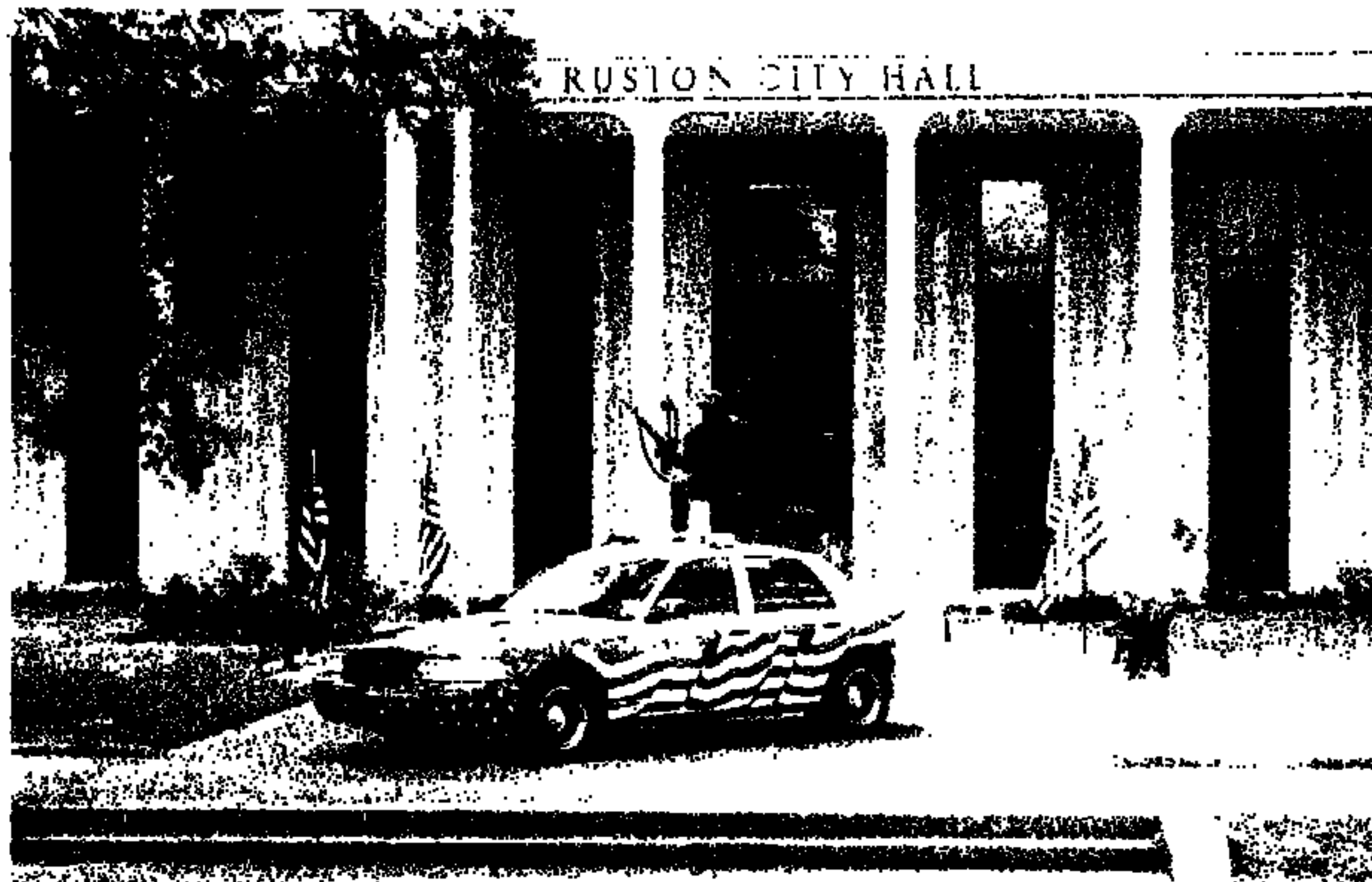


# CITY OF RUSTON



Annual Financial Report  
September 30, 2002  
Ruston, Louisiana  
KPMG, LLP

Certified Public Accountants  
Shreveport, Louisiana

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

Release Date

4/9/03



City of Ruston, Louisiana  
Annual Financial Report  
For the Year Ended September 30, 2002

**CITY OF RUSTON, LOUISIANA**  
**Annual Financial Report**  
**For The Year Ended September 30, 2002**

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**For The Year Ended September 30, 2002**

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*Financial  
Information*



333 Texas Street, Suite 1900  
Shreveport, LA 71101-3692

## **Independent Auditors' Report**

To the Honorable Members of the Board of Aldermen and  
Honorable Dan Hollingsworth, Mayor  
City of Ruston, Louisiana:

We have audited the accompanying general purpose financial statements and the combining, individual fund, and account group financial statements and schedules of the City of Ruston, Louisiana (the City) as of and for the year ended September 30, 2002, as listed in the Table of Contents as Exhibits 1-5 and A-1 to H-1. These financial statements and schedules are the responsibility of the City's management. Our responsibility is to express an opinion on these financial statements and schedules based on our audit. We did not audit the component unit financial statements of the City Court and City Marshal, which represent 100% of the assets of the component unit column on Exhibit 1 and 100% of the revenues of the component unit column on Exhibit 2. Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinion on the financial statements and schedules, insofar as it relates to the amounts included for the City Court and City Marshal is based on the reports of the other auditors.

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 includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, based on our audit and the reports of other auditors, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the City as of September 30, 2002, and the results of its operations and the cash flows of its proprietary fund types for the year then ended in conformity with accounting principles generally accepted in the United States of America. Also, in our opinion, the combining, individual fund, and account group financial statements and schedules referred to above present fairly, in all material respects, the financial position of each of the individual funds and individual account groups of the City as of September 30, 2002, and the results of operations of such funds and the cash flows of individual proprietary funds for the year then ended in conformity with accounting principles generally accepted in the United States of America.





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In accordance with *Government Auditing Standards*, we have also issued our report dated January 28, 2003 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 grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Our audit was made for the purpose of forming an opinion on the general purpose financial statements taken as a whole and on the combining, individual fund, and account group financial statements and schedules listed in the first paragraph. The accompanying financial information listed as supplementary information in the Table of Contents as Schedules 1-5 is presented for purposes of additional analysis and is not a required part of the general purpose financial statements of the City. Such information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, is fairly presented, in all material respects, in relation to the general purpose financial statements taken as a whole.

KPMG LLP

January 28, 2003

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GENERAL PURPOSE FINANCIAL STATEMENTS

CITY OF RUSTON  
 Combined Balance Sheet - All Fund Types  
 Account Groups and Discretely Presented Component Units  
 September 30, 2002

	GOVERNMENTAL FUND TYPES										ACCOUNT GROUPS			TOTALS PRIMARY GOVERNMENT		TOTALS REPORTING ENTITY	
	FUND TYPES					FUND TYPES					FIXED ASSETS	LONG-TERM DEBT	MEMORANDUM ONLY	COMPONENT UNITS	MEMORANDUM ONLY		
	GENERAL	SPECIAL REVENUE	DEBT SERVICE	CAPITAL PROJECTS	ENTERPRISE	INTERNAL SERVICE	ENTERPRISE	INTERNAL SERVICE	FIXED ASSETS	LONG-TERM DEBT							
<b>ASSETS AND OTHER DEBITS</b>																	
Cash and Cash Equivalents (Note 3)	3,464,319	2,485,182	344,461	1,699,478	4,934,636	645,544	-	-	-	-	-	-	-	13,573,620	339,749	13,913,369	
Investments	500,000	571,660	-	-	4,266,650	-	-	-	-	-	-	-	-	5,338,310	40,615	5,378,925	
Accounts Receivable, net (Note 5)	283,767	567,916	460,916	-	1,135,125	-	-	-	-	-	-	-	-	2,447,724	259	2,447,983	
Unbilled Revenues	71,392	-	-	-	1,866,974	-	-	-	-	-	-	-	-	1,938,366	-	1,938,366	
Due from Other Funds (Note 5)	730,640	1,886,212	-	-	132,590	98,749	-	-	-	-	-	-	-	2,848,191	442	2,848,633	
Due from Other Gov't Units	-	-	-	-	139,896	-	-	-	-	-	-	-	-	139,896	6,074	145,970	
Inventories, at Cost	18,548	-	-	-	396,419	-	-	-	-	-	-	-	-	414,967	-	414,967	
Prepaid Items	4,676	-	-	-	1,150	-	-	-	-	-	-	-	-	5,826	2,243	8,069	
<b>Restricted Assets:</b>																	
Cash and Cash Equivalents (Note 3)	-	-	-	-	343,055	-	-	-	-	-	-	-	-	343,055	-	343,055	
Investments	-	-	-	-	3,052,461	-	-	-	-	-	-	-	-	3,052,461	-	3,052,461	
Fixed Assets, net (Note 6)	-	-	-	-	30,773,281	-	-	-	-	-	18,850,358	-	-	49,623,639	227,943	49,851,582	
<b>Other Debits:</b>																	
Amount Available in Debt Service Fund	-	-	-	-	-	-	-	-	-	-	-	805,377	-	805,377	-	805,377	
Amount to be Provided for the	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Retirement of General Long-Term Debt	-	-	-	-	-	-	-	-	-	-	-	1,937,764	-	1,937,764	-	1,937,764	
<b>Total Assets and Other Debits</b>	<b>5,073,342</b>	<b>5,510,970</b>	<b>805,377</b>	<b>1,699,478</b>	<b>47,042,237</b>	<b>744,293</b>	<b>744,293</b>	<b>18,850,358</b>	<b>2,743,141</b>	<b>82,469,196</b>	<b>617,325</b>	<b>83,086,521</b>					
<b>LIABILITIES, EQUITY, AND OTHER CREDITS</b>																	
<b>Liabilities:</b>																	
Accounts and Retainage Payable	356,293	84,567	-	35,847	612,782	138,774	-	-	-	-	-	-	-	1,228,263	5,513	1,233,776	
Accrued & Other Liabilities	178,102	7,630	-	-	145,164	177,827	-	-	-	-	-	-	-	508,723	39,647	548,370	
Deposits	-	1,155	-	-	-	-	-	-	-	-	-	-	-	1,155	29,277	30,432	
Due to Other Funds (Note 5)	99,717	1,875,421	-	1,322	670,824	200,907	-	-	-	-	-	-	-	2,848,191	442	2,848,633	
<b>Payable from Restricted Assets:</b>																	
Accrued Interest & Coupons	-	-	-	-	203,346	-	-	-	-	-	-	-	-	203,346	-	203,346	
Customer Deposits & Interest	-	-	-	-	608,471	-	-	-	-	-	-	-	-	608,471	-	608,471	
Certificates of Indebtedness (Note 9)	-	-	-	-	-	-	-	-	488,000	-	-	-	-	488,000	-	488,000	
Due to Municipal Police Employees	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Retirement System (Note 7)	-	-	-	-	-	-	-	-	66,881	-	-	-	-	66,881	-	66,881	
Obligation under Capital Lease (Note 10)	-	-	-	-	4,050	-	-	-	48,996	-	-	-	-	53,046	-	53,046	
Bonds Payable (Note 9)	-	-	-	-	3,329,547	-	-	-	1,050,000	-	-	-	-	4,379,547	-	4,379,547	
Compensated Absences (Note 9)	-	-	-	-	258,314	27,264	-	-	1,089,264	-	-	-	-	1,374,842	-	1,374,842	
<b>Total Liabilities</b>	<b>634,112</b>	<b>1,968,773</b>	<b>-</b>	<b>37,169</b>	<b>5,832,498</b>	<b>544,772</b>	<b>-</b>	<b>2,743,141</b>	<b>11,760,465</b>	<b>74,879</b>	<b>11,835,344</b>						

Equity and Other Credits:									
Contributed Capital (Note 12)	-	8,489,283	-	-	8,489,283	-	-	-	8,489,283
Investment in General Fixed Assets	-	-	-	18,850,358	18,850,358	-	227,943	-	19,078,301
Retained Earnings:									
Reserved for Debt Service	-	666,857	-	-	666,857	-	-	-	666,857
Unreserved	-	32,053,599	199,521	-	32,253,120	-	-	-	32,253,120
Fund Balances:									
Reserved for Inventories	18,548	-	-	-	18,548	-	-	-	18,548
Reserved for Prepaid Items	4,676	-	-	-	4,676	-	-	-	4,676
Reserved for Debt Service	5,564	-	805,377	-	810,941	-	-	-	810,941
Reserved for Encumbrances	234,581	436	112,398	-	347,415	-	-	-	347,415
Unreserved:									
Designated for Future Years' Expenditures	4,175,861	-	1,549,911	-	5,725,772	-	314,503	-	6,040,275
Undesignated	-	-	-	-	-	-	-	-	-
Total Equity and Other Credits	4,439,230	3,542,197	1,662,309	41,209,739	70,708,731	199,521	542,446	-	71,251,177
Total Liabilities, Equity, and Other Credits	5,073,342	5,510,970	1,699,478	47,042,237	82,469,196	744,293	617,325	2,743,141	83,086,521

See accompanying notes to financial statements.

Combined Statement of Revenues, Expenditures, and  
Changes in Fund Balances - All Governmental Funds Types  
For the Year Ended September 30, 2002

	GOVERNMENTAL FUND TYPES				TOTALS		TOTAL REPORTING ENTITY (Memorandum Only)
	GENERAL	SPECIAL REVENUE	DEBT SERVICE	CAPITAL PROJECTS	(Memorandum Only)	COMPONENT UNITS	
Revenues:							
Taxes	646,538	6,463,225	1,654,686	-	8,764,449	-	8,764,449
License & Permits	595,576	-	-	-	595,576	-	595,576
Intergovernmental	1,176,328	1,058,994	-	692,043	2,927,365	-	2,927,365
Charges for Services	1,074,258	-	-	-	1,074,258	633,613	1,707,871
Fines & Forfeitures	333,363	-	-	-	333,363	-	333,363
Miscellaneous	210,457	216,860	4,652	24,589	456,558	6,548	463,106
<b>Total Revenues</b>	<b>4,036,520</b>	<b>7,739,079</b>	<b>1,659,338</b>	<b>716,632</b>	<b>14,151,569</b>	<b>640,161</b>	<b>14,791,730</b>
Expenditures:							
Current:							
General Government	2,454,620	1,056,397	-	-	3,511,017	525,662	4,036,679
Public Safety	4,769,135	-	-	-	4,769,135	-	4,769,135
Public Works	3,736,705	-	-	-	3,736,705	-	3,736,705
Recreation	-	604,093	-	-	604,093	-	604,093
Capital Outlay	-	-	-	1,099,238	1,099,238	-	1,099,238
Debt Service	60,077	-	1,188,289	-	1,248,366	-	1,248,366
<b>Total Expenditures</b>	<b>11,020,537</b>	<b>1,660,490</b>	<b>1,188,289</b>	<b>1,099,238</b>	<b>14,968,554</b>	<b>525,662</b>	<b>15,494,216</b>

Excess (Deficiency) of Revenues Over (Under) Expenditures	(6,984,017)	6,078,589	471,049	(382,606)	(816,985)	114,499	(702,486)
Other Financing Sources (Uses):							
Proceeds of Bonds	-	-	-	2,000,000	2,000,000	-	2,000,000
Operating Transfers In (Note 13)	7,902,792	340,597	205,725	208	8,449,322	-	8,449,322
Operating Transfers Out (Note 13)	(1,194,995)	(6,251,199)	-	(157,639)	(7,603,833)	-	(7,603,833)
Total Other Financing Sources (Uses)	6,707,797	(5,910,602)	205,725	1,842,569	2,845,489	-	2,845,489
Excess (Deficiency) of Revenues & Other Financing Sources Over (Under) Expenditures & Other Financing Uses	(276,220)	167,987	676,774	1,459,963	2,028,504	114,499	2,143,003
Fund Balances, October 1	4,715,450	3,374,210	125,056	205,553	8,420,609	200,004	8,620,613
Residual Equity Transfers:							
Residual Equity Transfer in	-	-	3,547	-	3,547	-	3,547
Residual Equity Transfer out	-	-	-	(3,547)	(3,547)	-	(3,547)
Total residual equity transfers	-	-	3,547	(3,547)	-	-	-
Fund Balances, September 30	4,439,230	3,542,197	805,377	1,662,309	10,449,113	314,503	10,763,616



CITY OF RUSTON

Combined Statement of Revenues, Expenditures and Changes in Fund Balance

Budget (GAAP Basis) and Actual  
General and Certain Special Revenue Funds  
For the Year Ended September 30, 2002

	GENERAL FUND			CERTAIN SPECIAL REVENUE FUNDS			VARIANCE FAVORABLE (UNFAVORABLE)
	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)	
Revenues:							
Taxes	590,000	646,538	56,538	6,411,500	6,463,225	51,725	
License & Permits	529,500	595,576	66,076	-	-	-	
Intergovernmental	937,952	1,176,328	238,376	916,806	1,042,117	125,311	
Charges for Services	1,104,000	1,074,258	(29,742)	-	-	-	
Fines & Forfeitures	279,000	333,363	54,363	-	-	-	
Miscellaneous	186,450	210,457	24,007	237,070	213,595	(23,475)	
<b>Total Revenues</b>	<b>3,626,902</b>	<b>4,036,520</b>	<b>409,618</b>	<b>7,565,376</b>	<b>7,718,937</b>	<b>153,561</b>	
Expenditures:							
Current:							
General Government	2,747,480	2,454,620	292,860	1,015,640	1,033,543	(17,903)	
Public Safety	4,908,318	4,769,135	139,183	-	-	-	
Public Works	4,378,290	3,736,705	641,585	-	-	-	
Recreation	-	-	-	699,722	604,093	95,629	
Debt Service	60,077	60,077	-	-	-	-	
<b>Total Expenditures</b>	<b>12,094,165</b>	<b>11,020,537</b>	<b>1,073,628</b>	<b>1,715,362</b>	<b>1,637,636</b>	<b>77,726</b>	
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<b>(8,467,263)</b>	<b>(6,984,017)</b>	<b>1,483,246</b>	<b>5,850,014</b>	<b>6,081,301</b>	<b>231,287</b>	

Other Financing Sources (Uses):					
Operating Transfers In	7,682,029	7,902,792	220,763	-	340,597
Operating Transfers Out	(1,194,995)	(1,194,995)	-	(5,928,026)	(323,173)
Total Other Financing Sources (Uses)	6,487,034	6,707,797	220,763	(5,928,026)	17,424
Excess (Deficiency) of Revenues & Other Sources Over (Under) Expenditures & Other Uses					
	(1,980,229)	(276,220)	1,704,009	(78,012)	248,711
Fund Balances, October 1	4,715,450	4,715,450	-	3,410,106	-
Fund Balances, September 30	2,735,221	4,439,230	1,704,009	3,332,094	248,711

See accompanying notes to the financial statements.

CITY OF RUSTON  
 Combined Statement of Revenues, Expenses and  
 Changes in Retained Earnings (Deficit)  
 All Proprietary Fund Types  
 For the Year Ended September 30, 2002

Exhibit 4

	ENTERPRISE	INTERNAL SERVICE	TOTALS (MEMORANDUM ONLY)
<b>Operating Revenues:</b>			
Charges for Services	21,329,301	172,340	21,501,641
Rent Income	38,563	-	38,563
Net Decrease in the Fair Value of Investments	(42,432)	-	(42,432)
Charges to Other Funds and Employees	-	2,149,260	2,149,260
Miscellaneous Income	758,667	8,196	766,863
<b>Total Operating Revenues</b>	<b>22,084,099</b>	<b>2,329,796</b>	<b>24,413,895</b>
<b>Operating Expenses:</b>			
Direct Expenses	17,367,092	2,495,979	19,863,071
Indirect Expenses	2,076,664	-	2,076,664
<b>Total Operating Expenses</b>	<b>19,443,756</b>	<b>2,495,979</b>	<b>21,939,735</b>
<b>Operating Income(Loss)</b>	<b>2,640,343</b>	<b>(166,183)</b>	<b>2,474,160</b>
<b>Nonoperating Revenues (Expenses):</b>			
Interest Income	418,208	11,370	429,578
Sale of Scrap	12,732	-	12,732
Sale of Hay	10,807	-	10,807
Federal and State Disaster Relief	28,477	-	28,477
Interest Expense & Fiscal Charges	(182,413)	-	(182,413)
Capital Contributions/Grants	347,776	-	347,776
<b>Net Nonoperating Revenues (Expenses)</b>	<b>635,587</b>	<b>11,370</b>	<b>646,957</b>
<b>Income (Loss) Before Operating Transfers</b>	<b>3,275,930</b>	<b>(154,813)</b>	<b>3,121,117</b>
Operating Transfers Out (Note 13)	(2,042,385)	(2,926)	(2,045,311)
Operating Transfers In (Note 13)	9,722	1,190,100	1,199,822
<b>Net Income</b>	<b>1,243,267</b>	<b>1,032,361</b>	<b>2,275,628</b>
<b>Depreciation on Fixed Assets</b>			
Acquired with Capital Grants	440,246	-	440,246
<b>Retained Earnings (Deficit), October 1</b>	<b>31,036,943</b>	<b>(832,840)</b>	<b>30,204,103</b>
<b>Retained Earnings, September 30</b>	<b>32,720,456</b>	<b>199,521</b>	<b>32,919,977</b>

See accompanying notes to financial statements.

CITY OF RUSTON  
 Combined Statement of Cash Flows  
 All Proprietary Fund Types  
 For the Year Ended September 30, 2002

Exhibit 5

	ENTERPRISE FUNDS	INTERNAL SERVICE FUNDS	TOTALS (MEMORANDUM) ONLY)
<i>Cash Flows From Operating Activities:</i>			
Operating Income (Loss)	2,640,343	(166,183)	2,474,160
Adjustments to Reconcile Operating Income (Loss) to Cash Provided By (Used In) Operating Activities:			
Depreciation and Amortization	2,358,336	-	2,358,336
Net Decrease in the Fair Value of Investments	42,432	-	42,432
(Increase) Decrease in Operating Assets:			
Accounts Receivable	(86,066)	75,550	(10,516)
Due from Other Governmental Units	(94,680)	-	(94,680)
Due From Other Funds	86,517	(715)	85,802
Inventories	390,681	-	390,681
Prepaid Items	(1,150)	-	(1,150)
Increase (Decrease) in Operating Liabilities:			
Accounts Payable	(1,509,355)	(69,958)	(1,579,313)
Accrued Liabilities	9,282	832	10,114
Customer Deposits	14,697	-	14,697
Estimated Payable for Outstanding Claims	-	(1,190)	(468,386)
Due to Other Funds	(467,196)	(897,084)	(1,364,280)
Compensated Absences	21,745	1,038	22,783
<b>Net Cash Provided By (Used In) Operating Activities</b>	<b>3,405,586</b>	<b>(1,057,710)</b>	<b>1,880,680</b>
<i>Cash Flows From Noncapital Financing Activities:</i>			
Operating Transfers Out	(2,042,385)	(2,926)	(2,045,311)
Operating Transfers In	9,722	1,190,100	1,199,822
Federal & State Disaster Relief	28,477	-	28,477
<b>Net Cash Provided by (Used In) Noncapital Financing Activities</b>	<b>(2,004,186)</b>	<b>1,187,174</b>	<b>(817,012)</b>
<i>Cash Flows From Capital and Related Financing Activities:</i>			
Purchase of Capital Assets	(3,459,290)	-	(3,459,290)
Capital Lease Obligation Payments	(38,914)	-	(38,914)
Principal Paid on Bond Maturities	(300,000)	-	(300,000)
Interest Paid on Bonds	(181,724)	-	(181,724)
Capital Contributions/Grants	347,776	-	347,776
<b>Net Cash Used In Capital and Related Financing Activities</b>	<b>(3,632,152)</b>	<b>-</b>	<b>(3,632,152)</b>
<i>Cash Flows From Investing Activities:</i>			
Interest Received	418,208	11,370	429,578
Purchases of Investments	(4,457,302)	-	(4,457,302)
Maturity of Investments	2,555,529	-	2,555,529
Sale of Hay	10,807	-	10,807
Sale of Scrap	12,732	-	12,732
<b>Net Cash Provided by (Used in) Investing Activities</b>	<b>(1,460,026)</b>	<b>11,370</b>	<b>(1,448,656)</b>
<b>Net Increase in Cash and Cash Equivalents</b>	<b>(3,690,778)</b>	<b>140,834</b>	<b>(3,549,944)</b>
Cash and Cash Equivalents, October 1	8,968,469	504,710	9,473,179
<b>Cash and Cash Equivalents, September 30</b>	<b>5,277,691</b>	<b>645,544</b>	<b>5,923,235</b>

See accompanying notes to financial statements.

Combining Balance Sheet - Component Units

All Fund Types

September 30, 2002

	GOVERNMENTAL FUND TYPES		FIDUCIARY FUND TYPES		GENERAL FIXED ASSETS		Totals (Memorandum Only)
	City Court of Ruston 9/30/02	Ruston City Marshal's Office 9/30/02	City Court of Ruston 9/30/02	Ruston City Marshal's Office 9/30/02	City Court of Ruston 9/30/02	Ruston City Marshal's Office 9/30/02	
<b>ASSETS</b>							
Cash and Cash Equivalents	220,143	47,558	68,222	3,826	-	-	339,749
Investments	-	40,615	-	-	-	-	40,615
Due from Other Funds	442	-	-	-	-	-	442
Prepaid Expenses	2,243	-	-	-	-	-	2,243
Due from Other Governmental Units	6,074	-	-	-	-	-	6,074
Accounts Receivable	-	259	-	-	-	-	259
Fixed Assets	-	-	-	-	148,951	78,992	227,943
<b>TOTAL ASSETS</b>	<b>228,902</b>	<b>88,432</b>	<b>68,222</b>	<b>3,826</b>	<b>148,951</b>	<b>78,992</b>	<b>617,325</b>
<b>LIABILITIES AND FUND BALANCE</b>							
Liabilities							
Accounts Payable	2,413	-	-	3,100	-	-	5,513
Accrued & Other Liabilities	418	-	38,503	726	-	-	39,647
Civil Deposits	-	-	29,277	-	-	-	29,277
Due to Other Funds	-	-	442	-	-	-	442
<b>Total Liabilities</b>	<b>2,831</b>	<b>-</b>	<b>68,222</b>	<b>3,826</b>	<b>-</b>	<b>-</b>	<b>74,879</b>
<b>EQUITY AND OTHER CREDITS</b>							
Investment in General Fixed Assets	-	-	-	-	148,951	78,992	227,943
Fund Balance: Unreserved/Undesignated	226,071	88,432	-	-	-	-	314,503
<b>Total Fund Balance</b>	<b>226,071</b>	<b>88,432</b>	<b>-</b>	<b>-</b>	<b>148,951</b>	<b>78,992</b>	<b>542,446</b>
<b>TOTAL LIABILITIES and FUND BALANCE</b>	<b>228,902</b>	<b>88,432</b>	<b>68,222</b>	<b>3,826</b>	<b>148,951</b>	<b>78,992</b>	<b>617,325</b>

See accompanying notes to financial statements.

