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May 21, 2015

Ms. Gayle Fransen
Louisiana Legislative Auditor
P.O. Box 94397
Baton Rouge, Louisiana 70804-9397

RE: Reissuance of City of Ruston report for the fiscal year ended September 30, 2013

Dear Ms. Fransen:

The City of Ruston's comprehensive annual financial report for the year ended September 30, 2013 was reissued in order to include a federal grant award on the schedule of expenditures of federal awards.

It was determined that grant funds from a Highway Planning and Construction grant were federal funds, instead of state funds as originally reported. The report was reissued after the appropriate single audit procedures were performed.

Please contact me if additional information is needed.

Respectfully,
Douglas A. Brewer, CPA
Douglas A. Brewer, CPA

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

Release Date JUN 03 2015

REISSUE

Comprehensive Annual Financial Report



of the
City of Ruston, Louisiana
For the Year Ended September 30, 2013

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, 2013**

TABLE OF CONTENTS

	Page
INTRODUCTORY SECTION	
Letter of Transmittal.....	i
Organizational Chart.....	v
Principal Officials.....	vi
FINANCIAL SECTION	
Independent Auditor's Report.....	1
Management's Discussion and Analysis.....	4
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Position.....	16
Statement of Activities.....	17
Fund Financial Statements:	
Balance Sheet - Governmental Funds.....	19
Reconciliation of the Governmental Funds Balance Sheet to The Statement of Net Position.....	22
Statement of Revenues, Expenditures, and Changes in Fund Balance - Governmental Funds.....	23
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities.....	26
Statement of Net Position - Proprietary Funds.....	27
Statement of Revenues, Expenses, and Changes in Fund Net Position - Proprietary Funds.....	30
Statement of Cash Flows - Proprietary Funds.....	31
Statement of Net Position - Component Units.....	33
Statement of Activities - Component Units.....	34
Notes to the Financial Statements.....	36
Required Supplementary Information (Unaudited):	
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual on a Budgetary Basis - General Fund.....	66
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual on a Budgetary Basis - 1968 Sales Tax Fund.....	70
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual on a Budgetary Basis - 1985 Sales Tax Fund.....	71
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual on a Budgetary Basis - 1990 Sales Tax Fund.....	72
Notes to Budgetary Comparison Schedules.....	73

**CITY OF RUSTON, LOUISIANA
ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2013**

TABLE OF CONTENTS (Continued)

	Page
Combining Fund Financial Statements:	
Combining Balance Sheet - Nonmajor Governmental Funds.....	79
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances - Nonmajor Governmental Funds.....	80
Combining Statement of Net Position - Internal Service Funds.....	84
Combining Statement of Revenues, Expenses, and Changes in Fund Net Position - Internal Service Funds.....	85
Combining Statement of Cash Flows - Internal Service Funds.....	86
Individual Fund Schedules:	
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual on a Budgetary Basis (Unaudited):	
Ruston Parks and Recreation Board.....	90
Section 8 Voucher Housing.....	91

Introductory Section



CITY OF RUSTON

Mayor Dan Hollingsworth

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

March 28, 2014

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, 2013. The financial statements were prepared in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted government auditing standards by a firm of licensed certified public accountants. I believe this report presents comprehensive information about the City's financial and operating activities during fiscal year 2012 that is useful to taxpayers, citizens, and other interested persons.

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

In accordance with the Lawrason Act, the City Council is required to provide for an annual independent audit of the accounts and financial transactions of the City by a firm of independent certified public accountants duly licensed to practice in the State of Louisiana. The accounting firm of Douglas A. Brewer, LLC was selected by the City to conduct its annual audit. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City for the fiscal year ended September 30, 2013, 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, 2013, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

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

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

Profile of the City of Ruston

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

The City of Ruston has been organized under a Mayor – Board of Aldermen form of government. There is a five member board, with each member selected for four year terms from separate wards of the City. The Mayor is elected at-large for a four-year term, is not a member of the council, but has veto power over council action.

The City provides a wide range of services including public safety, highways and streets, sanitation, electric, telecommunications, water, and sewer services, airports, ambulance, recreational activities, general administration functions and others.

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

Budgetary Control

The annual budget serves as the foundation for the City's financial planning and control. The Treasurer's Office compiles for the Mayor estimates of revenues and requests for appropriations of the annual budget. Before August 31, the Mayor's budget is submitted to the Council for

possible revision and adoption. The Council conducts a public hearing on the budget, which must be adopted by September 30 to become effective October 1. State law provides that in no event shall the total appropriations exceed total anticipated revenues taking into account the estimated surplus or deficit at the end of the current fiscal year. Budgets may be amended during the year with Council approval.

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

Local economy. The local economy has taken a upswing in economic growth and development over the past fiscal year in the same manner as the national economy has. Building permit valuations were \$23.1 million for the fiscal year which was a 10.5% increase 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 48.7% 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 (SFERS), 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.

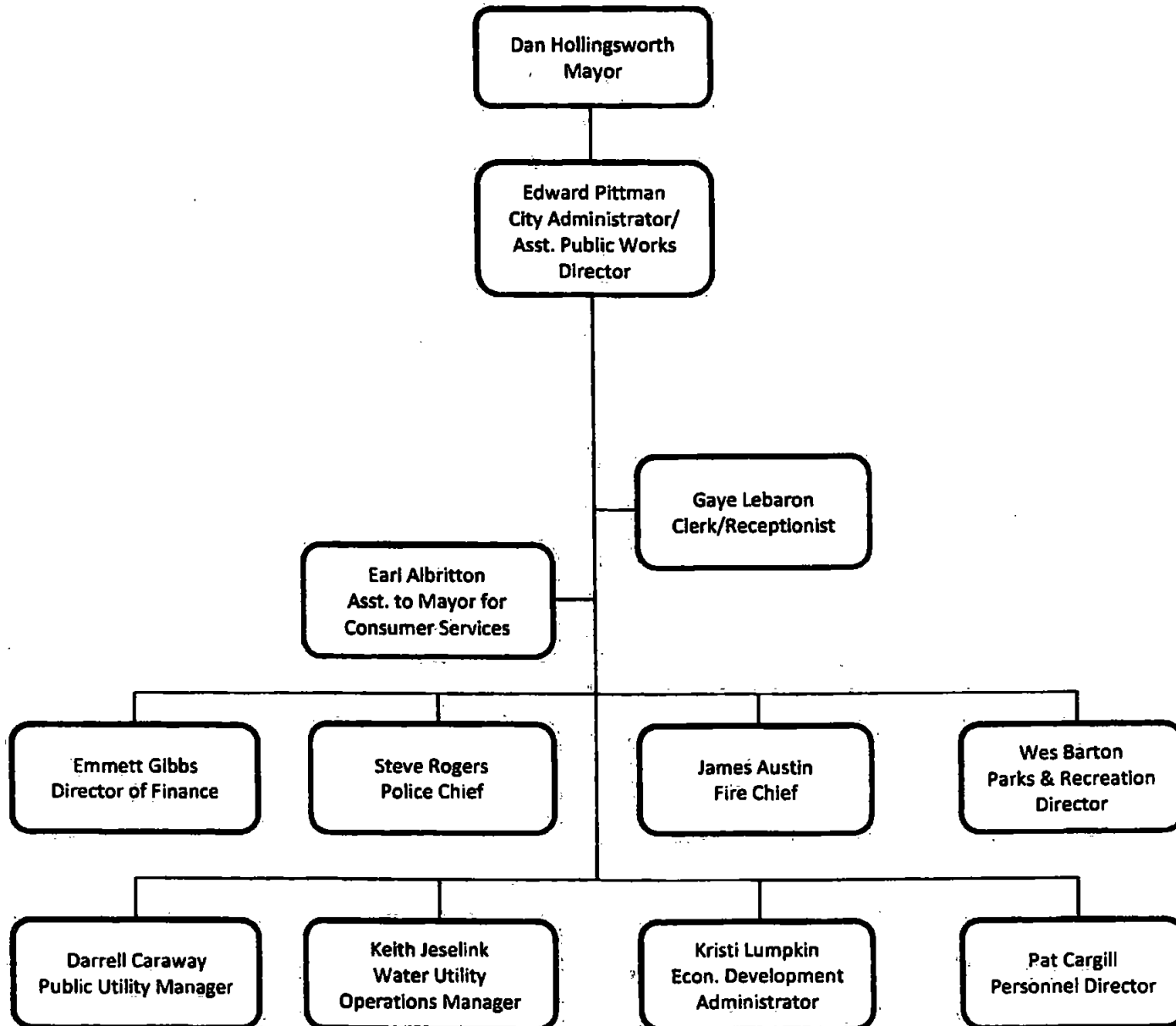
The preparation of this report would not have been possible without the efficient and dedicated services of the entire staff of the Finance Department. We would like to express our appreciation to all members of the department who assisted and contributed to the preparation of this report. Credit also 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
Elmore D. Mayfield	Ward 2
Jedd Lewis	Ward 3
Jim Pearce	Ward 4
Marie Riggs	Ward 5

Financial Section

Douglas A. Brewer, LLC

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Ruston, LA 71273-1250

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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, 2013, 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 in the accompanying combining fund financial statements as of and for the year ended September 30, 2013, 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 Ruston City Judge's Office, which represents 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 risk 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, 2013, 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, 2013, and the respective changes in financial position and cash flows, where applicable, 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
Page 3

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, I have also issued my report dated March 28, 2014, 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 28, 2014, except for the OMB Circular A-133 Report as to which the date is 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, 2013. 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, 2013, include the following:

- The assets and deferred outflows of resources of the City exceeded its liabilities and deferred inflows of resources at September 30, 2013, by \$131,262,273 (net position). Of this amount, \$3,105,576 is unrestricted and may be used to meet the City's ongoing obligations to citizens and creditors.
- The City's total net position increased \$1,500,356 for the year ended September 30, 2013. Net position of governmental activities decreased \$449,685 and net position of business-type activities increased \$1,950,041.
- As of September 30, 2013, the City's governmental funds reported combined ending fund balances of \$11,685,502, a decrease of \$314,459 from the prior year. Of this amount \$1,519,198 was unassigned and available for spending; \$3,337,590 was assigned for subsequent years' expenditures; \$6,726,426 was restricted of which \$4,389,515 is related to debt covenants on the I-20 tax increment district, \$1,015,889 is restricted for Section 8 housing, \$749,249 is restricted by sales tax ordinances, and \$571,773 is restricted by ordinance for use by RPAR; \$91,362 was assigned for inventories; and \$10,926 was assigned for prepaid items.
- At the end of the current fiscal year, unreserved, undesignated fund balances for the General Fund was \$1,519,198, or 8.2% 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 \$131,262,373 at the close of the current fiscal year. The largest portion of the City of Ruston's net position, totaling approximately \$121.18 million (93%), 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, 2013**

	Governmental Activities		Business-type activities		Total	
	2013	2012	2013	2012	2013	2012
Current and other assets	\$14,943,269	\$15,675,118	\$6,479,849	\$6,414,875	\$21,423,118	\$22,089,993
Capital assets	74,713,531	74,180,597	68,957,075	67,886,986	143,670,606	142,067,583
Total assets	89,656,800	89,855,715	75,436,924	74,301,861	165,093,724	164,157,576
Current and other liabilities	1,429,560	1,541,432	3,393,204	3,257,359	4,822,764	4,798,791
Long-term liabilities	13,601,139	12,231,921	16,414,124	17,364,947	30,015,263	29,596,868
Total liabilities	15,030,699	13,773,353	19,807,328	20,622,306	34,838,027	34,395,659
Net position:						
Net investment in capital assets	68,048,531	66,905,597	52,865,075	53,846,986	120,913,606	120,752,583
Restricted	7,243,091	1,624,270	-	342,823	7,243,091	1,967,093
Unrestricted	341,055	7,552,495	2,764,521	(510,254)	3,105,576	7,042,241
Total net position	\$75,632,677	\$76,082,362	\$55,629,596	\$53,679,555	\$131,262,273	\$129,761,917

5.56% 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 \$3,105,576 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 \$1,500,356 during the current fiscal year. Key elements of this increase are as follows:

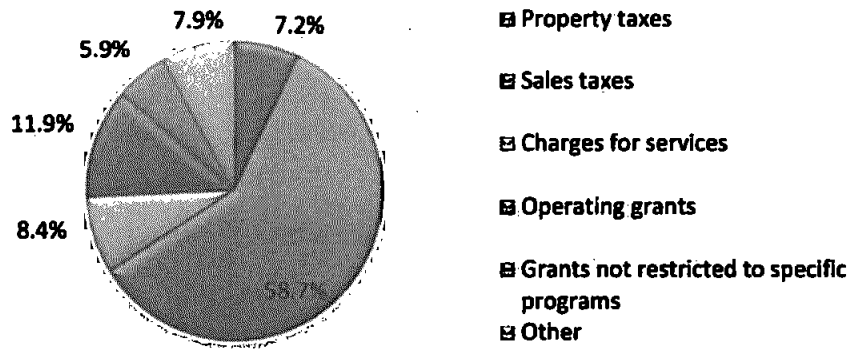
City of Ruston's Changes in Net Position

Revenues:	Governmental activities		Business-type activities		Total	
	2013	2012	2013	2012	2013	2012
Program revenues:						
Charges for services	\$1,712,499	\$1,765,905	\$31,050,630	\$29,819,638	\$32,763,129	\$31,585,543
Operating grants and contributions	2,434,279	2,267,185	-	-	2,434,279	2,267,185
Capital grants and contributions	2,458	15,121	1,960,192	2,676,906	1,962,650	2,692,027
General revenues:						
Property taxes	1,478,311	1,456,022	-	-	1,478,311	1,456,022
Sales taxes	12,018,219	12,203,638	-	-	12,018,219	12,203,638
Other taxes	777,084	724,187	-	-	777,084	724,187
Grants and contributions not restricted to specific Programs	1,216,137	2,059,281	-	-	1,216,137	2,059,281
Other	840,875	995,198	107,446	133,249	948,321	1,128,447
Total revenues	20,479,862	21,486,537	33,118,268	32,629,793	53,598,130	54,116,330
Expenses:						
General government	6,898,364	8,696,337	-	-	6,898,364	8,696,337
Public safety	8,314,349	8,435,345	-	-	8,314,349	8,435,345
Public works	6,414,126	6,271,608	-	-	6,414,126	6,271,608
Cultural and recreation	696,411	179,028	-	-	696,411	179,028
City Judge and Marshal	494,247	497,363	-	-	494,247	497,363
Interest on long-term debt	314,917	338,780	-	-	314,917	338,780
Electric	-	-	22,243,651	21,865,808	22,243,651	21,865,808
Water	-	-	1,889,934	1,817,799	1,889,934	1,817,799
Sewer	-	-	3,603,225	3,285,590	3,603,225	3,285,590
Telecommunications	-	-	273,343	102,614	273,343	102,614
Regional airport	-	-	411,545	443,092	411,545	443,092
Ambulance service	-	-	543,662	453,253	543,662	453,253
Total expenses	23,132,414	24,418,461	28,965,360	27,968,156	52,097,774	52,386,617
Increase (decrease) in net position before transfers	(2,652,552)	(2,931,924)	4,152,908	4,661,637	1,500,356	1,729,713
Transfers	2,202,867	1,939,359	(2,202,867)	(1,939,359)	-	-
Increase (decrease) in net Position	(449,685)	(992,565)	1,950,041	2,722,278	1,500,356	1,729,713
Net position at beginning of year	76,082,362	77,074,927	53,679,555	50,957,277	129,761,917	128,032,204
Net position at end of year	\$75,632,677	\$76,082,362	\$55,629,596	\$53,679,555	\$131,262,273	\$129,761,917

Revenues for the City's governmental activities for the year ended September 30, 2013, were \$20,479,862 compared to \$21,486,537 in 2012. The decrease of \$1,006,675 was largely due to a decrease of federal and state grants.

