

Comprehensive Annual Financial Report



of the
City of Ruston, Louisiana
For the Year Ended September 30, 2014

Mayor
Dan Hollingsworth

Prepared by the
Finance Department
Emmett Gibbs, Treasurer

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**CITY OF RUSTON, LOUISIANA
ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2014**

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Introductory Section



CITY OF RUSTON

Mayor Dan Hollingsworth

Board of Aldermen

Glenda Howard • District 1

Rosalind Jones • District 2

Jedd Lewis • District 3

Jim Pearce • District 4

Marie Riggs • District 5

March 27, 2015

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, 2014. 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 2014 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, I.J.C 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, 2014, 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, 2014, 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 remained almost constant in economic growth and development over the past fiscal year in the same manner as the national economy has. Building permit valuations were \$22.5 million for the fiscal year which was a 2.9% 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 49.5% 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

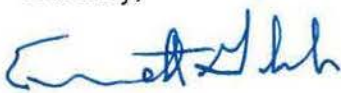
losses. The City has third-party coverages subject to self-insured retentions which are more fully described in the notes to the financial statements.

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,

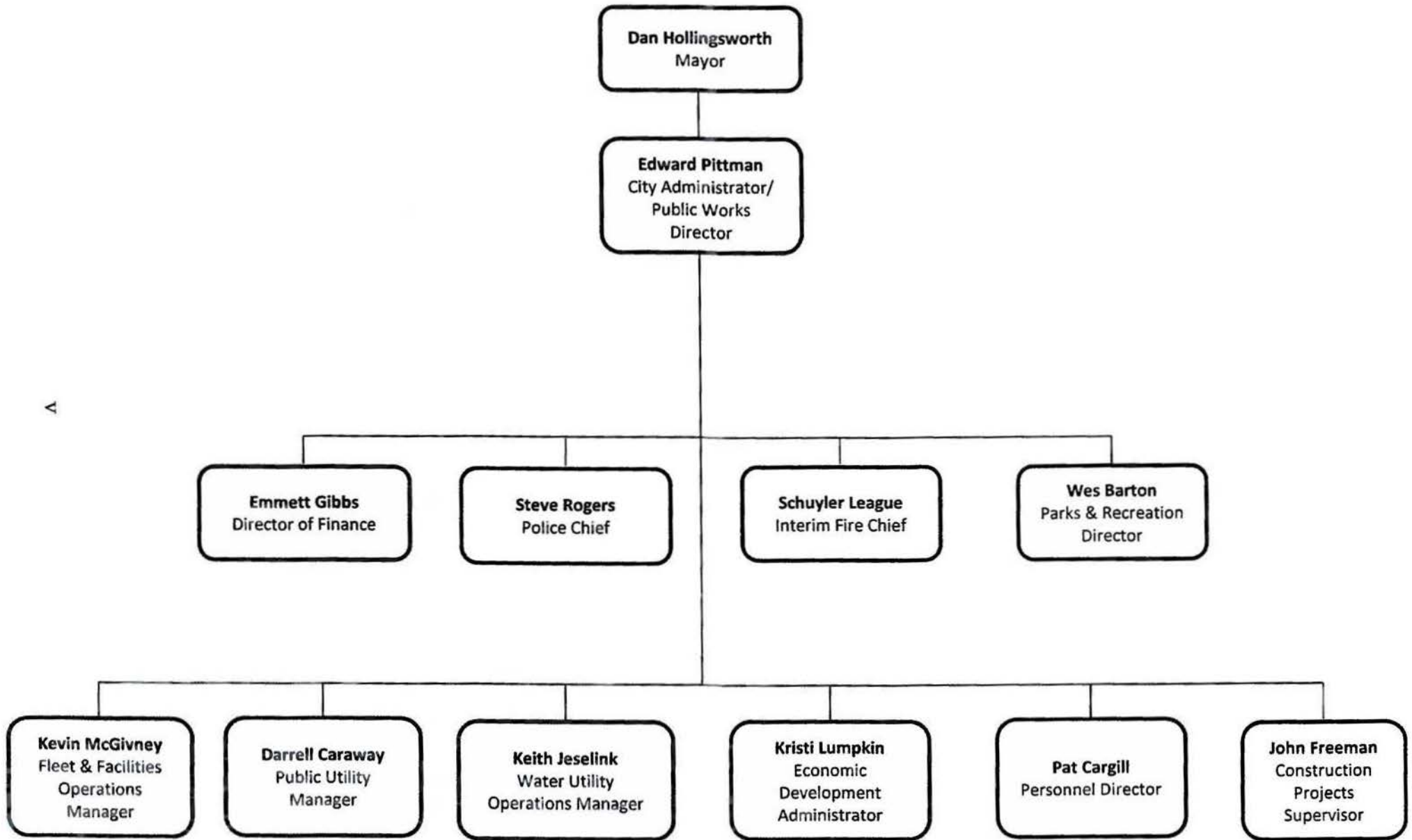


Emmett Gibbs
Treasurer



Kathleen Dupree
Controller

**CITY OF RUSTON
ORGANIZATIONAL CHART**



CITY OF RUSTON, LOUISIANA

PRINCIPAL OFFICIALS

Dan Hollingsworth
Mayor

Members of City Council

Glenda Howard	Ward 1
Rosalind Jones	Ward 2
Jedd Lewis	Ward 3
Jim Pearce	Ward 4
Marie Riggs	Ward 5

Financial Section

Douglas A. Brewer, LLC

Certified Public Accountant

500 North Trenton

P.O. Box 1250

Ruston, LA 71273-1250

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

INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

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, 2014, and the related notes to the financial statements, 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 as defined by the Governmental Accounting Standards Board, in the accompanying combining fund financial statements as of and for the year ended September 30, 2014, as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

My responsibility is to express opinions on these financial statements based on my audit. I did not audit the financial statements of the Ruston City Judge's Office, which represent 93%, 92%, and 64%, respectively, of the assets, net position, and revenues of the aggregate discretely presented component units. Those financial statements were audited by another auditor whose report thereon have been furnished to me, and in my opinion, insofar as it relates to the amounts included for the Ruston City Judge's Office, is based solely on the report of the other auditor. 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 involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, I express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that my audit and the reports of the other auditors provide a reasonable basis for my opinions.

Opinions

In my opinion, based on my audit and the report of another auditor, 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, 2014, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America. 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, 2014, and the respective changes in financial position and, where applicable, cash flows, thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information listed as Required Supplemental Information in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of the financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. 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 my inquiries, the basic financial statements, and other knowledge I obtained during my 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.

Other Information

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section and the combining fund financial statements are presented for purposes of additional analysis and are not a required part of the financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements.

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

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

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

In accordance with *Government Auditing Standards*, I have also issued my report dated March 27, 2015, 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Ruston, Louisiana's internal control over financial reporting and compliance.

Douglas A. Brewer, LLC

Ruston, Louisiana
March 27, 2015

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, 2014. 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, 2014, include the following:

- The assets and deferred outflows of resources of the City exceeded its liabilities and deferred inflows of resources at September 30, 2014, by \$131,650,899 (net position). Of this amount, \$6,746,561 is unrestricted and may be used to meet the City's ongoing obligations to citizens and creditors.
- The City's total net position increased \$388,626 for the year ended September 30, 2014. Net position of governmental activities decreased \$1,756,121 and net position of business-type activities increased \$2,144,747.
- As of September 30, 2014, the City's governmental funds reported combined ending fund balances of \$11,637,286, a decrease of \$48,216 from the prior year. Of this amount \$2,113,486 was unassigned and available for spending; \$3,464,425 was assigned for subsequent years' expenditures; \$5,966,154 was restricted of which \$3,563,076 is related to debt covenants on the I-20 tax increment district, \$959,767 is restricted for Section 8 housing, \$880,924 is restricted by sales tax ordinances, and \$562,387 is restricted by ordinance for use by RPAR; \$89,967 was assigned for inventories; and \$3,254 was assigned for prepaid items.
- At the end of the current fiscal year, unreserved, undesignated fund balances for the General Fund was \$2,113,486, or 11.8% of total General Fund expenditures and transfers out.

Overview of the Financial Statements

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

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

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

increases or decreases in net position help determine whether the City's financial position is improving or deteriorating.

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

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

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

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

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

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the City of Ruston's near-term financing decisions. Both the governmental fund Balance Sheet and the governmental fund Statement of Revenues, Expenditures, and Changes in Fund Balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City maintains 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 telecommunications, airport, and ambulance services. Internal service funds are used to accumulate and allocate costs internally among the City's various functions. The City uses internal service funds to account for its workmen's compensation, general insurance, purchasing-warehouse, and general and auto liability services. Because these services predominantly benefit governmental rather than business-type functions, they have been included within governmental activities in the government-wide financial statements.

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

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

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

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

Financial Analysis of Government-wide Activities

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$131,650,899 at the close of the current fiscal year. The largest portion of the City of Ruston's net position, totaling approximately \$119 million (90%), reflects its net investment in capital assets (e.g., land,

buildings, streets, drainage, machinery, and equipment); less any related debt that is still outstanding used to acquire those assets. The City uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the City's net investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

**City of Ruston's Net Position
September 30, 2014**

	Governmental Activities		Business-type activities		Total	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Current and other assets	\$14,985,143	\$14,943,269	\$8,377,054	\$6,479,849	\$23,362,197	\$21,423,118
Capital assets	<u>73,765,092</u>	<u>74,713,531</u>	<u>67,930,092</u>	<u>68,957,075</u>	<u>141,695,184</u>	<u>143,670,606</u>
Total assets	<u>88,750,235</u>	<u>89,656,800</u>	<u>76,307,146</u>	<u>75,436,924</u>	<u>165,057,381</u>	<u>165,093,724</u>
Current and other liabilities	2,217,578	1,429,560	3,035,248	3,393,204	5,252,826	4,822,764
Long-term liabilities	<u>12,655,447</u>	<u>13,601,139</u>	<u>15,497,553</u>	<u>16,414,124</u>	<u>28,153,000</u>	<u>30,015,263</u>
Total liabilities	<u>14,873,025</u>	<u>15,030,699</u>	<u>18,532,801</u>	<u>19,807,328</u>	<u>33,405,826</u>	<u>34,838,027</u>
Net position:						
Net investment in						
capital assets	67,100,092	68,048,531	51,838,092	52,865,075	118,938,184	120,913,606
Restricted	5,966,154	7,243,091	-	-	5,966,154	7,243,091
Unrestricted	<u>810,310</u>	<u>341,055</u>	<u>5,936,251</u>	<u>2,764,521</u>	<u>6,746,561</u>	<u>3,105,576</u>
Total net position	<u>\$73,876,556</u>	<u>\$75,632,677</u>	<u>\$57,774,343</u>	<u>\$55,629,596</u>	<u>\$131,650,899</u>	<u>\$131,262,273</u>

4.53% of net position represents resources that are subject to external restriction on how they may be used. Accounts reserved by external restrictions account for the total of restricted net position. The remaining balance of unrestricted net position of \$6,746,561 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 position of the governmental-type activities, the City of Ruston is able to report positive balances in all three categories of net position, both for the government as a whole, as well as for its separate governmental and business-type activities.

The City of Ruston's net position increased by \$388,626 during the current fiscal year. Key elements of this increase are as follows:

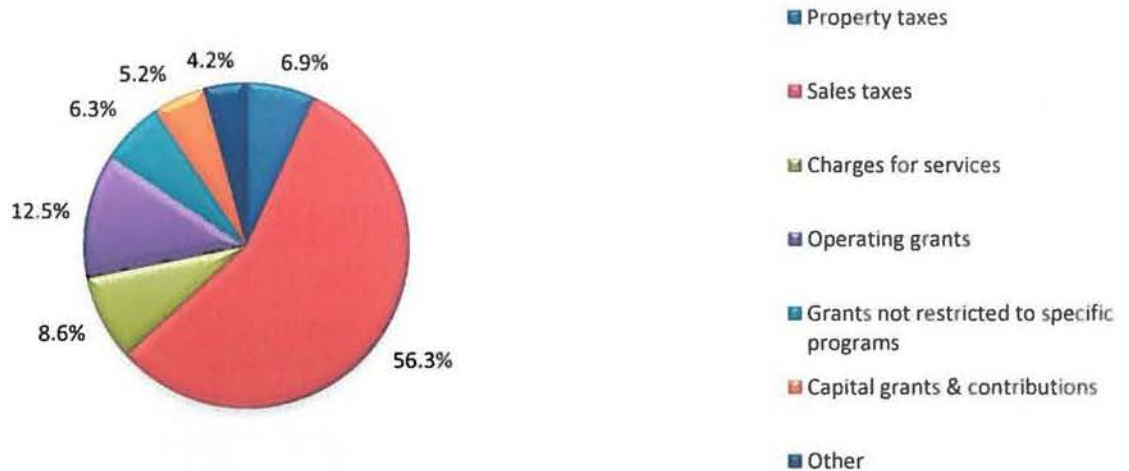
City of Ruston's Changes in Net Position

Revenues:	Governmental activities		Business-type activities		Total	
	2014	2013	2014	2013	2014	2013
Program revenues:						
Charges for services	\$1,858,074	\$1,712,499	\$32,191,807	\$31,050,630	\$34,049,881	\$32,763,129
Operating grants and contributions	2,690,505	2,434,279	-	-	2,690,505	2,434,279
Capital grants and contributions	1,116,550	2,458	1,425,585	1,960,192	2,542,135	1,962,650
General revenues:						
Property taxes	1,494,071	1,478,311	-	-	1,494,071	1,478,311
Sales taxes	12,137,836	12,018,219	-	-	12,137,836	12,018,219
Other taxes	804,478	777,084	-	-	804,478	777,084
Grants and contributions not restricted to specific Programs	1,360,184	1,216,137	-	-	1,360,184	1,216,137
Other	<u>103,839</u>	<u>840,875</u>	<u>113,128</u>	<u>107,446</u>	<u>216,967</u>	<u>948,321</u>
Total revenues	<u>21,565,536</u>	<u>20,479,862</u>	<u>33,730,520</u>	<u>33,118,268</u>	<u>55,296,056</u>	<u>53,598,130</u>
Expenses:						
General government	8,800,059	6,898,364	-	-	8,800,059	6,898,364
Public safety	8,178,395	8,314,349	-	-	8,178,395	8,314,349
Public works	6,794,044	6,414,126	-	-	6,794,044	6,414,126
Cultural and recreation	885,002	696,411	-	-	885,002	696,411
City Judge and Marshal	484,605	494,247	-	-	484,605	494,247
Interest on long-term debt	289,050	314,917	-	-	289,050	314,917
Electric	-	-	22,450,202	22,243,651	22,450,202	22,243,651
Water	-	-	1,828,900	1,889,934	1,828,900	1,889,934
Sewer	-	-	3,764,776	3,603,225	3,764,776	3,603,225
Telecommunications	-	-	362,823	273,343	362,823	273,343
Regional airport	-	-	434,932	411,545	434,932	411,545
Ambulance service	-	-	<u>634,642</u>	<u>543,662</u>	<u>634,642</u>	<u>543,662</u>
Total expenses	<u>25,431,155</u>	<u>23,132,414</u>	<u>29,476,275</u>	<u>28,965,360</u>	<u>54,907,430</u>	<u>52,097,774</u>
Increase (decrease) in net position before transfers	(3,865,619)	(2,652,552)	4,254,245	4,152,908	388,626	1,500,356
Transfers	<u>2,109,498</u>	<u>2,202,867</u>	<u>(2,109,498)</u>	<u>(2,202,867)</u>	-	-
Increase (decrease) in net Position	(1,756,121)	(449,685)	2,144,747	1,950,041	388,626	1,500,356
Net position at beginning of year	<u>75,632,677</u>	<u>76,082,362</u>	<u>55,629,596</u>	<u>53,679,555</u>	<u>131,262,273</u>	<u>129,761,917</u>
Net position at end of year	<u>\$73,876,556</u>	<u>\$75,632,677</u>	<u>\$57,774,343</u>	<u>\$55,629,596</u>	<u>\$131,650,899</u>	<u>\$131,262,273</u>

Revenues for the City's governmental activities for the year ended September 30, 2014, were \$21,565,536 compared to \$20,479,862 in 2013. The increase of \$1,085,674 was largely due to an increase of federal and state grants.