CITY OF RUSTON, LOUISIANA

Exhibit 7

Combining Statement of Revenues, Expenditures,  
And Changes in Fund Balance - Component Units

All Governmental Fund Types

For the Year Ended September 30, 2002

GOVERNMENTAL FUND TYPES				Totals
	City Court of Ruston 9/30/02	Ruston City Marshal's Office 9/30/02		(Memorandum Only)
REVENUES				
Charges for Services	382,066	251,547		633,613
Miscellaneous	2,756	3,792		6,548
<b>TOTAL REVENUES</b>	<b>384,822</b>	<b>255,339</b>		<b>640,161</b>
EXPENDITURES - CURRENT:				
General Government	285,984	239,678		525,662
<b>Excess of Revenues Over Expenditures</b>	<b>98,838</b>	<b>15,661</b>		<b>114,499</b>
FUND BALANCE, OCTOBER 1	127,233	72,771		200,004
<b>FUND BALANCE, SEPTEMBER 30</b>	<b>226,071</b>	<b>88,432</b>		<b>314,503</b>

See accompanying notes to financial statements.



**CITY OF RUSTON**  
**Notes to Financial Statements**  
**For the Year Ended September 30, 2002**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. REPORTING ENTITY

The accounting policies of the City of Ruston conform to accounting principles generally accepted in the United States of America as applicable to governments. The following is a summary of the more significant accounting policies:

The City of Ruston, Louisiana, was incorporated in 1898, under the provisions of the Lawrason Act. The City operates under a Mayor-Board of Alderman form of government. The City's major operations include public safety, fire protection, public works, recreation and parks, 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 a governmental department, agency, institution, commission, public authority, or other governmental organization should be included in a primary governmental unit's reporting entity for general purpose 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.

**BLENDED COMPONENT UNIT**

Park and Recreation Board

The Ruston Parks and Recreation Board is responsible for providing recreation facilities and programs to the citizens of Ruston. The Board consists of eight members appointed by the City of Ruston. Although the Board is legally separate, the City acts as its financial agent and has the ability to modify and approve its budget. Separate financial statements are not issued for the Board since it has been historically included as a fund within the City's financial statements. Since the Board provides services almost entirely to the City and due to the significance of the financial dependency relationship, it has been blended with the City's financial statements.

**DISCRETELY PRESENTED COMPONENT UNITS**

The component units columns in the combined financial statements include 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 OF RUSTON**  
**Notes to Financial Statements**  
**For the Year Ended September 30, 2002**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Con't)

City Court

The City Court of Ruston 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 Court is fiscally dependent on the City. The City has the ability to modify or approve its budget that comes from the General Fund. There are certain funds collected by the City Court, pursuant to state statute, which are under the control of the Court. The City Court serves the citizenry of the City. The financial statements of the City Court included in the accompanying financial statements are as of and for the fiscal year ended September 30, 2002.

City Marshal

The 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 that comes from the General Fund. There are certain funds collected as court costs, pursuant to state statute, which are under the control of the City Marshal. The City Marshal serves the citizenry of the City. The financial statements of the City Marshal included in the accompanying financial statements are as of and for the fiscal year ended September 30, 2002.

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

City Court  
P.O. Box 1821  
Ruston, Louisiana 71273-1821

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

**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 there is no financial benefit or burden relationship 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.

**CITY OF RUSTON**  
**Notes to Financial Statements**  
**For the Year Ended September 30, 2002**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Con't)

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

B. BASIS OF PRESENTATION - FUND ACCOUNTING

The accounts of the City of Ruston are organized on the basis of funds and account groups, each of which is considered a separate accounting entity. The City utilizes several types of funds and a number of discrete funds within each fund type.

Each fund is accounted for by a separate set of self-balancing accounts that comprise its assets, liabilities, fund balance/retained earnings, revenues, and expenditures/expenses. The individual funds account for the governmental resources allocated to them for the purpose of carrying on specific activities in accordance with laws, regulations, or other restrictions.

The following funds and account groups are utilized by the City:

(1) Governmental Fund Types

These are the funds through which most governmental functions typically are financed. The funds included in this category are as follows:

a. General Fund

The General Fund is established to account for resources devoted to financing the general services that the City performs for its citizens. General tax revenues and other sources of revenue used to finance the fundamental operations of the City are included in this fund. The fund accounts for all activities of the government for which a separate fund has not been established.

b. Special Revenue Funds

Special Revenue Funds are used to account for the proceeds of specific revenue sources other than expendable trusts or major capital projects that are legally restricted to expenditures for specified purposes.

c. Debt Service Fund

The Debt Service Fund is used to account for the accumulation of resources for the payment of interest and principal on long-term general obligation debt other than those payable from proprietary funds.

**CITY OF RUSTON**  
**Notes to Financial Statements**  
**For the Year Ended September 30, 2002**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Con't)

d. Capital Project Funds

Capital Project Funds are used to account for the proceeds of Grants, Bond Issues, and other funding sources used in the construction or acquisition of capital assets other than those financed by proprietary funds and trust funds.

(2) Proprietary Fund Types

These funds account for operations that are organized to be self-supporting through user charges. All proprietary funds are accounted for on a capital maintenance focus; that is the measurement focus is on determination of net income. Included in this category are the Enterprise Funds and Internal Service Funds.

a. Enterprise Funds

Enterprise Funds are used to account for operations that are financed and operated in a manner similar to private business enterprises, where the intent of the governing entity is that the costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges, or where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

b. Internal Service Funds

Internal Service Funds are used to account for the financing of goods or services provided by one department to other departments of the City on a cost-reimbursement basis.

(3) Account Groups

a. General Fixed Assets Account Group

General Fixed Assets Account Group accounts for all general fixed assets of the City except those accounted for in proprietary funds.

b. General Long-Term Debt Account Group

General Long-Term Debt Account Group accounts for the outstanding principal balances of general obligation bonds, other long-term obligations and compensated absences not reported in the proprietary funds.

**CITY OF RUSTON**  
**Notes to Financial Statements**  
**For the Year Ended September 30, 2002**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Con't)

C. BASIS OF ACCOUNTING/MEASUREMENT FOCUS

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current asset and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets.

All proprietary funds are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the balance sheet. Their fund equity (net total assets) is segregated into contributed capital and retained earnings components. Proprietary fund type operating statements present increases (revenues) and decreases (expenses) in net total assets.

Basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurement made, regardless of the measurement focus applied. The governmental (General Fund, Special Revenue Funds, Debt Service Funds, and Capital Projects Funds) and fiduciary funds are maintained on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual, i.e., both measurable and available. Measurable means the amount of the transaction can be determined. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. For this purpose 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 because the normal settlement process occurs within a 90 day period after year end. Ad valorem 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.

Revenues which are susceptible to accrual are ad valorem taxes, sales taxes, and investment income. Miscellaneous other revenues are recorded as revenues when received in cash because they are generally not measurable until actually received. 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 imposed by the provider 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.

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. An exception to this general rule is the principal and interest on general long-term debt which is recognized when due.

**CITY OF RUSTON**  
**Notes to Financial Statements**  
**For the Year Ended September 30, 2002**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Con't)

All proprietary funds are accounted for using the accrual basis of accounting. Their revenues are recognized when they are earned, and their expenses are recognized when they are incurred. The City applies all applicable Governmental Accounting Standards Board (GASB) pronouncements in its proprietary funds, as well as all other authoritative pronouncements issued prior to November 30, 1989, unless those pronouncements conflict or contradict GASB.

Compensated absences are recognized as expenditures when leave is actually taken or when employees (or heirs) are paid for accrued leave upon retirement or death, while the cost of the leave privileges not requiring current resources is recorded in the General Long-Term Debt Account Group.

D. BUDGETARY DATA

Formal budgetary accounting is employed as a management control tool for the City. The Treasurer's Office compiles for the Mayor estimates of revenues and requests for appropriations of the annual budget. Before September 30, the Mayor's budget is submitted to the Council for possible revision and adoption. The Council conducts public hearings 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.

Budgets of the General Fund and certain Special Revenue Funds are prepared on the modified accrual basis of accounting, which is consistent with the method of accounting for such funds. Budgetary control is exercised at the departmental object level, with the exception of salaries, regular and overtime, which are at the line item level, or by projects. A comparison of budget versus actual is presented for the General Fund in Schedule 1 of the Supplementary Information section of the report. The General Fund is the only fund for which the legal level of control is at a lower level than presented in the exhibits which are reported on a functional level. Appropriations lapse at year end.

Formal budgetary integration is used for management control in the accounting records during the year for the General and certain Special Revenue Funds (Sales Tax Funds, Ruston Parks and Recreation Board, Section 8 Mod Rehab Housing, and Section 8 Voucher Housing). Formal budgetary integration is not used for Debt Service Funds since authorization for payment of principal and interest on general long-term debt is provided through the bond indentures, and expenditures for these purposes can be exactly determined. The Capital Project Funds do not have annual budgets, as they are accounted for on a project basis. Annual budgets are also adopted for all Enterprise Funds, but are not presented in the financial statements since they are not required information.

**CITY OF RUSTON**  
**Notes to Financial Statements**  
**For the Year Ended September 30, 2002**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Con't)

E. CASH AND CASH EQUIVALENTS

The City pools cash resources of its various funds in order to facilitate the processing of accounts payable. Cash applicable to a particular fund is readily identifiable. Cash in the individual funds in excess of current requirements is invested in interest bearing securities and disclosed as part of the City's investments. For the purposes of the Statement of Cash Flows, cash equivalents for each fund are considered to be highly liquid investments with maturities of three months or less.

F. UNBILLED ACCOUNTS RECEIVABLE

Estimated unbilled revenues from the General, Electric, Water, and Sewer Funds are recognized at the end of each fiscal year on a pro rata basis. The estimated amount is based on billings during the month following the close of the fiscal year.

G. INVESTMENTS

Investments are stated at fair value based on quoted market prices. Fair value is the amount at which a financial instrument could be exchanged in a current transaction between willing parties other than in a forced or liquidation sale. Interest is accrued as earned. Louisiana statutes permit the City to invest in United States treasury obligations, obligations of the Government agencies which are federally insured, certificates of deposit of state banks having their principal office in the State of Louisiana, and in mutual or trust fund institutions which are registered and which have underlying investments limited to securities of the U.S. Government or its agencies. All investments that have a maturity of three months or less are classified as cash equivalents at September 30, 2002.

H. INTERFUND RECEIVABLE AND PAYABLE

Interfund transactions are transactions between the different funds.

Due To and Due From Other Funds

Interfund receivables and payables arising from interfund transactions expected to be repaid in the next accounting cycle are recorded by all funds affected in the period in which transactions are executed. Interfund Receivables and Payables have not been eliminated.

I. INVENTORIES

Inventories for all governmental funds are valued at cost using the first in, first out (FIFO) method. Reported inventories in these funds are equally offset by a fund balance reserve, which indicates they are unavailable for appropriation even though they are a component of net current assets. Inventories of proprietary funds are valued at the lower of cost, FIFO, or market.

Inventories are accounted for as assets when purchased and recorded as expenditures or expenses as consumed (consumption method).

**CITY OF RUSTON**  
**Notes to Financial Statements**  
**For the Year Ended September 30, 2002**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Con't)

J. PREPAID ITEMS

Payments made to vendors for services that will benefit periods beyond September 30, 2002, are recorded as prepaid items.

K. RESTRICTED ASSETS

Enterprise Funds, based on certain bond covenants, are required to establish and maintain prescribed amounts of resources (consisting of cash and temporary investments) that can be used only to service outstanding debt. Additionally, amounts received from utility customers as deposits are carried as restricted assets.

L. FIXED ASSETS

Fixed assets used in governmental fund type operations are accounted for in the General Fixed Assets Account Group. Public domain ("infrastructure") general fixed assets consisting of certain improvements other than buildings, such as roads, sidewalks, bridges and drainage improvements are not capitalized.

Fixed assets acquired or constructed for general governmental operations are recorded as expenditures in the fund making the expenditure and capitalized at cost in the General Fixed Assets Account Group. Depreciation is not recorded in the General Fixed Assets Account Group.

Fixed assets acquired for proprietary funds are capitalized in the respective funds to which it applies.

Fixed assets are stated at cost except assets acquired by gift or bequest which are recorded at their fair market value on the date of transfer.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the asset lives are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related fixed assets, as applicable.

Depreciation of exhaustible fixed assets purchased by proprietary funds is charged as an expense against operations, and accumulated depreciation is reported on the proprietary funds' balance sheets. That portion of depreciation expense applicable to assets acquired with grants, entitlements and shared revenues prior to the adoption of Governmental Accounting Standards Board Statement No. 33 (GASB 33) in fiscal 2001 is reflected as a reduction of the respective contributed capital account. Under GASB 33, these contributions are classified as revenue. Depreciation has been provided over the estimated useful lives using the straight-line method of depreciation.

M. LONG-TERM DEBT

Long-term general obligations of the City are reported in the General Long-Term Debt Account Group. Long-term liabilities for revenue bonds are reported in the appropriate proprietary fund.

**CITY OF RUSTON**  
**Notes to Financial Statements**  
**For the Year Ended September 30, 2002**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Con't)

N. FUND EQUITY

Contributed capital is recorded in proprietary funds that have received capital grants and contributions from developers, customers, or other funds prior to the adoption of GASB 33. Under GASB 33, these contributions are classified as revenue.

Depreciation on assets acquired by contributions from grants is charged against contributions.

Reservations of fund balances of governmental funds are created to either (1) satisfy legal covenants that require that a portion of the fund balance be segregated or (2) identify the portion of the fund balance that is not appropriable for future expenditures. Specific reservations of the fund balance accounts are summarized below:

Reserve for Inventories

These reserves were created to represent the portion of the fund balance that is not available for expenditure even though inventories are a component of net current assets.

Reserve for Debt Service

These reserves segregate a portion of fund balance/retained earnings for debt service. These reservations are established to satisfy restrictions imposed by various bond agreements.

Reserve for Encumbrances

Encumbrances outstanding at year-end represent the estimated amount the City intends to honor as a commitment regardless of the lapse in the appropriation.

Designated Fund Balance

The unreserved portion of fund balance designated for future years' expenditures indicates the balance has been legally authorized to make up the following years' budget.

O. INTERFUND TRANSACTIONS

Quasi-external transactions, such as the transfers to the internal service funds, are accounted for as revenues, expenditures or expenses. Transactions that constitute reimbursements to a fund are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditure/expenses in the fund that is reimbursed. All other interfund transactions are reported as operating transfers. Nonrecurring or non-routine permanent transfers of equity are reported as residual equity transfers.

P. PROPERTY TAX REVENUES

Property taxes levied are based on the assessed value of property as listed on the previous December 31. Assessed values are an approximation of market value. A revaluation of all real property must be made every four years. The last revaluation date was January 1, 2000.



**CITY OF RUSTON**  
**Notes to Financial Statements**  
**For the Year Ended September 30, 2002**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Con't)

Q. VACATION, SICK LEAVE, AND OTHER COMPENSATED ABSENCES

City employees are entitled to certain compensated absences based on their length of employment. Compensated absences for vacation pay does vest and accumulate. The maximum vacation hours that can be accumulated or earned shall not exceed that for a two year period (four weeks, six weeks, or eight weeks – depending on the employee's years of employment). 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.

R. MEMORANDUM ONLY - TOTAL COLUMNS

Total columns on the general purpose financial statements are captioned "memorandum only" to indicate that they are presented only to facilitate additional analysis. Data in these columns do not present financial position, results of operations or changes in financial position in conformity with generally accepted accounting principles, nor is such data comparable to a consolidation. Interfund eliminations have not been made in aggregation of this data.

S. GRANTS FROM OTHER GOVERNMENTAL AGENCIES

Federal and state governmental agencies represent an important source of supplemental funding to finance rent assistance, 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 Capital Projects Funds. A grant receivable is recorded as soon as all eligibility requirements imposed by the provider have been met. The grants normally specify the purpose for which the fund may be used and are subject to audit by the granting agency or its representative.

T. CLAIMS AND JUDGMENTS

Claims and judgments are recorded as expenses in the appropriate internal service fund. An expense is accrued when information is available that it is probable a liability has been incurred, and the amount is reasonably estimated.

U. CAPITAL LEASES

Capital leases are recorded in governmental funds as expenditures and other financing sources at inception at an amount equal to the present value of minimum lease payments. The asset is recorded in the General Fixed Assets Account Group and the related debt in the General Long-Term Debt Account Group. In proprietary funds, capital leases are recorded as assets and liabilities at inception within the funds at an amount equal to the present value of minimum lease payments.

**CITY OF RUSTON**  
**Notes to Financial Statements**  
**For the Year Ended September 30, 2002**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Con't)

V. ENCUMBRANCES

Encumbrance accounting is employed as an extension of formal budgetary integration in the General, Special Revenue, and Capital Projects Funds. Under this method, purchase orders, contracts, and other commitments for the expenditure of monies are recorded to reserve that portion of the applicable appropriation. Encumbrances outstanding at year-end are reported as reservations of fund balances and are carried forward.

NOTE 2 - STEWARDSHIP COMPLIANCE & ACCOUNTABILITY

A. FINANCE RELATED LEGAL AND CONTRACTUAL PROVISIONS

There are a number of limitations and restrictions contained in the various bond indentures. No material violations of finance-related legal and contractual provisions occurred during the year.

B. DEFICIT FUND BALANCE OF INDIVIDUAL FUNDS

The Section 8 Existing Housing Fund had a deficit fund balance of \$38,608 at September 30, 2002. This deficit is expected to be funded by transfers from the Section 8 Voucher Housing Fund in subsequent years. The Section 8 Modrehab Housing Fund had a deficit fund balance of \$30,571 at September 30, 2002. This deficit is also expected to be funded by transfers from the Section 8 Voucher Housing Fund in subsequent years. The General Self-Insurance Internal Service Fund had a deficit in retained earnings of \$63,143 at September 30, 2002. This deficit is expected to be funded by a rate increase. The Ambulance Fund had a deficit in retained earnings of \$205,383 at September 30, 2002. This deficit is expected to be funded by fees charged in subsequent years and through a change in allocation from the General Fund.

C. EXPENDITURES IN EXCESS OF APPROPRIATIONS

	<u>OVER BUDGET</u>
<u>Special Revenue Fund</u>	
Section 8 Voucher Housing	\$ 72,930
<u>General Fund</u>	
General Government	
Executive:	
Salaries - Regular	\$ 2,488
City Court and Probation:	
Lump Sum	\$ 1,632
Ward Marshall:	
Lump Sum	\$ 331
Civic Center/City Hall:	
Salaries - Overtime	\$ 555

**CITY OF RUSTON**  
**Notes to Financial Statements**  
**For the Year Ended September 30, 2002**

NOTE 2 - STEWARDSHIP COMPLIANCE & ACCOUNTABILITY (Con't)

Public Safety		
Police Department:		
Salaries – Regular		\$ 60,587
Salaries – Overtime		5,612
Personal Services		35,785
Operating Services		8,392
Travel & Other		1,115
Fire Department:		
Salaries – Overtime		\$ 4,147

NOTE 3 - CASH AND INVESTMENTS

A. Deposits

All deposits of the City are held by area financial institutions. At September 30, 2002, the carrying amount of the City's deposits was \$19,799,096 and the bank balance was \$20,283,755. This difference is due to outstanding checks and deposits in transit at September 30, 2002. The City's deposits were covered by federal depository insurance or were collateralized with securities held by the City's agent in the City's name.

Discretely Presented Component Units

Deposits – Carrying Amount	380,364
Deposits – Bank Balance	455,362
Category 1	381,728
Category 2	72,185
Uncollateralized	1,449

B. Investments

The City's investments at year end are categorized below to give an indication of the level of risk assumed by the City at year end. 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 for which the securities are held by the counterparty's trust department or agent in the City's name. Category 3 includes uninsured or unregistered investments for which the securities are held by the counterparty, or by its trust department or agent but not in the City's name.

**CITY OF RUSTON**  
**Notes to Financial Statements**  
**For the Year Ended September 30, 2002**

NOTE 3 - CASH AND INVESTMENTS (Con't)

	CATEGORY			Carrying Amount & Fair Value
	1	2	3	
U.S. government and U.S. government agency securities	<u>\$1,039,551</u>	<u>\$ --</u>	<u>\$ --</u>	\$1,039,551
Louisiana Asset Management Pool				<u>1,468,799</u>
Total Investments				2,508,350
Total Deposits				<u>19,799,096</u>
Total Cash, Cash Equivalents & Investments				<u>\$22,307,446</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, which was formed by an initiative of the State Treasurer in 1993. 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 primary objective of LAMP is to provide a safe environment for the placement of public funds in short-term, high-quality investments. The LAMP portfolio includes only securities and other obligations in which local governments in Louisiana are authorized to invest. Accordingly, LAMP investments are restricted to securities issued, guaranteed, or backed by the U.S. Treasury, the U.S. Government, or one of its agencies, enterprises, or instrumentalities, as well as repurchase agreements collateralized by those securities. 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.

NOTE 4 - PROPERTY TAXES

Property taxes are assessed and collected on a calendar year basis. Property taxes attach as an enforceable lien on property as of January 1. Tax notices are usually mailed in November each year and become delinquent after December 31 of that year.

For the year ended December 31, 2001, taxes of 9.73 mills were levied on property with assessed valuations totaling \$97,315,358 and were dedicated as follows:

General Fund	6.76 Mills
Recreation Tax	2.97 mills

Total taxes levied were \$946,882.

**CITY OF RUSTON**  
**Notes to Financial Statements**  
**For the Year Ended September 30, 2002**

NOTE 4 – PROPERTY TAXES (Con't)

State Law requires the Sheriff to collect property taxes in the calendar year in which the assessment is made. If taxes are not paid by the due date, taxes bear interest at the rate of one and one-fourth percent per month until the taxes are paid (LRS 47:2101).

After notice is given to the delinquent taxpayers, the Sheriff is required by the Constitution of the State of Louisiana to sell the least quantity of property necessary to settle the taxes and interest owed (LRS 47:2181).

NOTE 5 - RECEIVABLES

A. DUE FROM/TO OTHER FUNDS

As of September 30, 2002, interfund receivables and payables that resulted from various interfund transactions were as follows:

	<u>Due from Other Funds</u>	<u>Due to Other Funds</u>
General Fund (01)	\$730,640	\$99,717
<u>Special Revenue Funds:</u>		
1968 Sales Tax (05)	31,807	1,321,627
1985 Sales Tax (06)	657,088	16,498
1990 Sales Tax (07)	664,540	-
Ruston Parks & Recreation Board (15)	60,304	3,844
Section 8 Existing Housing (70)	130,114	324,162
Section 8 Modrehab Housing (71)	25,145	133,274
Section 8 Voucher Housing (72)	<u>317,214</u>	<u>76,016</u>
Total Special Revenue Funds	1,886,212	1,875,421
 <u>Capital Projects:</u>		
Park & Recreation C of I (33)	-	<u>1,322</u>
Total Capital Projects Funds:	-	1,322
 <u>Enterprise Funds:</u>		
Electrical System (50)	98,996	47,799
Water System (52)	18,560	84,700
Sewerage System (53)	14,525	14,022
Ruston Airport Authority (54)	-	92,961
Ambulance (55)	<u>509</u>	<u>431,342</u>
Total Enterprise Funds:	132,590	670,824
 <u>Internal Service Funds:</u>		
Workmen's Compensation (60)	97,736	-
General Insurance (61)	120	197,736
Purchasing/Warehouse Fund (62)	<u>893</u>	<u>3,171</u>
Total Internal Service Funds:	98,749	200,907
Totals	<u>\$2,848,191</u>	<u>\$2,848,191</u>

**CITY OF RUSTON**  
**Notes to Financial Statements**  
**For the Year Ended September 30, 2002**

B. ACCOUNTS RECEIVABLE CUSTOMERS – ENTERPRISE FUNDS

	<u>TOTAL RECEIVABLES</u>	<u>ALLOWANCE FOR DOUBTFUL ACCOUNTS</u>	<u>NET RECEIVABLES</u>
Electric	\$1,218,631	\$369,936	\$848,695
Water	160,895	60,345	100,550
Sewer	157,651	77,360	80,291
Ambulance	<u>361,737</u>	<u>256,148</u>	<u>105,589</u>
Totals	<u>\$1,898,914</u>	<u>\$763,789</u>	<u>\$1,135,125</u>

NOTE 6 - FIXED ASSETS

A summary of changes in general fixed assets follows:

	<u>Balance 10-01-01</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance 09-30-02</u>
Land	\$831,043	\$453	\$-	\$831,496
Buildings	4,152,026	28,870	-	4,180,896
Improvements Other Than Buildings	4,369,133	236,208	(3,511)	4,601,830
Equipment	9,394,128	1,233,595	(2,404,166)	8,223,557
Construction in progress	-	1,012,579	-	1,012,579
Totals	<u>\$18,746,330</u>	<u>2,511,705</u>	<u>\$(2,407,677)</u>	<u>\$18,850,358</u>

A summary of fixed assets of all proprietary funds is presented below:

<u>Description</u>	<u>Electrical System</u>	<u>Water System</u>	<u>Sewer System</u>	<u>Airport Authority</u>	<u>Ambulance Service</u>	<u>Total</u>
Land	\$53,506	\$75,070	\$203,801	\$141,639	-	\$474,016
Buildings	2,064,336	178,828	114,130	407,215	-	2,764,509
System Improvement	15,415,329	8,143,754	16,903,389	22,190	-	40,484,662
Equipment	17,992,053	758,837	921,357	-	386,788	20,059,036
Runways, Aprons, and Taxiways	-	-	-	4,648,852	-	4,648,852
Construction in Progress	103,741	179,664	488,774	-	-	768,280
Total	<u>35,628,965</u>	<u>9,336,153</u>	<u>18,631,452</u>	<u>5,219,895</u>	<u>386,788</u>	<u>69,203,253</u>
Accumulated Depreciation	<u>(24,040,209)</u>	<u>(4,898,186)</u>	<u>(8,045,888)</u>	<u>(1,082,412)</u>	<u>(363,277)</u>	<u>(38,429,972)</u>
Net Fixed Assets	<u>\$11,588,756</u>	<u>\$4,437,967</u>	<u>\$10,585,564</u>	<u>\$4,137,483</u>	<u>\$23,511</u>	<u>\$30,773,281</u>

**CITY OF RUSTON**  
**Notes to Financial Statements**  
**For the Year Ended September 30, 2002**

NOTE 6 - FIXED ASSETS (Con't)

The estimated useful lives of proprietary fund property, plant and equipment are as follows:

Buildings	20-50 Years
Improvements	20-50 Years
Equipment	3-20 Years

Depreciation expense in the proprietary funds amounted to \$2,355,790 for the fiscal year.

