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# CITY OF RUSTON, LOUISIANA

## ANNUAL FINANCIAL REPORT SEPTEMBER 30, 1997



Under provisions of state law, this report is a public document. A copy of the report has been submitted to the audited, or reviewed, 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 MAY 27 1998

KPMG Peat Marwick LLP  
CERTIFIED PUBLIC ACCOUNTANTS  
SHREVEPORT, LOUISIANA

**CITY OF RUSTON, LOUISIANA**  
ANNUAL FINANCIAL REPORT  
FOR THE YEAR ENDED SEPTEMBER 30, 1997

**CITY OF RUSTON, LOUISIANA  
ANNUAL FINANCIAL REPORT  
FOR THE YEAR ENDED SEPTEMBER 30, 1997**

**TABLE OF CONTENTS**

	<u>EXHIBIT</u>	<u>PAGE</u>
FINANCIAL SECTION		1
Independent Auditors' Report		3-4
General Purpose Financial Statements:		
Combined Balance Sheet -- All Fund Types Account Groups and Discretely Presented Component Units	1	6-7
Combined Statement of Revenues, Expenditures and Changes in Fund Balances -- All Governmental Fund Types and Discretely Presented Component Units	2	8-9
Combined Statement of Revenues, Expenditures and Changes in Fund Balances -- Budget (GAAP Basis) and Actual -- General and Certain Special Revenue Funds	3	10-11
Combined Statement of Revenues, Expenses and Changes in Retained Earnings -- All Proprietary Fund Types	4	12
Combined Statement of Cash Flows -- All Proprietary Fund Types	5	13
Combining Balance Sheet -- Component Units -- All Fund Types	6	14
Combining Statement of Revenues, Expenditures and Changes in Fund Balances -- Component Units -- All Governmental Fund Types	7	15
Notes to Financial Statements		17-43

**CITY OF RUSTON, LOUISIANA  
ANNUAL FINANCIAL REPORT  
FOR THE YEAR ENDED SEPTEMBER 30, 1997**

TABLE OF CONTENTS (Continued)

	<u>EXHIBIT</u>	<u>PAGE</u>
Combining, Individual Fund and Account Group Statements and Schedules:		45
General Fund:		46
Comparative Balance Sheets	A-1	47
Comparative Statements of Revenues, Expenditures and Changes in Fund Balances	A-2	48-50
Statement of Revenues, Expenditures and Changes in Fund Balances – Budget (GAAP Basis) and Actual	A-3	51-53
Special Revenue Funds:		55
Combining Balance Sheet	B-1	56
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	B-2	57
Sales Tax Funds:		
Statement of Revenues, Expenditures and Changes in Fund Balance – Budget (GAAP Basis) and Actual – 1968 Fund	B-3	58
Statement of Revenues, Expenditures and Changes in Fund Balance – Budget (GAAP Basis) and Actual – 1985 Fund	B-4	59
Statement of Revenues, Expenditures and Changes in Fund Balance – Budget (GAAP Basis) and Actual – 1990 Fund	B-5	60
Ruston Parks and Recreation Board:		
Statement of Revenues, Expenditures and Changes in Fund Balance – Budget (GAAP Basis) and Actual	B-6	61-62

**CITY OF RUSTON, LOUISIANA  
ANNUAL FINANCIAL REPORT  
FOR THE YEAR ENDED SEPTEMBER 30, 1997**

TABLE OF CONTENTS (Continued)

	<u>EXHIBIT</u>	<u>PAGE</u>
State Revenue Sharing Fund:		
Statement of Revenues, Expenditures and Changes in Fund Balance – Budget (GAAP Basis) and Actual	B-7	63
Health and Safety Rehab:		
Statement of Revenues, Expenditures and Changes in Fund Balance – Budget (GAAP Basis) and Actual	B-8	64
Section 8 Housing:		
Statement of Revenues, Expenditures and Changes in Fund Balance – Budget (GAAP Basis) and Actual - Existing Housing	B-9	65
Statement of Revenues, Expenditures and Changes in Fund Balance – Budget (GAAP Basis) and Actual – Modrehab Housing	B-10	66
Statement of Revenues, Expenditures and Changes in Fund Balance – Budget (GAAP Basis) and Actual – Voucher Program	B-11	67
Debt Service Funds:		68
Comparative Balance Sheets	C-1	69
Comparative Statement of Revenues, Expenditures and Changes in Fund Balances	C-2	70
Capital Projects Funds:		71
Combining Balance Sheet	D-1	72
Combining Statement of Revenues, Expenditures and Changes in Fund Balances (Deficits)	D-2	73

**CITY OF RUSTON, LOUISIANA  
ANNUAL FINANCIAL REPORT  
FOR THE YEAR ENDED SEPTEMBER 30, 1997**

TABLE OF CONTENTS (Continued)

	<u>EXHIBIT</u>	<u>PAGE</u>
Enterprise Funds:		75
Combining Balance Sheet	E-1	76-79
Combining Statement of Revenues, Expenses and Changes in Retained Earnings (Deficits)	E-2	80-81
Combining Statement of Cash Flows	E-3	82-83
Internal Service Funds:		84
Combining Balance Sheet	F-1	85
Combining Statement of Revenues, Expenses and Changes in Retained Earnings	F-2	86
Combining Statement of Cash Flows	F-3	87
Agency Fund:		88
Comparative Balance Sheet	G-1	89
Statement of Changes in Assets and Liabilities	G-2	90
General Fixed Assets Account Group:		91
Comparative Schedules of General Fixed Assets	H-1	92
Schedule of General Fixed Assets by Function and Activity	H-2	94-95
Schedule of Changes in General Fixed Assets by Function and Activity	H-3	96-97
Schedule of Changes in General Fixed Assets by Source.	H-4	98-99

**CITY OF RUSTON, LOUISIANA  
ANNUAL FINANCIAL REPORT  
FOR THE YEAR ENDED SEPTEMBER 30, 1997**

TABLE OF CONTENTS (Continued)

	<u><b>EXHIBIT</b></u>	<u><b>PAGE</b></u>
General Long-Term Debt Account Group:		100
Schedule of Changes in General Long-Term Debt	I-1	101
<b>SUPPLEMENTARY INFORMATION SECTION:</b>		<b>SCHEDULES</b>
General Fund:		
Schedule of Expenditures – Budget (GAAP Basis) and Actual	1	105-114
Enterprise Fund:		
Electric System Fund – Schedule of Operating Expenses by Department	2	116-120
Water System Fund – Schedule of Operating Expenses by Department	3	122-124
Sewerage System Fund – Schedule of Operating Expenses by Department	4	126-128
Combined Schedule of Bonds Payable	5	130-139

# FINANCIAL SECTION



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Independent Auditors' Report

To the Honorable Members of the Board of Aldermen and  
Honorable Hilda Taylor Perritt, 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, as of and for the year ended September 30, 1997 as listed in the Table of Contents as Exhibits 1-7 and A-1 to I-1. These financial statements and schedules are the responsibility of the City of Ruston, Louisiana'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 of Ruston and City Marshal of Ruston, which statements reflect total assets of \$407,073 as of September 30, 1997, and total revenues of \$465,321 for the year then ended. Those financial statements were audited by other auditors whose report has 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 of Ruston and City Marshal of Ruston in the component unit columns of Exhibits 1 and 2 and the governmental fund types, fiduciary fund types, and the general fixed assets account group in Exhibits 6 and 7, is based on the report of the other auditors.

We conducted our audit in accordance with generally accepted auditing standards 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 and the reports of other auditors provide a reasonable basis for our opinion.

In our opinion, based on our audit and the reports of other auditors whose reports expressed an unqualified opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the City of Ruston, Louisiana, as of September 30, 1997, and the results of its operations and the cash flows of its proprietary fund types for the year then ended in conformity with generally accepted accounting principles. 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 account groups of the City of Ruston, Louisiana, at September 30, 1997, and the results of operations of such funds and the cash flows of individual proprietary fund types for the year then ended in conformity with generally accepted accounting principles.

Receipt Acknowledged  
Legislative Auditor

*D. Monson*

1/2/97



In accordance with *Government Auditing Standards*, we have also issued our report dated January 2, 1998, on our consideration of the City of Ruston, Louisiana's internal control over financial reporting and our tests of its compliance with laws, regulations, contracts and grants.

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. 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 financial statements of the City of Ruston, Louisiana. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly presented in all material respects in relation to the financial statements taken as a whole.

*KPMG Peat Marwick LLP*

January 2, 1998

GENERAL PURPOSE FINANCIAL STATEMENTS

CITY OF RUSTON, LOUISIANA  
 COMBINED BALANCE SHEET - ALL FUND TYPES, ACCOUNT GROUPS & DISCRETELY PRESENTED COMPONENT UNITS  
 SEPTEMBER 30, 1997

	GOVERNMENTAL FUND TYPES				PROPRIETARY FUND TYPES	
	GENERAL	SPECIAL REVENUE	CAPITAL PROJECTS	DEBT SERVICE	ENTERPRISE	INTERNAL SERVICE
<b>ASSETS AND OTHER DEBITS</b>						
Cash and Cash Equivalents (Note 3)	\$1,999,937	\$1,509,742	\$537,828	\$87,727	\$4,914,483	\$131,095
Investments (Note 3)	-	4,398	-	-	-	493,649
Accounts Receivable, net (Note 5)	224,952	20,843	-	-	1,159,031	86,800
Unbilled Revenues	58,565	-	-	-	1,280,942	-
Due from Other Funds (Note 5)	1,279,924	62,406	8,000	-	699,590	100,324
Due From Other Governmental Units (Note 6)	12,307	100,383	-	-	107,500	-
Inventories, at Cost	27,428	-	-	-	585,159	-
Prepaid Expenses	-	-	-	-	27,580	-
Restricted Assets:						
Cash and Cash Equivalents (Note 3)	-	-	-	-	3,829,000	-
Investments (Note 3)	-	-	-	-	911,893	-
Fixed Assets, net (Note 7)	-	-	-	-	30,514,422	-
Advances to Sewerage System	-	-	-	-	150,000	-
Other Debits:						
Amount Available in Debt Service Fund	-	-	-	-	-	-
Amount to be Provided for the Retirement of General Long-Term Debt	-	-	-	-	-	-
<b>Total Assets and Other Debits</b>	<b>\$3,603,113</b>	<b>\$1,697,772</b>	<b>\$545,828</b>	<b>\$87,727</b>	<b>\$44,179,600</b>	<b>\$811,868</b>
<b>LIABILITIES, EQUITY, AND OTHER CREDITS</b>						
Liabilities:						
Accounts and Retainage Payable	\$431,560	\$32,591	\$65,070	\$ -	\$628,995	\$7,989
Accrued & Other Liabilities	298,401	9,859	-	-	382,293	363,751
Deposits	2,421	4,161	-	-	-	-
Due to Other Funds (Note 5)	2,592	233,193	43,085	-	1,470,057	401,317
Payable from Restricted Assets:						
Bonds Payable (Note 10)	-	-	-	-	1,040,000	-
Accrued Interest & Coupons	-	-	-	-	265,968	-
Customer Deposits & Interest	-	-	-	-	588,470	-
Due to Other Governmental Units (Note 6)	2,383	1,330	-	-	-	-
Deferred Revenue	-	-	8,474	-	-	-
Certificates of Indebtedness (Note 10)	-	-	-	-	150,000	-
Due to Police Employees Retirement System (Note 10)	-	-	-	-	-	-
Bonds Payable (Note 10)	-	-	-	-	4,705,274	-
Advances from Electric System	-	-	-	-	150,000	-
Compensated Absences (Note 10)	-	-	-	-	152,357	14,451
<b>Total Liabilities</b>	<b>737,357</b>	<b>281,134</b>	<b>116,629</b>	<b>-</b>	<b>9,533,414</b>	<b>787,508</b>
Equity and Other Credits:						
Contributed Capital (Note 13)	-	-	-	-	10,512,424	-
Investment in General Fixed Assets	-	-	-	-	-	-
Retained Earnings:						
Reserved for Debt Service	-	-	-	-	2,846,454	-
Unreserved	-	-	-	-	21,287,308	24,360
Fund Balances:						
Reserved for Inventories	27,428	-	-	-	-	-
Reserved for Debt Service	21,186	-	-	\$87,727	-	-
Unreserved:						
Designated for Future Years' Expenditures	-	-	454,066	-	-	-
Undesignated	2,817,142	1,416,638	(24,867)	-	-	-
<b>Total Equity and Other Credits</b>	<b>2,865,756</b>	<b>1,416,638</b>	<b>429,199</b>	<b>87,727</b>	<b>34,646,186</b>	<b>24,360</b>
<b>Total Liabilities, Equity, and Other Credits</b>	<b>\$3,603,113</b>	<b>\$1,697,772</b>	<b>\$545,828</b>	<b>\$87,727</b>	<b>\$44,179,600</b>	<b>\$811,868</b>

See accompanying notes to financial statements.

FIDUCIARY FUND TYPE	ACCOUNT GROUPS		TOTALS	COMPONENT UNITS	TOTALS
	GENERAL FIXED ASSETS	GENERAL LONG-TERM DEBT	PRIMARY GOVERNMENT (MEMORANDUM ONLY)		REPORTING ENTITY (MEMORANDUM ONLY)
AGENCY					
\$ -	\$ -	\$ -	\$9,180,812	\$224,045	\$9,404,857
1 953 137	-	-	2,451,184	-	2,451,184
-	-	-	1,491,626	-	1,491,626
-	-	-	1,339,507	-	1,339,507
-	-	-	2,150,244	1,252	2,151,496
-	-	-	220,190	5,604	225,794
-	-	-	612,587	-	612,587
-	-	-	27,580	1,936	29,516
-	-	-	3,829,000	-	3,829,000
-	-	-	911,893	-	911,893
-	16,889,236	-	47,403,658	189,686	47,593,344
-	-	-	150,000	-	150,000
-	-	87,727	87,727	-	87,727
-	-	3,009,934	3,009,934	-	3,009,934
<u>\$1,953,137</u>	<u>\$16,889,236</u>	<u>\$3,097,661</u>	<u>\$72,865,942</u>	<u>\$422,523</u>	<u>\$73,288,465</u>
\$1,953,137	\$ -	\$ -	\$3,119,342	\$3,555	\$3,122,897
-	-	485,429	1,539,733	91,743	1,631,476
-	-	-	6,582	-	6,582
-	-	-	2,150,244	1,252	2,151,496
-	-	-	1,040,000	-	1,040,000
-	-	-	265,968	-	265,968
-	-	-	588,470	-	588,470
-	-	-	3,713	-	3,713
-	-	-	8,474	-	8,474
-	-	1,547,000	1,697,000	-	1,697,000
-	-	435,597	435,597	-	435,597
-	-	-	4,705,274	-	4,705,274
-	-	-	150,000	-	150,000
-	-	629,635	796,443	-	796,443
<u>1,953,137</u>	<u>-</u>	<u>3,097,661</u>	<u>16,506,840</u>	<u>96,550</u>	<u>16,603,390</u>
-	-	-	10,512,424	-	10,512,424
-	16,889,236	-	16,889,236	189,686	17,078,922
-	-	-	2,846,454	-	2,846,454
-	-	-	21,311,668	-	21,311,668
-	-	-	27,428	-	27,428
-	-	-	108,913	-	108,913
-	-	-	454,066	-	454,066
-	-	-	4 208 913	136,287	4,345,200
<u>-</u>	<u>16,889,236</u>	<u>-</u>	<u>56 359 102</u>	<u>325,973</u>	<u>56,685,075</u>
<u>\$1,953,137</u>	<u>\$16,889,236</u>	<u>\$3,097,661</u>	<u>\$72,865,942</u>	<u>\$422,523</u>	<u>\$73,288,465</u>

CITY OF RUSTON, LOUISIANA  
 COMBINED STATEMENT OF REVENUE, EXPENDITURES & CHANGES IN FUND BALANCES  
 ALL GOVERNMENTAL FUND TYPES & DISCRETELY PRESENTED COMPONENT UNITS  
 FOR THE YEAR ENDED SEPTEMBER 30, 1997

GOVERNMENTAL FUND TYPES

	GENERAL	SPECIAL REVENUE	CAPITAL PROJECTS
<b>Revenues:</b>			
Taxes	\$532,533	\$5,294,320	\$ -
License & Permits	713,680	-	-
Intergovernmental	794,994	753,945	42,049
Charges for Services	1,032,930	-	-
Fines & Forfeitures	242,067	-	-
Miscellaneous	204,970	127,454	13,312
<b>Total Revenues</b>	<b>3,521,174</b>	<b>6,175,719</b>	<b>55,361</b>
<b>Expenditures:</b>			
<b>Current:</b>			
General Government	1,298,817	787,314	-
Public Safety	3,537,050	-	-
Public Works	3,641,955	-	-
Recreation	-	404,080	-
Capital Outlay	-	-	126,803
Debt Service	63,725	-	-
<b>Total Expenditures</b>	<b>8,541,547</b>	<b>1,191,394</b>	<b>126,803</b>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<b>(5,020,373)</b>	<b>4,984,325</b>	<b>(71,442)</b>
<b>Other Financing Sources (Uses):</b>			
Sale of Fixed Assets	-	-	-
Operating Transfers In (Note 14)	5,747,524	216,108	-
Operating Transfers Out (Note 14)	(42,500)	(5,045,232)	-
<b>Total Other Financing Sources (Uses)</b>	<b>5,705,024</b>	<b>(4,829,124)</b>	<b>-</b>
<b>Excess (Deficiency) of Revenues &amp; Other Sources Over Expenditures &amp; Other Uses</b>	<b>684,651</b>	<b>155,201</b>	<b>(71,442)</b>
<b>Fund Balances, October 1</b>	<b>2,181,105</b>	<b>1,261,437</b>	<b>500,641</b>
<b>Fund Balances, September 30</b>	<b>\$2,865,756</b>	<b>\$1,416,638</b>	<b>\$429,199</b>

See accompanying notes to financial statements.

