

Comprehensive Annual Financial Report



of the
City of Ruston, Louisiana
For the Year Ended September 30, 2016

Mayor
Ronny Walker

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, 2016**

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Introductory Section



CITY OF RUSTON

Mayor Ronny Walker

Board of Aldermen
Carolyn Cage • District 1
Angela Mayfield • District 2
Jedd Lewis • District 3
Jim Pearce • District 4
Bruce Siegmund • District 5

March 17, 2017

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

Mayor and Members of the City Council:

I am pleased to submit the Comprehensive Annual Financial Report for the year ended September 30, 2016. 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 2016 that is useful to taxpayers, citizens, and other interested persons.

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

In accordance with the Lawrason Act, the City Council is required to provide for an annual independent audit of the accounts and financial transactions of the City by a firm of independent certified public accountants duly licensed to practice in the State of Louisiana. The accounting firm of Cameron, Hines & Company, APAC was selected by the City to conduct its annual audit. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City for the fiscal year ended September 30, 2016, 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, 2016, 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. Although fiscal year 2015 had extraordinary building development, the local economy has had steady economic growth and development over the past fiscal year. Building permit valuations were \$40 million for the fiscal year which was a 38% decrease over the previous fiscal year.

The City of Ruston and Lincoln Parish have experienced steady population growth from 1970 to 2015 with approximately 5,100 new City residents and about 14,000 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 60.8% of the revenues and transfers in. Because of the increasing trends in retirement costs and health insurance, difficulty to balance the budget will exist now and in the future.

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

The City's investment policy is to exercise judgment and care which men of prudence, discretion, and intelligence exercise in the management of their own affairs. Investments are selected as investments, not for speculation, considering the probable safety of the capital, as well as the probable income to be derived. Accordingly, deposits are either insured by federal depository insurance or collateralized. All of the investments held by the City are classified in the category of lowest risk. State statutes require that all public funds should be insured or collateralized. The City's policy is not to have uninsured/uncollateralized funds which it controls.

Risk management. The City partially retains the risk for property, liability, workers compensation, and general health insurance. As part of this comprehensive plan, resources are being accumulated in the respective funds to meet potential losses. In addition, various risk

control techniques including an employee safety program, drug free workplace program with mandatory drug screening for new employees as well as random drug screening for current employees, and pre-employment physicals have been implemented to minimize accident-related losses. The City has third-party coverages subject to self-insured retentions which are more fully described in the notes to the financial statements.

Pension and other postemployment benefits. Substantially all employees of the City of Ruston are members of one of the following statewide retirement systems: Municipal Employees Retirement System of Louisiana (MERS), Statewide Firefighter's Retirement System (SFRS), or Municipal Police Employees Retirement System of Louisiana (MPERS). These systems are multiple employer (cost-sharing), public employee retirement systems (PERS), controlled and administered by separate State appointed board of trustees. The City of Ruston has no obligation in connection with employee benefits offered through these plans.

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

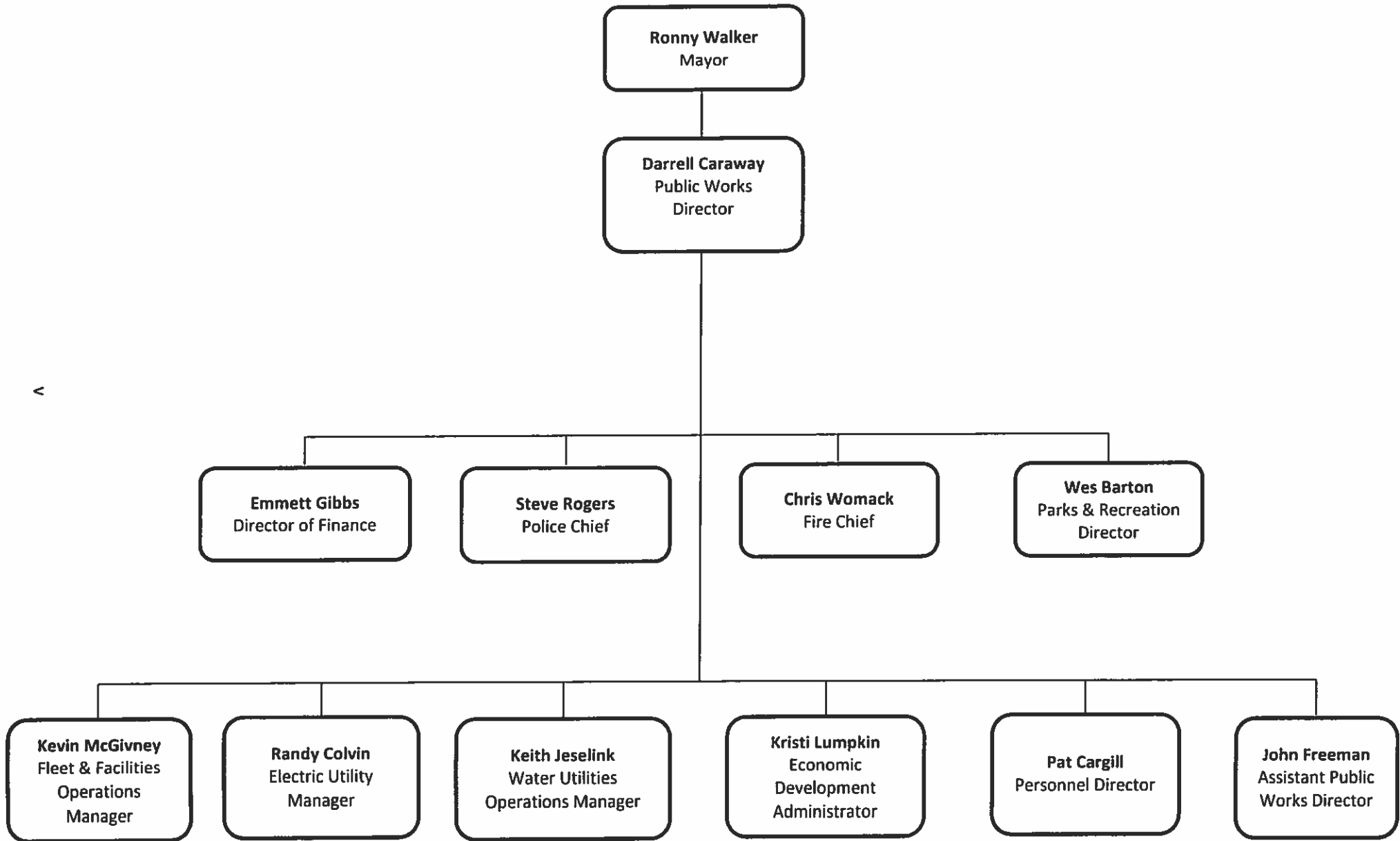
The preparation of this report would not have been possible without the efficient and dedicated services of the entire staff of the Finance Department. We would like to express our appreciation to all members of the department who assisted and contributed to the preparation of this report. Credit also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

Sincerely,

Emmett Gibbs
Treasurer

Kathleen Dupree
Controller

**CITY OF RUSTON
ORGANIZATIONAL CHART**



CITY OF RUSTON, LOUISIANA

PRINCIPAL OFFICIALS

Ronny Walker
Mayor

Members of City Council

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

Financial Section

CAMERON, HINES & COMPANY

(A Professional Accounting Corporation)

Certified Public Accountants

104 Regency Place

West Monroe, Louisiana 71291

Mailing Address:

P. O. Box 2474

West Monroe, LA 71294-2474

Phone (318) 323-1717

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INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Ruston, Louisiana (the City), as of and for the year ended September 30, 2016, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents. We have also audited the financial statements of each of the City's nonmajor governmental, nonmajor enterprise, and internal service funds presented as supplementary information as defined by the Governmental Accounting Standards Board, in the accompanying combining fund financial statements as of and for the year ended September 30, 2016, as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Ruston City Judge's Office, which represent 92%, 91%, and 59%, respectively, of the assets, net position, and revenues of the aggregate discretely presented component units. Those financial statements were audited by another auditor whose report thereon have been furnished to us, and in our opinion, insofar as it relates to the amounts included for the Ruston City Judge's Office, is based solely on the report of the other auditor. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Ruston, Louisiana, as of September 30, 2016, 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 our 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, 2016, and the respective changes in financial position and, where applicable, cash flows, thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, the combining fund financial statements, and the schedule of compensation, reimbursements, benefits, and other payments to agency head are presented for purposes of additional analysis and are not a required part of the financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 *U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 16, 2017, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Cameron, Hires & Company (APAC)

West Monroe, Louisiana
March 16, 2017

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, 2016. 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, 2016, include the following:

- The assets and deferred outflows of resources of the City exceeded its liabilities and deferred inflows of resources at September 30, 2016, by \$126,518,087 (net position).
- The City's total net position increased \$10,284,085 for the year ended September 30, 2016. Net position of governmental activities increased \$8,235,612 and net position of business-type activities increased \$2,048,473.
- Total net position of governmental activities is \$64,238,805 that includes unrestricted net position of (\$19,100,378) which is a result primarily from this year's requirement per GASB 68 *Accounting and Financial Reporting for Pensions* that requires recognizing the actuarial determined pension liability of \$26,617,593. Another liability as required to be reported by GASB 45 *Accounting and Financial Reporting by Employers for Post-Employment Benefits Other than Pensions* (OPEB) totals \$6,127,768.
- As of September 30, 2016, the City's governmental funds reported combined ending fund balances of \$59,260,041, an increase of \$45,034,429 from the prior year. Of this amount \$5,275,868 was unassigned and available for spending; \$4,770,122 was assigned for subsequent years' expenditures; \$49,138,529 was restricted of which \$42,085,934 is restricted to construction projects related to the Moving Ruston Forward initiative, \$2,398,615 was restricted to debt covenants and \$964,971 was restricted to construction projects on the I-20 tax increment district, \$862,054 was restricted for Section 8 housing, \$2,276,154 was restricted by sales tax ordinances, and \$550,801 was restricted by ordinance for use by RPAR; \$70,161 was assigned for inventories; and \$5,361 was assigned for prepaid items.
- At the end of the current fiscal year, unreserved, undesignated fund balances for the General Fund was \$5,275,868, or 26.8% of total General Fund expenditures and transfers out.

Overview of the Financial Statements

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

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

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

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

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

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

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

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

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

the City of Ruston's near-term financing decisions. Both the governmental fund Balance Sheet and the governmental fund Statement of Revenues, Expenditures, and Changes in Fund Balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City maintains twelve individual governmental funds. Information is presented separately in the governmental funds Balance Sheet and in the governmental funds Statement of Revenues, Expenditures and Changes in Fund Balances for the General Fund, 1968 Sales Tax Special Revenue Fund, 1985 Sales Tax Special Revenue Fund, 1990 Sales Tax Special Revenue Fund, 2016 Sales Tax Special Revenue Fund, Moving Ruston Forward (MRF) Capital Project Fund, and I-20 Capital Project Fund, all of which are considered to be major funds. Data for the other five governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

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

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

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

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

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

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

Financial Analysis of Government-wide Activities

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$126,518,087 at the close of the current fiscal year. The largest portion of the City of Ruston's net position, totaling approximately \$143 million, reflects its net investment in capital assets (e.g., land, buildings, streets, drainage, machinery, and equipment); less any related debt that is still outstanding used to acquire those assets. The City uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the City's net investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

City of Ruston's Net Position September 30, 2016

	Governmental Activities		Business-type activities		Total	
	2016	2015	2016	2015	2016	2015
Current and other assets	\$62,619,085	\$16,994,540	\$13,476,200	\$10,648,345	\$76,095,285	\$27,642,885
Capital assets	<u>77,890,654</u>	<u>73,788,963</u>	<u>65,333,343</u>	<u>66,856,402</u>	<u>143,223,997</u>	<u>140,645,365</u>
Total assets	<u>140,509,739</u>	<u>90,783,503</u>	<u>78,809,543</u>	<u>77,504,747</u>	<u>219,319,282</u>	<u>168,288,250</u>
Deferred outflows	4,086,794	4,317,457	-	-	4,086,794	4,317,457
Current and other liabilities	2,022,023	1,679,783	3,224,565	2,893,334	5,246,588	4,573,117
Long-term liabilities	<u>78,335,705</u>	<u>35,675,587</u>	<u>13,305,696</u>	<u>14,380,604</u>	<u>91,641,401</u>	<u>50,056,191</u>
Total liabilities	<u>80,357,728</u>	<u>37,298,643</u>	<u>16,530,261</u>	<u>17,273,938</u>	<u>96,887,989</u>	<u>54,629,308</u>
Deferred inflows	-	1,742,397	-	-	-	1,742,397
Net position:						
Net investment in						
capital assets	34,200,654	68,413,963	52,386,343	51,778,402	86,586,997	120,192,365
Restricted	49,138,529	6,584,937	-	-	49,138,529	6,584,937
Unrestricted	<u>(19,100,378)</u>	<u>(18,995,707)</u>	<u>9,892,939</u>	<u>8,452,407</u>	<u>(9,207,439)</u>	<u>(10,543,300)</u>
Total net position	<u>\$64,238,805</u>	<u>\$56,003,193</u>	<u>\$62,279,282</u>	<u>\$60,230,809</u>	<u>\$126,518,087</u>	<u>\$116,234,002</u>

38.84% of net position represents resources that are subject to external restriction on how they may be used. Accounts reserved by external restrictions account for the total of restricted net position.

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

The City of Ruston's net position increased by \$10,284,085 during the current fiscal year. Key elements of this increase are, as follows:

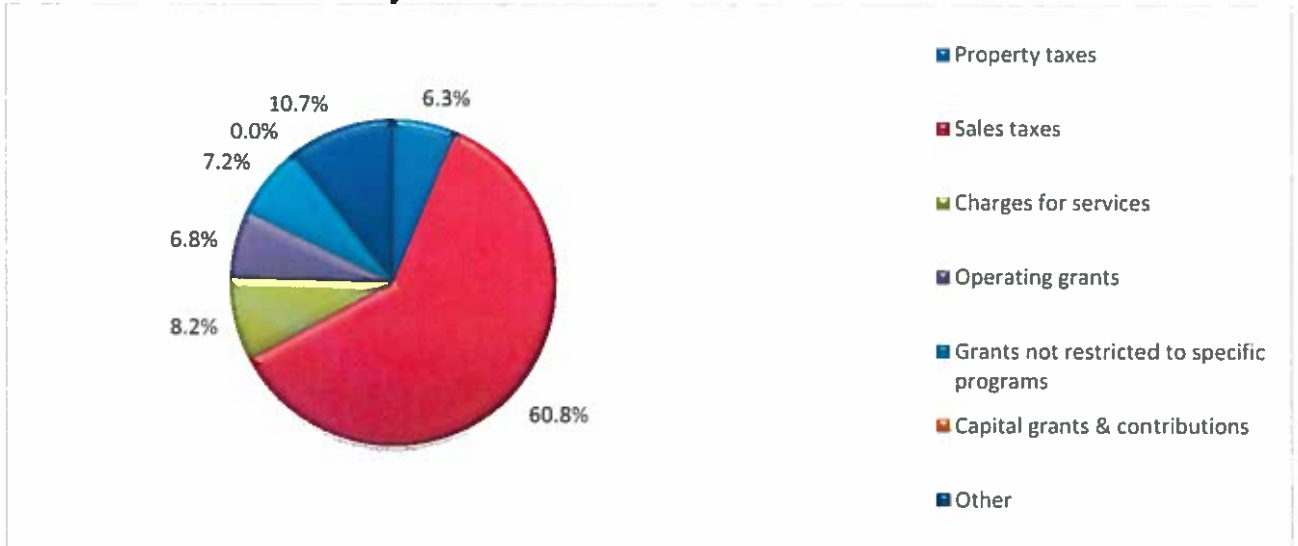
City of Ruston's Changes in Net Position

Revenues:	Governmental activities		Business-type activities		Total	
	2016	2015	2016	2015	2016	2015
Program revenues:						
Charges for services	\$1,987,038	\$1,991,593	\$31,968,006	\$33,398,669	\$33,955,044	\$35,390,262
Operating grants and contributions	1,641,098	1,480,500	-	-	1,641,098	1,480,500
Capital grants and contributions	-	-	495,351	1,413,421	495,351	1,413,421
General revenues:						
Property taxes	1,532,280	1,507,027	-	-	1,532,280	1,507,027
Sales taxes	14,693,117	13,539,134	-	-	14,693,117	13,539,134
Other taxes	858,780	766,732	-	-	858,780	766,732
Grants and contributions not restricted to specific programs	1,735,297	2,169,978	-	-	1,735,297	2,169,978
Other	<u>1,714,660</u>	<u>2,781,582</u>	<u>114,508</u>	<u>121,131</u>	<u>1,829,168</u>	<u>2,902,713</u>
Total revenues	<u>24,162,270</u>	<u>24,236,546</u>	<u>32,577,865</u>	<u>34,933,221</u>	<u>56,740,135</u>	<u>59,169,767</u>
Expenses:						
General government	7,153,319	5,988,793	-	-	7,153,319	5,988,793
Public safety	7,961,663	11,061,420	-	-	7,961,663	11,061,420
Public works	2,206,786	6,768,681	-	-	2,206,786	6,768,681
Cultural and recreation	988,936	1,237,910	-	-	988,936	1,237,910
City Judge and Marshal	538,439	454,681	-	-	538,439	454,681
Interest on long-term debt	233,916	262,294	-	-	233,916	262,294
Electric	-	-	19,963,131	22,368,504	19,963,131	22,368,504
Water	-	-	1,928,648	1,869,647	1,928,648	1,869,647
Sewer	-	-	3,966,439	3,642,178	3,966,439	3,642,178
Telecommunications	-	-	545,656	324,971	545,656	324,971
Regional airport	-	-	269,582	418,168	269,582	418,168
Ambulance service	-	-	<u>699,535</u>	<u>623,165</u>	<u>699,535</u>	<u>623,165</u>
Total expenses	<u>19,083,059</u>	<u>25,773,779</u>	<u>27,372,991</u>	<u>29,246,633</u>	<u>46,456,050</u>	<u>55,020,412</u>
Increase (decrease) in net position before transfers	5,079,211	(1,537,233)	5,204,874	5,686,588	10,284,085	4,149,355
Transfers	<u>3,156,401</u>	<u>3,230,122</u>	<u>(3,156,401)</u>	<u>(3,230,122)</u>	-	-
Increase (decrease) in net Position	8,235,612	1,692,889	2,048,473	2,456,466	10,284,085	4,149,355
Net position at beginning of year	<u>56,003,193</u>	<u>54,310,304</u>	<u>60,230,809</u>	<u>57,774,343</u>	<u>116,234,002</u>	<u>112,084,647</u>
Net position at end of year	<u>\$64,238,805</u>	<u>\$56,003,193</u>	<u>\$62,279,282</u>	<u>\$60,230,809</u>	<u>\$126,518,087</u>	<u>\$116,234,002</u>

Revenues for the City's governmental activities for the year ended September 30, 2016, were \$24,162,270 compared to \$24,236,546 in 2015, or a 0.3% decrease.