NOTE 7 - PENSION COSTS

Municipal Employees' Retirement System

Plan Description. Substantially all full-time employees except police and firemen of the City of Ruston are covered under the Municipal Employees' Retirement System of Louisiana, (the "System") a cost sharing multiple employer public employee retirement system, controlled and administered by the Board of Trustees of the System. The System is mandatory for all employees who are employed on a permanent basis working at least 35 hours per week. Benefits are established by State statutes. The System issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing the Board of Trustees, 7937 Office Park Blvd., Baton Rouge, Louisiana 70809, or by calling (504) 925-4810.

Funding Policy. Covered employees are required to contribute 9.25% of their annual compensation and the City is required to contribute 8.0% of annual compensation. The contribution requirements are established and may be amended by State statute. The City's contributions to the System for the years ended September 30, 2002, 2001, and 2000 were \$348,553, \$297,381, and \$268,216, respectively, equal to the required contributions for each year. In accordance with GASB Statement No. 27, Accounting for Pensions by State and Local Governmental Employees, the net pension obligation was determined to be zero. Prior to adoption of GASB 27, the City did not report a pension liability.

Statewide Firefighter's Retirement System (SFRS)

Plan Description. The City of Ruston contributes to the Statewide Firefighter's Retirement System of Louisiana, a cost sharing multiple employer defined benefit pension plan administered by the Firefighter's Retirement System. SFRS covers firefighters employed by any municipality, parish, or fire protection district of the State of Louisiana under the provisions of Louisiana Revised Statutes 11:2251 through 2269 effective January 1, 1980. Benefits are established by State statutes. The SFRS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing the Board of Trustees, Firefighters' Retirement System, 2051 Silverside Drive, Suite 210, Baton Rouge, Louisiana 70808-4136 or by calling (504) 925-4060.

Funding Policy. Covered employees are required to contribute 8% of their annual compensation and the City is required to contribute 9% of annual compensation excluding overtime but including State supplemental pay. The contribution requirements are established and may be amended by State statute. The City's contributions to SFRS for the years ended September 30, 2002, 2001, and 2000 were \$98,184, \$103,371, and \$97,434, respectively, equal to the required contributions for each year. In accordance with GASB Statement No. 27, Accounting for Pensions by State and Local Governmental Employees, the net pension obligation was determined to be zero. Prior to adoption of GASB 27, the City did not report a pension liability.

**CITY OF RUSTON**  
**Notes to Financial Statements**  
**For the Year Ended September 30, 2002**

NOTE 7 - PENSION COSTS (Con't)

Municipal Police Employees Retirement System (MPERS)

Plan Description. The City of Ruston contributes to the Municipal Police Employees Retirement System Pension Plan, a cost sharing multiple employer defined benefit pension plan administered by the Municipal Police Employees' Retirement System. MPERS covers any full-time police officer, empowered to make arrests, employed by any municipality of the State and engaged in law enforcement, earning at least \$375 per month excluding state supplemental pay, or an elected Chief of Police whose salary is at least \$100 per month, and any employee of this system may participate in the MPERS. Benefits are established by State statutes. The MPERS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing the Board of Trustees of the Municipal Police Employees' Retirement System, 8401 United Plaza Blvd., Room 305, Baton Rouge, Louisiana 70806 or by calling 1-800-443-4248.

Funding Policy. Plan members are required to contribute 7.5% of their annual compensation and the City is required to contribute 9% of annual compensation excluding overtime but including State supplemental pay. The contribution requirements are established and may be amended by State statute. The City's contributions to MPERS for the years ended September 30, 2002, 2001, and 2000 were \$130,446, \$125,588, and \$110,846, respectively, equal to the required contributions for each year. In accordance with GASB Statement No. 27, Accounting for Pensions by State and Local Governmental Employees, the net pension obligation was determined to be \$66,881 at September 30, 2002. On September 1, 1983, the Ruston Police Pension and Relief Fund was merged with the Municipal Police Employees' Retirement System. In connection with this merger, the City made a commitment to pay the Municipal Police Employees' Retirement System quarterly payments of \$22,669 for a period of twenty years beginning September 1, 1983 for unfunded pension costs. Total cost to the City for this obligation will be \$1,813,520. The unpaid balance at September 30, 2002 is \$66,881 and is recorded in the General Long-Term Debt Account Group.

NOTE 8 - RISK MANAGEMENT

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 \$57,460 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 of the paying fund. The Workmen's Compensation Self Insurance Fund has retained earnings of \$236,693 at September 30, 2002. There was no increase in insurance coverage from coverage in the prior year. No claims exceeded the City's insurance coverage for each of the past three fiscal years.



**CITY OF RUSTON**  
**Notes to Financial Statements**  
**For the Year Ended September 30, 2002**

NOTE 8 - RISK MANAGEMENT

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, 2002, a total of \$2,043,369 was paid in benefits and administrative costs. The insurance fund has a deficit of \$63,143 at September 30, 2002. Steps have been taken to increase premiums charged to the other funds to eliminate the deficit and ensure adequate funds are available to meet claims expense. An excess coverage co-insurance policy covers individual claims in excess of \$70,000 per calendar year. Incurred but not reported claims of \$116,867 have been accrued as a liability based upon information provided by the claims administrators. Interfund payments are based on total operating expenses minus employee contributions and payments by retired employees. Payments to the General Self Insurance Fund are accounted for as an expenditure of the paying fund. There were no reductions in insurance coverage from coverage in the prior year. No claims exceeded the City's insurance coverage for each of the past three fiscal years.

A reconciliation of changes in the aggregate liabilities for self-insured claims are as follows:

	<u>Balance</u> <u>October 1</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>September 30</u>
2001	\$429,830	\$1,739,794	\$1,994,107	\$175,517
2002	\$175,517	\$1,706,311	\$1,707,501	\$174,327

NOTE 9 - LONG-TERM DEBT

The following is a summary of the City's long-term debt transactions for the year ended September 30, 2002.

	<u>General Obligations</u>					<u>Total</u>
	<u>Certificates of</u> <u>Indebtedness</u>	<u>Police</u> <u>Pension</u> <u>Fund Liability</u>	<u>Compensated</u> <u>Absences</u>	<u>Capital</u> <u>Leases</u>	<u>Tax</u> <u>Increment</u> <u>Bonds</u>	
Balance 10-01-01	\$719,000	\$150,926	\$1,120,511	\$176,922	-	\$2,167,359
Additions	-	-	650,415	-	2,000,000	2,650,415
Retirements & Payments	(231,000)	(84,045)	(681,662)	(127,926)	(950,000)	(2,074,633)
Balance 9-30-02	<u>\$488,000</u>	<u>\$66,881</u>	<u>\$1,089,264</u>	<u>\$48,996</u>	<u>\$1,050,000</u>	<u>\$2,743,141</u>

Payments for maturing certificates of indebtedness of \$180,000 were made from the Debt Service Fund and payments of \$51,000 were made from the General Fund.

Payments for capital leases of \$127,926 were made from the General fund.

Payments for tax increment bonds of \$950,000 were made from the Debt Service Fund.

**CITY OF RUSTON**  
**Notes to Financial Statements**  
**For the Year Ended September 30, 2002**

NOTE 9 – LONG-TERM DEBT (Con't)

Bonds and certificates of indebtedness payable at September 30, 2002, are comprised of the following individual issues:

	<b><u>Outstanding</u></b> <b><u>09-30-02</u></b>
<b><u>General Obligation Certificate of Indebtedness</u></b>	
\$1,100,000 1993 Certificate of Indebtedness dated 4-1-93, due in annual installments of \$135,000 through 4-1-03, interest at 5.1% (this issue is secured by pledge and dedication of the excess annual revenue of the City of Ruston)	135,000
\$500,000 - 1996 Certificate of Indebtedness dated 5-23-96, due in annual installments of \$54,000 to \$62,000 through 5-1-06, interest at 5.48% (this issue is secured by pledge and dedication of the excess annual revenue of the City of Ruston)	233,000
\$500,000 – 1993 Certificate of Indebtedness dated 3-1-94, due in annual installments of \$60,000 through 3-1-04, interest at 5.55% to 5.6% (this issue is secured by pledge and dedication of the excess annual revenue of the City of Ruston.)	<u>120,000</u>
Total General Obligation Certificates of Indebtedness	<u>\$488,000</u>
<b><u>Tax Increment Bonds</u></b>	
\$2,000,000 – 2001 Sales Tax Increment Revenue Bonds dated 12-21-01, due in semi-annual installments of \$100,000 to \$950,000 through 9-1-13, interest at 2.8% to 4.59%	<u>\$1,050,000</u>
Total Tax Increment Bonds	<u>\$1,050,000</u>
<b><u>Revenue Bonds</u></b>	
\$4,500,000 authorized 1990 Sewer Revenue Bonds, \$3,204,747 issued, interest at 5.0%, payable in annual installments of \$160,000 to \$245,000 through October 1, 2012	2,005,000
\$1,620,000 authorized 1993 Sewer Revenue Bonds \$1,432,536 issued, interest at 2.45%, payable in annual installments of \$65,000 to \$90,000 through October 1, 2014.	935,000
\$850,000 1996 Water Utility Revenue Refunding Bonds dated 12-23-96 due in annual installments of \$90,000 to \$110,000 through October 1, 2006, interest at 4.9035% to 5.079%. Refunding resulted in a deferred loss of \$25,650, which is being amortized over the life of the debt. Net deferred loss at 9/30/02 was \$5,453 and amortization was \$2,546.	<u>389,547</u>
<u>Total Enterprise Funds Bonds</u>	<u>3,329,547</u>

**CITY OF RUSTON**  
**Notes to Financial Statements**  
**For the Year Ended September 30, 2002**

NOTE 9 – LONG-TERM DEBT (Con't)

The annual requirements to amortize all bonded debt outstanding as of September 30, 2002, including interest payments of \$985,552 follow:

<u>Year Ending September 30</u>	<u>Certificates of Indebtedness</u>	<u>Enterprise Revenue Bonds</u>	<u>Tax Increment Bonds</u>
2003	249,000	315,000	950,000
2004	117,000	330,000	-
2005	60,000	345,000	-
2006	62,000	365,000	-
2007	-	270,000	-
Thereafter	-	<u>1,710,000</u>	<u>100,000</u>
Total Principal	\$488,000	\$3,335,000	1,050,000
Total Interest	<u>42,808</u>	<u>865,654</u>	<u>77,090</u>
Total Future Requirements	<u>\$530,808</u>	<u>\$4,200,654</u>	<u>\$1,127,090</u>

The annual requirements to amortize the liability for the Police Pension Fund as of September 30, 2002, including interest payments of \$1,135 are as follows:

2003	<u>68,016</u>
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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, 2002, was \$97,315,358. The maximum debt allowable for any one purpose and total debt allowable by state law as of December 31, 2002, is \$9,731,536 and \$34,060,375 respectively. The City currently has \$488,000 of general bonded debt outstanding.

All outstanding revenue bonds are secured by a first lien on net revenues earned by Enterprise Funds. Net revenues are defined in the revenue bond agreements. There are a number of limitations and restrictions contained in the various bond indentures. The City is in compliance with all significant limitations and restrictions.

During December 1996, the City issued \$850,000 in Utilities Revenue Refunding Bonds to advance refund \$855,000 of outstanding 1986 Utilities Revenue Bonds. The proceeds, net of issuance costs, were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the 1986 Utilities Revenue Bonds. The 1986 Utilities Revenue Bonds are considered to be defeased and have been removed from the City's financial statements. The principal outstanding at September 30, 2002 on the refunded bonds was \$505,000.

On December 21, 2001, the City issued Sales Tax Increment Revenue Bonds to fund engineering and construction expenditures related to the I-20 Service Road Project. The bonds will be paid with the incremental sales tax revenue received from the State.

**CITY OF RUSTON**  
**Notes to Financial Statements**  
**For the Year Ended September 30, 2002**

NOTE 10 - CAPITAL LEASES

The City of Ruston has financed the acquisition of computer hardware and software for its utility billing system and financial system information. The City has also financed the acquisition of six garbage trucks, a street sweeper, two excavators and a 544 Loader for the Public Works Department. These lease agreements qualify as capital leases for accounting purposes (title transfers at the end of the lease terms). The original value of the fixed assets recorded in the Electric Fund is \$242,608 and the equipment was placed in service at September 30, 1993, and September 30, 1998. The original value of the fixed assets recorded in the Water Fund is \$51,954 and the equipment was placed in service at September 1998.

The following is a schedule of the future minimum lease payments under capital lease:

ENTERPRISE FUND (ELECTRIC & WATER SYSTEM):

<u>Year Ending 09/30</u>	<u>Minimum Lease Payment</u>	<u>Principal Payment</u>
2003	4,109	4,050

GENERAL LONG-TERM DEBT ACCOUNT GROUP:

<u>Year Ending 09/30</u>	<u>Minimum Lease Payment</u>	<u>Principal Payment</u>
2003	48,996	55,127

NOTE 11 - SEGMENT INFORMATION - ENTERPRISE FUNDS

The City operates a Utilities System, an Airport Authority, and an Ambulance Service. The Utilities System provides electric, water and sewerage services to the residents of the City of Ruston. The Airport Authority accounts for the revenue and expenses of Ruston Municipal Airport. The Ambulance Service provides the residents of Lincoln Parish, Louisiana with emergency medical services.

Segment information for Utilities Systems, Airport Authority, and Ambulance Service for the fiscal year ended September 30, 2002, is as follows:

**CITY OF RUSTON**  
**Notes to Financial Statements**  
**For the Year Ended September 30, 2002**

NOTE 11 - SEGMENT INFORMATION - ENTERPRISE FUNDS (Con't)

	<u>Electric System</u>	<u>Water System</u>	<u>Sewerage System</u>	<u>Airport Authority</u>	<u>Ambulance System</u>	<u>Total Enterprises</u>
Operating Revenue	17,787,219	1,750,069	2,176,885	38,438	331,488	22,084,099
Depreciation and Amortization	1,177,725	346,712	599,540	216,578	17,781	2,358,336
Operating Income (Loss)	2,579,274	176,700	108,925	(228,286)	3,730	2,640,343
Operating Transfers In(Out)	(1,508,282)	(236,833)	(288,586)	9,722	(8,684)	(2,032,663)
Net Income (Loss)	1,254,269	13,552	(135,912)	114,622	(3,264)	1,243,267
Fixed Asset – Additions	1,957,769	215,875	934,393	342,132	9,121	3,459,290
Total Assets	18,966,702	7,738,598	15,687,000	4,334,431	315,506	47,042,237
Revenue Bonds Payable	-	389,547	2,940,000	-	-	3,329,547
Total Contributed Capital and Retained Earnings	17,439,030	7,139,557	12,508,098	4,241,382	(118,328)	41,209,739
Net Working Capital	5,966,801	2,837,335	2,674,424	103,899	(141,839)	11,440,620

NOTE 12 - CONTRIBUTED CAPITAL - ENTERPRISE FUNDS

Changes in contributed capital during the year ending September 30, 2002 were as follows:

	<u>Electric System</u>	<u>Water System</u>	<u>Sewerage System</u>	<u>Airport Authority</u>	<u>Ambulance System</u>	<u>Total</u>
Balance, October 1	\$325,128	\$790,168	\$4,642,301	\$3,084,877	\$87,055	\$8,929,529
Less: Depreciation	-	11,830	203,668	224,748	-	440,246
Balance, September 30	<u>\$325,128</u>	<u>\$778,338</u>	<u>\$4,438,633</u>	<u>\$2,860,129</u>	<u>\$87,055</u>	<u>\$8,489,283</u>

**CITY OF RUSTON**  
**Notes to Financial Statements**  
**For the Year Ended September 30, 2002**

**NOTE 13 - INTERFUND TRANSFERS**

Transfers In and Out are listed by fund type for the year:

	<u>Transfer In</u>	<u>Transfer Out</u>
Operating Transfers		
General Fund	7,902,792	1,194,995
Special Revenue Funds:		
Sales Tax Funds		
1968 Sales Tax Fund	-	1,766,000
1985 Sales Tax Fund	-	2,665,296
1990 Sales Tax Fund	-	1,758,000
Ruston Parks & Recreation Board	340,597	61,903
Total Special Revenue Funds	<u>340,597</u>	<u>6,251,199</u>
Debt Service Fund	205,725	-
Capital Projects Funds:		
Bond Fund	-	157,639
Sewer DN Grant	208	-
Total Capital Projects Funds	<u>208</u>	<u>157,639</u>
Enterprise Funds:		
Electrical System	-	1,508,282
Water System	-	236,833
Sewer System	-	288,586
Airport	9,722	-
Ambulance	-	8,684
Total Enterprise Funds	<u>9,722</u>	<u>2,042,385</u>
Internal Service Funds:		
Workmen's Compensation	190,100	-
General Insurance	1,000,000	-
Purchasing/Warehouse	-	2,926
Total Internal Service Funds	<u>1,190,100</u>	<u>2,926</u>
Total Operating Transfers In and Out	<u>\$9,649,144</u>	<u>\$9,649,144</u>
Residual Equity Transfers		
Debt Service Fund	3,547	-
Capital Projects Funds:		
Fire Station Construction Fund	-	3,547
Total Residual Equity Transfers	<u>\$3,547</u>	<u>\$3,547</u>

**CITY OF RUSTON**  
**Notes to Financial Statements**  
**For the Year Ended September 30, 2002**

NOTE 13 - INTERFUND TRANSFERS (Con't)

During the year ending September 30, 2002, a residual equity transfer was made to transfer the balance in the Fire Station Construction Fund to the Debt Service Fund that was established to pay the debt related to the project.

NOTE 14 - COMPENSATION PAID TO CITY COUNCIL MEMBERS

Per diem paid to the City Council members for the current year is as follows:

Elmore D. Mayfield	\$4,800
Levell Thurman	4,800
Jim Tuten	4,800
Jim Pearce	4,800
David Hedgepeth	<u>4,800</u>
	<u>\$24,000</u>

NOTE 15 - SUMMARY DISCLOSURE OF SIGNIFICANT CONTINGENCIES

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 they are adequately covered by insurance should the Court find in favor of the plaintiffs. Management of the City, including the City Attorney, are not aware of any liability that should be recorded under Statement of Financial Accounting Standard No. 5.

Federally Assisted Programs

The City receives financial assistance from Federal and State governmental agencies in the form of grants. The disbursements of funds received under these programs generally require compliance with terms and conditions specified in the grant agreements. The programs are audited in accordance with the Office of Management and Budget Circular A-133 and are subject to further examination by the grantor agency. Management, however, does not believe questioned costs, if any, as a result of these audits will be material to the City's financial position or operating results.

NOTE 16 - POST-EMPLOYMENT HEALTH CARE BENEFITS

In addition to the pension benefits described in note 7, the City provides post-retirement health care benefits, in accordance with state statutes, to all retiring employees who were participating in the group health insurance plan prior to their retirement date. The City is self-insured for medical benefits including post-retirement health care benefits. Currently, there are 70 retirees receiving such benefits. During 2002, expenses of \$403,146 were recognized for post-retirement health care. The expense is recognized when costs are incurred. The costs are funded on a pay-as-you-go basis. At year-end, an estimate is made for incurred but not reported claims.

**CITY OF RUSTON**  
**Notes to Financial Statements**  
**For the Year Ended September 30, 2002**

NOTE 17 – I-20 Fund

During 2002, the City created the I-20 Capital Projects Fund. The fund was established to account for the expenditure of \$2 million in sales tax increment revenue bond proceeds received. The bonds are being issued for the purpose of providing funds to pay for the costs of improvements along Interstate 20 and other improvements in a designated economic development area.



GENERAL FUND

The General Fund accounts for resources traditionally associated with government which are not legally required or by sound financial management to be accounted for in another fund.

COMBINING, INDIVIDUAL FUND AND ACCOUNT  
GROUP STATEMENTS AND SCHEDULES

GENERAL FUND

The General Fund accounts for resources traditionally associated with government which are not legally required or by sound financial management to be accounted for in another fund.

CITY OF RUSTON, LOUISIANA  
 General Fund  
 Comparative Balance Sheets  
 September 30, 2002 and 2001

Exhibit A-1

	<u>2002</u>	<u>2001</u>
<b>ASSETS</b>		
Cash and Cash Equivalents	3,464,319	2,727,927
Investments	500,000	-
Accounts Receivable	283,767	286,179
Unbilled Revenues	71,392	70,231
Travel Advances	4,676	3,835
Due from Other Funds	730,640	2,183,976
Inventories, at Cost	18,548	47,220
<b>TOTAL ASSETS</b>	<b>5,073,342</b>	<b>5,319,368</b>
<b>LIABILITIES AND FUND BALANCE</b>		
<b>Liabilities</b>		
Accounts Payable	356,293	283,086
Due to Other Funds	99,717	177,021
Accrued Salaries	178,102	143,811
<b>Total Liabilities</b>	<b>634,112</b>	<b>603,918</b>
<b>Fund Balance</b>		
Reserved for Inventories	18,548	47,220
Reserved for Prepaid Items	4,676	-
Reserved for Debt Service	5,564	5,547
Reserved for Encumbrances	234,581	546,776
Unreserved - Undesignated	4,175,861	4,115,907
<b>Total Fund Balance</b>	<b>4,439,230</b>	<b>4,715,450</b>
<b>TOTAL LIABILITIES and FUND BALANCE</b>	<b>5,073,342</b>	<b>5,319,368</b>

See accompanying independent auditors' report.

CITY OF RUSTON, LOUISIANA  
General Fund

Exhibit A-2

Comparative Statements of Revenues,  
Expenditures and Changes in Fund Balances  
For the Years Ended September 30, 2002 and 2001

	2002	2001
<b>REVENUES</b>		
<b>Taxes</b>		
Property Tax - General	646,538	602,212
<u>Total Taxes</u>	<u>646,538</u>	<u>602,212</u>
<b>Licenses and Permits</b>		
Insurance Licenses	257,022	248,945
Alcoholic Beverage Licenses	2,845	2,865
Franchise - Arkla Gas	105,743	150,431
Franchise - Cable T.V.	162,503	153,269
Inspection - Building	33,601	34,386
Inspection - Plumbing	7,773	8,220
Inspection - Electrical	14,275	14,309
Inspection - Mechanical	10,309	9,380
Inspection - Occupancy	1,505	1,410
<u>Total Licenses and Permits</u>	<u>595,576</u>	<u>623,215</u>
<b>Intergovernmental</b>		
Solid Waste Mgmt. Program	723,293	678,243
RPD LLBG Grant	31,166	32,986
Louisiana Beer Tax	39,847	19,496
LA Dept of Highways	25,710	33,352
Louisiana Fire Insurance	42,278	37,758
Fire Grant	133,253	-
HUD Administration Fee	121,248	215,081
HOME Grant	59,533	126,377
LA Dept of Transportation	-	4,040
<u>Total Intergovernmental</u>	<u>1,176,328</u>	<u>1,147,333</u>
<b>Charges for Services</b>		
Refuse Collection Fees	1,072,690	1,112,944
Crematory Fees	1,568	3,655
<u>Total Charges for Services</u>	<u>1,074,258</u>	<u>1,116,599</u>

See accompanying independent auditors' report.

## CITY OF RUSTON, LOUISIANA

Exhibit A-2

## General Fund

Comparative Statements of Revenues,  
Expenditures and Changes in Fund Balances  
For the Years Ended September 30, 2002 and 2001

	2002	2001
Fines and Forfeitures		
City Marshall	222,780	202,411
Probation	60,741	53,849
DWI Testing	6,162	6,264
Court Summons	10,353	8,823
Animal Control	7,294	8,611
Parking Tickets	16,494	29,763
Accident Reports - Police	6,004	5,247
Incident Reports - Fire	35	100
RPD Miscellaneous	3,500	686
Total Fines and Forfeitures	333,363	315,754
Miscellaneous		
Animal Control Donations	101	-
Railroad Park Donations	12,155	-
Mainstreet Program	50	-
Civic Center Income	24,255	31,868
Interest	66,695	139,071
Rentals - City Property	15	-
Sale of Culvert	-	59
Sale of Equipment	31,720	120
Commision Bell South	11	23
Concession Receipts	464	957
Miscellaneous	74,991	111,735
Federal Disaster Relief	-	48,848
Total Miscellaneous	210,457	332,681
<b>TOTAL REVENUES</b>	<b>4,036,520</b>	<b>4,137,794</b>
EXPENDITURES		
Current		
General Government	2,454,620	2,055,455
Public Safety	4,769,135	4,386,015
Public Works	3,736,705	3,517,428
Debt Service:		
Certificate of Indebtedness Principal Payment	51,000	48,000
Certificate of Indebtedness Interest Payment	9,077	18,194
<b>TOTAL EXPENDITURES</b>	<b>11,020,537</b>	<b>10,025,092</b>

See accompanying independent auditors' report.

CITY OF RUSTON, LOUISIANA  
 General Fund  
 Comparative Statements of Revenues,  
 Expenditures and Changes in Fund Balances  
 For the Years Ended September 30, 2002 and 2001

Exhibit A-2

	2002	2001
DEFICIENCY OF REVENUES UNDER EXPENDITURES	(6,984,017)	(5,887,298)
OTHER FINANCING SOURCES (USES)		
Operating Transfers In	7,902,792	7,225,185
Operating Transfers Out	(1,194,995)	(210,385)
TOTAL OTHER FINANCING SOURCES (USES)	6,707,797	7,014,800
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	(276,220)	1,127,502
FUND BALANCE, OCTOBER 1	4,715,450	3,587,948
FUND BALANCE, SEPTEMBER 30	4,439,230	4,715,450

See accompanying independent auditors' report.