DEBT SERVICE	TOTALS PRIMARY GOVERNMENT (MEMORANDUM ONLY)	COMPONENT UNITS	TOTALS REPORTING ENTITY (MEMORANDUM ONLY)
\$ -	\$5,826,853	\$ -	\$5,826,853
-	713,680	-	713,680
-	1,590,988	427,214	2,018,202
-	1,032,930	28,000	1,060,930
-	242,067	-	242,067
1,369	347,105	156,446	503,551
1,369	9,753,623	611,660	10,365,283
-	2,086,131	588,059	2,674,190
-	3,537,050	-	3,537,050
-	3,641,955	-	3,641,955
-	404,080	-	404,080
-	126,803	-	126,803
202,296	266,021	-	266,021
202,296	10,062,040	588,059	10,650,099
(200,927)	(308,417)	23,601	(284,816)
-	-	100	100
202,297	6,165,929	-	6,165,929
-	(5,087,732)	-	(5,087,732)
202,297	1,078,197	100	1,078,297
1,370	769,780	23,701	793,481
86,357	4,029,540	112,586	4,142,126
\$87,727	\$4,799,320	\$136,287	\$4,935,607

CITY OF RUSTON, LOUISIANA  
 COMBINED STATEMENT OF REVENUE, EXPENDITURES & CHANGES IN FUND BALANCE  
 BUDGET (GAAP BASIS) & ACTUAL  
 GENERAL AND CERTAIN SPECIAL REVENUE FUNDS,  
 FOR THE YEAR ENDED SEPTEMBER 30, 1997

	GENERAL FUND		
	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
Revenues:			
Taxes	\$500,000	\$532,533	\$32,533
License & Permits	700,713	713,680	12,967
Intergovernmental	768,000	794,994	26,994
Charges for Services	965,000	1,032,930	67,930
Fines & Forfeitures	165,025	242,067	77,042
Miscellaneous	96,192	204,970	108,778
	3,194,930	3,521,174	326,244
Expenditures:			
Current:			
General Government	1,485,234	1,298,817	186,417
Public Safety	3,592,364	3,537,050	55,314
Public Works	3,803,822	3,641,955	161,867
Recreation	-	-	-
Debt Service	-	63,725	(63,725)
	8,881,420	8,541,547	339,873
Excess (Deficiency) of Revenues Over Expenditures	(5,686,490)	(5,020,373)	666,117
Other Financing Sources (Uses):			
Operating Transfers In	5,662,700	5,747,524	84,824
Operating Transfers Out	(42,500)	(42,500)	-
	5,620,200	5,705,024	84,824
Excess (Deficiency) of Revenues & Other Sources Over Expenditures & Other Uses	(66,290)	684,651	750,941
Fund Balances, October 1	2,181,105	2,181,105	-
Fund Balances, September 30	\$2,114,815	\$2,865,756	\$750,941

See accompanying notes to financial statements.



## CERTAIN SPECIAL REVENUE FUNDS

BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
\$5,087,341	\$5,294,320	\$206,979
-	-	-
621,300	753,945	132,645
-	-	-
-	-	-
140,724	127,454	(13,270)
5,849,365	6,175,719	326,354
777,910	787,314	(9,404)
-	-	-
-	-	-
444,629	404,080	40,549
-	-	-
1,222,539	1,191,394	31,145
4,626,826	4,984,325	357,499
217,064	216,108	(956)
(5,031,803)	(5,045,232)	(13,429)
(4,814,739)	(4,829,124)	(14,385)
(187,913)	155,201	343,114
1,261,437	1,261,437	-
\$1,073,524	\$1,416,638	\$343,114

CITY OF RUSTON, LOUISIANA  
 COMBINED STATEMENT OF REVENUE, EXPENSES & CHANGES IN RETAINED EARNINGS  
 ALL PROPRIETARY FUND TYPES  
 FOR THE YEAR ENDED SEPTEMBER 30, 1997

Exhibit 4

	PROPRIETARY FUND TYPES		TOTALS (MEMORANDUM ONLY)
	ENTERPRISE	INTERNAL SERVICE	
Operating Revenues:			
Charges for Service	\$17,085,318	\$184,756	\$17,270,074
Rent Income	14,626	-	14,626
Charges to Other Funds and Employees	-	1,185,291	1,185,291
Miscellaneous Income	433,854	143,000	576,854
<b>Total Operating Revenues</b>	<b>17,533,798</b>	<b>1,513,047</b>	<b>19,046,845</b>
Operating Expenses:			
Direct Expense	13,172,286	2,033,290	15,205,576
Indirect Expense	1,648,020	-	1,648,020
<b>Total Operating Expenses</b>	<b>14,820,306</b>	<b>2,033,290</b>	<b>16,853,596</b>
<b>Operating Income(Loss)</b>	<b>2,713,492</b>	<b>(520,243)</b>	<b>2,193,249</b>
Nonoperating Revenues (Expenses):			
Interest Income	328,573	39,512	368,085
Sale of Hay	1,433	-	1,433
Interest Expense & Fiscal Charges	(270,683)	-	(270,683)
<b>Net Nonoperating Revenues (Expenses)</b>	<b>59,323</b>	<b>39,512</b>	<b>98,835</b>
<b>Income (Loss) Before Operating Transfers</b>	<b>2,772,815</b>	<b>(480,731)</b>	<b>2,292,084</b>
<b>Operating Transfers Out (Note 14)</b>	<b>(1,078,196)</b>	<b>-</b>	<b>(1,078,196)</b>
<b>Net Income (Loss)</b>	<b>1,694,619</b>	<b>(480,731)</b>	<b>1,213,888</b>
Depreciation on Fixed Assets Acquired with Contributed Capital	440,246	-	440,246
<b>Retained Earnings, October 1</b>	<b>21,998,897</b>	<b>505,091</b>	<b>22,503,988</b>
<b>Retained Earnings, September 30</b>	<b>\$24,133,762</b>	<b>\$24,360</b>	<b>\$24,158,122</b>

See accompanying notes to financial statements.

CITY OF RUSTON, LOUISIANA  
 COMBINED STATEMENT OF CASH FLOWS  
 ALL PROPRIETARY FUND TYPES  
 FOR THE YEAR ENDED SEPTEMBER 30, 1997

Exhibit 5

	ENTERPRISE FUNDS	INTERNAL SERVICE FUNDS	TOTALS (MEMORANDUM) ONLY)
<b>Cash Flows From Operating Activities:</b>			
Operating Income (Loss)	\$2,713,492	(\$520,243)	\$2,193,249
<i>Adjustments to Reconcile Operating Income (Loss) to</i>			
<i>Cash Provided (Used) by Operating Activities:</i>			
Depreciation and Amortization	1,943,439	-	1,943,439
Other	1,433	-	1,433
<i>(Increase) Decrease in Operating Assets:</i>			
Accounts Receivables	(107,114)	(23,956)	(131,070)
Due from Other Governmental Units	(30,000)	-	(30,000)
Inventories	25,936	-	25,936
Due From Other Funds	(239,454)	(86,293)	(325,747)
<i>Increase (Decrease) in Operating Liabilities:</i>			
Bank Overdraft	-	102,137	102,137
Accounts Payables	(472,900)	(22,166)	(495,066)
Accrued Liabilities	92,352	102,540	194,892
Customer Deposits	24,086	-	24,086
Due to Other Funds	640,472	223,507	863,979
Compensated Absences	3,352	(76)	3,276
<b>Net Cash Provided (Used) by Operating Activities</b>	<b>4,595,094</b>	<b>(224,550)</b>	<b>4,370,544</b>
<b>Cash Flows From Noncapital Financing Activities:</b>			
Operating Transfers Out	(1,078,196)	-	(1,078,196)
<b>Cash Flows From Capital and Related Financing Activities:</b>			
Purchase of Capital Assets	(773,192)	-	(773,192)
Proceeds from Issuance of Debt	850,000	-	850,000
Retainage Payable	(40,814)	-	(40,814)
Principal Paid on Bond Maturities	(1,530,000)	-	(1,530,000)
Interest Paid on Bonds	(333,551)	-	(333,551)
Payment to Bond Escrow Agent	(880,650)	-	(880,650)
Capital Grants	41,112	-	41,112
<b>Net Cash Used For Capital and Related Financing Activities</b>	<b>(2,667,095)</b>	<b>-</b>	<b>(2,667,095)</b>
<b>Cash Flows From Investing Activities:</b>			
Interest Received	328,573	39,512	368,085
Investment Purchases	(1,278,711)	(2,270,879)	(3,549,590)
Investment Sales / Maturities	1,341,702	2,419,106	3,760,808
<b>Net Cash Flows From Investing Activities</b>	<b>391,564</b>	<b>187,739</b>	<b>579,303</b>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	<b>1,241,367</b>	<b>(36,811)</b>	<b>1,204,556</b>
<b>Cash and Cash Equivalents, October 1</b>	<b>7,502,116</b>	<b>167,906</b>	<b>7,670,022</b>
<b>Cash and Cash Equivalents, September 30</b>	<b>\$8,743,483</b>	<b>\$131,095</b>	<b>\$8,874,578</b>

See accompanying notes to financial statements.

CITY OF RUSTON, LOUISIANA  
 COMBINING BALANCE SHEET - COMPONENT UNITS  
 ALL FUND TYPES  
 AS OF THE YEAR ENDED

	GOVERNMENTAL FUND TYPES			FIDUCIARY FUND TYPES AGENCY FUNDS		GENERAL FIXED ASSETS ACCOUNT GROUP			Totals (Memorandum Only)
	City Court of Ruston 9-30-97	Ruston City Marshal's Office 9-30-97	Geographic Information System 12-31-96	City Court of Ruston 9-30-97	Ruston City Marshal's Office 9-30-97	City Court of Ruston 9-30-97	Ruston City Marshal's Office 9-30-97		
<b>ASSETS</b>									
Cash & Cash Equivalents	\$42,340	\$76,501	\$15,450	\$87,207	\$2,547	\$ -	\$ -	\$224,045	
Due From Other Funds	1,252	-	-	-	-	-	-	1,252	
Prepaid Expenses	1,936	-	-	-	-	-	-	1,936	
Due From Other Governmental Units	5,604	-	-	-	-	-	-	5,604	
Fixed Assets	-	-	-	-	-	114,379	75,307	189,686	
<b>TOTAL ASSETS</b>	<b>\$51,132</b>	<b>\$76,501</b>	<b>\$15,450</b>	<b>\$87,207</b>	<b>\$2,547</b>	<b>\$114,379</b>	<b>\$75,307</b>	<b>\$422,523</b>	
<b>LIABILITIES</b>									
Accounts Payable	\$3,454	\$101	-	\$ -	-	-	-	\$3,555	
Accrued & Other Liabilities	3,241	-	-	-	2,547	-	-	5,788	
Accrued Fees Earned	-	-	-	66,930	-	-	-	66,930	
Civil Deposits	-	-	-	19,025	-	-	-	19,025	
Due to Other Funds	-	-	-	1,252	-	-	-	1,252	
<b>TOTAL LIABILITIES</b>	<b>6,695</b>	<b>101</b>	<b>-</b>	<b>87,207</b>	<b>2,547</b>	<b>-</b>	<b>-</b>	<b>96,550</b>	
<b>EQUITY AND OTHER CREDITS</b>									
Investment in General	-	-	-	-	-	-	-	-	
Fixed Assets	-	-	-	-	-	114,379	75,307	189,686	
Fund Balance:									
Unreserved	44,437	76,400	15,450	-	-	-	-	136,287	
<b>TOTAL EQUITY AND OTHER CREDITS</b>	<b>44,437</b>	<b>76,400</b>	<b>15,450</b>	<b>-</b>	<b>-</b>	<b>114,379</b>	<b>75,307</b>	<b>325,973</b>	
<b>TOTAL LIABILITIES AND EQUITY AND OTHER CREDITS</b>	<b>\$51,132</b>	<b>\$76,501</b>	<b>\$15,450</b>	<b>\$87,207</b>	<b>\$2,547</b>	<b>\$114,379</b>	<b>\$75,307</b>	<b>\$422,523</b>	

See accompanying notes to financial statements.

CITY OF RUSTON, LOUISIANA  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES,  
 AND CHANGES IN FUND BALANCES - COMPONENT UNITS  
 ALL GOVERNMENTAL FUND TYPES  
 FOR THE YEAR ENDED

Exhibit - 7

GOVERNMENTAL FUND TYPES

	City Court of Ruston 9-30-97	Ruston City Marshal's Office 9-30-97	Geographic Information System 12-31-96	Totals (Memorandum Only)
Revenues:				
Charges for Services	\$106,295	\$194,262	\$126,657	\$427,214
Intergovernmental Revenue	28,000	-	-	28,000
Miscellaneous	132,263	4,501	19,682	156,446
	266,558	198,763	146,339	611,660
Expenditures - Current:				
General Government	276,782	167,596	143,681	588,059
Excess (Deficiency) of Revenues Over Expenditures	(10,224)	31,167	2,658	23,601
Other Financing Sources:				
Sale of Fixed Assets	-	100	-	100
Total Other Financing Sources	-	100	-	100
Excess Of Revenues & Other Financing Sources Over Expenditures	(10,224)	31,267	2,658	23,701
Fund Balances at Beginning of Year	54,661	45,133	12,792	112,586
Fund Balances at End of Year	\$44,437	\$76,400	\$15,450	\$136,287

See accompanying notes to financial statements.

**CITY OF RUSTON, LOUISIANA  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 1997**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. REPORTING ENTITY**

The accounting policies of the City of Ruston conform to generally accepted accounting principles 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 they 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.

**BLENDDED 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 on 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, LOUISIANA  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 1997**

**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 which 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, 1997.

**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 which 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, 1997.

**Geographical Information System**

The Geographical Information System is governed by a twelve member board of commissioners, two of which are appointed by the City of Ruston and two appointed by each of the following agencies: Lincoln Parish Sheriff's Office, Lincoln Communications District, Lincoln Parish Protection District, Lincoln Parish Assessor, and Lincoln Parish Police Jury. All accounting records are maintained by the City of Ruston and all receipts and disbursements are approved through the Treasurer's Office. The City has no power to transact business for the commission nor to control or direct the action of the commissioners. The City has no access to the funds of the commission. The financial statements of Geographical Information System are included in the accompanying financial statements as of and for the fiscal year ended December 31, 1997. Separate financial statements are not issued on the commission.

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

City Court	City Marshal
P.O. Box 1821	P. O. Box 1582
Ruston, Louisiana 71273-1821	Ruston, LA 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

**CITY OF RUSTON, LOUISIANA  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 1997**

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

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 which 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 in its operations. It is not included in the City's financial statements.

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

Ruston Housing Authority  
1615 North Farmerville  
Ruston, Louisiana 71270

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

**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:



**CITY OF RUSTON, LOUISIANA  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 1997**

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

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. 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.

d. Debt Service Funds

Debt Service Funds are 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.

(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.

**CITY OF RUSTON, LOUISIANA  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 1997**

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

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) Fiduciary Fund Types

These funds account for assets held by the City as a trustee or agent for other units of government, individuals or private organizations. These funds are as follows:

Agency Fund

The Agency Fund is used to account for assets held by the government as an agent for individuals, private organizations, other governments, and/or other funds. The Agency Fund is custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

(4) 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.

C. BASIS OF ACCOUNTING

The accounting and 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. That is, only current assets 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.

**CITY OF RUSTON, LOUISIANA  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 1997**

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

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

The modified accrual basis of accounting is followed by all governmental funds (General Fund, Special Revenue Funds, Debt Service Funds, Agency Funds, and Capital Projects Funds). 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.

Licenses and permits, charges for services, fines and forfeits, and miscellaneous revenues are recorded as revenues when received in cash because they are generally not measurable until actually received. Federal and State grants, general property taxes, self-assessed taxes, and investment earnings are recorded when earned (when they are measurable and available). Revenues which are susceptible to accrual are property taxes and interest. Property taxes are considered measurable in the calendar year of the tax levy. Interest on investments is recorded as revenue in the year the interest is earned and is available to pay liabilities of the current period.

Expenditures are recognized in the accounting period in which the fund liability is incurred, if measurable, except expenditures for debt service, and other long-term obligations which are recognized when paid.

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. Interest on revenue bonds, proceeds of which are used in financing the construction of certain assets, is capitalized during the construction period net of interest on the investment of unexpended bond proceeds. 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.

The City reports deferred revenue on its combined balance sheet. Deferred revenues arise when a potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period. Deferred revenues also arise when resources are received by the City before it has a legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the City has a legal claim to the resources, the liability for deferred revenue is removed from the combined balance sheet and revenue recognized.

**CITY OF RUSTON, LOUISIANA  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 1997**

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

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 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 at the legal level of control 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, State Revenue Sharing, Health and Safety Rehab, and Section 8 Housing Funds). 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.

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. Cash and cash equivalents included restricted and unrestricted cash accounts.

**CITY OF RUSTON, LOUISIANA**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 1997**

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

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 cost or amortized cost except for investments in the agency fund (Deferred Compensation Fund), which is reported at market value. Interest is accrued as earned. Louisiana statutes permit the City to invest in United States bonds, treasury notes, certificates, obligations of the U.S. Governments and agencies of the U.S. Government 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. During the year ended September 30, 1997, the City invested in certificates of deposit, U.S. Government and U.S. Government agency securities, collateralized mortgage obligations and mortgaged back securities. As of September 30, 1997, the City did not have investments in collateralized mortgage obligations and mortgaged back securities. The funds of the Deferred Compensation Fund are invested in a life insurance contract.

H. INTERFUND RECEIVABLE AND PAYABLE

Interfund transactions are transactions between the different funds.

(1) 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.

(2) Advance To and Advance From Other Funds

Interfund receivables and payables that are not expected to be repaid during the next accounting cycle.

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.

**CITY OF RUSTON, LOUISIANA**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 1997**

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

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

J. PREPAID EXPENSES

Payments made to vendors for services that will benefit periods beyond September 30, 1997, are recorded as prepaid expenses.

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. PROPERTY, PLANT AND EQUIPMENT

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.

Property, plant and equipment acquired for proprietary funds is capitalized in the respective funds to which it applies.

Property, plant and equipment is 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 is reflected as a reduction of the respective contributed capital

**CITY OF RUSTON, LOUISIANA**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 1997**

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

account. 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 and certificates of indebtedness are reported in the appropriate proprietary fund.

N. FUND EQUITY

Contributed capital is recorded in proprietary funds that have received capital grants and contributions from developers, customers, or other funds.

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. The unreserved portion of fund balance designated for subsequent 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.

**CITY OF RUSTON, LOUISIANA**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 1997**

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

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, 1996

Property taxes are recognized as revenue when they are collected. Taxes are either collected or adjudicated each year by September 30. Therefore, there are generally no unpaid property taxes at year end.

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 Revenues, and Capital Projects Funds. A grant receivable is recorded when the city has a right to reimbursement under the related grant. The grants normally specify the purpose for which the fund may be used and are subject to audit by the granting agency or its representative.

T. CLAIMS AND JUDGMENTS

Claims and judgements are recorded as expenditures in the appropriate internal service fund. GASB Statement 10 is followed in accruing the liabilities. An expense is accrued when



**CITY OF RUSTON, LOUISIANA  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 1997**

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

information is available that it is probable a liability has been incurred, and the amount is reasonably estimatable.

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.

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

At September 30, 1997, the Central Shop Construction Capital Project Fund had a deficit of \$8,607. This fund deficit is expected to be removed by subsequent year's transfers. The Fire Station Construction Capital Project Fund had a deficit of \$16,010. The fund deficit is expected to be removed by subsequent year's transfers. The Sewer Demonstrated Needs Capital Project Fund had a deficit of \$250. The fund deficit will be removed by matching funds from the sewer operating fund. The General Insurance Agency Fund had a deficit at year end of \$540,165. This deficit is expected to be funded by fees charged in subsequent years.

C. EXPENDITURES IN EXCESS OF APPROPRIATIONS

Salaries in the Probation Department exceeded budget by \$984.00. Salaries in the Engineering Department exceeded budget by \$449 00. Total expenditures in Section 8 Existing Housing exceeded budget by \$3,973.00.