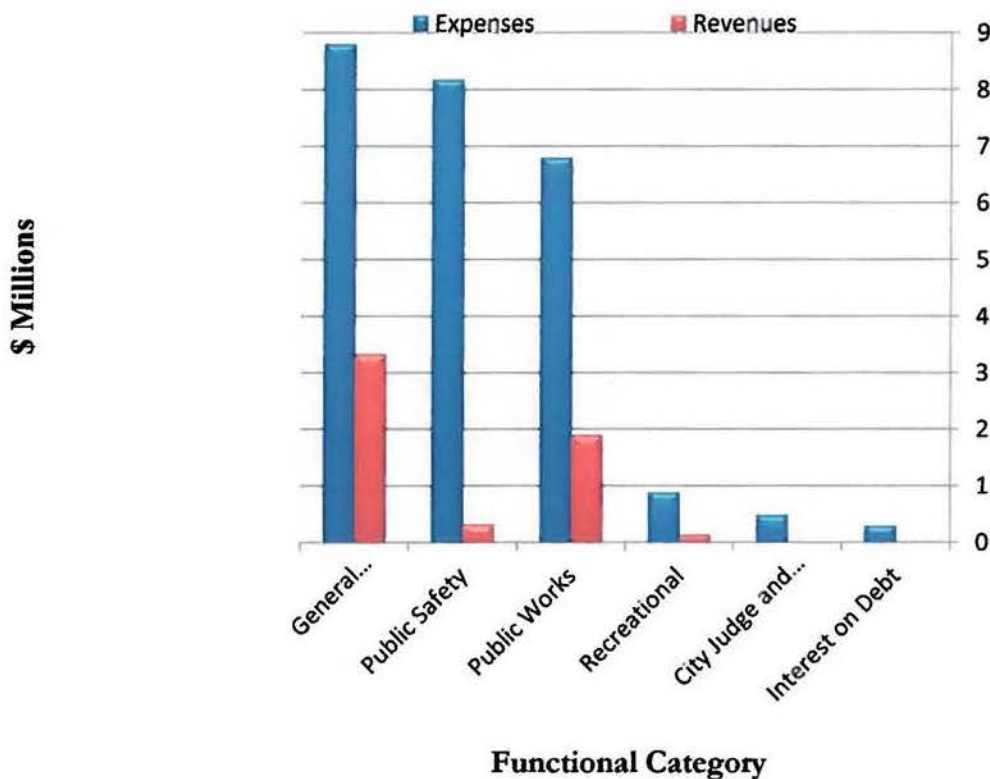
General revenues, specifically sales tax (56.3%), is the largest component of revenues.

Revenues by Sources – Governmental Activities



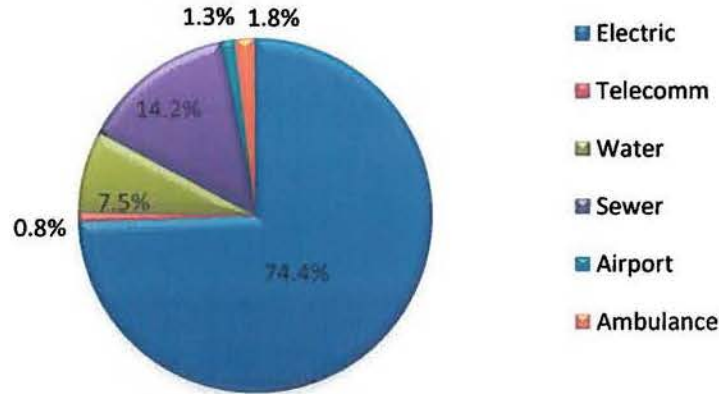
The cost of all governmental activities this year was \$25,431,155, an increase of approximately \$2,298,741 from 2013. The City's largest programs are general government, public safety, and public works. The graph below shows the expenses and program revenues generated by governmental activities.

Expenses and Program Revenues – Governmental Activities



Business-type Activities. Charges for services for the City of Ruston's business-type activities were \$32,191,807, an increase of \$1,141,177 from 2013. This increase in revenues came from an increase in electric system fees.

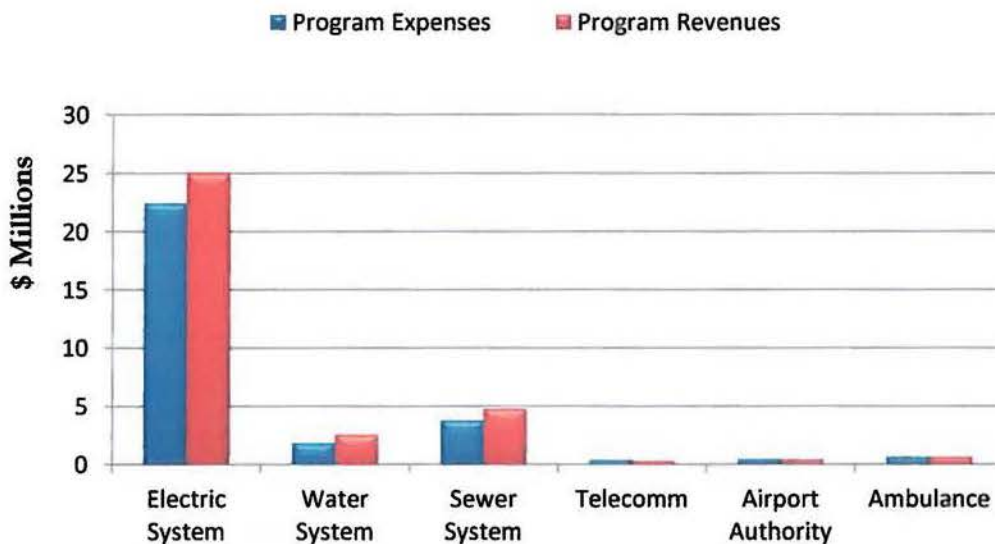
Revenue by Source – Business-type Activities



Expenses and Program Revenues – Business-type Activities

The costs of these activities were \$29,476,275, an increase of \$510,915 from 2013. 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 \$11,637,286, a decrease of \$48,216 in comparison with the prior fiscal year. Of the combined ending fund balance, \$2,113,486, or 18% was unrestricted, unassigned and available for spending. \$3,464,425 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 pay debt service (\$1,702,908) or (2) for other restricted purposes (\$4,356,377).
- 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 \$2,113,486, the total of which was available for spending at the City Council's discretion. The fund balance of the General Fund decreased by \$433,414. A key factor in this decrease was a continuing rise in retirement systems costs.
- The 1968 Sales Tax Fund had a total fund balance of \$135,406 all of which was unrestricted, unassigned and available for spending for its specified purposes. Fund balance increased \$101,968 as a result of a decrease in transfers to the General Fund.
- The 1985 Sales Tax Fund had a total fund balance of \$178,417 all of which was unrestricted, unassigned and available for spending for its specified purposes. Fund balance decreased \$87,344 as a result of an increase in transfers to the General Fund.
- The 1990 Sales Tax Fund had a total fund balance of \$567,101 all of which was unrestricted, unassigned and available for spending for its specified purpose. Fund balance increased \$117,051 as a result of a decrease in transfers to the General Fund.
- The I-20 Fund had a restricted and assigned fund balance of \$3,317,569. Total fund balance increased \$748,466 as a result of an increase in grant funds received from the State.

Proprietary funds

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

- The unrestricted net position of the Electric System at September 30, 2014, was \$45,852. Total net position for the Electric System increased \$368,786 as a result of an increase in capital asset investment.
- The unrestricted net position for the Water System at September 30, 2014, was \$2,862,687. Total net position for the Water System increased \$186,065 primarily as a result of a decrease in operating expenses.
- The unrestricted net position for the Sewer System at September 30, 2014, was \$3,814,941. Total net position for the Sewer System increased \$1,640,244 as a result of a decrease in transfers out and capital contributions.

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 9, 2013. 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, 2013. The open purchase orders were spread throughout various departments. Differences between the budget and the actual results of the General Fund are as follows:

Revenues

- Licenses and permits were expected to be more than prior year revenues. Actual revenues were more than budget by \$66,506 due to an increase in new construction.
- Intergovernmental revenues were expected to be less than prior year revenues. Actual revenues were more than budget by \$243,853 due an unexpected increase in federal and state grants.
- Charges for services were expected to be more than prior year revenues. Actual revenues were less than budget by \$66,002 due primarily to lower revenues from governmental fund charges for services.

Expenditures

- Executive operating services were under budget by \$102,789 as a result of consulting services being lower than expected.
- Information technology operating services were under budget by \$89,120 as a result of maintenance of office equipment being lower than expected.
- Economic development operating services were under budget by \$47,736 as a result of consulting services and promotions being lower than expected.
- Police department supplies were under budget by \$107,261 as a result of equipment to be accounted for being lower than expected and the reduction in fuel costs.
- Fire department materials and supplies were under budget by \$88,392 as a result of uniforms and equipment to be accounted for being lower than expected.
- Fire department capital was under budget by \$119,448 as a result of a project not beginning when anticipated.
- Street department operating services were under budget by \$476,010 as a result of maintenance of streets costs being lower than expected.
- Street department capital was under budget by \$841,134 as a result of the construction of a capital project not beginning when anticipated.
- Solid waste department capital was under budget by \$293,000 as a result of the equipment not being needed.

Capital Assets and Debt Administration

Capital assets. The City of Ruston's investment in capital assets as of September 30, 2014, amounts to \$141,695,184 net of depreciation. This investment in capital assets includes land, buildings and improvements, streets, drainage, furniture and equipment, and construction in progress. The table below shows the value at the end of the fiscal year.

**City of Ruston's Capital Assets
(net of depreciation)**

	Governmental Activities		Business-type Activities		Total	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Land and land improvements	\$12,074,583	\$11,857,250	\$1,271,223	\$1,266,223	\$13,345,806	\$13,123,473
Buildings	7,650,298	7,595,516	4,110,940	3,503,422	11,761,238	11,098,938
System Improvement	-	-	25,048,226	26,254,786	25,048,226	26,254,786
Improvements other than buildings	4,754,434	5,045,393	3,710,490	2,390,162	8,464,924	7,435,555
Equipment	3,787,414	4,175,484	23,258,847	23,546,896	27,046,261	27,722,380
Infrastructure	15,885,789	16,399,624	-	-	15,885,789	16,399,624
Construction in progress	<u>29,612,574</u>	<u>29,640,264</u>	<u>10,530,366</u>	<u>11,995,586</u>	<u>40,142,940</u>	<u>41,635,850</u>
Total	<u>\$73,765,092</u>	<u>\$74,713,531</u>	<u>\$67,930,092</u>	<u>\$68,957,075</u>	<u>\$141,695,184</u>	<u>\$143,670,606</u>

Long-term debt. At the end of the current fiscal year, the City of Ruston had total debt outstanding of \$21,046,388.

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 2014, 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 2015, the City budgeted for sales tax dollars to remain steady. Preliminary 2015 figures reflect an increase of approximately 10%. National unemployment rates for September 2014 were down to 5.9% compared to 7.2% at September 2013.

Spiraling retirement costs continue to have an impact on City budgets. In fiscal year 2015, the budgets will be required to provide almost \$2.5 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 2015.

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

CITY OF RUSTON, LOUISIANA
STATEMENT OF NET POSITION
SEPTEMBER 30, 2014

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
ASSETS				
Cash and cash equivalents	\$9,138,087	\$4,876,267	\$14,014,354	\$901,012
Investments	1,742,348	495,839	2,238,187	-
Receivables, net	2,635,060	1,602,072	4,237,132	900
Unbilled revenue	45,588	1,649,353	1,694,941	-
Due from other governments	473	2,500	2,973	6,920
Internal balances	1,244,266	(1,244,266)	-	-
Inventories	89,967	891,730	981,697	-
Prepaid items	60,825	-	60,825	3,345
Bond issue costs, net	28,529	103,559	132,088	-
Capital assets:				
Land and construction in progress	41,687,157	11,801,588	53,488,745	-
Other capital assets, net of depreciation	32,077,935	56,128,504	88,206,439	621,149
Total assets	<u>88,750,235</u>	<u>76,307,146</u>	<u>165,057,381</u>	<u>1,533,326</u>
LIABILITIES				
Accounts payable	1,257,742	1,840,431	3,098,173	8,413
Accrued liabilities	361,042	95,230	456,272	1,842
Due to other governments	-	-	-	441,313
Accrued interest payable	19,345	74,673	94,018	-
Claims	548,337	-	548,337	-
Deposits	81,112	1,024,914	1,106,026	-
Non-current liabilities:				
Due within one year	860,000	1,101,500	1,961,500	-
Due in more than one year	7,127,632	14,396,053	21,523,685	-
Post employment benefit obligation	4,667,815	-	4,667,815	-
Total liabilities	<u>14,923,025</u>	<u>18,532,801</u>	<u>33,455,826</u>	<u>451,568</u>
NET POSITION				
Invested in capital assets, net of related debt	67,100,092	51,838,092	118,938,184	621,149
Restricted for:				
I-20 Fund	3,563,076	-	3,563,076	-
Sales Tax Funds	880,924	-	880,924	-
Parks and Recreation Fund	562,387	-	562,387	-
Section 8 Voucher Housing Fund	959,767	-	959,767	-
Unrestricted	760,310	5,936,251	6,696,561	901,922
Total net position	<u>73,826,556</u>	<u>\$57,774,343</u>	<u>\$131,600,899</u>	<u>\$1,523,071</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, 2014

Functions/Programs	Program Revenues			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government:				
Governmental Activities:				
General government	\$8,850,059	\$206,232	\$2,000,420	\$1,116,550
Public safety	8,178,395	299,054	20,000	-
Public works	6,794,044	1,222,877	670,085	-
Cultural and recreation	885,002	129,912	-	-
City Judge and Marshal	484,605	-	-	-
Interest on long-term debt	289,050	-	-	-
Total governmental activities	<u>25,481,155</u>	<u>1,858,074</u>	<u>2,690,505</u>	<u>1,116,550</u>
Business-type activities:				
Electric System	22,450,202	24,994,949	-	19,263
Telecommunications System	362,823	282,977	-	-
Water System	1,828,900	2,467,431	-	69,655
Sewer System	3,764,776	3,818,955	-	938,063
Ruston Airport Authority	434,932	22,388	-	398,604
Ambulance	634,642	605,107	-	-
Total business-type activities	<u>29,476,275</u>	<u>32,191,807</u>	<u>-</u>	<u>1,425,585</u>
Total primary government	<u>\$54,957,430</u>	<u>\$34,049,881</u>	<u>\$ 2,690,505</u>	<u>\$ 2,542,135</u>
Component units:				
City Judge	\$570,040	\$610,306	-	-
City Marshal	352,629	327,871	-	-
Total component units	<u>\$922,669</u>	<u>\$938,177</u>	<u>-</u>	<u>-</u>

General revenues:

Taxes:

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

Insurance taxes
Alcoholic beverage taxes
Franchise taxes

Intergovernmental
Investment earnings
Miscellaneous

Transfers

Total general revenues and transfers

Change in net position

Net position - beginning

Net position - ending

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

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

Primary Government

Governmental Activities	Business-type Activities	Total	Component Units
(\$5,526,857)	-	(\$5,526,857)	-
(7,859,341)	-	(7,859,341)	-
(4,901,082)	-	(4,901,082)	-
(755,090)	-	(755,090)	-
(484,605)	-	(484,605)	-
(289,050)	-	(289,050)	-
<u>(19,816,026)</u>	<u>-</u>	<u>(19,816,026)</u>	<u>-</u>
-	\$2,564,010	2,564,010	-
-	(79,846)	(79,846)	-
-	708,186	708,186	-
-	992,242	992,242	-
-	(13,940)	(13,940)	-
-	(29,535)	(29,535)	-
-	<u>4,141,117</u>	<u>4,141,117</u>	<u>-</u>
<u>(\$19,816,026)</u>	<u>\$4,141,117</u>	<u>(\$15,674,909)</u>	<u>-</u>
-	-	-	\$40,266
-	-	-	(24,758)
-	-	-	<u>15,508</u>
\$998,309	-	\$998,309	-
495,762	-	495,762	-
5,259,253	-	5,259,253	-
269,877	-	269,877	-
600,000	-	600,000	-
1,490,828	-	1,490,828	-
1,490,828	-	1,490,828	-
30,000	-	30,000	-
2,997,051	-	2,997,051	-
379,099	-	379,099	-
10,905	-	10,905	-
414,474	-	414,474	-
1,360,184	-	1,360,184	-
4,697	6,282	10,979	1,422
99,142	106,846	205,988	-
2,109,498	(2,109,498)	-	-
<u>18,009,905</u>	<u>(1,996,370)</u>	<u>16,013,535</u>	<u>1,422</u>
(1,806,121)	2,144,747	338,626	16,930
<u>75,632,677</u>	<u>55,629,596</u>	<u>131,262,273</u>	<u>1,506,141</u>
<u>\$73,826,556</u>	<u>\$57,774,343</u>	<u>\$131,600,899</u>	<u>\$1,523,071</u>