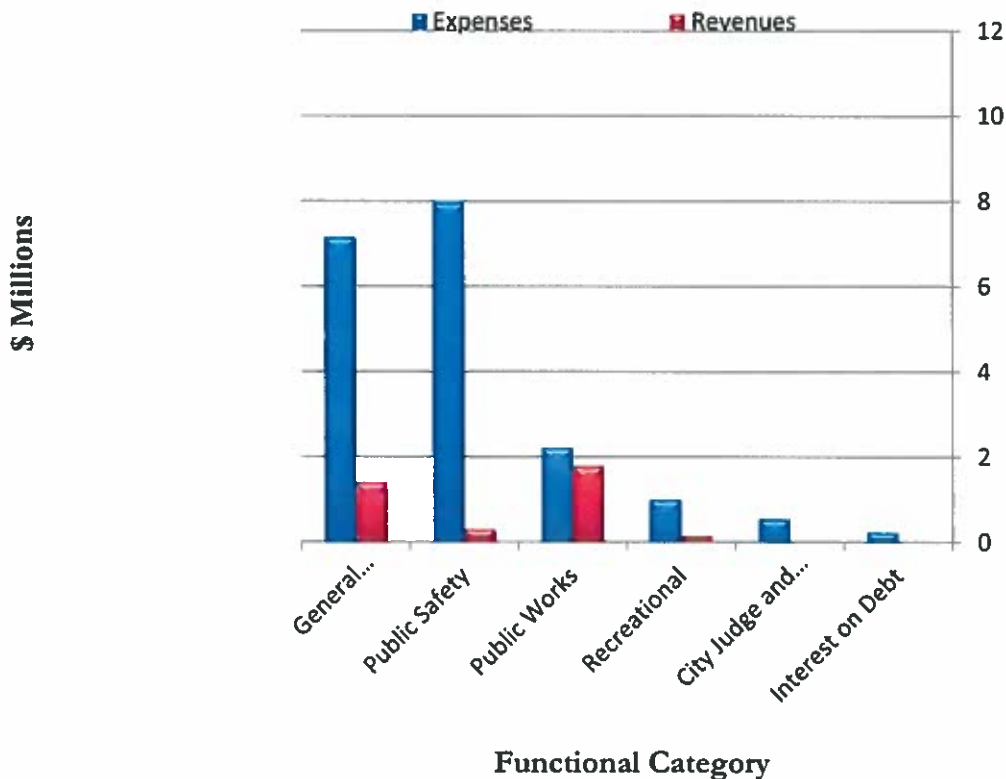
General revenues, specifically sales tax (60.8%), is the largest component of revenues.

Revenues by Sources – Governmental Activities



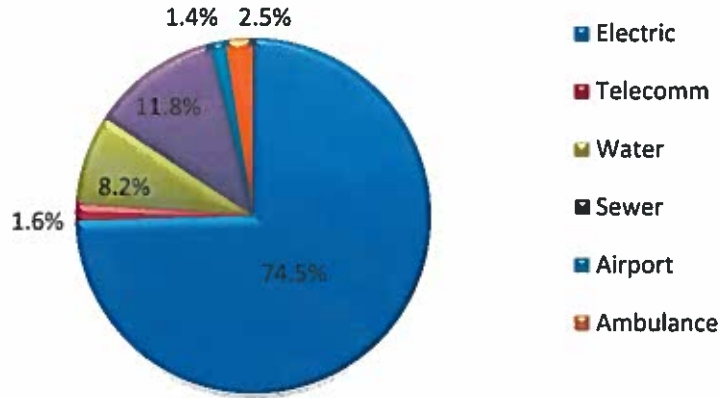
The cost of all governmental activities this year was \$19,083,059, a decrease of approximately \$6,700,000 from 2015. The City's largest programs are general government, public safety, and public works. The graph below shows the expenses and program revenues generated by governmental activities.

Expenses and Program Revenues – Governmental Activities



Business-type Activities. Charges for services for the City of Ruston's business-type activities were \$33,398,669, an increase of \$1,206,862 from 2014. This increase in revenues came from an increase in electric system fees.

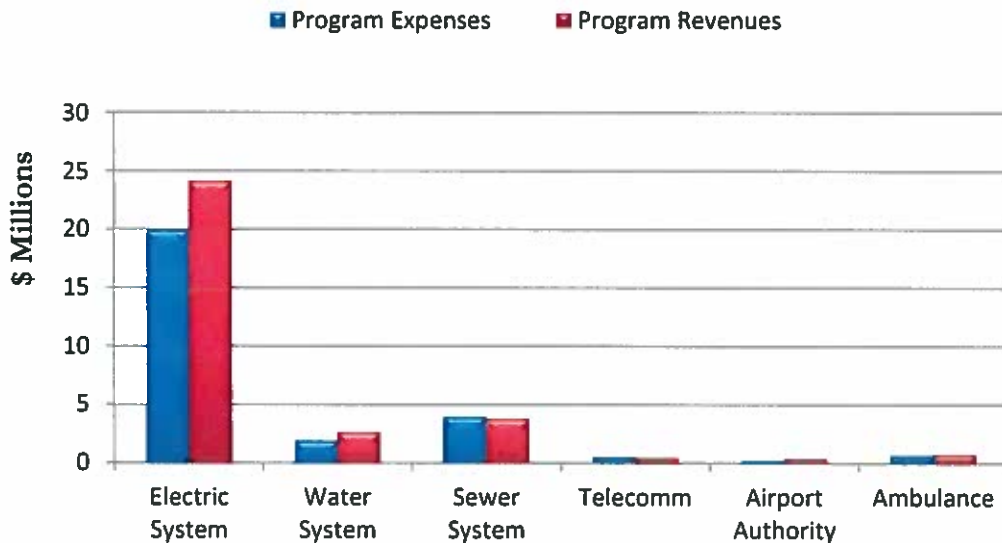
Revenue by Source – Business-type Activities



Expenses and Program Revenues – Business-type Activities

The costs of these activities were \$27,372,991, a decrease of \$1,873,642 from 2015. This decrease was due to decreases in the Electric System Fund and the Regional Airport Fund.

Program Expenses and Revenues – Business-type Activities



Financial Analysis of the City of Ruston's Funds

Governmental Funds

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

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

- As of the close of the current fiscal year, the City of Ruston's governmental funds reported a combined ending fund balance of \$59,260,041, an increase of \$45,034,429 in comparison with the prior fiscal year. Of the combined ending fund balance, \$5,275,868, or 8.9% was unrestricted, unassigned and available for spending. \$4,770,122 was assigned for subsequent years' expenditures. The remainder of the fund balance was restricted to indicate that it was not available for new spending because it had already been committed (1) to pay debt service (\$2,398,615) or (2) for other restricted purposes (\$46,815,436).
- 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 \$5,275,868, the total of which was available for spending at the City Council's discretion. The fund balance of the General Fund increased by \$519,480. A key factor in this increase was an influx of oil and gas exploration resulting in City land leases.
- The 1968 Sales Tax Fund had a total fund balance of \$288,504 all of which was unrestricted, unassigned and available for spending for its specified purposes. Fund balance decreased \$203,249 as a result of the distribution of prior year sales tax collections.
- The 1985 Sales Tax Fund had a total fund balance of \$182,323 all of which was unrestricted, unassigned and available for spending for its specified purposes. Fund balance decreased \$250,800 as a result of the distribution of prior year sales tax collections.
- The 1990 Sales Tax Fund had a total fund balance of \$762,914 all of which was unrestricted, unassigned and available for spending for its specified purpose. Fund balance decreased \$180,606 as a result of the distribution of prior year sales tax collections.
- The 2016 Sales Tax Fund had a total fund balance of \$1,042,413 all of which was unrestricted, unassigned and available for spending for its specified purpose. This fund was created during this fiscal year as a result of the passage of a sales and use tax revenue bond issue.
- The I-20 Fund had a restricted fund balance of \$964,971. Total fund balance decreased \$1,142,949 as a result of an increase in construction activity.

Proprietary funds

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

- The unrestricted net position of the Electric System at September 30, 2016, was \$4,885,617. Total net position for the Electric System increased \$2,136,325 as a result of a decrease in capital expenditures.
- The unrestricted net position for the Water System at September 30, 2016, was \$3,339,441. Total net position for the Water System increased \$226,724 primarily as a result of a decrease in operating expenses and transfers out.
- The unrestricted net position for the Sewer System at September 30, 2016, was \$3,195,139. Total net position for the Sewer System decreased \$646,193 as a result of an increase in operating expenses.

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 8, 2015. 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, 2015. The open purchase orders were spread throughout various departments. Differences between the budget and the actual results of the General Fund are as follows:

Revenues

- Licenses and permits were expected to be more than prior year revenues. Actual revenues were more than budget by \$91,955 due to an increase in new construction.
- Miscellaneous revenues were expected to be more than prior year revenues. Actual revenues were more than budget by \$331,420 due primarily to larger than expected payment from land leases due to oil and gas exploration.

Expenditures

- Executive operating services were under budget by \$112,283 as a result of consulting services being lower than expected and equipment to be accounted for purchase being delayed until the subsequent year.
- Information technology operating services were under budget by \$129,003 as a result of maintenance of office equipment being lower than expected.
- Civic center/city hall operating services were under budget by \$84,734 as a result of maintenance of buildings and grounds being lower than expected.
- Police department salaries, wages, and employee benefits were under budget by \$159,727 as a result of being understaffed for the majority of the year.
- Police department operating services were under budget by \$104,162 as a result of auto and truck repairs being lower than expected.
- Fire department improvements and equipment were under budget by \$418,955 as a result of a pumper truck purchase being delayed until the subsequent year.
- Streets operating services was under budget by \$474,224 as a result of maintenance of streets being lower than expected.
- Streets improvements and equipment were under budget by \$773,930 as a result of 2 capital projects being delayed until the subsequent year.
- Solid waste operating services was under budget by \$191,529 as a result of rent of equipment being lower than expected.
- Solid waste improvements and equipment was under budget by \$237,646 as a result of a capital project being delayed until the subsequent year.
- Repair shop salaries, wages, and employee benefits were under budget by \$71,951 as a result of being understaffed for the majority of the year.

Capital Assets and Long-Term Debt

Capital assets. The City of Ruston's investment in capital assets as of September 30, 2016, amounts to \$143,223,997, net of depreciation. This investment in capital assets includes land, buildings and improvements, streets, drainage, furniture and equipment, and construction in progress. The table below shows the value at the end of the fiscal year.

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

	Governmental Activities		Business-type Activities		Total	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Land and land improvements	\$13,583,447	\$12,466,107	\$1,572,586	\$1,388,586	\$15,156,033	\$13,854,693
Buildings	7,889,465	8,176,238	3,823,672	3,972,800	11,713,137	12,149,038
System Improvements	-	-	30,801,475	23,544,660	30,801,475	23,544,660
Improvements other than buildings	8,262,158	7,114,583	3,224,661	3,391,657	11,486,819	10,506,240
Equipment	3,574,864	3,442,314	23,611,178	24,825,266	27,186,042	28,267,580
Infrastructure	14,994,319	15,440,054	-	-	14,994,319	15,440,054
Construction in progress	<u>29,586,401</u>	<u>27,149,667</u>	<u>2,299,767</u>	<u>2,733,434</u>	<u>31,886,168</u>	<u>36,883,101</u>
Total	<u>\$77,890,654</u>	<u>\$73,788,963</u>	<u>\$65,333,339</u>	<u>\$67,930,092</u>	<u>\$143,223,993</u>	<u>\$140,645,366</u>

Long-term debt. At the end of the current fiscal year, the City of Ruston had total debt outstanding of \$56,570,388.

Economic Factors and Next Year's Budgets and Rates

In setting the budgets for fiscal year 2016, 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 fiscal year 2017, the City budgeted for sales tax dollars to remain steady. Preliminary 2017 figures reflect an increase of approximately 2.5%. National unemployment rates for September 2016 were down to 4.9% compared to 5.1% at September 2015.

Although retirement costs have recently leveled off, they continue to have an impact on City budgets. In fiscal year 2017, the budgets will be required to provide over \$2.8 million to pay the City's portion of retirement costs.

Requests for Information

This financial report is designed to provide a general overview of the City's finances for all those with an interest in the City of Ruston's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to 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, 2016

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
ASSETS				
Cash and cash equivalents	\$13,473,024	\$9,080,566	\$22,553,590	\$1,056,417
Investments	45,739,082	495,996	46,235,078	-
Receivables, net	2,790,741	1,611,233	4,401,974	-
Unbilled revenue	48,579	1,660,963	1,709,542	-
Due from other governments	1,655	2,500	4,155	23,857
Internal balances	419,666	(419,666)	-	-
Inventories	70,161	954,197	1,024,358	-
Prepaid items	66,330	5,533	71,863	3,157
Bond issue costs, net	9,847	84,878	94,725	-
Capital assets:				
Land and construction in progress	43,169,848	3,872,353	47,042,201	-
Other capital assets, net of depreciation	34,720,806	61,460,990	96,181,796	558,980
Total assets	<u>140,509,739</u>	<u>78,809,543</u>	<u>219,319,282</u>	<u>1,642,411</u>
Deferred outflow of resources	4,086,794	-	4,086,794	57,627
LIABILITIES				
Accounts payable	952,476	1,899,745	2,852,221	6,187
Accrued liabilities	469,827	133,919	603,746	2,767
Due to other governments	-	-	-	-
Accrued interest payable	14,232	68,559	82,791	-
Claims	497,607	-	497,607	-
Deposits	87,881	1,122,342	1,210,223	-
Non-current liabilities:				
Due within one year	1,720,000	1,157,000	2,877,000	-
Due in more than one year	43,870,344	12,148,696	56,019,040	-
Net pension liability	26,617,593	-	26,617,593	302,245
Post employment benefit obligation	6,127,768	-	6,127,768	-
Total liabilities	<u>80,357,728</u>	<u>16,530,261</u>	<u>96,887,989</u>	<u>311,199</u>
Deferred inflow of resources	-	-	-	-
NET POSITION				
Invested in capital assets, net of related debt	34,200,654	52,386,343	86,586,997	558,980
Restricted for:				
I-20 Fund	3,363,586	-	3,363,586	-
MRF Fund	42,085,934	-	42,085,934	-
Sales Tax Funds	2,276,154	-	2,276,154	-
Parks and Recreation Fund	550,801	-	550,801	-
Section 8 Voucher Housing Fund	862,054	-	862,054	-
Unrestricted	(19,100,378)	9,892,939	(9,207,439)	813,161
Total net position	<u>\$64,238,805</u>	<u>\$62,279,282</u>	<u>\$126,518,087</u>	<u>\$1,372,141</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, 2016

Functions/Programs	Program Revenues			
	Expenses	Charges for Services	Operating Grants and Contributions	
Primary Government:				
Governmental Activities:				
General government	\$7,153,319	\$314,773	\$1,085,188	-
Public safety	7,961,663	274,593	29,942	-
Public works	2,206,786	1,255,448	525,968	-
Cultural and recreation	988,936	142,224	-	-
City Judge and Marshal	538,439	-	-	-
Interest on long-term debt	233,916	-	-	-
Total governmental activities	<u>19,083,059</u>	<u>1,987,038</u>	<u>1,641,098</u>	<u>-</u>
Business-type activities:				
Electric System	19,963,131	24,190,168	-	-
Telecommunications System	545,656	505,730	-	\$1,365
Water System	1,928,648	2,668,837	-	-
Sewer System	3,966,439	3,782,160	-	44,395
Ruston Airport Authority	269,582	20,168	-	449,591
Ambulance	699,535	800,943	-	-
Total business-type activities	<u>27,372,991</u>	<u>31,968,006</u>	<u>-</u>	<u>495,351</u>
Total primary government	<u>\$46,456,050</u>	<u>\$33,955,044</u>	<u>\$1,641,098</u>	<u>\$495,351</u>
Component units:				
City Judge	\$619,639	\$671,901	-	-
City Marshal	433,135	458,428	-	-
Total component units	<u>\$1,052,774</u>	<u>\$1,130,329</u>	<u>-</u>	<u>-</u>

General revenues:

Taxes:

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

- Intergovernmental
- Investment earnings
- Miscellaneous

Transfers

Total general revenues and transfers

Change in net position

Net position - beginning

Net position - ending

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

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

Primary Government			
Governmental Activities	Business-type Activities	Total	Component Units
(\$5,753,358)	-	(\$5,753,358)	-
(7,657,128)	-	(7,657,128)	-
(425,370)	-	(425,370)	-
(846,712)	-	(846,712)	-
(538,439)	-	(538,439)	-
(233,916)	-	(233,916)	-
<u>(15,454,923)</u>	<u>-</u>	<u>(15,454,923)</u>	<u>-</u>
-	\$4,227,037	4,227,037	-
-	(38,561)	(38,561)	-
-	740,189	740,189	-
-	(139,884)	(139,884)	-
-	200,177	200,177	-
-	101,408	101,408	-
-	5,090,366	5,090,366	-
<u>(\$15,454,923)</u>	<u>\$5,090,366</u>	<u>(\$10,364,557)</u>	<u>-</u>
-	-	-	\$52,262
-	-	-	25,293
-	-	-	<u>77,555</u>
\$1,023,863	-	\$1,023,863	-
508,417	-	508,417	-
7,449,746	-	7,449,746	-
269,877	-	269,877	-
600,000	-	600,000	-
1,653,915	-	1,653,915	-
1,653,915	-	1,653,915	-
30,000	-	30,000	-
3,035,665	-	3,035,665	-
416,177	-	416,177	-
9,890	-	9,890	-
432,713	-	432,713	-
1,735,297	-	1,735,297	-
25,422	\$16,955	42,377	2,147
1,689,238	97,553	1,786,791	16,051
3,156,401	(3,156,401)	-	-
<u>23,690,535</u>	<u>(3,041,893)</u>	<u>20,648,642</u>	<u>18,198</u>
8,235,612	2,048,473	10,284,085	95,753
56,003,193	60,230,809	116,234,002	1,276,388
<u>\$64,238,805</u>	<u>\$62,279,282</u>	<u>\$126,518,087</u>	<u>\$1,372,141</u>