NOTE 3 - CASH AND INVESTMENTS

A. Deposits

All deposits of the City are held by area financial institutions. At September 30, 1997, the carrying amount of the City's deposits was \$13,009,812 and the bank balance was \$14,065,941. This difference is due to outstanding checks and deposits in transit at September 30, 1997. The City's deposits 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 deposits that are insured or collateralized with

**CITY OF RUSTON, LOUISIANA  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 1997**

NOTE 3 - CASH AND INVESTMENTS (Cont.)

securities held by the entity or by its agent in the entity's name. Category 2 includes deposits collateralized with securities held by the pledging financial institution's trust department or agent in the entity's name. Category 3 deposits are uncollateralized.

	09-30-97 <u>Bank Balances</u>
Category 1	\$11,736,229
Category 2	--
Category 3	<u>2,329,712</u>
	\$14,065,941

Discretely Presented Component Units - Deposits

Deposits – Carrying Amount	\$224,045
Deposits – Bank Balance	\$309,072

Of the \$309,072 bank balance, \$32,183 was not covered by federal depository insurance nor was it covered by pledged securities.

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.

	<b>CATEGORY</b>			<u>Carrying Amount</u>	<u>Market Value</u>
	1	2	3		
U.S. government and U.S. government agency securities	<u>\$1,409,940</u>	<u>\$ --</u>	<u>\$ --</u>	\$1,409,940	\$1,409,298
Life Insurance Contract in Deferred Compensation Fund				<u>1,953,137</u>	<u>1,953,137</u>
				<u>\$3,363,077</u>	<u>\$3,362,435</u>

NOTE 4 - PROPERTY TAXES

Property taxes are assessed and collected on a calendar year. 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.

**CITY OF RUSTON, LOUISIANA  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 1997**

NOTE 4 - PROPERTY TAXES (Con't)

All property taxes are recognized in compliance with NCGA Interpretation-3 (Revenue Recognition - Property Taxes) which states that such revenue is recorded when it becomes measurable and available. Available means due, or past due and receivable within the current period and collected no longer than 60 days after the close of the current period. For the year ended December 31, 1997, taxes of 9.84 mills were levied on property with assessed valuations totaling \$81,035,680 and were dedicated as follows:

General Fund	6.84 Mills
Recreation Tax	3.00 mills

Total taxes levied were \$797,390.

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, 1997 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	\$1,279,924	\$ 2,592
Special Revenue Funds:		
1968 Sales Tax	859	93,099
1985 Sales Tax	--	2,852
1990 Sales Tax	--	3,303
Ruston Parks & Recreation Board	--	7,935
Section 8 Existing Housing	35,041	48,869
Section 8 Modrehab Housing	26,506	23,008
Section 8 Voucher Housing	--	54,127

**CITY OF RUSTON, LOUISIANA  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 1997**

NOTE 5 - RECEIVABLES (Con't)

Capital Projects:		
Fire Station Construction	--	33,763
Park & Rec	--	1,072
Sewer Demonstrated Need	8,000	8,250
Enterprise Funds:		
Electrical System	56,925	1,344,218
Water System	248,383	4,675
Sewerage System	393,034	10,707
Ruston Airport Authority	--	20,657
Ambulance	1,248	89,800
Internal Service Funds:		
Workmen's Compensation	100,324	--
General Insurance	--	398,452
Purchasing/Warehouse Fund	--	2,865
Totals	<u>\$2,150,244</u>	<u>\$2,150,244</u>

**B. ACCOUNTS RECEIVABLE CUSTOMERS**

	<u>TOTAL RECEIVABLES</u>	<u>ALLOWANCE FOR DOUBTFUL ACCOUNTS</u>	<u>NET RECEIVABLES</u>
Electric	\$ 971,689	\$137,052	\$ 834,637
Water	130,812	19,634	111,178
Sewer	161,588	21,620	139,968
Ambulance	342,276	270,274	72,002
Airport	<u>1,246</u>	<u>--</u>	<u>1,246</u>
Totals	<u>\$1,607,611</u>	<u>\$448,580</u>	<u>\$1,159,031</u>

NOTE 6 - DUE FROM OTHER GOVERNMENTAL UNITS

A summary of receivables from other governmental units as of September 30, 1997, follows:

General Fund

Lincoln Parish Police Jury	
Salary Reimbursement & LPPJ	\$ 7,785
Lincoln Tax Assessor	(1,104)
Lincoln Communication District	2,479
Lincoln Parish Sheriff	(1,279)
Other	<u>2,043</u>
Total General Fund	\$ 9,924

**CITY OF RUSTON, LOUISIANA  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 1997**

NOTE 6 - DUE FROM OTHER GOVERNMENTAL UNITS (Con't)

Special Revenue Funds

1968 Sales Tax Fund:	
Police Jury – Lincoln Parish	\$ 4,289
Section 8 Existing Housing – Due from HUD	68,150
Section 8 Voucher Housing – Due from HUD	27,944
Section 8 Modrehab Housing – Due from HUD	<u>(1,330)</u>
Total Special Revenue Funds	\$ 99,053

Enterprise Funds

Ambulance Fund	
Lincoln Parish Police Jury Ambulance	\$ <u>107,500</u>
Total Enterprise Funds	\$ <u>107,500</u>
Total All Funds	\$ <u>216,477</u>

NOTE 7 - CHANGES IN FIXED ASSETS

A summary of changes in general fixed assets follows:

	Balance <u>10-01-96</u>	<u>Additions</u>	Adjustments and <u>Deductions</u>	Balance <u>09-30-97</u>
Land	\$ 778,859	\$ --	\$ --	\$ 778,859
Buildings	4,152,026	--	--	4,152,026
Improvements Other Than Buildings	4,237,569	--	--	4,237,569
Equipment	<u>6,899,257</u>	<u>846,352</u>	<u>(24,827)</u>	<u>7,720,782</u>
Totals	<u>\$16,067,711</u>	<u>\$846,352</u>	<u>\$(24,827)</u>	<u>\$16,889,236</u>

**CITY OF RUSTON, LOUISIANA  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 1997**

**NOTE 7 - CHANGES IN FIXED ASSETS (Con't)**

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	\$ 140,256	\$ 138,239	\$ --	\$ 407,071
Buildings	2,064,336	173,078	112,767	407,216	--	2,757,397
System Improvement	13,744,549	7,279,182	15,371,590	4,429,628	--	40,824,949
Equipment	16,468,338	488,758	614,089	51,155	378,561	18,000,901
Construction in Progress	---	---	170,574	---	---	170,574
Total	\$32,330,729	\$8,016,088	\$10,409,276	\$5,026,238	\$378,561	\$62,160,892
Accumulated Depreciation	<u>21,641,143</u>	<u>3,535,887</u>	<u>5,747,040</u>	<u>517,666</u>	<u>204,734</u>	<u>31,646,470</u>
Net Fixed Assets	<u>\$10,689,586</u>	<u>\$4,480,201</u>	<u>\$4,662,236</u>	<u>\$4,508,572</u>	<u>\$173,827</u>	<u>\$30,514,422</u>

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

Buildings	20-50 Years
Improvements	20-50 Years
Equipment	4-20 Years

Depreciation in the proprietary funds amounted to \$1,943,433 for the fiscal year.

**NOTE 8 - PENSION COSTS**

In 1997, the City adopted the provisions of Governmental Accounting Standards Board No. 27, Accounting for Pensions by State and Local Governmental Employers (GASB 27). This statement establishes standards for the measurement, recognition, and display of pension expenditures/expenses and related liabilities, assets, note disclosures, and required supplementary information.

**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

**CITY OF RUSTON, LOUISIANA  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 1997**

NOTE 8 - PENSION COSTS (Con't)

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 5.75% 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 ending September 30, 1997, 1996 and 1995 were \$288,118, \$286,291 and \$269,664, respectively, equal to the required contributions for each year.

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 ending September 30, 1997, 1996 and 1995 were \$114,222, \$102,706 and \$71,764, respectively, equal to the required contributions for each year.

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.

**CITY OF RUSTON, LOUISIANA  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 1997**

NOTE 8 - PENSION COSTS (Con't)

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 ending September 30, 1997, 1996 and 1995 were \$112,939, \$99,363 and \$77,797, respectively, equal to the required contributions for each year.

NOTE 9 - 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. During the year ended September 30, 1997, a total of \$135,387 was paid in benefits and administrative costs. An excess coverage insurance policy covers individual claims in excess of \$150,000. Reported claims of \$139,472 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 agency fund are accounted for as an expenditure of the paying fund. The Workmen's Compensation Self Insurance Fund has a retained earnings balance of \$555,075 at September 30, 1997. This balance has been accumulated for future potential catastrophic losses.

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, 1997, a total of \$1,489,999 was paid in benefits and administrative costs. The insurance fund has a deficit of \$540,165 at September 30, 1997. An excess coverage co-insurance policy covers individual claims in excess of \$80,000 per calendar year. Incurred but not reported claims of \$122,142 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 agency fund are accounted for as an expenditure of the paying fund.

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

	Balance <u>October 1</u>	<u>Additions</u>	<u>Deductions</u>	Balance <u>September 30</u>
1996	\$ <u>172,958</u>	\$ <u>85,363</u>	\$ <u>99,247</u>	\$ <u>159,074</u>
1997	\$ <u>159,074</u>	\$ <u>171,173</u>	\$ <u>68,633</u>	\$ <u>261,614</u>



**CITY OF RUSTON, LOUISIANA  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 1997**

**NOTE 10 - LONG-TERM DEBT**

The following is a summary of the City's long-term debt transactions for the year ended September 30, 1997:

	<u>General Obligations</u>				
	<u>Certificates of Indebtedness</u>	<u>Police Pension Fund Liability</u>	<u>Compensated Absences</u>	<u>Capital Leases</u>	<u>Total</u>
Balance 10-01-96	\$1,730,000	\$495,520	\$570,303	\$171,109	\$2,966,932
Additions	--	--	59,332	365,004	424,336
Retirements & Payments	<u>(183,000)</u>	<u>(59,922)</u>	--	<u>(50,684)</u>	<u>(293,607)</u>
Balance 9-30-97	<u>\$1,547,000</u>	<u>\$435,597</u>	<u>\$629,635</u>	<u>\$485,429</u>	<u>\$3,097,661</u>

Payments for maturing certificates of indebtedness of \$145,000 were from the Debt Service Fund and payments of \$38,000 were from the General Fund.

On February 18, 1991, the City of Ruston placed cash in an irrevocable trust for the sole purpose of satisfying scheduled payments of both interest and principal of the 1973 Public Improvement Bonds, Series A and Series B. As a result of the defeasance, these bonds are not included in the City's financial statements. The principal outstanding at September 30, 1997 of the defeased bonds was \$130,000.

In December 1996, the City issued \$850,000 in Utilities Revenue Refunding Bonds with interest rates ranging from 4.442% to 5.079% to advance refund \$855,000 of outstanding 1986 Utilities Revenue Bond Series bonds with interest rates ranging from 7.9% to 8.10%. The net proceeds of \$825,900 (after payment of \$24,100 in underwriting fees, insurance, and other issuance costs) plus an additional \$71,231 of existing funds were used to purchase U.S. government securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for the principal, premium and interest on the refunded bonds to their redemption date of January 1, 1997, irrevocable provision having been made in the resolution adopted by the City for the call for redemption of the Refunded bonds on said date. As a result, at September 30, 1997, \$855,000 of the 1986 Series bonds are considered to be defeased and the liability for those bonds has been removed from the Water Fund.

The advance refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of \$25,650. This difference, reported in the accompanying financial statements as a deduction from bonds payable, is being charged to operations through the year 2006 in proportion to stated interest requirements. The City completed the advance refunding which decreased its total debt service payments over the next 10 years by \$114,969 and which resulted in an economic gain (difference between present values of old and new debt service payments) of \$81,072.

**CITY OF RUSTON, LOUISIANA  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 1997**

NOTE 10 – LONG-TERM DEBT (Con't)

Bonds and certificates of indebtedness payable at September 30, 1997, are comprised of the following individual issues:

<u>General Obligation Certificate of Indebtedness</u>	<u>Outstanding 09-30-97</u>
\$1,100,000 1993 Certificate of Indebtedness dated 4-1-93, due in annual installments of \$100,000 to \$135,000 through 4-1-03, interest at 4.45% to 5.1% (this issue is secured by pledge and dedication of the excess of annual revenue of the City of Ruston)	\$ 710,000
\$500,000 - 1997 Certificate of Indebtedness dated 5-23-96, due in annual installments of \$41,000 to \$61,000 through 5-1-06, interest at 5.48% (this issue is secured by pledge and dedication of the excess of annual revenue of the City of Ruston)	462,000
\$500,000 – 1993 A Certificate of Indebtedness dated 3-1-94, due in annual installments of \$45,000 to \$60,000 through 3-1-04, interest at 4.65% to 5.60% (this issue is secured by pledge and dedication of the excess of annual revenue of the City of Ruston.)	<u>375,000</u>
Total General Obligation Certificates of Indebtedness	<u>\$1,547,000</u>
 <u>Revenue Bonds</u>	
\$1,100,000 1968 Electric Light Utility bonds dated 2-2-68 due in annual installments of \$70,000 to \$80,000 through October 1, 1997, interest at 5.10%	80,000
\$7,250,000 1973 Electric Light Utility bonds dated 1-1-73 due in annual installments of \$585,000 through October 1, 1997, interest at 4.50 to 5.25%	585,000
\$4,500,000 authorized 1990 Sewer Revenue Bonds, \$3,204,747 issued, interest at 5.0%, payable in annual installments of \$120,000 to \$245,000 through October 1, 2012	2,815,000
\$1,620,000 authorized 1993 Sewer Revenue Bonds \$1,432,536 issued, interest at 2.45%, payable in installments over not more than 20 years after the completion date.	1,302,536
\$850,000 1996 Water Utility Revenue Refunding Bonds dated 12-23-96 due in annual installments of \$55,000 to \$110,000 through October 1, 2006, interest at 4.4420% 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 9/30/97 was \$22,262.	827,738

**CITY OF RUSTON, LOUISIANA  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 1997**

NOTE 10 – LONG-TERM DEBT (Con't)

Certificates of Indebtedness

\$1,040,000 1989 Certificates of Indebtedness dated 1-1-89, due in annual installments of \$135,000 to \$150,000 through 1-1-99, interest at 7.95% (this issue is secured by pledge and dedication of the excess of annual revenues of the City of Ruston, after provision has been made for the payment therefrom for the outstanding Certificates of Indebtedness, Series 1986, and Series 1988).

	<u>285,000</u>
Total Enterprise Funds Bonds	<u>\$5,895,274</u>

The annual requirements to amortize all bonded debt outstanding as of September 30, 1997, including interest payments of \$2,335,084 are as follows:

<u>Year Ending September 30</u>	<u>Certificates of Indebtedness</u>	<u>Enterprise Revenue Bonds</u>
1998	\$ 191,000	\$1,040,000
1999	203,000	420,000
2000	211,000	275,000
2001	223,000	290,000
2002	231,000	305,000
Thereafter	<u>488,000</u>	<u>3,587,536</u>
Total Principal	\$1,547,000	\$5,917,536
Total Interest	<u>337,842</u>	<u>1,997,242</u>
Total Future Requirements	<u>\$1,884,842</u>	<u>\$7,914,778</u>

The annual requirements to amortize the liability for the Police Pension Fund as of September 30, 1997, including interest payments of \$85,789 are as follows:

1998	\$ 90,676
1999	90,676
2000	90,676
2001	90,676
2002-2003	<u>158,683</u>
Total	<u>\$521,387</u>

**CITY OF RUSTON, LOUISIANA  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 1997**

NOTE 10 - LONG-TERM DEBT (Cont)

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, 1997 was \$81,035,680. The maximum debt allowable for any one purpose and total debt allowable by state law as of December 31, 1997 is \$8,103,568 and \$28,362,488 respectively. The City currently has \$1,832,000 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.

NOTE 11 - 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 five garbage trucks for its Public Works Solid Waste Department and a 544 Loader for Public Works Street Department. These lease agreements qualify as capital leases for accounting purposes (title transfers at the end of the lease terms). The 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, 1997, respectively. During the year ended September 30, 1997, depreciation of \$30,326 was recorded on the computer hardware and software and accumulated depreciation amounted to \$80,870 at September 30, 1997. The value of the fixed assets recorded in the Water Fund is \$51,954 and the equipment was placed in service at September, 1997.

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

ENTERPRISE FUND (ELECTRIC & WATER SYSTEM):

<u>Year Ending 09/30</u>	<u>Minimum Lease Payment</u>	<u>Principal Payment</u>
1998	\$ 78,199	\$ 68,141
1999	37,211	31,584
2000	33,703	29,625
2001	33,703	31,231
2002	<u>30,895</u>	<u>30,116</u>
Total	<u>\$213,711</u>	<u>\$190,697</u>

**CITY OF RUSTON, LOUISIANA  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 1997**

NOTE 11 - CAPITAL LEASES (Con't)

GENERAL LONG-TERM DEBT ACCOUNT GROUP:

<u>Year Ending 09/30</u>	<u>Minimum Lease Payment</u>	<u>Principal Payment</u>
1998	\$133,054	\$107,742
1999	133,054	114,140
2000	133,054	120,919
2001	109,091	103,732
2002	<u>39,513</u>	<u>38,896</u>
Total	<u>\$547,766</u>	<u>\$485,429</u>

NOTE 12 - 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, 1997, is as follows:

	<u>Electric System</u>	<u>Water System</u>	<u>Sewerage System</u>	<u>Airport Authority</u>	<u>Ambulance Service</u>	<u>Total Enterprises</u>
Operating Revenue	\$13,560,616	\$1,353,225	\$ 2,014,890	\$ 14,473	\$ 590,594	\$17,533,798
Depreciation	994,162	230,391	473,360	201,132	44,388	1,943,433
Operating Income (Loss)	2,231,815	295,257	571,087	(216,988)	(167,679)	2,713,492
Operating Transfers In(Out)	(1,063,214)	(14,982)	--	--	--	(1,078,176)
Net Income (Loss)	1,373,378	261,795	438,326	(214,593)	(164,287)	1,694,619
Current Capital Contributions	--	41,112	--	--	--	41,112
Fixed Asset - Additions	470,811	202,892	69,649	11,939	17,901	773,192
Total Assets	\$19,065,862	\$6,020,135	\$14,025,624	\$4,632,500	\$ 435,479	\$44,179,600
Revenue Bonds Payable	\$ 665,000	\$ 827,738	\$ 4,117,536	--	--	\$ 5,610,274
Certificates of Indebtedness	--	--	285,000	--	--	285,000
Total Contributed Capital and Retained Earnings	\$15,341,191	\$5,049,630	\$9,299,581	\$4,611,644	\$344,140	\$34,646,186
Net Working Capital	\$ 2,524,308	\$1,210,358	\$2,284,889	\$ 103,072	\$170,313	\$ 6,292,940

**CITY OF RUSTON, LOUISIANA  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 1997**

**NOTE 13 - CONTRIBUTED CAPITAL - ENTERPRISE FUNDS**

Changes in contributed capital during were as follows

	<u>Electrical System</u>	<u>Waterworks System</u>	<u>Sewerage System</u>	<u>Airport System</u>	<u>Ambulance System</u>	<u>Total</u>
Balance, Beginning of Year	\$325,129	\$748,329	\$5,660,641	\$4,090,405	\$87,055	\$10,911,559
Contributions - Federal/State Grants	--	41,112	--	--	--	41,112
Less: Depreciation	<u>-</u>	<u>(11,830)</u>	<u>(203,668)</u>	<u>(224,748)</u>	<u>-</u>	<u>(440,246)</u>
Balance, End of Year	<u>\$325,129</u>	<u>\$777,611</u>	<u>\$5,456,973</u>	<u>\$3,865,657</u>	<u>\$87,055</u>	<u>\$10,512,424</u>

**NOTE 14 - INTERFUND TRANSFERS**

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

	<u>Transfer In</u>	<u>Transfer Out</u>
General Fund	<u>\$5,747,523</u>	<u>\$ 42,500</u>
Special Revenue Funds:		
Sales Tax Funds		
1968 Sales Tax Fund	\$ --	\$1,372,700
1985 Sales Tax Fund	--	2,102,629
1990 Sales Tax Fund	--	1,415,000
Ruston Parks & Recreation Board	216,108	84,903
Section 8 Housing	<u>--</u>	<u>70,000</u>
Total Special Revenue Funds	<u>\$ 216,108</u>	<u>\$5,045,232</u>
Debt Service Fund	<u>\$ 202,297</u>	<u>\$ --</u>
Enterprise Funds:		
Electrical System	\$ --	\$1,063,214
Water System	<u>--</u>	<u>14,982</u>
Total Enterprise Funds	<u>\$ --</u>	<u>\$1,078,196</u>
Total Operating Transfers In and Out	<u>\$6,165,928</u>	<u>\$6,165,928</u>

**CITY OF RUSTON, LOUISIANA  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 1997**

NOTE 15 - 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
Troy Smalling	4,800
Pat Cardwell	4,800
Levell Thurman	4,800
Lawrence Smith	<u>4,800</u>
	<u>\$24,000</u>

NOTE 16 - 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 effect 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 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 requires compliance with terms and conditions specified in the grant agreements. The programs are audited in accordance with the Single Audit Act of 1996 and are subject to further examination by the granter agency.