## CITY OF RUSTON, LOUISIANA

Exhibit A-3

## General Fund

Statement of Revenues, Expenditures and  
Changes in Fund Balance - Budget (GAAP Basis) and Actual  
For the Year Ended September 30, 2002

	<u>Budget</u>	<u>Actual</u>
REVENUES		
Taxes		
Property Tax - General	590,000	646,538
<u>Total Taxes</u>	<u>590,000</u>	<u>646,538</u>
Licenses and Permits		
Insurance Licenses	230,000	257,022
Alcoholic Beverage Licenses	3,000	2,845
Franchise - Arkla Gas	90,000	105,743
Franchise - Cable T.V.	125,000	162,503
Inspection - Building	45,000	33,601
Inspection - Plumbing	10,000	7,773
Inspection - Electrical	17,000	14,275
Inspection - Mechanical	8,000	10,309
Inspection - Occupancy	1,500	1,505
<u>Total Licenses and Permits</u>	<u>529,500</u>	<u>595,576</u>
Intergovernmental		
Solid Waste Mgmt. Program	550,000	723,293
RPD LLBG Grant	31,166	31,166
Louisiana Beer Tax	25,000	39,847
LA Dept of Highways	-	25,710
Louisiana Fire Insurance	37,000	42,278
HUD Administration Fee	102,000	121,248
Fire Grant	133,253	133,253
HOME Grant	59,533	59,533
<u>Total Intergovernmental</u>	<u>937,952</u>	<u>1,176,328</u>
Charges for Services		
Refuse Collection Fees	1,100,000	1,072,690
Crematory Fees	4,000	1,568
<u>Total Charges for Services</u>	<u>1,104,000</u>	<u>1,074,258</u>

See accompanying independent auditors' report.



## CITY OF RUSTON, LOUISIANA

Exhibit A-3

## General Fund

Statement of Revenues, Expenditures and  
Changes in Fund Balance - Budget (GAAP Basis) and Actual  
For the Year Ended September 30, 2002

	<u>Budget</u>	<u>Actual</u>
Fines and Forfeitures		
City Marshall	180,000	222,780
Probation	52,000	60,741
DWI Testing	5,000	6,162
Court Summons	8,000	10,353
Animal Control	7,500	7,294
Parking Tickets	20,000	16,494
Accident Reports - Police	5,500	6,004
Incident Reports - Fire	-	35
RPD Miscellaneous	1,000	3,500
<u>Total Fines and Forfeitures</u>	<u>279,000</u>	<u>333,363</u>
Miscellaneous		
Animal Control Donations	-	101
Railroad Park Donations	-	12,155
Mainstreet Program	-	50
Civic Center Income	35,000	24,255
Interest	125,000	66,695
Rentals - City Property	-	15
Sale of Culvert	200	-
Sale of Equipment	-	31,720
Commision Bell South	50	11
Concession Receipts	1,200	464
Miscellaneous	25,000	74,991
<u>Total Miscellaneous</u>	<u>186,450</u>	<u>210,457</u>
<u>TOTAL REVENUES</u>	<u>3,626,902</u>	<u>4,036,520</u>
EXPENDITURES		
Current		
General Government	2,747,480	2,454,620
Public Safety	4,908,318	4,769,135
Public Works	4,378,290	3,736,705
Debt Service:		
Certificate of Indebtedness Principal Payment	51,000	51,000
Certificate of Indebtedness Interest Payment	9,077	9,077
<u>TOTAL EXPENDITURES</u>	<u>12,094,165</u>	<u>11,020,537</u>

See accompanying independent auditors' report.

## CITY OF RUSTON, LOUISIANA

Exhibit A-3

## General Fund

Statement of Revenues, Expenditures and  
Changes in Fund Balance - Budget (GAAP Basis) and Actual  
For the Year Ended September 30, 2002

	<u>Budget</u>	<u>Actual</u>
<u>DEFICIENCY OF REVENUES UNDER EXPENDITURES</u>	<u>(8,467,263)</u>	<u>(6,984,017)</u>
OTHER FINANCING SOURCES (USES)		
Operating Transfers In	7,682,029	7,902,792
Operating Transfers Out	(1,194,995)	(1,194,995)
<u>TOTAL OTHER FINANCING SOURCES</u>	<u>6,487,034</u>	<u>6,707,797</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCIN	(1,980,229)	(276,220)
FUND BALANCE, OCTOBER 1	4,715,450	4,715,450
<u>FUND BALANCE, SEPTEMBER 30</u>	<u>2,735,221</u>	<u>4,439,230</u>

See accompanying independent auditors' report.



## SPECIAL REVENUE FUNDS

Special Revenue Funds account for specific revenues that are legally restricted to expenditure for particular purposes.

### SALES TAX FUNDS

Sales Tax Funds account for the receipt and use of proceeds of the City's sales and use tax. One-half percent of the sales tax is dedicated to general operating expenses, general fixed assets, and waterworks extensions and improvements, while three-fourths percent is dedicated to the recreation department, streets and drainage, fire protection and police protection, and one-half percent is dedicated for police and fire departments and drug prevention.

### RUSTON PARKS & RECREATION BOARD

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

### D.A.R.T GRANT PROGRAM

This fund accounts for the receipt and subsequent expenditures of a State of Louisiana Emergency Shelter Grant Program.

### SECTION 8 HOUSING ASSISTANCE PAYMENTS PROGRAMS

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

CITY OF RUSTON, LOUISIANA

Exhibit B-1

Special Revenue Funds

Combining Balance Sheet

September 30, 2002

With Comparative Totals For September 30, 2001

	1968 Sales Tax	1985 Sales Tax	1990 Sales Tax	Ruston Parks & Recreation Board
<b>ASSETS</b>				
Cash and Cash Equivalents	1,654,449	-	-	192,651
Investments	571,660	-	-	-
Accounts Receivable	161,964	242,946	161,964	115
Due from Other Funds	31,807	657,088	664,540	60,304
<b>TOTAL ASSETS</b>	<b>2,419,880</b>	<b>900,034</b>	<b>826,504</b>	<b>253,070</b>
<b>LIABILITIES AND RETAINED EARNINGS</b>				
<b>Liabilities</b>				
Accounts Payable	2,875	-	-	2,413
Deposits	-	-	-	1,155
Due to Other Funds	1,321,627	16,498	-	3,844
Accrued Salaries	-	-	-	7,630
<b>Total Liabilities</b>	<b>1,324,502</b>	<b>16,498</b>	<b>-</b>	<b>15,042</b>
<b>Fund Balances (Deficits)</b>				
Reserved for Encumbrances	-	-	-	436
Undesignated	1,095,378	883,536	826,504	237,592
<b>Fund Balances - Unreserved (Deficits)</b>	<b>1,095,378</b>	<b>883,536</b>	<b>826,504</b>	<b>238,028</b>
<b>TOTAL LIABILITIES and FUND BALANCE</b>	<b>2,419,880</b>	<b>900,034</b>	<b>826,504</b>	<b>253,070</b>

See accompanying independent auditors' report.

CITY OF RUSTON, LOUISIANA  
 Special Revenue Funds  
 Combining Balance Sheet  
 September 30, 2002

Exhibit B-1

With Comparative Totals For September 30, 2001

D.A.R.T Grant Program	Section 8 Existing Housing	Section 8 Modrehab Housing	Section 8 Voucher Housing	Totals	
				2002	2001
-	155,440	91,430	391,212	2,485,182	2,454,644
-	-	-	-	571,660	515,000
927	-	-	-	567,916	516,700
-	130,114	25,145	317,214	1,886,212	1,567,429
<u>927</u>	<u>285,554</u>	<u>116,575</u>	<u>708,426</u>	<u>5,510,970</u>	<u>5,053,773</u>
927	-	13,872	64,480	84,567	18,415
-	-	-	-	1,155	619
-	324,162	133,274	76,016	1,875,421	1,654,102
-	-	-	-	7,630	6,427
<u>927</u>	<u>324,162</u>	<u>147,146</u>	<u>140,496</u>	<u>1,968,773</u>	<u>1,679,563</u>
-	-	-	-	436	-
-	(38,608)	(30,571)	567,930	3,541,761	3,374,210
-	<u>(38,608)</u>	<u>(30,571)</u>	<u>567,930</u>	<u>3,542,197</u>	<u>3,374,210</u>
<u>927</u>	<u>285,554</u>	<u>116,575</u>	<u>708,426</u>	<u>5,510,970</u>	<u>5,053,773</u>

See accompanying independent auditors' report.

## CITY OF RUSTON, LOUISIANA

Exhibit B-2

## Special Revenue Funds

Combining Statement of Revenues, Expenditures  
and Changes in Fund Balances

September 30, 2002

With Comparative Totals for September 2001

	1968 Sales Tax	1985 Sales Tax	1990 Sales Tax	Ruston Parks & Recreation Board	D.A.R.T Grant Program
<b>REVENUES</b>					
Taxes	1,765,484	2,648,225	1,765,484	284,032	-
Intergovernmental	-	-	-	-	16,877
Miscellaneous	47,685	14,701	10,152	133,131	-
<b>TOTAL REVENUES</b>	<b>1,813,169</b>	<b>2,662,926</b>	<b>1,775,636</b>	<b>417,163</b>	<b>16,877</b>
<b>EXPENDITURES</b>					
General Government	27,367	25,441	18,290	-	21,563
Recreation	-	-	-	604,093	-
<b>TOTAL EXPENDITURES</b>	<b>27,367</b>	<b>25,441</b>	<b>18,290</b>	<b>604,093</b>	<b>21,563</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>1,785,802</b>	<b>2,637,485</b>	<b>1,757,346</b>	<b>(186,930)</b>	<b>(4,686)</b>
<b>OTHER FINANCING SOURCES</b>					
Operating Transfers In	-	-	-	340,597	-
Operating Transfers Out	(1,766,000)	(2,665,296)	(1,758,000)	(61,903)	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(1,766,000)</b>	<b>(2,665,296)</b>	<b>(1,758,000)</b>	<b>278,694</b>	<b>-</b>
<b>EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES</b>	<b>19,802</b>	<b>(27,811)</b>	<b>(654)</b>	<b>91,764</b>	<b>(4,686)</b>
<b>FUND BALANCE, OCTOBER 1</b>	<b>1,075,576</b>	<b>911,347</b>	<b>827,158</b>	<b>146,264</b>	<b>4,686</b>
<b>FUND BALANCE, SEPTEMBER 30</b>	<b>1,095,378</b>	<b>883,536</b>	<b>826,504</b>	<b>238,028</b>	<b>-</b>

See accompanying independent auditors' report.

CITY OF RUSTON, LOUISIANA  
Special Revenue Funds  
Combining Statement of Revenues, Expenditures  
and Changes in Fund Balances  
September 30, 2002

Exhibit B-2

Section 8 Existing Housing	Section 8 Modrehab Housing	Section 8 Voucher Housing	Totals	
			2002	2001
-	-	-	6,463,225	6,146,586
-	46,787	995,330	1,058,994	977,169
3,265	-	7,926	216,860	262,338
<hr/>				
3,265	46,787	1,003,256	7,739,079	7,386,093
<hr/>				
1,291	45,327	917,118	1,056,397	1,045,627
-	-	-	604,093	810,370
<hr/>				
1,291	45,327	917,118	1,660,490	1,855,997
<hr/>				
1,974	1,460	86,138	6,078,589	5,530,096
<hr/>				
-	-	-	340,597	298,007
-	-	-	(6,251,199)	(6,030,058)
<hr/>				
-	-	-	(5,910,602)	(5,732,051)
<hr/>				
1,974	1,460	86,138	167,987	(201,955)
(40,582)	(32,031)	481,792	3,374,210	3,576,165
<hr/>				
(38,608)	(30,571)	567,930	3,542,197	3,374,210
<hr/>				

See accompanying independent auditors' report.



## CITY OF RUSTON, LOUISIANA

Exhibit B-3

## 1968 Sales Tax Fund

Statement of Revenues, Expenditures and  
Changes in Fund Balance - Budget (GAAP Basis) and Actual  
For the Year Ended September 30, 2002

	Budget	Actual	Favorable (Unfavorable)
REVENUES			
Taxes - Sales Tax	1,757,000	1,765,484	8,484
Miscellaneous - Interest Income	45,000	47,685	2,685
<b>TOTAL REVENUES</b>	<b>1,802,000</b>	<b>1,813,169</b>	<b>11,169</b>
EXPENDITURES			
General Government - Collection & Administrative	36,000	27,367	8,633
<b>TOTAL EXPENDITURES</b>	<b>36,000</b>	<b>27,367</b>	<b>8,633</b>
<b>EXCESS OF REVENUES OVER EXPENDITURES</b>	<b>1,766,000</b>	<b>1,785,802</b>	<b>19,802</b>
OTHER FINANCING SOURCES (USES)			
Operating Transfers Out	(1,766,000)	(1,766,000)	-
<b>TOTAL OTHER FINANCING USES</b>	<b>(1,766,000)</b>	<b>(1,766,000)</b>	<b>-</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES</b>	<b>-</b>	<b>19,802</b>	<b>19,802</b>
FUND BALANCE, OCTOBER 1	1,075,576	1,075,576	-
<b>FUND BALANCE, SEPTEMBER 30</b>	<b>1,075,576</b>	<b>1,095,378</b>	<b>19,802</b>

See accompanying independent auditors' report.

## CITY OF RUSTON, LOUISIANA

Exhibit B-4

## 1985 Sales Tax Fund

Statement of Revenues, Expenditures and  
Changes in Fund Balance - Budget (GAAP Basis) and Actual  
For the Year Ended September 30, 2002

	Budget	Actual	Favorable (Unfavorable)
REVENUES			
Taxes - Sales Tax	2,635,000	2,648,225	13,225
Miscellaneous - Interest Income	24,000	14,701	(9,299)
<b>TOTAL REVENUES</b>	<b>2,659,000</b>	<b>2,662,926</b>	<b>3,926</b>
EXPENDITURES			
General Government - Collection & Administrative	33,000	25,441	7,559
<b>TOTAL EXPENDITURES</b>	<b>33,000</b>	<b>25,441</b>	<b>7,559</b>
<b>EXCESS OF REVENUES OVER EXPENDITURES</b>	<b>2,626,000</b>	<b>2,637,485</b>	<b>11,485</b>
OTHER FINANCING SOURCES (USES)			
Operating Transfers Out	(2,626,000)	(2,665,296)	(39,296)
<b>TOTAL OTHER FINANCING USES</b>	<b>(2,626,000)</b>	<b>(2,665,296)</b>	<b>(39,296)</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES</b>	<b>-</b>	<b>(27,811)</b>	<b>(27,811)</b>
<b>FUND BALANCE, OCTOBER 1</b>	<b>911,347</b>	<b>911,347</b>	<b>-</b>
<b>FUND BALANCE, SEPTEMBER 30</b>	<b>911,347</b>	<b>883,536</b>	<b>(27,811)</b>

See accompanying independent auditors' report.

## CITY OF RUSTON, LOUISIANA

Exhibit B-5

## 1990 Sales Tax Fund

Statement of Revenues, Expenditures and  
Changes in Fund Balance - Budget (GAAP Basis) and Actual  
For the Year Ended September 30, 2002

	Budget	Actual	Favorable (Unfavorable)
REVENUES			
Taxes - Sales Tax	1,757,000	1,765,484	8,484
Miscellaneous - Interest Income	24,000	10,152	(13,848)
<b>TOTAL REVENUES</b>	<b>1,781,000</b>	<b>1,775,636</b>	<b>(5,364)</b>
EXPENDITURES			
General Government - Collection & Administrative	23,000	18,290	4,710
<b>TOTAL EXPENDITURES</b>	<b>23,000</b>	<b>18,290</b>	<b>4,710</b>
<b>EXCESS OF REVENUES OVER EXPENDITURES</b>	<b>1,758,000</b>	<b>1,757,346</b>	<b>(654)</b>
OTHER FINANCING SOURCES (USES)			
Operating Transfers Out	(1,758,000)	(1,758,000)	-
<b>TOTAL OTHER FINANCING USES</b>	<b>(1,758,000)</b>	<b>(1,758,000)</b>	<b>-</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER(UNDER) EXPENDITURES AND OTHER FINANCING USES</b>	<b>-</b>	<b>(654)</b>	<b>(654)</b>
FUND BALANCE, OCTOBER 1	827,158	827,158	-
<b>FUND BALANCE, SEPTEMBER 30</b>	<b>827,158</b>	<b>826,504</b>	<b>(654)</b>

See accompanying independent auditors' report.

CITY OF RUSTON, LOUISIANA  
Ruston Parks and Recreation Board  
Statement of Revenues, Expenditures and  
Changes in Fund Balance- Budget (GAAP Basis) and Actual  
For the Year Ended September 30, 2002

Exhibit B-6

	Budget	Actual	Favorable (Unfavorable)
<b>REVENUES</b>			
<b>Taxes</b>			
Property Tax - Recreation	262,500	284,032	21,532
<u>Total Taxes</u>	<u>262,500</u>	<u>284,032</u>	<u>21,532</u>
<b>Miscellaneous</b>			
Program Charges	107,000	100,100	(6,900)
Concessions	15,000	7,357	(7,643)
Interest	2,500	3,647	1,147
Rentals	5,000	9,394	4,394
Other	7,360	12,633	5,273
<u>Total Miscellaneous</u>	<u>136,860</u>	<u>133,131</u>	<u>(3,729)</u>
<b>TOTAL REVENUES</b>	<b>399,360</b>	<b>417,163</b>	<b>17,803</b>
<b>EXPENDITURES</b>			
<b>Recreation</b>			
Regular Salaries	299,439	250,064	49,375
Regular Overtime	5,000	3,164	1,836
Employee Benefits - Retirement	13,351	12,478	873
Employee Benefits - FICA Tax	10,623	7,893	2,730
Employee Benefits - Insurance	33,529	28,459	5,070
Workmen's Compensation	4,500	4,500	-
Unemployment Compensation	-	4,896	(4,896)
<u>Total Personal Services</u>	<u>366,442</u>	<u>311,454</u>	<u>54,988</u>
Printing of Forms	250	-	250
Maintenance of Bldg & Grounds	10,000	13,492	(3,492)
Repairs & Maintenance - Parks	7,500	2,307	5,193
Repairs & Maintenance - Pool	7,500	8,473	(973)
Maintenance of Equipment	7,000	7,633	(633)
Maintenance of Office Equipment	500	308	192
Utilities	35,000	50,397	(15,397)
Heating	10,000	5,435	4,565
Telephone	7,500	7,967	(467)
Auto & Truck Repair	4,000	1,190	2,810
Audit Fees	3,750	3,750	-
Advertising	1,000	1,625	(625)
Consulting/Programs	33,080	17,256	15,824
Cash Short/(Over)	-	(20)	20
Dues & Subscriptions	1,500	2,291	(791)
Insurance - Fire	4,000	3,289	711
Insurance - General Liability	11,000	7,641	3,359

See accompanying independent auditors' report.

CITY OF RUSTON, LOUISIANA  
Ruston Parks and Recreation Board  
Statement of Revenues, Expenditures and  
Changes in Fund Balance- Budget (GAAP Basis) and Actual  
For the Year Ended September 30, 2002

Exhibit B-6

	Budget	Actual	Favorable (Unfavorable)
Automobile Liability	1,200	757	443
Recreation Activities Expense	40,000	46,351	(6,351)
Youth & Adult Sports Expense	55,000	31,773	23,227
Medical Supplies & Services	2,000	1,105	895
Miscellaneous	1,000	437	563
Postage	1,500	1,433	67
<b>Total Operating Services</b>	<b>244,280</b>	<b>214,890</b>	<b>29,390</b>
Uniforms	2,500	1,152	1,348
Supplies	25,000	20,886	4,114
Safety Supplies	500	-	500
Gas, Oil, Diesel	4,000	4,380	(380)
Concession Supplies	12,500	10,505	1,995
<b>Total Materials and Supplies</b>	<b>44,500</b>	<b>36,923</b>	<b>7,577</b>
Training Personnel	5,000	4,080	920
Auto Allowances	7,000	5,802	1,198
Travel	-	347	(347)
<b>Total Travel and Other</b>	<b>12,000</b>	<b>10,229</b>	<b>1,771</b>
Capital Assets	32,500	30,597	1,903
<b>Total Capital Outlay</b>	<b>32,500</b>	<b>30,597</b>	<b>1,903</b>
<b>TOTAL RECREATION EXPENDITURES</b>	<b>699,722</b>	<b>604,093</b>	<b>95,629</b>
<b>DEFICIENCY OF REVENUES UNDER EXPENDITURES</b>	<b>(300,362)</b>	<b>(186,930)</b>	<b>113,432</b>
<b>OTHER FINANCING SOURCES (USES)</b>			
Operating Transfers In	290,346	340,597	50,251
Operating Transfers Out	(68,372)	(61,903)	6,469
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>221,974</b>	<b>278,694</b>	<b>56,720</b>
<b>EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES</b>	<b>(78,388)</b>	<b>91,764</b>	<b>170,152</b>
<b>FUND BALANCE, OCTOBER 1</b>	<b>146,264</b>	<b>146,264</b>	<b>-</b>
<b>FUND BALANCE, SEPTEMBER 30</b>	<b>67,876</b>	<b>238,028</b>	<b>170,152</b>

See accompanying independent auditors' report.

CITY OF RUSTON, LOUISIANA  
Section 8 ModRehab Housing  
Statement of Revenues, Expenditures and  
Changes in Fund Balance - Budget (GAAP Basis) and Actual  
For the Year Ended September 30, 2002

Exhibit B-7

	<u>Budget</u>	<u>Actual</u>	<u>Favorable (Unfavorable)</u>
REVENUES			
Intergovernmental	72,095	46,787	(25,308)
<b>TOTAL REVENUES</b>	<b>72,095</b>	<b>46,787</b>	<b>(25,308)</b>
EXPENDITURES			
General Government	79,452	45,327	34,125
<b>TOTAL EXPENDITURES</b>	<b>79,452</b>	<b>45,327</b>	<b>34,125</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(7,357)</b>	<b>1,460</b>	<b>8,817</b>
FUND DEFICIT OCTOBER 1	(32,031)	(32,031)	-
<b>FUND DEFICIT SEPTEMBER 30</b>	<b>(39,388)</b>	<b>(30,571)</b>	<b>8,817</b>

See accompanying independent auditors' report.

CITY OF RUSTON, LOUISIANA  
Section 8 Voucher Housing  
Statement of Revenues, Expenditures and  
Changes in Fund Balance - Budget (GAAP Basis) and Actual  
For the Year Ended September 30, 2002

Exhibit B-8

	<u>Budget</u>	<u>Actual</u>	Favorable (Unfavorable)
REVENUES			
Intergovernmental	844,711	995,330	150,619
Miscellaneous	7,210	7,926	716
<b>TOTAL REVENUES</b>	<b>851,921</b>	<b>1,003,256</b>	<b>151,335</b>
EXPENDITURES			
General Government	844,188	917,118	(72,930)
<b>TOTAL EXPENDITURES</b>	<b>844,188</b>	<b>917,118</b>	<b>(72,930)</b>
<b>EXCESS OF REVENUES OVER EXPENDITURES</b>	<b>7,733</b>	<b>86,138</b>	<b>78,405</b>
FUND BALANCE, OCTOBER 1	481,792	481,792	-
<b>FUND BALANCE, SEPTEMBER 30</b>	<b>489,525</b>	<b>567,930</b>	<b>78,405</b>

See accompanying independent auditors' report.

DEBT SERVICE FUND

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



CITY OF RUSTON, LOUISIANA  
 Debt Service Fund  
 Comparative Balance Sheets  
 September 30, 2002 and 2001

Exhibit C-1

	2002	2001
<b>ASSETS</b>		
Cash and Cash Equivalents	344,461	126,056
Accounts Receivable	460,916	-
<b>TOTAL ASSETS</b>	<b>805,377</b>	<b>126,056</b>
 <b>FUND BALANCE</b>		
Reserved for Debt Service	805,377	125,056
<b>Total Fund Balance</b>	<b>805,377</b>	<b>125,056</b>
<b>TOTAL LIABILITIES and FUND BALANCE</b>	<b>805,377</b>	<b>125,056</b>

See accompanying independent auditors' report.

CITY OF RUSTON, LOUISIANA  
Debt Service Fund  
Comparative Statement of Revenues, Expenditures and  
Changes in Fund Balances  
For the Years Ended September 30, 2002 and 2001

Exhibit C-2

	2002	2001
REVENUES		
Taxes Collected	1,654,686	-
Interest	4,652	5,632
<b>TOTAL REVENUES</b>	<b>1,659,338</b>	<b>5,632</b>
EXPENDITURES		
Bond Principal	1,130,000	175,000
Bond Interest	58,289	27,123
<b>TOTAL EXPENDITURES</b>	<b>1,188,289</b>	<b>202,123</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>471,049</b>	<b>(196,491)</b>
OTHER FINANCING SOURCES		
Operating Transfers In	205,725	208,626
<b>TOTAL OTHER FINANCING SOURCES</b>	<b>205,725</b>	<b>208,626</b>
<b>EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES</b>	<b>676,774</b>	<b>12,135</b>
FUND BALANCE, OCTOBER 1	125,056	112,921
Residual Equity Transfer in	3,547	-
<b>FUND BALANCE, SEPTEMBER 30</b>	<b>805,377</b>	<b>125,056</b>

See accompanying independent auditors' report.



## CAPITAL PROJECTS FUNDS

Capital Projects Funds account for the financial resources to be used for the acquisition of construction of major capital facilities (other than those financed by proprietary funds and trust funds).

### FIRE STATION CONSTRUCTION

The Fire Station Construction Fund accounts for receipts and disbursements of the proceeds from the issuance of Certificates of Indebtedness Series 1993, designated for the construction of a new fire station.

### CENTRAL SHOP CONSTRUCTION

The Central Shop Construction Fund accounts for receipts and disbursements of the proceeds from the issuance of Certificates of Indebtedness Series 1993, designated for the construction of a central repair shop.

### HAZARD MITIGATION GRANT

The Hazard Mitigation Grant Fund accounts for receipts and disbursements of a grant received from the State of Louisiana for removing repetitive loss structures from the flood plain.

### PARKS & RECREATION - 1996 CERTIFICATES OF INDEBTEDNESS

The Parks & Recreation - 1996 Certificates of Indebtedness Fund accounts for receipts and disbursements of the proceeds from the issuance of Certificates of Indebtedness, Series 1996, designated for Park and Recreation capital purchases and improvements.

### SEWER DEMONSTRATED NEEDS GRANT

The Sewer Demonstrated Needs Grant Fund accounts for receipts and disbursements of a grant received from the Louisiana Community Development Block Grant for sewer force main replacement.

### SEWER FORCEMAIN REPLACEMENT LCDBG GRANT

The Sewer Forcemain Replacement LCDBG Grant Fund accounts for receipts and disbursements of a grant received from the Louisiana Community Development Block Grant for sewer improvements.