CITY OF RUSTON, LOUISIANA
BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2014

	<u>General</u>	<u>1968 Sales Tax</u>
ASSETS		
Cash and cash equivalents	\$2,320,466	\$45,586
Investments	609,198	-
Receivables, net	468,485	246,033
Unbilled revenues	45,588	-
Due from other funds	1,619,782	189,698
Due from other governments	473	-
Inventories, at cost	89,967	-
Prepaid items	3,254	-
Total assets	<u>\$5,157,213</u>	<u>\$481,317</u>
LIABILITIES AND FUND BALANCES		
Liabilities:		
Accounts payable	\$310,373	\$24,220
Accrued liabilities	343,493	-
Due to other funds	414,367	321,691
Deposits and deferred charges	79,983	-
Total liabilities	<u>1,148,216</u>	<u>345,911</u>
Fund Balances:		
Nonspendable:		
Inventories	89,967	-
Prepaid items	3,254	-
Spendable:		
Restricted	-	135,406
Assigned	1,802,290	-
Unassigned	2,113,486	-
Total fund balances	<u>4,008,997</u>	<u>135,406</u>
Total liabilities and fund balances	<u>\$5,157,213</u>	<u>\$481,317</u>

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

<u>1985 Sales Tax</u>	<u>1990 Sales Tax</u>	<u>I-20 Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
-	-	\$3,637,899	\$2,582,756	\$8,586,707
-	-	-	-	609,198
\$369,050	\$246,033	-	1,302,888	2,632,489
-	-	-	-	45,588
-	321,691	32,285	88,688	2,252,144
-	-	-	-	473
-	-	-	-	89,967
-	-	-	-	3,254
<u>\$369,050</u>	<u>\$567,724</u>	<u>\$3,670,184</u>	<u>\$3,974,332</u>	<u>\$14,219,820</u>
935	623	\$352,615	\$528,653	\$1,217,419
-	-	-	14,525	358,018
189,698	-	-	229	925,985
-	-	-	1,129	81,112
<u>190,633</u>	<u>623</u>	<u>352,615</u>	<u>544,536</u>	<u>2,582,534</u>
-	-	-	-	89,967
-	-	-	-	3,254
178,417	\$567,101	1,860,168	3,225,062	5,966,154
-	-	1,457,401	204,734	3,464,425
-	-	-	-	2,113,486
<u>178,417</u>	<u>567,101</u>	<u>3,317,569</u>	<u>3,429,796</u>	<u>11,637,286</u>
<u>\$369,050</u>	<u>\$567,724</u>	<u>\$3,670,184</u>	<u>\$3,974,332</u>	<u>\$14,219,820</u>

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CITY OF RUSTON, LOUISIANA
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
FOR THE YEAR ENDED SEPTEMBER 30, 2014

Fund balances - total governmental funds		\$ 11,637,286
<p>Amounts reported for governmental activities in the statement of net assets are different because:</p>		
<p>Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.</p>		
Governmental capital assets	102,245,928	
Less accumulated depreciation	<u>(28,483,063)</u>	73,762,865
<p>Unfunded post employment benefit obligations are not financial resources and therefore are not reported in the funds</p>		
		(4,667,815)
<p>Other assets used in governmental activities that are not financial resources and therefore are not reported in the governmental funds.</p>		
Unamortized bond issuance costs		28,529
<p>Long-term liabilities including bonds payable are not due and payable in the current period and therefore are not reported in the governmental funds.</p>		
Accrued interest payable	(19,345)	
Compensated absences	(1,948,746)	
Bonds, notes, and loans payable	<u>(6,035,000)</u>	(8,003,091)
<p>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.</p>		
		<u>1,068,782</u>
Net position of governmental activities		<u><u>\$ 73,826,556</u></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, 2014

	<u>General</u>	<u>1968 Sales Tax</u>	<u>1985 Sales Tax</u>
REVENUES			
Taxes:			
Property	\$998,309	-	-
Sales	-	\$2,611,655	\$3,917,475
Licenses and permits	986,506	-	-
Intergovernmental	1,989,380	-	-
Charges for services	1,310,998	-	-
Fines and forfeitures	302,981	-	-
Investment earnings	2,643	51	66
Miscellaneous	88,160	-	-
Total revenues	<u>5,678,977</u>	<u>2,611,706</u>	<u>3,917,541</u>
EXPENDITURES			
Current:			
General government	2,980,684	32,738	18,703
Public safety	8,370,687	-	-
Public works	6,066,063	-	-
Culture and recreation	-	-	-
City Court and Marshal	476,612	-	-
Debt service:			
Principal	-	-	-
Interest and other charges	-	-	-
Capital outlay	-	-	-
Total expenditures	<u>17,894,046</u>	<u>32,738</u>	<u>18,703</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(12,215,069)</u>	<u>2,578,968</u>	<u>3,898,838</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	11,849,391	-	-
Transfers out	(67,736)	(2,477,000)	(3,986,182)
Total other financing sources and (uses)	<u>11,781,655</u>	<u>(2,477,000)</u>	<u>(3,986,182)</u>
Net change in fund balances	(433,414)	101,968	(87,344)
Fund balances - beginning	4,442,411	33,438	265,761
Fund balances - ending	<u>\$4,008,997</u>	<u>\$135,406</u>	<u>\$178,417</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>
-	-	\$495,762	\$1,494,071
\$2,611,655	-	2,997,051	12,137,836
-	-	-	986,506
-	\$1,116,550	2,061,308	5,167,238
-	-	62,067	1,373,065
-	-	-	302,981
30	1,042	865	4,697
-	-	10,982	99,142
<u>2,611,685</u>	<u>1,117,592</u>	<u>5,628,035</u>	<u>21,565,536</u>
12,634	5,681	1,444,980	4,495,420
-	-	-	8,370,687
-	-	-	6,066,063
-	-	831,340	831,340
-	-	-	476,612
-	-	630,000	630,000
-	-	281,930	281,930
-	1,868,532	702,666	2,571,198
<u>12,634</u>	<u>1,874,213</u>	<u>3,890,916</u>	<u>23,723,250</u>
<u>2,599,051</u>	<u>(756,621)</u>	<u>1,737,119</u>	<u>(2,157,714)</u>
-	2,692,212	460,150	15,001,753
(2,482,000)	(1,187,125)	(2,692,212)	(12,892,255)
<u>(2,482,000)</u>	<u>1,505,087</u>	<u>(2,232,062)</u>	<u>2,109,498</u>
117,051	748,466	(494,943)	(48,216)
450,050	2,569,103	3,924,739	11,685,502
<u>\$567,101</u>	<u>\$3,317,569</u>	<u>\$3,429,796</u>	<u>\$11,637,286</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, 2014

Net change in fund balances - total governmental funds		(\$48,216)
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	1,297,810	
Depreciation expense	<u>(1,932,419)</u>	(634,609)
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, write offs, and donations) is to decrease net position.		
		(313,830)
Post employment benefit obligation		
		(785,513)
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. The detail of these differences in the treatment of long-term debt and related items is as follows:		
Principal payments	<u>630,000</u>	630,000
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	(9,341)	
Decrease in compensated absences	65,425	
Decrease in accrued interest	<u>2,221</u>	58,305
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>(712,258)</u>
Change in net position of governmental activities		
		<u><u>(\$1,806,121)</u></u>

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

CITY OF RUSTON, LOUISIANA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
SEPTEMBER 30, 2014

	Business-type Activities Enterprise Funds						Governmental Activities Internal Service Funds	
	Major Funds			Nonmajor Funds				
	Electric System	Water System	Sewer System	Telecommunications	Airport Authority	Ambulance		Total
ASSETS								
Current assets:								
Cash and cash equivalents	\$1,914,963	\$578,053	\$1,730,883	\$55,504	\$273,091	\$36,162	\$4,588,656	\$551,380
Investments	-	352,875	-	-	-	-	352,875	1,133,150
Receivables, net	1,205,312	113,770	168,812	-	9,110	105,068	1,602,072	2,571
Unbilled revenue	1,381,574	110,325	157,454	-	-	-	1,649,353	-
Due from other funds	2,083,776	1,451,102	1,546,137	-	-	1,621	5,082,636	19,368
Due from other governments	-	-	-	-	-	2,500	2,500	-
Inventories	631,797	212,499	47,434	-	-	-	891,730	-
Prepaid items	-	-	-	-	-	-	-	57,571
Total current assets	<u>7,217,422</u>	<u>2,818,624</u>	<u>3,650,720</u>	<u>55,504</u>	<u>282,201</u>	<u>145,351</u>	<u>14,169,822</u>	<u>1,764,040</u>
Noncurrent assets:								
Restricted:								
Cash and cash equivalents	57,768	117,705	112,138	-	-	-	287,611	-
Investments	35,868	-	107,096	-	-	-	142,964	-
Capital assets:								
Land	627,501	75,070	218,801	-	349,851	-	1,271,223	-
Construction in progress	8,717,826	48,547	37,310	1,598,415	128,267	-	10,530,365	-
Buildings	5,334,566	139,934	151,353	-	1,080,459	-	6,706,312	13,080
Improvements other than buildings	-	-	-	-	8,687,362	-	8,687,362	-
Equipment	21,138,653	805,304	27,762,954	9,806	231,239	1,230,791	51,178,747	48,123
Distribution and collection systems	33,244,010	15,691,102	19,590,988	-	-	-	68,526,100	-
Less accumulated depreciation	<u>(43,604,993)</u>	<u>(9,579,177)</u>	<u>(19,636,353)</u>	<u>(327)</u>	<u>(5,436,411)</u>	<u>(712,756)</u>	<u>(78,970,017)</u>	<u>(58,976)</u>
Total capital assets (net of accumulated depreciation)	<u>25,457,563</u>	<u>7,180,780</u>	<u>28,125,053</u>	<u>1,607,894</u>	<u>5,040,767</u>	<u>518,035</u>	<u>67,930,092</u>	<u>2,227</u>
Deferred bond costs, at cost less amortization	-	33,974	69,585	-	-	-	103,559	-
Total noncurrent assets	<u>25,551,199</u>	<u>7,332,459</u>	<u>28,413,872</u>	<u>1,607,894</u>	<u>5,040,767</u>	<u>518,035</u>	<u>68,464,226</u>	<u>2,227</u>
Total assets	<u>\$32,768,621</u>	<u>\$10,151,083</u>	<u>\$32,064,592</u>	<u>\$1,663,398</u>	<u>\$5,322,968</u>	<u>\$663,386</u>	<u>\$82,634,048</u>	<u>\$1,766,267</u>

	Business-type Activities Enterprise Funds						Governmental Activities Internal Service Funds	
	Major Funds			Nonmajor Funds				
	Electric System	Water System	Sewer System	Telecommunications	Airport Authority	Ambulance		Total
LIABILITIES								
Current liabilities								
Accounts payable	\$1,769,986	\$3,170	\$37,480	\$15,110	\$1,879	\$12,806	\$1,840,431	\$40,323
Accrued liabilities	58,959	9,148	17,455	1,227	-	8,441	95,230	3,024
Due to other funds	4,028,781	45,846	10,699	1,560,594	459,270	221,714	6,326,904	101,261
Claims and judgments	-	-	-	-	-	-	-	548,337
Compensated absences	33,000	5,000	5,000	-	-	6,500	49,500	-
Total current liabilities	<u>5,890,726</u>	<u>63,164</u>	<u>70,634</u>	<u>1,576,931</u>	<u>461,149</u>	<u>249,461</u>	<u>8,312,065</u>	<u>692,945</u>
Current liabilities payable from restricted assets:								
Customer deposits	1,012,743	-	8,720	-	3,451	-	1,024,914	-
Bonds payable	-	-	950,000	-	-	-	950,000	-
DHH Revolving Loan fund	-	102,000	-	-	-	-	102,000	-
Due to LADOTD	-	-	-	-	-	-	-	-
Accrued interest	74,673	-	-	-	-	-	74,673	-
Total current liabilities payable from restricted assets	<u>1,087,416</u>	<u>102,000</u>	<u>958,720</u>	<u>-</u>	<u>3,451</u>	<u>-</u>	<u>2,151,587</u>	<u>-</u>
Noncurrent liabilities:								
Compensated absences	287,064	44,452	45,244	87	-	59,818	436,665	4,540
Bonds payable	-	-	12,175,000	-	-	-	12,175,000	-
DHH Revolving Loan fund	-	1,784,388	-	-	-	-	1,784,388	-
Due to LADOTD	-	-	-	-	-	-	-	-
Total noncurrent liabilities	<u>287,064</u>	<u>1,828,840</u>	<u>12,220,244</u>	<u>87</u>	<u>-</u>	<u>59,818</u>	<u>14,396,053</u>	<u>4,540</u>
Total liabilities	<u>7,265,206</u>	<u>1,994,004</u>	<u>13,249,598</u>	<u>1,577,018</u>	<u>464,600</u>	<u>309,279</u>	<u>24,859,705</u>	<u>697,485</u>
NET POSITION								
Net investment in capital assets	25,457,563	5,294,392	15,000,053	1,607,894	5,040,767	518,035	52,918,704	2,227
Unrestricted (deficit)	45,852	2,862,687	3,814,941	(1,521,514)	(182,399)	(163,928)	4,855,639	1,066,555
Total net position (deficit)	<u>\$25,503,415</u>	<u>\$8,157,079</u>	<u>\$18,814,994</u>	<u>\$86,380</u>	<u>\$4,858,368</u>	<u>\$354,107</u>	<u>\$57,774,343</u>	<u>\$1,068,782</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 POSITION
 PROPRIETARY FUNDS
 FOR THE YEAR ENDED SEPTEMBER 30, 2014

	Business-type Activities Enterprise Funds						Governmental Activities Internal Service Funds	
	Major Funds			Nonmajor Funds				
	Electric System	Water System	Sewer System	Telecommunications	Airport Authority	Ambulance		Total
OPERATING REVENUES								
Charges for services	\$24,994,949	\$2,467,431	\$3,818,955	\$282,977	\$22,388	\$605,107	\$32,191,807	\$50,502
Charges to other funds	-	-	-	-	-	-	-	3,621,964
Premiums paid by retired employees	-	-	-	-	-	-	-	344,094
Rent income	35,437	-	-	-	61,819	-	97,256	-
Miscellaneous	9,445	-	-	-	145	-	9,590	-
Total operating revenues	<u>25,039,831</u>	<u>2,467,431</u>	<u>3,818,955</u>	<u>282,977</u>	<u>84,352</u>	<u>605,107</u>	<u>32,298,653</u>	<u>4,016,560</u>
OPERATING EXPENSES								
Personnel services	2,152,817	411,860	711,199	97,012	-	323,198	3,696,086	90,984
Operating services	1,177,650	624,234	825,789	256,255	60,953	33,966	2,978,847	26,954
Materials and supplies	17,729,043	208,117	126,500	3,860	1,041	82,044	18,150,605	8,725
Travel and other	6,495	5,566	11,182	5,369	-	36,197	64,809	756
Depreciation	1,384,197	514,579	1,718,699	327	372,938	159,237	4,149,977	327
Claims	-	-	-	-	-	-	-	3,551,512
Insurance premiums	-	-	-	-	-	-	-	1,132,090
Total operating expenses	<u>22,450,202</u>	<u>1,764,356</u>	<u>3,393,369</u>	<u>362,823</u>	<u>434,932</u>	<u>634,642</u>	<u>29,040,324</u>	<u>4,811,348</u>
Operating income (loss)	<u>2,589,629</u>	<u>703,075</u>	<u>425,586</u>	<u>(79,846)</u>	<u>(350,580)</u>	<u>(29,535)</u>	<u>3,258,329</u>	<u>(794,788)</u>
NONOPERATING REVENUES (EXPENSES)								
Investment earnings	4,618	944	572	13	87	48	6,282	82,530
Capital grants	19,263	69,655	-	-	398,604	-	487,522	-
Interest expense	-	(62,279)	(364,331)	-	-	-	(426,610)	-
Amortization	-	(2,265)	(7,076)	-	-	-	(9,341)	-
Total nonoperating revenues (expenses)	<u>23,881</u>	<u>6,055</u>	<u>(370,835)</u>	<u>13</u>	<u>398,691</u>	<u>48</u>	<u>57,853</u>	<u>82,530</u>
Income (loss) before contributions and transfers	<u>2,613,510</u>	<u>709,130</u>	<u>54,751</u>	<u>(79,833)</u>	<u>48,111</u>	<u>(29,487)</u>	<u>3,316,182</u>	<u>(712,258)</u>
Capital contributions	-	-	938,063	-	-	-	938,063	-
Transfers in	-	-	1,187,125	-	10,861	-	1,197,986	-
Transfers out	(2,244,724)	(523,065)	(539,695)	-	-	-	(3,307,484)	-
Change in net position	<u>368,786</u>	<u>186,065</u>	<u>1,640,244</u>	<u>(79,833)</u>	<u>58,972</u>	<u>(29,487)</u>	<u>2,144,747</u>	<u>(712,258)</u>
Total net position (deficit) - beginning	<u>25,134,629</u>	<u>7,971,014</u>	<u>17,174,750</u>	<u>166,213</u>	<u>4,799,396</u>	<u>383,594</u>	<u>55,629,596</u>	<u>1,781,040</u>
Total net position (deficit) - ending	<u>\$25,503,415</u>	<u>\$8,157,079</u>	<u>\$18,814,994</u>	<u>\$86,380</u>	<u>\$4,858,368</u>	<u>\$354,107</u>	<u>\$57,774,343</u>	<u>\$1,068,782</u>