NOTE 17 - DEFERRED COMPENSATION PLAN

The City offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all City employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency.

All amounts of compensation deferred under the plan, all property and rights purchased with those amounts, and all income attributable to those amounts, property or rights are (until paid or made available to the employee or other beneficiary) solely the property and rights of the government subject only to the claims of the government's general creditors. Participants' rights under the plan are equal to those of the general creditors of the government in an amount equal to the fair market value of the deferred account for each participant.

**CITY OF RUSTON, LOUISIANA  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 1997**

NOTE 17 - DEFERRED COMPENSATION PLAN (Con't)

It is the opinion of management that the City has no liability for losses under the plan. It is the intent of management that the deferred amounts will ultimately be paid to the employees. Management also believes that the assets will not be used to satisfy the claims of general creditors.

NOTE 18 - POST-EMPLOYMENT HEALTH CARE BENEFITS

In addition to the pension benefits described in note 8, 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 90 retirees receiving such benefits. During 1997, expenditures of \$176,754 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.

NOTE 19 - NEW FUNDS

During 1997, the City was awarded a Sewer Demonstrated Needs Community Development Block Grant. The grant provides for the replacement of a plastic sewer force main placed in the ground in the early 70's from Texas Street to the north side of I-20.



COMBINING, INDIVIDUAL FUND AND ACCOUNT  
GROUP STATEMENTS AND SCHEDULES

GENERAL FUND

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

CITY OF RUSTON, LOUISIANA  
GENERAL FUND  
COMPARATIVE BALANCE SHEETS  
SEPTEMBER 30, 1997 AND 1996

Exhibit A-1

	1997	1996
	-----	-----
<b>ASSETS</b>		
Cash and Cash Equivalents	\$1,999,937	\$1,875,363
Accounts Receivable	224,657	182,988
Unbilled Revenues	58,565	58,648
Travel Advances	295	2,650
Due from Other Funds	1,279,924	573,143
Due from Other Governmental Units	12,307	13,043
Inventories, at Cost	27,428	16,734
	-----	-----
Total Assets	\$3,603,113	\$2,722,569
	=====	=====
 <b>LIABILITIES AND FUND BALANCE</b>		
<b>Liabilities:</b>		
Accounts Payable	\$431,560	\$280,286
Deposits	2,421	2,421
Due to Other Funds	2,592	267
Due to Other Governmental Units	2,383	-
Accrued Salaries	298,401	258,490
	-----	-----
Total Liabilities	737,357	541,464
	-----	-----
<b>Fund Balance:</b>		
Reserved for Inventories	27,428	16,734
Reserved for Debt Service	21,186	-
Unreserved - Undesignated	2,817,142	2,164,371
	-----	-----
Total Fund Balance	2,865,756	2,181,105
	-----	-----
Total Liabilities and Fund Balance	\$3,603,113	\$2,722,569
	=====	=====

See accompanying notes to combined financial statements.

CITY OF RUSTON, LOUISIANA  
GENERAL FUND  
COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES &  
CHANGES IN FUND BALANCES  
FOR THE YEARS ENDED SEPTEMBER 30, 1997 AND 1996

	1997	1996
Revenues:		
Taxes - Property Tax - General	\$532,533	\$509,143
Licenses and Permits:		
Insurance License	227,119	223,919
Alcoholic Beverage License	3,277	3,750
Bicycle License Fees	142	71
Inspection - Building	31,259	58,687
Inspection - Plumbing	8,744	10,496
Inspection - Electrical	14,765	15,569
Inspection - Mechanical	9,753	14,211
Inspection - Occupancy	1,678	1,470
Franchise - Arkla Gas	98,800	96,866
Franchise - Cable T.V.	318,143	56,109
Total Licenses and Permits	713,680	481,148
Intergovernmental:		
Solid Waste Mgmt. Program	394,876	445,475
Louisiana Tobacco Tax	73,381	97,840
Louisiana Fire Insurance	33,816	33,851
Louisiana Beer Tax	26,617	29,222
RPD HUD Grant	44,855	-
Video Poker Tax	94,884	85,437
Louisiana Mainstreet Grant	5,000	10,000
Forestry Grant	1,401	-
Louisiana Dept of Highways	35,646	35,646
HUD Administration Fee	84,518	92,153
Total Intergovernmental	794,994	829,624

See accompanying notes to combined financial statements.

COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES &  
CHANGES IN FUND BALANCES  
FOR THE YEARS ENDED SEPTEMBER 30, 1997 AND 1996

	1997	1996
	-----	-----
Charges for Services:		
Refuse Collection Fees	1,032,930	996,588
	-----	-----
Total Charges for Services	1,032,930	996,588
Fines & Forfeitures:		
Fines - Ward Marshal	108,073	57,972
Fines - Witness Fees	8,925	7,880
Fines - DWI Testing	5,790	4,485
Fines/Fees - Animal Control	2,671	2,328
Fire Department Coke Fund	514	-
Fire Department - CPR Classes	5,718	-
Donation - Animal Control	20	20
Fines - Parking Tickets	10,695	14,044
Accident Reports - Police	4,849	4,081
Incident Reports - Fire	109	-
Crematory Fees	26,253	1,393
Cemetary Funds	0	300
Probation Revenue	47,606	46,179
Police Department Miscellaneous	20,844	33,243
	-----	-----
Total Fines and Forfeitures	242,067	171,925
Miscellaneous:		
Civic Center Income	34,520	44,102
Interest	73,408	57,978
Rentals - City Property	2,511	3,000
Sale of Culvert	792	681
Sale of Equipment	4,016	-
Commission South Central Bell	160	156
Federal & State Disaster Relief	72,883	-
Concession Receipts	1,651	1,310
Miscellaneous	15,029	8,455
	-----	-----
Total Miscellaneous	204,970	115,682
	-----	-----
Total Revenues	3,521,174	3,104,110
	-----	-----

See accompanying notes to combined financial statements.

CITY OF RUSTON, LOUISIANA  
GENERAL FUND  
COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES &  
CHANGES IN FUND BALANCES  
FOR THE YEARS ENDED SEPTEMBER 30, 1997 AND 1996

	1997	1996
Expenditures:		
Current:		
General Government	1,298,817	1,229,142
Public Safety	3,537,050	3,487,367
Public Works	3,641,955	3,508,925
Debt Service:		
Certificate of Indebtedness Principal Payment	38,000	-
Certificate of Indebtedness Interest Payment	25,725	-
	8,541,547	8,225,434
Deficiency of Revenues Over Expenditures	(5,020,373)	(5,121,324)
Other Financing Sources (Uses):		
Operating Transfers In	5,747,524	5,681,996
Operating Transfers Out	(42,500)	(42,500)
	5,705,024	5,639,496
Excess of Revenues and Other Financing Sources Over Expenditures	684,651	518,172
Fund Balance, October 1	2,181,105	1,662,933
Fund Balance, September 30	\$2,865,756	\$2,181,105

See accompanying notes to combined financial statements.

STATEMENT OF REVENUES, EXPENDITURES &  
CHANGES IN FUND BALANCE - BUDGET (GAAP BASIS) & ACTUAL  
FOR THE YEAR ENDED SEPTEMBER 30, 1997

	Budget	Actual	Variance Favorable (Unfavorable)
Revenues:			
Taxes - Property Tax - General	\$500,000	\$532,533	\$32,533
Licenses and Permits:			
Insurance License	220,000	227,119	7,119
Alcoholic Beverage License	3,600	3,277	(323)
Bicycle License Fees	75	142	67
Inspection - Building	40,000	31,259	(8,741)
Inspection - Plumbing	10,000	8,744	(1,256)
Inspection - Electrical	17,000	14,765	(2,235)
Inspection - Mechanical	12,000	9,753	(2,247)
Inspection - Occupancy	1,500	1,678	178
Franchise - Arkla Gas	95,000	98,800	3,800
Franchise - Cable T.V.	301,538	318,143	16,605
Total Licenses and Permits	700,713	713,680	12,967
Intergovernmental:			
Solid Waste Mgmt. Program	405,000	394,876	(10,124)
Louisiana Tobacco Tax	100,000	73,381	(26,619)
Louisiana Fire Insurance	32,000	33,816	1,816
Louisiana Beer Tax	25,000	26,617	1,617
RPD HUD Grant	21,000	44,855	23,855
Video Poker Tax	75,000	94,884	19,884
Louisiana Mainstreet Grant	-	5,000	5,000
Forestry Grant	5,000	1,401	(3,599)
Louisiana Dept of Highways	35,000	35,646	646
HUD Administration Fee	70,000	84,518	14,518
Total Intergovernmental	768,000	794,994	26,994

See accompanying notes to combined financial statements.

CITY OF RUSTON, LOUISIANA  
GENERAL FUND

Exhibit A-3

STATEMENT OF REVENUES, EXPENDITURES &  
CHANGES IN FUND BALANCE - BUDGET (GAAP BASIS) & ACTUAL  
FOR THE YEAR ENDED SEPTEMBER 30, 1997

	Budget	Actual	Variance Favorable (Unfavorable)
Charges for Services:			
Refuse Collection Fees	965,000	1,032,930	67,930
Total Charges for Services	965,000	1,032,930	67,930
Fines & Forfeitures:			
Fines - Ward Marshal	63,000	108,073	45,073
Fines - Witness Fees	8,500	8,925	425
Fines - DWI Testing	4,400	5,790	1,390
Fines/Fees - Animal Control	1,750	2,671	921
Fire Department Coke Fund	-	514	514
Fire Department - CPR Classes	-	5,718	5,718
Donation - Animal Control	-	20	20
Fines - Parking Tickets	13,000	10,695	(2,305)
Accident Reports - Police	4,000	4,849	849
Incident Reports - Fire	-	109	109
Crematory Fees	2,000	26,253	24,253
Probation Revenue	45,000	47,606	2,606
Police Department Miscellaneous	23,375	20,844	(2,531)
Total Fines and Forfeitures	165,025	242,067	77,042
Miscellaneous:			
Civic Center Income	40,000	34,520	(5,480)
Interest	40,000	73,408	33,408
Rentals - City Property	3,000	2,511	(489)
Sale of Culvert	1,000	792	(208)
Sale of Equipment	-	4,016	4,016
Commission South Central Bell	200	160	(40)
Federal & State Disaster Relief	-	72,883	72,883
Concession Receipts	1,000	1,651	651
Miscellaneous	10,992	15,029	4,037
Total Miscellaneous	96,192	204,970	108,778
Total Revenues	3,194,930	3,521,174	326,244

See accompanying notes to combined financial statements.



## GENERAL FUND

STATEMENT OF REVENUES, EXPENDITURES &  
CHANGES IN FUND BALANCE - BUDGET (GAAP BASIS) & ACTUAL  
FOR THE YEAR ENDED SEPTEMBER 30, 1997

	Budget	Actual	Variance Favorable (Unfavorable)
	-----	-----	-----
Expenditures:			
Current:			
General Government	1,485,234	1,298,817	186,417
Public Safety	3,592,364	3,537,050	55,314
Public Works	3,803,822	3,641,955	161,867
Debt Service:			
Certificate of Indebtedness Principal Payment	-	38,000	(38,000)
Certificate of Indebtedness Interest Payment	-	25,725	(25,725)
	-----	-----	-----
Total Expenditures	8,881,420	8,541,547	339,873
	-----	-----	-----
Deficiency of Revenues Over Expenditures	(5,686,490)	(5,020,373)	666,117
	-----	-----	-----
Other Financing Sources (Uses):			
Operating Transfers In	5,662,700	5,747,524	84,824
Operating Transfers Out	(42,500)	(42,500)	-
	-----	-----	-----
Total Other Financing Sources	5,620,200	5,705,024	84,824
	-----	-----	-----
Excess of Revenues and Other Financing Sources Over Expenditures	(66,290)	684,651	750,941
	-----	-----	-----
Fund Balance, October 1	2,181,105	2,181,105	-
	-----	-----	-----
Fund Balance, September 30	<u>\$2,114,815</u>	<u>\$2,865,756</u>	<u>\$750,941</u>
	=====	=====	=====

See accompanying notes to combined financial statements.

## 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.

### STATE REVENUE SHARING FUND

This fund accounts for the receipt and subsequent expenditures of revenue sharing funds received from the State of Louisiana.

### 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.

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

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

### DECENTRALIZED ARTS GRANT

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

### HEALTH AND SAFETY REHAB

This fund accounts for a \$150,000 Louisiana Housing Finance Agency Grant in accordance with the terms of the executed State Recipient Agreement, HOME Project Summaries.

CITY OF RUSTON, LOUISIANA  
SPECIAL REVENUE FUNDS  
COMBINING BALANCE SHEET

SEPTEMBER 30, 1997  
WITH COMPARATIVE TOTALS FOR SEPTEMBER 30, 1996

	1968 Sales Tax	1985 Sales Tax	1990 Sales Tax	Ruston Parks & Recreation Board	State Revenue Sharing	D.A.R.T. Grant Program	Decentralized Arts Grant	Health & Safety Rehab	Section 8 Existing Housing	Section 8 Modrehab Housing	Section 8 Voucher Housing	Totals		
												1997	1996	
<b>ASSETS</b>														
Cash and Cash Equivalents	\$619,539	\$350,458	\$306,190	\$62,923	\$4,433	\$5	-	\$55	\$64,606	\$8,177	\$93,356	\$1,509,742	\$1,205,405	
Investments	-	-	-	-	4,398	-	-	-	-	-	-	4,398	4,212	
Accounts Receivable	-	-	-	12,317	-	8,526	-	-	-	-	-	20,843	31,384	
Due From Other Funds	859	-	-	-	-	-	-	-	35,041	26,506	-	62,406	226,761	
Due From Other Governmental Units	4,289	-	-	-	-	-	-	-	68,150	-	27,944	100,383	55,566	
<b>Total Assets</b>	<b>\$624,687</b>	<b>\$350,458</b>	<b>\$306,190</b>	<b>\$75,240</b>	<b>\$8,831</b>	<b>\$8,531</b>	<b>\$-</b>	<b>\$55</b>	<b>\$167,797</b>	<b>\$34,683</b>	<b>\$121,300</b>	<b>\$1,697,772</b>	<b>\$1,523,328</b>	
<b>LIABILITIES AND FUND BALANCES</b>														
Liabilities:														
Accounts Payable	\$1,046	\$13,887	\$1,046	\$8,086	\$-	\$8,526	\$-	\$-	\$-	\$-	\$-	\$32,591	\$6,300	
Deposits	-	-	-	4,161	-	-	-	-	-	-	-	4,161	3,416	
Due to Other Funds	93,099	2,852	3,303	7,935	-	-	-	-	48,869	23,008	54,127	233,193	230,141	
Due to Other Governmental Units	-	-	-	-	-	-	-	-	-	1,330	-	1,330	11,924	
Accrued Salaries	-	-	-	9,859	-	-	-	-	-	-	-	9,859	10,110	
<b>Total Liabilities</b>	<b>94,145</b>	<b>16,739</b>	<b>4,349</b>	<b>30,041</b>	<b>-</b>	<b>8,526</b>	<b>-</b>	<b>-</b>	<b>48,869</b>	<b>24,338</b>	<b>54,127</b>	<b>281,134</b>	<b>261,891</b>	
<b>Fund Balances - Unreserved</b>	<b>530,542</b>	<b>333,719</b>	<b>301,841</b>	<b>45,199</b>	<b>8,831</b>	<b>5</b>	<b>-</b>	<b>55</b>	<b>118,928</b>	<b>10,345</b>	<b>67,173</b>	<b>1,416,638</b>	<b>1,261,437</b>	
<b>Total Liabilities and Fund Balances</b>	<b>\$624,687</b>	<b>\$350,458</b>	<b>\$306,190</b>	<b>\$75,240</b>	<b>\$8,831</b>	<b>\$8,531</b>	<b>\$-</b>	<b>\$55</b>	<b>\$167,797</b>	<b>\$34,683</b>	<b>\$121,300</b>	<b>\$1,697,772</b>	<b>\$1,523,328</b>	

See accompanying notes to combined financial statements.