### SEWER SOUTHWEST LCDBG GRANT

The Sewer Southwest LCDBG Grant Fund accounts for receipts and disbursements of a grant received from the Louisiana Community Development Block Grant for sewer improvements.

### I-20 FUND

The I-20 Fund accounts for infrastructure improvements along the I-20 service road that are funded from the issuance of sales tax increment bonds.

CITY OF RUSTON, LOUISIANA  
 Capital Projects Funds  
 Combining Balance Sheet  
 September 30, 2002

Exhibit D-1

With Comparative Totals For September 30, 2001

	Central Shop Construction	Hazard Mitigation Grant	Parks & Rec. 1996 Certificate of Indebtedness	Sewer Demonstrated Needs Grant	I-20 Fund	Totals 2002	Totals 2001
<b>ASSETS</b>							
Cash and Cash Equivalents	138,058	5,398	55,541	2,505	1,497,976	1,699,478	207,305
<b>TOTAL ASSETS</b>	<b>138,058</b>	<b>5,398</b>	<b>55,541</b>	<b>2,505</b>	<b>1,497,976</b>	<b>1,699,478</b>	<b>207,305</b>
<b>LIABILITIES AND FUND BALANCE</b>							
<b>Liabilities</b>							
Accounts Payable	-	-	-	-	35,847	35,847	-
Due to Other Funds	-	-	1,322	-	-	1,322	1,412
<b>Total Liabilities</b>	<b>-</b>	<b>-</b>	<b>1,322</b>	<b>-</b>	<b>35,847</b>	<b>37,169</b>	<b>1,412</b>
<b>Fund Balance</b>							
Reserved for Encumbrances Undesignated	138,058	5,398	54,219	2,505	1,349,731	1,549,911	36,279 169,614
<b>Total Fund Balance</b>	<b>138,058</b>	<b>5,398</b>	<b>54,219</b>	<b>2,505</b>	<b>1,462,129</b>	<b>1,662,309</b>	<b>205,893</b>
<b>TOTAL LIABILITIES and FUND BALANCE</b>	<b>138,058</b>	<b>5,398</b>	<b>55,541</b>	<b>2,505</b>	<b>1,497,976</b>	<b>1,699,478</b>	<b>207,305</b>

See accompanying independent auditors' report.

CITY OF RUSTON, LOUISIANA  
 Capital Projects Funds  
 Combining Statement of Revenues, Expenditures and  
 Changes in Fund Balances  
 For the Year Ended September 30, 2002

With Comparative Totals for September 30, 2001

	Fire Station Construction	Central Shop Construction	Hazard Mitigation Grant	Parks & Rec. 1996 Certificate of Indebtedness	Sewer Demonstrated Needs Grant	Sewer Forcemain Replacement	Sewer Southwest Grant	I-20 Fund	Totals 2001	Totals 2002
<b>REVENUES</b>										
Intergovernmental	-	-	-	-	-	173,125	518,918	-	692,043	68,868
Miscellaneous	30	1,814	57	1,032	30	-	-	21,626	24,589	10,426
<b>TOTAL REVENUES</b>	<b>30</b>	<b>1,814</b>	<b>57</b>	<b>1,032</b>	<b>30</b>	<b>173,125</b>	<b>518,918</b>	<b>21,626</b>	<b>716,632</b>	<b>79,294</b>
<b>EXPENDITURES</b>										
Capital Outlay	-	-	-	-	-	118	44,119	-	44,237	15,663
Legal Services	-	-	-	-	-	173,125	518,918	356,981	1,053,939	199,038
Construction Work-Grants	75	4,915	-	229	-	-	758	-	1,062	227
Miscellaneous	-	-	-	-	-	-	-	-	-	-
<b>TOTAL EXPENDITURES</b>	<b>75</b>	<b>4,915</b>	<b>-</b>	<b>229</b>	<b>-</b>	<b>173,243</b>	<b>518,918</b>	<b>401,858</b>	<b>1,099,238</b>	<b>214,928</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(45)</b>	<b>(3,101)</b>	<b>57</b>	<b>803</b>	<b>30</b>	<b>(118)</b>	<b>-</b>	<b>(380,232)</b>	<b>(382,606)</b>	<b>(135,634)</b>
<b>OTHER FINANCING SOURCES</b>										
Proceeds of Bonds	-	-	-	-	-	-	-	2,000,000	2,000,000	-
Operating Transfers In	-	-	-	-	-	208	-	-	208	-
Operating Transfers Out	-	-	-	-	-	-	-	(157,639)	(157,639)	25,000
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>208</b>	<b>-</b>	<b>1,842,361</b>	<b>1,842,569</b>	<b>25,000</b>
<b>EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES</b>	<b>(45)</b>	<b>(3,101)</b>	<b>57</b>	<b>803</b>	<b>30</b>	<b>90</b>	<b>-</b>	<b>1,462,129</b>	<b>1,459,963</b>	<b>(110,634)</b>
<b>FUND BALANCE, OCTOBER 1</b>	<b>3,592</b>	<b>141,159</b>	<b>5,341</b>	<b>53,416</b>	<b>2,475</b>	<b>(90)</b>	<b>-</b>	<b>-</b>	<b>205,893</b>	<b>316,527</b>
Residual Equity Transfer out	(3,547)	-	-	-	-	-	-	-	(3,547)	-
<b>FUND BALANCE, SEPTEMBER 30</b>	<b>-</b>	<b>138,058</b>	<b>5,398</b>	<b>54,219</b>	<b>2,505</b>	<b>-</b>	<b>-</b>	<b>1,462,129</b>	<b>1,662,309</b>	<b>205,893</b>



## ENTERPRISE FUNDS

Enterprise funds account for operations that are financed and operated in a manner similar to private business enterprises - where the intent of the government's council is that the costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or where the government's council has decided that periodic determination of net income is appropriate for accountability purposes.

### ELECTRIC SYSTEM FUND

The Electric System Fund accounts for the operations of the Electric System.

### WATER SYSTEM FUND

The Water System Fund accounts for the operations of the Waterworks System.

### SEWERAGE SYSTEM FUND

The Sewerage System Fund accounts for the operations of the Sewerage System.

### RUSTON AIRPORT AUTHORITY

The Rust Airport Authority Fund accounts for the operations of the Ruston Municipal Airport.

### AMBULANCE FUND

The Ambulance Fund accounts for the operations of the Ruston-Lincoln Ambulance Service.



CITY OF RUSTON, LOUISIANA  
 Enterprise Funds  
 Combining Balance Sheet  
 September 30, 2002

With Comparative Totals For September 30, 2001

	Electric System	Water System	Sewer System	Ruston Airport Authority	Ambulance	2002	Totals	2001
<b>ASSETS</b>								
<b>Current Assets</b>								
Cash and Cash Equivalents	3,294,454	551,662	845,571	62,052	180,897	4,934,636	7,976,911	
Investments	535,000	2,048,607	1,683,043	-	-	4,266,650	2,530,375	
Accounts Receivable, Net	848,695	100,550	80,291	-	105,589	1,135,125	1,294,821	
Unbilled Revenue	1,575,764	129,666	161,544	-	-	1,866,974	1,621,212	
Travel Advances	1,000	-	150	-	-	1,150	-	
Due from Other Governmental Units, Net	-	-	-	134,896	5,000	139,896	45,216	
Due from Other Funds	98,996	18,560	14,525	-	509	132,590	219,107	
Inventories, at Cost	245,876	116,755	33,788	-	-	396,419	787,100	
<b>TOTAL CURRENT ASSETS</b>	<b>6,599,785</b>	<b>2,965,800</b>	<b>2,818,912</b>	<b>196,948</b>	<b>291,995</b>	<b>12,873,440</b>	<b>14,474,742</b>	
<b>Restricted Assets</b>								
Cash and Cash Equivalents	60,270	192,271	90,514	-	-	343,055	991,558	
Investments	717,891	142,560	2,192,010	-	-	3,052,461	2,929,395	
<b>TOTAL RESTRICTED ASSETS</b>	<b>778,161</b>	<b>334,831</b>	<b>2,282,524</b>	<b>-</b>	<b>-</b>	<b>3,395,516</b>	<b>3,920,953</b>	
<b>Fixed Assets</b>								
Property, Plant & Equipment	35,628,965	9,336,153	18,631,452	5,219,895	386,788	69,203,253	66,111,013	
Less Accumulated Depreciation	(24,040,209)	(4,898,186)	(8,045,888)	(1,082,412)	(363,277)	(38,429,972)	(36,441,232)	
<b>TOTAL FIXED ASSETS</b>	<b>11,588,756</b>	<b>4,437,967</b>	<b>10,585,564</b>	<b>4,137,483</b>	<b>23,511</b>	<b>30,773,281</b>	<b>29,669,781</b>	
(Net of Accumulated Depreciation)								
<b>TOTAL ASSETS</b>	<b>18,966,702</b>	<b>7,738,598</b>	<b>15,687,000</b>	<b>4,334,431</b>	<b>315,506</b>	<b>47,042,237</b>	<b>48,065,476</b>	

LIABILITIES, CONTRIBUTED CAPITAL, AND RETAINED EARNINGS

Current Liabilities							
Accounts Payable	469,063	23,497	117,642	88	2,492	612,782	2,122,137
Obligations Under Capital Lease	-	4,050	-	-	-	4,050	38,914
Due to Other Funds	47,799	84,700	14,022	92,961	431,342	670,824	1,138,020
Accrued Liabilities	116,122	16,218	12,824	-	-	145,164	135,882
<b>Total Current Liabilities</b>	<b>632,984</b>	<b>128,465</b>	<b>144,488</b>	<b>93,049</b>	<b>433,834</b>	<b>1,432,820</b>	<b>3,434,953</b>
Liabilities Payable from Restricted Assets							
Accrued Interest & Coupons	125,231	11,990	66,125	-	-	203,346	202,657
Customer Deposits	608,471	-	-	-	-	608,471	593,774
<b>Total Liabilities Payable from Restricted Asset:</b>	<b>733,702</b>	<b>11,990</b>	<b>66,125</b>	<b>-</b>	<b>-</b>	<b>811,817</b>	<b>796,431</b>
Long-term Liabilities							
Compensated Absences	160,986	69,039	28,289	-	-	258,314	236,569
Obligation Under Capital Lease	-	-	-	-	-	-	4,050
Bonds Payable	-	389,547	2,940,000	-	-	3,329,547	3,627,001
<b>Total Long-term Liabilities</b>	<b>160,986</b>	<b>458,586</b>	<b>2,968,289</b>	<b>-</b>	<b>-</b>	<b>3,587,861</b>	<b>3,867,620</b>
<b>TOTAL LIABILITIES</b>	<b>1,527,672</b>	<b>599,041</b>	<b>3,178,902</b>	<b>93,049</b>	<b>433,834</b>	<b>5,832,498</b>	<b>8,099,004</b>
CONTRIBUTED CAPITAL							
Retained Earnings (Deficit)	325,128	778,338	4,438,633	2,860,129	87,055	8,489,283	8,929,529
Reserved for Debt Service	-	191,850	475,007	-	-	666,857	1,581,414
Unreserved - Undesignated	17,113,902	6,169,369	7,594,458	1,381,253	(205,383)	32,053,599	29,455,529
<b>Total Retained Earnings (Deficit)</b>	<b>17,113,902</b>	<b>6,361,219</b>	<b>8,069,465</b>	<b>1,381,253</b>	<b>(205,383)</b>	<b>32,720,456</b>	<b>31,036,943</b>
TOTAL CONTRIBUTED CAPITAL and RETAINED EARNINGS							
	17,439,030	7,139,557	12,508,098	4,241,382	(118,328)	41,209,739	39,966,472
TOTAL LIABILITIES, CONTRIBUTED CAPITAL AND RETAINED EARNINGS							
	18,966,702	7,738,598	15,687,000	4,334,431	315,506	47,042,237	48,065,476

See accompanying independent auditors' report.



CITY OF RUSTON, LOUISIANA  
Enterprise Funds

Exhibit E-2

Combining Statement of Revenues, Expenses  
and Changes in Retained Earnings (Deficit)  
September 30, 2002  
With Comparative Totals for September 2001

	Electric System	Water System	Sewer System	Ruston Airport Authority	Ambulance	Totals
	2002	2002	2002	2002	2002	2001
<b>OPERATING REVENUES</b>						
Charges for Services	17,145,558	1,725,545	2,105,435	21,298	331,465	24,211,954
Rent Income	21,546	-	-	17,017	-	38,563
Net Increase (Decrease) in the Fair Value of Investments	(42,432)	-	-	-	-	(42,432)
Miscellaneous	662,547	24,524	71,450	123	23	700,510
<b>TOTAL OPERATING REVENUES</b>	<b>17,787,219</b>	<b>1,750,069</b>	<b>2,176,885</b>	<b>38,438</b>	<b>331,488</b>	<b>24,985,039</b>
<b>OPERATING EXPENSES</b>						
Direct Expenses	13,927,632	1,351,625	1,493,353	266,724	327,758	21,229,586
Indirect Expenses	1,280,313	221,744	574,607	-	-	2,076,664
<b>TOTAL OPERATING EXPENSES</b>	<b>15,207,945</b>	<b>1,573,369</b>	<b>2,067,960</b>	<b>266,724</b>	<b>327,758</b>	<b>22,982,826</b>
<b>OPERATING INCOME (LOSS)</b>	<b>2,579,274</b>	<b>176,700</b>	<b>108,925</b>	<b>(228,286)</b>	<b>3,730</b>	<b>2,002,213</b>
<b>NONOPERATING REVENUES (EXPENSES)</b>						
Interest Income	183,336	98,150	132,355	2,677	1,690	418,208
Sale of Scrap	12,732	-	-	-	-	12,732
Sale of Hay	-	-	10,807	-	-	10,807
Federal and State Disaster Relief	-	-	28,477	-	-	28,477
Gain (Loss) on Sale of Assets	(30,058)	(24,465)	(127,890)	-	-	(182,413)
Interest Expense	17,267	-	-	330,509	-	347,776
Capital Contributions/Grants	-	-	-	-	-	224,382
<b>NET NONOPERATING REVENUES (EXPENSES)</b>	<b>183,277</b>	<b>73,685</b>	<b>43,749</b>	<b>333,186</b>	<b>1,690</b>	<b>881,884</b>
<b>NET INCOME (LOSS) BEFORE OPERATING TRANSFERS</b>	<b>2,762,551</b>	<b>250,385</b>	<b>152,674</b>	<b>104,900</b>	<b>5,420</b>	<b>3,275,930</b>
OPERATING TRANSFERS OUT	(1,508,282)	(236,833)	(288,586)	-	(8,684)	(1,715,385)
OPERATING TRANSFERS IN	-	-	-	9,722	-	11,789
<b>NET INCOME (LOSS)</b>	<b>1,254,269</b>	<b>13,552</b>	<b>(135,912)</b>	<b>114,622</b>	<b>(3,264)</b>	<b>1,180,548</b>
<b>DEPRECIATION OF FIXED ASSETS ACQUIRED WITH CAPITAL CONTRIBUTIONS</b>						
	-	11,830	203,668	224,748	-	440,246
<b>RETAINED EARNINGS (DEFICIT), OCTOBER 1</b>	<b>15,859,633</b>	<b>6,335,837</b>	<b>8,001,709</b>	<b>1,041,863</b>	<b>(202,119)</b>	<b>29,416,149</b>
<b>RETAINED EARNINGS (DEFICIT), SEPTEMBER 30</b>	<b>17,113,902</b>	<b>6,361,219</b>	<b>8,069,465</b>	<b>1,381,253</b>	<b>(205,383)</b>	<b>31,036,943</b>

See accompanying independent auditors' report

CITY OF RUSTON, LOUISIANA

Enterprise Funds  
Combining Statement of Cash Flows

September 30, 2002

With Comparative Totals for September 30, 2001

	Electric System	Water System	Sewer System	Ruston Airport Authority	Ambulance	Totals
	2002	2002	2002	2002	2002	2001
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>						
Operating Income (Loss)	2,579,274	176,700	108,925	(228,286)	3,730	2,002,213
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities:						
Depreciation and Amortization	1,177,725	346,712	599,540	216,578	17,781	2,175,233
Net (Increase) Decrease in the Fair Value of Investments	42,432	-	-	-	-	(37,083)
(Increase) Decrease in Operating Assets:						
Accounts Receivable	(149,737)	15,479	33,827	5,796	8,569	416,645
Due from Other Gov't Units	-	-	-	(92,180)	(2,500)	(42,716)
Due from Other Funds	(15,675)	6,967	61,864	24,798	8,563	1,917,303
Inventories	404,260	(5,985)	(7,594)	-	-	(102,005)
Advances	(1,000)	-	(150)	-	-	(1,150)
Increase (Decrease) in Operating Liabilities:						
Accounts Payable and Other Liabilities	(1,468,838)	(48,052)	5,810	(551)	2,276	(528,091)
Accrued Liabilities	4,100	1,137	4,045	-	-	34,791
Customer Deposits	14,697	-	-	-	-	2,492
Due to Other Funds	(510,736)	(16,347)	(50,662)	60,083	50,466	(1,690,637)
Compensated Absences	7,951	3,217	10,577	-	-	(107,420)
<b>NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES</b>	<b>2,084,453</b>	<b>479,828</b>	<b>766,182</b>	<b>(13,762)</b>	<b>88,885</b>	<b>4,040,725</b>
<b>CASH FLOWS FROM NONCAPITAL AND RELATED FINANCING ACTIVITIES</b>						
Operating Transfers Out	(1,508,282)	(236,833)	(288,586)	-	(8,684)	(1,715,338)
Operating Transfers In	-	-	-	9,722	-	11,789
Federal & State Disaster Relief	-	-	28,477	-	-	109,390
<b>NET CASH FLOWS PROVIDED BY (USED IN) NONCAPITAL AND RELATED FINANCING ACTIVITIES</b>	<b>(1,508,282)</b>	<b>(236,833)</b>	<b>(260,109)</b>	<b>9,722</b>	<b>(8,684)</b>	<b>(1,594,159)</b>

CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES									
Purchase of Capital Assets	(1,957,769)	(215,875)	(934,393)	(342,132)	(9,121)	(3,459,290)	(1,305,815)		
Capital Lease Obligation Payments	(18,699)	(20,215)	-	-	-	(38,914)	(40,045)		
Principal Paid on Bond Maturities	-	(85,000)	(215,000)	-	-	(300,000)	(290,000)		
Interest Paid on Bonds	(22,947)	(26,527)	(132,250)	-	-	(181,724)	(213,231)		
Capital Contributions/Grants	17,267	-	-	330,509	-	347,776	224,382		
<b>NET CASH FLOWS USED IN CAPITAL AND RELATED FINANCING ACTIVITIES</b>	<b>(1,982,148)</b>	<b>(347,617)</b>	<b>(1,281,643)</b>	<b>(11,623)</b>	<b>(9,121)</b>	<b>(3,632,152)</b>	<b>(1,624,709)</b>		
CASH FLOWS FROM INVESTING ACTIVITIES									
Interest Received	183,336	98,150	132,355	2,677	1,690	418,208	750,895		
Purchases of Investments	(850,000)	(1,056,167)	(2,551,135)	-	-	(4,457,302)	(2,694,918)		
Maturity of Investments	1,267,279	500,000	788,250	-	-	2,555,529	1,638,874		
Sale of Hay	-	-	10,807	-	-	10,807	4,912		
Sale of Scrap	12,732	-	-	-	-	12,732	2,600		
<b>NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES</b>	<b>613,347</b>	<b>(458,017)</b>	<b>(1,619,723)</b>	<b>2,677</b>	<b>1,690</b>	<b>(1,460,026)</b>	<b>(297,637)</b>		
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>(792,630)</b>	<b>(562,639)</b>	<b>(2,395,293)</b>	<b>(12,986)</b>	<b>72,770</b>	<b>(3,690,778)</b>	<b>524,220</b>		
<b>CASH AND CASH EQUIVALENTS, OCTOBER 1, 2000</b>	<b>4,147,354</b>	<b>1,306,572</b>	<b>3,331,378</b>	<b>75,038</b>	<b>108,127</b>	<b>8,968,469</b>	<b>8,444,249</b>		
<b>CASH AND CASH EQUIVALENTS, SEPTEMBER 30, 2001</b>	<b>3,354,724</b>	<b>743,933</b>	<b>936,085</b>	<b>62,052</b>	<b>180,897</b>	<b>5,277,691</b>	<b>8,968,469</b>		

See accompanying independent auditors' report.



## INTERNAL SERVICE FUNDS

Internal Service Funds account for the financing of goods or services provided by one department or agency to other departments or agencies of the government and to other government units, on a cost reimbursement basis.

### WORKMEN'S COMPENSATION SELF-INSURANCE FUND

Workmen's Compensation Fund accumulates resources to finance employee workmen's compensation injuries and claims.

### GENERAL SELF-INSURANCE FUND

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

### PURCHASING-WAREHOUSE FUND

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



CITY OF RUSTON, LOUISIANA  
Internal Service Funds  
Combining Balance Sheet  
September 30, 2002  
With Comparative Totals For September 30, 2001

Exhibit F-1

	Workmen's Compensation	General Insurance	Purchasing/ Warehouse	Totals 2002	Totals 2001
<b>ASSETS</b>					
Cash and Cash Equivalents	304,089	282,392	59,063	645,544	504,710
Accounts Receivable	-	-	-	-	75,550
Due from Other Funds	97,736	120	893	98,749	98,034
<b>TOTAL ASSETS</b>	<b>401,825</b>	<b>282,512</b>	<b>59,956</b>	<b>744,293</b>	<b>678,294</b>
<b>LIABILITIES AND RETAINED EARNINGS (DEFICIT)</b>					
<b>Liabilities</b>					
Accounts Payable	107,672	31,052	50	138,774	208,732
Accrued Salaries	-	-	3,500	3,500	2,668
Estimated Payable for Outstanding Claims	57,460	116,867	-	174,327	175,517
Compensated Absences	-	-	27,264	27,264	26,226
Due to Other Funds	-	197,736	3,171	200,907	1,097,991
<b>Total Liabilities</b>	<b>165,132</b>	<b>345,655</b>	<b>33,985</b>	<b>544,772</b>	<b>1,511,134</b>
<b>Retained Earnings (Deficit)</b>					
Unreserved - Undesignated	236,693	(63,143)	25,971	199,521	(832,840)
<b>Total Retained Earnings (Deficits)</b>	<b>236,693</b>	<b>(63,143)</b>	<b>25,971</b>	<b>199,521</b>	<b>(832,840)</b>
<b>TOTAL LIABILITIES AND RETAINED EARNINGS (DEFICIT)</b>	<b>401,825</b>	<b>282,512</b>	<b>59,956</b>	<b>744,293</b>	<b>678,294</b>

See accompanying independent auditors' report.

CITY OF RUSTON, LOUISIANA  
Internal Service Funds  
Combining Statement of Revenues, Expenses and  
Changes in Retained Earnings (Deficits)  
For the Year Ended September 30, 2002  
With Comparative Totals for September 30, 2001

Exhibit F-2

	Workmen's Compensation	General Insurance	Purchasing/ Warehouse	Totals 2002	Totals 2001
<b>OPERATING REVENUES</b>					
Insurance Subrogations	-	7,683	-	7,683	22,367
Premiums Paid by Retired Employees	-	162,578	-	162,578	99,931
Charges to Other Funds	50,776	1,928,223	-	1,978,999	1,532,569
Charges for Services	-	-	172,340	172,340	164,840
Other Income	421	7,775	-	8,196	54,516
<b>TOTAL OPERATING REVENUE</b>	<b>51,197</b>	<b>2,106,259</b>	<b>172,340</b>	<b>2,329,796</b>	<b>1,874,223</b>
<b>OPERATING EXPENSES</b>					
Claims	141,639	1,564,672	-	1,706,311	1,739,794
Insurance Premiums	151,262	403,146	-	554,408	339,029
Cost of Services	-	75,551	159,709	235,260	146,708
<b>TOTAL OPERATING EXPENSES</b>	<b>292,901</b>	<b>2,043,369</b>	<b>159,709</b>	<b>2,495,979</b>	<b>2,225,531</b>
<b>OPERATING INCOME (LOSS)</b>	<b>(241,704)</b>	<b>62,890</b>	<b>12,631</b>	<b>(166,183)</b>	<b>(351,308)</b>
<b>NONOPERATING REVENUES</b>					
Interest Income	5,669	4,284	1,417	11,370	28,949
<b>NET NONOPERATING REVENUES</b>	<b>5,669</b>	<b>4,284</b>	<b>1,417</b>	<b>11,370</b>	<b>28,949</b>
<b>NET INCOME (LOSS) BEFORE OPERATING TRANSFERS</b>	<b>(236,035)</b>	<b>67,174</b>	<b>14,048</b>	<b>(154,813)</b>	<b>(322,359)</b>
OPERATING TRANSFERS IN	190,100	1,000,000	-	1,190,100	190,100
OPERATING TRANSFERS OUT	-	-	(2,926)	(2,926)	(2,926)
<b>NET INCOME (LOSS)</b>	<b>(45,935)</b>	<b>1,067,174</b>	<b>11,122</b>	<b>1,032,361</b>	<b>(135,185)</b>
<b>RETAINED EARNINGS (DEFICIT), OCTOBER 1</b>	<b>282,628</b>	<b>(1,130,317)</b>	<b>14,849</b>	<b>(832,840)</b>	<b>(697,655)</b>
<b>RETAINED EARNINGS (DEFICIT), SEPTEMBER 30</b>	<b>236,693</b>	<b>(63,143)</b>	<b>25,971</b>	<b>199,521</b>	<b>(832,840)</b>

See accompanying independent auditors' report.