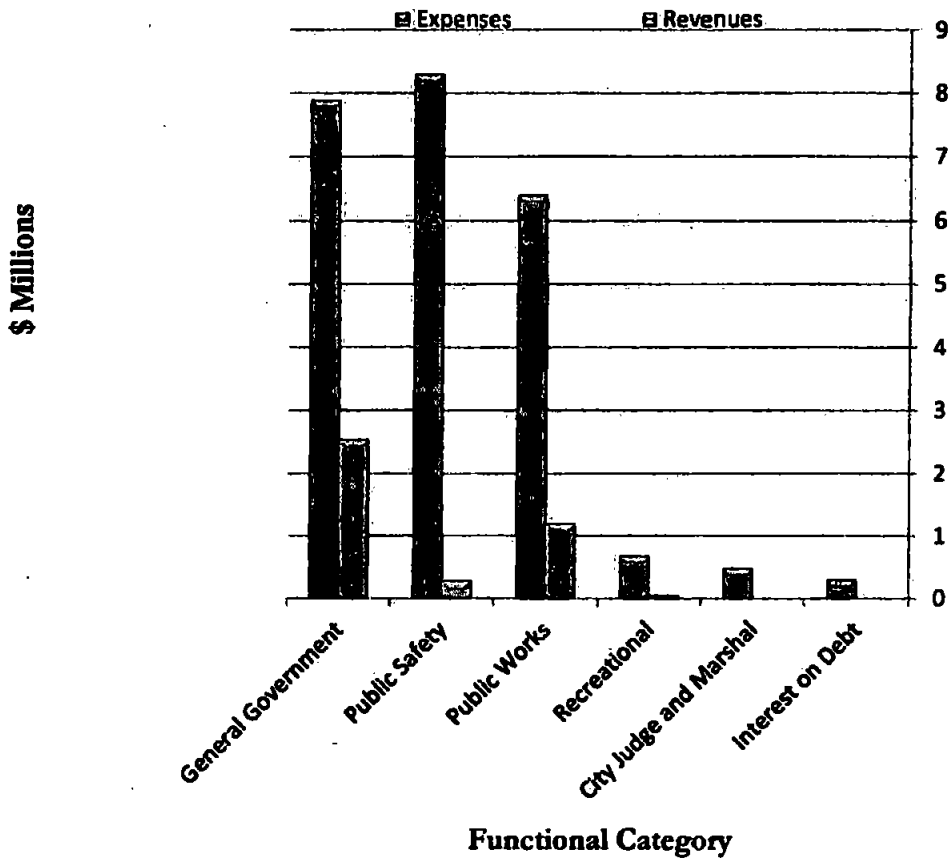
General revenues, specifically sales tax (58.7%), is the largest component of revenues.

Revenues by Sources – Governmental Activities



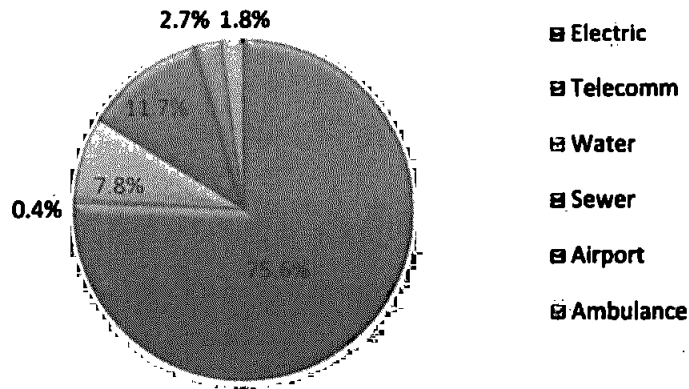
The cost of all governmental activities this year was \$24,138,990, a decrease of approximately \$279,471 from 2012. The City's largest programs are general government, public safety, and public works. The graph below shows the expenses and program revenues generated by governmental activities.

Expenses and Program Revenues – Governmental Activities



Business-type Activities. Charges for services for the City of Ruston's business-type activities were \$31,050,630, an increase of \$1,230,992 from 2012. This increase in revenues came from an increase in electric system fees.

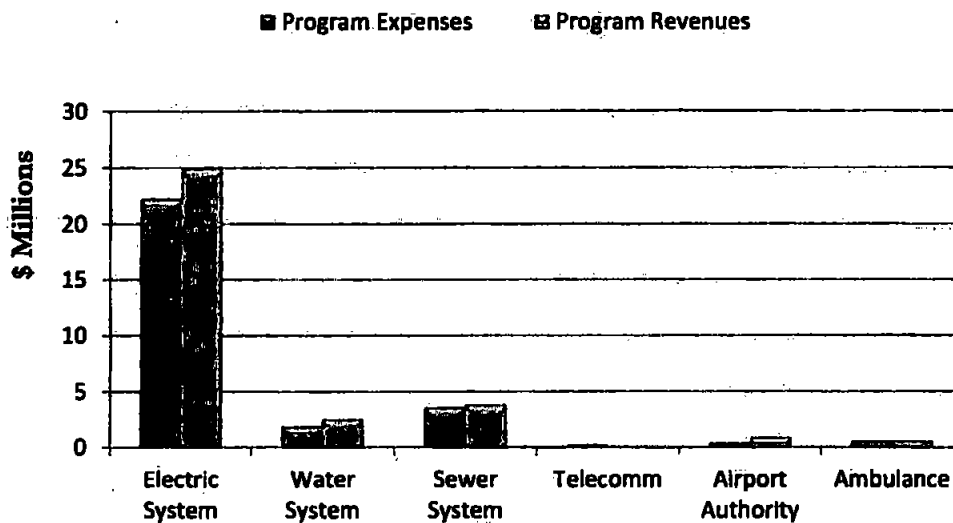
Revenue by Source – Business-type Activities



Expenses and Program Revenues – Business-type Activities

The costs of these activities were \$28,965,360, an increase of \$997,204 from 2012. 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 \$11,685,502, a decrease of \$314,459 in comparison with the prior fiscal year. Of the combined ending fund balance, \$1,519,198, or 13% was unrestricted, unassigned and available for spending. \$1,536,051 was assigned for subsequent years' expenditures. The remainder of the fund balance was assigned to indicate that it was not available for new spending because it had already been committed (1) to liquidate contracts and purchase orders of the prior period (\$3,337,590), (2) to pay debt service (\$2,309,999), or (3) for other restricted purposes (\$4,416,427).
- 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 \$1,519,198, the total of which was available for spending at the City Council's discretion. The fund balance of the General Fund increased by \$1,461,450. A key factor in this increase was a concerted effort to decrease spending on capital projects.
- The 1968 Sales Tax Fund had a total fund balance of \$33,438 all of which was unrestricted, unassigned and available for spending for its specified purposes. Fund balance increased \$20,443 as a result of a decrease in transfers to the General Fund.
- The 1985 Sales Tax Fund had a total fund balance of \$265,761 all of which was unrestricted, unassigned and available for spending for its specified purposes. Fund balance decreased \$701,214 as a result of a decrease in transfers to the General Fund.
- The 1990 Sales Tax Fund had a total fund balance of \$450,050 all of which was unrestricted, unassigned and available for spending for its specified purpose. Fund balance decreased \$19,487 as a result of a decrease in transfers to the General Fund.
- The I-20 Fund had a restricted and assigned fund balance of \$2,569,103. Total fund balance decreased \$1,706,406 as a result of a decrease in incremental sales taxes received in excess of debt service requirements.

Proprietary funds

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

- Unrestricted net position of the Electric System at September 30, 2013, was (\$1,635,887). Total net position for the Electric System increased \$494,774 as a result of an increase in capital asset investment.
- The unrestricted net position for the Water System at September 30, 2013, was \$2,225,197. Total net position for the Water System increased \$237,721 primarily as a result of an increase in charges for services and a decrease in operating expenses.
- The unrestricted net position for the Sewer System at September 30, 2013, was \$2,669,197. Total net position for the Sewer System increased \$769,696 as a result of a decrease in long-term debt due to the refunding bond issue.

General Fund Budgetary Highlights

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

The original budget for the General Fund of the City of Ruston was adopted on September 6, 2012. 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, 2012. 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 less than prior year revenues. Actual revenues were more than budget by \$31,073 due to an increase in new construction.
- Intergovernmental revenues were expected to be less than prior year revenues. Actual revenues were less than budget by \$331,205 due a decrease in federal and state grants.
- Charges for services were expected to be similar to prior year revenues. Actual revenues were less than budget by \$65,952 due primarily to lower revenues from governmental fund charges for services.

Expenditures

- Executive operating services were under budget by \$25,825 as a result of consulting services being lower than expected.
- Economic development operating services were under budget by \$20,143 as a result of consulting services being lower than expected.
- Police department supplies were under budget by \$149,980 as a result of the planned curtailment of spending.
- Police department operating services were under budget by \$74,682 as a result of maintenance accounts being lower than expected.
- Fire department operating services were under budget by \$166,181 as a result of maintenance accounts being lower than expected.
- Fire department capital was under budget by \$658,442 as a result of a project not beginning when anticipated.
- Street department personnel expenditures were under budget by \$169,042 as a result of not being fully staffed.
- Street department operating services were under budget by \$347,563 maintenance of streets costs being lower than expected.
- Street department capital was under budget by \$1,817,627 as a result of the construction of a capital project not beginning when anticipated.

Capital Assets and Debt Administration

Capital assets. The City of Ruston's investment in capital assets as of September 30, 2013, amounts to \$142,067,581 net of depreciation. This investment in capital assets includes land, buildings and improvements, streets, drainage, furniture and equipment, and construction in progress. The table below shows the value at the end of the fiscal year.

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

	Governmental Activities		Business-type Activities		Total	
	2013	2012	2013	2012	2013	2012
Land and land improvements	\$11,857,250	\$10,823,354	\$1,266,223	\$1,266,223	\$13,123,473	\$12,089,577
Buildings	7,595,516	7,706,532	3,503,422	3,649,955	11,098,938	11,356,487
System Improvement	-	-	26,254,786	26,698,362	26,254,786	26,698,362
Improvements other than buildings	5,045,393	5,295,442	2,390,162	2,682,025	7,435,555	7,977,467
Equipment	4,175,484	4,894,635	23,546,896	22,724,792	27,722,380	27,619,427
Infrastructure	16,399,624	16,913,459	-	-	16,399,624	16,913,459
Construction in progress	29,640,264	28,547,175	11,995,586	10,865,627	41,635,850	39,412,802
Total	\$74,713,531	\$74,180,597	\$68,957,075	\$67,886,984	\$143,670,606	\$142,067,581

Long-term debt. At the end of the current fiscal year, the City of Ruston had total debt outstanding of \$22,338,631.

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 2013, 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 2014, the City budgeted for sales tax dollars to remain steady. Preliminary 2014 figures reflect an increase of approximately 3.35%. National unemployment rates for September 2013 were down to 7.2% compared to 7.8% at September 2012.

Spiraling retirement costs continue to have an impact on City budgets. In fiscal year 2014, 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 2014.

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, 2013

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
ASSETS				
Cash and cash equivalents	\$8,196,578	\$2,993,195	\$11,189,773	\$1,412,868
Investments	2,006,448	494,763	2,501,211	-
Receivables, net	2,016,135	1,739,232	3,755,367	1,140
Unbilled revenue	46,698	1,692,794	1,739,492	-
Due from other governments	451	1,042,079	1,042,530	5,425
Internal balances	2,461,765	(2,461,765)	-	-
Inventories	91,362	866,511	957,873	-
Prepaid items	84,985	140	85,125	2,898
Bond issue costs, net	38,847	112,900	151,747	-
Capital assets:				
Land and construction in progress	41,497,514	13,261,809	54,759,323	-
Other capital assets, net of depreciation	33,216,017	55,695,266	88,911,283	537,453
Total assets	<u>89,656,800</u>	<u>75,436,924</u>	<u>165,093,724</u>	<u>1,959,784</u>
LIABILITIES				
Accounts payable	319,248	2,244,358	2,563,606	6,313
Accrued liabilities	354,857	81,827	436,684	6,018
Due to other governments	-	-	-	441,313
Accrued interest payable	21,566	77,869	99,435	-
Claims	657,878	-	657,878	-
Deposits	76,011	989,150	1,065,161	-
Non-current liabilities:				
Due within one year	905,000	1,057,958	1,962,958	-
Due in more than one year	8,813,837	15,356,166	24,170,003	-
Post-employment benefit obligation	3,882,302	-	3,882,302	-
Total liabilities	<u>15,030,699</u>	<u>19,807,328</u>	<u>34,838,027</u>	<u>453,644</u>
NET POSITION				
Invested in capital assets, net of related debt	68,048,531	52,865,075	120,913,606	537,453
Restricted for:				
I-20 Fund	4,879,102	-	4,879,102	-
Sales Tax Funds	749,249	-	749,249	-
Parks and Recreation Fund	598,851	-	598,851	-
Section 8 Voucher Housing Fund	1,015,889	-	1,015,889	-
Unrestricted	341,055	2,764,521	3,105,576	1,463,014
Total net position	<u>75,632,677</u>	<u>\$55,629,596</u>	<u>\$131,262,273</u>	<u>\$2,000,467</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, 2013

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government:				
Governmental Activities:				
General government	\$6,898,364	\$153,994	\$2,402,863	-
Public safety	8,314,349	272,393	31,416	-
Public works	6,414,126	1,220,581	-	\$2,458
Cultural and recreation	696,411	65,531	-	-
City Judge and Marshal	494,247	-	-	-
Interest on long-term debt	314,917	-	-	-
Total governmental activities	<u>23,132,414</u>	<u>1,712,499</u>	<u>2,434,279</u>	<u>2,458</u>
Business-type activities:				
Electric System	22,243,651	23,951,647	-	1,010,230
Telecommunications System	273,343	116,138	-	-
Water System	1,889,934	2,513,902	-	73,042
Sewer System	3,603,225	3,854,566	-	-
Ruston Airport Authority	411,545	18,394	-	876,920
Ambulance	543,662	595,983	-	-
Total business-type activities	<u>28,965,360</u>	<u>31,050,630</u>	<u>-</u>	<u>1,960,192</u>
Total primary government	<u>\$52,097,774</u>	<u>\$32,763,129</u>	<u>\$ 2,434,279</u>	<u>\$ 1,962,650</u>
Component units:				
City Judge	\$532,663	\$585,949	-	-
City Marshal	326,961	316,874	-	-
Total component units	<u>\$859,624</u>	<u>\$902,823</u>	<u>-</u>	<u>-</u>

General revenues:

Taxes:
Property taxes levied for general purposes
Property taxes levied for recreation facilities and programs
Sales taxes levied for general purposes
Sales taxes levied for recreation facilities and programs
Sales taxes levied for street and drainage facilities
Sales taxes levied for fire protection
Sales taxes levied for police protection
Sales taxes levied for drug prevention programs
Sales taxes levied for debt service
Insurance taxes
Alcoholic beverage taxes
Franchise taxes
Intergovernmental
Investment earnings
Miscellaneous
Transfers
Total general revenues and transfers
Change in net position
Net position - beginning
Net position - ending