CITY OF RUSTON, LOUISIANA  
SPECIAL REVENUE FUNDS  
COMBINING STATEMENT OF REVENUES, EXPENDITURES  
& CHANGES IN FUND BALANCES  
FOR THE YEAR ENDED SEPTEMBER 30, 1997  
WITH COMPARATIVE TOTALS FOR SEPTEMBER 30, 1996

Exhibit B-2

	1968	1985	1990	Ruston Parks & Recreation Board	State Revenue Sharing	D.A.R.T. Grant Program	Decentralized Arts Grant	Health & Safety Rehab	Section 8 Existing Housing	Section 8 Moderate Housing	Section 8 Voucher Housing	Totals	1997	1996
Revenues:														
Taxes	\$1,446,123	\$2,169,184	\$1,448,123	\$232,890	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$5,294,320	\$5,195,038	
Intergovernmental	-	-	-	-	-	32,488	4,444	-	540,860	57,558	118,595	753,945	842,319	
Miscellaneous	31,145	13,240	7,001	73,059	237	-	-	-	1,536	246	990	127,454	108,822	
Total Revenues	1,477,268	2,182,424	1,455,124	305,949	237	32,488	4,444	-	542,396	57,804	119,585	6,175,719	6,146,179	
Expenditures:														
Current:														
General Government Recreation	16,553	22,479	14,625	404,080	-	32,488	4,444	-	519,808	64,630	112,287	787,314	794,653	
Total Current Expenditures	16,553	22,479	14,625	404,080	-	32,488	4,444	-	519,808	64,630	112,287	1,191,394	1,221,273	
Debt Service	-	-	-	-	-	-	-	-	-	-	-	-	29,000	
Total Expenditures	16,553	22,479	14,625	404,080	-	32,488	4,444	-	519,808	64,630	112,287	1,191,394	1,250,273	
Excess (Deficiency) of Revenue Over Expenditures	1,460,715	2,159,945	1,438,499	(98,131)	237	-	-	-	22,588	(6,826)	7,298	4,984,325	4,895,906	
Other Financing Sources (Uses):														
Operating Transfers In	-	-	-	216,108	-	-	-	-	-	-	-	216,108	199,422	
Operating Transfers Out	(1,372,700)	(2,102,629)	(1,415,000)	(84,903)	-	-	-	-	(70,000)	-	-	(5,045,232)	(4,969,239)	
Total Other Financing Sources (Uses)	(1,372,700)	(2,102,629)	(1,415,000)	131,205	-	-	-	-	(70,000)	-	-	(4,829,124)	(4,769,817)	
Excess (Deficiency) of Revenues & Other Financing Sources Over Expenditures & Other Financing Uses	88,015	57,316	23,499	33,074	237	-	-	-	(47,412)	(6,826)	7,298	155,201	126,089	
Fund Balances, October 1	442,527	276,403	278,342	12,125	8,594	5	-	55	166,340	17,171	59,875	1,261,437	1,135,348	
and Balances, September 30	\$530,542	\$333,719	\$301,841	\$45,199	\$8,831	\$5	\$ -	\$55	\$118,928	\$10,345	\$67,173	\$1,416,638	\$1,261,437	

See accompanying notes to combined financial statements.

CITY OF RUSTON, LOUISIANA  
 1968 SALES TAX FUND  
 STATEMENT OF REVENUES, EXPENDITURES, & CHANGES  
 IN FUND BALANCE - BUDGET (GAAP BASIS) & ACTUAL  
 FOR THE YEAR ENDED SEPTEMBER 30, 1997

Exhibit B-3

	Budget	Actual	Variance Favorable (Unfavorable)
	-----	-----	-----
Revenues:			
Taxes:			
Sales Tax	\$1,377,000	\$1,446,123	\$69,123
Miscellaneous:			
Interest Income	19,000	31,145	12,145
	-----	-----	-----
Total Revenues	1,396,000	1,477,268	81,268
	-----	-----	-----
Expenditures:			
General Government:			
Collection & Admin. Expenses	23,300	16,553	6,747
	-----	-----	-----
Total Expenditures	23,300	16,553	6,747
	-----	-----	-----
Excess of Revenues Over Expenditures	1,372,700	1,460,715	88,015
	-----	-----	-----
Other Financing (Uses):			
Operating Transfers Out	(1,372,700)	(1,372,700)	-
	-----	-----	-----
Total Other Financing Uses	(1,372,700)	(1,372,700)	-
	-----	-----	-----
Excess of Revenues Over Expenditures and Other Financing Uses	-	88,015	88,015
Fund Balance, October 1	442,527	442,527	-
	-----	-----	-----
Fund Balance, September 30	\$442,527	\$530,542	\$88,015
	=====	=====	=====

See accompanying notes to combined financial statements.

## 1985 SALES TAX FUND

STATEMENT OF REVENUES, EXPENDITURES, & CHANGES  
IN FUND BALANCE - BUDGET (GAAP BASIS) & ACTUAL  
FOR THE YEAR ENDED SEPTEMBER 30, 1997

	Budget	Actual	Variance Favorable (Unfavorable)
Revenues:			
Taxes:			
Sales Tax	\$2,105,000	\$2,169,184	\$64,184
Miscellaneous:			
Interest Income	8,500	13,240	4,740
Total Revenues	2,113,500	2,182,424	68,924
Expenditures:			
General Government:			
Collection & Admin. Expenses	27,450	22,479	4,971
Total Expenditures	27,450	22,479	4,971
Excess of Revenues Over Expenditures	2,086,050	2,159,945	73,895
Other Financing (Uses):			
Operating Transfers Out	(2,101,862)	(2,102,629)	(767)
Total Other Financing Uses	(2,101,862)	(2,102,629)	(767)
Excess (Deficiency) of Revenues Over Expenditures and Other Financing Uses	(15,812)	57,316	73,128
Fund Balance, October 1	276,403	276,403	-
Fund Balance, September 30	\$260,591	\$333,719	\$73,128

See accompanying notes to combined financial statements.

CITY OF RUSTON, LOUISIANA  
1990 SALES TAX FUND  
STATEMENT OF REVENUES, EXPENDITURES, & CHANGES  
IN FUND BALANCE - BUDGET (GAAP BASIS) & ACTUAL  
FOR THE YEAR ENDED SEPTEMBER 30, 1997

Exhibit B-5

	Budget	Actual	Variance Favorable (Unfavorable)
	-----	-----	-----
Revenues:			
Taxes:			
Sales Tax	\$1,377,000	\$1,446,123	\$69,123
Miscellaneous:			
Interest Income	4,000	7,001	3,001
	-----	-----	-----
Total Revenues	1,381,000	1,453,124	72,124
	-----	-----	-----
Expenditures:			
General Government:			
Collection & Admin. Expenses	20,300	14,625	5,675
	-----	-----	-----
Total Expenditures	20,300	14,625	5,675
	-----	-----	-----
Excess of Revenues Over Expenditures	1,360,700	1,438,499	77,799
	-----	-----	-----
Other Financing (Uses):			
Operating Transfers Out	(1,415,000)	(1,415,000)	-
	-----	-----	-----
Total Other Financing Uses	(1,415,000)	(1,415,000)	-
	-----	-----	-----
Excess (Deficiency) of Revenues Over Expenditures and Other Financing Uses	(54,300)	23,499	77,799
Fund Balance, October 1	278,342	278,342	-
	-----	-----	-----
Fund Balance, September 30	\$224,042	\$301,841	\$77,799
	=====	=====	=====

See accompanying notes to combined financial statements.

RUSTON PARKS & RECREATION BOARD  
 STATEMENT OF REVENUES, EXPENDITURES AND CHANGES  
 IN FUND BALANCE - BUDGET (GAAP BASIS) & ACTUAL  
 FOR THE YEAR ENDED SEPTEMBER 30, 1997

	Budget	Actual	Variance Favorable (Unfavorable)
Revenues:			
Taxes:			
Property Tax-Recreation	\$227,991	\$232,890	\$4,899
Penalties & Interest	350	-	(350)
<b>Total Taxes</b>	<b>228,341</b>	<b>232,890</b>	<b>4,549</b>
Miscellaneous:			
Program Charges	90,000	60,704	(29,296)
Concessions	8,500	4,824	(3,676)
Interest	2,000	1,831	(169)
Rentals	5,000	5,415	415
Other	2,224	285	(1,939)
<b>Total Miscellaneous</b>	<b>107,724</b>	<b>73,059</b>	<b>(34,665)</b>
<b>Total Revenues</b>	<b>336,065</b>	<b>305,949</b>	<b>(30,116)</b>
Expenditures:			
Salaries - Regular	208,935	183,460	25,475
Employee Benefits - Pension	10,051	9,153	898
Employee Benefits - FICA Tax	6,363	7,030	(667)
Employee Benefits - Insurance	26,957	26,058	899
Workmen's Compensation	2,400	2,400	-
Training of Personnel	1,000	40	960
Office Supplies/Printing	5,050	3,641	1,409
Supplies	10,000	7,824	2,176
Maintenance of Bldgs & Grnds	6,500	5,073	1,427
Repairs & Maintenance - Parks	1,000	880	120
Repairs & Maintenance - Softball	2,500	1,320	1,180
Maintenance of Equipment	2,000	1,565	435
Utilities	18,000	23,276	(5,276)
Heating	5,100	4,550	550
Telephone	5,100	6,022	(922)

See accompanying notes to combined financial statements.



CITY OF RUSTON, LOUISIANA  
RUSTON PARKS & RECREATION BOARD  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCE - BUDGET (GAAP BASIS) & ACTUAL  
FOR THE YEAR ENDED SEPTEMBER 30, 1997

Exhibit B-6

	Budget	Actual	Variance Favorable (Unfavorable)
	-----	-----	-----
Expenditures (Continued):			
Auto Allowances	13,907	12,720	1,187
Auto & Truck Repair	1,000	971	29
Gasoline, Oil & Diesel	2,200	1,635	565
Travel	1,500	419	1,081
Audit Fees	3,396	3,396	-
Legal Services	1,000	144	856
Consulting	26,732	26,732	0
Concession Supplies	6,500	3,208	3,292
Dues & Subscriptions	700	647	53
Insurance	14,318	15,120	(802)
Recreation Program Expense	60,000	55,821	4,179
Medical Supplies & Services	700	577	123
Miscellaneous	1,000	116	884
Postage	720	282	438
	-----	-----	-----
Total Expenditures	444,629	404,080	40,549
	-----	-----	-----
Deficiency of Revenues Over Expenditures	(108,564)	(98,131)	10,433
	-----	-----	-----
Other Financing Sources (Uses):			
Operating Transfers In	217,064	216,108	(956)
Operating Transfers Out	(72,241)	(84,903)	(12,662)
	-----	-----	-----
Total Other Financing Sources (Uses)	144,823	131,205	(13,618)
	-----	-----	-----
Excess of Revenues and Other Financing Sources (Uses) Over Expenditures	36,259	33,074	(3,185)
	-----	-----	-----
Fund Balance, October 1	12,125	12,125	-
	-----	-----	-----
Fund Balance, September 30	\$48,384	\$45,199	(\$3,185)
	=====	=====	=====

See accompanying notes to combined financial statements.

CITY OF RUSTON, LOUISIANA  
STATE REVENUE SHARING  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCE - BUDGET (GAAP BASIS) & ACTUAL  
FOR THE YEAR ENDED SEPTEMBER 30, 1997

Exhibit B-7

	Budget	Actual	Variance Favorable (Unfavorable)
	-----	-----	-----
Revenues:			
Miscellaneous:			
Interest	\$ -	\$237	\$237
	-----	-----	-----
Total Revenues	-	237	237
	-----	-----	-----
Fund Balance, October 1	8,594	8,594	-
	-----	-----	-----
Fund Balance, September 30	\$8,594	\$8,831	\$237
	=====	=====	=====

See accompanying notes to combined financial statements.

CITY OF RUSTON, LOUISIANA  
SPECIAL REVENUE FUND  
HEALTH AND SAFETY REHAB  
STATEMENT OF REVENUES, EXPENDITURES, & CHANGES  
IN FUND BALANCE - BUDGET (GAAP BASIS) & ACTUAL  
FOR THE YEAR ENDED SEPTEMBER 30, 1997

Exhibit B-8

	Budget	Actual	Variance Favorable (Unfavorable)
	-----	-----	-----
Revenues:			
Intergovernmental	\$ -	\$ -	\$ -
Miscellaneous	-	-	-
	-----	-----	-----
Total Revenues	-	-	-
	-----	-----	-----
Expenditures:			
General Government	-	-	-
	-----	-----	-----
Total Expenditures	-	-	-
	-----	-----	-----
Excess of Revenues Over Expenditures	-	-	-
Fund Balance, October 1	55	55	-
	-----	-----	-----
Fund Balance, September 30	\$55	\$55	\$ -
	=====	=====	=====

See accompanying notes to combined financial statements.

CITY OF RUSTON, LOUISIANA  
SPECIAL REVENUE FUND  
SECTION 8 EXISTING HOUSING  
STATEMENT OF REVENUES, EXPENDITURES, & CHANGES  
IN FUND BALANCE - BUDGET (GAAP BASIS) & ACTUAL  
FOR THE YEAR ENDED SEPTEMBER 30, 1997

Exhibit B-9

	Budget	Actual	Variance Favorable (Unfavorable)
	-----	-----	-----
Revenues:			
Intergovernmental	\$479,955	\$540,860	\$60,905
Miscellaneous	600	1,536	936
	-----	-----	-----
Total Revenues	480,555	542,396	61,841
	-----	-----	-----
Expenditures:			
General Government	515,835	519,808	(3,973)
	-----	-----	-----
Total Expenditures	515,835	519,808	(3,973)
	-----	-----	-----
Excess (Deficiency) of Revenues Over Expenditures	(35,280)	22,588	57,868
	-----	-----	-----
Other Financing (Uses):			
Operating Transfers Out	(70,000)	(70,000)	-
	-----	-----	-----
Total Other Financing Uses	(70,000)	(70,000)	-
	-----	-----	-----
Deficiency of Revenues Over Expenditures and Other Financing Uses	(105,280)	(47,412)	57,868
	-----	-----	-----
Fund Balance, October 1	166,340	166,340	-
	-----	-----	-----
Fund Balance, September 30	\$61,060	\$118,928	\$57,868
	=====	=====	=====

See accompanying notes to combined financial statements.

CITY OF RUSTON, LOUISIANA  
SPECIAL REVENUE FUND  
SECTION 8 MODREHAB HOUSING  
STATEMENT OF REVENUES, EXPENDITURES, & CHANGES  
IN FUND BALANCE - BUDGET (GAAP BASIS) & ACTUAL  
FOR THE YEAR ENDED SEPTEMBER 30, 1997

Exhibit B-10

	Budget	Actual	Variance Favorable (Unfavorable)
	-----	-----	-----
Revenues:			
Intergovernmental	\$58,308	\$57,558	(\$750)
Miscellaneous	400	246	(154)
	-----	-----	-----
Total Revenues	58,708	57,804	(904)
	-----	-----	-----
Expenditures:			
General Government	77,808	64,630	13,178
	-----	-----	-----
Total Expenditures	77,808	64,630	13,178
	-----	-----	-----
Deficiency of Revenues Over Expenditures	(19,100)	(6,826)	12,274
Fund Balance, October 1	17,171	17,171	-
	-----	-----	-----
Fund Balance, September 30	(\$1,929)	\$10,345	\$12,274
	=====	=====	=====

See accompanying notes to combined financial statements.

CITY OF RUSTON, LOUISIANA  
SPECIAL REVENUE FUND  
SECTION 8 VOUCHER PROGRAM  
STATEMENT OF REVENUES, EXPENDITURES, & CHANGES  
IN FUND BALANCE - BUDGET (GAAP BASIS) & ACTUAL  
FOR THE YEAR ENDED SEPTEMBER 30, 1997

Exhibit B-11

	Budget	Actual	Variance Favorable (Unfavorable)
	-----	-----	-----
Revenues:			
Intergovernmental	\$83,037	\$118,595	\$35,558
Miscellaneous	500	990	490
	-----	-----	-----
Total Revenues	83,537	119,585	36,048
	-----	-----	-----
Expenditures:			
General Government	113,217	112,287	930
	-----	-----	-----
Total Expenditures	113,217	112,287	930
	-----	-----	-----
Deficiency of Revenues Over Expenditures	(29,680)	7,298	36,978
Fund Balance, October 1	59,875	59,875	-
	-----	-----	-----
Fund Balance, September 30	\$30,195	\$67,173	\$36,978
	=====	=====	=====

See accompanying notes to combined financial statements.

### 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, 1997 AND 1996

Exhibit C-1

	1997	1996
ASSETS	-----	-----
Cash and Cash Equivalents	\$87,727	\$86,357
	-----	-----
Total Assets	\$87,727	\$86,357
	=====	=====
LIABILITIES AND FUND BALANCE		
Fund Balance:		
Reserved for Debt Service	\$87,727	\$86,357
	-----	-----
Total Fund Balance	87,727	86,357
	-----	-----
Total Liabilities and Fund Balance	\$87,727	\$86,357
	=====	=====

See accompanying notes to combined financial statements.



CITY OF RUSTON, LOUISIANA  
DEBT SERVICE FUND  
COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES,  
& CHANGES IN FUND BALANCES  
SEPTEMBER 30, 1997 AND 1996

	1997	1996
	-----	-----
Revenues:		
Interest	\$1,369	\$1,378
	-----	-----
Expenditures:		
Debt Service:		
Bond Principal Payment	145,000	140,000
Bond Interest Expense	57,296	63,329
	-----	-----
Total Expenditures	202,296	203,329
	-----	-----
Excess of Expenditures over Revenues	(200,927)	(201,951)
Other Financing Sources:		
Operating Transfers In	202,297	205,332
	-----	-----
Excess of Revenues and Other Financing Sources Over Expenditures	1,370	3,381
Fund Balance, October 1	86,357	82,976
	-----	-----
Fund Balance, September 30	\$87,727	\$86,357
	=====	=====

See accompanying notes to combined financial statements.

## 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).

### ADAMS STREET/WEST ARIZONA

To account for receipts and disbursements of a grant received from the Louisiana Community Development Block Grant for Construction of relocation of sewer lines.

### FIRE STATION CONSTRUCTION

To account 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

To account 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.

### PUBLIC WORKS SHOP CONSTRUCTION

To account for receipt and disbursement of the proceeds from the issuance of Certificates of Indebtedness Series 1994A, designated for the Construction of a Public Works Shop.

### HAZARD MITIGATION GRANT

To account for receipts and disbursements of a grant received from the State of Louisiana for removing repetitive loss structures from the flood plain.

### PARKS & RECREATION - 1997 CERTIFICATES OF INDEBTEDNESS

To account for receipts and disbursements of the proceeds from the issuance of Certificates of Indebtedness, Series 1997, designated for Park and Recreation capital purchases and improvements.

CITY OF RUSTON, LOUISIANA  
 CAPITAL PROJECTS FUNDS  
 COMBINING BALANCE SHEET

SEPTEMBER 30, 1997

WITH COMPARATIVE TOTALS FOR SEPTEMBER 30, 1996

	Adam's St./ West Arizona	Fire Station Construction	Central Shop Construction	Public Works Shop Construction	Hazard Mitigation Grant	Parks & Rec. 1996 Certificate of Indebtedness	Sewer Demonstrated Needs Grant	Totals
								1997
								1996
<b>ASSETS</b>								
Cash and Cash Equivalents	\$ -	\$ 17,753	\$ 56,463	\$ 59,054	\$ 8,474	\$ 396,084	\$ -	\$ 610,453
Due from Other Funds	-	-	-	-	-	-	8,000	-
<b>Total Assets</b>	<b>\$ -</b>	<b>\$ 17,753</b>	<b>\$ 56,463</b>	<b>\$ 59,054</b>	<b>\$ 8,474</b>	<b>\$ 396,084</b>	<b>\$ 8,000</b>	<b>\$ 610,453</b>
<b>LIABILITIES &amp; FUND BALANCES (DEFICIT)</b>								
<b>Liabilities:</b>								
Retainage Payable	\$ -	\$ -	\$ 65,070	\$ -	\$ -	\$ -	\$ -	\$ 65,070
Deferred Revenue	-	-	-	-	8,474	-	-	8,474
Due to Other Funds	-	33,763	-	-	-	1,072	8,250	43,085
<b>Total Liabilities</b>	<b>-</b>	<b>33,763</b>	<b>65,070</b>	<b>-</b>	<b>8,474</b>	<b>1,072</b>	<b>8,250</b>	<b>109,812</b>
<b>Fund Balances (Deficit):</b>								
Unreserved								
Designated for Future								
Years' Expenditures	-	-	-	59,054	-	395,012	-	454,066
Undesignated	-	(16,010)	(8,607)	-	-	-	(250)	(26,382)
<b>Total Fund Balances (Deficits)</b>	<b>-</b>	<b>(16,010)</b>	<b>(8,607)</b>	<b>59,054</b>	<b>-</b>	<b>395,012</b>	<b>(250)</b>	<b>500,641</b>
<b>Total Liabilities and</b>								
<b>Fund Balances</b>	<b>\$ -</b>	<b>\$ 17,753</b>	<b>\$ 56,463</b>	<b>\$ 59,054</b>	<b>\$ 8,474</b>	<b>\$ 396,084</b>	<b>\$ 8,000</b>	<b>\$ 610,453</b>

See accompanying notes to combined financial statements.