CITY OF RUSTON, LOUISIANA
BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2016

	<u>General</u>	<u>1968 Sales Tax</u>	<u>1985 Sales Tax</u>
ASSETS			
Cash and cash equivalents	\$4,257,639	\$92,393	-
Investments	3,230,799	-	-
Receivables, net	530,068	569,023	\$358,535
Unbilled revenues	48,579	-	-
Due from other funds	653,426	176,212	-
Due from other governments	1,655	-	-
Inventories, at cost	70,161	-	-
Prepaid items	5,361	-	-
Total assets	<u>\$8,797,688</u>	<u>\$837,628</u>	<u>\$358,535</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$605,658	-	-
Accrued liabilities	444,429	-	-
Due to other funds	123,296	\$549,124	\$176,212
Deposits and deferred charges	86,532	-	-
Total liabilities	<u>1,259,915</u>	<u>549,124</u>	<u>176,212</u>
Fund Balances:			
Nonspendable:			
Inventories	70,161	-	-
Prepaid items	5,361	-	-
Spendable:			
Restricted	-	288,504	182,323
Assigned	2,186,383	-	-
Unassigned	5,275,868	-	-
Total fund balances	<u>7,537,773</u>	<u>288,504</u>	<u>182,323</u>
Total liabilities and fund balances	<u>\$8,797,688</u>	<u>\$837,628</u>	<u>\$358,535</u>

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

<u>1990 Sales Tax</u>	<u>2016 Sales Tax</u>	<u>I-20 TID Fund</u>	<u>Moving Ruston Forward Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
-	\$658,694	\$1,105,040	\$4,740,252	\$1,454,352	\$12,308,370
-	-	-	40,000,912	1,671,389	44,903,100
\$239,023	358,534	-	-	877,279	2,932,462
-	-	-	-	-	48,579
523,891	25,232	35,928	-	38,389	1,453,078
-	-	-	-	-	1,655
-	-	-	-	-	70,161
-	-	-	-	-	5,361
<u>\$762,914</u>	<u>\$1,042,460</u>	<u>\$1,140,968</u>	<u>\$44,741,164</u>	<u>\$4,041,409</u>	<u>\$61,722,766</u>
-	-	\$173,720	\$107,339	\$172,780	\$1,059,497
-	-	-	-	19,813	464,242
-	\$47	2,277	-	149	851,105
-	-	-	-	1,349	87,881
-	<u>47</u>	<u>175,997</u>	<u>107,339</u>	<u>194,091</u>	<u>2,462,725</u>
-	-	-	-	-	70,161
-	-	-	-	-	5,361
\$762,914	1,042,413	964,971	42,085,934	3,811,470	49,138,529
-	-	-	2,547,891	35,848	4,770,122
-	-	-	-	-	5,275,868
<u>762,914</u>	<u>1,042,413</u>	<u>964,971</u>	<u>44,633,825</u>	<u>3,847,318</u>	<u>59,260,041</u>
<u>\$762,914</u>	<u>\$1,042,460</u>	<u>\$1,140,968</u>	<u>\$44,741,164</u>	<u>\$4,041,409</u>	<u>\$61,722,766</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, 2016

Fund balances - total governmental funds		\$59,260,041
<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	110,406,155	
Less accumulated depreciation	<u>(32,517,074)</u>	77,889,081
<p>Unfunded post employment benefit obligations are not financial resources and therefore are not reported in the funds</p>		
		(6,127,768)
<p>Net pension liability</p>		
		(26,617,593)
Deferred outflows related to pensions	4,086,794	
Deferred inflows related to pensions	-	
Total deferred outflows/inflows related to pensions	<u>4,086,794</u>	4,086,794
<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		9,847
<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	(14,232)	
Compensated absences	(1,883,615)	
Bonds, notes, and loans payable	<u>(43,690,000)</u>	(45,587,847)
<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>1,326,252</u>
Net position of governmental activities		<u><u>\$64,238,807</u></u>

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

CITY OF RUSTON, LOUISIANA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2016

	<u>General</u>	<u>1968 Sales Tax</u>	<u>1985 Sales Tax</u>
REVENUES			
Taxes:			
Property	\$1,023,863	-	-
Sales	-	\$2,937,829	\$4,736,738
Licenses and permits	1,137,955	-	-
Intergovernmental	1,764,194	-	-
Charges for services	1,362,173	-	-
Fines and forfeitures	279,800	-	-
Investment earnings	15,575	321	413
Miscellaneous	1,631,870	-	-
Total revenues	<u>7,215,430</u>	<u>2,938,150</u>	<u>4,737,151</u>
EXPENDITURES			
Current:			
General government	4,872,595	29,399	9,762
Public safety	7,929,641	-	-
Public works	6,270,253	-	-
Culture and recreation	-	-	-
City Court and Marshal	626,499	-	-
Debt service:			
Principal	-	-	-
Interest and other charges	-	-	-
Capital outlay	-	-	-
Total expenditures	<u>19,698,988</u>	<u>29,399</u>	<u>9,762</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(12,483,558)</u>	<u>2,908,751</u>	<u>4,727,389</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	13,989,263	-	-
Transfers out	-	(3,112,000)	(4,978,189)
Bond proceeds	-	-	-
Premium on bond proceeds	-	-	-
Total other financing sources and (uses)	<u>13,989,263</u>	<u>(3,112,000)</u>	<u>(4,978,189)</u>
Net change in fund balances	1,505,705	(203,249)	(250,800)
Fund balances - beginning	6,032,068	491,753	433,123
Fund balances - ending	<u>\$7,537,773</u>	<u>\$288,504</u>	<u>\$182,323</u>

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

<u>1990 Sales Tax</u>	<u>2016 Sales Tax</u>	<u>I-20 Fund</u>	<u>Moving Ruston Forward Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
-	-	-	-	\$508,417	\$1,532,280
\$2,937,829	\$1,045,056	-	-	3,035,665	14,693,117
-	-	-	-	-	1,137,955
-	-	-	-	1,611,156	3,375,350
-	-	-	-	65,882	1,428,055
-	-	-	-	-	279,800
179	14	\$3,099	\$2,722	3,099	25,422
-	-	-	-	58,421	1,690,291
<u>2,938,008</u>	<u>1,045,070</u>	<u>3,099</u>	<u>2,722</u>	<u>5,282,640</u>	<u>24,162,270</u>
6,614	2,657	2,845	250,635	1,162,422	6,336,929
-	-	-	-	-	7,929,641
-	-	-	-	-	6,270,253
-	-	-	-	1,147,327	1,147,327
-	-	-	-	-	626,499
-	-	-	-	680,000	680,000
-	-	-	-	227,361	227,361
-	-	3,420,868	1,093,153	527,102	5,041,123
<u>6,614</u>	<u>2,657</u>	<u>3,423,713</u>	<u>1,343,788</u>	<u>3,744,212</u>	<u>28,259,133</u>
<u>2,931,394</u>	<u>1,042,413</u>	<u>(3,420,614)</u>	<u>(1,341,066)</u>	<u>1,538,428</u>	<u>(4,096,863)</u>
-	-	2,277,665	-	369,327	16,636,255
(3,112,000)	-	-	-	(2,277,665)	(13,479,854)
-	-	-	38,995,000	-	38,995,000
-	-	-	6,979,891	-	6,979,891
<u>(3,112,000)</u>	<u>-</u>	<u>2,277,665</u>	<u>45,974,891</u>	<u>(1,908,338)</u>	<u>49,131,292</u>
<u>(180,606)</u>	<u>1,042,413</u>	<u>(1,142,949)</u>	<u>44,633,825</u>	<u>(369,910)</u>	<u>45,034,429</u>
<u>943,520</u>	<u>-</u>	<u>2,107,920</u>	<u>-</u>	<u>4,217,228</u>	<u>14,225,612</u>
<u>\$762,914</u>	<u>\$1,042,413</u>	<u>\$964,971</u>	<u>\$44,633,825</u>	<u>\$3,847,318</u>	<u>\$59,260,041</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, 2016

Net change in fund balances - total governmental funds		\$45,034,429
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.		
Capital outlay	6,317,444	
Depreciation expense	<u>(1,934,325)</u>	4,383,119
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, write offs, and donations) is to decrease net position.		(281,428)
Post employment benefit obligation		(732,875)
Pension net expenditures - GASB 68		4,667,469
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:		
Bond proceeds	(38,995,000)	
Premium on bond proceeds	(6,979,891)	
Principal payments	<u>680,000</u>	(45,294,891)
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.		
Amortization of issuance costs	(9,341)	
Increase in compensated absences	213,877	
Decrease in accrued interest	<u>2,786</u>	207,322
Internal service funds are used by management to charge the costs of certain activities to individual funds. The net revenue of the internal service funds is reported with governmental activities.		<u>252,467</u>
Change in net position of governmental activities		<u><u>\$8,235,612</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, 2016

	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	\$2,783,923	\$2,366,227	\$2,546,315	\$51,515	\$339,246	\$497,475	\$8,584,701	\$1,164,654
Investments	-	353,936	-	-	-	-	353,936	835,982
Receivables, net	1,249,765	115,353	170,039	13,972	8,562	53,542	1,611,233	204
Unbilled revenue	1,394,948	116,351	149,664	-	-	-	1,660,963	-
Due from other funds	2,174,795	83,260	78,326	-	5,542	1,773	2,343,696	159
Due from other governments	-	-	-	-	-	2,500	2,500	-
Inventories	518,699	233,599	40,500	161,399	-	-	954,197	-
Prepaid items	3,112	1,576	-	-	-	845	5,533	60,969
Total current assets	<u>8,125,242</u>	<u>3,270,302</u>	<u>2,984,844</u>	<u>226,886</u>	<u>353,350</u>	<u>556,135</u>	<u>15,516,759</u>	<u>2,061,968</u>
Noncurrent assets:								
Restricted:								
Cash and cash equivalents	60,777	261,238	173,850	-	-	-	495,865	-
Investments	34,642	-	107,418	-	-	-	142,060	-
Capital assets:								
Land	627,501	75,070	218,801	-	651,214	-	1,572,586	-
Construction in progress	864,601	80,062	669,323	53,538	632,243	-	2,299,767	-
Buildings	5,334,566	139,934	151,353	-	1,080,459	-	6,706,312	13,080
Improvements other than buildings	-	-	-	-	8,687,362	-	8,687,362	-
Equipment	21,262,636	817,321	28,947,291	2,358,899	231,239	1,212,408	54,829,794	48,123
Distribution and collection systems	41,970,189	16,368,090	19,590,988	-	-	-	77,929,267	-
Less accumulated depreciation	<u>(46,088,177)</u>	<u>(10,512,047)</u>	<u>(23,041,081)</u>	<u>(121,243)</u>	<u>(6,017,541)</u>	<u>(911,656)</u>	<u>(86,691,745)</u>	<u>(59,630)</u>
Total capital assets (net of accumulated depreciation)	<u>23,971,316</u>	<u>6,968,430</u>	<u>26,536,675</u>	<u>2,291,194</u>	<u>5,264,976</u>	<u>300,752</u>	<u>65,333,343</u>	<u>1,573</u>
Deferred bond costs, at cost less amortization	-	29,444	55,434	-	-	-	84,878	-
Total noncurrent assets	<u>24,066,735</u>	<u>7,259,112</u>	<u>26,873,377</u>	<u>2,291,194</u>	<u>5,264,976</u>	<u>300,752</u>	<u>66,056,146</u>	<u>1,573</u>
Total assets	<u>\$32,191,977</u>	<u>\$10,529,414</u>	<u>\$29,858,221</u>	<u>\$2,518,080</u>	<u>\$5,618,326</u>	<u>\$856,887</u>	<u>\$81,572,905</u>	<u>\$2,063,541</u>

	Business-type Activities Enterprise Funds						Governmental Activities Internal Service Funds	
	Major Funds			Nonmajor Funds				
	Electric System	Water System	Sewer System	Telecommunications	Airport Authority	Ambulance		Total
LIABILITIES								
Current liabilities								
Accounts payable	\$1,661,553	\$153,673	\$33,646	\$26,036	14,543	\$10,294	\$1,899,745	\$34,904
Accrued liabilities	72,822	16,768	27,534	4,217	-	12,578	133,919	5,585
Due to other funds	169,767	5,022	10,000	2,339,640	\$4,181	234,752	2,763,362	182,464
Claims and judgments	-	-	-	-	-	-	-	497,607
Compensated absences	33,000	5,000	5,000	500	-	6,500	50,000	-
Total current liabilities	<u>1,937,142</u>	<u>180,463</u>	<u>76,180</u>	<u>2,370,393</u>	<u>18,724</u>	<u>264,124</u>	<u>4,847,026</u>	<u>720,560</u>
Current liabilities payable from restricted assets:								
Customer deposits	1,109,102	-	9,790	-	3,450	-	1,122,342	-
Bonds payable	-	-	1,000,000	-	-	-	1,000,000	-
DHH Revolving Loan fund	-	107,000	-	-	-	-	107,000	-
Due to LADOTD	-	-	-	-	-	-	-	-
Accrued interest	68,559	-	-	-	-	-	68,559	-
Total current liabilities payable from restricted assets	<u>1,177,661</u>	<u>107,000</u>	<u>1,009,790</u>	<u>-</u>	<u>3,450</u>	<u>-</u>	<u>2,297,901</u>	<u>-</u>
Noncurrent liabilities:								
Compensated absences	220,241	41,080	40,437	2,164	-	71,386	375,308	16,729
Bonds payable	-	-	10,200,000	-	-	-	10,200,000	-
DHH Revolving Loan fund	-	1,573,388	-	-	-	-	1,573,388	-
Due to LADOTD	-	-	-	-	-	-	-	-
Total noncurrent liabilities	<u>220,241</u>	<u>1,614,468</u>	<u>10,240,437</u>	<u>2,164</u>	<u>-</u>	<u>71,386</u>	<u>12,148,696</u>	<u>16,729</u>
Total liabilities	<u>3,335,044</u>	<u>1,901,931</u>	<u>11,326,407</u>	<u>2,372,557</u>	<u>22,174</u>	<u>335,510</u>	<u>19,293,623</u>	<u>737,289</u>
NET POSITION								
Net Investment in capital assets	23,971,316	5,288,042	15,336,675	2,291,194	5,264,976	300,752	52,452,955	1,573
Unrestricted (deficit)	4,885,617	3,339,441	3,195,139	(2,145,671)	331,176	220,625	9,826,327	1,324,679
Total net position (deficit)	<u>\$28,856,933</u>	<u>\$8,627,483</u>	<u>\$18,531,814</u>	<u>\$145,523</u>	<u>\$5,596,152</u>	<u>\$521,377</u>	<u>\$62,279,282</u>	<u>\$1,326,252</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, 2016

	Business-type Activities Enterprise Funds						Governmental Activities Internal Service Funds	
	Major Funds			Nonmajor Funds				
	Electric System	Water System	Sewer System	Telecommunications	Airport Authority	Ambulance		Total
OPERATING REVENUES								
Charges for services	\$24,190,168	\$2,668,837	\$3,782,160	\$505,730	\$20,168	\$800,943	\$31,968,006	\$27,180
Charges to other funds	-	-	-	-	-	-	-	3,961,819
Premiums paid by retired employees	-	-	-	-	-	-	-	247,079
Rent income	35,437	-	-	-	57,443	-	92,880	-
Miscellaneous	1,527	1,828	159	1,036	123	-	4,673	-
Total operating revenues	<u>24,227,132</u>	<u>2,670,665</u>	<u>3,782,319</u>	<u>506,766</u>	<u>77,734</u>	<u>800,943</u>	<u>32,065,559</u>	<u>4,236,078</u>
OPERATING EXPENSES								
Personnel services	2,125,357	497,444	766,175	116,559	-	383,051	3,888,586	151,222
Operating services	1,481,342	741,571	1,068,158	306,231	63,133	44,260	3,704,695	27,682
Materials and supplies	15,101,310	166,684	113,059	12,018	1,693	82,502	15,477,266	11,310
Travel and other	15,626	3,673	8,019	786	-	63,840	91,944	3,398
Depreciation	1,239,496	457,850	1,676,869	110,062	204,756	125,882	3,814,915	327
Claims	-	-	-	-	-	-	-	2,286,212
Insurance premiums	-	-	-	-	-	-	-	1,505,930
Total operating expenses	<u>19,963,131</u>	<u>1,867,222</u>	<u>3,632,280</u>	<u>545,656</u>	<u>269,582</u>	<u>699,535</u>	<u>26,977,406</u>	<u>3,986,081</u>
Operating income (loss)	<u>4,264,001</u>	<u>803,443</u>	<u>150,039</u>	<u>(38,890)</u>	<u>(191,848)</u>	<u>101,408</u>	<u>5,088,153</u>	<u>249,997</u>
NONOPERATING REVENUES (EXPENSES)								
Investment earnings	12,357	2,081	1,780	60	473	204	16,955	2,470
Capital grants	-	-	44,395	1,365	449,591	-	495,351	-
Interest expense	-	(59,161)	(327,083)	-	-	-	(386,244)	-
Amortization	-	(2,265)	(7,076)	-	-	-	(9,341)	-
Total nonoperating revenues (expenses)	<u>12,357</u>	<u>(59,345)</u>	<u>(287,984)</u>	<u>1,425</u>	<u>450,064</u>	<u>204</u>	<u>116,721</u>	<u>2,470</u>
Income (loss) before contributions and transfers	4,276,358	744,098	(137,945)	(37,465)	258,216	101,612	5,204,874	252,467
Capital contributions	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	9,254	-	9,254	-
Transfers out	(2,140,033)	(517,374)	(508,248)	-	-	-	(3,165,655)	-
Change in net position	2,136,325	226,724	(646,193)	(37,465)	267,470	101,612	2,048,473	252,467
Total net position (deficit) - beginning	26,720,608	8,400,759	19,178,007	182,988	5,328,682	419,765	60,230,809	1,073,785
Total net position (deficit) - ending	<u>\$28,856,933</u>	<u>\$8,627,483</u>	<u>\$18,531,814</u>	<u>\$145,523</u>	<u>\$5,596,152</u>	<u>\$521,377</u>	<u>\$62,279,282</u>	<u>\$1,326,252</u>