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

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

Primary Government			Component Units
Governmental Activities	Business-type Activities	Total	
(\$4,341,507)	-	(\$4,341,507)	-
(8,010,540)	-	(8,010,540)	-
(5,191,087)	-	(5,191,087)	-
(630,880)	-	(630,880)	-
(494,247)	-	(494,247)	-
(314,917)	-	(314,917)	-
<u>(18,983,178)</u>	<u>-</u>	<u>(18,983,178)</u>	<u>-</u>
-	\$2,718,226	2,718,226	-
-	(157,205)	(157,205)	-
-	697,010	697,010	-
-	251,341	251,341	-
-	483,769	483,769	-
-	52,321	52,321	-
-	<u>4,045,462</u>	<u>4,045,462</u>	<u>-</u>
<u>(\$18,983,178)</u>	<u>\$4,045,462</u>	<u>(\$14,937,716)</u>	<u>-</u>
-	-	-	\$53,286
-	-	-	(10,087)
-	-	-	<u>43,199</u>
\$987,808	-	\$987,808	-
490,503	-	490,503	-
5,196,292	-	5,196,292	-
269,877	-	269,877	-
600,000	-	600,000	-
1,478,236	-	1,478,236	-
1,478,236	-	1,478,236	-
30,000	-	30,000	-
2,965,579	-	2,965,579	-
354,401	-	354,401	-
11,555	-	11,555	-
411,128	-	411,128	-
1,216,137	-	1,216,137	-
16,591	7,782	24,373	3,015
824,284	99,664	923,948	11,105
2,202,867	(2,202,867)	-	-
<u>18,533,493</u>	<u>(2,095,421)</u>	<u>16,438,072</u>	<u>14,120</u>
(449,685)	1,950,041	1,500,356	57,319
76,082,362	53,679,555	129,761,917	1,388,837
<u>\$75,632,677</u>	<u>\$55,629,596</u>	<u>\$131,262,273</u>	<u>\$1,446,156</u>

CITY OF RUSTON, LOUISIANA
BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2013

	<u>General</u>	<u>1968 Sales Tax</u>
ASSETS		
Cash and cash equivalents	\$1,689,905	\$248
Investments	607,982	-
Receivables, net	515,414	221,264
Unbilled revenues	46,698	-
Due from other funds	2,773,368	64,678
Due from other governments	451	-
Inventories, at cost	91,362	-
Prepaid Items	10,926	-
Total assets	<u><u>\$5,736,106</u></u>	<u><u>\$286,190</u></u>
 LIABILITIES AND FUND BALANCES		
Liabilities:		
Accounts payable	\$238,706	\$22,995
Accrued liabilities	316,404	-
Due to other funds	663,353	229,757
Deposits and deferred charges	75,232	-
Total liabilities	<u><u>1,293,695</u></u>	<u><u>252,752</u></u>
 Fund Balances:		
Nonspendable:		
Inventories	91,362	-
Prepaid Items	10,926	-
Spendable:		
Restricted	-	33,438
Assigned	2,820,925	-
Unassigned	1,519,198	-
Total fund balances	<u><u>4,442,411</u></u>	<u><u>33,438</u></u>
Total liabilities and fund balances	<u><u>\$5,736,106</u></u>	<u><u>\$286,190</u></u>

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

1985 Sales Tax	1990 Sales Tax	I-20 Fund	Other Governmental Funds	Total Governmental Funds
-	-	\$2,599,779	\$2,880,628	\$7,170,560
-	-	-	-	607,982
\$331,895	\$221,264	-	723,520	2,013,357
-	-	-	-	46,698
-	229,757	11,885	358,688	3,438,376
-	-	-	-	451
-	-	-	-	91,362
-	-	-	-	10,926
<u>\$331,895</u>	<u>\$451,021</u>	<u>\$2,611,664</u>	<u>\$3,962,836</u>	<u>\$13,379,712</u>
\$1,456	\$971	\$42,561	\$22,483	\$329,172
-	-	-	10,424	326,828
64,678	-	-	4,411	962,199
-	-	-	779	76,011
<u>66,134</u>	<u>971</u>	<u>42,561</u>	<u>38,097</u>	<u>1,694,210</u>
-	-	-	-	91,362
-	-	-	-	10,926
265,761	450,050	2,079,516	3,897,661	6,726,426
-	-	489,587	27,078	3,337,590
-	-	-	-	1,519,198
<u>265,761</u>	<u>450,050</u>	<u>2,569,103</u>	<u>3,924,739</u>	<u>11,685,502</u>
<u>\$331,895</u>	<u>\$451,021</u>	<u>\$2,611,664</u>	<u>\$3,962,836</u>	<u>\$13,379,712</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, 2013

Fund balances - total governmental funds		\$ 11,685,502
<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	101,261,948	
Less accumulated depreciation	<u>(26,550,971)</u>	74,710,977
<p>Unfunded post employment benefit obligations are not financial resources and therefore are not reported in the funds</p>		
		(3,882,302)
<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		38,847
<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	(21,566)	
Compensated absences	(2,014,821)	
Bonds, notes, and loans payable	<u>(6,665,000)</u>	(8,701,387)
<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>1,781,040</u>
Net position of governmental activities		<u>\$ 75,632,677</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, 2013

	<u>General</u>	<u>1968 Sales Tax</u>	<u>1985 Sales Tax</u>
REVENUES			
Taxes:			
Property	\$987,808	-	-
Sales	-	\$2,586,471	\$3,879,698
Licenses and permits	931,073	-	-
Intergovernmental	2,522,238	-	-
Charges for services	1,216,048	-	-
Fines and forfeitures	276,931	-	-
Investment earnings	11,909	93	123
Miscellaneous	813,050	-	-
Total revenues	<u>6,759,057</u>	<u>2,586,564</u>	<u>3,879,821</u>
EXPENDITURES			
Current:			
General government	3,475,521	29,121	28,158
Public safety	7,754,458	-	-
Public works	6,066,550	-	-
Culture and recreation	-	-	-
City Court and Marshal	472,199	-	-
Debt service:			
Principal	-	-	-
Interest and other charges	-	-	-
Capital outlay			
Total expenditures	<u>17,768,728</u>	<u>29,121</u>	<u>28,158</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(11,009,671)</u>	<u>2,557,443</u>	<u>3,851,663</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	12,538,857	-	-
Transfers out	(67,736)	(2,537,000)	(4,552,877)
Total other financing sources and (uses)	<u>12,471,121</u>	<u>(2,537,000)</u>	<u>(4,552,877)</u>
Net change in fund balances	1,461,450	20,443	(701,214)
Fund balances - beginning	2,980,961	12,995	966,975
Fund balances - ending	<u>\$4,442,411</u>	<u>\$33,438</u>	<u>\$265,761</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>
-	-	\$490,503	\$1,478,311
\$2,586,471	-	2,965,579	12,018,219
-	-	-	931,073
-	-	1,130,636	3,652,874
-	-	65,531	1,281,579
-	-	-	276,931
59	\$2,928	1,479	16,591
-	-	11,234	824,284
<u>2,586,530</u>	<u>2,928</u>	<u>4,664,962</u>	<u>20,479,862</u>
19,017	2,195	1,227,604	4,781,616
-	-	-	7,754,458
-	-	-	6,066,550
-	-	952,462	952,462
-	-	-	472,199
-	-	610,000	610,000
-	-	307,732	307,732
-	1,887,561	164,610	2,052,171
<u>19,017</u>	<u>1,889,756</u>	<u>3,262,408</u>	<u>22,997,188</u>
<u>2,567,513</u>	<u>(1,886,828)</u>	<u>1,402,554</u>	<u>(2,517,326)</u>
-	1,362,118	590,319	14,491,294
(2,587,000)	(1,181,696)	(1,362,118)	(12,288,427)
<u>(2,587,000)</u>	<u>180,422</u>	<u>(771,799)</u>	<u>2,202,867</u>
(19,487)	(1,706,406)	630,755	(314,459)
<u>469,537</u>	<u>4,275,509</u>	<u>3,293,984</u>	<u>11,999,961</u>
<u>\$450,050</u>	<u>\$2,569,103</u>	<u>\$3,924,739</u>	<u>\$11,685,502</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, 2013

Net change in fund balances - total governmental funds		(\$314,459)
<p>Amounts reported for governmental activities in the statement of activities are different because:</p>		
<p>Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.</p>		
Capital outlay	3,672,396	
Depreciation expense	<u>(1,979,434)</u>	1,692,962
<p>The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, write offs, and donations) is to decrease net position.</p>		
		(1,160,028)
<p>Post employment benefit obligation</p>		
		(777,203)
<p>The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. The detail of these differences in the treatment of long-term debt and related items is as follows:</p>		
Principal payments	<u>610,000</u>	610,000
<p>Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.</p>		
Amortization of issuance costs	(9,341)	
Decrease in compensated absences	(177,272)	
Decrease in accrued interest	<u>2,156</u>	(184,457)
<p>Internal service funds are used by management to charge the costs of certain activities to individual funds. The net revenue of the internal service funds is reported with governmental activities.</p>		
		<u>(316,500)</u>
<p>Change in net position of governmental activities</p>		
		<u><u>(\$449,685)</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, 2013

	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	\$1,585,288	\$472,403	\$443,602	\$16,023	\$138,604	\$56,619	\$2,712,539	\$1,026,018
Investments	-	352,171	-	-	-	-	352,171	1,398,466
Receivables, net	1,303,367	158,696	172,075	-	26	105,068	1,739,232	2,778
Unbilled revenue	1,408,310	130,424	154,060	-	-	-	1,692,794	-
Due from other funds	1,160,913	1,649,351	2,263,992	-	-	1,586	5,075,842	28,244
Due from other governments	441,313	-	-	-	598,266	2,500	1,042,079	-
Inventories	646,634	180,993	38,884	-	-	-	866,511	-
Prepaid items	-	-	-	-	-	140	140	74,059
Total current assets	<u>6,545,825</u>	<u>2,944,038</u>	<u>3,072,613</u>	<u>16,023</u>	<u>736,896</u>	<u>165,913</u>	<u>13,481,308</u>	<u>2,529,565</u>
Noncurrent assets:								
Restricted:								
Cash and cash equivalents	56,267	112,277	112,112	-	-	-	280,656	-
Investments	35,710	-	106,882	-	-	-	142,592	-
Capital assets:								
Land	622,501	75,070	218,801	-	349,851	-	1,266,223	-
Construction in progress	9,748,894	48,547	48,135	1,155,996	994,014	-	11,995,586	-
Buildings	4,603,562	139,934	151,353	-	1,056,681	-	5,951,530	13,080
Improvements other than buildings	-	-	-	-	7,051,112	-	7,051,112	-
Equipment	21,114,569	774,920	26,456,457	-	231,239	1,199,167	49,776,352	48,123
Distribution and collection systems	32,460,474	15,691,102	19,590,988	-	-	-	67,742,564	-
Less accumulated depreciation	<u>(42,220,797)</u>	<u>(9,067,125)</u>	<u>(17,921,380)</u>	<u>-</u>	<u>(5,063,473)</u>	<u>(553,517)</u>	<u>(74,826,292)</u>	<u>(58,649)</u>
Total capital assets (net of accumulated depreciation)	<u>26,329,203</u>	<u>7,662,448</u>	<u>28,544,354</u>	<u>1,155,996</u>	<u>4,619,424</u>	<u>645,650</u>	<u>68,987,075</u>	<u>2,554</u>
Deferred bond costs, at cost less amortization	-	36,239	76,661	-	-	-	112,900	-
Total noncurrent assets	<u>26,421,180</u>	<u>7,810,964</u>	<u>28,840,009</u>	<u>1,155,996</u>	<u>4,619,424</u>	<u>645,650</u>	<u>69,493,223</u>	<u>2,554</u>
Total assets	<u>\$32,967,005</u>	<u>\$10,755,002</u>	<u>\$31,912,622</u>	<u>\$1,172,019</u>	<u>\$5,356,320</u>	<u>\$811,563</u>	<u>\$82,974,531</u>	<u>\$2,532,119</u>

27

	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	\$1,698,424	\$74,912	\$17,826	\$26,827	\$424,885	\$4,484	\$2,244,359	\$14,527
Accrued liabilities	48,787	8,397	15,238	2,382	-	7,023	81,827	3,578
Due to other funds	4,720,160	738,621	627,345	973,113	128,588	349,780	7,537,607	42,656
Claims and judgments	-	-	-	-	-	-	-	657,878
Compensated absences	31,200	4,500	3,100	350	-	6,700	45,850	-
Total current liabilities	<u>6,495,571</u>	<u>826,430</u>	<u>663,509</u>	<u>1,002,672</u>	<u>553,473</u>	<u>367,987</u>	<u>9,909,642</u>	<u>718,639</u>
Current liabilities payable from restricted assets:								
Customer deposits	978,044	-	7,655	-	3,451	-	989,150	-
Bonds payable	-	-	915,000	-	-	-	915,000	-
DHH Revolving Loan fund	-	99,000	-	-	-	-	99,000	-
Due to LADOTD	-	-	-	-	-	-	-	-
Accrued interest	77,869	-	-	-	-	-	77,869	-
Total current liabilities payable from restricted assets	<u>1,055,913</u>	<u>99,000</u>	<u>922,655</u>	<u>-</u>	<u>3,451</u>	<u>-</u>	<u>2,081,019</u>	<u>-</u>
Noncurrent liabilities:								
Compensated absences	280,892	40,927	27,907	3,134	-	60,675	413,535	32,440
Bonds payable	-	-	13,125,000	-	-	-	13,125,000	-
DHH Revolving Loan fund	-	1,817,631	-	-	-	-	1,817,631	-
Due to LADOTD	-	-	-	-	-	-	-	-
Total noncurrent liabilities	<u>280,892</u>	<u>1,858,558</u>	<u>13,152,907</u>	<u>3,134</u>	<u>-</u>	<u>60,675</u>	<u>15,356,166</u>	<u>32,440</u>
Total liabilities	<u>7,832,376</u>	<u>2,783,988</u>	<u>14,739,071</u>	<u>1,005,806</u>	<u>556,924</u>	<u>428,662</u>	<u>27,346,827</u>	<u>751,079</u>
NET POSITION								
Net investment in capital assets	26,329,203	5,745,817	14,504,354	1,155,996	4,619,424	645,650	53,000,444	2,554
Unrestricted (deficit)	(1,194,574)	2,225,197	2,670,396	(989,783)	179,972	(262,056)	2,629,152	1,778,486
Total net position (deficit)	<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>