CITY OF RUSTON, LOUISIANA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2014

	Business-type Activities Enterprise Funds						Governmental Activities Internal Service Funds	
	Major Funds			Nonmajor Funds				
	Electric System	Water System	Sewer System	Telecommunications	Airport Authority	Ambulance		Total
CASH FLOWS FROM OPERATING ACTIVITIES:								
Receipts from operations	\$24,672,889	\$2,730,705	\$4,537,744	\$282,977	\$75,123	\$605,107	\$32,904,545	\$3,936,265
Payments to suppliers	(19,515,168)	(1,581,940)	(1,545,013)	310,280	268,688	(143,225)	(22,206,378)	(1,028,760)
Payments to employees	(2,134,673)	(407,084)	(689,745)	(101,564)	-	(450,763)	(3,783,829)	(119,438)
Claim payments	-	-	-	-	-	-	-	(3,661,053)
Other receipts	44,882	-	-	-	145	-	45,027	50,502
Net cash provided by operating activities	<u>3,067,930</u>	<u>741,681</u>	<u>2,302,986</u>	<u>491,693</u>	<u>343,956</u>	<u>11,119</u>	<u>6,959,365</u>	<u>(822,484)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:								
Transfers in	-	-	1,187,125	-	10,861	-	1,197,986	-
Transfers out	(2,244,724)	(575,065)	(563,695)	-	-	-	(3,383,484)	-
Net cash provided by (used in) noncapital financing activities	<u>(2,244,724)</u>	<u>(575,065)</u>	<u>623,430</u>	<u>-</u>	<u>10,861</u>	<u>-</u>	<u>(2,185,498)</u>	<u>-</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:								
Acquisition and construction of capital assets	(512,557)	(32,911)	(1,299,398)	(452,225)	(1,217,286)	-	(3,514,377)	-
Capital contributions	19,263	69,655	938,063	-	996,871	-	2,023,852	-
Bond issuance costs	-	-	-	-	-	-	-	-
DEQ Revolving Loan fund	-	(30,243)	-	-	-	-	(30,243)	-
Payable to State	(3,196)	-	-	-	-	-	(3,196)	-
Principal paid on debt	-	-	(915,000)	-	-	-	(915,000)	-
Interest paid on debt	-	(62,279)	(364,331)	-	-	-	(426,610)	-
Net cash used in capital and related financing activities	<u>(496,490)</u>	<u>(55,778)</u>	<u>(1,640,666)</u>	<u>(452,225)</u>	<u>(220,415)</u>	<u>-</u>	<u>(2,865,574)</u>	<u>-</u>
CASH FLOWS FROM INVESTING ACTIVITIES:								
Proceeds from sales and maturities of investments	-	-	-	-	-	-	-	(494)
Purchase of investments	(158)	(704)	(214)	-	-	-	(1,076)	265,810
Interest and dividends received	4,618	944	572	13	87	48	6,282	82,530
Net cash provided by (used in) investing activities	<u>4,460</u>	<u>240</u>	<u>358</u>	<u>13</u>	<u>87</u>	<u>48</u>	<u>5,206</u>	<u>347,846</u>
Net increase (decrease) in cash and cash equivalents	331,176	111,078	1,286,108	39,481	134,489	11,167	1,913,499	(474,638)
Cash and cash equivalents, beginning of year	1,641,555	584,680	556,913	16,023	138,602	55,924	2,993,697	1,026,018
Cash and cash equivalents, end of year	<u>\$1,972,731</u>	<u>\$695,758</u>	<u>1,843,021</u>	<u>\$55,504</u>	<u>\$273,091</u>	<u>\$67,091</u>	<u>\$4,907,196</u>	<u>\$551,380</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)	\$2,589,629	\$703,075	\$425,586	(\$79,846)	(\$350,580)	(\$29,535)	\$3,258,329	(\$794,788)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:								
Depreciation	1,384,197	514,579	1,718,699	327	372,938	159,237	4,149,977	327
(Increase) Decrease in assets:								
Receivables	124,791	65,025	(131)	-	(9,084)	-	180,601	207
Due from other funds	(481,550)	198,249	717,855	-	-	(35)	434,519	8,876
Inventories	14,837	(31,506)	(8,550)	-	-	-	(25,219)	-
Prepaid items	-	-	-	-	-	140	140	16,488
Increase (Decrease) in liabilities:								
Accounts payable	74,562	(71,742)	19,654	(11,717)	-	9,017	19,774	25,796
Accrued liabilities	10,172	751	2,217	(1,155)	-	1,418	13,403	(554)
Due to other funds	(691,379)	(692,775)	(616,646)	587,481	330,682	(128,066)	(1,210,703)	58,605
Customers' deposits	34,699	-	1,065	-	-	-	35,764	-
Claims and judgments	-	-	-	-	-	-	-	(109,541)
Compensated absences	7,972	4,025	19,237	(3,397)	-	(1,057)	26,780	(27,900)
Total adjustments	478,301	(13,394)	1,853,400	571,539	694,536	40,654	3,625,036	(27,696)
Net cash provided by operating activities	\$3,067,930	\$689,681	\$2,278,986	\$491,693	\$343,956	\$11,119	\$6,883,365	(\$822,484)

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

CITY OF RUSTON, LOUISIANA
STATEMENT OF NET POSITION
COMPONENT UNITS
SEPTEMBER 30, 2014

	<u>Ruston City Judge's Office</u>	<u>Ruston City Marshal's Office</u>	<u>Total</u>
ASSETS			
Cash and cash equivalents	\$854,400	\$46,612	\$901,012
Investments	-	-	-
Receivables	-	900	900
Prepaid items	2,633	712	3,345
Due from governmental units	6,920	-	6,920
Capital assets, net of depreciation	564,142	57,007	621,149
Total assets	<u>1,428,095</u>	<u>105,231</u>	<u>1,533,326</u>
LIABILITIES			
Accounts payable	6,408	2,005	8,413
Accrued liabilities	1,842	-	1,842
Due to governmental units	-	-	-
Non-current liabilities:			
Due within one year	-	-	-
Due in more than one year	-	-	-
Total liabilities	<u>8,250</u>	<u>2,005</u>	<u>10,255</u>
NET POSITION			
Net investment in capital assets	564,142	57,007	621,149
Unrestricted	855,703	46,219	901,922
Total net position	<u>\$1,419,845</u>	<u>\$103,226</u>	<u>\$1,523,071</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, 2014

	<u>Program Revenues</u>			<u>Net (Expenses) Revenues and Changes in Net Position</u>		
	<u>Expenses</u>	<u>Charges for Services</u>	<u>On-Behalf Revenues</u>	<u>Ruston City Judge's Office</u>	<u>Ruston City Marshal's Office</u>	<u>Total</u>
City Judge:						
Judicial	\$570,040	\$221,800	\$388,506	\$40,266	-	\$40,266
City Marshal:						
Judicial	352,629	84,127	\$243,744	-	(\$24,758)	(24,758)
	<u>\$922,669</u>	<u>\$305,927</u>	<u>\$632,250</u>	<u>40,266</u>	<u>(24,758)</u>	<u>15,508</u>
General Revenues:						
Interest earnings				1,109	313	1,422
Miscellaneous				-	-	-
Total general revenues				<u>1,109</u>	<u>313</u>	<u>1,422</u>
Change in net position				41,375	(24,445)	16,930
Net position - beginning				1,378,470	127,671	1,506,141
Net position - ending				<u>\$1,419,845</u>	<u>\$103,226</u>	<u>\$1,523,071</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, 2014

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, 2013.

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, 2013.

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

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

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

CITY OF RUSTON, LOUISIANA
Notes to Financial Statements
For the Year Ended September 30, 2014

OTHER RELATED ORGANIZATIONS

Housing Authority

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

Lincoln Parish Sales and Use Tax Commission

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

Union Lincoln Regional Water Supply Initiative

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

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

Ruston Housing Authority
1615 North Farmerville
Ruston, Louisiana 71270

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

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

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

a. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

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

CITY OF RUSTON, LOUISIANA
Notes to Financial Statements
For the Year Ended September 30, 2014

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

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

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

Separate fund financial statements (FFS) are provided for governmental funds and proprietary funds. Major individual governmental and enterprise funds are reported as separate columns in the FFS with nonmajor governmental, nonmajor enterprise and internal service funds being reported on an aggregated basis.

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

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

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

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

CITY OF RUSTON, LOUISIANA
Notes to Financial Statements
For the Year Ended September 30, 2014

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

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

Governmental Funds

Governmental funds are those through which most governmental functions of the City are financed. The acquisition, use, and balances of the City's expendable financial resources and the related liabilities (except those accounted for in proprietary funds) are accounted for through governmental funds. The City reports the following major governmental funds:

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

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

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

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

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, 2014

Additionally the City reports nonmajor governmental funds in the aggregate. The funds are within the following governmental fund types:

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

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

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

Proprietary Funds

Proprietary funds are used to account for the City's ongoing organizations and activities which are similar to those often found in the private sector. All proprietary funds are accounted for on a capital maintenance focus; that is, the measurement focus is upon determination of the change in net position. The City reports the following proprietary fund types:

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

Internal Service Funds – Internal service funds are used to account for the financing of services provided by one department of the City to other departments on a cost-reimbursement basis. The City maintains four internal service funds for workmen's compensation, health insurance coverage, purchasing/warehouse, and general/auto liability insurance.

The City reports the following major enterprise funds:

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

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

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, 2014

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, 2014

costs of normal maintenance and repairs that do not add to the value of the assets or materially extend assets lives are not capitalized.

Capital assets are not reported in the governmental FFS.

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

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

d. LONG-TERM LIABILITIES

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

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

e. INVESTMENTS

For all funds, investments are stated at fair value based on quoted market prices. The investments at September 30, 2014, 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, 2014

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 position because their use is limited by applicable bond covenants.

l. FUND EQUITY

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

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

CITY OF RUSTON, LOUISIANA
Notes to Financial Statements
For the Year Ended September 30, 2014

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, 2014

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, 2014, the carrying amount of the City's deposits totaled \$16,286,513 and the bank balances totaled \$17,293,564. The difference is due to the outstanding checks and deposits in transit at September 30, 2014.

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, 2014, the City invested in certificates of deposit and U.S. government and U.S. government agency securities.

CITY OF RUSTON, LOUISIANA
Notes to Financial Statements
For the Year Ended September 30, 2014

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, 2014. 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	\$93,636	\$--	\$--	\$ 93,636
Louisiana Asset Management Pool				<u>760,692</u>
Total Investments				854,328
Total Deposits				<u>15,432,185</u>
Total cash, cash equivalents, & investments, including restricted cash and investments				<u>\$16,286,513</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 \$2,040,442 at September 30, 2014.

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 \$171,115,306 and \$169,983,252 in 2014 and 2013, respectively. The distribution of the City's levy (tax rate per \$1,000 assessed value) was, as follows, for 2014 and 2013:

CITY OF RUSTON, LOUISIANA
Notes to Financial Statements
For the Year Ended September 30, 2014

 Levy	
	<u>2014</u>	<u>2013</u>
General Fund	5.88	5.88
Recreation Tax	<u>2.92</u>	<u>2.92</u>
Total	<u>8.80</u>	<u>8.80</u>

4. RECEIVABLES

Receivables as of September 30, 2014, 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>
Governmental activities:					
General	\$197,542	-	\$604,030	(\$322,049)	\$479,523
1968 Sales Tax	-	\$246,033	-	-	246,033
1985 Sales Tax	-	369,049	-	-	369,049
1990 Sales Tax	-	246,033	-	-	246,033
Nonmajor governmental funds	-	781,740	15,972	-	797,712
Total governmental activities	<u>\$197,542</u>	<u>\$1,642,855</u>	<u>\$620,002</u>	<u>(\$322,049)</u>	<u>\$2,138,350</u>
Business-type activities:					
Electric System	\$2,809,410	-	\$12,364	(\$1,616,462)	\$1,205,312
Water System	360,710	-	-	(246,940)	113,770
Sewer System	627,364	-	-	(458,552)	168,812
Nonmajor business-type activities	150,801	-	9,110	(45,733)	114,178
Total business-type activities	<u>\$3,948,285</u>	<u>-</u>	<u>\$21,474</u>	<u>(\$2,367,687)</u>	<u>\$1,602,072</u>

5. CAPITAL ASSETS

A summary of changes in capital assets is as follows:

	Balance September 30, <u>2013</u>	<u>Additions</u>	<u>Retirements</u>	Balance September 30, <u>2014</u>
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$11,857,250	\$217,333	-	\$12,074,583
Construction in progress	<u>29,640,264</u>	<u>285,928</u>	(\$313,618)	<u>29,612,574</u>
Total capital assets, not being depreciated	<u>41,497,514</u>	<u>503,261</u>	<u>(313,618)</u>	<u>41,687,157</u>
Capital assets, being depreciated:				
Buildings	10,877,101	338,771	-	11,215,872
Improvements other than buildings	9,687,509	100,504	-	9,788,013
Equipment	15,821,714	355,274	(212)	16,176,776
Infrastructure	<u>23,439,313</u>	-	-	<u>23,439,313</u>
Total capital assets being depreciated	<u>59,825,637</u>	<u>794,549</u>	<u>(212)</u>	<u>60,619,974</u>
Less accumulated depreciation for:				
Buildings	(3,281,585)	(283,989)	-	(3,565,574)

CITY OF RUSTON, LOUISIANA
Notes to Financial Statements
For the Year Ended September 30, 2014

	Balance September 30, 2013	Additions	Retirements	Balance September 30, 2014
Improvements other than buildings	(4,642,116)	(391,463)	-	(5,033,579)
Equipment	(11,646,230)	(743,132)	-	(12,389,362)
Infrastructure	<u>(7,039,689)</u>	<u>(513,835)</u>	-	<u>(7,553,524)</u>
Total accumulated depreciation	<u>(26,609,620)</u>	<u>(1,932,419)</u>	-	<u>(28,542,039)</u>
Total capital assets, being depreciated, net	<u>33,216,017</u>	<u>(1,137,870)</u>	<u>(212)</u>	<u>32,077,935</u>
Governmental activities capital assets, net	<u>\$74,713,531</u>	<u>(\$634,609)</u>	<u>(\$313,830)</u>	<u>\$73,765,092</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; \$2,390,391 for the Streetscape projects; \$430,701 for the Martin Luther King Extension; \$617,054 for the Tech Research Park Line & Grade and Homer Street Reconstruction project; \$1,697 for the Colorado Avenue Improvements project; \$949,281 for the LCDBG Sewer Rehabilitation project; \$185,961 for the McAllister St. Improvements project; \$13,868 for the Dispatch Transfer project; \$146,475 for the East Kentucky project; \$27,690 for the Central Fire Station Improvements and Concrete project; \$205,749 for the JC Love Complex project; and \$25,153 for the McLane Recreation Center project.

	Balance September 30, 2013	Additions	Retirements	Balance September 30, 2014
Business-type activities:				
Electric System				
Capital assets, not being depreciated:				
Land	\$622,501	\$5,000	-	\$627,501
Construction in progress	<u>9,748,894</u>	<u>218,225</u>	<u>(\$1,249,293)</u>	<u>8,717,826</u>
Total capital assets, not being depreciated	<u>10,371,395</u>	<u>223,225</u>	<u>(1,249,293)</u>	<u>9,345,327</u>
Capital assets, being depreciated:				
Buildings	4,603,562	731,004	-	5,334,566
System Improvement	32,460,474	783,536	-	33,244,010
Equipment	<u>21,114,569</u>	<u>24,084</u>	-	<u>21,138,653</u>
Total capital assets being depreciated	<u>58,178,605</u>	<u>1,538,624</u>	-	<u>59,717,229</u>
Less accumulated depreciation for:				
Buildings	(2,080,379)	(114,515)	-	(2,194,894)
System Improvement	(20,576,238)	(1,014,243)	-	(21,590,481)
Equipment	<u>(19,564,179)</u>	<u>(255,439)</u>	-	<u>(19,819,618)</u>
Total accumulated depreciation	<u>(42,220,796)</u>	<u>(1,384,197)</u>	-	<u>(43,604,993)</u>
Total capital assets, being depreciated, net	<u>15,957,809</u>	<u>154,427</u>	-	<u>16,112,236</u>
Electric System capital assets, net	<u>\$26,329,204</u>	<u>\$377,652</u>	<u>(\$1,249,293)</u>	<u>\$25,457,563</u>

Construction in progress for the electric system consisted of \$7,936,273 for the Smart Grid Initiative project and \$781,553 for the Customer Service office and City Court Renovations projects.