CITY OF RUSTON, LOUISIANA  
Internal Service Funds  
Combining Statement of Cash Flows  
September 30, 2002  
With Comparative Totals for September 30, 2001

Exhibit F-3

	Workmen's Compensation	General Insurance	Purchasing/ Warehouse	Totals 2002	Totals 2001
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Operating Income (Loss)	(241,704)	62,890	12,631	(166,183)	(351,308)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided By (Used In) Operating Activities:					
Decrease (Increase) in Operating Assets:					
Accounts Receivable	-	75,550	-	75,550	171,740
Due from Other Funds	-	-	(715)	(715)	1,978
Increase (Decrease) in Operating Liabilities:					
Accounts Payable	78,480	(148,316)	(122)	(69,958)	(60,625)
Accrued Salaries	-	-	832	832	2,668
Estimated Payable for Outstanding Claims	(322)	(868)	-	(1,190)	(254,313)
Due to Other Funds	-	(883,446)	(13,638)	(897,084)	436,792
Compensated Absences	-	-	1,038	1,038	(1,226)
<b>NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES</b>	<b>(163,546)</b>	<b>(894,190)</b>	<b>26</b>	<b>(1,057,710)</b>	<b>(54,294)</b>
<b>CASH FLOWS FROM NONCAPITAL AND RELATED FINANCING ACTIVITIES</b>					
Operating Transfers Out	-	-	(2,926)	(2,926)	(2,926)
Operating Transfers In	190,100	1,000,000	-	1,190,100	190,100
<b>NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES</b>	<b>190,100</b>	<b>1,000,000</b>	<b>(2,926)</b>	<b>1,187,174</b>	<b>187,174</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Interest	5,669	4,284	1,417	11,370	28,949
<b>NET CASH FLOW PROVIDED BY INVESTING ACTIVITIES</b>	<b>5,669</b>	<b>4,284</b>	<b>1,417</b>	<b>11,370</b>	<b>28,949</b>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>32,223</b>	<b>110,094</b>	<b>(1,483)</b>	<b>140,834</b>	<b>161,829</b>
<b>CASH AND CASH EQUIVALENTS, OCTOBER 1, 2000</b>	<b>271,866</b>	<b>172,298</b>	<b>60,546</b>	<b>504,710</b>	<b>342,881</b>
<b>CASH AND CASH EQUIVALENTS, SEPTEMBER 30, 2001</b>	<b>304,089</b>	<b>282,392</b>	<b>59,063</b>	<b>645,544</b>	<b>504,710</b>

See accompanying independent auditors' report.

GENERAL FIXED ASSETS ACCOUNT GROUP

The General Fixed Asset Account Group accounts for fixed assets of the governmental jurisdiction which are not accounted for in an Enterprise, Internal Service, or Trust and Agency Fund.

CITY OF RUSTON, LOUISIANA  
 Comparative Schedules of General Fixed Assets  
 September 30, 2002 and 2001

Exhibit G-1

GENERAL FIXED ASSETS	<u>2002</u>	<u>2001</u>
Land	831,496	831,043
Buildings	4,180,896	4,152,026
Improvements Other Than Buildings	4,601,830	4,369,133
Equipment	8,223,557	9,394,128
Construction in Progress	1,012,579	-
<b>TOTAL GENERAL FIXED ASSETS</b>	<b>18,850,358</b>	<b>18,746,330</b>
INVESTMENT IN GENERAL FIXED ASSETS		
General Government	5,157,610	4,121,070
Public Safety	2,941,459	2,851,257
Public Works	9,043,435	10,060,359
Recreation	1,707,854	1,713,644
<b>TOTAL INVESTMENT IN GENERAL FIXED ASSETS</b>	<b>18,850,358</b>	<b>18,746,330</b>

See accompanying independent auditors' report.

CITY OF RUSTON, LOUISIANA  
 Schedule of General Fixed Assets By Function and Activity  
 September 30, 2002

Exhibit G-2

Function and Activity	Land	Buildings	Improvements Other Than Buildings	Equipment	Construction in Progress	Total
General Government	344,461	2,380,935	218,939	1,200,696	1,012,579	5,157,610
Public Safety	312,181	150,961	-	2,478,317	-	2,941,459
Public Works	4,713	1,486,093	3,300,202	4,252,427	-	9,043,435
Recreation	170,141	162,907	1,082,689	292,117	-	1,707,854
<b>TOTAL GENERAL FIXED ASSETS</b>	<b>831,496</b>	<b>4,180,896</b>	<b>4,601,830</b>	<b>8,223,557</b>	<b>1,012,579</b>	<b>18,850,358</b>

See accompanying independent auditors' report.

CITY OF RUSTON, LOUISIANA  
 Schedule of Changes in General Fixed Assets by Function and Activity  
 For the Year Ended September 30, 2002

Exhibit G-3

Function and Activity	General Fixed Assets October 1, 2001	Additions	Adjustments and Retirements	General Fixed Assets September 30, 2002
General Government	4,121,070	1,454,694	(418,154)	5,157,610
Public Safety	2,851,257	398,924	(308,722)	2,941,459
Public Works	10,060,359	627,490	(1,644,414)	9,043,435
Recreation	1,713,644	30,597	(36,387)	1,707,854
<b>TOTAL GENERAL FIXED ASSETS</b>	<b>18,746,330</b>	<b>2,511,705</b>	<b>(2,407,677)</b>	<b>18,850,358</b>

See accompanying independent auditors' report.

CITY OF RUSTON, LOUISIANA  
 Schedule of Changes in General Fixed Assets By Sources  
 For the Year Ended September 30, 2002

Exhibit G-4

	Land	Buildings	Improvements Other Than Buildings	Equipment	Construction in Progress	Total
GENERAL FIXED ASSETS, October 1, 2001	831,043	4,152,026	4,369,133	9,394,128	-	18,746,330
Additions:						
General Fund	-	28,870	218,939	1,220,720	1,012,579	2,481,108
Recreation	453	-	17,269	12,875	-	30,597
<b>TOTAL ADDITIONS</b>	<b>453</b>	<b>28,870</b>	<b>236,208</b>	<b>1,233,595</b>	<b>1,012,579</b>	<b>2,511,705</b>
Deductions:						
General Fund	-	-	-	(2,371,290)	-	(2,371,290)
Recreation	-	-	(3,511)	(32,876)	-	(36,387)
<b>TOTAL DEDUCTIONS</b>	<b>-</b>	<b>-</b>	<b>(3,511)</b>	<b>(2,404,166)</b>	<b>-</b>	<b>(2,407,677)</b>
<b>GENERAL FIXED ASSETS</b> September 30, 2002	<b>831,496</b>	<b>4,180,896</b>	<b>4,601,830</b>	<b>8,223,557</b>	<b>1,012,579</b>	<b>18,850,358</b>

See accompanying independent auditors' report.





### GENERAL LONG-TERM DEBT ACCOUNT GROUP

The General Long-Term Debt Account Group records the general obligation bonds and other forms of long-term debt supported by general revenues that are obligations of a governmental unit as a whole and not its individual constituent funds.

CITY OF RUSTON, LOUISIANA  
 Schedule of Changes in General Long-Term Debt  
 For the Year Ended September 30, 2002

Exhibit H-1

	October 1, 2001	Additions	Deductions	September 30, 2002
Amount Available in Debt Service Fund	125,056	680,321	-	805,377
Amount to be Provided for Retirement of General Long-Term Debt	2,042,303	2,189,499	(2,294,038)	1,937,764
<b>TOTAL</b>	<b>2,167,359</b>	<b>2,869,820</b>	<b>(2,294,038)</b>	<b>2,743,141</b>

Long-Term Obligations Payable

Compensated Absences	1,120,511	650,415	(681,662)	1,089,264
Certificates of Indebtedness	719,000	-	(231,000)	488,000
Municipal Police Employees' Retirement System	150,926	-	(84,045)	66,881
Capital Leases	176,922	-	(127,926)	48,996
Tax Increment Bonds	-	2,000,000	(950,000)	1,050,000
<b>Total</b>	<b>2,167,359</b>	<b>2,650,415</b>	<b>(2,074,633)</b>	<b>2,743,141</b>

See accompanying independent auditors' report.

*Supplemental  
Information*

## CITY OF RUSTON, LOUISIANA

Schedule 1

## General Fund

Schedule of Expenditures - Budget (GAAP Basis) and Actual  
For the Year Ended September 30, 2002

	Budget	Actual	Favorable (Unfavorable)
<b>GENERAL GOVERNMENT</b>			
<b>EXECUTIVE</b>			
Salaries - Regular	427,821	430,309	(2,488)
Employee Benefits - Retirement	28,048	29,682	(1,634)
Employee Benefits - FICA Tax	6,937	5,947	990
Employee Benefits - Insurance	83,587	76,170	7,417
Workman's Compensation	1,575	1,575	-
Unemployment Compensation	1,000	-	1,000
<b>Total Personal Services</b>	<b>548,968</b>	<b>543,683</b>	<b>5,285</b>
Printing of Forms	3,500	3,522	(22)
Maint of Office Equip	7,500	363	7,137
Rent of Office Equip	13,590	10,882	2,708
Utilities	100,000	110,181	(10,181)
Heating	26,000	28,361	(2,361)
Telephone	15,000	14,031	969
Audit Fees	13,500	13,780	(280)
Legal Advertising	4,000	3,664	336
Legal Services	65,000	55,676	9,324
GIS Expense	20,512	18,925	1,587
Coroner Fees	15,000	6,675	8,325
Consulting	37,975	13,231	24,744
Data Processing	7,000	400	6,600
Tax Assessor/Collection Fees	34,000	33,596	404
Cash Short (Over)	100	-	100
Dues & Subscriptions	25,000	24,402	598
Errors & Omissions Liab	19,000	16,004	2,996
Insurance - Auto Liability	322	-	322
Medical Supplies & Services	1,500	1,022	478
Drug Ed/Prevention	15,000	10,200	4,800
Council Expenses	3,000	-	3,000
Miscellaneous	5,000	10,306	(5,306)
Postage	9,000	4,933	4,067
Railroad Park Expense	-	16,516	(16,516)
<b>Total Operating Services</b>	<b>440,499</b>	<b>396,670</b>	<b>43,829</b>
Uniforms	300	317	(17)
Supplies	14,000	10,761	3,239
Lincoln Parish Health Unit	5,000	5,000	-
Lincoln Parish Vets Admin	2,772	2,892	(120)
Warehouse	8,000	8,000	-
<b>Total Materials and Supplies</b>	<b>30,072</b>	<b>26,970</b>	<b>3,102</b>
Auto Allowances	6,000	6,470	(470)
Travel	10,000	3,807	6,193
<b>Total Travel and Other</b>	<b>16,000</b>	<b>10,277</b>	<b>5,723</b>
Capital Assets	290,848	245,955	44,893
<b>Total Capital Outlay</b>	<b>290,848</b>	<b>245,955</b>	<b>44,893</b>
<b>Total Executive</b>	<b>1,326,387</b>	<b>1,223,555</b>	<b>102,832</b>

See accompanying independent auditors' report.

## General Fund

Schedule of Expenditures - Budget (GAAP Basis) and Actual  
For the Year Ended September 30, 2002

	Budget	Actual	Favorable (Unfavorable)
<u>CITY COURT</u>			
Salaries - Regular	-	141,356	(141,356)
Employee Benefits - Retirement	-	7,732	(7,732)
Judge's Retirement	-	3,998	(3,998)
Employee Benefits - FICA Tax	-	2,325	(2,325)
Employee Benefits - Insurance	-	11,397	(11,397)
Workman's Compensation	-	600	(600)
<u>Total Personal Services</u>	-	<u>167,408</u>	<u>(167,408)</u>
Telephone	-	3,594	(3,594)
Medical Supplies	-	170	(170)
<u>Total Operating Services</u>	-	<u>3,764</u>	<u>(3,764)</u>
Supplies	-	1,445	(1,445)
Juvenile Assistance Program	-	10,500	(10,500)
<u>Total Materials and Supplies</u>	-	<u>11,945</u>	<u>(11,945)</u>
Witness Fee - Officers	-	7,300	(7,300)
<u>Total Travel and Other</u>	-	<u>7,300</u>	<u>(7,300)</u>
Capital Assets	-	13,876	(13,876)
<u>Total Capital Outlay</u>	-	<u>13,876</u>	<u>(13,876)</u>
Lump Sum	167,920	-	167,920
<u>Total City Court</u>	<u>167,920</u>	<u>204,293</u>	<u>(36,373)</u>
<u>MARSHAL</u>			
Salaries - Regular	-	102,574	(102,574)
Salaries - Overtime	-	3,070	(3,070)
Employee Benefits - Retirement	-	11,114	(11,114)
Employee Benefits - FICA Tax	-	1,328	(1,328)
Employee Benefits - Insurance	-	29,412	(29,412)
Workman's Compensation	-	750	(750)
<u>Total Personal Services</u>	-	<u>148,248</u>	<u>(148,248)</u>
Medical Supplies & Services	-	50	(50)
Postage	-	218	(218)
<u>Total Operating Services</u>	-	<u>268</u>	<u>(268)</u>
Lump Sum	148,185	-	148,185
<u>Total Marshal</u>	<u>148,185</u>	<u>148,516</u>	<u>(331)</u>
<u>CIVIC CENTER/CITY HALL</u>			
Salaries - Regular	115,127	114,766	361
Salaries - Overtime	5,000	5,555	(555)
Salaries - Contract Labor	1,500	-	1,500
Employee Benefits - Retirement	7,587	7,704	(117)
Employee Benefits - FICA Tax	2,071	2,036	35
Employee Benefits - Insurance	21,926	19,071	2,855
Workman's Compensation	825	825	-
Unemployment	2,500	5,066	(2,566)
<u>Total Personal Services</u>	<u>156,536</u>	<u>155,023</u>	<u>1,513</u>

See accompanying independent auditors' report.

## CITY OF RUSTON, LOUISIANA

Schedule 1

## General Fund

Schedule of Expenditures - Budget (GAAP Basis) and Actual  
For the Year Ended September 30, 2002

	Budget	Actual	Favorable (Unfavorable)
Printing of Forms	200	-	200
Maint of Bldg & Grnds	132,028	117,286	14,742
Maint of Equipment	2,500	630	1,870
Telephone	2,000	2,433	(433)
Dues & Subscriptions	500	449	51
Insurance - Fire	5,800	4,141	1,659
Insurance - Gen Liability	15,960	14,714	1,246
Medical Supplies	290	380	(90)
Postage	100	70	30
<b>Total Operating Services</b>	<b>159,378</b>	<b>140,103</b>	<b>19,275</b>
Uniforms	300	507	(207)
Chemicals	1,000	-	1,000
Supplies	13,000	9,746	3,254
Gas, Oil, Diesel	400	412	(12)
<b>Total Materials and Supplies</b>	<b>14,700</b>	<b>10,665</b>	<b>4,035</b>
Training Personnel	5,100	2,797	2,303
Auto Allowances	1,000	-	1,000
<b>Total Travel and Other</b>	<b>6,100</b>	<b>2,797</b>	<b>3,303</b>
Capital Assets	67,037	64,764	2,273
<b>Total Capital Outlay</b>	<b>67,037</b>	<b>64,764</b>	<b>2,273</b>
<b>Total Civic Center/City Hall</b>	<b>403,751</b>	<b>373,352</b>	<b>30,399</b>
<b>SECTION 8</b>			
Salaries - Regular	60,818	60,402	416
Employee Benefits - Retirement	3,558	3,674	(116)
Employee Benefits - FICA Tax	737	679	58
Employee Benefits - Insurance	12,749	10,325	2,424
Workman's Compensation	300	300	-
<b>Total Personal Services</b>	<b>78,162</b>	<b>75,380</b>	<b>2,782</b>
Printing of Forms	350	-	350
Maint of Office Equip	3,900	2,497	1,403
Utilities	1,200	539	661
Heating	500	252	248
Telephone	3,500	5,865	(2,365)
Legal Advertising	100	-	100
Consulting	10,000	8,740	1,260
Dues & Subscriptions	1,500	216	1,284
Postage	1,200	1,025	175
<b>Total Operating Services</b>	<b>22,250</b>	<b>19,134</b>	<b>3,116</b>
Supplies	5,320	4,021	1,299
<b>Total Materials and Supplies</b>	<b>5,320</b>	<b>4,021</b>	<b>1,299</b>
Training Personnel	5,500	5,832	(332)
Auto Allowances	1,000	-	1,000
<b>Total Travel and Other</b>	<b>6,500</b>	<b>5,832</b>	<b>668</b>

See accompanying independent auditors' report.

## CITY OF RUSTON, LOUISIANA

Schedule 1

## General Fund

Schedule of Expenditures - Budget (GAAP Basis) and Actual  
For the Year Ended September 30, 2002

	Budget	Actual	Favorable (Unfavorable)
Capital Assets	2,000	2,000	-
<u>Total Capital Outlay</u>	<u>2,000</u>	<u>2,000</u>	<u>-</u>
<u>Total Section 8</u>	<u>114,232</u>	<u>106,367</u>	<u>7,865</u>
<u>ENGINEERING</u>			
Salaries - Regular	63,473	51,990	11,483
Salaries - Overtime	1,200	17	1,183
Employee Benefits - Retirement	4,444	3,818	626
Employee Benefits - FICA Tax	354	188	166
Employee Benefits - Insurance	6,292	4,134	2,158
Workman's Compensation	300	300	-
<u>Total Personal Services</u>	<u>76,063</u>	<u>60,447</u>	<u>15,616</u>
Maint of Equipment	4,200	1,380	2,820
Telephone	2,000	2,158	(158)
Consulting	51,892	-	51,892
Dues & Subscriptions	200	-	200
General liability Insurance	3,703	3,678	25
Medical Supplies	250	90	160
Postage	200	3	197
<u>Total Operating Services</u>	<u>62,445</u>	<u>7,309</u>	<u>55,136</u>
Supplies	5,000	4,080	920
<u>Total Materials and Supplies</u>	<u>5,000</u>	<u>4,080</u>	<u>920</u>
Training Personnel	8,300	-	8,300
Auto Allowances	600	-	600
<u>Total Travel and Other</u>	<u>8,900</u>	<u>-</u>	<u>8,900</u>
Capital Assets	10,000	2,990	7,010
<u>Total Capital Outlay</u>	<u>10,000</u>	<u>2,990</u>	<u>7,010</u>
<u>Total Engineering</u>	<u>162,408</u>	<u>74,826</u>	<u>87,582</u>
<u>COMMUNITY DEVELOPMENT</u>			
Salaries - Regular	47,727	47,387	340
Employee Benefits - Retirement	3,341	3,462	(121)
Employee Benefits - FICA Tax	693	657	36
Employee Benefits - Insurance	5,899	5,963	(64)
Workman's Compensation	150	150	-
<u>Total Personal Services</u>	<u>57,810</u>	<u>57,619</u>	<u>191</u>
Maint of Office Equip	2,000	399	1,601
Telephone	1,200	887	313
Legal Advertising	2,400	556	1,844
Legal Services	-	46	(46)
Consulting	17,050	3,150	13,900
Dues & Subscriptions	1,500	287	1,213
Medical Supplies & Services	100	40	60
Postage	1,000	1,019	(19)
HOME Grant Expenditures	59,533	59,533	-
<u>Total Operating Services</u>	<u>84,783</u>	<u>65,917</u>	<u>18,866</u>

See accompanying independent auditors' report.



## CITY OF RUSTON, LOUISIANA

Schedule 1

## General Fund

Schedule of Expenditures - Budget (GAAP Basis) and Actual  
For the Year Ended September 30, 2002

	Budget	Actual	Favorable (Unfavorable)
Supplies	5,000	4,967	33
Total Materials and Supplies	5,000	4,967	33
Training Personnel	5,000	516	4,484
Auto Allowances	600	-	600
Total Travel and Other	5,600	516	5,084
Capital Assets	2,000	1,019	981
Total Capital Outlay	2,000	1,019	981
<b>Total Community Development</b>	<b>155,193</b>	<b>130,038</b>	<b>25,155</b>
<b>INSPECTIONS</b>			
Salaries - Regular	151,199	122,173	29,026
Contract Labor	3,000	-	3,000
Employee Benefits - Retirement	11,284	9,727	1,557
Employee Benefits - FICA Tax	2,338	1,842	496
Employee Benefits - Insurance	25,898	22,585	3,313
Workman's Compensation	750	750	-
Total Personal Services	194,469	157,077	37,392
Printing of Forms	1,700	528	1,172
Maint of Office Equipment	1,000	195	805
House Demolition	40,000	11,982	28,018
Telephone	3,100	2,831	269
Legal Advertising	200	84	116
Dues & Subscriptions	1,500	1,149	351
Medical Supplies/Services	250	157	93
Postage	700	272	428
Total Operating Services	48,450	17,198	31,252
Permits	200	200	-
Supplies	4,000	3,881	119
Total Materials and Supplies	4,200	4,081	119
Training Personnel	13,285	4,596	8,689
Auto Allowances	9,000	10,721	(1,721)
Total Travel and Other	22,285	15,317	6,968
<b>Total Inspections</b>	<b>269,404</b>	<b>193,673</b>	<b>75,731</b>
<b>TOTAL GENERAL GOVERNMENT</b>	<b>2,747,480</b>	<b>2,454,620</b>	<b>292,860</b>

See accompanying independent auditors' report.

## General Fund

Schedule of Expenditures - Budget (GAAP Basis) and Actual  
For the Year Ended September 30, 2002

	Budget	Actual	Favorable (Unfavorable)
<b>PUBLIC SAFETY</b>			
<b>POLICE</b>			
Salaries - Regular	1,492,408	1,552,995	(60,587)
Salaries - Overtime	170,000	175,612	(5,612)
DWI Enforcement	14,000	12,104	1,896
Retirement - Municipal	1,999	2,143	(144)
Retirement - Police	142,359	130,446	11,913
Retirement - Former	90,676	90,676	-
Employee Benefits - FICA Tax	17,689	19,480	(1,791)
Employee Benefits - Insurance	290,947	272,407	18,540
Workman's Compensation	7,650	7,650	-
<b>Total Personal Services</b>	<b>2,227,728</b>	<b>2,263,513</b>	<b>(35,785)</b>
Narcotics Enforcement Team	7,713	7,659	54
Emergency Response Team	5,500	5,601	(101)
Printing of Forms	2,000	2,703	(703)
Maint of Bldg, Grounds, Equip	6,500	8,928	(2,428)
Rent of Office Equipment	4,000	3,840	160
Telephone	21,500	21,313	187
Auto & Truck Repair	35,717	41,590	(5,873)
Legal Advertising	1,000	606	394
Legal Services	32,000	30,757	1,243
Dues & Subscriptions	3,615	1,945	1,670
Insurance	34,000	39,959	(5,959)
Insurance - Auto Liab	8,600	8,326	274
Investigative Awards	500	-	500
Lincoln Parish Detention Ctr	15,000	15,000	-
Medical Supplies & Services	4,000	1,430	2,570
Postage	1,200	1,580	(380)
<b>Total Operating Services</b>	<b>182,845</b>	<b>191,237</b>	<b>(8,392)</b>
Uniforms	15,569	15,222	347
Supplies	22,000	24,760	(2,760)
Gas, Oil, Diesel	49,500	39,867	9,633
<b>Total Materials and Supplies</b>	<b>87,069</b>	<b>79,849</b>	<b>7,220</b>
Training Personnel	18,000	20,148	(2,148)
Training Supplies	10,000	8,967	1,033
Auto Allowances	4,500	4,500	-
<b>Total Travel and Other</b>	<b>32,500</b>	<b>33,615</b>	<b>(1,115)</b>
Capital Assets	104,515	105,447	(932)
LLBG Expenditures	33,816	29,086	4,730
<b>Total Capital Outlay</b>	<b>138,331</b>	<b>134,533</b>	<b>3,798</b>
<b>Total Police</b>	<b>2,668,473</b>	<b>2,702,747</b>	<b>(34,274)</b>

See accompanying independent auditors' report.

## CITY OF RUSTON, LOUISIANA

Schedule 1

## General Fund

Schedule of Expenditures - Budget (GAAP Basis) and Actual  
For the Year Ended September 30, 2002

	Budget	Actual	Favorable (Unfavorable)
<b>FIRE</b>			
Salaries - Regular	1,000,426	988,285	12,141
Salaries - Overtime	53,800	57,947	(4,147)
Retirement - Fire	136,928	83,507	53,421
Employee Benefits - FICA Tax	9,039	8,714	325
Employee Benefits - Insurance	293,763	258,496	35,267
Workman's Compensation	6,248	6,248	-
<b>Total Personal Services</b>	<b>1,500,204</b>	<b>1,403,197</b>	<b>97,007</b>
Maint of Bldg & Grnds	24,692	30,685	(5,993)
Rent of Office Equip	20,370	16,917	3,453
City Utilities	19,500	20,875	(1,375)
Heating	14,300	5,397	8,903
Telephone	14,000	13,757	243
Auto & Truck Repair	12,000	13,395	(1,395)
Legal Services	2,777	90	2,687
Dues & Subscriptions	3,512	2,737	775
Insurance - Fire	7,500	5,359	2,141
Insurance - Gen Liab	13,600	12,875	725
Insurance - Auto Liab	5,523	7,569	(2,046)
Medical Supplies & Services	6,614	1,108	5,506
Postage	300	377	(77)
Fire Matching Grant	133,253	133,254	(1)
<b>Total Operating Services</b>	<b>277,941</b>	<b>264,395</b>	<b>13,546</b>
Uniforms	23,652	15,817	7,835
Supplies	15,500	21,504	(6,004)
Gas, Oil, Diesel	8,600	6,381	2,219
<b>Total Materials and Supplies</b>	<b>47,752</b>	<b>43,702</b>	<b>4,050</b>
Training Personnel	18,456	8,047	10,409
Auto Allowances	15,300	15,319	(19)
<b>Total Travel and Other</b>	<b>33,756</b>	<b>23,366</b>	<b>10,390</b>
Capital Assets	112,540	102,161	10,379
<b>Total Capital Outlay</b>	<b>112,540</b>	<b>102,161</b>	<b>10,379</b>
<b>Total Fire</b>	<b>1,972,193</b>	<b>1,836,821</b>	<b>135,372</b>
<b>STREET LIGHTING</b>			
Maintenance of Lights	33,807	78	33,729
City Utilities	140,000	170,495	(30,495)
Electricity- Traffic Lights	1,200	1,126	74
Electricity- Claiborne Electric	1,000	964	36
<b>Total Operating Services</b>	<b>176,007</b>	<b>172,663</b>	<b>3,344</b>
<b>Total Street Lighting</b>	<b>176,007</b>	<b>172,663</b>	<b>3,344</b>

See accompanying independent auditors' report.