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, 2013

	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	\$23,951,647	\$2,513,902	\$3,854,566	\$116,138	\$18,394	\$595,983	\$31,050,630	\$34,013
Charges to other funds	-	-	-	-	-	-	-	3,484,515
Premiums paid by retired employees	-	-	-	-	-	-	-	310,673
Rent income	35,437	-	-	-	57,282	-	92,719	-
Miscellaneous	6,374	376	72	-	123	-	6,945	-
Total operating revenues	<u>23,993,458</u>	<u>2,514,278</u>	<u>3,854,638</u>	<u>116,138</u>	<u>75,799</u>	<u>595,983</u>	<u>31,150,294</u>	<u>3,829,201</u>
OPERATING EXPENSES								
Personnel services	2,181,415	401,711	705,432	78,527	-	315,689	3,682,774	176,689
Operating services	1,578,337	756,431	734,806	167,794	45,522	30,584	3,313,474	21,352
Materials and supplies	16,973,998	142,122	97,152	22,453	2,480	78,135	17,316,340	6,797
Travel and other	8,997	6,296	10,976	4,569	-	14,693	45,531	2,881
Depreciation	1,500,904	519,299	1,666,677	-	363,543	104,561	4,154,984	327
Claims	-	-	-	-	-	-	-	2,950,270
Insurance premiums	-	-	-	-	-	-	-	1,041,352
Total operating expenses	<u>22,243,651</u>	<u>1,825,859</u>	<u>3,215,043</u>	<u>273,343</u>	<u>411,545</u>	<u>543,662</u>	<u>28,513,103</u>	<u>4,199,668</u>
Operating income (loss)	<u>1,749,807</u>	<u>688,419</u>	<u>639,595</u>	<u>(157,205)</u>	<u>(335,746)</u>	<u>52,321</u>	<u>2,637,191</u>	<u>(370,467)</u>
NONOPERATING REVENUES (EXPENSES)								
Investment earnings	2,233	4,235	1,112	14	115	73	7,782	53,967
Capital grants	1,010,230	73,042	-	-	876,920	-	1,960,192	-
Interest expense	-	(61,810)	(381,106)	-	-	-	(442,916)	-
Amortization	-	(2,265)	(7,076)	-	-	-	(9,341)	-
Total nonoperating revenues (expenses)	<u>1,012,463</u>	<u>13,202</u>	<u>(387,070)</u>	<u>14</u>	<u>877,035</u>	<u>73</u>	<u>1,515,717</u>	<u>53,967</u>
Income (loss) before contributions and transfers	2,762,270	701,621	252,525	(157,191)	541,289	52,394	4,152,908	(316,500)
Transfers in	-	64,850	1,188,895	-	11,358	-	1,265,103	-
Transfers out	(2,267,496)	(528,750)	(671,724)	-	-	-	(3,467,970)	-
Change in net position	494,774	237,721	769,696	(157,191)	552,647	52,394	1,950,041	(316,500)
Total net position (deficit) - beginning	24,639,855	7,733,293	16,405,054	323,404	4,246,749	331,200	53,679,555	2,097,540
Total net position (deficit) - ending	<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>

30

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

CITY OF RUSTON, LOUISIANA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2013

31

	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	\$22,359,651	\$1,872,201	\$3,405,487	\$116,138	\$79,875	\$582,665	\$28,416,017	\$3,795,357
Payments to suppliers	(16,808,409)	(665,137)	(1,053,027)	678,538	76,407	(126,978)	(17,898,606)	(1,101,181)
Payments to employees	(2,133,538)	(402,100)	(699,610)	(77,316)	-	17,683	(3,294,881)	(159,587)
Claim payments	-	-	-	-	-	-	-	(2,854,378)
Other receipts	41,811	376	72	-	123	-	42,382	34,013
Net cash provided by operating activities	<u>3,459,515</u>	<u>805,340</u>	<u>1,652,922</u>	<u>717,360</u>	<u>156,405</u>	<u>473,370</u>	<u>7,264,912</u>	<u>(285,776)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:								
Transfers in	-	64,850	1,188,895	-	11,358	-	1,265,103	-
Transfers out	(2,267,496)	(528,750)	(671,724)	-	-	-	(3,467,970)	-
Net cash provided by (used in) noncapital financing activities	<u>(2,267,496)</u>	<u>(463,900)</u>	<u>517,171</u>	<u>-</u>	<u>11,358</u>	<u>-</u>	<u>(2,202,867)</u>	<u>-</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:								
Acquisition and construction of capital assets	(2,290,251)	(247,087)	(521,650)	(776,654)	(491,880)	-	(4,327,522)	-
Capital contributions	1,010,230	73,042	-	-	278,655	-	1,361,927	-
Bond issuance costs	-	-	-	-	-	-	-	-
DEQ Revolving Loan fund	-	(20,959)	-	-	-	-	(20,959)	-
Payable to State	40,721	-	-	-	-	-	40,721	-
Principal paid on debt	-	(49,824)	(895,000)	-	-	-	(944,824)	-
Interest paid on debt	(82,555)	(61,810)	(381,106)	-	-	-	(525,471)	-
Net cash used in capital and related financing activities	<u>(1,321,855)</u>	<u>(306,638)</u>	<u>(1,797,756)</u>	<u>(776,654)</u>	<u>(213,225)</u>	<u>-</u>	<u>(4,416,128)</u>	<u>-</u>
CASH FLOWS FROM INVESTING ACTIVITIES:								
Proceeds from sales and maturities of investments	-	-	-	-	-	-	-	(1,715)
Purchase of investments	(23,530)	254,419	(689)	-	-	-	230,200	511,852
Interest and dividends received	2,233	4,235	1,112	14	115	73	7,782	53,967
Net cash provided by (used in) investing activities	<u>(21,297)</u>	<u>258,654</u>	<u>423</u>	<u>14</u>	<u>115</u>	<u>73</u>	<u>237,982</u>	<u>564,104</u>
Net increase (decrease) in cash and cash equivalents	(151,133)	293,456	372,760	(59,280)	(45,347)	473,443	883,899	278,328
Cash and cash equivalents, beginning of year	1,792,688	291,224	184,153	75,303	183,956	79,143	2,606,467	747,670
Cash and cash equivalents, end of year	<u>\$1,641,555</u>	<u>\$584,680</u>	<u>\$556,913</u>	<u>\$16,023</u>	<u>\$138,609</u>	<u>\$552,586</u>	<u>\$3,490,366</u>	<u>\$1,025,998</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)	\$1,749,807	\$688,419	\$639,595	(\$157,205)	(\$335,746)	\$52,321	\$2,637,191	(\$370,467)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:								
Depreciation	1,500,904	519,299	1,666,677	-	363,543	104,561	4,154,984	327
(Increase) Decrease in assets:								
Receivables	(288,113)	(29,979)	34,405	-	4,199	(13,318)	(292,806)	(181)
Due from other funds	(1,345,822)	(611,722)	(483,424)	-	-	(694)	(2,441,662)	1,420
Inventories	(137,492)	5,939	(4,021)	-	-	-	(135,574)	-
Prepaid items	1,049	-	1,653	-	-	-	2,702	(29,059)
Increase (Decrease) in liabilities:								
Accounts payable	(9,950)	70,718	(348,586)	(19,058)	-	(2,872)	(309,748)	(1,341)
Accrued liabilities	5,545	(854)	(361)	1,069	-	726	6,125	239
Due to other funds	1,900,365	163,055	142,514	892,412	124,409	325,066	3,547,821	551
Customers' deposits	41,939	-	(60)	-	-	-	41,879	-
Claims and judgments	-	-	-	-	-	-	-	95,892
Compensated absences	41,283	465	4,530	142	-	7,580	54,000	16,863
Total adjustments	1,709,708	116,921	1,013,327	874,565	492,151	421,049	4,627,721	84,711
Net cash provided by operating activities	\$3,459,515	\$805,340	\$1,652,922	\$717,360	\$156,405	\$473,370	\$7,264,912	(\$285,756)

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

CITY OF RUSTON, LOUISIANA
STATEMENT OF NET POSITION
COMPONENT UNITS
SEPTEMBER 30, 2013

	<u>Ruston City Judge's Office</u>	<u>Ruston City Marshal's Office</u>	<u>Total</u>
ASSETS			
Cash and cash equivalents	\$1,328,452	\$84,416	\$1,412,868
Investments	-	-	-
Receivables	-	1,140	1,140
Prepaid items	2,344	554	2,898
Due from governmental units	5,425	-	5,425
Capital assets, net of depreciation	494,327	43,126	537,453
Total assets	<u>1,830,548</u>	<u>129,236</u>	<u>1,959,784</u>
LIABILITIES			
Accounts payable	4,748	1,565	6,313
Accrued liabilities	6,018	-	6,018
Due to governmental units	441,313	-	441,313
Non-current liabilities:			
Due within one year	-	-	-
Due in more than one year	-	-	-
Total liabilities	<u>452,079</u>	<u>1,565</u>	<u>453,644</u>
NET POSITION			
Net investment in capital assets	494,327	43,126	537,453
Unrestricted	1,378,469	84,545	1,463,014
Total net position	<u>\$1,872,796</u>	<u>\$127,671</u>	<u>\$2,000,467</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, 2013

	<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	\$532,663	\$206,414	\$379,535	\$53,286	-	\$53,286
City Marshal: Judicial	<u>326,961</u>	<u>86,714</u>	<u>\$230,160</u>	<u>-</u>	<u>(\$10,087)</u>	<u>(10,087)</u>
	<u>\$859,624</u>	<u>\$293,128</u>	<u>\$609,695</u>	<u>53,286</u>	<u>(10,087)</u>	<u>43,199</u>
General Revenues:						
Interest earnings				2,549	466	3,015
Miscellaneous				<u>11,105</u>	<u>-</u>	<u>11,105</u>
Total general revenues				<u>13,654</u>	<u>466</u>	<u>14,120</u>
Change in net position				<u>66,940</u>	<u>(9,621)</u>	<u>57,319</u>
Net position - beginning				<u>1,311,529</u>	<u>137,292</u>	<u>1,448,821</u>
Net position - ending				<u>\$1,378,469</u>	<u>\$127,671</u>	<u>\$1,506,140</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, 2013

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, 2013

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, 2013

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, 2013

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, 2013

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, general 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, 2013

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, 2013

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, 2013 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, 2013

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, 2013

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, 2013

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, 2013, the carrying amount of the City's deposits was \$13,743,074 and the bank balance was \$15,793,956. The difference is due to the outstanding checks and deposits in transit at September 30, 2013.

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, 2013, 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, 2013

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, 2013. 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	\$91,977	\$-	\$-	\$ 91,977
Louisiana Asset Management Pool				<u>760,501</u>
Total Investments				852,478
Total Deposits				<u>12,890,596</u>
Total cash, cash equivalents, & investments, including restricted cash and investments				<u>\$13,743,074</u>

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

Discretely Presented Component Units - Deposits

All deposits of the component units are held by area financial institutions. At the respective year ends, all deposits are insured or collateralized with securities held in the component unit's name by its agent (the trust department of a bank other than the pledging bank). The securities have a fair value of \$1,412,868 at September 30, 2013.

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 \$169,983,252 and \$168,123,934 in 2013 and 2012, respectively. The distribution of the City's levy (tax rate per \$1,000 assessed value) was, as follows, for 2013 and 2012:

CITY OF RUSTON, LOUISIANA
Notes to Financial Statements
For the Year Ended September 30, 2013

 Levy	2013	2012
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, 2013, 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	\$189,600	-	\$647,875	(\$322,061)	\$515,414
1968 Sales Tax	-	\$221,264	-	-	221,264
1985 Sales Tax	-	331,895	-	-	331,895
1990 Sales Tax	-	221,264	-	-	221,264
Nonmajor governmental funds	-	708,381	15,139	-	723,520
Total governmental activities	<u>\$189,600</u>	<u>\$1,482,804</u>	<u>\$663,014</u>	<u>(\$322,061)</u>	<u>\$2,013,357</u>
Business-type activities:					
Electric System	\$2,824,240	-	\$441,313	(\$1,520,873)	\$1,744,680
Water System	389,829	-	-	(231,133)	158,696
Sewer System	599,369	-	-	(427,294)	172,075
Nonmajor business-type activities	150,801	-	2,804	(45,733)	107,872
Total business-type activities	<u>\$3,964,239</u>	<u>-</u>	<u>\$444,117</u>	<u>(\$2,225,033)</u>	<u>\$2,183,323</u>

5. **CAPITAL ASSETS**

A summary of changes in capital assets is as follows:

	Balance September 30, 2012	Additions	Retirements	Balance September 30, 2013
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$10,823,354	\$1,033,896	-	\$11,857,250
Construction in progress	<u>28,547,175</u>	<u>1,635,105</u>	<u>(\$542,016)</u>	<u>29,640,264</u>
Total capital assets, not being depreciated	<u>39,370,529</u>	<u>2,669,001</u>	<u>(\$542,016)</u>	<u>41,497,514</u>
Capital assets, being depreciated:				
Buildings	10,719,964	157,137	-	10,877,101
Improvements other than buildings	9,545,308	142,201	-	9,687,509
Equipment	15,735,669	704,057	(618,012)	15,821,714
Infrastructure	<u>23,439,313</u>	-	-	<u>23,439,313</u>
Total capital assets being depreciated	<u>59,440,254</u>	<u>1,003,395</u>	<u>(618,012)</u>	<u>59,825,637</u>
Less accumulated depreciation for:				
Buildings	(3,013,432)	(268,153)	-	(3,281,585)
Improvements other than buildings	(4,249,866)	(392,250)	-	(4,642,116)

CITY OF RUSTON, LOUISIANA
Notes to Financial Statements
For the Year Ended September 30, 2013

	Balance September 30, 2012	Additions	Retirements	Balance September 30, 2013
Equipment	(10,841,034)	(805,196)	-	(11,646,230)
Infrastructure	<u>(6,525,854)</u>	<u>(513,835)</u>	-	<u>(7,039,689)</u>
Total accumulated depreciation	<u>(24,630,186)</u>	<u>(1,979,434)</u>	-	<u>(26,609,620)</u>
 Total capital assets, being depreciated, net	 <u>34,810,068</u>	 <u>(976,039)</u>	 <u>(618,012)</u>	 <u>33,216,017</u>
Governmental activities capital assets, net	<u>\$74,180,597</u>	<u>\$1,692,962</u>	<u>(\$1,160,028)</u>	<u>\$74,713,531</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; \$146,475 for the East Kentucky project; \$13,868 for the Dispatch Transfer 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 Rec. Center project.

	Balance September 30, 2012	Additions	Retirements	Balance September 30, 2013
Business-type activities:				
Electric System				
Capital assets, not being depreciated:				
Land	\$622,501	-	-	\$622,501
Construction in progress	<u>8,072,916</u>	<u>\$1,718,066</u>	<u>(\$42,087)</u>	<u>9,748,895</u>
Total capital assets, not being depreciated	<u>8,695,417</u>	<u>1,718,066</u>	<u>(42,087)</u>	<u>10,371,396</u>
Capital assets, being depreciated:				
Buildings	4,593,812	9,750	-	4,603,562
System Improvement	31,996,146	464,328	-	32,460,474
Equipment	<u>21,036,984</u>	<u>140,196</u>	<u>(62,611)</u>	<u>21,114,569</u>
Total capital assets being depreciated	<u>57,626,942</u>	<u>614,274</u>	<u>(62,611)</u>	<u>58,178,605</u>
Less accumulated depreciation for:				
Buildings	(1,956,209)	(124,170)	-	(2,080,379)
System Improvement	(19,476,480)	(1,099,758)	-	(20,576,238)
Equipment	<u>(19,349,814)</u>	<u>(276,976)</u>	<u>62,611</u>	<u>(19,564,179)</u>
Total accumulated depreciation	<u>(40,782,503)</u>	<u>(1,500,904)</u>	<u>62,611</u>	<u>(42,220,796)</u>
Total capital assets, being depreciated, net	<u>16,844,439</u>	<u>(886,630)</u>	-	<u>15,957,809</u>
Electric System capital assets, net	<u>\$25,539,856</u>	<u>\$831,436</u>	<u>(\$42,087)</u>	<u>\$26,329,205</u>

Construction in progress for the electric system consisted of \$7,873,273 for the Smart Grid Initiative project; \$1,234,980 for the Customer Service office, Information Technology Improvements, and City Court Renovations projects; \$324,948 for the Frazier Road Substation Upgrade project; and \$315,694 for the Maple Street Substation Upgrade project.

CITY OF RUSTON, LOUISIANA
Notes to Financial Statements
For the Year Ended September 30, 2013

	Balance September 30, <u>2012</u>	<u>Additions</u>	<u>Retirements</u>	Balance September 30, <u>2013</u>
Telecommunications System				
Capital assets, not being depreciated:				
Construction in progress	<u>\$379,342</u>	<u>\$776,654</u>	-	<u>\$1,155,996</u>
Telecommunications System capital assets, net	<u>\$379,342</u>	<u>\$776,654</u>	-	<u>\$1,155,996</u>

Construction in progress for the telecommunications system consisted of \$1,155,996 for the infrastructure.