CITY OF RUSTON, LOUISIANA
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For the Year Ended September 30, 2014

	Balance September 30, 2013	Additions	Retirements	Balance September 30, 2014
Telecommunications System				
Capital assets, not being depreciated:				
Construction in progress	<u>\$1,155,996</u>	<u>\$442,419</u>	<u> -</u>	<u>\$1,598,415</u>
Capital assets, being depreciated:				
Equipment	<u> -</u>	<u> 9,806</u>	<u> -</u>	<u> 9,806</u>
Total capital assets being depreciated	<u> -</u>	<u> 9,806</u>	<u> -</u>	<u> 9,806</u>
Less accumulated depreciation for:				
Equipment	<u> -</u>	<u> (327)</u>	<u> -</u>	<u> (327)</u>
Total accumulated depreciation	<u> -</u>	<u> (327)</u>	<u> -</u>	<u> (327)</u>
Total capital assets, being depreciated, net	<u> -</u>	<u> 9,479</u>	<u> -</u>	<u> 9,479</u>
Telecommunications System capital assets, net	<u>\$1,155,996</u>	<u>\$451,898</u>	<u> -</u>	<u>\$1,607,894</u>

Construction in progress for the telecommunications system consisted of \$1,598,415 for the infrastructure.

	Balance September 30, 2013	Additions	Retirements	Balance September 30, 2014
Water System				
Capital assets, not being depreciated:				
Land	\$75,070	-	-	\$75,070
Construction in progress	<u>48,547</u>	<u> -</u>	<u> -</u>	<u>48,547</u>
Total capital assets, not being depreciated	<u>123,617</u>	<u> -</u>	<u> -</u>	<u>123,617</u>
Capital assets, being depreciated:				
Buildings	139,934	-	-	139,934
System Improvement	15,691,102	-	-	15,691,102
Equipment	<u>774,920</u>	<u>\$32,911</u>	<u>(\$2,527)</u>	<u>805,304</u>
Total capital assets being depreciated	<u>16,605,956</u>	<u>32,911</u>	<u>(2,527)</u>	<u>16,636,340</u>
Less accumulated depreciation for:				
Buildings	(121,246)	(5,134)	-	(126,380)
System Improvement	(8,167,425)	(459,941)	-	(8,627,366)
Equipment	<u>(778,454)</u>	<u>(46,977)</u>	<u> -</u>	<u>(825,431)</u>
Total accumulated depreciation	<u>(9,067,125)</u>	<u>(512,052)</u>	<u> -</u>	<u>(9,579,177)</u>
Total capital assets, being depreciated, net	<u>7,538,831</u>	<u>(479,141)</u>	<u>(2,527)</u>	<u>7,057,163</u>
Water System capital assets, net	<u>\$7,662,448</u>	<u>(\$479,141)</u>	<u>(\$2,527)</u>	<u>\$7,180,780</u>

Construction in progress for the water system consisted of \$48,547 for the Master Plan for development of water distribution system.

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For the Year Ended September 30, 2014

	Balance September 30, <u>2013</u>	<u>Additions</u>	<u>Retirements</u>	Balance September 30, <u>2014</u>
Sewer System				
Capital assets, not being depreciated:				
Land	\$218,801	-	-	\$218,801
Construction in progress	<u>48,134</u>	<u>\$327,225</u>	<u>(\$338,049)</u>	<u>37,310</u>
Total capital assets, not being depreciated	<u>266,935</u>	<u>327,225</u>	<u>(338,049)</u>	<u>256,111</u>
Capital assets, being depreciated:				
Buildings	151,353	-	-	151,353
System Improvement	19,590,988	-	-	19,590,988
Equipment	<u>26,456,457</u>	<u>1,309,024</u>	<u>(2,527)</u>	<u>27,762,954</u>
Total capital assets being depreciated	<u>46,198,798</u>	<u>1,309,024</u>	<u>(2,527)</u>	<u>47,505,295</u>
Less accumulated depreciation for:				
Buildings	(71,355)	(4,487)	-	(75,842)
System Improvement	(12,744,115)	(515,912)	-	(13,260,027)
Equipment	<u>(5,105,910)</u>	<u>(1,194,574)</u>	-	<u>(6,300,484)</u>
Total accumulated depreciation	<u>(17,921,380)</u>	<u>(1,714,973)</u>	-	<u>(19,636,353)</u>
Total capital assets, being depreciated, net	<u>28,277,418</u>	<u>(405,949)</u>	<u>(2,527)</u>	<u>27,868,942</u>
Sewer System capital assets, net	<u>\$28,544,353</u>	<u>(\$78,724)</u>	<u>(\$340,576)</u>	<u>\$28,125,053</u>

Construction in progress consisted of \$37,310 for the LCDBG Sewer Improvement project.

	Balance September 30, <u>2013</u>	<u>Additions</u>	<u>Retirements</u>	Balance September 30, <u>2014</u>
Airport Authority				
Capital assets, not being depreciated:				
Land	\$349,851	-	-	\$349,851
Construction in progress	<u>994,014</u>	<u>\$794,281</u>	<u>(\$1,660,028)</u>	<u>128,267</u>
Total capital assets, not being depreciated	<u>1,343,865</u>	<u>794,281</u>	<u>(1,660,028)</u>	<u>478,118</u>
Capital assets, being depreciated:				
Buildings	1,056,681	23,778	-	1,080,459
Runways, aprons, and taxiways	7,051,112	1,636,250	-	8,687,362
Equipment	<u>231,239</u>	-	-	<u>231,239</u>
Total capital assets being depreciated	<u>8,339,032</u>	<u>1,660,028</u>	-	<u>9,999,060</u>
Less accumulated depreciation for:				
Buildings	(175,128)	(23,128)	-	(198,256)
Runways, aprons, and taxiways	(4,660,950)	(315,922)	-	(4,976,872)
Equipment	<u>(227,395)</u>	<u>(33,888)</u>	-	<u>(261,283)</u>
Total accumulated depreciation	<u>(5,063,473)</u>	<u>(372,938)</u>	-	<u>(5,436,411)</u>
Total capital assets, being depreciated, net	<u>3,275,559</u>	<u>1,287,090</u>	-	<u>4,562,649</u>
Airport Authority capital assets, net	<u>\$4,619,424</u>	<u>\$2,081,371</u>	<u>(\$1,660,028)</u>	<u>\$5,040,767</u>

Construction in progress consisted of \$128,267 for the Runway 36 Obstruction Removal project.

CITY OF RUSTON, LOUISIANA
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For the Year Ended September 30, 2014

	Balance September 30, <u>2013</u>	<u>Additions</u>	<u>Retirements</u>	Balance September 30, <u>2014</u>
Ambulance Fund				
Capital assets, being depreciated:				
Equipment	\$1,199,862	\$30,929	-	\$1,230,791
Less accumulated depreciation for equipment	<u>(553,518)</u>	<u>(159,238)</u>	-	<u>(712,756)</u>
Total capital assets, being depreciated, net	<u>\$646,344</u>	<u>(\$128,309)</u>	-	<u>\$518,035</u>
	Balance September 30, <u>2013</u>	<u>Additions</u>	<u>Retirements</u>	Balance September 30, <u>2014</u>
Business-type activities capital assets				
Capital assets, not being depreciated:				
Land	\$1,266,223	\$5,000	-	\$1,271,223
Construction in progress	<u>11,995,586</u>	<u>1,782,150</u>	<u>(3,247,370)</u>	<u>10,530,366</u>
Total capital assets, not being depreciated	<u>13,261,809</u>	<u>1,787,150</u>	<u>(3,247,370)</u>	<u>11,801,589</u>
Capital assets, being depreciated:				
Buildings	5,951,530	754,782	-	6,706,312
System Improvement	67,742,564	783,536	-	68,526,100
Runways, aprons, and taxiways	7,051,112	1,636,250	-	8,687,362
Equipment	<u>49,777,046</u>	<u>1,405,754</u>	<u>(5,054)</u>	<u>51,178,746</u>
Total capital assets being depreciated	<u>130,522,252</u>	<u>4,581,322</u>	<u>(98,528)</u>	<u>135,098,520</u>
Less accumulated depreciation for:				
Buildings	(2,448,108)	(147,264)	-	(2,595,372)
System Improvement	(41,487,778)	(1,990,096)	-	(43,477,874)
Runways, aprons, and taxiways	(4,660,950)	(315,922)	-	(4,976,872)
Equipment	<u>(26,229,456)</u>	<u>(1,690,443)</u>	-	<u>(27,919,899)</u>
Total accumulated depreciation	<u>(74,826,292)</u>	<u>(4,143,725)</u>	-	<u>(78,970,017)</u>
Total capital assets, being depreciated, net	<u>55,695,960</u>	<u>437,597</u>	-	<u>56,128,503</u>
Business-type activities capital assets, net	<u>\$68,957,769</u>	<u>\$2,224,747</u>	<u>(\$3,252,424)</u>	<u>\$67,930,092</u>

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

Governmental activities:	
General government	\$272,076
Public safety	356,196
Public works, including depreciation of general infrastructure assets	1,199,460
Recreation	104,687
Total depreciation expense-governmental activities	<u>\$1,932,419</u>

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For the Year Ended September 30, 2014

Business-type activities:	
Electric System	\$1,384,197
Telecommunications System	327
Water System	512,052
Sewer System	1,714,973
Airport Authority	372,938
Ambulance	<u>159,238</u>
Total depreciation expense-business-type activities	<u>\$4,143,725</u>

6. LONG-TERM LIABILITIES

Long-term liability activity for the year ended September 30, 2014, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental activities:					
Revenue bonds payable	\$6,665,000	-	(\$630,000)	\$6,035,000	\$660,000
Compensated absences	<u>2,013,517</u>	<u>\$929,305</u>	<u>(994,730)</u>	<u>1,948,092</u>	<u>200,000</u>
Governmental activities Total long-term liabilities	<u>\$8,678,517</u>	<u>\$929,305</u>	<u>(\$1,624,730)</u>	<u>\$7,983,092</u>	<u>\$860,000</u>
Business-type activities:					
Electric System:					
Compensated absences	<u>\$312,092</u>	<u>\$90,937</u>	<u>(\$82,965)</u>	<u>\$320,064</u>	<u>\$33,000</u>
Telecommunications System:					
Compensated absences	<u>\$3,484</u>	<u>\$69</u>	<u>(\$3,466)</u>	<u>\$87</u>	<u>-</u>
Water System:					
DHH Revolving Loan fund	\$1,916,631	\$69,657	(\$99,900)	\$1,886,388	\$102,000
Compensated absences	<u>45,427</u>	<u>13,333</u>	<u>(9,308)</u>	<u>49,452</u>	<u>5,000</u>
Water System long-term liabilities	<u>\$1,962,058</u>	<u>\$82,990</u>	<u>(\$109,208)</u>	<u>\$1,935,840</u>	<u>\$107,000</u>
Sewer System:					
Revenue bonds	\$90,000	-	(\$90,000)	-	-
Refunding sewer bonds	13,950,000	-	(\$825,000)	\$13,125,000	\$950,000
Compensated absences	<u>31,007</u>	<u>\$48,559</u>	<u>(29,322)</u>	<u>50,244</u>	<u>5,000</u>
Sewer System long-term liabilities	<u>\$14,071,007</u>	<u>\$48,559</u>	<u>(\$944,322)</u>	<u>\$13,175,244</u>	<u>\$955,000</u>
Ambulance Fund:					
Compensated absences	<u>\$67,375</u>	<u>\$18,149</u>	<u>(\$19,206)</u>	<u>\$66,318</u>	<u>\$6,500</u>

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	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Business-type activities long-term liabilities:					
Revenue bonds	\$90,000	-	(\$90,000)	-	-
DHH Revolving Loan fund	1,916,631	\$69,657	(99,900)	\$1,886,388	\$102,000
Refunding sewer bonds	13,950,000	-	(825,000)	13,125,000	950,000
Compensated absences	<u>459,385</u>	<u>171,047</u>	<u>(144,267)</u>	<u>486,165</u>	<u>49,500</u>
Business-type activities long-term liabilities	<u>\$16,416,016</u>	<u>\$240,704</u>	<u>(\$1,159,167)</u>	<u>\$15,497,553</u>	<u>\$1,101,500</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, 2014, were comprised of the following issues:

Governmental Activities:	Outstanding at September 30, 2014
<u>Tax Increment Revenue Bonds</u>	
\$10,000,000 – 2008 Sales Tax Increment Revenue Bonds dated March 14, 2008, interest at 4.23% payable in annual installments of \$660,000 to \$860,000 through September 1, 2022.	<u>\$6,035,000</u>
Total Tax Increment Revenue Bonds	<u>\$6,035,000</u>
<u>Business-type Activities:</u>	
<u>DHH Revolving Loan</u>	
\$2,334,000 2009 Water Revenue Bonds dated October 29, 2009, due in annual installments of \$102,000 to \$145,000 through October 1, 2030, interest at 3.45%.	<u>\$1,886,388</u>
Total DHH Revolving Loan	<u>\$1,886,388</u>
<u>Refunding Bonds</u>	
\$14,870,000 2012 Refunding Sewer Bonds dated July 24, 2012, due in annual installments of \$950,000 to \$1,250,000 through October 1, 2026, interest at 2.75%.	<u>\$13,125,000</u>
Total Refunding Bonds	<u>\$13,125,000</u>

The annual requirements to amortize all debt outstanding as of September 30, 2014, including interest requirements were as follows:

CITY OF RUSTON, LOUISIANA
Notes to Financial Statements
For the Year Ended September 30, 2014

Year ending September 30:	Governmental Activities		Business-Type Activities		Total
	Principal	Interest	Principal	Interest	
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	740,000	168,566	1,129,000	322,575	2,360,141
2019	765,000	137,264	1,162,000	295,867	2,360,131
2020-2024	2,480,000	212,558	6,259,000	1,013,357	9,964,915
2025-2030	-	-	3,290,000	185,619	3,475,619
	<u>\$6,035,000</u>	<u>\$1,199,628</u>	<u>\$15,078,000</u>	<u>\$2,930,889</u>	<u>\$25,243,517</u>

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

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

The amount of long-term debt that can be incurred by the City is limited by state statute. State law allows a maximum of 10% of the assessed valuation of bonded debt for any one purpose or 35% of the total assessed value for all purposes. The City assessed property value at December 31, 2014, was \$171,115,306. The maximum debt allowable for any one purpose and total debt allowable by state law as of December 31, 2014, is \$17,111,531 and \$59,890,357, 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.

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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 (225) 925-4810.

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, 2014, and for the 3 months ended September 30, 2014, 18.75% and 19.75%, 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, 2014, 2013, and 2012 were \$1,100,527, \$1,050,419, and \$1,025,199, 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, 3100 Brentwood Drive, Baton Rouge, Louisiana 70809 or by calling (225) 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, 2014, and for the 3 months ended September 30, 2014, 28.25% and 29.25%, 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, 2014, 2013, and 2012 were \$580,935, \$512,263, and \$478,639, 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

CITY OF RUSTON, LOUISIANA
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police officer, empowered to make arrests, employed by any municipality of the State and engaged in law enforcement, earning at least \$375 per month excluding state supplemental pay, or an elected Chief of Police whose salary is at least \$100 per month, and any employee of this system may participate in the MPERS. Benefits are established by State statutes. The MPERS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing the Board of Trustees of the Municipal Police Employees' Retirement System, 7722 Office Park Blvd., Suite 200, Baton Rouge, Louisiana 70809 or by calling 1-800-443-4248.