CITY OF RUSTON, LOUISIANA  
 CAPITAL PROJECTS FUNDS  
 COMBINING STATEMENT OF REVENUES,  
 EXPENDITURES, & CHANGES IN FUND BALANCES (DEFICIT)  
 FOR THE YEAR ENDED SEPTEMBER 30, 1997  
 WITH COMPARATIVE TOTALS FOR THE YEAR ENDED SEPTEMBER 30, 1996

	Totals	
	1997	1996
<b>Revenues:</b>		
Intergovernmental	\$ -	\$ -
Miscellaneous	236	236
<b>Total Revenues</b>	<b>236</b>	<b>236</b>
<b>Expenditures:</b>		
Capital Outlay:		
Legal Services	-	-
Architecture Fees	-	-
Construction Work-Grants	1,268	1,268
Miscellaneous	-	-
Consulting	-	-
<b>Total Expenditures</b>	<b>1,268</b>	<b>1,268</b>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<b>(1,268)</b>	<b>(1,268)</b>
<b>Other Financing Sources :</b>		
Proceeds of Bond Sales	-	-
<b>Total Other Financing Sources</b>	<b>-</b>	<b>500,000</b>
<b>Excess (Deficiency) of Revenue and Other Financing Sources Over Expenditures</b>	<b>(1,268)</b>	<b>(81,393)</b>
<b>Fund Balance (Deficit), October 1</b>	<b>1,268</b>	<b>582,034</b>
<b>Fund Balance (Deficit), September 30</b>	<b>\$ -</b>	<b>\$500,641</b>

See accompanying notes to combined financial statements.

## 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

This fund accounts for the operations of the Electric System.

### WATER SYSTEM FUND

This fund accounts for the operations of the Waterworks System.

### SEWERAGE SYSTEM FUND

This fund accounts for the operations of the Sewerage System.

### RUSTON AIRPORT AUTHORITY

This fund accounts for the operations of the Ruston Municipal Airport.

### AMBULANCE FUND

This fund accounts for the operations of the Ruston-Lincoln Ambulance Service.

CITY OF RUSTON, LOUISIANA  
ENTERPRISE FUNDS  
COMBINING BALANCE SHEET  
SEPTEMBER 30, 1997  
WITH COMPARATIVE TOTALS FOR SEPTEMBER 30, 1996

	Electric System	Water System
	-----	-----
ASSETS		
Current Assets:		
Cash and Cash Equivalents	\$2,279,168	\$782,533
Accounts Receivable, Net	800,954	106,631
Accounts Receivable Other	33,683	4,547
Unbilled Revenue	1,044,168	98,990
Due From Other Governmental Units	-	-
Due From Other Funds	56,925	248,383
Prepaid Expenses	27,580	-
Inventories, at Cost	490,928	70,063
	-----	-----
Total Current Assets	4,733,406	1,311,147
	-----	-----
Restricted Assets:		
Cash and Cash Equivalents	2,580,977	228,787
Investments:		
U.S. Government and Agency Securities	911,893	-
	-----	-----
Total Restricted Assets	3,492,870	228,787
	-----	-----
Fixed Assets:		
Property, Plant & Equipment	32,330,729	8,016,088
Construction in Progress	-	-
	-----	-----
	32,330,729	8,016,088
Less Accumulated Depreciation	(21,641,143)	(3,535,887)
	-----	-----
Fixed Assets (Net of Accumulated Depreciation)	10,689,586	4,480,201
	-----	-----
Advances to Sewerage System	150,000	-
	-----	-----
Total Assets	\$19,065,862	\$6,020,135
	=====	=====

See accompanying notes to combined financial statements.

Sewerage System	Ruston Airport Authority	Ambulance	Totals	
			1997	1996
\$1,649,720	\$122,682	\$80,380	\$4,914,483	\$3,270,445
135,833	1 246	72,002	1,116,666	1,232,439
4,135	-	-	42,365	8,077
137,262	-	522	1,280,942	1,092,343
393,034	-	107,500	107,500	77,500
-	-	1,248	699,590	460,136
24,168	-	-	27,580	27,580
			585,159	611,095
<u>2,344,152</u>	<u>123,928</u>	<u>261,652</u>	<u>8,774,285</u>	<u>6,779,615</u>
1,019,236	-	-	3,829,000	4,231,671
-	-	-	911,893	974,884
<u>1,019,236</u>	<u>-</u>	<u>-</u>	<u>4,740,893</u>	<u>5,206,555</u>
16,238,702	5,026,238	378,561	61,990,318	60,484,301
170,574	-	-	170,574	903,399
<u>16,409,276</u>	<u>5,026,238</u>	<u>378,561</u>	<u>62,160,892</u>	<u>61,387,700</u>
<u>(5,747,040)</u>	<u>(517,666)</u>	<u>(204,734)</u>	<u>(31,646,470)</u>	<u>(29,703,031)</u>
<u>10,662,236</u>	<u>4,508,572</u>	<u>173,827</u>	<u>30,514,422</u>	<u>31,684,669</u>
-	-	-	150,000	150,000
<u>\$14,025,624</u>	<u>\$4,632,500</u>	<u>\$435,479</u>	<u>\$44,179,600</u>	<u>\$43,820,839</u>

CITY OF RUSTON, LOUISIANA  
ENTERPRISE FUNDS  
COMBINING BALANCE SHEET  
SEPTEMBER 30, 1997  
WITH COMPARATIVE TOTALS FOR SEPTEMBER 30, 1996

	Electric System	Water System
	-----	-----
<b>LIABILITIES, CONTRIBUTED CAPITAL AND RETAINED EARNINGS</b>		
Current Liabilities:		
Accounts Payable	\$595,370	\$16,548
Retainage Payable	-	-
Due to Other Funds	1,344,218	4,675
Accrued Liabilities	130,767	27,612
Other	138,743	51,954
	-----	-----
Total Current Liabilities	2,209,098	100,789
	-----	-----
Liabilities Payable from Restricted Assets:		
Revenue Bonds	665,000	55,000
Certificate of Indebtedness	-	-
Accrued Interest & Coupons	153,310	20,663
Customer Deposits	588,470	-
	-----	-----
Total Liabilities Payable from Restricted Assets	1,406,780	75,663
	-----	-----
Long-term Liabilities:		
Certificate of Indebtedness	-	-
Compensated Absences	108,793	21,315
Bonds Payable	-	772,738
Advances from Electric System	-	-
	-----	-----
Total Long-term Liabilities	108,793	794,053
	-----	-----
Total Liabilities	3,724,671	970,505
	-----	-----
Contributed Capital and Retained Earnings:		
Contributed Capital	325,128	777,611
	-----	-----
Retained Earnings:		
Reserved for Debt Service	2,086,090	153,123
Unreserved	12,929,973	4,118,896
	-----	-----
Total Retained Earnings	15,016,063	4,272,019
	-----	-----
Total Contributed Capital and Retained Earnings	15,341,191	5,049,630
	-----	-----
Total Liabilities, Contributed Capital and Retained Earnings	\$19,065,862	\$6,020,135
	=====	=====

See accompanying notes to combined financial statements.



Sewerage System	Ruston Airport Authority	Ambulance	Totals	
			1997	1996
\$15,339	\$199	\$1,539	\$628,995	\$1,101,895
-	-	-	-	40,814
10,707	20,657	89,800	1,470,057	829,585
31,137	-	-	189,516	173,035
2,080	-	-	192,777	116,905
59,263	20,856	91,339	2,481,345	2,262,234
185,000	-	-	905,000	1,405,000
135,000	-	-	135,000	125,000
91,995	-	-	265,968	332,224
-	-	-	588,470	564,384
411,995	-	-	1,894,438	2,426,608
150,000	-	-	150,000	285,000
22,249	-	-	152,357	149,005
3,932,536	-	-	4,705,274	5,637,536
150,000	-	-	150,000	150,000
4,254,785	-	-	5,157,631	6,221,541
4,726,043	20,856	91,339	9,533,414	10,910,383
5,456,973	3,865,657	87,055	10,512,424	10,911,559
607,241	-	-	2,846,454	3,344,331
3,235,367	745,987	257,085	21,287,308	18,654,566
3,842,608	745,987	257,085	24,133,762	21,998,897
9,299,581	4,611,644	344,140	34,646,186	32,910,456
\$14,025,624	\$4,632,500	\$435,479	\$44,179,600	\$43,820,839

CITY OF RUSTON, LOUISIANA  
ENTERPRISE FUNDS  
COMBINING STATEMENT OF REVENUES, EXPENSES, &  
CHANGES IN RETAINED EARNINGS  
FOR THE YEAR ENDED SEPTEMBER 30, 1997  
WITH COMPARATIVE TOTALS FOR SEPTEMBER 30, 1996

	Electric System	Water System
Operating Revenues:		
Charges for Services	\$13,167,601	\$1,301,044
Rent Income	11,638	-
Miscellaneous	381,377	52,181
	-----	-----
Total Operating Revenues	13,560,616	1,353,225
	-----	-----
Operating Expenses:		
Direct Expenses	10,148,881	871,164
Indirect Expenses	1,179,920	186,804
	-----	-----
Total Operating Expenses	11,328,801	1,057,968
	-----	-----
Operating Income (Loss)	2,231,815	295,257
	-----	-----
Nonoperating Revenues (Expenses):		
Interest Income	225,872	33,293
Sale of Hay	-	-
Sale of Equipment	-	-
Sale of Land	-	-
Interest Expense	(21,095)	(51,773)
	-----	-----
Net Nonoperating Revenues (Expenses)	204,777	(18,480)
	-----	-----
Net Income Before Operating Transfers	2,436,592	276,777
	-----	-----
Operating Transfers Out	(1,063,214)	(14,982)
	-----	-----
Net Income	1,373,378	261,795
	-----	-----
Depreciation of Fixed Assets Acquired With Capital Contributions	-	11,830
	-----	-----
Retained Earnings, October 1	13,642,685	3,998,394
	-----	-----
Retained Earnings, September 30	\$15,016,063	\$4,272,019
	=====	=====

See accompanying notes to combined financial statements.

Sewerage System	Ruston Airport Authority	Ambulance	Totals	
			1997	1996
\$2,014,890	\$11,189	\$590,594	\$17,085,318	16,898,482
-	2,988	-	14,626	13,614
-	296	-	433,854	470,588
2,014,890	14,473	590,594	17,533,798	17,382,684
1,162,507	231,461	758,273	13,172,286	13,528,515
281,296	-	-	1,648,020	1,756,465
1,443,803	231,461	758,273	14,820,306	15,284,980
571,087	(216,988)	(167,679)	2,713,492	2,097,704
63,621	2,395	3,392	328,573	301,762
1,433	-	-	1,433	3,218
-	-	-	-	512
-	-	-	-	148,720
(197,815)	-	-	(270,683)	(389,329)
(132,761)	2,395	3,392	59,323	64,883
438,326	(214,593)	(164,287)	2,772,815	2,162,587
-	-	-	(1,078,196)	(1,075,011)
438,326	(214,593)	(164,287)	1,694,619	1,087,576
203,668	224,748	-	440,246	440,246
3,200,614	735,832	421,372	21,998,897	20,471,075
\$3,842,608	\$745,987	\$257,085	\$24,133,762	\$21,998,897

CITY OF RUSTON, LOUISIANA  
ENTERPRISE FUNDS  
COMBINING STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED SEPTEMBER 30, 1997  
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED SEPTEMBER 30, 1996

	Electric System	Water System
<b>Cash Flows From Operating Activities:</b>		
Operating Income (Loss)	\$2,231,815	\$295,257
Sale of Hay	-	-
Adjustments to Reconcile Operating Income (Loss) to Cash Provided (Used) by Operating Activities:		
Depreciation and Amortization	994,162	230,397
(Increase) Decrease in Operating Assets:		
Accounts Receivables	(180,634)	(19,713)
Due from Other Governmental Units	-	-
Inventories	(31,794)	58,558
Due From Other Funds	6,337	(42,586)
Other Assets	-	-
Increase (Decrease) in Operating Liabilities:		
Accounts Payable	(426,663)	(47,231)
Accrued Liabilities	35,107	54,233
Customer Deposits	24,086	-
Due to Other Funds	777,289	1,768
Compensated Absences	(822)	3,996
<b>Net Cash Provided (Used) by Operating Activities</b>	<b>3,428,883</b>	<b>534,679</b>
<b>Cash Flows From Noncapital and Related Financing Activities:</b>		
Operating Transfers Out	(1,063,214)	(14,982)
<b>Net Cash Flows From Noncapital and Related Financing Activities</b>	<b>(1,063,214)</b>	<b>(14,982)</b>
<b>Cash Flows From Capital and Related Financing Activities:</b>		
Purchase of Capital Assets	(470,811)	(202,892)
Proceeds from Issuance of Debt	-	850,000
Retainage Payable	(40,814)	-
Principal Paid on Bond Maturities	(1,170,000)	(55,000)
Interest Paid on Bonds	(65,062)	(64,823)
Payment to Bond Escrow Agent	-	(880,650)
Proceeds on Disposal of Property	-	-
Capital Grants	-	41,112
<b>Net Cash Flows From Capital and Related Financing Activities</b>	<b>(1,746,687)</b>	<b>(312,253)</b>
<b>Cash Flows From Investing Activities:</b>		
Interest Received	225,872	33,293
Investment Purchases	(1,278,711)	-
Investment Sales / Maturities	1,341,702	-
<b>Net Cash Flows From Investing Activities:</b>	<b>288,863</b>	<b>33,293</b>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	<b>907,845</b>	<b>240,737</b>
Cash and Cash Equivalents, October 1	3,952,300	770,583
Cash and Cash Equivalents, September 30	<u>\$4,860,145</u>	<u>\$1,011,320</u>

See accompanying notes to combined financial statements.

Sewerage System	Ruston Airport Authority	Ambulance	Totals	
			1997	1996
\$571,087	(\$216,988)	(\$167,679)	\$2,713,492	\$2,097,704
1,433	-	-	1,433	3,218
473,360	201,132	44,388	1,943,439	1,994,673
(7,563)	179	100,617	(107,114)	(134,861)
(828)	-	(30,000)	(30,000)	43,528
(206,121)	-	-	25,936	(99,328)
-	-	2,916	(239,454)	38,435
-	-	-	-	(52,423)
534	80	380	(472,900)	184,437
3,012	-	-	92,352	13,882
-	-	-	24,086	(9,668)
(154,805)	4,693	11,527	640,472	62,594
178	-	-	3,352	(131,648)
680,287	(10,904)	(37,851)	4,595,094	4,010,543
-	-	-	(1,078,196)	(1,075,011)
-	-	-	(1,078,196)	(1,075,011)
(69,649)	(11,939)	(17,901)	(773,192)	(2,119,592)
-	-	-	850,000	165,233
-	-	-	(40,814)	(85,999)
(305,000)	-	-	(1,530,000)	(1,480,000)
(203,666)	-	-	(333,551)	(300,507)
-	-	-	(880,650)	-
-	-	-	-	149,232
-	-	-	41,112	1,005,350
(578,315)	(11,939)	(17,901)	(2,667,095)	(2,666,283)
63,621	2,395	3,392	328,573	301,762
-	-	-	(1,278,711)	-
-	-	-	1,341,702	547,907
63,621	2,395	3,392	391,564	849,669
165,593	(20,448)	(52,360)	1,241,367	1,118,918
2,503,363	143,130	132,740	7,502,116	6,383,198
\$2,668,956	\$122,682	\$80,380	\$8,743,483	\$7,502,116

### 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, 1997

Exhibit F-1

WITH COMPARATIVE TOTALS FOR SEPTEMBER 30, 1996

	Workmen's Compensation	General Insurance	Purchasing / Warehouse	Totals	
				1997	1996
<b>ASSETS</b>					
Current Assets:					
Cash and Cash Equivalents	\$104,329	\$ -	\$26,766	\$131,095	\$167,906
Investments	493,649	-	-	493,649	641,876
Accounts Receivable	4,234	82,566	-	86,800	62,844
Due From Other Funds	100,324	-	-	100,324	14,031
<b>Total Assets</b>	<b>\$702,536</b>	<b>\$82,566</b>	<b>\$26,766</b>	<b>\$811,868</b>	<b>\$886,657</b>
<b>LIABILITIES &amp; RETAINED EARNINGS (DEFICIT)</b>					
Current Liabilities:					
Accounts Payable	\$7,989	\$ -	\$ -	\$7,989	\$30,155
Bank Overdraft	-	102,137	-	102,137	-
Estimated Payable for Outstanding Claims	139,472	122,142	-	261,614	159,074
Compensated Absences	-	-	14,451	14,451	14,527
Due to Other Funds	-	398,452	2,865	401,317	177,810
<b>Total Liabilities</b>	<b>147,461</b>	<b>622,731</b>	<b>- 17,316</b>	<b>787,508</b>	<b>381,566</b>
Retained Earnings (Deficit):					
Unreserved	555,075	(540,165)	9,450	24,360	505,091
<b>Total Liabilities &amp; Retained Earnings</b>	<b>\$702,536</b>	<b>\$82,566</b>	<b>\$26,766</b>	<b>\$811,868</b>	<b>\$886,657</b>

See accompanying notes to combined financial statements.