CITY OF RUSTON, LOUISIANA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2016

	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	\$23,968,102	\$4,296,457	\$5,839,353	\$491,758	\$71,696	\$786,811	\$35,454,177	\$4,208,739
Payments to suppliers	(20,510,983)	(1,150,352)	(1,318,358)	(119,735)	(115,286)	(191,790)	(23,406,504)	(1,466,639)
Payments to employees	(2,137,647)	(492,366)	(748,738)	(116,454)	-	(214,405)	(3,709,610)	(147,849)
Claim payments	-	-	-	-	-	-	-	(2,332,327)
Other receipts	36,964	1,828	159	1,036	123	-	40,110	27,180
Net cash provided by operating activities	<u>1,356,436</u>	<u>2,655,567</u>	<u>3,772,416</u>	<u>256,605</u>	<u>(43,467)</u>	<u>380,616</u>	<u>8,378,173</u>	<u>289,104</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:								
Transfers in	-	-	-	-	9,254	-	9,254	-
Transfers out	(2,140,033)	(517,374)	(508,248)	-	-	-	(3,165,655)	-
Net cash provided by (used in) noncapital financing activities	<u>(2,140,033)</u>	<u>(517,374)</u>	<u>(508,248)</u>	<u>-</u>	<u>9,254</u>	<u>-</u>	<u>(3,156,401)</u>	<u>-</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:								
Acquisition and construction of capital assets	(595,639)	(213,304)	(704,914)	(268,486)	(465,394)	(44,118)	(2,291,855)	-
Capital contributions	-	-	44,395	1,365	573,635	-	619,395	-
Bond issuance costs	-	-	-	-	-	-	-	-
DEQ Revolving Loan fund	-	(104,000)	-	-	-	-	(104,000)	-
Payable to State	(3,627)	-	-	-	-	-	(3,627)	-
Principal paid on debt	-	-	(975,000)	-	-	-	(975,000)	-
Interest paid on debt	-	(59,161)	(327,084)	-	-	-	(386,245)	-
Net cash used in capital and related financing activities	<u>(599,266)</u>	<u>(376,465)</u>	<u>(1,962,603)</u>	<u>(267,121)</u>	<u>108,241</u>	<u>(44,118)</u>	<u>(3,141,332)</u>	<u>-</u>
CASH FLOWS FROM INVESTING ACTIVITIES:								
Proceeds from sales and maturities of investments	-	-	-	-	-	-	-	(423)
Purchase of investments	847	(531)	(161)	-	-	-	155	(880)
Interest and dividends received	12,357	2,081	1,780	60	473	204	16,955	2,470
Net cash provided by (used in) investing activities	<u>13,204</u>	<u>1,550</u>	<u>1,619</u>	<u>60</u>	<u>473</u>	<u>204</u>	<u>17,110</u>	<u>1,167</u>
Net increase (decrease) in cash and cash equivalents	<u>(1,369,659)</u>	<u>1,763,278</u>	<u>1,303,184</u>	<u>(10,456)</u>	<u>74,501</u>	<u>336,702</u>	<u>2,097,550</u>	<u>290,271</u>
Cash and cash equivalents, beginning of year	<u>4,214,359</u>	<u>864,187</u>	<u>1,416,981</u>	<u>61,971</u>	<u>264,745</u>	<u>160,773</u>	<u>6,983,016</u>	<u>874,383</u>
Cash and cash equivalents, end of year	<u><u>\$2,844,700</u></u>	<u><u>\$2,627,465</u></u>	<u><u>2,720,165</u></u>	<u><u>\$51,515</u></u>	<u><u>\$339,246</u></u>	<u><u>\$497,475</u></u>	<u><u>\$9,080,566</u></u>	<u><u>\$1,164,654</u></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)	\$4,264,001	\$803,443	\$150,039	(\$38,890)	(\$191,848)	\$101,408	\$5,088,153	\$249,997
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:								
Depreciation	1,239,496	457,850	1,676,869	110,062	204,756	125,882	3,814,915	327
(Increase) Decrease in assets:								
Receivables	(267,972)	76,389	(3,208)	(13,972)	(8,523)	(14,132)	(231,418)	-
Due from other funds	(15,452)	1,551,231	2,061,972	-	2,258	(152)	3,599,857	20,998
Inventories	149,233	(5,506)	4,076	(161,399)	-	-	(13,596)	-
Prepaid items	(3,112)	(1,576)	-	-	-	(845)	(5,533)	1,302
Increase (Decrease) in liabilities:								
Accounts payable	134,158	91,142	(55)	8,551	14,513	(1,036)	247,273	(21,941)
Accrued liabilities	12,728	3,017	7,946	830	-	2,925	27,446	1,734
Due to other funds	(4,196,096)	(324,060)	(133,144)	352,148	(64,973)	152,971	(4,213,154)	81,163
Customers' deposits	61,358	-	(1,570)	-	350	-	60,138	-
Claims and judgments	-	-	-	-	-	-	-	(46,115)
Compensated absences	(21,906)	3,637	9,491	(725)	-	13,595	4,092	1,639
Total adjustments	(2,907,565)	1,852,124	3,622,377	295,495	148,381	279,208	3,290,020	39,107
Net cash provided by operating activities	\$1,356,436	\$2,655,567	\$3,772,416	\$256,605	(\$43,467)	\$380,616	\$8,378,173	\$289,104

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

CITY OF RUSTON, LOUISIANA
STATEMENT OF NET POSITION
COMPONENT UNITS
SEPTEMBER 30, 2016

	<u>Ruston City Judge's Office</u>	<u>Ruston City Marshal's Office</u>	<u>Total</u>
ASSETS			
Cash and cash equivalents	\$971,094	\$85,323	\$1,056,417
Investments	-	-	-
Receivables	-	-	-
Prepaid items	2,662	495	3,157
Due from governmental units	23,200	657	23,857
Capital assets, net of depreciation	516,469	42,511	558,980
Total assets	<u>1,513,425</u>	<u>128,986</u>	<u>1,642,411</u>
Deferred outflow of resources	57,627	-	57,627
LIABILITIES			
Accounts payable	5,573	614	6,187
Accrued liabilities	2,767	-	2,767
Due to governmental units	-	-	-
Non-current liabilities:			
Due within one year	-	-	-
Due in more than one year	-	-	-
Net pension liability	302,245	-	302,245
Total liabilities	<u>310,585</u>	<u>614</u>	<u>311,199</u>
Deferred inflow of resources		-	-
NET POSITION			
Net investment in capital assets	516,469	42,511	558,980
Unrestricted	727,300	85,861	813,161
Total net position	<u>\$1,243,769</u>	<u>\$128,372</u>	<u>\$1,372,141</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, 2016

	<u>Program Revenues</u>			<u>Net (Expenses) Revenues and Changes in Net Position</u>		<u>Total</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>	
City Judge: Judicial	\$619,639	\$240,901	\$431,000	\$52,262	-	\$52,262
City Marshal: Judicial	433,135	88,008	\$370,420	-	\$25,293	25,293
	<u>\$1,052,774</u>	<u>\$328,909</u>	<u>\$801,420</u>	<u>52,262</u>	<u>25,293</u>	<u>77,555</u>
General Revenues:						
Interest earnings				1,983	164	2,147
Miscellaneous				-	16,051	16,051
Total general revenues				<u>1,983</u>	<u>16,215</u>	<u>18,198</u>
Change in net position				54,245	41,508	95,753
Net position - beginning				1,189,524	86,864	1,276,388
Net position - ending				<u>\$1,243,769</u>	<u>\$128,372</u>	<u>\$1,372,141</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, 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

The financial statements present the City of Ruston (the primary government) and its component units. The component units discussed below are included in the City's reporting entity because of the significance of their operational or financial relationships with the City.

DISCRETELY PRESENTED COMPONENT UNITS

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

City Judge's Office

The Ruston City Judge's Office was created by special legislative act. Its jurisdiction includes the incorporated area of the City. The City Judge is elected and cannot be removed by City officials. The City Judge's Office is fiscally dependent on the City. The City has the ability to modify or approve its budget which comes from the General Fund. There are certain funds collected by the City Judge's Office, pursuant to state statute, which are under the control of the Court. The City Judge's Office serves the citizenry of the City. The financial statements of the City Judge's Office included in the accompanying financial statements are as of and for the fiscal year ended September 30, 2016.

City Marshal

The Ruston City Marshal is an elected official. The City Marshal is fiscally dependent on the City. The City has the ability to modify or approve the budget which comes from the General Fund. Certain funds are collected such as court costs, pursuant to state statute, which are under the control of the City Marshal. The City Marshal serves the citizenry of the Parish. The financial statements of the City Marshal included in the accompanying financial statements are as of and for the fiscal year ended September 30, 2016.

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, 2016

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, 2016

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, 2016

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

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

Governmental Funds

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

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

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

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

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

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

CITY OF RUSTON, LOUISIANA
Notes to Financial Statements
For the Year Ended September 30, 2016

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

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

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

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

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

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

Proprietary Funds

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

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

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

The City reports the following major enterprise funds:

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

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

CITY OF RUSTON, LOUISIANA
Notes to Financial Statements
For the Year Ended September 30, 2016

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

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

As a general rule the effect of interfund activity has been eliminated from the GWFS. Exceptions to this general rule are payments-in-lieu of taxes and other charges between the government's electric, water, and sewerage function and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned. Transactions that would be treated as revenues, expenditures or expenses if they involved organizations external to the City as they are exchange transactions are accounted for as revenues and expenditures or expenses in the funds involved.

Amounts reported as program revenues include (1) charges to customers or applicants for goods, services, or privileges provided, (2) operating grants and contributions, and (3) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes. Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the enterprise funds and the internal service funds are charges to customers for sales and services. Operating expenses for enterprise funds and internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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

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

c. CAPITAL ASSETS

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the GWFS and the proprietary funds. Capital assets are recorded at historical cost or estimated historical cost for assets where actual historical cost is not available and depreciated over their estimated useful lives. Donated capital assets are recorded at estimated fair value at the date of donation.

CITY OF RUSTON, LOUISIANA
Notes to Financial Statements
For the Year Ended September 30, 2016

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 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, 2016, 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, 2016

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, 2016

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, 2016.

CITY OF RUSTON, LOUISIANA
Notes to Financial Statements
For the Year Ended September 30, 2016

o. GRANTS FROM OTHER GOVERNMENTAL AGENCIES

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

p. CASH AND CASH EQUIVALENTS

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

q. SELF-INSURANCE CLAIMS

The City is self-insured for workmen's compensation coverage and medical insurance for employees. Self-insured claims are recorded in the City's internal service funds in accordance with GASB Statement No. 10.

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

r. ESTIMATES

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

2. CASH AND INVESTMENTS

At September 30, 2016, the City has cash and cash equivalents (book balances net of overdrafts) totaling \$68,849,638.

These deposits are stated at cost, which approximates market. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent.

These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable by both parties. Cash and cash equivalents (bank balances) at September 30, 2016, are secured as follows:

Bank Balances	<u>\$69,918,471</u>
Federal Deposit Insurance	\$ 2,000,000
Pledged Securities (Uncollateralized)	<u>74,769,105</u>
Total	<u>\$76,769,105</u>

CITY OF RUSTON, LOUISIANA
Notes to Financial Statements
For the Year Ended September 30, 2016

Governmental Funds Cash and Investments	\$57,211,470
Enterprise Funds Cash and Investments	9,576,562
Internal Service Funds Cash and Investments	<u>2,061,605</u>
Total Book Balances	<u>\$68,849,637</u>

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, 2016. Category 1 includes investments that are insured or registered or for which the securities are held by the City or its agent in the City's name. Category 2 includes uninsured and unregistered investments with securities held by the counterparty's trust department or agent in the City's name. Category 3 includes uninsured and unregistered investments with securities held by the counterparty, or by its trust department or agent, but not in the City's name.

	CATEGORY			Carrying Amount & Fair Value
	1	2	3	
U.S. government and U.S. government agency securities	\$95,419	\$--	\$--	\$ 95,419
Louisiana Asset Management Pool				<u>30,864,463</u>
Total Investments				30,959,882
Total Deposits				<u>37,889,756</u>
Total cash, cash equivalents, & investments, including restricted cash and investments				<u>\$68,849,638</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 \$1,241,416 at September 30, 2016.

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 \$196,947,361

CITY OF RUSTON, LOUISIANA
Notes to Financial Statements
For the Year Ended September 30, 2016

and \$174,264,066 in 2016 and 2015, respectively. The distribution of the City's levy (tax rate per \$1,000 assessed value) was, as follows, for 2016 and 2015:

 Levy	
	<u>2016</u>	<u>2015</u>
General Fund	5.24	5.88
Recreation Tax	<u>2.92</u>	<u>2.92</u>
Total	<u>8.16</u>	<u>8.80</u>

4. RECEIVABLES

Receivables as of September 30, 2016, for the City's individual major funds and nonmajor and internal service funds, including allowances for uncollectible accounts, are outlined below:

	<u>Customers</u>	<u>Taxes</u>	<u>Other</u>	<u>Allowance for Uncollectible Accounts</u>	<u>Net Receivable</u>
Governmental activities:					
General	\$215,315	-	\$708,577	(\$393,824)	\$530,068
1968 Sales Tax	-	\$239,023	-	-	239,023
1985 Sales Tax	-	358,535	-	-	358,535
1990 Sales Tax	-	239,023	-	-	239,023
2016 Sales Tax	-	358,534	-	-	358,534
Nonmajor governmental funds	-	<u>727,226</u>	<u>8,128</u>	-	<u>735,354</u>
Total governmental activities	<u>\$215,315</u>	<u>\$1,922,341</u>	<u>\$716,705</u>	<u>(\$393,824)</u>	<u>\$2,460,537</u>
Business-type activities:					
Electric System	\$3,045,282	-	\$12,364	(\$1,807,881)	\$1,249,765
Water System	397,551	-	-	(282,198)	115,353
Sewer System	687,936	-	-	(517,897)	170,039
Nonmajor business-type activities	<u>148,242</u>	-	-	<u>(71,962)</u>	<u>76,280</u>
Total business-type activities	<u>\$4,279,011</u>	<u>-</u>	<u>\$12,364</u>	<u>(\$2,679,938)</u>	<u>\$1,611,437</u>

5. CAPITAL ASSETS

A summary of changes in capital assets is as follows:

	Balance September 30, <u>2015</u>	<u>Additions</u>	<u>Retirements</u>	Balance September 30, <u>2016</u>
Governmental activities				
Capital assets, not being depreciated:				
Land	\$12,466,107	\$1,117,340	-	\$13,583,447
Construction in progress	<u>27,149,667</u>	<u>2,436,734</u>	-	<u>29,586,401</u>
Total capital assets, not being depreciated	<u>39,615,774</u>	<u>3,554,074</u>	-	<u>43,169,848</u>
Capital assets, being depreciated:				
Buildings	12,015,331	11,856	-	12,027,187
Improvements other than buildings	12,537,260	1,604,022	-	14,141,282
Equipment	16,823,664	1,147,492	(281,428)	17,689,728
Infrastructure	<u>23,439,313</u>	-	-	<u>23,439,313</u>
Total capital assets being depreciated	<u>64,815,568</u>	<u>2,763,370</u>	<u>(281,428)</u>	<u>67,297,510</u>

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	Balance September 30, <u>2015</u>	<u>Additions</u>	<u>Retirements</u>	Balance September 30, <u>2016</u>
Less accumulated depreciation for:				
Buildings	(3,839,093)	(298,629)	-	(4,137,722)
Improvements other than buildings	(5,422,677)	(456,447)	-	(5,879,124)
Equipment	(13,381,350)	(733,514)	-	(14,114,864)
Infrastructure	<u>(7,999,259)</u>	<u>(445,735)</u>	-	<u>(8,444,994)</u>
Total accumulated depreciation	<u>(30,642,379)</u>	<u>(1,934,325)</u>	-	<u>(32,576,704)</u>
Total capital assets, being depreciated, net	<u>34,173,189</u>	<u>829,045</u>	<u>(281,428)</u>	<u>34,720,806</u>
Governmental activities capital assets, net	<u>\$73,788,963</u>	<u>\$4,383,119</u>	<u>(\$281,428)</u>	<u>\$77,890,654</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 \$24,986,800 for I-20 Infrastructure projects; \$2,409,257 for the Streetscape projects; \$475,125 for the Martin Luther King Extension; \$702,854 for the Tech Research Park Line & Grade and Homer Street Reconstruction project; \$5,843 for the Colorado Avenue Improvements project; \$44,192 for the Pedestrian Railroad Crossing project; \$8,207 for the Woodland Park Entrance Sign project; \$285,042 for the Billmore Street Reconstruction project; \$29,160 for the Bike/Pedestrian Trail project; \$27,200 for the IA Lewis Safe Routes to School project; \$315,400 for the Recycling Station Facility project; \$20,714 for the Lee Avenue Bridge/Box Replacement project; \$4,900 for the Monroe Street Rebuild project; \$70,875 for the Duncan Park Basketball Court Replacement project; \$50,467 for the Woodland Playground Cover project; \$71,185 for the Woodland Park Basketball Court Replacement project; \$50,820 for the Elmore Mayfield Park Dam Improvements project; and \$28,360 for the Buddy Ball Improvements project.