Funding Policy - 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, 2014, and for the 3 months ended September 30, 2014, 31% and 31.50%, 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, 2014, 2013, and 2012 were \$630,189, \$650,424, and \$616,672, 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, 2014, were as follows:

DUE FROM OTHER FUNDS	General Fund	DUE TO OTHER FUNDS							Internal Service	Total
		1968 Sales Tax	1985 Sales Tax	Electric System	Water System	Sewer System	Nonmajor Govern- mental Funds	Nonmajor Enterprise Funds		
General Fund	-	-	-	\$1,084,366	\$3,432	\$10,699	\$224	\$419,800	\$101,261	\$1,619,782
I-20 Fund	\$32,285	-	-	-	-	-	-	-	-	32,285
1968 Sales Tax	-	-	\$189,698	-	-	-	-	-	-	189,698
1990 Sales Tax	-	\$321,691	-	-	-	-	-	-	-	321,691
Electric System	265,914	-	-	-	-	-	4	1,817,858	-	2,083,776
Water System	6,490	-	-	1,440,693	-	-	-	3,920	-	1,451,102
Sewer System	-	-	-	1,503,722	42,415	-	-	-	-	1,546,137
Nonmajor Governmental	88,689	-	-	-	-	-	-	-	-	88,688
Nonmajor Enterprise	1,621	-	-	-	-	-	-	-	-	1,621
Internal Service	19,368	-	-	-	-	-	-	-	-	19,368
Total	<u>\$414,367</u>	<u>\$321,691</u>	<u>\$189,698</u>	<u>\$4,028,781</u>	<u>\$45,847</u>	<u>\$10,699</u>	<u>\$228</u>	<u>\$2,241,578</u>	<u>\$101,261</u>	<u>\$7,354,148</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.

CITY OF RUSTON, LOUISIANA
Notes to Financial Statements
For the Year Ended September 30, 2014

b. INTERFUND TRANSFERS

Transfers for the year ended September 30, 2014, were as follows:

<u>TRANSFERS OUT</u>	<u>TRANSFERS IN</u>				<u>Total</u>
	<u>General Fund</u>	<u>Sewer System</u>	<u>Airport Authority</u>	<u>Nonmajor Governmental Funds</u>	
General Fund	-	-	-	\$67,736	\$67,736
1968 Sales Tax	\$2,477,000	-	-	-	2,477,000
1985 Sales Tax	3,716,000	-	-	270,182	3,986,182
1990 Sales Tax	2,482,000	-	-	-	2,482,000
I-20 Fund	-	\$1,187,125	-	-	1,187,125
Electric System	2,153,417	-	\$9,902	81,405	2,244,724
Water System	513,860	-	959	8,245	523,064
Sewer System	507,114	-	-	32,581	539,695
Total transfers	<u>\$11,849,391</u>	<u>\$1,187,125</u>	<u>\$10,861</u>	<u>\$460,149</u>	<u>\$13,507,526</u>

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

c. EXCESS OF EXPENDITURES OVER BUDGET

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

<u>Fund</u>	<u>Budget</u>	<u>Actual on a budgetary basis</u>	<u>Negative variance</u>
General Fund - General Government:			
Marshal	215,353	216,591	(1,238)
Public Safety:			
Probation	93,023	99,998	(6,975)

The unfavorable variance in Marshall is due to an increase in the retirement contribution rate. The unfavorable variance in Probation is due to an increase in fuel costs and an increase in the retirement contribution rate.

CITY OF RUSTON, LOUISIANA
Notes to Financial Statements
For the Year Ended September 30, 2014

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

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

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

Fund Policy – Until 2008, the City of Ruston recognized the cost of providing post-employment medical and life insurance benefits (the City of Ruston's portion of the retiree medical and life insurance benefit premiums) as an expense when the benefit premiums were due and thus financed the cost of the post-employment benefits on a pay-as-you-go basis. In 2014 and 2013, the City of Ruston's portion of health care and life insurance funding cost for retired employees totaled \$300,647 and \$278,377, respectively.

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

CITY OF RUSTON, LOUISIANA
Notes to Financial Statements
For the Year Ended September 30, 2014

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

	<u>2014</u>	<u>2013</u>
Normal cost	\$381,402	\$366,733
30-year UAL amortization amount	<u>773,979</u>	<u>744,211</u>
Annual required contribution (ARC)	<u>\$1,155,382</u>	<u>\$1,110,944</u>

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

	<u>2014</u>	<u>2013</u>
Beginning Net OPEB Obligation	<u>\$3,882,302</u>	<u>\$3,105,099</u>
Annual required contribution	1,155,382	1,110,944
Interest on Net OPEB Obligation	155,292	124,204
ARC Adjustment	<u>(224,514)</u>	<u>(179,568)</u>
OPEB Cost	1,086,160	1,055,580
Contribution to Irrevocable Trust	-	-
Current year retiree premium	<u>(300,647)</u>	<u>(278,377)</u>
Change in Net OPEB Obligation	<u>785,513</u>	<u>777,203</u>
Ending Net OPEB Obligation	<u>\$4,667,815</u>	<u>\$3,882,302</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, 2014	\$1,086,160	27.68%	\$4,667,815
September 30, 2013	\$1,055,580	26.37%	\$3,882,302

Funded Status and Funding Progress – In 2014 and 2013, 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, 2012 actuarial valuation, the most recent valuation, the Actuarial Accrued Liability (AAL) at the end of the year September 30, 2014, was \$13,919,000 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.

CITY OF RUSTON, LOUISIANA
Notes to Financial Statements
For the Year Ended September 30, 2014

	<u>2014</u>	<u>2013</u>
Actuarial Accrued Liability (AAL)	\$13,919,000	\$13,383,654
Actuarial Value of Plan Assets (AVP)	-	-
Unfunded Act. Accrued Liability (UAAL)	\$13,919,000	\$13,383,654
Funded Ratio (AVP/AAL)	0.00%	0.00%
Covered Payroll (active plan members)	\$10,529,588	\$10,712,853
UAAL as a percentage of covered payroll	132.19%	124.93%

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

The actuarial calculations are based on the types of benefits provided under the terms of the substantive plan (the plan as understood by the City of Ruston and its employee plan members) at the time of the valuation and on the pattern of sharing costs between the City of Ruston and its plan members to that point. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations on the pattern of cost sharing between the City of Ruston and plan members in the future. Consistent with the long-term perspective of actuarial calculations, the actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial liabilities and the actuarial value of assets.

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

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

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

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

Investment Return Assumption (Discount Rate) – GASB Codification Section P50 states that the investment return assumption should be the estimated long-term investment yield on the investments that are expected to be used to finance the payment of benefits (that is, for a plan

CITY OF RUSTON, LOUISIANA
Notes to Financial Statements
For the Year Ended September 30, 2014

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 a graded schedule beginning with 8% annually, down to an ultimate annual rate of 5.0% for ten years out 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 rates and 50% of the unloaded female mortality rates, is used. This is a recently published mortality table which has been used in determining the value of accrued benefits in defined benefit pension plans. Projected future mortality improvement has not been used since it is our opinion that this table contains sufficiently conservative margin for the population involved in this valuation.

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

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.

	<u>OPEB Costs and Contributions</u>		
	<u>FY 2012</u>	<u>FY 2013</u>	<u>FY 2014</u>
OPEB Cost	<u>\$1,032,285</u>	<u>\$1,055,580</u>	<u>\$1,086,160</u>
Contribution	-	-	-
Retiree premium	<u>261,883</u>	<u>278,377</u>	<u>300,647</u>
Total contribution and premium	<u>261,883</u>	<u>278,377</u>	<u>300,647</u>
Change in net OPEB obligation	<u>\$770,402</u>	<u>\$777,203</u>	<u>\$785,513</u>
% of contribution to cost	0.00%	0.00%	0.00%
% of contribution plus premium to cost	25.37%	26.37%	27.68%

CITY OF RUSTON, LOUISIANA
Notes to Financial Statements
For the Year Ended September 30, 2014

12. COMMITMENTS AND CONTINGENCIES

Construction projects

There are certain construction projects in progress at September 30, 2014. 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 \$2,390,391 for the Streetscape projects; \$430,701 for the Martin Luther King Extension; \$617,054 for the Tech Research Park Line & Grade and Homer Street Reconstruction project; \$1,697 for the Colorado Avenue Improvements project; \$949,281 for the LCDBG Sewer Rehabilitation project; \$185,961 for the McAllister St. Improvements project; \$13,868 for the Dispatch Transfer project; \$146,475 for the East Kentucky project; \$27,690 for the Central Fire Station Improvements and Concrete project; \$205,749 for the JC Love Complex project; \$25,153 for the McLane Recreation Center project; \$7,936,273 for the Smart Grid Initiative project; \$781,553 for the Customer Service office and City Court Renovations projects; \$1,598,415 for the infrastructure of the telecommunications project; \$48,547 for the Master Plan for development of water distribution system; \$37,310 for the LCDBG Sewer Improvement project; and \$128,267 for the Runway 36 Obstruction Removal 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 \$52 million in City property, subject to a \$100,000 per occurrence retention for property claims. The property insurance is with Diamond State Insurance Company.

Worker's Compensation

The City established a limited risk management program for worker's compensation in 1988. Premiums are paid into the Workmen's Compensation Self-Insurance Fund by other funds and are available to pay claims, claim reserves, and administrative costs of the program. An excess coverage insurance policy covers individual claims in excess of \$175,000. Reported and an estimate of incurred, but not reported claims of \$273,337 have been accrued as a liability based upon the service company's loss reserve report. Interfund premiums are based upon the approximate premium. Payments to the worker's compensation fund are accounted for as an expenditure/expense of the paying fund. The Workmen's Compensation Self-Insurance Fund has a net position of \$34,233 at September 30, 2014. There was no increase in insurance coverage from the prior year. No claims exceeded the City's insurance coverage for each of the past seven fiscal years.

CITY OF RUSTON, LOUISIANA
Notes to Financial Statements
For the Year Ended September 30, 2014

General Self-Insurance

The City established a limited risk management program for employee medical coverage in 1988. Amounts paid into the General Self-Insurance Fund stem from employee contributions, payments by retired employees, and payments by other funds, and are available to pay claims, claim reserves and administrative costs of the program. During the year ended September 30, 2014, a total of \$3,698,594 was paid in benefits and administrative costs. The insurance fund has a net position of \$692,450 at September 30, 2014. An excess coverage co-insurance policy covers individual claims in excess of \$70,000 per calendar year. Incurred but not reported claims of \$225,000 have been accrued as a liability based upon information provided by the claims administrators. Interfund payments are based on total operating expenses minus employee contributions and payments by retired employees. Payments to the Health Insurance Fund are accounted for as an expenditure/expense of the paying fund. There were no reductions in insurance coverage from the prior year. No claims exceeded the City's insurance coverage for each of the past four fiscal years.

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

	Accrued claims <u>October 1</u>	Claims <u>incurred</u>	Claims <u>paid</u>	Accrued claims <u>September 30</u>
Worker's Compensation:				
2013	\$311,232	\$338,018	\$258,872	\$390,378
2014	390,378	133,756	250,797	273,337
Health Insurance:				
2013	200,754	2,682,635	2,665,889	217,500
2014	217,500	3,202,290	3,194,790	225,000

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.

CITY OF RUSTON, LOUISIANA
Notes to Financial Statements
For the Year Ended September 30, 2014

13. SUBSEQUENT EVENTS

Subsequent events have been evaluated through March 28, 2014, which is the day the financial statements were available to be issued, and it has been determined that no significant events have occurred for disclosure.

Required Supplementary Information

CITY OF RUSTON, LOUISIANA
 General Fund
 Schedule of Revenues, Expenditures, and Changes in Fund Balance -
 Budget and Actual on a Budgetary Basis
 For the Year Ended September 30, 2014
 (unaudited)

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Taxes	\$995,000	\$995,000	\$998,309	\$3,309
Licenses and permits	920,000	920,000	986,506	66,506
Intergovernmental	1,615,527	1,745,527	1,989,380	243,853
Charges for services	1,377,000	1,377,000	1,310,998	(66,002)
Fines and forfeitures	332,550	332,550	302,981	(29,569)
Investment earnings	15,000	15,000	2,643	(12,357)
Miscellaneous	105,600	105,600	88,160	(17,440)
Total revenues	<u>5,360,677</u>	<u>5,490,677</u>	<u>5,678,977</u>	<u>188,300</u>
EXPENDITURES				
General government:				
Executive:				
Regular salaries	498,888	498,888	486,903	11,985
Overtime salaries	1,000	1,000	165	835
Other employee benefits	190,926	196,926	189,051	7,875
Total salaries, wages, and employee benefits	<u>690,814</u>	<u>696,814</u>	<u>676,119</u>	<u>20,695</u>
Operating services	786,254	873,094	770,305	102,789
Materials and supplies	73,126	73,126	63,289	9,837
Travel and other	12,000	12,000	8,275	3,725
Improvements and equipment	8,300	8,300	7,711	589
Total executive	<u>1,570,494</u>	<u>1,663,334</u>	<u>1,525,699</u>	<u>137,635</u>
Information technology:				
Regular salaries	105,868	105,868	52,406	53,462
Overtime salaries	10,000	10,000	2,092	7,908
Other employee benefits	43,429	43,429	21,390	22,039
Total salaries, wages, and employee benefits	<u>159,297</u>	<u>159,297</u>	<u>75,888</u>	<u>83,409</u>
Operating services	330,400	382,565	293,445	89,120
Materials and supplies	41,000	41,000	22,355	18,645
Travel and other	25,000	25,000	6,591	18,409
Improvements and equipment	250,000	300,000	19,529	280,471
Total information technology	<u>805,697</u>	<u>907,862</u>	<u>417,808</u>	<u>490,054</u>
Economic development:				
Regular salaries	72,835	72,835	72,438	397
Other employee benefits	19,312	19,312	19,484	(172)
Total salaries, wages, and employee benefits	<u>92,147</u>	<u>92,147</u>	<u>91,922</u>	<u>225</u>
Operating services	108,934	108,934	61,198	47,736
Materials and supplies	5,000	5,000	3,954	1,046
Travel and other	8,000	8,000	2,128	5,872
Total economic development	<u>214,081</u>	<u>214,081</u>	<u>159,202</u>	<u>54,879</u>
City Court	283,998	283,998	260,021	23,977
Marshal	215,353	215,353	216,591	(1,238)
Civic center/city hall:				
Regular salaries	59,236	59,236	55,970	3,266
Overtime salaries	20,000	25,000	18,756	6,244
Other employee benefits	14,227	14,227	15,899	(1,672)
Total salaries, wages, and employee benefits	<u>93,463</u>	<u>98,463</u>	<u>90,625</u>	<u>7,838</u>
Operating services	182,176	196,644	160,345	36,299
Materials and supplies	26,800	29,800	18,125	11,675
Total civic center/city hall	<u>302,439</u>	<u>324,907</u>	<u>269,095</u>	<u>55,812</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, 2014
 (unaudited)

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget Positive (Negative)
	Original	Final		
Planning & zoning:				
Regular salaries	152,247	155,247	154,854	393
Overtime salaries	2,000	4,000	3,181	819
Other employee benefits	59,140	59,140	58,685	455
Total salaries, wages, and employee benefits	<u>213,387</u>	<u>218,387</u>	<u>216,720</u>	<u>1,667</u>
Operating services	98,289	125,900	61,590	64,310
Materials and supplies	12,100	12,116	8,813	3,303
Travel and other	6,000	6,000	3,647	2,353
Total planning & zoning	<u>329,776</u>	<u>362,403</u>	<u>290,770</u>	<u>71,633</u>
Inspections:				
Regular salaries	204,247	204,247	199,148	5,099
Overtime salaries	2,000	4,000	3,198	802
Other employee benefits	69,727	69,727	67,005	2,722
Total salaries, wages, and employee benefits	<u>275,974</u>	<u>277,974</u>	<u>269,351</u>	<u>8,623</u>
Operating services	69,346	79,346	37,099	42,247
Materials and supplies	15,100	15,150	8,888	6,262
Travel and other	10,000	8,000	2,772	5,228
Total inspections	<u>370,420</u>	<u>380,470</u>	<u>318,110</u>	<u>62,360</u>
Total general government	<u>4,092,258</u>	<u>4,352,408</u>	<u>3,457,296</u>	<u>895,112</u>
Public safety:				
Police:				
Regular salaries	1,956,462	1,956,462	1,937,543	18,919
Overtime salaries	200,000	235,000	226,322	8,678
Other employee benefits	1,147,629	1,147,629	1,074,684	72,945
Total salaries, wages, and employee benefits	<u>3,304,091</u>	<u>3,339,091</u>	<u>3,238,549</u>	<u>100,542</u>
Operating services	450,138	658,545	607,529	51,016
Materials and supplies	332,000	314,129	206,868	107,261
Travel and other	99,000	121,236	102,499	18,737
Improvements and equipment	140,000	131,000	125,658	5,342
Total police	<u>4,325,229</u>	<u>4,564,001</u>	<u>4,281,103</u>	<u>282,898</u>
Fire:				
Regular salaries	1,782,639	1,817,639	1,811,035	6,604
Overtime salaries	95,000	95,000	72,465	22,535
Other employee benefits	1,110,763	1,075,763	1,045,200	30,563
Total salaries, wages, and employee benefits	<u>2,988,402</u>	<u>2,988,402</u>	<u>2,928,700</u>	<u>59,702</u>
Operating services	252,389	266,194	221,154	45,040
Materials and supplies	217,325	276,794	193,402	83,392
Travel and other	52,000	52,000	15,306	36,694
Improvements and equipment	137,300	515,634	396,186	119,448
Total fire	<u>3,647,416</u>	<u>4,099,024</u>	<u>3,754,748</u>	<u>344,276</u>
Street lighting:				
Operating services	255,000	273,594	234,838	38,756
Total street lighting	<u>255,000</u>	<u>273,594</u>	<u>234,838</u>	<u>38,756</u>
Probation	93,023	93,023	99,998	(6,975)
Total public safety	<u>8,320,668</u>	<u>9,029,642</u>	<u>8,370,687</u>	<u>658,955</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, 2014
 (unaudited)