	Balance September 30, <u>2012</u>	<u>Additions</u>	<u>Retirements</u>	Balance September 30, <u>2013</u>
Water System				
Capital assets, not being depreciated:				
Land	\$75,070	-	-	\$75,070
Construction in progress	<u>961,145</u>	-	<u>(\$912,598)</u>	<u>48,547</u>
Total capital assets, not being depreciated	<u>1,036,215</u>	-	<u>(912,598)</u>	<u>123,617</u>
Capital assets, being depreciated:				
Buildings	139,934	-	-	139,934
System Improvement	14,531,417	\$1,159,685	-	15,691,102
Equipment	<u>808,287</u>	-	<u>(33,367)</u>	<u>774,920</u>
Total capital assets being depreciated	<u>15,479,638</u>	<u>1,159,685</u>	<u>(33,367)</u>	<u>16,605,956</u>
Less accumulated depreciation for:				
Buildings	(116,039)	(5,207)	-	(121,246)
System Improvement	(7,700,975)	(466,450)	-	(8,167,425)
Equipment	<u>(764,179)</u>	<u>(47,642)</u>	<u>33,367</u>	<u>(778,454)</u>
Total accumulated depreciation	<u>(8,581,193)</u>	<u>(519,299)</u>	<u>33,367</u>	<u>(9,067,125)</u>
Total capital assets, being depreciated, net	<u>6,898,445</u>	<u>640,386</u>	-	<u>7,538,831</u>
Water System capital assets, net	<u>\$7,934,660</u>	<u>\$640,386</u>	<u>(\$912,598)</u>	<u>\$7,662,448</u>

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

	Balance September 30, <u>2012</u>	<u>Additions</u>	<u>Retirements</u>	Balance September 30, <u>2013</u>
Sewer System				
Capital assets, not being depreciated:				
Land	\$218,801	-	-	\$218,801
Construction in progress	<u>1,336,266</u>	<u>\$270,234</u>	<u>(\$1,558,366)</u>	<u>48,134</u>
Total capital assets, not being depreciated	<u>1,555,067</u>	<u>270,234</u>	<u>(1,558,366)</u>	<u>266,935</u>
Capital assets, being depreciated:				
Buildings	151,353	-	-	151,353
System Improvement	19,590,988	-	-	19,590,988

CITY OF RUSTON, LOUISIANA
Notes to Financial Statements
For the Year Ended September 30, 2013

	Balance September 30, 2012	Additions	Retirements	Balance September 30, 2013
Equipment	<u>24,649,226</u>	<u>1,809,781</u>	<u>(2,550)</u>	<u>26,456,457</u>
Total capital assets being depreciated	<u>44,391,567</u>	<u>1,809,781</u>	<u>(2,550)</u>	<u>46,198,798</u>
Less accumulated depreciation for:				
Buildings	(66,994)	(4,361)	-	(71,355)
System Improvement	(12,242,732)	(501,383)	-	(12,744,115)
Equipment	<u>(3,947,527)</u>	<u>(1,160,933)</u>	<u>2,550</u>	<u>(5,105,910)</u>
Total accumulated depreciation	<u>(16,257,253)</u>	<u>(1,666,677)</u>	<u>2,550</u>	<u>(17,921,380)</u>
Total capital assets, being depreciated, net	<u>28,134,314</u>	<u>143,104</u>	<u>-</u>	<u>28,277,418</u>
Sewer System capital assets, net	<u>\$29,689,381</u>	<u>\$413,338</u>	<u>(\$1,558,366)</u>	<u>\$28,544,353</u>

Construction in progress consisted of \$48,134 for the Highway 80 Lift Station Improvement project.

	Balance September 30, 2012	Additions	Retirements	Balance September 30, 2013
Airport Authority				
Capital assets, not being depreciated:				
Land	\$349,851	-	-	\$349,851
Construction in progress	<u>115,958</u>	<u>\$878,056</u>	<u>-</u>	<u>994,014</u>
Total capital assets, not being depreciated	<u>465,809</u>	<u>878,056</u>	<u>-</u>	<u>1,343,865</u>
Capital assets, being depreciated:				
Buildings	1,056,681	-	-	1,056,681
Runways, aprons, and taxiways	7,035,012	16,100	-	7,051,112
Equipment	<u>231,239</u>	<u>-</u>	<u>-</u>	<u>231,239</u>
Total capital assets being depreciated	<u>8,322,932</u>	<u>16,100</u>	<u>-</u>	<u>8,339,032</u>
Less accumulated depreciation for:				
Buildings	(152,583)	(22,545)	-	(175,128)
Runways, aprons, and taxiways	(4,352,987)	(307,963)	-	(4,660,950)
Equipment	<u>(194,360)</u>	<u>(33,035)</u>	<u>-</u>	<u>(227,395)</u>
Total accumulated depreciation	<u>(4,699,930)</u>	<u>(363,543)</u>	<u>-</u>	<u>(5,063,473)</u>
Total capital assets, being depreciated, net	<u>3,623,002</u>	<u>(347,443)</u>	<u>-</u>	<u>3,275,559</u>
Airport Authority capital assets, net	<u>\$4,088,811</u>	<u>\$530,613</u>	<u>-</u>	<u>\$4,619,424</u>

Construction in progress consisted of \$220,878 for the Rehabilitation and Expansion of Existing Apron project; \$703,288 for the Airfield Electrical and Lighting Systems Improvement project; \$46,070 for the Runway 36 Obstruction Removal project; and \$23,778 for the Airport Control Fence project.

CITY OF RUSTON, LOUISIANA
Notes to Financial Statements
For the Year Ended September 30, 2013

	Balance September 30, <u>2012</u>	<u>Additions</u>	<u>Retirements</u>	Balance September 30, <u>2013</u>
Ambulance Fund				
Capital assets, being depreciated:				
Equipment	\$703,893	\$495,274	-	\$1,199,167
Less accumulated depreciation for equipment	<u>(448,957)</u>	<u>(104,561)</u>	-	<u>(553,518)</u>
Total capital assets, being depreciated, net	<u>\$254,936</u>	<u>\$390,713</u>	<u>-</u>	<u>\$645,649</u>
	Balance September 30, <u>2012</u>	<u>Additions</u>	<u>Retirements</u>	Balance September 30, <u>2013</u>
Business-type activities capital assets				
Capital assets, not being depreciated:				
Land	\$1,266,223	-	-	\$1,266,223
Construction in progress	<u>10,865,627</u>	<u>\$3,643,010</u>	<u>(\$2,513,051)</u>	<u>11,995,586</u>
Total capital assets, not being depreciated	<u>12,131,850</u>	<u>3,643,010</u>	<u>(2,513,051)</u>	<u>13,261,809</u>
Capital assets, being depreciated:				
Buildings	5,941,780	9,750	-	5,951,530
System Improvement	66,118,551	1,624,013	-	67,742,564
Runways, aprons, and taxiways	7,035,012	16,100	-	7,051,112
Equipment	<u>47,429,629</u>	<u>2,445,251</u>	<u>(98,528)</u>	<u>49,776,352</u>
Total capital assets being depreciated	<u>126,524,972</u>	<u>4,095,114</u>	<u>(98,528)</u>	<u>130,521,558</u>
Less accumulated depreciation for:				
Buildings	(2,291,825)	(156,283)	-	(2,448,108)
System Improvement	(39,420,187)	(2,067,591)	-	(41,487,778)
Runways, aprons, and taxiways	(4,352,987)	(307,963)	-	(4,660,950)
Equipment	<u>(24,704,837)</u>	<u>(1,623,147)</u>	<u>98,528</u>	<u>(26,229,456)</u>
Total accumulated depreciation	<u>(70,769,836)</u>	<u>(4,154,984)</u>	<u>98,528</u>	<u>(74,826,292)</u>
Total capital assets, being depreciated, net	<u>55,755,136</u>	<u>(59,870)</u>	<u>-</u>	<u>55,695,266</u>
Business-type activities capital assets, net	<u>\$67,886,986</u>	<u>\$3,583,140</u>	<u>(\$2,513,051)</u>	<u>\$68,957,075</u>

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

Governmental activities:	
General government	\$227,000
Public safety	362,914
Public works, including depreciation of general infrastructure assets	1,279,899
Recreation	<u>109,621</u>
Total depreciation expense-governmental activities	<u>\$1,979,434</u>

CITY OF RUSTON, LOUISIANA
Notes to Financial Statements
For the Year Ended September 30, 2013

Business-type activities:	
Electric System	\$1,500,904
Water System	519,299
Sewer System	1,666,677
Airport Authority	363,543
Ambulance	<u>104,561</u>
Total depreciation expense-business-type activities	<u>\$4,154,984</u>

6. LONG-TERM LIABILITIES

Long-term liability activity for the year ended September 30, 2013, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
Revenue bonds payable	\$7,275,000	-	(\$610,000)	\$6,665,000	\$630,000
Compensated absences	<u>1,836,245</u>	<u>\$960,515</u>	<u>(783,243)</u>	<u>2,013,517</u>	<u>200,000</u>
Governmental activities Total long-term liabilities	<u>\$9,111,245</u>	<u>\$960,515</u>	<u>(\$1,393,243)</u>	<u>\$8,678,517</u>	<u>\$830,000</u>
Business-type activities:					
Electric System:					
Due to other governments	\$37,148	-	(\$37,148)	-	-
Compensated absences	<u>270,809</u>	<u>\$88,672</u>	<u>(47,389)</u>	<u>\$312,092</u>	<u>\$31,200</u>
Electric System long-term liabilities	<u>\$307,957</u>	<u>\$88,672</u>	<u>(\$84,537)</u>	<u>\$312,092</u>	<u>\$31,200</u>
Telecommunications System:					
Compensated absences	<u>\$3,342</u>	<u>\$2,780</u>	<u>(\$2,638)</u>	<u>\$3,484</u>	<u>\$350</u>
Water System:					
DHH Revolving Loan fund	\$1,937,590	\$73,041	(\$94,000)	\$1,916,631	\$99,000
Due to other governments	49,824	-	(49,824)	-	-
Compensated absences	<u>44,962</u>	<u>12,248</u>	<u>(11,783)</u>	<u>45,427</u>	<u>4,500</u>
Water System long-term liabilities	<u>\$2,032,375</u>	<u>\$85,289</u>	<u>(\$155,607)</u>	<u>\$1,962,058</u>	<u>\$103,500</u>
Sewer System:					
Revenue bonds	\$180,000	-	(\$90,000)	\$90,000	\$90,000
Refunding sewer bonds	14,755,000	-	(805,000)	13,950,000	825,000
Compensated absences	<u>26,477</u>	<u>\$29,967</u>	<u>(25,437)</u>	<u>31,007</u>	<u>3,100</u>
Sewer System long-term liabilities	<u>\$14,961,477</u>	<u>\$29,967</u>	<u>(\$920,437)</u>	<u>\$14,071,007</u>	<u>\$918,100</u>
Ambulance Fund:					
Compensated absences	<u>\$59,796</u>	<u>\$18,438</u>	<u>(\$10,859)</u>	<u>\$67,375</u>	<u>\$6,700</u>

CITY OF RUSTON, LOUISIANA
Notes to Financial Statements
For the Year Ended September 30, 2013

	<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	\$180,000	-	(\$90,000)	\$90,000	\$90,000
DHH Revolving Loan fund	1,937,590	\$73,041	(94,000)	1,916,631	99,000
Refunding sewer bonds	14,755,000	-	(805,000)	13,950,000	825,000
Due to other governments	86,972	-	(86,972)	-	-
Compensated absences	<u>405,386</u>	<u>152,105</u>	<u>(98,106)</u>	<u>459,385</u>	<u>45,850</u>
Business-type activities long-term liabilities	<u>\$17,364,948</u>	<u>\$225,146</u>	<u>(\$1,174,078)</u>	<u>\$16,416,016</u>	<u>\$1,059,850</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, 2013, were comprised of the following issues:

Governmental Activities:	Outstanding at September 30, 2013
<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 \$630,000 to \$860,000 through September 1, 2022.	<u>\$6,665,000</u>
Total Tax Increment Revenue Bonds	<u>\$6,665,000</u>
Business-type Activities:	
<u>Revenue Bonds</u>	
\$1,620,000 authorized 1993 Sewer Revenue Bonds \$1,432,536 issued, interest at 2.45%, payable in final annual installment of \$90,000 at October 1, 2014.	<u>\$90,000</u>
Total Revenue Bonds	<u>\$90,000</u>
<u>DHH Revolving Loan</u>	
\$2,334,000 2009 Water Revenue Bonds dated October 29, 2009, due in annual installments of \$99,000 to \$145,000 through October 1, 2030, interest at 3.45%.	<u>\$1,916,631</u>
Total DHH Revolving Loan	<u>\$1,916,631</u>
<u>Refunding Bonds</u>	
\$14,870,000 2012 Refunding Sewer Bonds dated July 24, 2012, due in annual installments of \$825,000 to \$1,250,000 through October 1, 2026, interest at 2.75%.	<u>\$13,950,000</u>
Total Refunding Bonds	<u>\$13,950,000</u>

CITY OF RUSTON, LOUISIANA
Notes to Financial Statements
For the Year Ended September 30, 2013

The annual requirements to amortize all debt outstanding as of September 30, 2013, including interest requirements were as follows:

Year ending September 30:	Governmental Activities		Business-Type Activities		Total
	Principal	Interest	Principal	Interest	
2014	\$630,000	\$281,930	\$1,014,000	\$413,938	\$2,339,868
2015	660,000	255,280	1,052,000	393,581	2,360,861
2016	680,000	227,362	1,079,000	371,829	2,358,191
2017	710,000	198,598	1,107,000	348,061	2,363,659
2018	740,000	168,566	1,129,000	322,575	2,360,141
2019-2023	3,245,000	349,822	6,105,000	1,175,286	10,875,108
2024-2028	-	-	4,319,000	309,114	4,628,114
2029-2030	-	-	287,000	10,443	297,443
	<u>\$6,665,000</u>	<u>\$1,481,558</u>	<u>\$16,092,000</u>	<u>\$3,344,827</u>	<u>\$27,583,385</u>

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

In 1995, the City entered into an agreement with the State of Louisiana, Department of Transportation and Development, to relocate a portion of the City's facilities for \$869,716. At that time, the City was unsure whether it would ultimately be obligated to pay this amount and accordingly did not record a liability in the financial records. During 2004, the State formally requested payment and the City agreed to pay 10% of the total amount owed per year for ten years. During the fiscal year ended September 30, 2013, the City fully satisfied this liability by paying the remaining 10%.

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, 2013, was \$169,983,252. The maximum debt allowable for any one purpose and total debt allowable by state law as of December 31, 2013, is \$16,998,325 and \$59,494,138, 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.

CITY OF RUSTON, LOUISIANA
Notes to Financial Statements
For the Year Ended September 30, 2013

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

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

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

Municipal Employees' Retirement System

Plan Description - Substantially all full-time employees except police and firemen of the City of Ruston are covered under the Municipal Employees' Retirement System of Louisiana, (the "System") a cost sharing multiple employer public employee retirement system, controlled and administered by the Board of Trustees of the System. The System is mandatory for all employees who are employed on a permanent basis working at least 35 hours per week. Benefits are established by State statutes. The System issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing the Board of Trustees, 7937 Office Park Blvd., Baton Rouge, Louisiana 70809, or by calling (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, 2013, and for the 3 months ended September 30, 2013, 17% and 18.75%, 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, 2013, 2012, and 2011 were \$1,050,419, \$1,025,199, and \$942,407, 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, 2013, and for the 3 months ended September 30, 2013, 24% and 28.25%, 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

CITY OF RUSTON, LOUISIANA
Notes to Financial Statements
For the Year Ended September 30, 2013

SFRS for the years ended September 30, 2013, 2012, and 2011 were \$512,263, \$478,639, and \$440,248, respectively, equal to the required contributions for each year. In accordance with GASB Statement No. 27, *Accounting for Pensions by State and Local Governmental Employees*, the net pension obligation was determined to be zero. Prior to adoption of GASB 27, the City did not report a pension liability.