## General Fund

Schedule of Expenditures - Budget (GAAP Basis) and Actual  
For the Year Ended September 30, 2002

	Budget	Actual	Favorable (Unfavorable)
<b>PROBATION</b>			
Salaries - Regular	-	42,139	(42,139)
Employee Benefits - Retirement	-	3,072	(3,072)
Employee Benefits - FICA Tax	-	585	(585)
Employee Benefits - Insurance	-	8,234	(8,234)
Workman's Compensation	-	450	(450)
<b>Total Personal Services</b>	-	<b>54,480</b>	<b>(54,480)</b>
Telephone	-	1,155	(1,155)
Auto & Truck Repair	-	12	(12)
Auto Liability	-	757	(757)
Medical Supplies	-	50	(50)
<b>Total Operating Services</b>	-	<b>1,974</b>	<b>(1,974)</b>
Supplies	-	34	(34)
Gas, Oil, Diesel	-	416	(416)
<b>Total Materials and Supplies</b>	-	<b>450</b>	<b>(450)</b>
Lump Sum	91,645	-	91,645
<b>Total Probation</b>	<b>91,645</b>	<b>56,904</b>	<b>34,741</b>
<b>TOTAL PUBLIC SAFETY</b>	<b>4,908,318</b>	<b>4,769,135</b>	<b>139,183</b>
<b>PUBLIC WORKS</b>			
<b>ADMINISTRATION</b>			
Salaries - Regular	184,508	182,983	1,525
Salaries - Overtime	1,600	1,446	154
Employee Benefits - Retirement	12,091	12,556	(465)
Employee Benefits - FICA Tax	2,969	2,873	96
Employee Benefits - Insurance	16,781	16,246	535
Workman's Compensation	675	675	-
<b>Total Personal Services</b>	<b>218,624</b>	<b>216,779</b>	<b>1,845</b>
Printing of Forms	1,000	124	876
Maint of Bldg & Grounds	4,000	2,444	1,556
Maint of Office Equipment	2,000	260	1,740
Rent of Office Equipment	4,000	2,247	1,753
Utilities	40,000	29,232	10,768
Heating	16,000	7,957	8,043
Telephone	13,000	14,557	(1,557)
Legal Copies	250	-	250
Dues & Subscriptions	500	479	21
Fire Insurance	13,260	9,906	3,354
Medical Services & Supplies	250	248	2
Postage	100	67	33
<b>Total Operating Services</b>	<b>94,360</b>	<b>67,521</b>	<b>26,839</b>
Uniforms	500	-	500
Supplies	5,000	4,820	180
<b>Total Materials and Supplies</b>	<b>5,500</b>	<b>4,820</b>	<b>680</b>

See accompanying independent auditors' report.

## CITY OF RUSTON, LOUISIANA

Schedule 1

## General Fund

Schedule of Expenditures - Budget (GAAP Basis) and Actual  
For the Year Ended September 30, 2002

	Budget	Actual	Favorable (Unfavorable)
Training Personnel	6,000	944	5,056
Auto Allowances	6,000	3,323	2,677
<u>Total Travel and Other</u>	<u>12,000</u>	<u>4,267</u>	<u>7,733</u>
Capital Assets	12,500	8,654	3,846
<u>Total Capital Outlay</u>	<u>12,500</u>	<u>8,654</u>	<u>3,846</u>
<u>Total Administration</u>	<u>342,984</u>	<u>302,041</u>	<u>40,943</u>
<u>STREETS</u>			
Salaries - Regular	536,388	479,224	57,164
Salaries - Overtime	20,000	15,929	4,071
Contract Labor	27,300	25,559	1,741
Employee Benefits - Retirement	35,411	33,766	1,645
Employee Benefits - FICA Tax	7,753	5,662	2,091
Employee Benefits - Insurance	135,766	99,592	36,174
Workman's Compensation	3,900	3,900	-
<u>Total Personal Services</u>	<u>766,518</u>	<u>663,632</u>	<u>102,886</u>
Maint of Bldgs & Grnds	14,000	14,434	(434)
Maint of Equipment	40,777	55,213	(14,436)
Maint of Streets	641,478	416,683	224,795
Rent of Equipment	98,163	78,930	19,233
Auto & Truck Repair	22,000	13,096	8,904
Consulting	95,000	32,849	62,151
Insurance - Gen Liab	29,682	29,428	254
Insurance - Auto Liab	9,676	13,625	(3,949)
Medical Supplies & Services	1,700	1,915	(215)
<u>Total Operating Services</u>	<u>952,476</u>	<u>656,173</u>	<u>296,303</u>
Uniforms	9,600	7,627	1,973
Chemicals	5,000	5,970	(970)
Signs	15,000	7,727	7,273
Supplies	20,563	24,321	(3,758)
Small Tools and Equipment	4,000	2,436	1,564
Street Paint	5,000	643	4,357
Gas, Oil, Diesel	42,000	44,979	(2,979)
<u>Total Materials and Supplies</u>	<u>101,163</u>	<u>93,703</u>	<u>7,460</u>
Training Personnel	2,000	719	1,281
<u>Total Travel and Other</u>	<u>2,000</u>	<u>719</u>	<u>1,281</u>
Capital Assets	133,400	143,278	(9,878)
Capital Assets - Culvert	10,000	-	10,000
Capital Assets - Street	22,956	7,533	15,423
<u>Total Capital Outlay</u>	<u>166,356</u>	<u>150,811</u>	<u>15,545</u>
<u>Total Streets</u>	<u>1,988,513</u>	<u>1,565,038</u>	<u>423,475</u>

See accompanying independent auditors' report.

## General Fund

Schedule of Expenditures - Budget (GAAP Basis) and Actual  
For the Year Ended September 30, 2002

	Budget	Actual	Favorable (Unfavorable)
<u>SOLID WASTE</u>			
Salaries - Regular	550,578	514,758	35,820
Salaries - Overtime	30,000	20,275	9,725
Employee Benefits - Retirement	38,540	34,185	4,355
Employee Benefits - FICA Tax	5,455	4,969	486
Employee Benefits - Insurance	113,088	101,701	11,387
Workman's Compensation	4,050	4,050	-
<u>Total Personal Services</u>	<u>741,711</u>	<u>679,938</u>	<u>61,773</u>
Maint of Bldg & Grounds	2,000	709	1,291
Maint of Equipment	50,201	47,239	2,962
Rent of Equipment	69,641	41,923	27,718
Auto & Truck Repair	53,006	58,166	(5,160)
Bad Debt Expense	5,000	2,687	2,313
Insurance - General Liability	14,821	14,714	107
Insurance - Auto Liability	21,808	21,951	(143)
Medical Supplies & Services	2,000	1,222	778
<u>Total Operating Services</u>	<u>218,477</u>	<u>188,611</u>	<u>29,866</u>
Uniforms	10,800	6,220	4,580
Permits	200	-	200
Supplies	45,795	46,738	(943)
Small Tools and Equipment	1,000	147	853
Gas, Oil, Diesel	70,000	70,034	(34)
<u>Total Materials and Supplies</u>	<u>127,795</u>	<u>123,139</u>	<u>4,656</u>
Training Personnel	2,000	-	2,000
<u>Total Travel and Other</u>	<u>2,000</u>	<u>-</u>	<u>2,000</u>
Capital Assets	372,800	368,191	4,609
<u>Total Capital Outlay</u>	<u>372,800</u>	<u>368,191</u>	<u>4,609</u>
<u>Total Solid Waste</u>	<u>1,462,783</u>	<u>1,359,879</u>	<u>102,904</u>
<u>REPAIR SHOP</u>			
Salaries - Regular	290,709	266,908	23,801
Salaries - Overtime	10,000	5,205	4,795
Employee Benefits - Retirement	20,350	19,490	860
Employee Benefits - FICA Tax	4,216	3,732	484
Employee Benefits - Insurance	59,144	50,170	8,974
Workman's Compensation	1,800	1,800	-
<u>Total Personal Services</u>	<u>386,219</u>	<u>347,305</u>	<u>38,914</u>
Permits	1,000	1,114	(114)
Maint of Building & Grnds	3,000	872	2,128
Maint of Equipment	3,000	2,383	617
Auto & Truck Repair	3,500	1,353	2,147
Insurance - Auto Liab	1,500	3,785	(2,285)
Medical Supplies & Services	1,200	1,048	152
<u>Total Operating Services</u>	<u>13,200</u>	<u>10,555</u>	<u>2,645</u>

See accompanying independent auditors' report.

## CITY OF RUSTON, LOUISIANA

Schedule 1

## General Fund

Schedule of Expenditures - Budget (GAAP Basis) and Actual  
For the Year Ended September 30, 2002

	Budget	Actual	Favorable (Unfavorable)
Uniforms	4,800	2,687	2,113
Supplies	12,000	7,737	4,263
Small Tools and Equipment	5,000	4,961	39
Gas, Oil, Diesel	3,500	5,340	(1,840)
<u>Total Materials and Supplies</u>	<u>25,300</u>	<u>20,725</u>	<u>4,575</u>
Training Personnel	5,000	775	4,225
Auto Allowances	1,200	1,084	116
<u>Total Travel and Other</u>	<u>6,200</u>	<u>1,859</u>	<u>4,341</u>
Capital Assets	6,500	3,544	2,956
<u>Total Capital Outlay</u>	<u>6,500</u>	<u>3,544</u>	<u>2,956</u>
<u>Total Repair Shop</u>	<u>437,419</u>	<u>383,988</u>	<u>53,431</u>
<u>ANIMAL CONTROL</u>			
Salaries - Regular	64,650	64,224	426
Salaries - Overtime	5,000	4,970	30
Employee Benefits - Retirement	4,526	4,682	(156)
Employee Benefits - FICA Tax	938	909	29
Employee Benefits - Insurance	18,814	18,927	(113)
Workman's Compensation	450	450	-
<u>Total Personal Services</u>	<u>94,378</u>	<u>94,162</u>	<u>216</u>
Maint of Building & Grnds	1,500	266	1,234
Maint of Equipment	3,000	1,065	1,935
City Utilities	3,500	2,993	507
Heating	7,000	3,310	3,690
Telephone	2,500	2,147	353
Auto & Truck Repair	1,000	862	138
Veterinary Fees	6,020	2,564	3,456
Insurance - Auto Liab	1,288	757	531
Medical Supplies & Services	1,500	1,452	48
Postage	100	6	94
<u>Total Operating Services</u>	<u>27,408</u>	<u>15,422</u>	<u>11,986</u>
Uniforms	1,475	808	667
Permits	200	547	(347)
Supplies	6,130	6,216	(86)
Gas, Oil, Diesel	3,000	55	2,945
<u>Total Materials and Supplies</u>	<u>10,805</u>	<u>7,626</u>	<u>3,179</u>
Training Personnel	4,000	2,179	1,821
<u>Total Travel and Other</u>	<u>4,000</u>	<u>2,179</u>	<u>1,821</u>
Capital Assets	10,000	6,370	3,630
<u>Total Capital Outlay</u>	<u>10,000</u>	<u>6,370</u>	<u>3,630</u>
<u>Total Animal Control</u>	<u>146,591</u>	<u>125,759</u>	<u>20,832</u>
<u>TOTAL PUBLIC WORKS</u>	<u>4,378,290</u>	<u>3,736,705</u>	<u>641,585</u>
<u>TOTAL GENERAL FUND EXPENDITURES</u>	<u>12,034,088</u>	<u>10,960,460</u>	<u>1,073,628</u>

See accompanying independent auditors' report.

CITY OF RUSTON, LOUISIANA  
 Enterprise Fund - Electric System  
 Schedule of Operating Expenses By Department  
 For the Years Ended September 30, 2002 and 2001

Schedule 2

	2002 Actual	2001 Actual	Change
<b>DIRECT EXPENSES</b>			
<u>STEAM PLANT</u>			
Salaries - Regular	364,398	406,005	(41,607)
Salaries - Overtime	42,357	57,263	(14,906)
Municipal Emp Retirement	25,790	26,342	(552)
Employers Match FICA Tax	4,064	4,279	(215)
Employee Insurance	78,019	62,494	15,525
Uniforms	3,612	3,837	(225)
Workmans Compensation	3,150	3,150	-
Training Personnel/Travel	2,746	2,556	190
Chemicals	12,712	90,235	(77,523)
Fuel	90	4,066,074	(4,065,984)
Energy	10,062,863	9,967,496	95,367
Permits	14,722	2,944	11,778
Supplies	38,623	50,312	(11,689)
Maint of Bldg & Grnds	20,859	1,362	19,497
Maint of Equip	362,776	570,833	(208,057)
Maint of Radio Equipment	42	102	(60)
Hazardous Waste Expense	502	1,594	(1,092)
City Utilities	247,880	198,961	48,919
Telephone	8,768	7,247	1,521
Auto Allowances	176	269	(93)
Auto & Truck Repair	634	741	(107)
Gasoline, Oil & Diesel	879	1,517	(638)
Insurance - Fire(Boiler)	84,000	56,000	28,000
Insurance - General Liab	131,205	115,556	15,649
Insurance - Auto Liab	1,514	1,374	140
Medical Supplies & Services	405	699	(294)
Depreciation	444,789	387,153	57,636
<b>Total Steam Plant</b>	<b>11,957,575</b>	<b>16,086,395</b>	<b>(4,128,820)</b>
<u>DIESEL PLANT</u>			
Supplies	576	216	360
Maint of Bldg & Grnds	975	-	975
City Utilities	87	78	9
<b>Total Diesel Plant</b>	<b>1,638</b>	<b>294</b>	<b>1,344</b>

See accompanying independent auditors' report.



## CITY OF RUSTON, LOUISIANA

Schedule 2

## Enterprise Fund - Electric System

## Schedule of Operating Expenses By Department

For the Years Ended September 30, 2002 and 2001

	2002 Actual	2001 Actual	Change
<u>DISTRIBUTION SYSTEM</u>			
Salaries - Regular	412,045	382,060	29,985
Salaries - Overtime	43,519	37,415	6,104
Salaries - Contract Labor	3,913	-	3,913
Municipal Emp Retirement	27,891	24,572	3,319
Employers Match FICA Tax	4,688	4,138	550
Employee Insurance	87,779	59,343	28,436
Uniforms	3,848	4,205	(357)
Workmans Compensation	2,700	2,625	75
Training Personnel/Travel	9,177	5,051	4,126
Permits	700	-	700
Supplies	17,966	21,809	(3,843)
Maint of Bldg & Grnds	342	423	(81)
Maint of Equip	17,228	10,796	6,432
Maint of Dist System	256,325	225,746	30,579
Maint of Office Equipment	144	-	144
Maint of Radio Equipment	498	1,176	(678)
Maint of Right of Way	288,194	236,954	51,240
Hazardous Waste Expense	4,379	6,922	(2,543)
City Utilities	71,218	2,457	68,761
Heating	121	130	(9)
Telephone	4,694	3,686	1,008
Auto Allowances	224	279	(55)
Auto & Truck Repair	5,555	10,139	(4,584)
Gasoline, Oil & Diesel	13,724	15,466	(1,742)
Consulting	36,884	55,038	(18,154)
Damages	354	61	293
Insurance - Auto Liab	6,812	6,181	631
Medical Supplies & Services	1,140	1,003	137
Depreciation	607,866	542,170	65,696
<b>Total Distribution System</b>	<b>1,929,928</b>	<b>1,659,845</b>	<b>270,083</b>
<u>SUBSTATIONS</u>			
Supplies	16	93	(77)
Maint of Bldg & Grounds	3,917	-	3,917
Maint of Equipment	34,558	33,508	1,050
<b>Total Substations</b>	<b>38,491</b>	<b>33,601</b>	<b>4,890</b>
<b>TOTAL DIRECT EXPENSES</b>	<b>13,927,632</b>	<b>17,780,135</b>	<b>(3,852,503)</b>

See accompanying independent auditors' report.

CITY OF RUSTON, LOUISIANA  
 Enterprise Fund - Electric System  
 Schedule of Operating Expenses By Department  
 For the Years Ended September 30, 2002 and 2001

Schedule 2

	2002 Actual	2001 Actual	Change
<b>INDIRECT EXPENSES</b>			
<b><u>GENERAL &amp; ADMINISTRATIVE</u></b>			
Salaries - Regular	287,782	322,409	(34,627)
Salaries - Overtime	7,354	8,212	(858)
Municipal Emp Retirement	20,752	20,662	90
Employers Match FICA Tax	3,269	3,771	(502)
Employee Insurance	44,570	31,011	13,559
Uniforms	1,137	527	610
Workman's Compensation	1,500	1,650	(150)
Training Personnel/Travel	32,720	19,327	13,393
Office Supplies	-	463	(463)
Printing of Forms	2,272	-	2,272
Supplies	7,214	7,345	(131)
Warehouse	140,000	132,500	7,500
Maint of Office Equip	3,686	3,168	518
Maint of Radio Equip	200	1,557	(1,357)
Maint of Sundry Equip	22	302	(280)
Telephone	9,245	9,163	82
Auto Allowances	1,522	2,208	(686)
Auto & Truck Repair	222	2,378	(2,156)
Gasoline, Oil & Diesel	2,655	2,790	(135)
Audit Fees	17,500	23,000	(5,500)
Legal Advertising	123	163	(40)
Legal Services	1	142	(141)
Consulting	-	40,183	(40,183)
Bad Debt Expense	10,658	-	10,658
Bank Service Charges	-	74	(74)
Dues & Subscriptions	10,773	10,339	434
Insurance - Fire	23,873	19,906	3,967
Insurance - Auto Liability	1,514	1,374	140
Medical Supplies & Services	500	291	209
Miscellaneous	14,157	11,289	2,868
Postage	1,527	1,499	28
Depreciation	125,070	106,784	18,286
<b>Total General &amp; Administrative</b>	<b>771,818</b>	<b>784,487</b>	<b>(12,669)</b>
<b><u>COLLECTION OFFICE</u></b>			
Salaries - Regular	181,691	207,202	(25,511)
Salaries - Overtime	4,645	6,138	(1,493)
Municipal Emp Retirement	12,867	12,213	654
Employers Match FICA Tax	2,308	3,691	(1,383)
Employee Insurance	36,418	22,224	14,194
Uniforms	169	184	(15)
Workmans Compensation	1,200	1,200	-
Training Personnel	670	1,942	(1,272)

See accompanying independent auditors' report.

CITY OF RUSTON, LOUISIANA  
 Enterprise Fund - Electric System  
 Schedule of Operating Expenses By Department  
 For the Years Ended September 30, 2002 and 2001

Schedule 2

	2002 Actual	2001 Actual	Change
Printing of Forms	3,620	3,549	71
Supplies	13,129	12,051	1,078
Maint of Office Equipment	15,442	6,274	9,168
Maint of Radio Equipment	-	364	(364)
Telephone	9,379	6,894	2,485
Auto Allowances	112	639	(527)
Collection Costs	13,698	9,768	3,930
Data Processing	4,270	4,434	(164)
Cash (Over) Short	(47)	(347)	300
Dues & Subscriptions	-	10	(10)
Insurance - Computer	930	700	230
Insurance - General Liability	6,938	2,405	4,533
Medical Supplies & Services	140	538	(398)
Miscellaneous	242	1,618	(1,376)
Postage	29,033	26,909	2,124
<b>Total Collection Office</b>	<b>336,854</b>	<b>330,600</b>	<b>6,254</b>
<b>METER READERS</b>			
Salaries - Regular	111,304	104,033	7,271
Salaries - Overtime	2,950	4,143	(1,193)
Municipal Emp Retirement	8,163	6,677	1,486
Employers Match FICA Tax	1,534	1,486	48
Employee Insurance	29,395	16,535	12,860
Uniforms	1,427	1,380	47
Workmans Compensation	900	750	150
Supplies	3,279	2,352	927
Maint of Radio Equip	-	552	(552)
Auto & Truck Repair	2,451	3,383	(932)
Gasoline, Oil & Diesel	7,551	7,448	103
Insurance - Auto Liab	2,271	2,060	211
Medical Supplies & Services	125	210	(85)
Miscellaneous	291	781	(490)
<b>Total Meter Readers</b>	<b>171,641</b>	<b>151,790</b>	<b>19,851</b>
<b>TOTAL INDIRECT EXPENSES</b>	<b>1,280,313</b>	<b>1,266,877</b>	<b>13,436</b>
<b>TOTAL ELECTRIC FUND</b>	<b>15,207,945</b>	<b>19,047,012</b>	<b>(3,839,067)</b>

See accompanying independent auditors' report.

CITY OF RUSTON, LOUISIANA  
Enterprise Fund - Water System

Schedule 3

Schedule of Operating Expenses By Department  
For the Years Ended September 30, 2002 and 2001

	2002 Actual	2001 Actual	Change
<b>DIRECT EXPENSES</b>			
<u>WATER PRODUCTION SYSTEM</u>			
Salaries - Regular	12,984	21,387	(8,403)
Salaries - Overtime	6,179	8,830	(2,651)
Municipal Emp Retirement	1,653	2,058	(405)
Employers Match FICA Tax	407	442	(35)
Employee Insurance	4,016	5,272	(1,256)
Uniforms	390	296	94
Workmans Compensation	300	300	-
Training/Travel	342	315	27
Chemicals	55,246	123,826	(68,580)
Permits	314	262	52
Supplies	2,852	1,950	902
Maint of Bldg & Grnds	655	119	536
Maint of Equipment	360	5,366	(5,006)
Maint of Radio Equipment	-	54	(54)
Maint of Water Tanks	16,060	4,417	11,643
Maint of Water Wells	46,105	33,864	12,241
City Utilities	371,307	358,536	12,771
Telephone	6,752	5,957	795
Auto & Truck Repair	1,033	531	502
Gasoline, Oil & Diesel	3,543	4,421	(878)
Dues and Subscriptions	1,190	-	1,190
Medical Supplies & Services	45	228	(183)
Depreciation	83,990	80,671	3,319
<b>Total Water Production</b>	<b>615,723</b>	<b>659,102</b>	<b>(43,379)</b>
<u>WATER DISTRIBUTION SYSTEM</u>			
Salaries - Regular	185,362	170,007	15,355
Salaries - Overtime	10,246	13,860	(3,614)
Municipal Emp Retirement	12,741	8,742	3,999
Employers Match FICA Tax	988	782	206
Employee Insurance	41,139	22,865	18,274
Uniforms	2,149	1,198	951
Workmans Compensation	1,200	1,200	-
Unemployment Compensation	2,827	-	2,827
Training	738	520	218
Supplies	11,373	10,846	527
Equipment Rental	(206)	2,077	(2,283)
Maint of Equipment	39,081	9,542	29,539
Maint of Distribution System	149,027	78,160	70,867
Maint of Radio Equipment	-	104	(104)
Maint of Right of Way	25,280	14,251	11,029
Maint of Meters	314	707	(393)
Maint of Water Tanks	-	67	(67)
City Utilities	164	954	(790)
Auto & Truck Repair	4,190	6,104	(1,914)

See accompanying independent auditors' report.

## CITY OF RUSTON, LOUISIANA

Schedule 3

## Enterprise Fund - Water System

## Schedule of Operating Expenses By Department

For the Years Ended September 30, 2002 and 2001

	2002 Actual	2001 Actual	Change
Gasoline, Oil & Diesel	5,228	7,858	(2,630)
Consulting	12,136	-	12,136
Medical Supplies & Services	356	411	(55)
Depreciation	231,569	218,980	12,589
<b>Total Water Distribution</b>	<b>735,902</b>	<b>569,235</b>	<b>166,667</b>
<b>TOTAL DIRECT EXPENSES</b>	<b>1,351,625</b>	<b>1,228,337</b>	<b>123,288</b>
<b>INDIRECT EXPENSES</b>			
<b>GENERAL &amp; ADMINISTRATIVE</b>			
Salaries - Regular	92,006	61,171	30,835
Salaries - Overtime	867	517	350
Municipal Emp Retirement	6,773	5,431	1,342
Employee FICA Tax	808	600	208
Employee Insurance	6,772	4,929	1,843
Uniforms	-	55	(55)
Workmans Compensation	450	425	25
Training Personnel/Travel	1,632	1,230	402
Supplies	1,732	1,776	(44)
Warehouse	19,000	19,000	-
Maint of Bldg & Grnds	7,630	3,876	3,754
Maint of Office Equipment	683	557	126
Telephone	9,904	2,929	6,975
Auto Allowances	942	745	197
Auto & Truck Repair	351	-	351
Gasoline, Oil & Diesel	4,690	6,894	(2,204)
Audit Fees	8,000	6,500	1,500
Legal Advertising	21	79	(58)
Legal Services	340	-	340
Consulting	5,000	5,000	-
Paying Agent Fees	601	601	-
Bad Debt Expense	4,821	4,540	281
Bank Service Charge	-	32	(32)
Dues & Subscriptions	1,178	1,130	48
Fire Insurance	7,917	6,601	1,316
Insurance - General Liab	5,518	5,040	478
Insurance - Auto Liab	757	687	70
Medical Supplies & Services	235	385	(150)
Miscellaneous	2,083	1,558	525
Postage	2,426	2,367	59
Depreciation	28,607	25,508	3,099
<b>TOTAL INDIRECT EXPENSES</b>	<b>221,744</b>	<b>170,163</b>	<b>51,581</b>
<b>TOTAL WATER FUND</b>	<b>1,573,369</b>	<b>1,398,500</b>	<b>174,869</b>

See accompanying independent auditors' report.

CITY OF RUSTON, LOUISIANA  
 Enterprise Fund - Sewerage System  
 Schedule of Operating Expenses By Department  
 For the Years Ended September 30, 2002 and 2001

Schedule 4

	2002 Actual	2001 Actual	Change
<b>DIRECT EXPENSES</b>			
<b><u>SEWERAGE COLLECTION SYSTEM</u></b>			
Salaries - Regular	149,674	150,102	(428)
Salaries - Overtime	26,231	26,760	(529)
Municipal Emp Retirement	10,591	9,586	1,005
Employers Match FICA Tax	2,461	2,040	421
Employee Insurance	24,436	22,816	1,620
Uniforms	794	730	64
Workmans Compensation	1,200	1,050	150
Laboratory Testing	109	-	109
Training/Travel	1,152	608	544
Chemicals	9,532	92	9,440
Supplies	17,197	12,797	4,400
Equipment Rental	2,600	4,290	(1,690)
Maint of Bldg & Grnds	6,511	4,707	1,804
Maint of Equipment	39,483	40,398	(915)
Maint of Radio Equipment	756	52	704
Maint of Sewer System	95,705	80,843	14,862
Maint. of Right of Way	25,399	19,368	6,031
City Utilities	115,079	143,187	(28,108)
Heating	398	189	209
Electricity - Claiborne	940	576	364
Electricity - LP&L	455	670	(215)
Telephone	3,179	2,932	247
Auto & Truck Repair	7,654	11,986	(4,332)
Gasoline, Oil & Diesel	16,335	15,269	1,066
Consulting	25,020	22,640	2,380
Damages	18,521	768	17,753
Insurance - Fire	2,436	2,031	405
Medical Supplies & Services	615	596	19
Depreciation	310,846	285,617	25,229
<b>Total Sewerage Collection</b>	<b>915,309</b>	<b>862,700</b>	<b>52,609</b>
<b><u>SEWERAGE TREATMENT PLANT</u></b>			
Salaries - Regular	53,393	46,408	6,985
Salaries - Overtime	14,458	19,265	(4,807)
Municipal Emp Retirement	3,802	2,913	889
Employers Match FICA Tax	405	398	7
Employee Insurance	14,211	9,561	4,650
Uniforms	648	103	545
Workmans Compensation	450	450	-
Training/Travel	448	1,612	(1,164)
Chemicals	32,821	17,086	15,735
Permits	6,755	5,778	977
Laboratory Testing	30,056	19,337	10,719

See accompanying independent auditors' report.