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget Positive (Negative)
	Original	Final		
Public works:				
Administration:				
Regular salaries	299,910	344,910	339,638	5,272
Overtime salaries	500	500	-	500
Other employee benefits	84,536	85,536	66,165	19,371
Total salaries, wages, and employee benefits	<u>384,946</u>	<u>430,946</u>	<u>405,803</u>	<u>25,143</u>
Operating services	134,576	137,101	101,186	35,915
Materials and supplies	27,300	27,300	21,453	5,847
Travel and other	16,500	16,500	6,329	10,171
Total administration	<u>563,322</u>	<u>611,847</u>	<u>534,771</u>	<u>77,076</u>
Streets:				
Regular salaries	708,997	703,997	639,806	64,191
Overtime salaries	35,000	40,000	37,729	2,271
Other employee benefits	370,566	370,566	355,321	15,245
Total salaries, wages, and employee benefits	<u>1,114,563</u>	<u>1,114,563</u>	<u>1,032,856</u>	<u>81,707</u>
Operating services	1,000,254	1,141,126	665,116	476,010
Materials and supplies	247,000	251,750	199,800	51,950
Travel and other	2,500	2,500	1,263	1,237
Improvements and equipment	520,000	2,398,757	1,557,623	841,134
Total streets	<u>2,884,317</u>	<u>4,908,696</u>	<u>3,456,658</u>	<u>1,452,038</u>
Solid waste:				
Regular salaries	570,244	570,244	552,508	17,736
Overtime salaries	38,000	53,000	45,993	7,007
Other employee benefits	280,917	280,917	261,575	19,342
Total salaries, wages, and employee benefits	<u>889,161</u>	<u>904,161</u>	<u>860,076</u>	<u>44,085</u>
Operating services	239,398	270,509	266,767	3,742
Materials and supplies	266,500	286,598	277,567	9,031
Travel and other	1,500	1,500	398	1,102
Improvements and equipment	225,000	293,000	-	293,000
Total solid waste	<u>1,621,559</u>	<u>1,755,768</u>	<u>1,404,808</u>	<u>350,960</u>
Repair shop:				
Regular salaries	334,450	334,450	302,149	32,301
Overtime salaries	9,000	9,000	5,927	3,073
Other employee benefits	143,038	143,038	128,758	14,280
Total salaries, wages, and employee benefits	<u>486,488</u>	<u>486,488</u>	<u>436,834</u>	<u>49,654</u>
Operating services	31,833	31,881	28,090	3,791
Materials and supplies	46,000	46,243	34,998	11,245
Travel and other	3,000	3,000	1,780	1,220
Total repair shop	<u>567,321</u>	<u>567,612</u>	<u>501,702</u>	<u>65,910</u>
Animal Control:				
Regular salaries	64,722	68,222	68,115	107
Overtime salaries	15,000	20,000	16,980	3,020
Other employee benefits	33,599	35,099	35,633	(534)
Total salaries, wages, and employee benefits	<u>113,321</u>	<u>123,321</u>	<u>120,728</u>	<u>2,593</u>
Operating services	38,350	38,350	23,945	14,405
Materials and supplies	18,400	23,400	20,410	2,990
Travel and other	4,000	4,000	3,041	959
Improvements and equipment	15,000	-	-	-
Total animal control	<u>189,071</u>	<u>189,071</u>	<u>168,124</u>	<u>20,947</u>
Total public works	<u>5,825,590</u>	<u>8,032,994</u>	<u>6,066,063</u>	<u>1,966,931</u>
Total expenditures	<u>18,238,516</u>	<u>21,415,044</u>	<u>17,894,046</u>	<u>3,520,998</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, 2014
 (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>		
Excess (deficiency) of revenues over (under) expenditures	(12,877,839)	(15,924,367)	(12,215,069)	3,709,298
OTHER FINANCING SOURCES (USES)				
Transfers in	11,584,436	11,584,436	11,849,391	264,955
Transfers out	(67,736)	(67,736)	(67,736)	-
Total other financing sources and uses	<u>11,516,700</u>	<u>11,516,700</u>	<u>11,781,655</u>	<u>264,955</u>
Net change in fund balance	(1,361,139)	(4,407,667)	(433,414)	3,974,253
Fund balances - beginning	<u>3,860,326</u>	<u>4,442,411</u>	<u>4,442,411</u>	<u>-</u>
Fund balances - ending	<u>\$2,499,187</u>	<u>\$34,744</u>	<u>\$4,008,997</u>	<u>\$3,974,253</u>

(Continued)

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, 2014
 (unaudited)

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Taxes	\$2,515,807	\$2,515,807	\$2,611,655	\$95,848
Investment earnings	50	50	51	1
Total revenues	<u>2,515,857</u>	<u>2,515,857</u>	<u>2,611,706</u>	<u>95,849</u>
EXPENDITURES				
General government:				
Collection and administrative	40,500	50,500	32,738	17,762
Total expenditures	<u>40,500</u>	<u>50,500</u>	<u>32,738</u>	<u>17,762</u>
Excess of revenues over expenditures	<u>2,475,357</u>	<u>2,465,357</u>	<u>2,578,968</u>	<u>113,611</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	(2,475,357)	(2,475,357)	(2,477,000)	(1,643)
Total other financing sources and uses	<u>(2,475,357)</u>	<u>(2,475,357)</u>	<u>(2,477,000)</u>	<u>(1,643)</u>
Net change in fund balance	-	(10,000)	101,968	111,968
Fund balances - beginning	<u>171,500</u>	<u>12,995</u>	<u>33,438</u>	<u>20,443</u>
Fund balances - ending	<u>\$171,500</u>	<u>\$2,995</u>	<u>\$135,406</u>	<u>\$132,411</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, 2014
 (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>		
REVENUES				
Taxes	\$3,773,703	\$3,773,703	\$3,917,475	\$143,772
Investment earnings	50	50	66	16
Total revenues	<u>3,773,753</u>	<u>3,773,753</u>	<u>3,917,541</u>	<u>143,788</u>
EXPENDITURES				
General government:				
Collection and administrative	45,200	45,200	18,703	26,497
Total expenditures	<u>45,200</u>	<u>45,200</u>	<u>18,703</u>	<u>26,497</u>
Excess of revenues over expenditures	<u>3,728,553</u>	<u>3,728,553</u>	<u>3,898,838</u>	<u>170,285</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	<u>(3,728,553)</u>	<u>(3,728,553)</u>	<u>(3,986,182)</u>	<u>(257,629)</u>
Total other financing sources and uses	<u>(3,728,553)</u>	<u>(3,728,553)</u>	<u>(3,986,182)</u>	<u>(257,629)</u>
Net change in fund balance	-	-	(87,344)	(87,344)
Fund balances - beginning	<u>257,600</u>	<u>72,575</u>	<u>265,761</u>	<u>193,186</u>
Fund balances - ending	<u>\$257,600</u>	<u>\$72,575</u>	<u>\$178,417</u>	<u>\$105,842</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, 2014
 (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>		
REVENUES				
Taxes	\$2,515,807	\$2,515,807	\$2,611,655	\$95,848
Investment earnings	50	50	30	(20)
Total revenues	<u>2,515,857</u>	<u>2,515,857</u>	<u>2,611,685</u>	<u>95,828</u>
EXPENDITURES				
General government:				
Collection and administrative	30,395	30,395	12,634	17,761
Total expenditures	<u>30,395</u>	<u>30,395</u>	<u>12,634</u>	<u>17,761</u>
Excess of revenues over expenditures	<u>2,485,462</u>	<u>2,485,462</u>	<u>2,599,051</u>	<u>113,589</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	(2,485,462)	(2,485,462)	(2,482,000)	3,462
Total other financing sources and uses	<u>(2,485,462)</u>	<u>(2,485,462)</u>	<u>(2,482,000)</u>	<u>3,462</u>
Net change in fund balance	-	-	117,051	117,051
Fund balances - beginning	<u>171,500</u>	<u>9,537</u>	<u>450,050</u>	<u>440,513</u>
Fund balances - ending	<u>\$171,500</u>	<u>\$9,537</u>	<u>\$567,101</u>	<u>\$557,564</u>

See accompanying independent auditors' report.

CITY OF RUSTON, LOUISIANA
Notes to Budgetary Comparison Schedules
For the Year Ended September 30, 2014
(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 and I-20 funds, but rather these funds are budgeted on a project basis. The capital budget ordinances which encompass the capital projects funds present cumulative as opposed to annual budget amounts and thus budget and actual comparisons are not reported in the accompanying financial statements for these funds. Budgetary control for the debt service funds is achieved through general bond indenture provisions.
- (7) All budgets are adopted on a basis substantially consistent with generally accepted accounting principles (GAAP). Appropriations which are not expended lapse at year end.
- (8) The City is legally required to prepare annual operating budgets for the Electric System, Water System, Sewer System, Telecommunications System, Ruston Airport Authority, Ambulance Fund, Workmen's Compensation, General Insurance, and Purchasing/Warehouse Funds. The City is not, however, required to present an actual-to-budget comparison for the enterprise and internal service funds.

CITY OF RUSTON, LOUISIANA
Notes to Budgetary Comparison Schedules
For the Year Ended September 30, 2014
(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>	Actual on a budgetary <u>basis</u>	Negative <u>variance</u>
General Fund - General Government:			
Marshal	\$215,353	\$216,591	(\$1,238)
Public Safety:			
Probation	93,023	99,998	(6,975)

The unfavorable variance in Marshall is due to an increase in the retirement contribution rate. The unfavorable variance in Probation is due to an increase in fuel costs and an increase in the retirement contribution rate.

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

Debt Service Fund

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

Capital Projects Fund

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

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

CITY OF RUSTON, LOUISIANA
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 SEPTEMBER 30, 2014

	<u>Special Revenue Funds</u>				Debt Service Fund - I-20 TID	Capital Project Fund - Sewer LCDBG Grant	Total Nonmajor Governmental Funds
	Ruston Parks & Recreation Board	D.A.R.T. Grant Program	Section 8 Housing Choice Voucher Program	Total			
ASSETS							
Cash and cash equivalents	\$711,269	-	\$950,319	\$1,661,588	\$921,168	-	\$2,582,756
Investments	-	-	-	-	-	-	-
Accounts receivable, net	177	\$7,980	7,815	15,972	781,740	\$505,176	1,302,888
Due from other funds	79,375	-	9,313	88,688	-	-	88,688
Total assets	<u>\$790,821</u>	<u>\$7,980</u>	<u>\$967,447</u>	<u>\$1,766,248</u>	<u>\$1,702,908</u>	<u>\$505,176</u>	<u>\$3,974,332</u>
LIABILITIES AND FUND BALANCES							
Liabilities:							
Accounts payable	\$15,490	\$7,980	\$7	\$23,477	-	\$505,176	\$528,653
Deposits	1,129	-	-	1,129	-	-	1,129
Due to other funds	4	-	225	229	-	-	229
Accrued salaries	10,188	-	4,337	14,525	-	-	14,525
Total liabilities	<u>26,811</u>	<u>7,980</u>	<u>4,569</u>	<u>39,360</u>	<u>-</u>	<u>505,176</u>	<u>544,536</u>
Fund balances:							
Spendable:							
Restricted	562,387	-	959,767	1,522,154	\$1,702,908	-	3,225,062
Assigned	201,623	-	3,111	204,734	-	-	204,734
Total fund balances	<u>764,010</u>	<u>-</u>	<u>962,878</u>	<u>1,726,888</u>	<u>1,702,908</u>	<u>-</u>	<u>3,429,796</u>
Total liabilities and fund balances	<u>\$790,821</u>	<u>\$7,980</u>	<u>\$967,447</u>	<u>\$1,766,248</u>	<u>\$1,702,908</u>	<u>\$505,176</u>	<u>\$3,974,332</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, 2014

	<u>Special Revenue Funds</u>				Debt Service Fund	Capital Project Fund - Sewer LCDBG Grant	Total Nonmajor Governmental Funds
	Ruston Parks & Recreation Board	D.A.R.T. Grant Program	Section 8 Housing Choice Voucher Program	Total			
REVENUES							
Taxes	\$495,762	-	-	\$495,762	\$2,997,051	-	\$3,492,813
Intergovernmental	-	\$38,412	\$1,352,811	1,391,223	-	\$670,085	2,061,308
Charges for services	62,067	-	-	62,067	-	-	62,067
Investment earnings	119	-	746	865	-	-	865
Miscellaneous	10,982	-	-	10,982	-	-	10,982
Total revenues	<u>568,930</u>	<u>38,412</u>	<u>1,353,557</u>	<u>1,960,899</u>	<u>2,997,051</u>	<u>670,085</u>	<u>5,628,035</u>
EXPENDITURES							
Current:							
General Government	-	38,412	1,406,568	1,444,980	-	-	1,444,980
Recreation	831,340	-	-	831,340	-	-	831,340
Capital outlay	-	-	-	-	-	702,666	702,666
Bond principal	-	-	-	-	630,000	-	630,000
Bond interest	-	-	-	-	281,930	-	281,930
Total expenditures	<u>831,340</u>	<u>38,412</u>	<u>1,406,568</u>	<u>2,276,320</u>	<u>911,930</u>	<u>702,666</u>	<u>3,890,916</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(262,410)</u>	<u>-</u>	<u>(53,011)</u>	<u>(315,421)</u>	<u>2,085,121</u>	<u>(32,581)</u>	<u>1,737,119</u>
OTHER FINANCING SOURCES (USES)							
Transfers in	427,569	-	-	427,569	-	32,581	460,150
Transfers out	-	-	-	-	(2,692,212)	-	(2,692,212)
Total other financing sources and uses	<u>427,569</u>	<u>-</u>	<u>-</u>	<u>427,569</u>	<u>(2,692,212)</u>	<u>32,581</u>	<u>(2,232,062)</u>
Net change in fund balances	165,159	-	(53,011)	112,148	(607,091)	-	(494,943)
Fund balances - beginning	598,851	-	1,015,889	1,614,740	2,309,999	-	3,924,739
Fund balances - ending	<u>\$764,010</u>	<u>-</u>	<u>\$962,878</u>	<u>\$1,726,888</u>	<u>\$1,702,908</u>	<u>-</u>	<u>\$3,429,796</u>

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

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Internal Service Funds

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

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

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

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

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

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CITY OF RUSTON, LOUISIANA
 COMBINING STATEMENT OF NET POSITION
 INTERNAL SERVICE FUNDS
 SEPTEMBER 30, 2014

	<u>Workmen's Compensation</u>	<u>Health Insurance</u>	<u>Purchasing/ Warehouse</u>	<u>General & Auto Liability</u>	<u>Total Internal Service Funds</u>
ASSETS					
Current Assets:					
Cash and cash equivalents	\$52,449	\$109,994	\$226,159	\$162,778	\$551,380
Investments	247,435	885,715	-	-	1,133,150
Receivables, net	-	2,571	-	-	2,571
Due from other funds	-	19,368	-	-	19,368
Prepaid items	45,000	-	-	12,571	57,571
Total current assets	<u>344,884</u>	<u>1,017,648</u>	<u>226,159</u>	<u>175,349</u>	<u>1,764,040</u>
Noncurrent Assets:					
Capital Assets:					
Buildings	-	-	13,080	-	13,080
Equipment	-	-	48,123	-	48,123
Less accumulated depreciation	-	-	(58,976)	-	(58,976)
Total noncurrent assets	<u>-</u>	<u>-</u>	<u>2,227</u>	<u>-</u>	<u>2,227</u>
Total assets	<u>\$344,884</u>	<u>\$1,017,648</u>	<u>\$228,386</u>	<u>\$175,349</u>	<u>\$1,766,267</u>
LIABILITIES					
Current Liabilities:					
Accounts payable	\$37,314	\$198	\$935	\$1,876	\$40,323
Accrued liabilities	-	-	3,024	-	3,024
Due to other funds	-	100,000	1,261	-	101,261
Claims and judgments	273,337	225,000	-	50,000	548,337
Total current liabilities	<u>310,651</u>	<u>325,198</u>	<u>5,220</u>	<u>51,876</u>	<u>692,945</u>
Noncurrent Liabilities:					
Compensated absences	-	-	4,540	-	4,540
Total noncurrent liabilities	<u>-</u>	<u>-</u>	<u>4,540</u>	<u>-</u>	<u>4,540</u>
Total liabilities	<u>310,651</u>	<u>325,198</u>	<u>9,760</u>	<u>51,876</u>	<u>697,485</u>
NET POSITION					
Net investments in capital assets	-	-	2,227	-	2,227
Unrestricted	34,233	692,450	216,399	123,473	1,066,555
Total net position	<u>\$34,233</u>	<u>\$692,450</u>	<u>\$218,626</u>	<u>\$123,473</u>	<u>\$1,068,782</u>