Municipal Police Employees' Retirement System (MPERS)

Plan Description - The City of Ruston contributes to the Municipal Police Employees' Retirement System Pension Plan, a cost sharing multiple employer defined benefit pension plan administered by the Municipal Police Employees' Retirement System. MPERS covers any full-time police officer, empowered to make arrests, employed by any municipality of the State and engaged in law enforcement, earning at least \$375 per month excluding state supplemental pay, or an elected Chief of Police whose salary is at least \$100 per month, and any employee of this system may participate in the MPERS. Benefits are established by State statutes. The MPERS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing the Board of Trustees of the Municipal Police Employees' Retirement System, 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 31% 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, 2013, 2012, and 2011 were \$650,424, \$616,672, and \$524,175, 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, 2013, were as follows:

DUE FROM OTHER FUNDS	DUE TO OTHER FUNDS									
	General Fund	1968 Sales Tax	1985 Sales Tax	Electric System	Water System	Sewer System	Nonmajor Govern- mental Funds	Nonmajor Enterprise Funds	Internal Service	Total
General Fund	-	-	-	\$837,214	\$738,621	\$603,160	\$3,950	\$547,767	\$42,656	\$2,773,368
I-20 Fund	\$11,885	-	-	-	-	-	-	-	-	11,885
1968 Sales Tax	-	-	\$64,678	-	-	-	-	-	-	64,678
1990 Sales Tax	-	\$229,757	-	-	-	-	-	-	-	229,757
Electric System	256,738	-	-	-	-	-	461	903,714	-	1,160,913
Water System	6,212	-	-	1,618,954	-	24,185	-	-	-	1,649,351
Sewer System	-	-	-	2,263,992	-	-	-	-	-	2,263,992
Nonmajor Governmental	358,688	-	-	-	-	-	-	-	-	358,688
Nonmajor Enterprise	1,586	-	-	-	-	-	-	-	-	1,586
Internal Service	28,244	-	-	-	-	-	-	-	-	28,244
Total	<u>\$663,353</u>	<u>\$229,757</u>	<u>\$64,678</u>	<u>\$4,720,160</u>	<u>\$738,621</u>	<u>\$627,345</u>	<u>\$4,411</u>	<u>\$1,451,481</u>	<u>\$42,656</u>	<u>\$8,542,462</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, 2013

b. INTERFUND TRANSFERS

Transfers for the year ended September 30, 2013, were as follows:

TRANSFERS OUT	TRANSFERS IN						Total
	General Fund	I-20	Water System	Sewer System	Airport Authority	Nonmajor Governmental Funds	
General Fund	-	-	-	-	-	\$67,736	\$67,736
1968 Sales Tax	\$2,537,000	-	-	-	-	-	2,537,000
1985 Sales Tax	4,283,000	-	-	-	-	269,877	4,552,877
1990 Sales Tax	2,587,000	-	-	-	-	-	2,587,000
I-20 Fund	-	-	-	\$1,181,696	-	-	1,181,696
Electric System	2,113,477	-	\$64,850	-	\$10,812	78,367	2,267,496
Water System	511,266	-	-	7,199	547	9,738	528,750
Sewer System	507,114	-	-	-	-	164,610	671,724
Nonmajor governmental	-	\$1,362,118	-	-	-	-	1,362,118
Total transfers	<u>\$12,538,857</u>	<u>\$1,362,118</u>	<u>\$64,850</u>	<u>\$1,188,895</u>	<u>\$11,358</u>	<u>\$500,318</u>	<u>\$16,766,386</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:

Fund	Budget	Actual on a budgetary basis	Negative variance
General Fund - General Government:			
Marshal	206,213	207,028	(815)
Public Safety:			
Probation	89,524	95,513	(5,989)
Public Works - Streets:			
Overtime salaries	35,000	35,191	(191)

The unfavorable variance in Marshal 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. The unfavorable variance in the overtime salaries of the Street Dept. is due to an increase in after normal working hours activity.

CITY OF RUSTON, LOUISIANA
Notes to Financial Statements
For the Year Ended September 30, 2013

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

Life insurance coverage in varying amounts are provided to retirees and the blended rate (for all retired combined). The employer pays 100% of the cost of the retiree life insurance. Since GASB 45 requires the use of "unblended" rates, we have used the 94GAR mortality table described below to "unblend" the rates so as to reproduce the composite blended rate overall as the rate structure to calculate the actuarial valuation results for life insurance. All of the assumptions used for the valuation of the medical benefits have been used except for the trend assumption; zero trend was used for life insurance. Retiree insurance coverage amounts are \$20,000, reduced to \$10,000 at age 70 and to \$1,000 at age 75.

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

Fund Policy - Until 2008, the City of Ruston recognized the cost of providing post-employment medical and life insurance benefits (the City of Ruston's portion of the retiree medical and life insurance benefit premiums) as an expense when the benefit premiums were due and thus financed the cost of the post-employment benefits on a pay-as-you-go basis. In 2013 and 2012, the City of Ruston's portion of health care and life insurance funding cost for retired employees totaled \$278,377 and \$261,883, respectively.

Effective October 1, 2008, the City of Ruston implemented Government Accounting Standards Board Statement Number 45, *Accounting and Financial Reporting by Employers for Post-Employment Benefits Other than Pensions (GASB 45)*. This amount was applied toward the Net OPEB Benefit Obligation as shown in the following table.

CITY OF RUSTON, LOUISIANA
Notes to Financial Statements
For the Year Ended September 30, 2013

Annual Required Contribution - The City of Ruston's Annual Required Contribution (ARC) is an amount actuarially determined in accordance with GASB 45. The ARC is the sum of the Normal Cost plus the contribution to amortize the Unfunded Actuarial Accrued Liability (UAAL). A level dollar, open amortization period of 30 years (the maximum amortization period allowed by GASB 43/45) has been used for the post-employment benefits. The actuarially computed ARC is as follows:

	<u>2013</u>	<u>2012</u>
Normal cost	\$366,733	\$354,122
30-year UAL amortization amount	<u>744,211</u>	<u>719,791</u>
Annual required contribution (ARC)	<u>\$1,110,944</u>	<u>\$1,073,913</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>2013</u>	<u>2012</u>
Beginning Net OPEB Obligation	\$3,105,099	\$2,334,696
Annual required contribution	1,110,944	1,073,913
Interest on Net OPEB Obligation	124,204	93,388
ARC Adjustment	<u>(179,568)</u>	<u>(135,016)</u>
OPEB Cost	1,055,580	1,032,285
Contribution to Irrevocable Trust	-	-
Current year retiree premium	<u>(278,377)</u>	<u>(261,883)</u>
Change in Net OPEB Obligation	<u>777,203</u>	<u>770,402</u>
Ending Net OPEB Obligation	<u>\$3,882,302</u>	<u>\$3,105,099</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, 2013	\$1,055,580	26.37%	\$3,882,302
September 30, 2012	\$1,032,285	25.37%	\$3,105,099

Funded Status and Funding Progress - In 2013 and 2012, 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, 2013 was \$13,383,654 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, 2013

	<u>2013</u>	<u>2012</u>
Actuarial Accrued Liability (AAL)	\$13,383,654	\$12,446,761
Actuarial Value of Plan Assets (AVP)	-	-
Unfunded Act. Accrued Liability (UAAL)	\$13,383,654	\$12,446,761
Funded Ratio (AVP/AAL)	0.00%	0.00%
Covered Payroll (active plan members)	\$10,712,853	\$10,304,287
UAAL as a percentage of covered payroll	124.93%	120.79%

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 Statement 45.

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

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

CITY OF RUSTON, LOUISIANA
Notes to Financial Statements
For the Year Ended September 30, 2013

Investment Return Assumption (Discount Rate) - GASB Statement 45 states that the investment return assumption should be the estimated long-term investment yield on the investments that are expected to be used to finance the payment of benefits (that is, for a plan which is funded). Based on the assumption that the ARC will not be funded, a 4% annual investment return has been used in this valuation.

Health Care Cost Trend Rate - The expected rate of increase in medical cost is based on 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 45.

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

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

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

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

	<u>FY 2011</u>	<u>FY 2012</u>	<u>FY 2013</u>
OPEB Cost	\$1,004,118	\$1,032,285	\$1,055,580
Contribution	-	-	-
Retiree premium	267,324	261,883	278,377
Total contribution and premium	267,324	261,883	278,377
Change in net OPEB obligation	\$736,794	\$770,402	\$777,203

CITY OF RUSTON, LOUISIANA
Notes to Financial Statements
For the Year Ended September 30, 2013

% of contribution to cost	0.00%	0.00%	0.00%
% of contribution plus premium to cost	26.62%	25.37%	26.37%

12. COMMITMENTS AND CONTINGENCIES

Construction projects

There are certain construction projects in progress at September 30, 2013. 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; \$146,475 for the East Kentucky project; \$13,868 for the Dispatch Transfer 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 Rec. Center project; \$7,873,273 for the Smart Grid Initiative project; \$1,676,293 for the Customer Service office, Information Technology Improvements, and City Court Renovations projects; \$324,948 for the Frazier Road Substation Upgrade project; and \$315,694 for the Maple Street Substation Upgrade project; \$1,155,996 for the infrastructure of the telecommunications project; \$48,547 for the Master Plan for development of water distribution system; \$48,134 for the Highway 80 Lift Station Improvement project; \$220,878 for the Rehabilitation and Expansion of Existing Apron project; \$703,288 for the Airfield Electrical and Lighting Systems Improvement project; \$46,070 for the Runway 36 Obstruction Removal project; and \$23,778 for the Airport Control Fence project.

Risk Management

The City is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City maintains commercial insurance for risks related to (1) Public Official Errors and Omissions Liability, (2) General Liability, (3) Business Auto Liability, (4) Law Enforcement Professional Liability, and (5) Fire and Extended coverage. Settled claims resulting from these risks did not exceed commercial insurance coverage in the current year. The General Liability and Business Auto Liability are subject to a \$1,000,000 per occurrence limit. The Public Official Errors and Omissions Liability and Law Enforcement Professional Liability are subject to a \$1,000,000 per occurrence limit with a \$50,000 deductible. The City maintained property insurance during the year on approximately \$77 million in City property, subject to a \$100,000 per occurrence retention for property claims. The property insurance is with Zurich/Liberty Ins. Co.

Worker's Compensation

The City established a limited risk management program for worker's compensation in 1988. Premiums are paid into the Workmen's Compensation Self-Insurance Fund by other funds and are available to pay claims, claim reserves, and administrative costs of the program. An excess coverage insurance policy covers individual claims in excess of \$175,000. Reported and an estimate of incurred, but not reported claims of \$390,378 have been accrued as a liability based

CITY OF RUSTON, LOUISIANA
Notes to Financial Statements
For the Year Ended September 30, 2013

upon the service company's loss reserve report. Interfund premiums are based upon the approximate premium. Payments to the worker's compensation fund are accounted for as an expenditure/expense of the paying fund. The Workmen's Compensation Self-Insurance Fund has net assets of \$7,429 at September 30, 2013. There was no increase in insurance coverage from the prior year. No claims exceeded the City's insurance coverage for each of the past six fiscal years.

General Self-Insurance

The City established a limited risk management program for employee medical coverage in 1988. Amounts paid into the General Self-Insurance Fund stem from employee contributions, 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, 2013, a total of \$3,119,521 was paid in benefits and administrative costs. The insurance fund has net assets of \$1,579,799 at September 30, 2013. An excess coverage co-insurance policy covers individual claims in excess of \$70,000 per calendar year. Incurred but not reported claims of \$217,500 have been accrued as a liability based upon information provided by the claims administrators. Interfund payments are based on total operating expenses minus employee contributions and payments by retired employees. Payments to the General Self-Insurance Fund are accounted for as an expenditure/expense of the paying fund. There were no reductions in insurance coverage from the prior year. No claims exceeded the City's insurance coverage for each of the past four fiscal years.

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

	<u>Accrued claims October 1</u>	<u>Claims Incurred</u>	<u>Claims paid</u>	<u>Accrued claims September 30</u>
Worker's Compensation:				
2012	\$217,520	\$451,039	\$357,327	\$311,232
2013	311,232	338,018	258,872	390,378
General Insurance:				
2012	201,177	2,492,499	2,492,922	200,754
2013	200,754	2,682,635	2,665,889	217,500

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.

CITY OF RUSTON, LOUISIANA
Notes to Financial Statements
For the Year Ended September 30, 2013

Revenues from the State of Louisiana

The General Fund receives various revenues from the State of Louisiana. The continuation of these revenues at these amounts is contingent on a variety of factors at the state level.

13. 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, 2013
 (unaudited)

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Taxes	\$995,000	\$995,000	\$987,808	(\$7,192)
Licenses and permits	900,000	900,000	931,073	31,073
Intergovernmental	2,232,527	2,853,443	2,522,238	(331,205)
Charges for services	1,282,000	1,282,000	1,216,048	(65,952)
Fines and forfeitures	315,050	315,050	276,931	(38,119)
Investment earnings	20,000	20,000	11,909	(8,091)
Miscellaneous	241,600	764,526	813,050	48,524
Total revenues	<u>5,986,177</u>	<u>7,130,019</u>	<u>6,759,057</u>	<u>(370,962)</u>
EXPENDITURES				
General government:				
Executive:				
Regular salaries	535,595	535,595	499,592	36,003
Overtime salaries	1,000	1,000	196	804
Other employee benefits	201,152	201,152	186,752	14,400
Total salaries, wages, and employee benefits	<u>737,747</u>	<u>737,747</u>	<u>686,540</u>	<u>51,207</u>
Operating services	855,848	855,886	830,061	25,825
Materials and supplies	74,126	74,721	68,560	6,161
Travel and other	12,000	12,000	9,712	2,288
Improvements and equipment	-	94,127	94,127	-
Total executive	<u>1,679,721</u>	<u>1,774,481</u>	<u>1,689,000</u>	<u>85,481</u>
Information technology:				
Regular salaries	104,404	104,404	103,738	666
Overtime salaries	10,000	10,000	1,857	8,143
Other employee benefits	36,211	36,211	39,517	(3,306)
Total salaries, wages, and employee benefits	<u>150,615</u>	<u>150,615</u>	<u>145,112</u>	<u>5,503</u>
Operating services	355,400	417,461	340,078	77,383
Materials and supplies	43,000	34,583	27,159	7,424
Travel and other	30,000	30,000	13,207	16,793
Improvements and equipment	150,000	150,000	100,556	49,444
Total information technology	<u>729,015</u>	<u>782,659</u>	<u>626,112</u>	<u>156,547</u>
Economic development:				
Regular salaries	71,414	71,414	70,767	647
Other employee benefits	17,552	17,552	17,812	(260)
Total salaries, wages, and employee benefits	<u>88,966</u>	<u>88,966</u>	<u>88,579</u>	<u>387</u>
Operating services	147,647	87,647	67,504	20,143
Materials and supplies	5,000	5,000	2,668	2,332
Travel and other	8,000	8,000	2,356	5,644
Total economic development	<u>249,613</u>	<u>189,613</u>	<u>161,107</u>	<u>28,506</u>
City Court	292,983	292,983	265,171	27,812
Marshal	206,213	206,213	207,028	(815)
Civic center/city hall:				
Regular salaries	111,117	111,117	39,068	72,049
Overtime salaries	18,000	19,700	19,360	340
Other employee benefits	38,968	38,968	13,468	25,500
Total salaries, wages, and employee benefits	<u>168,085</u>	<u>169,785</u>	<u>71,896</u>	<u>97,889</u>
Operating services	200,855	208,047	179,038	29,009
Materials and supplies	42,000	40,300	19,760	20,540
Travel and other	100	100	-	100
Improvements and equipment	-	105,000	102,102	2,898
Total civic center/city hall	<u>411,040</u>	<u>523,232</u>	<u>372,796</u>	<u>150,436</u>

