, which collectively comprise the City's basic financial statements and have issued my report thereon dated March 25, 2013. I conducted my 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

### **Internal Control Over Financial Reporting**

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

*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 a 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.

My consideration of internal control over financial reporting 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 financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. I did not identify any deficiencies in internal control over financial reporting that I consider to be material weaknesses, as defined above.

Honorable Mayor and Board of Aldermen of  
Ruston, Louisiana  
Page 2

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the City's financial statements are free of material misstatement, I 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 my audit and, accordingly, I do not express such an opinion. The results of my tests disclosed one instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and questioned costs as item 12-1.

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

This report is intended solely for the information and use of management and the Board of Aldermen of the City of Ruston, Louisiana, 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.

*Douglas A. Brewer, LLC*

March 25, 2013  
Ruston, Louisiana

# Douglas A. Brewer, LLC

Certified Public Accountant

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## **INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

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

### **Compliance**

I have audited the City of Ruston, Louisiana's (the City's) compliance with the types of compliance requirements described in the *OMB Circular A-133 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, 2012. 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. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the City's management. My responsibility is to express an opinion on the City's compliance based on my audit.

I conducted my audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that I 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 I considered necessary in the circumstances. I believe that my audit provides a reasonable basis for my opinion. My audit does not provide a legal determination on the City's compliance with those requirements.

In my opinion, the City complied, in all material respects, with the 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, 2012.

### **Internal Control Over Compliance**

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing my audit, I considered the City's internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing my opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, I do not express an opinion on the effectiveness of the City's internal control over compliance.

Honorable Mayor and Board of Aldermen of  
Ruston, Louisiana  
Page 2

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.

My 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 deficiencies, significant deficiencies, or material weaknesses. I did not identify any deficiencies in internal control over compliance that I consider to be material weaknesses, as defined above

**Schedule of Expenditures of Federal Awards**

I 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, 2012, and have issued my report thereon dated March 25, 2013, which contained unqualified opinions on those financial statements. My audit was performed for the purpose of forming opinions on the financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for the purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the 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 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 financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the financial statements as a whole

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.

*Douglas A. Brewer, LLC*

Ruston, Louisiana  
March 25, 2013

**City of Ruston**  
**Schedule of Expenditures of Federal Awards**  
**For The Year Ended September 30, 2012**

<u>Grant Title</u>	<u>Federal CFDA Number</u>	<u>Federal Expenditures</u>
<b>United States Department of Housing and Urban Development:</b>		
Section 8 - Housing Choice Vouchers	14 871	\$ 1,088,284
Pass through Louisiana Office of Community Development		
Louisiana Community Development Block Grant	14 228	800,000
D A R T CDBG Program	14 231	23,961
Total United States Department of Housing and Urban Development		<u>1,912,245</u>
<b>Department of Homeland Security:</b>		
Pass through Louisiana State Police		
Homeland Security Grant Program	97 067	28,600
Disaster Grants - Public Assistance	97.036	21,281
Total Department of Homeland Security		<u>49,881</u>
<b>United States Department of Justice:</b>		
Pass through Lincoln Parish Police Jury		
Edward Byrne Memorial Justice Assistance Grant	16 738	5,678
Total United States Department of Justice		<u>5,678</u>
<b>United States Department of Energy.</b>		
Electricity Delivery and Energy Reliability, Research, Development and Analysis	81 122	2,422,692
<b>United States Environmental Protection Agency:</b>		
Pass through Louisiana Department of Health and Hospitals		
Capitalization Grant For Drinking Water State Revolving Funds	66 468	111,116
Capitalization Grant - ARRA Portion	66 468	111,116
Total United States Environmental Protection Agency		<u>222,232</u>
<b>Total Federal Awards</b>		<u>\$ 4,612,728</u>

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, 2012**

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**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 Capitalization Grants for Drinking Water, and the Airport Improvement Program, which are presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the basic financial statements.

**2. Subrecipients**

Of the federal expenditures presented in 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>
DART CDBG Program	14 231	\$ 23,961



**City of Ruston, Louisiana**  
**Schedule of Findings and Questioned Costs**  
**For The Year Ended September 30, 2012**

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**Summary of Audit Results**

- 1 The auditor's report expresses an unqualified opinion on the basic government 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 Report on Compliance And On Internal Control Over Financial Reporting Based On An Audit Of Financial Statements Performed In Accordance With *Government Auditing Standards* and on the Report On Compliance With Requirements Applicable To Each Major Program And Internal Control Over Compliance In Accordance With OMB Circular A-133
- 3 One instance of noncompliance was 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 are reported in the Independent Auditor's Report On Compliance With Requirements That Could Have a Direct And Material Effect On Each Major Program And On Internal Control Over Compliance In Accordance With OMB Circular A-133.
- 5 The auditor's report on compliance for the major federal award programs for the City of Ruston, Louisiana expresses an unqualified opinion on all major federal programs.
- 6 Audit findings that are required to be reported in accordance with Sections 510(a) of OMB Circular A-133 are reported in this schedule.
- 7 The programs tested as major programs included the Department of Housing and Urban Development Voucher Program, CFDA No 14 871, Louisiana Community Development Block Grant, CFDA No 14.228, the United States Department of Energy – Electricity Delivery and Energy Reliability, Research, Development and Analysis, CFDA No. 81 122
- 8 The threshold for distinguishing between Types A and B programs was \$300,000
9. The City of Ruston, Louisiana does not qualify to be a low-risk auditee

**City of Ruston, Louisiana**  
**Schedule of Findings and Questioned Costs**  
**For The Year Ended September 30, 2012**

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**Findings And Questioned Costs – Report on Compliance And On Internal Control Over Financial Reporting Based On An Audit Of Financial Statements Performed In Accordance With *Government Auditing Standards***

**12-1 Budget Authority and Control**

**Condition:**

It was noted that actual revenues on the general fund fell short of total budgeted revenues by more than five percent and other financing sources (transfers out) on a special revenue fund exceeded budgeted transfers out by more than five percent

**Criteria**

Under Louisiana law, statute 39 1311 requires that the budget must be amended when actual revenues within a fund, fall short of budgeted revenues by more than five percent or actual expenditures exceed budgeted expenditures by more than five percent.

**Effect:**

The City is not in compliance with the state budget law

**Recommendation**

If unforeseen circumstances occur during the year causing an unfavorable variance with the adopted budget, the City should amend the budget before year end.

**Response.**

In the future, budgets will be more closely monitored and timely budget amendments will be made to prevent non-compliance with the state budget law.

**City of Ruston, Louisiana  
Summary Schedule of Prior Findings  
For The Year Ended September 30, 2012**

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**Findings And Questioned Costs –**

**11-1 Local Budget Act – Additional Requirements created by 2010 Act 966**

Condition

It was noted that the City did not comply with the additional requirements of the Local Budget Act that went into effect January 1, 2011

Recommendation

City of Ruston should comply with all Local Budget Act requirements

Response

The City of Ruston will amend its budgets to include all additional requirements contained in Act 966

Status

Cleared

**Management Letter**

No management letter was issued for the year ended September 30, 2011.