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

CITY OF RUSTON, LOUISIANA
 COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
 INTERNAL SERVICE FUNDS
 FOR THE YEAR ENDED SEPTEMBER 30, 2014

	<u>Workmen's Compensation</u>	<u>Health Insurance</u>	<u>Purchasing/ Warehouse</u>	<u>General & Auto Liability</u>	<u>Total Internal Service Funds</u>
OPERATING REVENUES					
Charges to other funds	\$350,000	\$2,412,838	\$200,000	\$659,126	\$3,621,964
Premiums paid by retired employees	-	344,094	-	-	344,094
Retiree drug subsidy	-	50,502	-	-	50,502
Total operating revenues	<u>350,000</u>	<u>2,807,434</u>	<u>200,000</u>	<u>659,126</u>	<u>4,016,560</u>
OPERATING EXPENSES					
Cost of Services:					
Salaries, wages and employee benefits	-	-	90,984	-	90,984
Operating services	-	10,259	14,850	1,845	26,954
Materials and supplies	-	-	8,725	-	8,725
Travel and other	-	-	756	-	756
Depreciation	-	-	327	-	327
Total cost of services	<u>-</u>	<u>10,259</u>	<u>115,642</u>	<u>1,845</u>	<u>127,746</u>
Claims	250,797	3,194,790	-	105,925	3,551,512
Insurance premiums	150,997	493,545	-	487,548	1,132,090
Total operating expenses	<u>401,794</u>	<u>3,698,594</u>	<u>115,642</u>	<u>595,318</u>	<u>4,811,348</u>
Operating income (loss)	<u>(51,794)</u>	<u>(891,160)</u>	<u>84,358</u>	<u>63,808</u>	<u>(794,788)</u>
NONOPERATING REVENUES (EXPENSES)					
Investment earnings	78,598	3,811	50	71	82,530
Total nonoperating revenues (expenses)	<u>78,598</u>	<u>3,811</u>	<u>50</u>	<u>71</u>	<u>82,530</u>
Income (loss) before transfers	<u>26,804</u>	<u>(887,349)</u>	<u>84,408</u>	<u>63,879</u>	<u>(712,258)</u>
Transfers in	-	-	-	-	-
Change in net position	<u>26,804</u>	<u>(887,349)</u>	<u>84,408</u>	<u>63,879</u>	<u>(712,258)</u>
Total net position - beginning	7,429	1,579,799	134,218	59,594	1,781,040
Total net position - ending	<u>\$34,233</u>	<u>\$692,450</u>	<u>\$218,626</u>	<u>\$123,473</u>	<u>\$1,068,782</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, 2014

	<u>Workmen's Compensation</u>	<u>Health Insurance</u>	<u>Purchasing/ Warehouse</u>	<u>General & Auto Liability</u>	<u>Total Internal Service Funds</u>
Cash flows from operating activities:					
Receipts from operations	\$360,000	\$2,757,139	\$200,000	\$619,126	\$3,936,265
Payments to suppliers	(127,350)	(404,930)	(25,451)	(471,029)	(1,028,760)
Payments to employees	-	-	(119,438)	-	(119,438)
Claims	(367,838)	(3,187,290)	-	(105,925)	(3,661,053)
Other receipts	-	50,502	-	-	50,502
Net cash provided by (used in) operating activities	<u>(135,188)</u>	<u>(784,579)</u>	<u>55,111</u>	<u>42,172</u>	<u>(822,484)</u>
Cash flows from Investing activities:					
Proceeds from sales and maturities of investments	(494)	-	-	-	(494)
Purchases on investments	-	265,810	-	-	265,810
Interest on investments	78,598	3,811	50	71	82,530
Net cash provided by (used in) investing activities	<u>78,104</u>	<u>269,621</u>	<u>50</u>	<u>71</u>	<u>347,846</u>
Net increase (decrease) in cash and cash equivalents	(57,084)	(514,958)	55,161	42,243	(474,638)
Cash and cash equivalents - beginning of year	109,533	624,952	170,998	120,535	1,026,018
Cash and cash equivalents - end of year	<u>\$52,449</u>	<u>\$109,994</u>	<u>\$226,159</u>	<u>\$162,778</u>	<u>\$551,380</u>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:					
Operating income (loss)	(\$51,794)	(\$891,160)	\$84,358	\$63,808	(\$794,788)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:					
Depreciation and amortization	-	-	327	-	327
(Increase) Decrease in assets:					
Receivables	-	207	-	-	207
Due from other funds	10,000	(1,124)	-	-	8,876
Prepaid items	-	-	-	16,488	16,488
Increase (Decrease) in liabilities:					
Accounts payable	23,647	(2)	275	1,876	25,796
Accrued liabilities	-	-	(554)	-	(554)
Due to other funds	-	100,000	(1,395)	(40,000)	58,605
Claims and judgments	(117,041)	7,500	-	-	(109,541)
Compensated absences	-	-	(27,900)	-	(27,900)
Total adjustments	<u>(83,394)</u>	<u>106,581</u>	<u>(29,247)</u>	<u>(21,636)</u>	<u>(27,696)</u>
Net cash provided by (used in) operating activities	<u>(\$135,188)</u>	<u>(\$784,579)</u>	<u>\$55,111</u>	<u>\$42,172</u>	<u>(\$822,484)</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, 2014

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance With Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Taxes	\$495,000	\$495,000	\$495,762	\$762
Charges for services	76,000	76,000	62,067	(13,933)
Investment earnings	500	500	119	(381)
Miscellaneous	10,500	10,500	10,982	482
Total revenues	<u>582,000</u>	<u>582,000</u>	<u>568,930</u>	<u>(13,070)</u>
EXPENDITURES				
Current:				
Recreation:				
Salaries, wages and employee benefits	526,463	526,463	459,304	67,159
Operating services	423,024	425,232	308,976	116,256
Materials and supplies	40,400	40,400	25,967	14,433
Travel and other	16,000	16,000	11,450	4,550
Improvements and equipment	264,000	273,048	25,643	247,405
Total expenditures	<u>1,269,887</u>	<u>1,281,143</u>	<u>831,340</u>	<u>449,803</u>
Deficiency of revenues over expenditures	<u>(687,887)</u>	<u>(699,143)</u>	<u>(262,410)</u>	<u>436,733</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	433,735	433,735	427,569	(6,166)
Total other financing sources (uses)	<u>433,735</u>	<u>433,735</u>	<u>427,569</u>	<u>(6,166)</u>
Net change in fund balance	(254,152)	(265,408)	165,159	430,567
Fund balances - beginning	<u>33,002</u>	<u>199,179</u>	<u>598,851</u>	<u>399,672</u>
Fund balances - ending	<u>(\$221,150)</u>	<u>(\$66,229)</u>	<u>\$764,010</u>	<u>\$830,239</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, 2014

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance With Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Intergovernmental	\$1,175,000	\$1,175,000	\$1,352,811	\$177,811
Investment earnings	1,150	1,150	746	(404)
Total revenues	<u>1,176,150</u>	<u>1,176,150</u>	<u>1,353,557</u>	<u>177,407</u>
EXPENDITURES				
Current:				
General Government:				
Salaries, wages and employee benefits	152,999	152,999	143,019	9,980
Operating services	1,085,254	1,105,254	1,258,253	(152,999)
Materials and supplies	19,000	19,000	2,741	16,259
Travel and other	10,000	10,000	2,555	7,445
Total expenditures	<u>1,267,253</u>	<u>1,287,253</u>	<u>1,406,568</u>	<u>(119,315)</u>
Deficiency of revenues over expenditures	<u>(91,103)</u>	<u>(111,103)</u>	<u>(53,011)</u>	<u>58,092</u>
Net change in fund balance	(91,103)	(111,103)	(53,011)	58,092
Fund balances - beginning	<u>943,107</u>	<u>1,056,591</u>	<u>1,015,889</u>	<u>(40,702)</u>
Fund balances - ending	<u>\$852,004</u>	<u>\$945,488</u>	<u>\$962,878</u>	<u>\$17,390</u>

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

City of Ruston, Louisiana

**OMB Circular A-133 Report
For The Year Ended September 30, 2014**

(With Independent Auditor's Report Thereon)



Douglas A. Brewer, LLC
Certified Public Accountant

**City of Ruston, Louisiana
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INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

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

I have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Ruston, Louisiana, (the City) as of and for the year ended September 30, 2014, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued my report thereon dated March 27, 2015.

Internal Control Over Financial Reporting

In planning and performing my audit of the financial statements, I considered the City's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing my opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, I do not express an opinion on the effectiveness of the City's internal control.

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free of material misstatement, 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 two instances 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 items 14-1 and 14-2.

City of Ruston, Louisiana's Response to Findings

The City's response to the findings identified in my audit is described in the accompanying schedule of findings and questioned costs. The City's response was not subjected to the auditing procedures applied in the audit of the financial statements, and, accordingly, I express no opinion on it.

Purpose of this Report

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

Douglas A. Brewer, LLC

Ruston, Louisiana
March 27, 2015

Douglas A. Brewer, LLC

Certified Public Accountant

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

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

Report on Compliance for Each Major Federal Program

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, 2014. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts and grants applicable to its federal programs.

Auditor's Responsibility

My responsibility is to express an opinion on compliance for each of the City's major federal programs based on my audit of the types of compliance requirements referred to above. 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 on compliance for each major federal program. However, my audit does not provide a legal determination on the City's compliance.

Opinion on Each Major Federal Program

In my opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2014.

Other Matters

The results of my auditing procedures disclosed one instance of noncompliance, which is required to be reported in accordance with *OMB Circular A-133* and which is described in the accompanying schedule of findings and questioned costs as item 14-1. My opinion on each major federal program is not modified with respect to this matter.

The City's response to the noncompliance finding identified in my audit is described in the accompanying schedule of findings and questioned costs. The City's response was not subjected to the auditing procedures applied in the audit of compliance, and, accordingly, I express no opinion on the response.

Report on Internal Control Over Compliance

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

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

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 material weaknesses or significant deficiencies. I did not identify any deficiencies in internal control over compliance that I consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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, 2014, and the related notes to the financial statements, which collectively comprise the City of Ruston, Louisiana's basic financial statements. I issued my report thereon dated March 27, 2015, which contained unmodified opinions on those financial statements. My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for the purposes of additional analysis as required by *OMB Circular A-133* and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements.

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

The purpose of this report on internal control over compliance is solely to describe the scope of my testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose. This report is intended solely for the information and use of management, the Board of Aldermen of the City of Ruston, Louisiana, others within the entity, the Louisiana Legislative Auditor, federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Douglas A. Brewer, LLC

Ruston, Louisiana
March 27, 2015

City of Ruston
Schedule of Expenditures of Federal Awards
For The Year Ended September 30, 2014

<u>Grant Title</u>	<u>Federal CFDA Number</u>	<u>Federal Expenditures</u>
United States Department of Housing and Urban Development:		
Section 8 - Housing Choice Vouchers	14.871	\$ 1,228,237
Pass through Louisiana Office of Community Development:		
D.A.R.T. CDBG Program	14.231	38,412
Louisiana Community Development Block Grant	14.228	670,085
Total United States Department of Housing and Urban Development		<u>1,936,734</u>
Federal Aviation Administration		
Highway Planning and Construction	20.205	714,546
Total Federal Aviation Administration		<u>714,546</u>
United States Environmental Protection Agency:		
Pass through Louisiana Department of Health and Hospitals:		
Capitalization Grant For Drinking Water State Revolving Funds	66.468	69,657
Capitalization Grant - ARRA Portion	66.468	69,655
Total United States Environmental Protection Agency		<u>139,312</u>
Total Federal Awards		<u>\$ 2,790,592</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, 2014

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>
D.A.R.T. CDBG Program	14.231	\$ 38,412

City of Ruston, Louisiana
Schedule of Findings and Questioned Costs
For The Year Ended September 30, 2014

Summary of Audit Results

1. The auditor's report expresses an unmodified opinion on the basic financial statements of the City of Ruston, Louisiana.
2. No significant deficiencies were disclosed during the audit of the financial statements are reported in the Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards*.
3. Two instances of noncompliance were disclosed during the audit, which would be required to be reported in accordance with *Government Auditing Standards*.
4. No significant deficiencies were disclosed during the audit of the major federal award programs as reported in the Independent Auditor's Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by OMB Circular A-133.
5. The Independent Auditor's Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by OMB Circular A-133 for the City of Ruston, Louisiana expresses an unmodified opinion on each major federal program.
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, the Louisiana Community Development Block Grant, CFDA No. 14.228, and the Federal Aviation Administration Highway Planning and Construction, CFDA No. 20.205.
8. The threshold for distinguishing between Types A and B programs was \$300,000.
9. The City of Ruston, Louisiana does qualify to be a low-risk auditee.

City of Ruston, Louisiana
Schedule of Findings and Questioned Costs
For The Year Ended September 30, 2014

Findings And Questioned Costs –

Independent Auditor’s Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based On An Audit Of Financial Statements Performed In Accordance With Government Auditing Standards

Independent Auditor’s Report on Compliance For Each Major Program and on Internal Control over Compliance Required by OMB Circular A-133

14-1 HUD Reporting Requirements

Condition:

It was noted that the “Financial Assessment Submission” for the prior fiscal year had not been submitted on the HUD/REAC website.

Criteria:

HUD requires submission of the year-end report within nine months following the end of the fiscal year.

Effect:

The City is not in compliance with this HUD reporting requirement.

Recommendation:

The “Financial Assessment Submission” should be filed for each fiscal year end.

Response:

There have been numerous attempts made to submit this report on the website. Error messages on the site have prevented each attempt to submit. The City has contacted a HUD representative to try to resolve the problem. The City will continue to try to submit until it is successful.

14-2 Public Bid Law

Condition:

It was noted that a public works project with a total estimated cost of \$269,535 was approved and contracts entered into without following the procedures outlined in R.S. 38:2212.

Criteria:

All public works projects over \$150,000 shall be advertised and bid.

City of Ruston, Louisiana
Schedule of Findings and Questioned Costs
For The Year Ended September 30, 2014

Effect:

The City is not in compliance with the public bid law for this project.

Recommendation:

Public works projects should be considered in their entirety.

Response:

My administration concurs with this finding and will be doing additional training on our state bid laws. The city Administrator who was overseeing this project is no longer employed by the City of Ruston. With the cost of the project and the lack of a funding source to pay for the project we are in complete agreement with this finding.

**City of Ruston, Louisiana
Summary Schedule of Prior Findings
For The Year Ended September 30, 2014**

Findings And Questioned Costs –

13-1 HUD Reporting Requirements

Condition:

It was noted that the “Financial Assessment Submission” for the prior fiscal year had not been submitted on the HUD/REAC website.

Recommendation:

The “Financial Assessment Submission” should be filed for each fiscal year end.

Response:

There have been numerous attempts made to submit this report on the website. Error messages on the site have prevented each attempt to submit. The City has contacted a HUD representative to try to resolve the problem. The City will continue to try to submit until it is successful.

Status:

Not Cleared.

13-2 Supervision and Review of Grant Documents

Condition:

During the fiscal year the City reported a federal grant as state funding and didn't include the amounts on the schedule of expenditures of federal awards.

Recommendation:

The City should provide experienced staff to supervise and review the grant documents to make sure the schedule of expenditures of federal awards is accurately reported and federal grants are in compliance with grant requirements.

Response:

The City Clerk will review all grant documents to make sure they are appropriately accounted for and that the City is in compliance with all grant requirements.

Status:

Cleared.

Management Letter

No management letter was issued for the year ended September 30, 2013.