CITY OF RUSTON, LOUISIANA
 General Fund
 Schedule of Revenues, Expenditures, and Changes in Fund Balance -
 Budget and Actual on a Budgetary Basis
 For the Year Ended September 30, 2013
 (unaudited)

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget Positive (Negative)
	Original	Final		
Planning & zoning:				
Regular salaries	150,295	150,295	148,797	1,498
Overtime salaries	2,000	2,000	1,673	327
Other employee benefits	52,806	52,806	54,244	(1,438)
Total salaries, wages, and employee benefits	<u>205,101</u>	<u>205,101</u>	<u>204,714</u>	<u>387</u>
Operating services	86,389	91,728	45,611	46,117
Materials and supplies	13,600	13,600	9,369	4,231
Travel and other	7,000	7,000	3,667	3,333
Total planning & zoning	<u>312,090</u>	<u>317,429</u>	<u>263,361</u>	<u>54,068</u>
Inspections:				
Regular salaries	199,096	199,096	196,974	2,122
Overtime salaries	-	-	-	-
Other employee benefits	64,482	65,502	65,374	128
Total salaries, wages, and employee benefits	<u>263,578</u>	<u>264,598</u>	<u>262,348</u>	<u>2,250</u>
Operating services	102,973	110,368	83,068	27,300
Materials and supplies	17,100	17,100	14,005	3,095
Travel and other	10,000	8,980	3,724	5,256
Total inspections	<u>393,651</u>	<u>401,046</u>	<u>363,145</u>	<u>37,901</u>
Total general government	<u>4,274,326</u>	<u>4,487,656</u>	<u>3,947,720</u>	<u>539,936</u>
Public safety:				
Police:				
Regular salaries	2,068,639	2,068,639	2,033,736	34,903
Overtime salaries	220,000	220,000	216,622	3,378
Other employee benefits	1,173,408	1,173,408	1,085,153	88,255
Total salaries, wages, and employee benefits	<u>3,462,047</u>	<u>3,462,047</u>	<u>3,335,511</u>	<u>126,536</u>
Operating services	478,898	483,491	408,809	74,682
Materials and supplies	371,700	396,446	246,466	149,980
Travel and other	112,000	119,118	59,545	59,573
Improvements and equipment	210,000	117,048	112,334	4,714
Total police	<u>4,634,645</u>	<u>4,578,150</u>	<u>4,162,665</u>	<u>415,485</u>
Fire:				
Regular salaries	1,807,025	1,807,025	1,782,544	24,481
Overtime salaries	163,000	163,000	52,199	100,801
Other employee benefits	1,012,694	1,012,694	952,366	60,328
Total salaries, wages, and employee benefits	<u>2,972,719</u>	<u>2,972,719</u>	<u>2,787,109</u>	<u>185,610</u>
Operating services	311,435	417,982	251,801	166,181
Materials and supplies	262,115	308,356	171,144	137,212
Travel and other	67,500	78,259	55,670	22,589
Improvements and equipment	520,000	700,000	41,558	658,442
Total fire	<u>4,133,769</u>	<u>4,477,316</u>	<u>3,307,282</u>	<u>1,170,034</u>
Street lighting:				
Operating services	255,000	255,000	188,998	66,002
Total street lighting	<u>255,000</u>	<u>255,000</u>	<u>188,998</u>	<u>66,002</u>
Probation				
	89,524	89,524	95,513	(5,989)
Total public safety	<u>9,112,938</u>	<u>9,399,990</u>	<u>7,754,458</u>	<u>1,645,532</u>

CITY OF RUSTON, LOUISIANA
 General Fund
 Schedule of Revenues, Expenditures, and Changes in Fund Balance
 Budget and Actual on a Budgetary Basis
 For the Year Ended September 30, 2013
 (unaudited)

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget Positive (Negative)
	Original	Final		
Public works:				
Administration:				
Regular salaries	395,827	395,827	300,866	94,961
Overtime salaries	500	500	-	500
Other employee benefits	108,504	108,504	85,240	23,264
Total salaries, wages, and employee benefits	604,831	604,831	386,106	118,725
Operating services	144,178	145,853	109,820	36,033
Materials and supplies	23,300	24,100	20,962	3,138
Travel and other	18,000	18,000	12,785	5,215
Total administration	690,309	692,784	529,673	163,111
Streets:				
Regular salaries	768,338	768,338	655,998	112,340
Overtime salaries	35,000	35,000	35,191	(191)
Other employee benefits	394,392	403,132	346,239	56,893
Total salaries, wages, and employee benefits	1,197,730	1,206,470	1,037,428	169,042
Operating services	1,153,606	1,098,976	751,413	347,563
Materials and supplies	261,500	261,700	196,134	65,566
Travel and other	3,000	3,000	320	2,680
Improvements and equipment	2,160,000	3,277,523	1,459,896	1,817,627
Total streets	4,775,836	5,847,669	3,445,191	2,402,478
Solid waste:				
Regular salaries	615,604	615,604	603,013	12,591
Overtime salaries	38,000	38,000	25,869	12,131
Other employee benefits	267,641	268,921	251,876	17,045
Total salaries, wages, and employee benefits	921,245	922,525	880,758	41,767
Operating services	243,675	247,577	216,620	30,957
Materials and supplies	264,800	274,803	262,455	12,348
Travel and other	1,000	1,000	817	183
Improvements and equipment	445,000	245,000	-	245,000
Total solid waste	1,875,720	1,690,905	1,360,650	330,255
Repair shop:				
Regular salaries	343,827	343,827	310,174	33,653
Overtime salaries	9,000	9,000	5,332	3,668
Other employee benefits	135,689	135,689	123,184	12,505
Total salaries, wages, and employee benefits	488,516	488,516	438,690	49,826
Operating services	20,809	169,809	92,130	77,679
Materials and supplies	55,000	55,000	32,660	22,340
Travel and other	3,000	3,000	2,034	966
Total repair shop	567,325	716,325	565,514	150,811
Animal Control:				
Regular salaries	81,793	81,793	74,475	7,318
Overtime salaries	15,000	18,000	16,945	1,055
Other employee benefits	33,500	33,575	33,662	(87)
Total salaries, wages, and employee benefits	130,293	133,368	125,082	8,286
Operating services	35,281	32,701	21,182	11,519
Materials and supplies	20,800	21,632	15,352	6,280
Travel and other	4,500	4,500	3,906	594
Improvements and equipment	15,000	15,000	-	15,000
Total animal control	205,874	207,201	165,522	41,679
Total public works	8,115,054	9,154,884	6,066,550	3,088,334
Total expenditures	21,502,328	23,042,530	17,768,728	5,273,802

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, 2013
 (unaudited)

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget Positive (Negative)
	Original	Final		
Excess (deficiency) of revenues over (under) expenditures	(15,516,151)	(15,912,511)	(11,009,671)	4,902,840
OTHER FINANCING SOURCES (USES)				
Transfers in	11,592,998	12,947,998	12,538,857	(409,141)
Transfers out	(67,736)	(67,736)	(67,736)	-
Total other financing sources and uses	11,525,262	12,880,262	12,471,121	(409,141)
Net change in fund balance	(3,990,889)	(3,032,249)	1,461,450	4,493,699
Fund balances - beginning	4,055,100	4,055,100	2,980,961	1,074,139
Fund balances - ending	\$64,211	\$1,022,851	\$4,442,411	\$5,567,838

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, 2013
 (unaudited)-

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Taxes	\$2,512,937	\$2,512,937	\$2,586,471	\$73,534
Investment earnings	200	200	93	(107)
Total revenues	<u>2,513,137</u>	<u>2,513,137</u>	<u>2,586,564</u>	<u>73,427</u>
EXPENDITURES				
General government:				
Collection and administrative	44,027	44,027	29,121	14,906
Total expenditures	<u>44,027</u>	<u>44,027</u>	<u>29,121</u>	<u>14,906</u>
Excess of revenues over expenditures	<u>2,469,110</u>	<u>2,469,110</u>	<u>2,557,443</u>	<u>88,333</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	(2,469,110)	(2,469,110)	(2,537,000)	(67,890)
Total other financing sources and uses	<u>(2,469,110)</u>	<u>(2,469,110)</u>	<u>(2,537,000)</u>	<u>(67,890)</u>
Net change in fund balance	-	-	20,443	156,223
Fund balances - beginning	<u>171,500</u>	<u>12,995</u>	<u>12,995</u>	-
Fund balances - ending	<u>\$171,500</u>	<u>\$12,995</u>	<u>\$33,438</u>	<u>\$156,223</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, 2013
 (unaudited)

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Taxes	\$3,769,407	\$3,769,407	\$3,879,698	\$110,291
Investment earnings	750	750	123	(627)
Total revenues	<u>3,770,157</u>	<u>3,770,157</u>	<u>3,879,821</u>	<u>109,664</u>
EXPENDITURES				
General government:				
Collection and administrative	50,466	50,466	28,158	22,308
Total expenditures	<u>50,466</u>	<u>50,466</u>	<u>28,158</u>	<u>22,308</u>
Excess of revenues over expenditures	<u>3,719,691</u>	<u>3,719,691</u>	<u>3,851,663</u>	<u>131,972</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	(3,719,091)	(4,614,091)	(4,552,877)	61,214
Total other financing sources and uses	<u>(3,719,091)</u>	<u>(4,614,091)</u>	<u>(4,552,877)</u>	<u>61,214</u>
Net change in fund balance	600	(894,400)	(701,214)	193,186
Fund balances - beginning	<u>257,000</u>	<u>966,975</u>	<u>966,975</u>	<u>-</u>
Fund balances --ending	<u>\$257,600</u>	<u>\$72,575</u>	<u>\$265,761</u>	<u>\$193,186</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, 2013
 (unaudited)

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Taxes	\$2,512,937	\$2,512,937	\$2,586,471	\$73,534
Investment earnings	150	150	59	(91)
Total revenues	<u>2,513,087</u>	<u>2,513,087</u>	<u>2,586,530</u>	<u>73,443</u>
EXPENDITURES				
General government:				
Collection and administrative	34,027	34,027	19,017	15,010
Total expenditures	<u>34,027</u>	<u>34,027</u>	<u>19,017</u>	<u>15,010</u>
Excess of revenues over expenditures	<u>2,479,060</u>	<u>2,479,060</u>	<u>2,567,513</u>	<u>88,453</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	(2,479,060)	(2,939,060)	(2,587,000)	352,060
Total other financing sources and uses	<u>(2,479,060)</u>	<u>(2,939,060)</u>	<u>(2,587,000)</u>	<u>352,060</u>
Net change in fund balance	-	(460,000)	(19,487)	440,513
Fund balances - beginning	<u>171,500</u>	<u>469,537</u>	<u>469,537</u>	<u>-</u>
Fund balances - ending	<u>\$171,500</u>	<u>\$9,537</u>	<u>\$450,050</u>	<u>\$440,513</u>

See accompanying independent auditors' report.

CITY OF RUSTON, LOUISIANA
Notes to Budgetary Comparison Schedules
For the Year Ended September 30, 2013
(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, 2013
(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 <u>budgetary</u> <u>basis</u>	<u>Negative</u> <u>variance</u>
General Fund - General Government:			
Marshal	\$206,213	\$207,028	(\$815)
Public Safety:			
Probation	89,524	95,513	(5,989)
Public Works - Streets:			
Overtime salaries	35,000	35,191	(191)

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. The unfavorable variance in the overtime salaries of the Street Dept. is due to an increase in after normal working hours activity.

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Combining Fund Statements

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**Nonmajor Governmental Funds
Special Revenue Funds**

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

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

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

Section 8 Housing Assistance Payments Programs – These funds account for receipt of Federal Funds and the payment of Housing Assistance Payments to qualifying rental property owners.

Capital Projects Fund

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

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

Debt Service Fund

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

CITY OF RUSTON, LOUISIANA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2013

	<u>Special Revenue Funds</u>				Debt Service Fund - I-20 TID	Total Nonmajor Governmental Funds
	Ruston Parks & Recreation Board	D.A.R.T. Grant Program	Section 8 Voucher Housing	Total		
ASSETS						
Cash and cash equivalents	\$261,127	-	\$1,017,883	\$1,279,010	\$1,601,618	\$2,880,628
Investments	-	-	-	-	-	-
Accounts receivable, net	70	\$7,254	7,815	15,139	708,381	723,520
Due from other funds	358,688	-	-	358,688	-	358,688
Total assets	<u>\$619,885</u>	<u>\$7,254</u>	<u>\$1,025,698</u>	<u>\$1,652,837</u>	<u>\$2,309,999</u>	<u>\$3,962,836</u>
LIABILITIES AND FUND BALANCES						
Liabilities:						
Accounts payable	\$11,578	\$7,254	\$3,651	\$22,483	-	\$22,483
Deposits	779	-	-	779	-	779
Due to other funds	461	-	3,950	4,411	-	4,411
Accrued salaries	8,216	-	2,208	10,424	-	10,424
Total liabilities	<u>21,034</u>	<u>7,254</u>	<u>9,809</u>	<u>38,097</u>	<u>-</u>	<u>38,097</u>
Fund balances:						
Spendable:						
Restricted	571,773	-	1,015,889	1,587,662	\$2,309,999	3,897,661
Assigned	27,078	-	-	27,078	-	27,078
Total fund balances	<u>598,851</u>	<u>-</u>	<u>1,015,889</u>	<u>1,614,740</u>	<u>2,309,999</u>	<u>3,924,739</u>
Total liabilities and fund balances	<u>\$619,885</u>	<u>\$7,254</u>	<u>\$1,025,698</u>	<u>\$1,652,837</u>	<u>\$2,309,999</u>	<u>\$3,962,836</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, 2013

	<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 Voucher Housing	Total			
REVENUES							
Taxes	\$490,503	-	-	\$490,503	\$2,965,579	-	\$3,456,082
Intergovernmental	-	\$28,678	\$1,101,958	1,130,636	-	-	1,130,636
Charges for services	65,531	-	-	65,531	-	-	65,531
Investment earnings	348	-	1,131	1,479	-	-	1,479
Miscellaneous	11,234	-	-	11,234	-	-	11,234
Total revenues	<u>567,616</u>	<u>28,678</u>	<u>1,103,089</u>	<u>1,699,383</u>	<u>2,965,579</u>	<u>-</u>	<u>4,664,962</u>
EXPENDITURES							
08 Current:							
General Government	-	28,678	1,198,926	1,227,604	-	-	1,227,604
Recreation	952,462	-	-	952,462	-	-	952,462
Capital outlay	-	-	-	-	-	\$164,610	164,610
Bond principal	-	-	-	-	610,000	-	610,000
Bond interest	-	-	-	-	307,732	-	307,732
Total expenditures	<u>952,462</u>	<u>28,678</u>	<u>1,198,926</u>	<u>2,180,066</u>	<u>917,732</u>	<u>164,610</u>	<u>3,262,408</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(384,846)</u>	<u>-</u>	<u>(95,837)</u>	<u>(480,683)</u>	<u>2,047,847</u>	<u>(164,610)</u>	<u>1,402,554</u>
OTHER FINANCING SOURCES (USES)							
Transfers in	425,709	-	-	425,709	-	164,610	590,319
Transfers out	-	-	-	-	(1,362,118)	-	(1,362,118)
Total other financing sources and uses	<u>425,709</u>	<u>-</u>	<u>-</u>	<u>425,709</u>	<u>(1,362,118)</u>	<u>164,610</u>	<u>(771,799)</u>
Net change in fund balances	40,863	-	(95,837)	(54,974)	685,729	-	630,755
Fund balances - beginning	557,988	-	1,111,726	1,669,714	1,624,270	-	3,293,984
Fund balances - ending	<u>\$598,851</u>	<u>-</u>	<u>\$1,015,889</u>	<u>\$1,614,740</u>	<u>\$2,309,999</u>	<u>-</u>	<u>\$3,924,739</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.