## CITY OF RUSTON, LOUISIANA

Schedule 4

## Enterprise Fund - Sewerage System

## Schedule of Operating Expenses By Department

For the Years Ended September 30, 2002 and 2001

	2002 Actual	2001 Actual	Change
Supplies	6,021	6,055	(34)
Maint of Bldg & Grnds	889	253	636
Maint of Equip	26,072	41,424	(15,352)
Maint of Radio Equip	-	90	(90)
Maint of Treatment Plant	1,055	5,264	(4,209)
City Utilities	168,395	149,606	18,789
Telephone	1,984	2,053	(69)
Auto & Truck Repair	656	1,107	(451)
Gasoline, Oil & Diesel	1,948	2,523	(575)
Auto Liability	757	687	70
Medical Supplies & Services	351	170	181
Depreciation	114,077	113,734	343
<b>Total Sewerage Treatment</b>	<b>479,652</b>	<b>445,877</b>	<b>33,775</b>
<b>SLUDGE DISPOSAL</b>			
Salaries - Regular	36,180	38,243	(2,063)
Salaries - Overtime	14,192	4,758	9,434
Municipal Emp Retirement	2,490	2,313	177
Employers Match FICA Tax	686	560	126
Employee Insurance	6,880	5,817	1,063
Uniforms	823	319	504
Workmans Compensation	300	300	-
Training/Travel	1,679	933	746
Chemicals	3,917	72	3,845
Permits	1,590	75	1,515
Laboratory Testing	10,653	4,988	5,665
Supplies	2,691	2,101	590
Maint of Bldg & Grounds	630	182	448
Maint of Equipment	8,080	8,206	(126)
Maint of Radio Equipment	109	-	109
City Utilities	3,321	3,054	267
Telephone	844	951	(107)
Auto & Truck Repair	174	554	(380)
Gasoline, Oil & Diesel	3,018	2,802	216
Medical Supplies & Services	100	95	5
Postage	35	-	35
<b>Total Sludge Disposal</b>	<b>98,392</b>	<b>76,323</b>	<b>22,069</b>
<b>TOTAL DIRECT EXPENSES</b>	<b>1,493,353</b>	<b>1,384,900</b>	<b>108,453</b>
<b>INDIRECT EXPENSES</b>			
<b>GENERAL &amp; ADMINISTRATIVE</b>			
Salaries - Regular	117,313	60,918	56,395
Salaries - Overtime	1,001	437	564

See accompanying independent auditors' report.

CITY OF RUSTON, LOUISIANA  
 Enterprise Fund - Sewerage System  
 Schedule of Operating Expenses By Department  
 For the Years Ended September 30, 2002 and 2001

Schedule 4

	2002 Actual	2001 Actual	Change
Contract Labor	246	-	246
Municipal Emp Retirement	8,179	3,564	4,615
Employers Match FICA Tax	1,600	885	715
Employee Insurance	12,546	6,721	5,825
Uniforms	782	186	596
Workmans Compensation	750	450	300
Training Personnel/Travel	4,494	814	3,680
Supplies	5,447	5,565	(118)
Warehouse Expense	5,340	5,340	-
Maint of Building & Grounds	4,114	4,204	(90)
Maint of Office Equipment	8,594	2,038	6,556
Maint of Radio Equipment	341	-	341
Heating	524	805	(281)
Telephone	4,535	3,970	565
Mileage Reimbursement	2,208	1,208	1,000
Auto & Truck Repair	363	32	331
Gasoline, Oil & Diesel	213	154	59
Audit Fees	8,650	7,150	1,500
Legal Advertising	815	341	474
Legal Fees	11,180	97	11,083
Consulting	8	10,602	(10,594)
Paying Agent Fees	15,775	16,800	(1,025)
Bad Debt Expense	592	13,544	(12,952)
Bank Service Charge	-	178	(178)
Dues & Subscriptions	2,012	415	1,597
Insurance - Fire	7,917	6,601	1,316
Insurance - General Liab	5,518	5,040	478
Insurance - Auto Liab	1,514	1,374	140
Medical Supplies & Services	277	304	(27)
Miscellaneous	52,707	535	52,172
Sewer Lift Station Relocation	22,922	-	22,922
Postage	264	294	(30)
Depreciation	174,618	155,634	18,984
<b>Total General &amp; Administrative</b>	<b>483,359</b>	<b>316,200</b>	<b>167,159</b>
<b>PEST CONTROL</b>			
Chemicals	91,000	-	91,000
Gas, Oil, Diesel	248	-	248
<b>Total Pest Control</b>	<b>91,248</b>	<b>-</b>	<b>91,248</b>
<b>TOTAL INDIRECT EXPENSES</b>	<b>574,607</b>	<b>316,200</b>	<b>258,407</b>
<b>TOTAL SEWER FUND</b>	<b>2,067,960</b>	<b>1,701,100</b>	<b>366,860</b>

See accompanying independent auditors' report.



CITY OF RUSTON, LOUISIANA  
 COMBINED SCHEDULE OF BONDS PAYABLE  
 SEPTEMBER 30, 2002

Schedule 5

RATES	PAYMENT DATES	ISSUE DATES	FINAL MATURITY DATES	ANNUAL SERIAL PAYMENTS		BONDS AUTHORIZED & ISSUED	RETIRED	OUTSTANDING 9/30/2002			
<b>REVENUE BONDS</b>											
<b>Water Utility Revenue Bonds</b>											
4.9035%	4/1; 10/1	12/23/1996	10/1/2006	90,000	2003	850,000	455,000	395,000			
4.9555%				95,000	2004						
4.9880%				100,000	2005						
5.0790%				110,000	2006						
<b>Total Waterworks Utility Revenue Bonds</b>						850,000	455,000	395,000			
<b>Sewerage Utility Revenue Bonds</b>											
5.00%	4/1; 10/1	4/1/1992	10/1/2012	160,000	2003	3,204,747	1,199,747	2,005,000			
5.00%				165,000	2004						
5.00%				175,000	2005						
5.00%				185,000	2006						
5.00%				195,000	2007						
5.00%				205,000	2008						
5.00%				215,000	2009						
5.00%				225,000	2010						
5.00%				235,000	2011						
5.00%				245,000	2012						
2.45%				65,000	2003	1,432,536	497,536	935,000			
2.45%				70,000	2004						
2.45%				70,000	2005						
2.45%				70,000	2006						
2.45%				75,000	2007						
2.45%				75,000	2008						
2.45%				80,000	2009						
2.45%				80,000	2010						
2.45%				85,000	2011						
2.45%				85,000	2012						
2.45%				90,000	2013						
2.45%				90,000	2014						
<b>Total Sewerage Utility Revenue Bonds</b>									4,637,283	1,697,283	2,940,000
<b>Sales Tax Increment Revenue Bonds Series 2001</b>											
2.80%	3/1; 9/1		9/1/2013	950,000	2003	2,000,000	950,000	1,050,000			
4.59%				100,000	2013						
<b>Total Sales Tax Increment Revenue Bonds</b>						2,000,000	950,000	1,050,000			
<b>TOTAL REVENUE BONDS</b>						7,487,283	3,102,283	4,385,000			

See accompanying independent auditors' report.

CITY OF RUSTON, LOUISIANA  
 COMBINED SCHEDULE OF BONDS PAYABLE  
 SEPTEMBER 30, 2002

Schedule 5

RATES	PAYMENT DATES	ISSUE DATES	FINAL MATURITY DATES	ANNUAL SERIAL PAYMENTS	BONDS AUTHORIZED & ISSUED	RETIRED	OUTSTANDING 9/30/2002	
<b>CERTIFICATES OF INDEBTEDNESS</b>								
Sales Tax Certificates of Indebtedness Series 1993								
5.10%	4/1; 10/1	10/1/1993	4/1/2003	135,000	2003	1,100,000	965,000	135,000
Public Works Shop Certificates of Indebtedness Series 1993A								
5.55%	3/1; 9/1	3/1/1994	3/1/2004	60,000	2003	500,000	380,000	120,000
5.60%				60,000	2004			
City of Ruston Certificates of Indebtedness Series 1996								
5.48%	5/1; 11/1	5/23/1996	5/1/2006	54,000	2003	500,000	267,000	233,000
5.48%				57,000	2004			
5.48%				60,000	2005			
5.48%				62,000	2006			
<b>TOTAL CERTIFICATES OF INDEBTEDNESS</b>						<b>2,100,000</b>	<b>1,612,000</b>	<b>488,000</b>

See accompanying independent auditors' report.



**CITY OF RUSTON, LOUISIANA**

OMB Circular A-133 Reports

Year ended September 30, 2002

(With Independent Auditors' Reports Thereon)

**CITY OF RUSTON, LOUISIANA**

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333 Texas Street, Suite 1900  
Shreveport, LA 71101-3692

**Independent Auditors' Report on Compliance and on Internal Control Over  
Financial Reporting Based on an Audit of the General Purpose Financial Statements  
Performed in Accordance With *Government Auditing Standards***

The Honorable Members of the Board of Aldermen and  
Honorable Dan Hollingsworth, Mayor  
City of Ruston, Louisiana:

We have audited the general purpose financial statements of the City of Ruston, Louisiana (the City) as of and for the year ended September 30, 2002, and have issued our report thereon dated January 28, 2003. 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.

**Compliance**

As part of obtaining reasonable assurance about whether the City's general purpose financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of the general purpose 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 that are required to be reported under *Government Auditing Standards*.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the City's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the general purpose financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of internal control over financial reporting would not necessarily disclose all matters in internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the general purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving internal control over financial reporting, which we have reported to management of the City in a separate letter dated January 28, 2003.



This report is intended solely for the information and use of the Mayor, Board of Aldermen, management, State of 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.

KPMG LLP

January 28, 2003



333 Texas Street, Suite 1900  
Shreveport, LA 71101-3692

**Independent Auditors' Report on Compliance With Requirements Applicable to its  
Major Program and Internal Control Over Compliance in Accordance With  
OMB Circular A-133 and Report on the Schedule of Expenditures of Federal Awards**

The Honorable Members of the Board of Aldermen and  
Honorable Dan Hollingsworth, Mayor  
City of Ruston, Louisiana:

**Compliance**

We have audited the compliance of the City of Ruston, Louisiana (the City) with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to its major federal programs for the year ended September 30, 2002. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to its major federal programs is the responsibility of the City's management. Our responsibility is to express an opinion on the City's compliance based on our audit.

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 OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 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. Our audit does not provide a legal determination on the City's compliance with those requirements.

In our opinion, the City complied, in all material respects, with the requirements referred to above that are applicable to its major federal programs for the year ended September 30, 2002. However, the results of our auditing procedures also disclosed instances of noncompliance with those requirements that are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings and questioned costs as items 02-1, 02-2, 02-3, and 02-4.



### **Internal Control Over Compliance**

The management of the City is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the City's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on the internal control over compliance in accordance with OMB Circular A-133.

We noted certain matters involving the internal control over compliance and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over compliance that, in our judgment, could adversely affect the City's ability to administer a major federal program in accordance with the applicable requirements of laws, regulations, contracts, and grants. Reportable conditions are described in the accompanying schedule of findings and questioned costs as items 02-1, 02-2, 02-3, and 02-4.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with the applicable requirements of laws, regulations, contracts, and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe that none of the reportable conditions described above is a material weakness.

### **Schedule of Expenditures of Federal Awards**

We have audited the general purpose financial statements of the City as of and for the year ended September 30, 2002, and have issued our report thereon dated January 28, 2003. Our audit was performed for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the general purpose financial statements. Such information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and in our opinion, is fairly stated, in all material respects, in relation to the general purpose financial statements taken as a whole.

This report is intended solely for the information and use of the Mayor, Board of Aldermen, management, State of 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.

**KPMG LLP**

January 28, 2003



**CITY OF RUSTON, LOUISIANA**  
Schedule of Expenditures of Federal Awards  
Year ended September 30, 2002

<u>Grant title</u>	<u>Federal CFDA number</u>	<u>Federal expenditures</u>
<b>United States Department of Housing and Urban Development:</b>		
Section 8 – Housing Choice Vouchers	14.871	\$ 917,118
Section 8 – Existing	14.857	1,291
Section 8 – Moderate Rehabilitation	14.856	45,327
Pass through Louisiana Departments – Community Development Block Grant:		
D.A.R.T. CDBG Program	14.231	20,636
Louisiana Community Development Block Grant	14.228	692,161
Home Investment Partnerships Program	14.239	59,533
Total United States Department of Housing and Urban Development		<u>1,736,066</u>
<b>United States Department of Justice:</b>		
Local Law Enforcement Block Grant	16.592	26,940
<b>Federal Aviation Administration:</b>		
Airport Improvement Program	20.106	307,918
<b>Federal Emergency Management Agency:</b>		
Pass through State of Louisiana – Office of Emergency Preparedness	83.544	133,254
<b>United States Department of Health and Human Services:</b>		
Pass through the Louisiana Office of Rural Health Policy:		
Rural Health Outreach	93.912	200,227
Total federal awards		<u>\$ 2,404,405</u>

See accompanying note to schedule of expenditures of federal awards.

**CITY OF RUSTON, LOUISIANA**

**Note to Schedule of Expenditures of Federal Awards**

**Year ended September 30, 2002**

**(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. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the general purpose financial statements.

**CITY OF RUSTON, LOUISIANA**  
Schedule of Findings and Questioned Costs  
Year ended September 30, 2002

**Section 1 – Summary of Auditors’ Results**

*General Purpose Financial Statements*

Type of report issued: unqualified opinion

Internal control over financial reporting:

- Material weakness(es) identified? No
- Reportable condition(s) identified that are not considered to be material weakness(es)? None reported

Noncompliance material to general purpose financial statements noted? No

*Federal Awards*

Internal control over major program:

- Material weakness(es) identified? No
- Reportable condition(s) identified that are not considered to be material weakness(es)? Yes

Type of auditor’s report issued on compliance for major program: unqualified opinion

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133? Yes

Identification of major program:

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
14.871	United States Department of Housing and Urban Development Section 8 Housing Choice Vouchers
14.228	United States Department of Housing and Urban Development Louisiana Community Development Block Grant
20.106	Federal Aviation Administration Airport Improvement Program

Dollar threshold used to distinguish between Type A and Type B programs: \$300,000

Auditee qualified as a low-risk auditee? No

**Section 2 – General Purpose Financial Statement Findings**

None

**CITY OF RUSTON, LOUISIANA**  
Schedule of Findings and Questioned Costs  
Year ended September 30, 2002

**Section 3 – Federal Award Findings and Questioned Costs**

**Item:** 02-1

**Grant:** Airport Improvement Program

**CFDA No.:** 20.106

**Award Year:** 2002

**Specific Requirement:** 29 CFR Section 5.5 (a) (3) (ii) states that the contractor shall submit weekly for each week in which any contract work is performed a copy of all payrolls to the City if the agency is a party to the contract, but if the City is not such a party, the contractor will submit payrolls to the applicant sponsor or owner, as the case may be, for transmission to the City.

**Condition:** Payroll records from contractors are not obtained weekly.

**Context:** The City's third-party consultant, Alliance, obtains payrolls from contractors on a monthly basis.

**Questioned Costs:** None

**Effect:** Noncompliance with the Davis-Bacon Act.

**Recommendation:** Contractors should be required to submit all payrolls to the City or its third-party consultant on a weekly basis. In addition, we recommend the City consider having an employee responsible for reviewing compliance with the Davis-Bacon Act and maintain documentation of their work.

**Item:** 02-2

**Grant:** Airport Improvement Grant

**CFDA No.:** 20.106

**Award Year:** 2002

**Specific Requirement:** The Sponsor-State Agreement states that construction projects will be advertised for the receipt of bids in The Advocate, as published in Baton Rouge, and the Airport Owner's (the City's) official journal, once a week for at least three weeks, the first advertisement appearing at least 30 days prior to bid date.

**Condition:** The City did not advertise in The Advocate for the required three weeks.

**Context:** The City is in violation of the Sponsor-State agreement.

**Questioned Costs:** None

**Effect:** By not advertising in The Advocate, the City is not promoting/encouraging fair competition.

**Recommendation:** The City should adhere to all requirements in the State-Sponsor Agreement.

**CITY OF RUSTON, LOUISIANA**  
Schedule of Findings and Questioned Costs  
Year ended September 30, 2002

**Item:** 02-3

**Grant:** Louisiana Community Development Block Grant

**CFDA No.:** 14.228

**Award Year:** 2002

**Specific Requirement:** The LCDBG handbook states, as required by OMB Circular A-102, that the City/Parish have a written statement or code of conduct that specifically prohibits elected officials, staff, or agents from personally benefiting from LCDBG procurement. This policy must also prohibit the solicitation or acceptance of favors or gratuities from contractors or potential contractors, and it must provide sanctions or penalties for violations of the code of conduct either by City/Parish officials, staff or agents, or by contractors or their agents.

**Condition:** The City maintains no such written policy.

**Context:** The City is in violation of Circular A-102.

**Questioned Costs:** None

**Effect:** Without such written policy, City employees may not be fully aware of such requirements.

**Recommendation:** The City should implement a written policy as required by Circular A-102.

**Item:** 02-4

**Grant:** Section 8

**CFDA No.:** 14.871

**Award Year:** 2002

**Specific Requirement:** According to Section 8 guidelines, the City is required to determine that Section 8 rent paid to unit owners is reasonable in comparison to rents for other unassisted units.

**Condition:** During testwork of these guidelines, we noted that although the City was performing the rent reasonableness comparison as required, the information in the book being used for these comparisons was at least five years old.

**Context:** By using the amounts in the book, the rent reasonableness comparison could be incorrect due to changes in market prices.

**Questioned Costs:** None

**Recommendation:** The City should update the information used to perform the rent reasonableness test and establish procedures to maintain its relevance and accuracy.

**CITY OF RUSTON, L OUISIANA**  
**Schedule of Management's Response to Findings and Questioned Costs**  
**Year ended September 30, 2002**

**Item: 02-1**

- A) Name of Contact Responsible – City Treasurer
- B) Corrective Action Planned – We will inform our third-party consultant of this requirement. Our Controller will monitor this to ascertain compliance.
- C) Anticipated Completion Date – April 30, 2003

**Item: 02-2**

- A) Name of Contact Responsible – City Treasurer
- B) Correction Action Planned – We will ensure that construction projects will be advertised in The Advocate, as published in Baton Rouge, to comply with our Sponsor-State Agreement.
- C) Anticipated Completion Date – April 30, 2003

**Item: 02-3**

- A) Name of Contact Responsible – City Treasurer
- B) Corrective Action Planned – We will issue a written policy to get into compliance with LCDBG guidelines.
- C) Anticipated Completion Date – April 30, 2003

**Item: 02-4**

- A) Name of Contact Responsible – Section 8 office personnel
- B) Corrective Action Planned – Section 8 office personnel will ensure that current information is used for rent reasonableness comparisons.
- C) Anticipated Completion Date – April 30, 2003

CITY OF RUSTON, L OUISIANA  
Schedule of Prior Audit Findings  
Year ended September 30, 2001

Item: 01-1

Finding: The City did not have evidence that a bond was obtained for a successful bidder who was granted a water well conversion contract.

Status: The City has obtained bonds for all vendors in which bids have been awarded.

Item: 01-2

Finding: The City did not advertise bids for the purchase of natural gas from Duke Energy Field Service, Gulf States Pipeline, and Axia Energy. Only faxes of RFPs to potential bidders were sent.

Status: The City has adhered to public bid laws for the purchase of fuels for city-owned power plants.

Item: 01-3

Finding: The City did not comply with utility allowance requirements for Section 8. The utility rate data used in the review of the Utility Allowance Schedule was outdated information.

Status: The Section 8 office has updated the utility allowance information in the current year and has used this information in determining utility allowance amounts.



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January 28, 2003

The Board of Aldermen  
City of Ruston  
Ruston, Louisiana

Ladies and Gentlemen:

We have audited the financial statements of the City of Ruston (the City) for the year ended September 30, 2002, and have issued our report thereon dated January 28, 2003. In planning and performing our audit of the financial statements of the City, we considered internal control in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements. An audit does not include examining the effectiveness of internal control and does not provide assurance on internal control. We have not considered internal control since the date of our report.

During our audit, we noted certain matters involving internal control and other operational matters that are presented for your consideration. These comments and recommendations, all of which have been discussed with the appropriate members of management, are intended to improve internal control or result in other operating efficiencies and are summarized as follows:

#### **BUSINESS CONTINGENCY PLAN**

As mentioned in the prior year management letter, the City does not have an overall Business Contingency Plan in place for its financial administration systems. Failure to develop, document, test, and train personnel in the execution of a business contingency plan increases the risk that important business functions may not be restored before significant financial losses or other business exposures are incurred. While it is possible that some business functions might not suffer large financial losses in the event of disruption, other units may be subject to significant exposures. A Business Contingency Plan would provide the City with the capability to recover critical information systems in a more timely and orderly manner.

We did note that the City did begin to address this issue during the current year by entering into an informal agreement with a local business for the use of the business's equipment if a disaster were to occur. The City should work to formalize this plan and in further developing this plan, we recommend the City consider the following:

- Formalize business impact assessment;
- Identify and prioritize critical applications to recovery;
- Identify recovery time objectives based on financial and operational impact;
- Develop emergency escalation procedures;
- Include business continuity team member information;
- Define roles and responsibilities of team members;
- Include important phone numbers (employee, vendors, customer, fire department);
- Develop Business Contingency Test Plan; and
- Develop Training Plan.





**Management's Response:** As noted, we have begun to address this issue. We will work to formalize this plan and to further develop it.

### ACCOUNTS RECEIVABLE

Subsequent to year-end, the City implemented a process to reconcile the accounts receivable subledger to the general ledger on a monthly basis and have it reviewed by someone other than the preparer. Previously, this procedure had been performed on an annual basis with adjusting entries made at year-end to ensure the general ledger and subledger were in agreement. Certain of the differences noted at year-end were attributable to entries that should have been made during the year to account for certain revenues that were billed but not recorded in the general ledger. We concur with the steps being taken to implement this monthly procedure and recommend this procedure include identifying the causes of the differences and making any necessary adjustments each month.

**Management's Response:** This process has been implemented. We will continue to reconcile on a monthly basis.

### NEW REPORTING MODEL – GASB 34

After years of study and consideration of the needs of users of government financial statements, the Governmental Accounting Standards Board (GASB) issued its revolutionary new reporting model in June 1999. The new model dramatically changes the presentation of governments' external financial statements. In the GASB's view, the objective of the new model is to enhance the clarity and usefulness of government financial statements to the citizenry, oversight bodies, investors, and creditors. It will substantially affect the City's financial data accumulation and financial statement presentation processes. Some of the key aspects of the changes follow:

- *Management's Discussion and Analysis (MD&A)* – A comprehensive MD&A will now be included as required supplementary information. The MD&A will introduce the financial statements by presenting an analysis of the government's financial performance for the year and its financial position at year-end. The MD&A will be *in addition* to the transmittal letter currently required for Government Finance Officers Association (GFOA) award candidates, but the GFOA has made changes in their requirements so as to avoid any duplication between the two documents.

*Government-Wide Reporting* – The City will be required to report financial operations and net assets, not only at the fund perspective for governmental activities, but will also have to prepare statements at the government-wide level. This level will distinguish between government and business type activities. *All* information at the government-wide level will be reported using the economic resources measurement focus and accrual basis of accounting, as enterprise funds do under the current model. Fiduciary activities will be excluded from the government-wide level of reporting. General government fixed assets and long-term liabilities of the government will need to be reported with all other governmental assets and liabilities.

*Statement of Activities* – Governments will now be required to use a “net program cost” format for the government-wide statements instead of a traditional operating statement. This new format groups revenues and expenses by functional categories (such as public safety, public works, etc.). The purpose of the new statement is to inform readers about the cost of specific functions and the extent to which they are financed with program revenues or general revenues of the government. Governments will have the option of reporting both direct and indirect program costs. Depreciation expense will now generally be reflected as a cost in the statement of activities.

*Infrastructure Reporting* – Historically, the City has not been required to record infrastructure assets in its financial statements. Under the new standard, the City must report infrastructure assets acquired within the last twenty-five years at historical cost. The standard provides several alternatives for determining historical cost of infrastructure assets. Although the standard generally requires depreciation of infrastructure assets, the City may not be required to depreciate these assets if it can demonstrate that it is preserving its infrastructure at approximately (or above) a disclosed condition level established by the City.

*Fund Level Reporting* – Fund level financial statements will still be required and will provide information about the City’s fund types, including fiduciary funds and blended component units. General capital assets and general long-term liabilities will only be reported at the government-wide level. Fund level reporting will continue to focus on fiscal accountability and reflect the flows and balances of current financial resources. The modified accrual basis of accounting will continue to be used at the fund level, except for proprietary and fiduciary funds which would continue reporting based on economic resources and the accrual method of accounting. Reconciliation between the fund and the government-wide statements will be required on the face of the fund statements. Finally, proprietary fund cash flows statements must be presented using the direct method.

*Presentation of Budgetary Information* – The standard requires budgetary statements for the general fund and certain other governmental funds as required supplementary information. The original adopted budget of the City as well as the final revised budget must be presented. Actual results on a budgetary basis will need to be reconciled to the GAAP (generally accepted accounting principles) basis on the face of the statements.

The effective date of the new pronouncement will require implementation by the City for its year ending September 30, 2003. The magnitude of these changes and the time required to prepare for implementation should not be underestimated. The City has initiated a project to implement the pronouncement, and we encourage the City to look at its systems and processes to ensure that the required information will be available to ensure timely implementation.

**Management’s Response:** We are in the process of implementing GASB 34. This statement will be implemented during the current fiscal year.

\* \* \* \* \*

The Board of Aldermen  
City of Ruston  
January 28, 2003  
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Our audit procedures are designed primarily to enable us to form an opinion on the financial statements, and therefore may not bring to light all weaknesses in policies or procedures that may exist. We aim, however, to use our knowledge of the City's organization gained during our work to make comments and suggestions that we hope will be useful to you.

We would be pleased to discuss these comments and recommendations with you at any time.

This report is intended solely for the information and use of the Louisiana Legislative Auditor, Board of Aldermen, management, and others within the organization and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

**KPMG LLP**