	Balance September 30, <u>2015</u>	<u>Additions</u>	<u>Retirements</u>	Balance September 30, <u>2016</u>
Business-type activities:				
Electric System				
Capital assets, not being depreciated:				
Land	\$627,501	-	-	\$627,501
Construction in progress	<u>8,759,323</u>	<u>\$86,619</u>	<u>(\$7,981,341)</u>	<u>864,601</u>
Total capital assets, not being depreciated	<u>9,386,824</u>	<u>86,619</u>	<u>(\$7,981,341)</u>	<u>1,492,102</u>
Capital assets, being depreciated:				
Buildings	5,334,566	-	-	5,334,566
System Improvements	33,526,338	8,456,892	(13,041)	41,970,189
Equipment	<u>21,228,937</u>	<u>33,699</u>	-	<u>21,262,636</u>
Total capital assets being depreciated	<u>60,089,841</u>	<u>8,490,592</u>	<u>(13,041)</u>	<u>68,567,391</u>

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	Balance September 30, <u>2015</u>	<u>Additions</u>	<u>Retirements</u>	Balance September 30, <u>2016</u>
Less accumulated depreciation for:				
Buildings	(2,300,409)	(108,078)	-	(2,408,487)
System Improvements	(22,525,009)	(905,588)	-	(23,430,597)
Equipment	<u>(20,036,074)</u>	<u>(225,830)</u>	<u>12,809</u>	<u>(20,249,095)</u>
Total accumulated depreciation	<u>(44,861,492)</u>	<u>(1,239,496)</u>	<u>12,809</u>	<u>(46,088,179)</u>
Total capital assets, being depreciated, net	<u>15,228,349</u>	<u>7,251,096</u>	-	<u>22,479,445</u>
Electric System capital assets, net	<u>\$24,615,173</u>	<u>\$7,337,715</u>	-	<u>\$23,971,314</u>

Construction in progress for the electric system consisted of \$13,407 for the Tennessee Avenue Substation project and \$851,194 for the Customer Service office and City Court Renovations projects.

	Balance September 30, <u>2015</u>	<u>Additions</u>	<u>Retirements</u>	Balance September 30, <u>2016</u>
Telecommunications System				
Capital assets, not being depreciated:				
Construction in progress	-	<u>\$53,538</u>	-	<u>\$53,538</u>
Capital assets, being depreciated:				
Equipment	<u>\$2,143,950</u>	<u>214,949</u>	-	<u>\$2,358,899</u>
Total capital assets being depreciated	<u>2,143,950</u>	<u>214,949</u>	-	<u>2,358,899</u>
Less accumulated depreciation for:				
Equipment	<u>(11,180)</u>	<u>(110,062)</u>	-	<u>(121,242)</u>
Total accumulated depreciation	<u>(11,180)</u>	<u>(110,062)</u>	-	<u>(121,242)</u>
Total capital assets, being depreciated, net	<u>2,132,770</u>	<u>104,887</u>	-	<u>2,237,657</u>
Telecommunications System capital assets, net	<u>\$2,132,770</u>	<u>\$158,425</u>	-	<u>\$2,291,195</u>

Construction in progress for the telecommunications system consisted of \$53,538 for installations of telecommunications throughout the City.

	Balance September 30, <u>2015</u>	<u>Additions</u>	<u>Retirements</u>	Balance September 30, <u>2016</u>
Water System				
Capital assets, not being depreciated:				
Land	\$75,070	-	-	\$75,070
Construction in progress	<u>448,647</u>	<u>\$213,303</u>	<u>(\$581,888)</u>	<u>80,062</u>
Total capital assets, not being depreciated	<u>523,717</u>	<u>213,303</u>	<u>(581,888)</u>	<u>155,132</u>
Capital assets, being depreciated:				
Buildings	139,934	-	-	139,934
System Improvements	15,786,202	581,887	-	16,368,089
Equipment	<u>817,321</u>	-	-	<u>817,321</u>

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	Balance September 30, <u>2015</u>	<u>Additions</u>	<u>Retirements</u>	Balance September 30, <u>2016</u>
Total capital assets being depreciated	<u>16,743,457</u>	<u>581,887</u>	<u>-</u>	<u>17,325,344</u>
Less accumulated depreciation for:				
Buildings	(131,143)	(3,659)	-	(134,802)
System Improvements	(9,054,044)	(439,748)	-	(9,493,792)
Equipment	<u>(869,011)</u>	<u>(14,443)</u>	<u>-</u>	<u>(883,454)</u>
Total accumulated depreciation	<u>(10,054,198)</u>	<u>(457,850)</u>	<u>-</u>	<u>(10,512,048)</u>
Total capital assets, being depreciated, net	<u>6,689,259</u>	<u>124,037</u>	<u>-</u>	<u>6,813,296</u>
Water System capital assets, net	<u>\$7,212,976</u>	<u>\$337,340</u>	<u>(\$581,888)</u>	<u>\$6,968,428</u>

Construction in progress for the water system consisted of \$48,547 for the Master Plan for development of water distribution system, \$26,878 for West Hilly, Lesna Lane, & Martin Luther King Drive Improvements project, and \$4,637 for the Streetscape Phase VI Improvements project.

	Balance September 30, <u>2015</u>	<u>Additions</u>	<u>Retirements</u>	Balance September 30, <u>2016</u>
Sewer System				
Capital assets, not being depreciated:				
Land	\$218,801	-	-	\$218,801
Construction in progress	<u>174,614</u>	<u>\$494,709</u>	<u>-</u>	<u>669,323</u>
Total capital assets, not being depreciated	<u>393,415</u>	<u>494,709</u>	<u>-</u>	<u>888,124</u>
Capital assets, being depreciated:				
Buildings	151,353	-	-	151,353
System Improvements	19,590,988	-	-	19,590,988
Equipment	<u>28,737,086</u>	<u>210,205</u>	<u>-</u>	<u>28,947,291</u>
Total capital assets being depreciated	<u>48,479,427</u>	<u>210,205</u>	<u>-</u>	<u>48,689,632</u>
Less accumulated depreciation for:				
Buildings	(80,363)	(4,016)	-	(84,379)
System Improvements	(13,779,815)	(423,587)	-	(14,203,402)
Equipment	<u>(7,504,034)</u>	<u>(1,249,266)</u>	<u>-</u>	<u>(8,753,300)</u>
Total accumulated depreciation	<u>(21,364,212)</u>	<u>(1,676,869)</u>	<u>-</u>	<u>(23,041,081)</u>
Total capital assets, being depreciated, net	<u>27,115,215</u>	<u>(1,466,664)</u>	<u>-</u>	<u>25,648,551</u>
Sewer System capital assets, net	<u>\$27,508,630</u>	<u>(\$971,955)</u>	<u>-</u>	<u>\$26,536,675</u>

Construction in progress consisted of \$182,926 for the LCDBG Sewer Improvement project and \$486,397 for the Monroe Street Gravity Main Rehab project.

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	Balance September 30, <u>2015</u>	<u>Additions</u>	<u>Retirements</u>	Balance September 30, <u>2016</u>
Airport Authority				
Capital assets, not being depreciated:				
Land	\$467,214	\$184,000	-	\$651,214
Construction in progress	<u>350,849</u>	<u>281,394</u>	-	<u>632,243</u>
Total capital assets, not being depreciated	<u>818,063</u>	<u>450,851</u>	-	<u>1,283,457</u>
Capital assets, being depreciated:				
Buildings	1,080,459	-	-	1,080,459
Runways, aprons, and taxiways	8,687,362	-	-	8,687,362
Equipment	<u>231,239</u>	-	-	<u>231,239</u>
Total capital assets being depreciated	<u>9,999,060</u>	-	-	<u>9,999,060</u>
Less accumulated depreciation for:				
Buildings	(221,597)	(33,375)	-	(254,972)
Runways, aprons, and taxiways	(5,295,705)	(166,996)	-	(5,462,701)
Equipment	<u>(295,483)</u>	<u>(4,385)</u>	-	<u>(299,868)</u>
Total accumulated depreciation	<u>(5,812,785)</u>	<u>(204,756)</u>	-	<u>(6,017,541)</u>
Total capital assets, being depreciated, net	<u>4,186,275</u>	<u>(204,756)</u>	-	<u>3,981,519</u>
Airport Authority capital assets, net	<u>\$5,004,338</u>	<u>\$246,095</u>	-	<u>\$5,264,974</u>

Construction in progress consisted of \$394,818 for the Runway 36 Obstruction Removal project; \$198,443 for the Airport Master Plan project; and \$24,439 for the Eastside Obstruction Removal project.

	Balance September 30, <u>2015</u>	<u>Additions</u>	<u>Retirements</u>	Balance September 30, <u>2016</u>
Ambulance Fund				
Capital assets, being depreciated:				
Equipment	\$1,168,290	\$44,118	-	\$1,212,408
Less accumulated depreciation for equipment	<u>(785,775)</u>	<u>(125,882)</u>	-	<u>(911,657)</u>
Total capital assets, being depreciated, net	<u>\$382,515</u>	<u>(\$81,764)</u>	-	<u>\$300,751</u>
	Balance September 30, <u>2015</u>	<u>Additions</u>	<u>Retirements</u>	Balance September 30, <u>2016</u>
Business-type activities capital assets				
Capital assets, not being depreciated:				
Land	\$1,388,586	\$184,000	-	\$1,572,586
Construction in progress	<u>9,733,433</u>	<u>1,129,563</u>	<u>(\$8,563,229)</u>	<u>2,299,767</u>
Total capital assets, not being depreciated	<u>11,122,019</u>	<u>1,313,563</u>	<u>(8,563,229)</u>	<u>3,872,353</u>
Capital assets, being depreciated:				
Buildings	6,706,312	-	-	6,706,312
System Improvements	68,903,528	9,038,779	(13,041)	77,929,266
Runways, aprons, and taxiways	8,687,362	-	-	8,687,362

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	Balance September 30, 2015	Additions	Retirements	Balance September 30, 2016
Equipment	<u>54,326,823</u>	<u>502,971</u>	<u>-</u>	<u>54,829,794</u>
Total capital assets being depreciated	<u>138,624,025</u>	<u>9,541,750</u>	<u>(13,041)</u>	<u>148,152,734</u>
Less accumulated depreciation for:				
Buildings	(2,733,512)	(149,128)	-	(2,882,640)
System Improvements	(45,358,868)	(1,768,923)	-	(47,127,791)
Runways, aprons, and taxiways	(5,295,705)	(166,996)	-	(5,462,701)
Equipment	<u>(29,501,557)</u>	<u>(1,729,868)</u>	<u>12,809</u>	<u>(31,218,616)</u>
Total accumulated depreciation	<u>(82,889,642)</u>	<u>(3,814,915)</u>	<u>12,809</u>	<u>(86,691,748)</u>
Total capital assets, being depreciated, net	<u>55,734,383</u>	<u>5,726,835</u>	<u>(232)</u>	<u>61,460,986</u>
Business-type activities capital assets, net	<u>\$66,856,402</u>	<u>\$7,040,398</u>	<u>(\$8,563,461)</u>	<u>\$65,333,339</u>

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

Governmental activities:	
General government	\$284,822
Public safety	370,202
Public works, including depreciation of general infrastructure assets	1,156,884
Recreation	<u>122,417</u>
Total depreciation expense-governmental activities	<u>\$1,934,325</u>

Business-type activities:	
Electric System	\$1,226,687
Telecommunications System	104,887
Water System	457,850
Sewer System	1,676,869
Airport Authority	204,756
Ambulance	<u>125,882</u>
Total depreciation expense-business-type activities	<u>\$3,796,931</u>

6. LONG-TERM LIABILITIES

Long-term liability activity for the year ended September 30, 2016, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
Revenue bonds payable	\$5,375,000	\$38,995,000	(\$680,000)	\$43,690,000	\$710,000
Compensated absences	<u>2,097,492</u>	<u>\$934,742</u>	<u>(1,148,619)</u>	<u>1,883,615</u>	<u>200,000</u>
Governmental activities long- term liabilities	<u>\$7,472,492</u>	<u>\$39,929,742</u>	<u>(\$1,828,619)</u>	<u>\$45,573,615</u>	<u>\$910,000</u>
Business-type activities:					
Electric System:					
Compensated absences	<u>\$275,147</u>	<u>\$73,628</u>	<u>(\$95,534)</u>	<u>\$253,241</u>	<u>\$33,000</u>

CITY OF RUSTON, LOUISIANA
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	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Telecommunications System:					
Compensated absences	<u>\$3,389</u>	<u>\$11,495</u>	<u>(\$12,220)</u>	<u>\$2,664</u>	<u>\$500</u>
Water System:					
DHH Revolving Loan fund	\$1,784,388	-	(\$104,000)	\$1,680,388	\$107,000
Compensated absences	<u>42,443</u>	<u>\$22,876</u>	<u>(19,239)</u>	<u>46,080</u>	<u>5,000</u>
Water System long-term liabilities	<u>\$1,826,831</u>	<u>\$22,876</u>	<u>(\$123,239)</u>	<u>\$1,726,468</u>	<u>\$112,000</u>
Sewer System:					
Refunding sewer bonds	\$12,175,000	-	(\$975,000)	\$11,200,000	\$1,000,000
Compensated absences	<u>35,946</u>	<u>\$39,345</u>	<u>(29,854)</u>	<u>45,437</u>	<u>5,000</u>
Sewer System long-term liabilities	<u>\$12,210,946</u>	<u>\$39,345</u>	<u>(\$1,904,854)</u>	<u>\$11,245,437</u>	<u>\$1,005,000</u>
Ambulance Fund:					
Compensated absences	<u>\$64,291</u>	<u>\$23,694</u>	<u>(\$10,099)</u>	<u>\$77,886</u>	<u>\$6,500</u>
Business-type activities long-term liabilities:					
DHH Revolving Loan fund	\$ 1,784,388	-	(\$104,000)	\$ 1,680,388	\$107,000
Refunding sewer bonds	12,175,000	-	(975,000)	11,200,000	1,000,000
Compensated absences	<u>421,216</u>	<u>\$171,038</u>	<u>(166,946)</u>	<u>425,308</u>	<u>50,000</u>
Business-type activities long-term liabilities	<u>\$14,380,604</u>	<u>\$117,038</u>	<u>(\$1,245,946)</u>	<u>\$13,305,696</u>	<u>\$1,157,000</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, 2016, were comprised of the following issues:

Governmental Activities:	<u>Outstanding at September 30, 2016</u>
<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 \$710,000 to \$860,000 through September 1, 2022.	<u>\$4,695,000</u>
Total Tax Increment Revenue Bonds	<u>\$4,695,000</u>
<u>Sales & Use Tax Revenue Bonds</u>	
\$38,995,000 – 2016 Sales & Use Tax Revenue Bonds dated September 13, 2016, interest at 2.00% - 5.00% payable in annual installments of \$810,000 to \$2,985,000 through June 1, 2036.	<u>\$38,995,000</u>
Total Sales & Use Tax Revenue Bonds	<u>\$38,995,000</u>

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Business-type Activities:

DHH Revolving Loan

\$2,334,000 2009 Water Revenue Bonds dated October 29, 2009, due in annual installments of \$107,000 to \$145,000 through October 1, 2030, interest at 3.45% \$1,680,388

Total DHH Revolving Loan \$1,680,388

Refunding Bonds

\$14,870,000 2012 Refunding Sewer Bonds dated July 24, 2012, due in annual installments of \$1,000,000 to \$1,250,000 through October 1, 2026, interest at 2.75% \$11,200,000

Total Refunding Bonds \$11,200,000

The annual requirements to amortize all debt outstanding as of September 30, 2016, including interest requirements were as follows:

Year ending September 30:	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	
2017	\$1,520,000	\$1,477,812	\$1,107,000	\$348,061	\$4,452,873
2018	2,105,000	1,937,316	1,129,000	322,575	5,493,891
2019	2,160,000	1,878,714	1,162,000	295,867	5,496,581
2020	2,215,000	1,818,454	1,189,000	267,434	5,489,888
2021	2,290,000	1,742,226	1,222,000	236,944	5,491,170
2022-2026	9,195,000	7,378,378	6,578,000	660,343	23,811,721
2027-2031	10,630,000	5,040,000	560,388	34,255	16,264,255
2032-2036	<u>13,575,000</u>	<u>2,102,500</u>	<u>-</u>	<u>-</u>	<u>15,677,500</u>
	<u>\$43,690,000</u>	<u>\$23,375,400</u>	<u>\$12,947,388</u>	<u>\$2,165,479</u>	<u>\$82,178,267</u>

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

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

The amount of long-term debt that can be incurred by the City is limited by state statute. State law allows a maximum of 10% of the assessed valuation of bonded debt for any one purpose or 35% of the total assessed value for all purposes. The City assessed property value at December 31, 2016, was \$196,947,361. The maximum debt allowable for any one purpose and total debt allowable by state law as of December 31, 2016, is \$19,694,736 and \$68,931,576, respectively. The City currently has no general bonded debt outstanding.

7. **SALES TAX**

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

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

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

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

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

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

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

Municipal Employees' Retirement System

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

Funding Policy – State statute requires covered employees to contribute 9.50% of their annual compensation. As provided by Louisiana Revised Statute 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. The current actuarially determined rate is 22.75% of annual compensation. The City's contributions to the System for the years ended September 30, 2016, 2015, and 2014 were \$1,220,026, \$1,142,086, and \$1,100,527, respectively, equal to the required contributions for each year.

CITY OF RUSTON, LOUISIANA
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For the Year Ended September 30, 2016

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

At September 30, 2016, the City reported a liability of \$13,955,737 for its proportionate share of the net pension liability for the MERS plan. The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportion of the net pension liability was based on a projection of the City's long-term share of contributions to the MERS pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2016, the City's proportion was 3.4049%, which was an increase of 0.0586% from its proportion measured as of June 30, 2015.

For the year ended September 30, 2016, the City recognized net pension expense of \$966,358 plus employer's amortization of change in proportionate share and differences between employer contributions and proportionate share of contributions, \$395,113.

At September 30, 2016, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	-	\$53,088
Changes of assumptions	(\$490,519)	-
Net difference between projected and actual earnings on pension plan investments	1,668,656	-
Changes in proportion and differences between Employer contributions and proportionate share of contributions	113,081	319,377
Employer contributions subsequent to the measurement date	<u>347,314</u>	<u>-</u>
Total	<u>\$1,638,532</u>	<u>\$372,465</u>

The City reported a total of \$347,314 as deferred outflow of resources related to pension contributions made subsequent to the measurement period of June 30, 2016, which will be recognized as a reduction in net pension liability in the year ended September 30, 2016.

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

<u>Year</u>	<u>MERS</u>
2017	\$1,110,146
2018	735,754
2019	1,032,693
2020	<u>494,408</u>
Total	<u>\$3,373,002</u>

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Actuarial Assumptions

A summary of the actuarial methods and assumptions used in determining the total pension liability as of September 30, 2016, is as follows:

Valuation Date	June 30, 2016
Actuarial Cost Method	Entry Age Normal
Actuarial Assumptions:	
Expected Remaining Service Lives	3 years
Investment Rate of Return	7.5%, net of investment expense
Projected salary increases	5.0% (2.875% Inflation, 2.125% Merit)
Mortality	RP-2000 Employee Table for active members (set back 2 years for males and females) RP-2000 Disabled Lives Mortality Table for Disabled Annuitants (set back 5 years for males and 3 years for females) RP-2000 Healthy Annuitant Table for healthy annuitants (set forward 2 years for males and 1 year for females)
Cost of Living Adjustments	The present value of future retirement benefits is based on benefits currently being paid by the System and includes previously granted cost of living increases. The present values do not include provisions for potential future increases not yet authorized by the Board of Trustees.