CITY OF RUSTON, LOUISIANA  
INTERNAL SERVICE FUNDS  
COMBINING STATEMENT OF REVENUES, EXPENSES  
AND CHANGES IN RETAINED EARNINGS (DEFICIT)  
FOR THE YEAR ENDED SEPTEMBER 30, 1997  
WITH COMPARATIVE TOTALS FOR SEPTEMBER 30, 1996

Exhibit F-2

	Workmen's Compensation	General Self-Insurance	Purchasing / Warehouse	Totals	
				1997	1996
Operating Revenues:					
Insurance Subrogations	\$ -	\$184,756	\$ -	\$184,756	\$213,269
Premiums Paid by Retired Employees	-	176,754	-	176,754	158,588
Charges to Other Funds	38,464	970,073	-	1,008,537	955,047
Charges for Services	-	-	143,000	143,000	130,000
<b>Total Operating Revenues</b>	<b>38,464</b>	<b>1,331,583</b>	<b>143,000</b>	<b>1,513,047</b>	<b>1,456,904</b>
Operating Expenses:					
Claims	135,387	1,489,999	-	1,625,386	1,408,331
Insurance Premiums	89,714	185,968	-	275,682	242,130
Cost of Services	-	-	132,222	132,222	137,227
<b>Total Operating Expenses</b>	<b>225,101</b>	<b>1,675,967</b>	<b>132,222</b>	<b>2,033,290</b>	<b>1,787,688</b>
<b>Operating Income (Loss)</b>	<b>(186,637)</b>	<b>(344,384)</b>	<b>10,778</b>	<b>(520,243)</b>	<b>(330,784)</b>
Nonoperating Revenues:					
Interest Income	37,179	1,571	762	39,512	45,375
<b>Net Income (Loss)</b>	<b>(149,458)</b>	<b>(342,813)</b>	<b>11,540</b>	<b>(480,731)</b>	<b>(285,409)</b>
Retained Earnings (Deficit), October 1	704,533	(197,352)	(2,090)	505,091	790,500
<b>Retained Earnings (Deficit), September 30</b>	<b>\$555,075</b>	<b>(\$540,165)</b>	<b>\$9,450</b>	<b>\$24,360</b>	<b>\$505,091</b>

See accompanying notes to combined financial statements.



CITY OF RUSTON, LOUISIANA  
INTERNAL SERVICE FUNDS  
COMBINING STATEMENT OF CASH FLOWS  
SEPTEMBER 30, 1997  
WITH COMPARATIVE TOTALS FOR SEPTEMBER 30, 1996

Exhibit F-3

	Workmen's Compensation	General Insurance	Purchasing / Warehouse	Totals	
				1997	1996
<b>Cash Flows From Operating Activities:</b>					
Operating Income (Loss)	(\$186,637)	(\$344,384)	\$10,778	(\$520,243)	(\$330,784)
Adjustments to Reconcile Operating Loss to Net Cash Provided (Used) by Operating Activities:					
(Increase) Decrease in Operating Assets:					
Accounts Receivable	(4,234)	(19,722)	-	(23,956)	348,660
Due From Other Funds	(97,321)	-	11,028	(86,293)	13,416
Increase (Decrease) in Operating Liabilities:					
Bank Overdraft	-	102,137	-	102,137	(131,658)
Accounts Payable	(20,676)	(684)	(806)	(22,166)	16,838
Estimated Payable for Outstanding Claims	83,115	19,425	-	102,540	(13,884)
Due to Other Funds	-	220,684	2,823	223,507	(74,626)
Compensated Absences	-	-	(76)	(76)	(24,557)
<b>Net Cash Provided (Used) by Operating Activities</b>	<b>(225,753)</b>	<b>(22,544)</b>	<b>23,747</b>	<b>(224,550)</b>	<b>(196,595)</b>
<b>Cash Flows from Investing Activities:</b>					
Interest	37,179	1,571	762	39,512	45,375
Purchases of Investments	(2,270,879)	-	-	(2,270,879)	(2,566,003)
Proceeds from Sales and Maturities of Investments	2,419,106	-	-	2,419,106	2,565,192
<b>Net Cash Flows From Investing Activities</b>	<b>185,406</b>	<b>1,571</b>	<b>762</b>	<b>187,739</b>	<b>44,564</b>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	<b>(40,347)</b>	<b>(20,973)</b>	<b>24,509</b>	<b>(36,811)</b>	<b>(152,031)</b>
Cash and Cash Equivalents, October 1	144,676	20,973	2,257	167,906	319,937
Cash and Cash Equivalents, September 30	\$104,329	\$ -	\$26,766	\$131,095	\$167,906

See accompanying notes to combined financial statements.

### AGENCY FUND

Agency Fund accounts for assets held by government as an agent for individuals, private organizations, other governments and/or other funds.

### DEFERRED COMPENSATION FUND

The Deferred Compensation Fund accounts for the employees' tax Section 457 deferred compensation plan consisting of optional investment funds.

CITY OF RUSTON, LOUISIANA  
 AGENCY FUND  
 DEFERRED COMPENSATION FUND  
 COMPARATIVE BALANCE SHEET  
 SEPTEMBER 30, 1997 AND 1996

Exhibit G-1

	1997	1996
	-----	-----
ASSETS		
Investments	\$1,953,137	\$1,601,487
	-----	-----
Total Assets	\$1,953,137	\$1,601,487
	=====	=====
LIABILITIES		
Accounts Payable	\$1,953,137	\$1,601,487
	-----	-----
Total Liabilities	\$1,953,137	\$1,601,487
	=====	=====

See accompanying notes to combined financial statements.

CITY OF RUSTON, LOUISIANA  
 AGENCY FUND  
 DEFERRED COMPENSATION FUND  
 STATEMENT OF CHANGES IN ASSETS & LIABILITIES  
 FOR THE YEAR ENDED SEPTEMBER 30, 1997

Exhibit G-2

	Balance October 1, 1996	Additions	Deductions	Balance September 30, 1997
	-----	-----	-----	-----
<b>ASSETS</b>				
Investments	\$1,601,487	\$454,964	(\$103,314)	\$1,953,137
	=====	=====	=====	=====
<b>LIABILITIES</b>				
Accounts Payable	\$1,601,487	\$454,964	(\$103,314)	\$1,953,137
	=====	=====	=====	=====

See accompanying notes to combined financial statements.

### 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 Exhibit H-1  
 COMPARATIVE SCHEDULES OF GENERAL FIXED ASSETS  
 SEPTEMBER 30, 1997 AND 1996

GENERAL FIXED ASSETS :	1997	1996
	-----	-----
Land	\$778,859	\$778,859
Buildings	4,152,026	4,152,026
Improvements Other Than Buildings	4,237,569	4,237,569
Equipment	7,720,782	6,899,257
	-----	-----
Total General Fixed Assets	\$16,889,236	\$16,067,711
	=====	=====
TOTAL INVESTMENT IN GENERAL FIXED ASSETS	\$16,889,236	- \$16,067,711
	=====	=====

See accompanying notes to combined financial statements.

CITY OF RUSTON, LOUISIANA  
 SCHEDULE OF GENERAL FIXED ASSETS  
 BY FUNCTION AND ACTIVITY  
 SEPTEMBER 30, 1997

Function and Activity	Land	Buildings
General Government	\$344,461	\$2,352,065
Public Safety	312,181	150,961
Public Works	4,713	1,486,093
Recreation	117,504	162,907
Planning, Inspection & Permits Dept.	-	-
<b>Total General Fixed Assets</b>	<b>\$778,859</b>	<b>\$4,152,026</b>

See accompanying notes to combined financial statements.

Improvements Other Than Buildings	Equipment	Total
<u>\$ -</u>	<u>\$1,229,803</u>	<u>\$3,926,329</u>
-	2,042,065	2,505,207
3,269,007	4,297,993	9,057,806
968,562	141,239	1,390,212
-	9,682	9 682
<u>\$4,237,569</u>	<u>\$7,720,782</u>	<u>\$16,889,236</u>
<u>=====</u>	<u>=====</u>	<u>=====</u>



CITY OF RUSTON, LOUISIANA  
 SCHEDULE OF CHANGES IN GENERAL FIXED ASSETS  
 BY FUNCTION AND ACTIVITY  
 FOR THE YEAR ENDED SEPTEMBER 30, 1997

Function and Activity	General Fixed Assets October 1, 1996	Additions
General Government	\$3,820,360	\$111,219
Public Safety	2,368,261	136,946
Public Works	8,471,367	597,687
Recreation	1,398,541	-
Planning, Inspection & Permits Dept.	9,182	500
<b>Total General Fixed Assets</b>	<b>\$16,067,711</b>	<b>\$846,352</b>

See accompanying notes to combined financial statements.

Adjustments And (Deductions)	General Fixed Assets September 30, 1997
----- (\$5,250)	----- \$3,926,329
-	2,505,207
(11,248)	9,057,806
(8,329)	1,390,212
-	9,682
-----	-----
(\$24,827)	\$16,889,236
=====	=====

CITY OF RUSTON, LOUISIANA  
 SCHEDULE OF CHANGES IN GENERAL FIXED ASSETS  
 BY SOURCES  
 FOR THE YEAR ENDED SEPTEMBER 30, 1997

	Land	Buildings
	-----	-----
GENERAL FIXED ASSETS, OCTOBER 1, 1996	\$778,859	\$4,152,026
	-----	-----
Additions:		
General Fund	-	-
	-----	-----
Total Additions	-	-
	-----	-----
Deductions:		
Retirements	-	-
	-----	-----
GENERAL FIXED ASSETS, SEPTEMBER 30, 1997	\$778,859	\$4,152,026
	=====	=====

See accompanying notes to combined financial statements.

Improvements Other Than Buildings	Equipment	Total
----- \$4,237,569 -----	----- \$6,899,257 -----	----- \$16,067,711 -----
----- - -----	----- 846,352 -----	----- 846,352 -----
----- - -----	----- 846,352 -----	----- 846,352 -----
----- - -----	----- (24,827) -----	----- (24,827) -----
----- \$4,237,569 =====	----- \$7,720,782 =====	----- \$16,889,236 =====

### 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, 1997

Exhibit I-1

	October 1, 1996	Additions	Deductions	September 30, 1997
	-----	-----	-----	-----
Amount Available in Debt Service Fund	\$86,357	\$1,370	\$ -	\$87,727
Amount to be Provided for Retirement of General Long-Term Debt	2,880,575	424,336	294,977	3,009,934
	-----	-----	-----	-----
Totals	\$2,966,932	\$425,706	\$294,977	\$3,097,661
	=====	=====	=====	=====
 Long-Term Obligations Payable:				
Compensated Absences	\$570,303	\$59,332	\$ -	\$629,635
Certificates of Indebtedness	1,730,000	-	183,000	1,547,000
Municipal Police Employees' Retirement System	495,520	-	59,923	435,597
Capital Leases	171,109	365,004	50,684	485,429
	-----	-----	-----	-----
Totals	\$2,966,932	\$424,336	\$293,607	\$3,097,661
	=====	=====	=====	=====

See accompanying notes to combined financial statements.

## **SUPPLEMENTARY INFORMATION SECTION**

CITY OF RUSTON, LOUISIANA  
GENERAL FUND  
SCHEDULE OF EXPENDITURES  
BUDGET (GAAP BASIS) & ACTUAL  
FOR THE YEAR ENDED SEPTEMBER 30, 1997

Schedule 1

	Budget	Actual	Variance Favorable (Unfavorable)
General Government:			
Executive:			
Salaries - Regular	\$336,322	\$330,201	\$6,121
Salaries - Overtime	6,000	4,116	1,884
Salaries - Contract Labor	2,400	2,384	16
Employee Benefits - Pension	20,080	20,533	(453)
Employee Benefits - FICA Tax	4,560	4,707	(147)
Employee Benefits - Insurance	50,173	50,834	(661)
Workmen's Compensation	1,550	1,550	-
Unemployment Compensation	1,000	-	1,000
Training of Personnel	8,800	7,961	839
Printing of Forms	3,000	2,009	991
Supplies	15,000	14,956	44
Maintenance of Office Equipment	2,000	1,137	863
Rent of Office Equipment	14,500	12,740	1,760
Utilities	88,632	91,301	(2,669)
Telephone	26,500	28,069	(1,569)
Auto Allowances	14,700	14,539	161
Audit Fees	16,380	16,380	-
Legal Advertising	4,000	4,101	(101)
Legal Services	4,000	2,677	1,323
GIS Expense	20,000	20,868	(868)
Coroner Fees	15,000	2,425	12,575
Consulting	410	410	-
Data Processing	3,758	3,666	92
Tax Assessor/Collection Fees	22,116	22,116	-
Cash Short (Over)	100	15	85
Lincoln Parish Health Unit	5,000	5,000	-
Lincoln Parish Vets Admin	2,316	2,484	(168)
Dues & Subscriptions	26,832	26,881	(49)
Election Expense	100	-	100
Insurance	11,438	12,537	(1,099)
Medical Supplies & Services	1,500	1,290	210
Drug Ed/Prevention	15,000	10,250	4,750
Council Expenses	3,000	869	2,131
Miscellaneous	5,800	7,229	(1,429)
Postage	9,000	7,543	1,457
Capital Outlay	31,000	25,615	5,385
Warehouse	8,000	5,000	3,000
Totals	799,967	764,393	35,574

See accompanying auditors' report.



CITY OF RUSTON, LOUISIANA  
GENERAL FUND  
SCHEDULE OF EXPENDITURES  
BUDGET (GAAP BASIS) & ACTUAL  
FOR THE YEAR ENDED SEPTEMBER 30, 1997

Schedule 1

	Budget	Actual	Variance Favorable (Unfavorable)
<b>General Government (Continued):</b>			
<b>City Court:</b>			
Salaries - Regular	93,128	84,092	9,036
Employee Benefits - Pension	4,365	4,516	(151)
Judge's Retirement	2,583	2,367	216
Employee Benefits - FICA Tax	1,013	994	19
Employee Benefits - Insurance	15,115	13,273	1,842
Workmen's Compensation	500	500	-
Training of Personnel	700	-	700
Witness Fee - Officers	15,000	10,625	4,375
Telephone	2,500	2,282	218
Juvenile Assistance Program	10,500	10,500	-
Medical Supplies & Services	200	72	128
<b>Totals</b>	<b>145,604</b>	<b>129,221</b>	<b>16,383</b>
<b>Ward Marshal:</b>			
Salaries - Regular	69,083	60,726	8,357
Salaries - Overtime	2,376	-	2,376
Employee Benefits - Pension	3,995	5,216	(1,221)
Employee Benefits - FICA Tax	520	546	(26)
Employee Benefits - Insurance	16,118	15,106	1,012
Workmen's Compensation	840	840	-
Medical Supplies & Services	89	-	89
Postage	155	93	62
<b>Totals</b>	<b>93,176</b>	<b>82,527</b>	<b>10,649</b>
<b>City Hall Buildings &amp; Grounds:</b>			
Salaries - Regular	83,933	81,035	2,898
Salaries - Overtime	4,124	1,325	2,799
Salaries - Contract Labor	2,000	-	2,000
Employee Benefits - Pension	4,600	4,319	281
Employee Benefits - FICA Tax	2,114	1,811	303
Employee Benefits - Insurance	14,836	9,370	5,466
Uniforms	200	115	85
Workmen's Compensation	600	600	-
Unemployment Compensation	2,100	-	2,100
Items for Resale	1,500	1,052	448
Supplies & Chemicals	16,950	10,123	6,827
Maintenance of Bldg & Grounds	114,674	48,149	66,525
Maintenance of Equipment	-	53	(53)
Telephone	700	901	(201)
Auto Allowances	1,200	1,200	-
Gasoline, Oil & Diesel	500	83	417
Insurance	19,530	17,920	1,610
Medical Supplies & Services	200	56	144
Postage	100	-	100
Capital Outlay	25,000	17,695	7,305
<b>Totals</b>	<b>294,861</b>	<b>195,807</b>	<b>99,054</b>

See accompanying auditors' report.

CITY OF RUSTON, LOUISIANA  
GENERAL FUND  
SCHEDULE OF EXPENDITURES  
BUDGET (GAAP BASIS) & ACTUAL  
FOR THE YEAR ENDED SEPTEMBER 30, 1997

Schedule 1

	Budget	Actual	Variance Favorable (Unfavorable)
<b>Tourism And Promotions:</b>			
Mainstreet Facade Expense	-	5,000	(5,000)
Forestry Expense	-	3,725	(3,725)
<b>Totals</b>	-	8,725	(8,725)
 <b>Section 8 Housing:</b>			
Salaries - Regular	45,127	35,228	9,899
Employee Benefits - Pension	2,463	2,235	228
Employee Benefits - FICA Tax	572	483	89
Employee Benefits - Insurance	8,190	8,472	(282)
Workmen's Compensation	200	200	-
Training of Personnel	5,000	1,289	3,711
Office Supplies/Printing	8,250	4,599	3,651
Maint. of Office Equipment	500	134	366
Rent of Office Equipment	1,730	1,050	680
Utilities	1,690	1,396	294
Telephone	3,350	1,842	1,508
Auto Allowances	900	680	220
Travel	5,000	2,349	2,651
Legal Services	100	-	100
Consulting	6,000	750	5,250
Dues & Subscriptions	1,000	630	370
Postage	1,500	730	770
Capital Outlay	60,054	56,077	3,977
<b>Totals</b>	151,626	118,144	33,482
<b>TOTAL GENERAL GOVERNMENT</b>	<b>\$1,485,234</b>	<b>\$1,298,817</b>	<b>\$186,417</b>

See accompanying auditors' report.

CITY OF RUSTON, LOUISIANA  
GENERAL FUND  
SCHEDULE OF EXPENDITURES  
BUDGET (GAAP BASIS) & ACTUAL  
FOR THE YEAR ENDED SEPTEMBER 30, 1997

Schedule 1

	Budget	Actual	Variance Favorable (Unfavorable)
<b>Public Safety:</b>			
<b>Police Department:</b>			
Salaries - Regular	1,247,947	1,248,024	(77)
Salaries - Overtime	117,000	115,908	1,092
Salaries - DWI Enforcement	12,500	11,560	940
Employee Benefits - Pension	9,259	8,934	325
Police Retirement	106,444	108,313	(1,869)
Former Retirement	90,676	90,676	-
Employee Benefits - FICA Tax	14,119	14,852	(733)
Employee Benefits - Insurance	166,328	168,993	(2,665)
Uniforms	12,800	12,676	124
Workmen's Compensation	4,900	4,900	-
Training of Personnel	36,575	37,951	(1,376)
Training Supplies	5,000	4,843	157
Widow's Compensation	2,470	2,470	-
Narcotics Enforcement Team	4,100	4,052	48
Emergency Response Team	4,100	4,718	(618)
Office Supplies/Printing	2,000	1,561	439
Supplies	23,050	22,791	259
Maintenance of Building & Grounds	12,340	11,110	1,230
Rent of Office Equipment	4,800	4,087	713
Telephone	16,628	16,450	178
Auto Allowances	4,500	4,500	-
Auto & Truck Repair	34,750	34,576	174
Gasoline, Oil & Diesel	42,254	42,300	(46)
Travel	-	35	(35)
Legal Services	25,090	21,792	3,298
Dues & Subscriptions	1,450	1,408	42
Insurance	34,280	34,706	(426)
Insurance - Auto Liability	8,120	8,703	(583)
Investigative Awards	650	642	8
Lincoln Parish Detention Center	15,000	15,000	-
Medical Supplies & Services	2,500	2,924	(424)
Postage	600	966	(366)
Capital Outlay	110,353	105,855	4,498
<b>Totals</b>	<b>2,172,583</b>	<b>2,168,276</b>	<b>4,307</b>
<b>Fire Department:</b>			
Salaries - Regular	820,000	800,988	19,012
Salaries - Overtime	10,000	9,253	747
Employee Pension - Municipal	1,596	1,566	30
Employee Pension - Firefighters	80,000	76,740	3,260
Employee Benefits - FICA Tax	7,000	5,156	1,844
Employee Benefits - Insurance	141,375	140,975	400
Uniforms	8,000	4,936	3,064
Workmen's Compensation	3,400	3,400	-
Training of Personnel	7,400	4,920	2,480
Supplies	14,902	13,956	946

See accompanying auditors' report.