General Self-Insurance Fund - This fund accumulates resources to finance claims and judgments arising from employee health insurance and other exposures.

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

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

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CITY OF RUSTON, LOUISIANA
 COMBINING STATEMENT OF NET POSITION
 INTERNAL SERVICE FUNDS
 SEPTEMBER 30, 2013

	<u>Workmen's Compensation</u>	<u>General Insurance</u>	<u>Purchasing/ Warehouse</u>	<u>General & Auto Liability</u>	<u>Total Internal Service Funds</u>
ASSETS					
Current Assets:					
Cash and cash equivalents	\$109,533	\$624,952	\$170,998	\$120,535	\$1,026,018
Investments	246,941	1,151,525	-	-	1,398,466
Receivables, net	-	2,778	-	-	2,778
Due from other funds	10,000	18,244	-	-	28,244
Prepaid items	45,000	-	-	29,059	74,059
Total current assets	<u>411,474</u>	<u>1,797,499</u>	<u>170,998</u>	<u>149,594</u>	<u>2,529,565</u>
Noncurrent Assets:					
Capital Assets:					
Buildings	-	-	13,080	-	13,080
Equipment	-	-	48,123	-	48,123
Less accumulated depreciation	-	-	(58,649)	-	(58,649)
Total noncurrent assets	<u>-</u>	<u>-</u>	<u>2,554</u>	<u>-</u>	<u>2,554</u>
Total assets	<u>\$411,474</u>	<u>\$1,797,499</u>	<u>\$173,552</u>	<u>\$149,594</u>	<u>\$2,532,119</u>
LIABILITIES					
Current Liabilities:					
Accounts payable	\$13,667	\$200	\$660	-	\$14,527
Accrued liabilities	-	-	3,578	-	3,578
Due to other funds	-	-	2,656	\$40,000	42,656
Claims and judgments	390,378	217,500	-	50,000	657,878
Total current liabilities	<u>404,045</u>	<u>217,700</u>	<u>6,894</u>	<u>90,000</u>	<u>718,639</u>
Noncurrent Liabilities:					
Compensated absences	-	-	32,440	-	32,440
Total noncurrent liabilities	<u>-</u>	<u>-</u>	<u>32,440</u>	<u>-</u>	<u>32,440</u>
Total liabilities	<u>404,045</u>	<u>217,700</u>	<u>39,334</u>	<u>90,000</u>	<u>751,079</u>
NET POSITION					
Net investments in capital assets	-	-	2,554	-	2,554
Unrestricted	7,429	1,579,799	131,664	59,594	1,778,486
Total net position	<u>\$7,429</u>	<u>\$1,579,799</u>	<u>\$134,218</u>	<u>\$59,594</u>	<u>\$1,781,040</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, 2013

	<u>Workmen's Compensation</u>	<u>General Insurance</u>	<u>Purchasing/ Warehouse</u>	<u>General & Auto Liability</u>	<u>Total Internal Service Funds</u>
OPERATING REVENUES					
Charges to other funds	\$300,000	\$2,395,625	\$200,000	\$588,890	\$3,484,515
Premiums paid by retired employees	-	310,673	-	-	310,673
Retiree drug subsidy	-	34,013	-	-	34,013
Total operating revenues	<u>300,000</u>	<u>2,740,311</u>	<u>200,000</u>	<u>588,890</u>	<u>3,829,201</u>
OPERATING EXPENSES					
Cost of Services:					
Salaries, wages and employee benefits	-	-	176,689	-	176,689
Operating services	-	2,258	10,568	8,526	21,352
Materials and supplies	-	-	6,797	-	6,797
Travel and other	-	-	2,881	-	2,881
Depreciation	-	-	327	-	327
Total cost of services	<u>-</u>	<u>2,258</u>	<u>197,262</u>	<u>8,526</u>	<u>208,046</u>
Claims	258,872	2,665,889	-	25,509	2,950,270
Insurance premiums	164,417	451,374	-	425,561	1,041,352
Total operating expenses	<u>423,289</u>	<u>3,119,521</u>	<u>197,262</u>	<u>459,596</u>	<u>4,199,668</u>
Operating income (loss)	<u>(123,289)</u>	<u>(379,210)</u>	<u>2,738</u>	<u>129,294</u>	<u>(370,467)</u>
NONOPERATING REVENUES (EXPENSES)					
Investment earnings	45,283	8,523	117	44	53,967
Total nonoperating revenues (expenses)	<u>45,283</u>	<u>8,523</u>	<u>117</u>	<u>44</u>	<u>53,923</u>
Income (loss) before transfers	<u>(78,006)</u>	<u>(370,687)</u>	<u>2,855</u>	<u>129,338</u>	<u>(316,500)</u>
Transfers in	-	-	-	-	-
Change in net position	<u>(78,006)</u>	<u>(370,687)</u>	<u>2,855</u>	<u>129,338</u>	<u>(316,500)</u>
Total net position - beginning	<u>85,435</u>	<u>1,950,486</u>	<u>131,363</u>	<u>(69,744)</u>	<u>2,097,540</u>
Total net position - ending	<u>\$7,429</u>	<u>\$1,579,799</u>	<u>\$134,218</u>	<u>\$59,594</u>	<u>\$1,781,040</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, 2013

	Workmen's Compensation	General Insurance	Purchasing/ Warehouse	General & Auto Liability	Total Internal Service Funds
Cash flows from operating activities:					
Receipts from operations	\$300,000	\$2,706,117	\$200,350	\$588,890	\$3,795,357
Payments to suppliers	(166,112)	(452,582)	(19,341)	(463,146)	(1,101,181)
Payments to employees	-	-	(159,587)	-	(159,587)
Claims	(179,726)	(2,649,143)	-	(25,509)	(2,854,378)
Other receipts	-	34,013	-	-	34,013
Net cash provided by (used in) operating activities	<u>(45,838)</u>	<u>(361,595)</u>	<u>21,422</u>	<u>100,235</u>	<u>(285,776)</u>
Cash flows from investing activities:					
Proceeds from sales and maturities of investments	(1,715)	-	-	-	(1,715)
Purchases on investments	-	511,852	-	-	511,852
Interest on investments	45,283	8,523	117	44	53,967
Net cash provided by (used in) investing activities	<u>43,568</u>	<u>520,375</u>	<u>117</u>	<u>44</u>	<u>564,104</u>
Net increase (decrease) in cash and cash equivalents	(2,270)	158,780	21,539	100,279	278,328
Cash and cash equivalents - beginning of year	111,803	466,172	149,459	20,236	747,670
Cash and cash equivalents - end of year	<u>\$109,533</u>	<u>\$624,952</u>	<u>\$170,998</u>	<u>\$120,515</u>	<u>\$1,025,998</u>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:					
Operating income (loss)	<u>(\$123,289)</u>	<u>(\$379,210)</u>	<u>\$2,738</u>	<u>\$129,294</u>	<u>(\$370,467)</u>
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	-	(181)	-	-	(181)
Due from other funds	-	1,050	350	20	1,420
Prepaid items	-	-	-	(29,059)	(29,059)
Increase (Decrease) in liabilities:					
Accounts payable	(1,161)	-	(180)	-	(1,341)
Accrued liabilities	-	-	239	-	239
Due to other funds	(534)	-	1,085	-	551
Claims and judgments	79,146	16,746	-	-	95,892
Compensated absences	-	-	16,863	-	16,863
Total adjustments	<u>77,451</u>	<u>17,615</u>	<u>18,684</u>	<u>(29,039)</u>	<u>84,711</u>
Net cash provided by (used in) operating activities	<u>(\$45,838)</u>	<u>(\$361,595)</u>	<u>\$21,422</u>	<u>\$100,256</u>	<u>(\$285,756)</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, 2013

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance With Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Taxes	\$495,000	\$495,000	\$490,503	(\$4,497)
Charges for services	71,000	71,000	65,531	(5,469)
Investment earnings	1,000	1,000	348	(652)
Miscellaneous	11,000	11,000	11,234	234
Total revenues	<u>578,000</u>	<u>578,000</u>	<u>567,616</u>	<u>(10,384)</u>
EXPENDITURES				
Current:				
Recreation:				
Salaries, wages and employee benefits	513,887	513,887	469,316	44,571
Operating services	323,536	331,423	257,671	73,752
Materials and supplies	35,700	35,988	30,523	5,465
Travel and other	14,000	14,000	11,952	2,048
Improvements and equipment	368,000	466,573	183,000	283,573
Total expenditures	<u>1,255,123</u>	<u>1,361,871</u>	<u>952,462</u>	<u>409,409</u>
Deficiency of revenues over expenditures	<u>(677,123)</u>	<u>(783,871)</u>	<u>(384,846)</u>	<u>399,025</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	425,062	425,062	425,709	647
Total other financing sources (uses)	<u>425,062</u>	<u>425,062</u>	<u>425,709</u>	<u>647</u>
Net change in fund balance	(252,061)	(358,809)	40,863	399,672
Fund balances - beginning	<u>285,063</u>	<u>557,988</u>	<u>557,988</u>	<u>-</u>
Fund balances - ending	<u>\$33,002</u>	<u>\$199,179</u>	<u>\$598,851</u>	<u>\$399,672</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, 2013

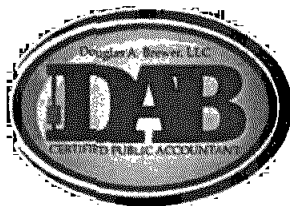
	Budgeted Amounts		Actual Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental	\$1,265,000	\$1,265,000	\$1,101,958	(\$163,042)
Investment earnings	1,000	1,000	1,131	131
Total revenues	<u>1,266,000</u>	<u>1,266,000</u>	<u>1,103,089</u>	<u>(162,911)</u>
EXPENDITURES				
Current:				
General Government:				
Salaries, wages and employee benefits	156,326	156,326	117,189	39,137
Operating services	1,139,009	1,139,009	1,069,232	69,777
Materials and supplies	15,800	15,800	12,505	3,295
Travel and other	10,000	10,000	-	10,000
Total expenditures	<u>1,321,135</u>	<u>1,321,135</u>	<u>1,198,926</u>	<u>122,209</u>
Deficiency of revenues over expenditures	<u>(55,135)</u>	<u>(55,135)</u>	<u>(95,837)</u>	<u>(40,702)</u>
Net change in fund balance	(55,135)	(55,135)	(95,837)	(40,702)
Fund balances - beginning	<u>998,242</u>	<u>1,111,726</u>	<u>1,111,726</u>	<u>-</u>
Fund balances - ending	<u>\$943,107</u>	<u>\$1,056,591</u>	<u>\$1,015,889</u>	<u>(\$40,702)</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, 2013**

(With Independent Auditor's Report Thereon)



Douglas A. Brewer, LLC
Certified Public Accountant

**City of Ruston, Louisiana
Table of Contents**

	<u>Page</u>
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 <i>Government Auditing Standards</i>	1-2
Independent Auditor's Report on Compliance For Each Major Program and on Internal Control Over Compliance Required By OMB Circular A-133	3-5
Schedule of Expenditures of Federal Awards	6
Notes to the Schedule of Expenditures of Federal Awards	7
Schedule of Findings and Questioned Costs	8-10
Summary Schedule of Prior Audit Findings	11

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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 AUDIT 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, 2013, 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 28, 2014.

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 opinion 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. 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 one instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and questioned costs as item 13-1.

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 my testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City of Ruston, Louisiana'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 City'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. Brems, 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, 2013. 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 with those requirements.

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, 2013.

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 13-1. My opinion on each major federal program is not modified with respect to this matter.

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.

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.

My consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, I identified a certain deficiency in internal control over compliance that I consider to be a significant deficiency.

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 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. I consider the deficiency in internal controls over compliance described in the accompanying schedule of findings and questioned costs as item 13-2 to be a significant deficiency.

The City's response to the internal control over compliance 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.

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, 2013, 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 28, 2014. 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 our 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, 2013

<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	* \$ 1,045,255
Pass through Louisiana Office of Community Development:		
D.A.R.T. CDBG Program	14.231	28,678
Total United States Department of Housing and Urban Development		<u>1,073,933</u>
Department of Homeland Security:		
Pass through Louisiana State Police		
Homeland Security Grant Program	97.067	6,896
Disaster Grants - Public Assistance	97.036	2,458
Total Department of Homeland Security		<u>9,354</u>
Department of Transportation:		
FAA - Airport Improvement Program	20.106	188,644
Highway Planning and Construction	20.205	* 1,080,767
Total Department of Transportation		<u>1,269,411</u>
United States Department of Energy:		
Electricity Delivery and Energy Reliability, Research, Development and Analysis	81.122	* 1,010,230
United States Environmental Protection Agency:		
Pass through Louisiana Department of Health and Hospitals:		
Capitalization Grant For Drinking Water State Revolving Funds	66.468	* 73,041
Capitalization Grant - ARRA Portion	66.468	* 73,042
Total United States Environmental Protection Agency		<u>146,083</u>
Total Federal Awards		<u>\$ 3,509,011</u>

* Denotes major program for the fiscal year ended September 30, 2013.

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, 2013

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	\$ 28,678

City of Ruston, Louisiana
Schedule of Findings and Questioned Costs
For The Year Ended September 30, 2013

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. A significant deficiency disclosed during the audit of the financial statements is 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. One instance of noncompliance was disclosed during the audit, which would be required to be reported in accordance with *Government Auditing Standards*.
4. A significant deficiency was 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 Department of Transportation Highway Planning and Construction, CFDA No. 20.205, the United States Department of Energy Electricity Delivery and Energy Reliability, Research, Development and Analysis, CFDA No. 81.122, and the United States Environmental Protection Agency Capitalization Grant for Drinking Water State Revolving Funds, and ARRA Portion, CFDA No. 66.468.
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, 2013

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

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.

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.

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.

Criteria:

The schedule of expenditures of federal awards should accurately reflect federal funds expended during the year.

City of Ruston, Louisiana
Schedule of Findings and Questioned Costs
For The Year Ended September 30, 2013

13-2 Supervision and Review of Grant Documents (continued)

Effect:

The City did not accurately report the schedule of expenditures of federal awards and could possibly be in noncompliance based on federal grant compliance requirements.

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.

City of Ruston, Louisiana
Summary Schedule of Prior Findings
For The Year Ended September 30, 2013

Findings And Questioned Costs –

12-1 Budget Authority and Control

Condition:

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

Recommendation:

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

Response:

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

Status:

Cleared.

Management Letter

No management letter was issued for the year ended September 30, 2012.