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

Discount Rate

The discount rate used to measure the total pension liability was 7.5%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rates and that contributions from participating employers will be made at the actuarially determined rates, actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

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

	<u>1.0% Decrease</u>	<u>Current Discount Rate</u>	<u>1.0% Increase</u>
MERS			
Rates	6.50%	7.50%	8.50%
COR Share-NPL	\$17,740,340	\$13,955,737	\$10,726,311

Statewide Firefighter's Retirement System (SFRS)

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

Funding Policy - State statute requires covered employees to contribute 10% of their annual compensation. The City is required to contribute for the 9 months ended June 30, 2016, and for the 3 months ended September 30, 2016, 27.25% and 25.25%, respectively, of annual compensation excluding overtime but including State supplemental pay. As provided by Louisiana Revised Statute 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. The City's contributions to SFRS for the years ended September 30, 2016, 2015, and 2014 were \$587,331, \$602,789, and \$580,935, respectively, equal to the required contributions for each year.

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

At September 30, 2016, the City reported a liability of \$6,439,468 for its proportionate share of the net pension liability for the FRS plan. The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportion of the net pension liability was based on a projection of the City's long-term share of contributions to the FRS pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2016, the City's proportion was 0.9845%, which was an increase of 0.0143% from its proportion measured as of June 30, 2015.

For the year ended September 30, 2016, the City recognized pension expense of \$596,342 plus employer's amortization of change in proportionate share and differences between employer contributions and proportionate share of contributions, \$46,636.

CITY OF RUSTON, LOUISIANA
Notes to Financial Statements
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At September 30, 2016, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	-	(\$15,586)
Changes of assumptions	(\$10,132)	416
Net difference between projected and actual earnings on pension plan investments	985,996	-
Changes in proportion and differences between Employer contributions and proportionate share of contributions	61,271	33,481
Employer contributions subsequent to the measurement date	<u>145,069</u>	<u>-</u>
Total	<u>\$1,182,204</u>	<u>\$18,311</u>

The City reported a total of \$145,069 as deferred outflow of resources related to pension contributions made subsequent to the measurement period of June 30, 2016, which will be recognized as a reduction in net pension liability in the year ended September 30, 2016.

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

<u>Year</u>	<u>FRS</u>
2017	\$326,824
2018	326,824
2019	424,034
2020	208,651
2021	(31,931)
2022	<u>953</u>
	<u>\$1,255,355</u>

Actuarial Assumptions

A summary of the actuarial methods and assumptions used in determining the total pension liability as of September 30, 2016, is as follows:

Valuation Date	June 30, 2016
Actuarial Cost Method	Entry Age Normal
Actuarial Assumptions:	
Expected Remaining Service Lives	7 years
Investment Rate of Return	7.5%, net of investment expense
Projected salary increases	4.75% – 15% per year based on years of service
Mortality	

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RP-2000 Employee Table for active members

RP-2000 Disabled Lives Mortality Table for Disabled Annuitants

RP-2000 Healthy Annuitant Table for healthy annuitants

Cost of Living Adjustments

Only those previously granted.

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

Discount Rate

The discount rate used to measure the total pension liability was 7.5%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rates and that contributions from participating employers will be made at the actuarially determined rates, actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

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

	<u>1.0% Decrease</u>	<u>Current Discount Rate</u>	<u>1.0% Increase</u>
FRS			
Rates	6.50%	7.50%	8.50%
COR Share- NPL	\$8,773,255	\$6,439,468	\$4,476,796

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

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issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing the Board of Trustees of the Municipal Police Employees' Retirement System, 7722 Office Park Blvd., Suite 200, Baton Rouge, Louisiana 70809 or by calling 1-800-443-4248.

Funding Policy – State statute requires plan members to contribute 10% of their annual compensation. The City is required to contribute for the 9 months ended June 30, 2015, and for the 3 months ended September 30, 2015, 29.50% and 31.75%, respectively, of annual compensation excluding overtime but including State supplemental pay. As provided by Louisiana Revised Statute 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. The City's contributions to MPERS for the years ended September 30, 2016, 2015, and 2014 were \$547,670, \$574,403, and \$630,189, respectively, equal to the required contributions for each year.

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

At September 30, 2016, the City reported a liability of \$6,222,388 for its proportionate share of the net pension liability for the MPERS plan. The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportion of the net pension liability was based on a projection of the City's long-term share of contributions to the MPERS pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2016, the City's proportion was 0.6639%, which was a decrease of 0.0514% from its proportion measured as of June 30, 2015.

For the year ended September 30, 2016, the City recognized pension expense of \$219,071 plus employer's amortization of change in proportionate share and differences between employer contributions and proportionate share of contributions, \$258,789.

At September 30, 2016, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	-	\$3,981
Changes of assumptions	(\$186,411)	432
Net difference between projected and actual earnings on pension plan investments	957,461	106,416
Changes in proportion and differences between Employer contributions and proportionate share of contributions	-	(163,534)
Employer contributions subsequent to the measurement date	<u>156,937</u>	<u>-</u>
Total	<u>\$927,987</u>	<u>(\$52,705)</u>

The City reported a total of \$156,937 as deferred outflow of resources related to pension contributions made subsequent to the measurement period of June 30, 2016, which will be

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recognized as a reduction in net pension liability in the year ended September 30, 2016.

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

<u>Year</u>	<u>MPERS</u>
2017	\$37,042
2018	141,018
2019	284,591
2020	<u>243,200</u>
	<u>\$705,851</u>

Actuarial Assumptions

A summary of the actuarial methods and assumptions used in determining the total pension liability as of September 30, 2016, is as follows:

Valuation Date	June 30, 2016
Actuarial Cost Method	Entry Age Normal
Actuarial Assumptions:	
Expected Remaining Service Lives	4 years
Investment Rate of Return	7.5%, net of investment expense
Projected salary increases	4.25% - 9.75% based on years of service
Mortality	RP-2000 Employee Table for active members
	RP-2000 Disabled Lives Mortality Table for Disabled Annuitants
	RP-2000 Healthy Annuitant Table for healthy annuitants

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

Discount Rate

The discount rate used to measure the total pension liability was 7.5%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rates and that contributions from participating employers will be made at the actuarially determined rates, actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

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

	<u>1.0% Decrease</u>	Current Discount Rate	<u>1.0% Increase</u>
MPERS			
Rates	6.5%	7.5%	8.5%
COR Share- NPL	\$8,294,978	\$6,222,388	\$4,482,260

9. OTHER REQUIRED INDIVIDUAL FUND DISCLOSURES

a. INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

Interfund balances at September 30, 2016, were as follows:

DUE FROM OTHER FUNDS	General Fund	I-20 Fund	Sales Tax Funds	Electric System	Water System	Sewer System	DUE TO OTHER FUNDS			Total
							Nonmajor Govern- mental Funds	Nonmajor Enterprise Funds	Internal Service	
General Fund	-	-	\$47	\$21,512	\$1,708	\$10,000	\$150	\$437,556	\$182,452	\$653,425
I-20 Fund	\$32,411	-	-	-	3,315	-	-	203	-	35,928
1968 Sales Tax	-	-	176,212	-	-	-	-	-	-	176,212
1990 Sales Tax	-	-	523,891	-	-	-	-	-	-	523,891
2016 Sales Tax	-	-	25,232	-	-	-	-	-	-	25,232
Electric System	37,387	\$2,277	-	-	-	-	-	2,135,119	12	2,174,795
Water System	13,176	-	-	64,629	-	-	-	5,455	-	83,260
Sewer System	-	-	-	78,326	-	-	-	-	-	78,326
Nonmajor Governmental	38,390	-	-	-	-	-	-	-	-	38,390
Nonmajor Enterprise	1,773	-	-	5,300	-	-	-	242	-	7,315
Internal Service	159	-	-	-	-	-	-	-	-	159
Total	<u>\$123,296</u>	<u>\$2,277</u>	<u>\$219,124</u>	<u>\$169,767</u>	<u>\$5,022</u>	<u>\$10,000</u>	<u>\$150</u>	<u>\$2,578,574</u>	<u>\$182,464</u>	<u>\$3,796,933</u>

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

b. INTERFUND TRANSFERS

Transfers for the year ended September 30, 2016, were as follows:

TRANSFERS OUT	General Fund	Airport Authority	TRANSFERS IN		Total
			Nonmajor Governmental Funds	Total	
1968 Sales Tax	\$3,112,000	-	-	-	\$3,112,000
1985 Sales Tax	4,666,000	-	\$312,189	-	4,978,189
1990 Sales Tax	3,112,000	-	-	-	3,112,000
Electric System	2,080,262	\$8,535	51,236	-	2,140,033
Water System	511,887	719	4,768	-	517,374
Sewer System	507,114	-	1,134	-	508,248
Total transfers	<u>\$13,989,263</u>	<u>\$9,254</u>	<u>\$369,327</u>	<u>\$14,367,844</u>	

CITY OF RUSTON, LOUISIANA
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For the Year Ended September 30, 2016

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

c. EXCESS OF EXPENDITURES OVER BUDGET

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

<u>Fund</u>	<u>Budget</u>	<u>Actual on a budgetary basis</u>	<u>Negative variance</u>
General Fund:			
General Government:			
City Court	\$276,852	\$282,284	(\$5,432)
Marshal	\$235,590	\$344,215	(\$108,625)
Public Safety:			
Fire – Overtime Salaries	\$100,000	\$101,682	(\$1,682)

The unfavorable variance in City Court is due to the hiring of a part-time employee that was not in the budget. The unfavorable variance in Marshal is due to the payout of accumulated earned leave to two (2) long-time employees that retired. The unfavorable variance in Public Safety – Fire – Overtime Salaries is due to unexpected overtime for increase in fire activity.

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

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eligibility (D.R.O.P. entry) provisions are as follows: 25 years of service at any age; age 50 and 20 years of service; or, age 55 and 12 years of service.

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

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

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

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

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

	<u>2016</u>	<u>2015</u>
Normal cost	\$359,538	\$345,710
30-year UAL amortization amount	<u>838,100</u>	<u>805,865</u>
Annual required contribution (ARC)	<u>\$1,197,638</u>	<u>\$1,151,575</u>

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

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	<u>2016</u>	<u>2015</u>
Beginning Net OPEB Obligation	<u>\$5,394,893</u>	<u>\$4,667,815</u>
Annual required contribution	1,197,638	1,151,575
Interest on Net OPEB Obligation	215,796	186,713
ARC Adjustment	<u>(311,987)</u>	<u>(269,940)</u>
OPEB Cost	1,101,447	1,068,348
Contribution to Irrevocable Trust	-	-
Current year retiree premium	<u>(368,572)</u>	<u>(341,270)</u>
Change in Net OPEB Obligation	<u>732,875</u>	<u>727,078</u>
Ending Net OPEB Obligation	<u>\$6,127,767</u>	<u>\$5,394,893</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, 2016	\$1,101,447	33.46%	\$6,127,767
September 30, 2015	\$1,068,348	31.94%	\$5,394,893

Funded Status and Funding Progress – In 2015 and 2014, 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, 2015, was \$14,492,534 which is defined as that portion, as determined by a particular actuarial cost method (the City of Ruston uses the Projected Unit Credit Cost Method), of the actuarial present value of post-employment plan benefits and expenses which is not provided by normal cost.

	<u>2016</u>	<u>2015</u>
Actuarial Accrued Liability (AAL)	\$15,072,236	\$14,492,534
Actuarial Value of Plan Assets (AVP)	<u>-</u>	<u>-</u>
Unfunded Act. Accrued Liability (UAAL)	<u>\$15,072,236</u>	<u>\$14,492,534</u>
Funded Ratio (AVP/AAL)	0.00%	0.00%
Covered Payroll (active plan members)	\$11,108,063	\$10,307,549
UAAL as a percentage of covered payroll	135.69%	140.60%

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.

CITY OF RUSTON, LOUISIANA
Notes to Financial Statements
For the Year Ended September 30, 2016

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

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

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

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

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

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

CITY OF RUSTON, LOUISIANA
Notes to Financial Statements
For the Year Ended September 30, 2016

dependents according to a formula based on service at time of actual retirement. The percentage is 50% for at least 30 years of service; 40% for 25 but less than 30 years of service; 25% for at least 20 but less than 25 years of service; and, zero for less than 20 years of service. The rates provided to which these percentages apply are "unblended" rates as required by GASB Codification Section P50.

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

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

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

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

	<u>OPEB Costs and Contributions</u>		
	<u>FY 2014</u>	<u>FY 2015</u>	<u>FY 2016</u>
OPEB Cost	<u>\$1,086,160</u>	<u>\$1,068,347</u>	<u>\$1,101,447</u>
Contribution	-	-	-
Retiree premium	<u>300,647</u>	<u>341,270</u>	<u>368,572</u>
Total contribution and premium	<u>300,647</u>	<u>341,270</u>	<u>368,572</u>
Change in net OPEB obligation	<u>\$785,513</u>	<u>\$727,077</u>	<u>\$732,875</u>
% of contribution to cost	0.00%	0.00%	0.00%
% of contribution plus premium to cost	27.68%	31.94%	33.46%

12. COMMITMENTS AND CONTINGENCIES

Construction projects

There are certain construction projects in progress at September 30, 2016. 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 \$2,409,257 for the Streetscape projects; \$475,125 for the Martin Luther King Extension; \$702,854 for the Tech Research Park Line & Grade and Homer Street Reconstruction project; \$5,843 for the Colorado Avenue Improvements project; \$44,192 for the Pedestrian Railroad Crossing project; \$8,207 for the Woodland Park Entrance Sign project; \$285,042 for the Biltmore Street Reconstruction project; \$29,160 for the Bike/Pedestrian Trail project; \$27,200 for the IA Lewis Safe Routes to School project; \$315,400 for the Recycling Station Facility project; \$20,714 for the Lee Avenue Bridge/Box Replacement project; \$4,900 for the Monroe Street Rebuild project; \$70,875 for the Duncan Park Basketball Court Replacement project; \$50,467 for the Woodland Playground Cover project; \$71,185 for the Woodland Park Basketball Court Replacement project; \$50,820 for the Elmore Mayfield Park Dam Improvements project; \$28,360 for the Buddy Ball Improvements project; \$13,407 for the Tennessee Avenue Substation project; \$851,194 for the Customer Service

CITY OF RUSTON, LOUISIANA
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For the Year Ended September 30, 2016

office and City Court Renovations projects; \$53,538 for installations of telecommunications throughout the City; \$48,547 for the Master Plan for development of water distribution system, \$26,878 for West Hilly, Lesna Lane, & Martin Luther King Drive Improvements project, and \$4,637 for the Streetscape Phase VI Improvements project; \$182,926 for the LCDBG Sewer Improvement project and \$486,397 for the Monroe Street Gravity Main Rehab project; \$394,818 for the Runway 36 Obstruction Removal project; \$198,443 for the Airport Master Plan project; and \$24,439 for the Eastside Obstruction Removal project.

Risk Management

The City is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City maintains commercial insurance for risks related to (1) Public Official Errors and Omissions Liability, (2) General Liability, (3) Business Auto Liability, (4) Law Enforcement Professional Liability, and (5) Fire and Extended coverage. Settled claims resulting from these risks did not exceed commercial insurance coverage in the current year. The General Liability and Business Auto Liability are subject to a \$1,000,000 per occurrence limit. The Public Official Errors and Omissions Liability and Law Enforcement Professional Liability are subject to a \$1,000,000 per occurrence limit with a \$50,000 deductible. The City maintained property insurance during the year on approximately \$52 million in City property, subject to a \$100,000 per occurrence retention for property claims. The property insurance is with Atlantic Specialty Insurance Company.

Worker's Compensation

The City established a limited risk management program for worker's compensation in 1988. Premiums are paid into the Workmen's Compensation Self-Insurance Fund by other funds and are available to pay claims, claim reserves, and administrative costs of the program. An excess coverage insurance policy covers individual claims in excess of \$175,000. Reported and an estimate of incurred, but not reported claims of \$285,383 have been accrued as a liability based upon the service company's loss reserve report. Interfund premiums are based upon the approximate premium. Payments to the worker's compensation fund are accounted for as an expenditure/expense of the paying fund. The Workmen's Compensation Self-Insurance Fund has a net position of \$47,296 at September 30, 2016. There was no increase in insurance coverage from the prior year. No claims exceeded the City's insurance coverage for each of the past seven fiscal years.

General Self-Insurance

The City established a limited risk management program for employee medical coverage in 1988. Amounts paid into the General Self-Insurance Fund stem from employee contributions, payments by retired employees, and payments by other funds, and are available to pay claims, claim reserves and administrative costs of the program. During the year ended September 30, 2016, a total of \$2,877,363 was paid in benefits and administrative costs. The insurance fund has a net position of \$854,565 at September 30, 2016. An excess coverage co-insurance policy covers individual claims in excess of \$70,000 per calendar year. Incurred but not reported claims of \$162,224 have been accrued as a liability based upon information provided by the claims administrators. Interfund payments are based on total operating expenses minus employee contributions and payments by retired employees. Payments to the Health Insurance Fund are accounted for as an expenditure/expense of the paying fund. There were no reductions in insurance coverage from the prior year. No claims exceeded the City's insurance coverage for each of the past four fiscal years.

CITY OF RUSTON, LOUISIANA
Notes to Financial Statements
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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:				
2015	\$273,337	\$136,196	\$148,399	\$261,134
2016	261,134	193,539	169,290	285,383
Health Insurance:				
2015	225,000	2,452,964	2,445,376	232,588
2016	232,588	2,004,924	2,075,288	162,224

Litigation

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

Grant Disallowances

The City participates in federally assisted grant programs. These programs are subject to program compliance audits under the Single Audit Act. Such audits could lead to requests for reimbursement by the grantor agency for expenditures disallowed under terms of the grants. City management believes that the amount of disallowances, if any, which may arise from future audits will not be material.

Revenues from the State of Louisiana

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

13. LEASES

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

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

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

Year ending September 30,	
2017	\$56,379
2018	56,379
2019	<u>18,794</u>
Total	<u>\$131,552</u>

CITY OF RUSTON, LOUISIANA
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For the Year Ended September 30, 2016

14. COMPENSATION PAID TO MEMBERS OF THE BOARD OF ALDERMEN

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

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

15. SUBSEQUENT EVENTS

Subsequent events have been evaluated through March 17, 2017, 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
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 (unaudited)

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget - Positive/ (Negative)
	Original	Final		
REVENUES				
Taxes	\$1,015,000	\$1,015,000	\$1,023,863	\$8,863
Licenses and permits	1,021,000	1,046,000	1,137,955	91,955
Intergovernmental	2,465,527	2,465,527	1,764,194	(701,333)
Charges for services	1,720,000	1,830,000	1,362,173	(467,827)
Fines and forfeitures	293,050	293,050	279,800	(13,250)
Investment earnings	5,000	5,000	15,575	10,575
Miscellaneous	335,450	1,300,450	1,631,870	331,420
Total revenues	<u>6,855,027</u>	<u>7,955,027</u>	<u>7,215,430</u>	<u>(739,597)</u>
EXPENDITURES				
General government:				
Executive:				
Regular salaries	666,240	726,240	725,201	1,039
Overtime salaries	-	-	-	-
Other employee benefits	248,866	265,866	266,742	(876)
Total salaries, wages, and employee benefits	<u>915,106</u>	<u>992,106</u>	<u>991,943</u>	<u>163</u>
Operating services	794,539	1,080,509	968,226	112,283
Materials and supplies	62,626	210,651	78,176	132,475
Travel and other	15,000	22,500	21,894	606
Improvements and equipment	-	619,000	595,525	23,475
Total executive	<u>1,787,271</u>	<u>2,924,766</u>	<u>2,655,764</u>	<u>269,002</u>
Information technology:				
Regular salaries	146,789	151,089	151,043	46
Overtime salaries	5,000	5,000	2,570	2,430
Other employee benefits	52,715	52,715	40,886	11,829
Total salaries, wages, and employee benefits	<u>204,504</u>	<u>208,804</u>	<u>194,499</u>	<u>14,305</u>
Operating services	431,270	448,114	319,111	129,003
Materials and supplies	39,600	43,605	25,345	18,260
Travel and other	18,000	23,000	22,410	590
Improvements and equipment	200,000	220,535	184,053	36,482
Total information technology	<u>893,374</u>	<u>944,058</u>	<u>745,418</u>	<u>198,640</u>
Economic development:				
Regular salaries	75,784	75,784	75,756	28
Other employee benefits	21,047	21,047	20,936	111
Total salaries, wages, and employee benefits	<u>96,831</u>	<u>96,831</u>	<u>96,692</u>	<u>139</u>
Operating services	185,670	344,936	328,380	16,556
Materials and supplies	4,500	52,000	4,644	47,356
Travel and other	8,000	8,000	748	7,252
Improvements and equipment	-	44,500	44,250	250
Total economic development	<u>295,001</u>	<u>546,267</u>	<u>474,714</u>	<u>71,553</u>
City Court	276,852	276,852	282,284	(5,432)
Marshal	235,590	235,590	344,215	(108,625)

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 (unaudited)

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget - Positive/ (Negative)
	Original	Final		
Civic center/city hall:				
Regular salaries	93,032	93,032	56,188	36,844
Overtime salaries	20,000	44,600	44,400	200
Other employee benefits	31,579	31,579	48,646	(17,067)
Total salaries, wages, and employee benefits	<u>144,611</u>	<u>169,211</u>	<u>149,234</u>	<u>19,977</u>
Operating services	200,086	217,402	132,668	84,734
Materials and supplies	30,800	34,122	29,170	4,952
Travel and other	-	-	-	-
Improvements and equipment	20,000	43,000	42,322	678
Total civic center/city hall	<u>395,497</u>	<u>463,735</u>	<u>353,394</u>	<u>110,341</u>
Planning, Zoning, and Inspections:				
Regular salaries	302,943	343,943	343,719	224
Overtime salaries	-	-	-	-
Other employee benefits	125,093	138,093	137,493	600
Total salaries, wages, and employee benefits	<u>428,036</u>	<u>482,036</u>	<u>481,212</u>	<u>824</u>
Operating services	113,569	148,569	142,397	6,172
Materials and supplies	32,500	32,750	14,614	18,136
Travel and other	12,000	12,000	5,082	6,918
Total planning, zoning, and inspections	<u>586,105</u>	<u>675,355</u>	<u>643,305</u>	<u>32,050</u>
Total general government	<u>4,469,690</u>	<u>6,066,623</u>	<u>5,499,094</u>	<u>567,529</u>
Public safety:				
Police:				
Regular salaries	1,902,087	1,901,787	1,856,163	45,624
Overtime salaries	175,000	175,300	175,290	10
Other employee benefits	1,117,993	1,117,993	1,003,900	114,093
Total salaries, wages, and employee benefits	<u>3,195,080</u>	<u>3,195,080</u>	<u>3,035,353</u>	<u>159,727</u>
Operating services	471,241	475,452	371,290	104,162
Materials and supplies	278,000	292,380	225,855	66,525
Travel and other	99,000	110,028	100,961	9,067
Improvements and equipment	250,000	250,000	186,608	63,392
Total police	<u>4,293,321</u>	<u>4,322,940</u>	<u>3,920,067</u>	<u>402,873</u>
Fire:				
Regular salaries	1,977,442	2,087,442	2,086,877	565
Overtime salaries	100,000	100,000	101,682	(1,682)
Other employee benefits	1,306,138	1,306,138	1,190,828	115,310
Total salaries, wages, and employee benefits	<u>3,383,580</u>	<u>3,493,580</u>	<u>3,379,387</u>	<u>114,193</u>
Operating services	354,319	365,331	308,310	57,021
Materials and supplies	192,385	204,841	161,109	43,732
Travel and other	52,000	55,104	54,041	1,063
Improvements and equipment	425,000	425,000	6,045	418,955
Total fire	<u>4,407,284</u>	<u>4,543,856</u>	<u>3,908,892</u>	<u>634,964</u>
Probation	110,816	110,816	100,682	10,134
Total public safety	<u>8,811,421</u>	<u>8,977,612</u>	<u>7,929,641</u>	<u>1,047,971</u>
Public works:				
Administration:				
Regular salaries	300,472	300,472	291,330	9,142
Overtime salaries	-	-	-	-
Other employee benefits	96,994	114,994	116,821	(1,827)
Total salaries, wages, and employee benefits	<u>397,466</u>	<u>415,466</u>	<u>408,151</u>	<u>7,315</u>
Operating services	117,117	118,242	93,978	24,264
Materials and supplies	23,800	23,909	20,271	3,638
Travel and other	6,000	7,275	2,640	4,635
Total administration	<u>544,383</u>	<u>564,892</u>	<u>525,040</u>	<u>39,852</u>

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 General Fund
 Schedule of Revenues, Expenditures, and Changes in Fund Balance -
 Budget and Actual on a Budgetary Basis
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 (unaudited)

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget - Positive/ (Negative)
	Original	Final		
Streets:				
Regular salaries	670,302	670,302	566,566	103,736
Overtime salaries	30,000	51,500	51,148	352
Other employee benefits	350,410	360,803	439,972	(79,169)
Total salaries, wages, and employee benefits	<u>1,050,712</u>	<u>1,082,605</u>	<u>1,057,686</u>	<u>24,919</u>
Operating services	1,236,394	1,360,772	886,548	474,224
Materials and supplies	205,000	211,967	157,283	54,684
Travel and other	2,500	2,500	1,372	1,128
Improvements and equipment	1,359,000	1,860,308	1,086,378	773,930
Total streets	<u>3,853,606</u>	<u>4,518,152</u>	<u>3,189,267</u>	<u>1,328,885</u>
Solid waste:				
Regular salaries	630,739	630,739	549,921	80,818
Overtime salaries	30,000	40,500	40,290	210
Other employee benefits	322,923	322,923	375,151	(52,228)
Total salaries, wages, and employee benefits	<u>983,662</u>	<u>994,162</u>	<u>965,362</u>	<u>28,800</u>
Operating services	505,944	579,586	388,057	191,529
Materials and supplies	175,000	225,000	204,053	20,947
Travel and other	1,500	12,000	11,575	425
Improvements and equipment	-	596,000	358,354	237,646
Total solid waste	<u>1,666,106</u>	<u>2,406,748</u>	<u>1,927,401</u>	<u>479,347</u>
Repair shop:				
Regular salaries	334,937	334,937	277,940	56,997
Overtime salaries	6,000	6,000	4,884	1,116
Other employee benefits	144,106	144,106	130,268	13,838
Total salaries, wages, and employee benefits	<u>485,043</u>	<u>485,043</u>	<u>413,092</u>	<u>71,951</u>
Operating services	24,024	50,024	41,319	8,705
Materials and supplies	40,000	40,000	34,635	5,365
Travel and other	5,000	5,000	3,084	1,916
Improvements and equipment	30,000	30,000	-	30,000
Total repair shop	<u>584,067</u>	<u>610,067</u>	<u>492,130</u>	<u>117,937</u>
Animal Control:				
Regular salaries	47,927	58,827	58,756	71
Overtime salaries	-	7,800	7,703	97
Other employee benefits	15,820	21,720	21,769	(49)
Total salaries, wages, and employee benefits	<u>63,747</u>	<u>88,347</u>	<u>88,228</u>	<u>119</u>
Operating services	30,475	31,601	21,778	9,823
Materials and supplies	17,400	22,400	19,571	2,829
Travel and other	4,000	4,000	3,189	811
Improvements and equipment	-	3,700	3,649	51
Total animal control	<u>115,622</u>	<u>150,048</u>	<u>136,415</u>	<u>13,633</u>
Total public works	<u>6,763,784</u>	<u>8,249,907</u>	<u>6,270,253</u>	<u>1,979,654</u>
Total expenditures	<u>20,044,895</u>	<u>23,294,142</u>	<u>19,698,988</u>	<u>3,595,154</u>

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 Budget and Actual on a Budgetary Basis
 For the Year Ended September 30, 2016
 (unaudited)

	<u>Budgeted Amounts</u>		<u>Actual Amounts Budgetary Basis</u>	<u>Variance with Final Budget - Positive/ (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Excess (deficiency) of revenues over (under) expenditures	<u>(13,189,868)</u>	<u>(15,339,115)</u>	<u>(12,483,558)</u>	<u>2,855,557</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	13,485,664	13,485,664	13,989,263	503,599
Transfers out	-	-	-	-
Total other financing sources and uses	<u>13,485,664</u>	<u>13,485,664</u>	<u>13,989,263</u>	<u>503,599</u>
Net change in fund balance	295,796	(1,853,451)	1,505,705	3,359,156
Fund balances - beginning	<u>4,207,496</u>	<u>6,032,068</u>	<u>6,032,068</u>	<u>-</u>
Fund balances - ending	<u><u>\$4,503,292</u></u>	<u><u>\$4,178,617</u></u>	<u><u>\$7,537,773</u></u>	<u><u>\$3,359,156</u></u>

CITY OF RUSTON, LOUISIANA
1968 Sales Tax Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance -
Budget and Actual on Budgetary Basis
For the Year Ended September 30, 2016
(unaudited)

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Taxes	\$2,857,143	\$2,857,143	\$2,937,829	\$80,686
Investment earnings	50	50	321	271
Total revenues	<u>2,857,193</u>	<u>2,857,193</u>	<u>2,938,150</u>	<u>80,957</u>
EXPENDITURES				
General government:				
Collection and administrative	33,721	33,721	29,399	4,322
Total expenditures	<u>33,721</u>	<u>33,721</u>	<u>29,399</u>	<u>4,322</u>
Excess of revenues over expenditures	<u>2,823,472</u>	<u>2,823,472</u>	<u>2,908,751</u>	<u>85,279</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	(3,023,472)	(3,023,472)	(3,112,000)	(88,528)
Total other financing sources and uses	<u>(3,023,472)</u>	<u>(3,023,472)</u>	<u>(3,112,000)</u>	<u>(88,528)</u>
Net change in fund balance	(200,000)	(200,000)	(203,249)	(3,249)
Fund balances - beginning	<u>285,459</u>	<u>491,753</u>	<u>491,753</u>	<u>-</u>
Fund balances - ending	<u>\$85,459</u>	<u>\$291,753</u>	<u>\$288,504</u>	<u>(\$3,249)</u>

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, 2016
(unaudited)

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Taxes	\$4,285,714	\$4,285,714	\$4,736,738	\$451,024
Investment earnings	50	50	413	363
Total revenues	<u>4,285,764</u>	<u>4,285,764</u>	<u>4,737,151</u>	<u>451,387</u>
EXPENDITURES				
General government:				
Collection and administrative	20,030	20,030	9,762	10,268
Total expenditures	<u>20,030</u>	<u>20,030</u>	<u>9,762</u>	<u>10,268</u>
Excess of revenues over expenditures	<u>4,265,734</u>	<u>4,265,734</u>	<u>4,727,389</u>	<u>461,655</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	(4,439,151)	(4,439,151)	(4,978,189)	(539,038)
Total other financing sources and uses	<u>(4,439,151)</u>	<u>(4,439,151)</u>	<u>(4,978,189)</u>	<u>(539,038)</u>
Net change in fund balance	(173,417)	(173,417)	(250,800)	(77,383)
Fund balances - beginning	254,211	433,123	433,123	-
Fund balances - ending	<u>\$80,794</u>	<u>\$259,706</u>	<u>\$182,323</u>	<u>(\$77,383)</u>

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, 2016
 (unaudited)

	<u>Budgeted Amounts</u>		<u>Actual Amounts Budgetary Basis</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Taxes	\$2,857,143	\$2,857,143	\$2,937,829	\$80,686
Investment earnings	50	50	179	129
Total revenues	<u>2,857,193</u>	<u>2,857,193</u>	<u>2,938,008</u>	<u>80,815</u>
EXPENDITURES				
General government:				
Collection and administrative	13,616	13,616	6,614	7,002
Total expenditures	<u>13,616</u>	<u>13,616</u>	<u>6,614</u>	<u>7,002</u>
Excess of revenues over expenditures	<u>2,843,577</u>	<u>2,843,577</u>	<u>2,931,394</u>	<u>87,817</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	<u>(3,143,576)</u>	<u>(3,143,576)</u>	<u>(3,112,000)</u>	31,576
Total other financing sources and uses	<u>(3,143,576)</u>	<u>(3,143,576)</u>	<u>(3,112,000)</u>	<u>31,576</u>
Net change in fund balance	(299,999)	(299,999)	(180,606)	119,393
Fund balances - beginning	<u>333,220</u>	<u>943,520</u>	<u>943,520</u>	-
Fund balances - ending	<u>\$33,221</u>	<u>\$643,521</u>	<u>\$762,914</u>	<u>\$119,393</u>

CITY OF RUSTON, LOUISIANA
Notes to Budgetary Comparison Schedules
For the Year Ended September 30, 2016
(Unaudited)

Budget and Budgetary Accounting

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

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

CITY OF RUSTON, LOUISIANA
Notes to Budgetary Comparison Schedules
For the Year Ended September 30, 2016
(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.
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CITY OF RUSTON, LOUISIANA
 OTHER POST EMPLOYMENT BENEFITS
 SCHEDULE OF FUNDING PROGRESS
 FOR THE YEAR ENDED SEPTEMBER 30, 2016

<u>Fiscal Year Ending</u>	<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets (a)</u>	<u>Actuarial Accrued Liability (AAL) Entry Age (b)</u>	<u>Unfunded AAL (UAAL) (b-a)</u>	<u>Funded Ratio (a/b)</u>	<u>Covered Payroll (c)</u>	<u>UAAL as a Percentage of Covered Payroll ((b-a)/c)</u>
9/30/2016	10/1/2015	\$ -	\$15,072,236	\$15,072,236	0.00%	\$10,480,877	143.81%
9/30/2015	10/1/2014	\$ -	\$14,492,534	\$14,492,534	0.00%	\$10,307,549	140.60%
9/30/2014	10/1/2013	\$ -	\$13,919,000	\$13,919,000	0.00%	\$10,529,588	132.19%
9/30/2013	10/1/2012	\$ -	\$13,383,654	\$13,383,654	0.00%	\$10,712,853	124.93%
9/30/2012	10/1/2011	\$ -	\$12,446,761	\$12,446,761	0.00%	\$10,304,287	120.79%

SCHEDULE OF EMPLOYER CONTRIBUTIONS

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

CITY OF RUSTON, LOUISIANA
 SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY
 FOR THE YEAR ENDED SEPTEMBER 30, 2016

	<u>MERS</u>	<u>MPERS</u>	<u>FRS</u>
Employer's Proportion of the Net Pension Liability (Asset)	3.4049%	0.6639%	0.9845%
Employer's Proportionate Share of the Net Pension Liability (Asset)	\$13,955,737	\$6,222,388	\$6,439,468
Employer's Covered-Employee Payroll	\$10,480,877	\$10,480,877	\$10,480,877
Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll	133.15%	59.37%	61.44%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	72.45%	70.73%	72.45%

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

* The amounts presented have a measurement date of June 30, 2016.

CITY OF RUSTON, LOUISIANA
 SCHEDULE OF THE EMPLOYER'S PENSION CONTRIBUTIONS
 FOR THE YEAR ENDED SEPTEMBER 30, 2016

	<u>MERS</u>	<u>MPERS</u>	<u>FRS</u>
Contractually Required Contribution ¹	\$1,201,264	\$548,599	\$604,899
Contributions in Relation to Contractually Required Contribution ²	<u>1,220,026</u>	<u>547,670</u>	<u>587,331</u>
Contribution Deficiency (Excess)	<u>\$ (18,762)</u>	<u>\$ 929</u>	<u>\$ 17,568</u>
Employer's Covered-Employee Payroll ³	\$10,480,877	\$10,480,877	\$10,480,877
Contributions as a % of Covered-Employee Payroll	11.46%	5.57%	5.77%

This schedule is to built prospectively. Until a full 10-year trend is compiled, the schedule will show information for those years for which data is available, beginning with FYE September 30, 2016.

For reference only:

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

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

³ *Employer's covered-employee payroll amount for the fiscal year ended September 30, 2016*

CITY OF RUSTON, LOUISIANA
 SCHEDULE OF COMPENSATION, BENEFITS, AND OTHER PAYMENTS TO THE AGENCY HEAD
 FOR THE YEAR ENDED SEPTEMBER 30, 2016

<u>Purpose</u>	<u>Amount</u>
Salary	\$80,000
Benefits - medicare	1,108
Benefits - health insurance	12,340
Benefits - life insurance	59
Benefits - retirement/457 plan	16,354
Per Diem	3,191
Reimbursements	1,800
Travel	3,339
Registration fees	960
Conference travel	3,430
Special meals	164
Total	<u><u>\$122,745</u></u>

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Combining Fund Statements

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Nonmajor Governmental Funds

Special Revenue Funds

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

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

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

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

Debt Service Fund

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

Capital Projects Fund

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

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

CITY OF RUSTON, LOUISIANA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2016

Special Revenue Funds

	Ruston Parks & Recreation	D.A.R.T. Grant Program	Section 8 Housing Choice Voucher Program	Total	Debt Service Fund - I-20 TID	Capital Project Fund - LCDBG Grant	Total Nonmajor Governmental Funds
ASSETS							
Cash and cash equivalents	\$586,787	-	\$867,565	\$1,454,352	-	-	\$1,454,352
Investments	-	-	-	-	\$1,671,389	-	1,671,389
Accounts receivable, net	461	\$7,667	-	8,128	727,226	\$141,925	877,279
Due from other funds	38,362	-	27	38,389	-	-	38,389
Total assets	\$625,610	\$7,667	\$867,592	\$1,500,869	\$2,398,615	\$141,925	\$4,041,409
LIABILITIES AND FUND BALANCES							
Liabilities:							
Accounts payable	\$23,000	\$7,667	\$188	\$30,855	-	\$141,925	\$172,780
Deposits and deferred charges	1,349	-	-	1,349	-	-	1,349
Due to other funds	-	-	149	149	-	-	149
Accrued salaries	14,783	-	5,030	19,813	-	-	19,813
Total liabilities	39,132	7,667	5,367	52,166	-	141,925	194,091
Fund balances:							
Spendable:							
Restricted	550,801	-	862,054	1,412,855	\$2,398,615	-	3,811,470
Assigned	35,677	-	171	35,848	-	-	35,848
Total fund balances	586,478	-	862,225	1,448,703	2,398,615	-	3,847,318
Total liabilities and fund balances	\$625,610	\$7,667	\$867,592	\$1,500,869	\$2,398,615	\$141,925	\$4,041,409

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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, 2016

	Special Revenue Funds				Debt Service Fund - 1-20 TID	Capital Project Fund - LCDBG Grant	Total Nonmajor Governmental Funds
	Ruston Parks & Recreation Board	D.A.R.T. Grant Program	Section 8 Housing Choice Voucher Program	Total			
REVENUES							
Taxes	\$508,417	-	-	\$508,417	\$3,035,665	-	\$3,544,082
Intergovernmental	-	\$47,127	\$1,038,061	1,085,188	-	\$525,968	1,611,156
Charges for services	65,882	-	-	65,882	-	-	65,882
Investment earnings	1,078	-	2,021	3,099	-	-	3,099
Miscellaneous	58,421	-	-	58,421	-	-	58,421
Total revenues	<u>633,798</u>	<u>47,127</u>	<u>1,040,082</u>	<u>1,721,007</u>	<u>3,035,665</u>	<u>525,968</u>	<u>5,282,640</u>
EXPENDITURES							
Current:							
General Government	-	47,127	1,115,295	1,162,422	-	-	1,162,422
Recreation	1,147,327	-	-	1,147,327	-	-	1,147,327
Capital outlay	-	-	-	-	-	527,102	527,102
Bond principal	-	-	-	-	680,000	-	680,000
Bond interest	-	-	-	-	227,361	-	227,361
Total expenditures	<u>1,147,327</u>	<u>47,127</u>	<u>1,115,295</u>	<u>2,309,749</u>	<u>907,361</u>	<u>527,102</u>	<u>3,744,212</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(513,529)</u>	<u>-</u>	<u>(75,213)</u>	<u>(588,742)</u>	<u>2,128,304</u>	<u>(1,134)</u>	<u>1,538,428</u>
OTHER FINANCING SOURCES (USES)							
Transfers in	368,193	-	-	368,193	-	1,134	369,327
Transfers out	-	-	-	-	(2,277,665)	-	(2,277,665)
Total other financing sources and uses	<u>368,193</u>	<u>-</u>	<u>-</u>	<u>368,193</u>	<u>(2,277,665)</u>	<u>1,134</u>	<u>(1,908,338)</u>
Net change in fund balances	<u>(145,336)</u>	<u>-</u>	<u>(75,213)</u>	<u>(220,549)</u>	<u>(149,361)</u>	<u>-</u>	<u>(369,910)</u>
Fund balances - beginning	<u>731,814</u>	<u>-</u>	<u>937,438</u>	<u>1,669,252</u>	<u>2,547,976</u>	<u>-</u>	<u>4,217,228</u>
Fund balances - ending	<u>\$586,478</u>	<u>-</u>	<u>\$862,225</u>	<u>\$1,448,703</u>	<u>\$2,398,615</u>	<u>-</u>	<u>\$3,847,318</u>

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

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Internal Service Funds

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

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

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

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

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

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CITY OF RUSTON, LOUISIANA
 COMBINING STATEMENT OF NET POSITION
 INTERNAL SERVICE FUNDS
 SEPTEMBER 30, 2016

	<u>Workmen's Compensation</u>	<u>Health Insurance</u>	<u>Purchasing/ Warehouse</u>	<u>General & Auto Liability</u>	<u>Total Internal Service Funds</u>
ASSETS					
Current Assets:					
Cash and cash equivalents	\$71,261	\$612,634	\$301,201	\$179,558	\$1,164,654
Investments	248,278	587,704	-	-	835,982
Receivables, net	-	204	-	-	204
Due from other funds	-	-	159	-	159
Prepaid items	45,000	-	-	15,969	60,969
Total current assets	<u>364,539</u>	<u>1,200,542</u>	<u>301,360</u>	<u>195,527</u>	<u>2,061,968</u>
Noncurrent Assets:					
Capital Assets:					
Buildings	-	-	13,080	-	13,080
Equipment	-	-	48,123	-	48,123
Less accumulated depreciation	-	-	(59,630)	-	(59,630)
Total noncurrent assets	<u>-</u>	<u>-</u>	<u>1,573</u>	<u>-</u>	<u>1,573</u>
Total assets	<u>\$364,539</u>	<u>\$1,200,542</u>	<u>\$302,933</u>	<u>\$195,527</u>	<u>\$2,063,541</u>
LIABILITIES					
Current Liabilities:					
Accounts payable	\$25,236	\$9,089	\$579	-	\$34,904
Accrued liabilities	-	-	5,585	-	5,585
Due to other funds	6,624	174,664	1,176	-	182,464
Claims and judgments	285,383	162,224	-	\$50,000	497,607
Total current liabilities	<u>317,243</u>	<u>345,977</u>	<u>7,340</u>	<u>50,000</u>	<u>720,560</u>
Noncurrent Liabilities:					
Compensated absences	-	-	16,729	-	16,729
Total noncurrent liabilities	<u>-</u>	<u>-</u>	<u>16,729</u>	<u>-</u>	<u>16,729</u>
Total liabilities	<u>317,243</u>	<u>345,977</u>	<u>24,069</u>	<u>50,000</u>	<u>737,289</u>
NET POSITION					
Net investments in capital assets	-	-	1,573	-	1,573
Unrestricted	47,296	854,565	277,291	145,527	1,324,679
Total net position	<u>\$47,296</u>	<u>\$854,565</u>	<u>\$278,864</u>	<u>\$145,527</u>	<u>\$1,326,252</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, 2016

	<u>Workmen's Compensation</u>	<u>Health Insurance</u>	<u>Purchasing/ Warehouse</u>	<u>General & Auto Liability</u>	<u>Total Internal Service Funds</u>
OPERATING REVENUES					
Charges to other funds	\$375,000	\$2,879,312	\$200,000	\$507,507	\$3,961,819
Premiums paid by retired employees	-	247,079	-	-	247,079
Retiree drug subsidy	-	27,180	-	-	27,180
Total operating revenues	<u>375,000</u>	<u>3,153,571</u>	<u>200,000</u>	<u>507,507</u>	<u>4,236,078</u>
OPERATING EXPENSES					
Cost of Services:					
Salaries, wages and employee benefits	-	-	151,222	-	151,222
Operating services	81	5,000	16,911	5,690	27,682
Materials and supplies	-	-	11,310	-	11,310
Travel and other	-	-	3,398	-	3,398
Depreciation	-	-	327	-	327
Total cost of services	<u>81</u>	<u>5,000</u>	<u>183,168</u>	<u>5,690</u>	<u>193,939</u>
Claims	169,290	2,075,288	-	41,634	2,286,212
Insurance premiums	196,804	797,075	-	512,051	1,505,930
Total operating expenses	<u>366,175</u>	<u>2,877,363</u>	<u>183,168</u>	<u>559,375</u>	<u>3,986,081</u>
Operating income (loss)	<u>8,825</u>	<u>276,208</u>	<u>16,832</u>	<u>(51,868)</u>	<u>249,997</u>
NONOPERATING REVENUES (EXPENSES)					
Investment earnings	423	1,484	470	93	2,470
Total nonoperating revenues (expenses)	<u>423</u>	<u>1,484</u>	<u>470</u>	<u>93</u>	<u>2,470</u>
Income (loss) before transfers	<u>9,248</u>	<u>277,692</u>	<u>17,302</u>	<u>(51,775)</u>	<u>252,467</u>
Transfers in	-	-	-	-	-
Change in net position	<u>9,248</u>	<u>277,692</u>	<u>17,302</u>	<u>(51,775)</u>	<u>252,467</u>
Total net position - beginning	<u>38,048</u>	<u>576,873</u>	<u>261,562</u>	<u>197,302</u>	<u>1,073,785</u>
Total net position - ending	<u>\$47,296</u>	<u>\$854,565</u>	<u>\$278,864</u>	<u>\$145,527</u>	<u>\$1,326,252</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, 2016

	<u>Workmen's Compensation</u>	<u>Health Insurance</u>	<u>Purchasing/ Warehouse</u>	<u>General & Auto Liability</u>	<u>Total Internal Service Funds</u>
Cash flows from operating activities:					
Receipts from operations	\$375,000	\$3,126,391	\$199,841	\$507,507	\$4,208,739
Payments to suppliers	(165,888)	(735,358)	(36,512)	(528,881)	(1,466,639)
Payments to employees	-	-	(147,849)	-	(147,849)
Claims	(145,041)	(2,145,652)	-	(41,634)	(2,332,327)
Other receipts	-	27,180	-	-	27,180
Net cash provided by (used in) operating activities	<u>64,071</u>	<u>272,561</u>	<u>15,480</u>	<u>(63,008)</u>	<u>289,104</u>
Cash flows from investing activities:					
Proceeds from sales and maturities of investments	(423)	-	-	-	(423)
Purchases on investments	-	(880)	-	-	(880)
Interest on investments	423	1,484	470	93	2,470
Net cash provided by (used in) investing activities	<u>-</u>	<u>604</u>	<u>470</u>	<u>93</u>	<u>1,167</u>
Net increase (decrease) in cash and cash equivalents	64,071	273,165	15,950	(62,915)	290,271
Cash and cash equivalents - beginning of year	7,190	339,469	285,251	242,473	874,383
Cash and cash equivalents - end of year	<u>\$71,261</u>	<u>\$612,634</u>	<u>\$301,201</u>	<u>\$179,558</u>	<u>\$1,164,654</u>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:					
Operating income (loss)	<u>\$8,825</u>	<u>\$276,208</u>	<u>\$16,832</u>	<u>(\$51,868)</u>	<u>\$249,997</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	-	-	-	-	-
Due from other funds	-	21,157	(159)	-	20,998
Prepaid items	-	-	-	1,302	1,302
Increase (Decrease) in liabilities:					
Accounts payable	24,373	(29,104)	(4,768)	(12,442)	(21,941)
Accrued liabilities	-	-	1,734	-	1,734
Due to other funds	6,624	74,664	(125)	-	81,163
Claims and judgments	24,249	(70,364)	-	-	(46,115)
Compensated absences	-	-	1,639	-	1,639
Total adjustments	<u>55,246</u>	<u>(3,647)</u>	<u>(1,352)</u>	<u>(11,140)</u>	<u>39,107</u>
Net cash provided by (used in) operating activities	<u>\$64,071</u>	<u>\$272,561</u>	<u>\$15,480</u>	<u>(\$63,008)</u>	<u>\$289,104</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, 2016

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance With Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Taxes	\$500,000	\$500,000	\$508,417	\$8,417
Charges for services	62,000	62,000	65,882	3,882
Investment earnings	400	400	1,078	678
Miscellaneous	11,000	11,000	58,421	47,421
Total revenues	<u>573,400</u>	<u>573,400</u>	<u>633,798</u>	<u>60,398</u>
EXPENDITURES				
Current:				
Recreation:				
Salaries, wages and employee benefits	522,654	523,004	521,344	1,660
Operating services	409,974	443,935	342,765	101,170
Materials and supplies	40,900	40,900	25,791	15,109
Travel and other	16,000	16,000	11,352	4,648
Improvements and equipment	356,000	358,038	246,075	111,963
Total expenditures	<u>1,345,528</u>	<u>1,381,877</u>	<u>1,147,327</u>	<u>234,550</u>
Deficiency of revenues over expenditures	<u>{772,128}</u>	<u>{808,477}</u>	<u>{513,529}</u>	<u>294,948</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	393,598	393,598	368,193	(25,405)
Total other financing sources (uses)	<u>393,598</u>	<u>393,598</u>	<u>368,193</u>	<u>(25,405)</u>
Net change in fund balance	(378,530)	(414,879)	(145,336)	269,543
Fund balances - beginning	938,127	731,814	731,814	-
Fund balances - ending	<u>\$559,597</u>	<u>\$316,935</u>	<u>\$586,478</u>	<u>\$269,543</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, 2016

	Budgeted Amounts		Actual Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental	\$1,254,000	\$1,254,000	\$1,038,061	(\$215,939)
Investment earnings	200	200	2,021	1,821
Total revenues	<u>1,254,200</u>	<u>1,254,200</u>	<u>1,040,082</u>	<u>(214,118)</u>
EXPENDITURES				
Current:				
General Government:				
Salaries, wages and employee benefits	137,902	137,902	135,544	2,358
Operating services	1,150,369	1,150,536	973,674	176,862
Materials and supplies	10,160	10,160	5,679	4,481
Travel and other	7,500	7,500	398	7,102
Improvements and equipment	-	-	-	-
Total expenditures	<u>1,305,931</u>	<u>1,306,098</u>	<u>1,115,295</u>	<u>190,803</u>
Deficiency of revenues over expenditures	<u>(51,731)</u>	<u>(51,898)</u>	<u>(75,213)</u>	<u>(23,315)</u>
Net change in fund balance	(51,731)	(51,898)	(75,213)	(23,315)
Fund balances - beginning	<u>905,705</u>	<u>937,438</u>	<u>937,438</u>	<u>-</u>
Fund balances - ending	<u><u>\$853,974</u></u>	<u><u>\$885,540</u></u>	<u><u>\$862,225</u></u>	<u><u>(\$23,315)</u></u>

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

City of Ruston, Louisiana

**SINGLE AUDIT REPORTING PACKET
For The Year Ended September 30, 2016**

City of Ruston, Louisiana
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CAMERON, HINES & COMPANY

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Certified Public Accountants

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Ruston, Louisiana (the City), as of and for the year ended September 30, 2016, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated March 16, 2017.

Internal Control Over Financial Reporting

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

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

Cameron, Hines & Company (APAC)

West Monroe, Louisiana
March 16, 2017

CAMERON, HINES & COMPANY

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Certified Public Accountants

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

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

Report on Compliance for Each Major Federal Program

We have audited the City of Ruston, Louisiana's (the City's) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended September 30, 2016. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the City's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 *U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)*. Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination on the City's compliance.

Opinion on Each Major Federal Program

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2016.

Report on Internal Control Over Compliance

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

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

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

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

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City as of and for the year ended September 30, 2016, and the related notes to the financial statements, which collectively comprise the City's basic financial statements. We issued our report thereon dated March 16, 2017, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for the purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

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

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

Cameron, Hines & Company (APAC)

West Monroe, Louisiana
March 16, 2017

City of Ruston
Schedule of Expenditures of Federal Awards
For The Year Ended September 30, 2016

<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	\$ 941,375
Pass through Louisiana Office of Community Development:		
D.A.R.T. CDBG Program	14.231	47,127
Louisiana Community Development Block Grant	14.228	525,968
Total United States Department of Housing and Urban Development		<u>1,514,470</u>
Department of Transportation		
FAA - Airport Improvement Program	20.106	108,322
Total Department of Transportation		<u>108,322</u>
Department of Homeland Security		
Pass through Louisiana Department of Health and Hospitals:		
Homeland Security Grant (SHSP)	97.067	7,460
Disaster Grants - Public Assistance	97.036	3,357
Total Department of Homeland Security		<u>10,817</u>
Total Federal Awards		<u>\$ 1,633,609</u>

See accompanying notes to schedule of expenditures of federal awards.

**City of Ruston, Louisiana
Notes to Schedule of Federal Awards
For The Year Ended September 30, 2016**

1. General

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the City of Ruston, Louisiana and is presented on the modified accrual basis of accounting with the exception of the Airport Improvement Program, which is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Title 2 *U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the basic financial statements.

2. Subrecipients

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

<u>Program Title</u>	<u>Federal CFDA Number</u>	<u>Amount Provided To Subrecipients</u>
D.A.R.T. CDBG Program	14.231	\$ 47,127

City of Ruston, Louisiana
Schedule of Findings and Questioned Costs
For The Year Ended September 30, 2016

Summary of Audit Results

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

City of Ruston, Louisiana
Schedule of Findings and Questioned Costs
For The Year Ended September 30, 2016

Findings And Questioned Costs –

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

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

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

**City of Ruston, Louisiana
Summary Schedule of Prior Findings
For The Year Ended September 30, 2016**

Findings And Questioned Costs –

15-1 HUD Reporting Requirements

Condition:

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

Recommendation:

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

Response:

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

Status:

Cleared.

Management Letter

No management letter was issued for the year ended September 30, 2015.