CITY OF RUSTON, LOUISIANA  
GENERAL FUND  
SCHEDULE OF EXPENDITURES  
BUDGET (GAAP BASIS) & ACTUAL  
FOR THE YEAR ENDED SEPTEMBER 30, 1997

Schedule 1

	Budget	Actual	Variance Favorable (Unfavorable)
<b>Fire Department (Continued):</b>			
Maintenance of Building & Grounds	17,100	15,886	1,214
Rent of Office Equipment	5,100	3,162	1,938
Utilities	26,500	25,639	861
Telephone	17,500	14,129	3,371
Auto Allowances	15,000	14,242	758
Auto & Truck Repair	6,700	6,136	564
Gasoline, Oil & Diesel	4,500	4,772	(272)
Travel	42	41	1
Legal Services	1,250	750	500
Dues & Subscriptions	1,500	1,217	283
Insurance	27,142	24,404	2,738
Medical Supplies & Services	856	856	-
Postage	100	6	94
Capital Outlay	12,200	10,208	1,992
<b>Totals</b>	<b>1,229,163</b>	<b>1,183,338</b>	<b>45,825</b>
<b>Probation Office:</b>			
Salaries - Regular	26,959	27,944	(985)
Salaries - Overtime	1,035	1,034	1
Employee Benefits - Pension	1,178	1,436	(258)
Employee Benefits - FICA Tax	935	994	(59)
Employee Benefits - Insurance	1,670	1,728	(58)
Uniforms	500	398	102
Workmen's Compensation	150	150	-
Training of Personnel	132	366	(234)
Supplies	2,299	1,715	584
Maintenance of Equipment	250	233	17
Telephone	1,800	1,997	(197)
Auto and Truck Repair	300	245	55
Gas, Oil, and Diesel	1,300	1,039	261
Insurance	842	791	51
Medical Supplies & Services	100	-	100
Miscellaneous	200	183	17
Postage	100	-	100
Capital Outlay	19,868	19,867	1
<b>Totals</b>	<b>59,618</b>	<b>60,120</b>	<b>(502)</b>
<b>Street Lighting:</b>			
Maintenance Street/Traffic Lights	4,000	1,119	2,881
Utilities	127,000	124,197	2,803
<b>Totals</b>	<b>131,000</b>	<b>125,316</b>	<b>5,684</b>
<b>TOTAL PUBLIC SAFETY</b>	<b>\$3,592,364</b>	<b>\$3,537,050</b>	<b>\$55,314</b>

See accompanying auditors' report.

CITY OF RUSTON, LOUISIANA  
GENERAL FUND  
SCHEDULE OF EXPENDITURES  
BUDGET (GAAP BASIS) & ACTUAL  
FOR THE YEAR ENDED SEPTEMBER 30, 1997

Schedule 1

	Budget	Actual	Variance Favorable (Unfavorable)
<b>Public Works Department:</b>			
<b>Administrative:</b>			
Salaries - Regular	132,800	129,052	3,748
Salaries - Overtime	800	797	3
Employee Benefits - Pension	7,560	7,792	(232)
Employee Benefits - FICA Tax	1,280	1,281	(1)
Employee Benefits - Insurance	8,634	8,800	(166)
Uniforms	220	135	85
Workmen's Compensation	500	500	-
Office Supplies/Printing	7,210	5,624	1,586
Maintenance of Building & Grounds	2,000	1,993	7
Rent of Office Equipment	3,000	2,531	469
Utilities	31,500	32,882	(1,382)
Telephone	9,300	10,327	(1,027)
Auto Allowances	7,740	7,740	-
Legal Services	1,274	2,708	(1,434)
Dues & Subscriptions	405	403	2
Insurance - Fire	13,000	12,035	965
Postage	100	16	84
Capital Outlay	19,890	19,889	1
<b>Totals</b>	<b>247,213</b>	<b>244,505</b>	<b>2,708</b>
<b>Streets:</b>			
Salaries - Regular	488,582	470,215	18,367
Salaries - Overtime	24,000	23,475	525
Salaries - Contract Labor	5,500	3,794	1,706
Employee Benefits - Pension	26,240	27,149	(909)
Employee Benefits - FICA Tax	8,592	7,663	929
Employee Benefits - Insurance	79,896	82,842	(2,946)
Uniforms	5,808	4,967	841
Workmen's Compensation	3,600	3,600	-
Unemployment	1,000	-	1,000
Training of Personnel	2,500	842	1,658
Chemicals	1,450	1,408	42
Signs	20,000	19,159	841
Supplies/Street Paint	39,742	35,625	4,117
Maintenance of Building & Grounds	63,000	61,848	1,152
Maintenance of Streets	495,760	452,576	43,184
Housing Demolition	6,000	4,525	1,475
Rent of Equipment	29,400	9,000	20,400

See accompanying auditors' report.

CITY OF RUSTON, LOUISIANA  
GENERAL FUND  
SCHEDULE OF EXPENDITURES  
BUDGET (GAAP BASIS) & ACTUAL  
FOR THE YEAR ENDED SEPTEMBER 30, 1997

Schedule 1

	Budget	Actual	Variance Favorable (Unfavorable)
<b>Streets (Continued):</b>			
Auto & Truck Repair	24,000	21,955	2,045
Gasoline, Oil & Diesel	24,500	27,368	(2,868)
Insurance	42,472	45,080	(2,608)
Capital Outlay	184,610	183,239	1,371
Capital Outlay - Culvert	10,000	9,583	417
	1,586,652	1,495,913	90,739
<b>Solid Waste:</b>			
Salaries - Regular	476,437	462,758	13,679
Salaries - Overtime	31,500	30,236	1,264
Employee Benefits - Pension	29,057	28,759	298
Employee Benefits - FICA Tax	4,194	4,373	(179)
Employee Benefits - Insurance	79,741	71,276	8,465
Uniforms	6,283	6,251	32
Workmen's Compensation	3,000	3,000	-
Unemployment Compensation	1,000	671	329
Supplies / Training	18,717	16,955	1,762
Maintenance of Building & Grounds	77,300	72,664	4,636
Rent of Equipment	88,842	90,279	(1,437)
Auto & Truck Repair	68,000	65,426	2,574
Gasoline, Oil & Diesel	51,000	53,968	(2,968)
Insurance - Gen Liability	14,530	15,420	(890)
Insurance - Auto Liability	21,545	22,945	(1,400)
Capital Outlay	20,300	20,271	29
	991,446	965,252	26,194

See accompanying auditors' report.

CITY OF RUSTON, LOUISIANA  
GENERAL FUND  
SCHEDULE OF EXPENDITURES  
BUDGET (GAAP BASIS) & ACTUAL  
FOR THE YEAR ENDED SEPTEMBER 30, 1997

Schedule 1

	Budget	Actual	Variance Favorable (Unfavorable)
<b>Engineering:</b>			
Salaries - Regular	102,760	103,234	(474)
Salaries - Overtime	1,768	1,743	25
Employee Benefits - Pension	6,355	6,454	(99)
Employee Benefits - FICA Tax	1,474	1,094	380
Employee Benefits - Insurance	4,364	4,894	(530)
Workmen's Compensation	400	400	-
Training of Personnel	2,300	1,615	685
Supplies	6,000	5,209	791
Maintenance of Equipment	1,100	876	224
Telephone	2,400	1,319	1,081
Auto Allowances	2,400	2,400	-
Auto & Truck Repair	800	58	742
Gasoline, Oil & Diesel	1,150	397	753
Dues & Subscriptions	760	707	53
Insurance	4,375	4,646	(271)
Medical Supplies & Services	250	-	250
Postage	150	129	21
Capital Outlay	9,200	9,158	42
<b>Totals</b>	<b>148,006</b>	<b>144,333</b>	<b>3,673</b>
<b>Repair Shop:</b>			
Salaries - Regular	266,698	251,456	15,242
Salaries - Overtime	18,000	17,561	439
Employee Benefits - Pension	16,399	15,889	510
Employee Benefits - FICA Tax	3,805	3,819	(14)
Employee Benefits - Insurance	43,692	35,620	8,072
Uniforms	3,074	3,328	(254)
Workmen's Compensation	1,400	1,400	-
Training of Personnel	5,000	3,418	1,582
Supplies	17,426	16,719	707
Maintenance of Building & Grounds	2,590	2,639	(49)
Auto Allowances	2,400	2,400	-
Auto & Truck Repair	1,910	1,860	50
Gasoline, Oil & Diesel	2,500	2,643	(143)
Insurance	2,972	3,165	(193)
Capital Outlay	17,000	16,872	128
<b>Totals</b>	<b>404,866</b>	<b>378,789</b>	<b>26,077</b>

See accompanying auditors' report.

CITY OF RUSTON, LOUISIANA  
GENERAL FUND  
SCHEDULE OF EXPENDITURES  
BUDGET (GAAP BASIS) & ACTUAL  
FOR THE YEAR ENDED SEPTEMBER 30, 1997

Schedule 1

	Budget	Actual	Variance Favorable (Unfavorable)
<b>Animal Control:</b>			
Salaries - Regular	69,309	68,297	1,012
Salaries - Overtime	2,000	957	1,043
Employee Benefits - Pension	3,414	3,534	(120)
Employee Benefits - FICA Tax	2,002	1,728	274
Employee Benefits - Insurance	6,576	6,934	(358)
Uniforms	1,233	1,229	4
Workmen's Compensation	500	500	-
Training of Personnel	2,000	2,080	(80)
Supplies	8,125	7,887	238
Maintenance of Building & Grounds	2,010	2,009	1
Utilities	2,400	2,260	140
Heating	5,400	5,050	350
Telephone	1,300	1,555	(255)
Auto & Truck Repair	2,805	680	2,125
Gasoline, Oil & Diesel	1,550	1,492	58
Legal Fees	20	35	(15)
Insurance	745	791	(46)
Medical Supplies & Services	132	32	100
Capital Outlay	20,050	20,042	8
	131,571	127,092	4,479
<b>Totals</b>			
<b>Community Development:</b>			
Salaries - Regular	86,947	84,821	2,126
Salaries - Contract Labor	2,400	2,413	(13)
Employee Benefits - Pension	5,384	5,210	174
Employee Benefits - FICA Tax	1,197	950	247
Employee Benefits - Insurance	8,491	8,091	400
Workmen's Compensation	300	300	-
Training of Personnel	1,400	477	923
Office Supplies/Printing	9,500	6,918	2,582
Supplies	2,500	2,120	380
Telephone	800	1,166	(366)
Auto Allowance	2,400	2,263	137
Travel	4,700	2,990	1,710
Legal	500	450	50
Dues & Subscriptions	1,000	507	493
Medical Supplies & Services	-	64	(64)
Miscellaneous	7,000	9,178	(2,178)
Postage	800	311	489
Capital Outlay	14,150	13,820	330
	149,469	142,049	7,420
<b>Totals</b>			

See accompanying auditors' report.



CITY OF RUSTON, LOUISIANA  
GENERAL FUND  
SCHEDULE OF EXPENDITURES  
BUDGET (GAAP BASIS) & ACTUAL  
FOR THE YEAR ENDED SEPTEMBER 30, 1997

Schedule 1

	Budget	Actual	Variance Favorable (Unfavorable)
Inspections:			
Salaries - Regular	95,574	95,176	398
Employee Benefits - Pension	8,912	9,267	(355)
Employee Benefits - FICA Tax	6,361	5,164	1,197
Employee Benefits - Insurance	2,096	2,127	(31)
Workmen's Compensation	10,056	11,339	(1,283)
Training of Personnel	400	400	-
Office Supplies/Printing	5,296	4,360	936
Supplies	4,733	4,792	(59)
Maintenance of Building & Grounds	100	48	52
Telephone	1,000	1,539	(539)
Auto Allowance	7,700	7,461	239
Travel	693	693	-
Legal	361	445	(84)
Dues & Subscriptions	617	519	98
Postage	200	192	8
Capital Outlay	500	500	-
Totals	144,599	144,022	577
TOTAL PUBLIC WORKS	\$3,803,822	\$3,641,955	\$161,867
TOTAL GENERAL FUND EXPENDITURES	\$8,881,420	\$8,477,822	\$403,598

See accompanying auditors' report.

CITY OF RUSTON, LOUISIANA  
 ENTERPRISE FUND  
 ELECTRIC SYSTEM FUND  
 SCHEDULE OF OPERATING EXPENSES BY DEPARTMENT  
 FOR THE YEARS ENDED SEPTEMBER 30, 1997 & 1996

Schedule 2

	1997	1996
Direct Expenses:		
Steam Plant:		
Salaries	\$455,274	\$483,263
Employee Benefit - Pension	25,447	26,263
Employee Benefit - FICA Tax	2,980	2,931
Employee Benefit - Insurance	53,816	45,749
Uniforms	1,577	-
Workmen's Compensation	1,800	2,700
Training of Personnel	164	306
Fuel & Energy	7,086,133	7,207,550
Supplies	113,978	143,136
Permits	8,510	15,313
Maintenance of Bldg., Gds., & Equip.	334,573	652,501
Disposal of Hazardous Waste	4,674	67,743
Utilities	104,792	81,283
Telephone	9,425	9,397
Auto Allowances	5,650	5,100
Auto & Truck Repair	633	569
Gasoline, Oil & Diesel	724	818
Travel	174	116
Dues & Subscriptions	30	12
Insurance	128,292	125,006
Medical Supplies & Services	204	329
Depreciation	388,065	384,835
	8,726,915	9,254,920
	-----	-----
Diesel Plant:		
Salaries	-	(2,222)
Fuel & Energy	445	-
Supplies	418	265
Maint of Bldg., Gds., & Equip	3,539	1,990
Utilities	3,150	2,675
	7,552	2,708
	-----	-----

See accompanying auditors' report.

CITY OF RUSTON, LOUISIANA  
 ENTERPRISE FUND  
 ELECTRIC SYSTEM FUND  
 SCHEDULE OF OPERATING EXPENSES BY DEPARTMENT  
 FOR THE YEARS ENDED SEPTEMBER 30, 1997 & 1996

Schedule 2

	1997	1996
	-----	-----
Distribution System:		
Salaries	462,083	490,150
Employee Benefit - Pension	23,589	24,757
Employee Benefit - FICA Tax	2,394	2,332
Employee Benefit - Insurance	58,423	54,270
Uniforms	444	252
Workmen's Compensation	1,800	2,850
Training of Personnel	1,450	315
Supplies	14,758	12,388
Equipment Rental	-	18,000
Maint of Bldg., Gds., & Equip.	306,422	303,388
Disposal of Hazardous Waste	4,787	3,484
Utilities	73	73
Heating	113	120
Telephone	2,049	2,253
Auto & Truck Repair	7,029	4,279
Gasoline, Oil & Diesel	15,053	14,294
Travel	53	325
Damages	88	108
Insurance	7,120	6,157
Medical Supplies & Services	961	840
Depreciation	488,688	464,410
	-----	-----
Totals	1,397,377	1,405,045
	-----	-----

See accompanying auditors' report.

CITY OF RUSTON, LOUISIANA  
ENTERPRISE FUND  
ELECTRIC SYSTEM FUND  
SCHEDULE OF OPERATING EXPENSES BY DEPARTMENT  
FOR THE YEARS ENDED SEPTEMBER 30, 1997 & 1996

Schedule 2

	1997	1996
	-----	-----
Substations:		
Supplies	7	-
Maintenance of Bldg., Gds., & Equip.	17,030	14,848
	-----	-----
Totals	17,037	14,848
	-----	-----
Total Direct Expenses	\$10,148,881	\$10,677,521
	=====	=====
Indirect Expense:		
General & Administrative Expense:		
Salaries	228,064	260,142
Employee Benefit - Pension	15,039	16,030
Employee Benefit - FICA Tax	2,242	2,729
Employee Benefit - Insurance	26,015	25,352
Uniforms	730	-
Workmen's Compensation	1,100	1,800
Training of Personnel	2,024	3,889
Supplies	6,058	5,279
Warehouse Expense	122,000	105,660
Maintenance of Equipment	2,341	1,247
Rent of Office Equipment	-	60
Telephone	2,566	3,867
Auto Allowances	7,433	10,681
Auto & Truck Repair	1,556	2,012
Gasoline, Oil & Diesel	2,405	2,461
Travel	2,013	5,484
Audit Fees	14,068	13,200
Legal Services	750	26,652
Consulting Engineer	-	18,432
Paying Agent Fees	4,468	3,819
Bad Debt Expense	79,405	45,278
Dues & Subscriptions	7,969	6,819
Insurance	31,582	29,568
Interest	21,567	23,770
Medical Supplies & Services	157	96

See accompanying auditors' report.

CITY OF RUSTON, LOUISIANA  
ENTERPRISE FUND  
ELECTRIC SYSTEM FUND  
SCHEDULE OF OPERATING EXPENSES BY DEPARTMENT  
FOR THE YEARS ENDED SEPTEMBER 30, 1997 & 1996

Schedule 2

	1997	1996
	-----	-----
General and Administrative (Continued):		
Miscellaneous	5,150	2,205
Postage	750	703
Depreciation	117,409	133,213
	-----	-----
Totals	704,861	750,448
	-----	-----
Collection Office:		
Salaries	177,172	189,444
Employee Benefit - Pension	10,787	11,662
Employee Benefit - FICA Tax	2,541	3,307
Employee Benefit - Insurance	25,154	24,099
Uniforms	58	-
Workmen's Compensation	1,000	1,650
Training of Personnel	300	-
Supplies	19,983	18,535
Maintenance of Equipment	14,206	9,134
Telephone	2,337	1,738
Auto Allowance	2,215	2,290
Travel	970	50
Collection Costs	8,912	7,494
Consulting	-	10,740
Data Processing	13,049	75,299
Cash (Over) Short	283	66
Dues & Subscriptions	-	45
Insurance	2,564	3,772
Medical Supplies & Services	40	44
Miscellaneous	518	(6)
Postage	39,865	40,306
	-----	-----
Totals	321,954	399,669
	-----	-----

See accompanying auditors' report.

CITY OF RUSTON, LOUISIANA  
 ENTERPRISE FUND  
 ELECTRIC SYSTEM FUND  
 SCHEDULE OF OPERATING EXPENSES BY DEPARTMENT  
 FOR THE YEARS ENDED SEPTEMBER 30, 1997 & 1996

Schedule 2

	1997	1996
	-----	-----
Meter Readers:		
Salaries	114,764	108,688
Employee Benefit - Pension	6,802	6,854
Employee Benefit - FICA Tax	852	791
Employee Benefit - Insurance	16,846	17,317
Uniforms	952	306
Workmen's Compensation	600	900
Unemployment Compensation	-	(411)
Supplies	1,148	1,489
Maintenance of Equipment	519	-
Auto & Truck Repair	1,685	3,304
Gasoline, Oil & Diesel	5,165	4,621
Insurance	2,374	2,052
Medical Supplies & Services	272	144
Miscellaneous	1,126	1,248
	-----	-----
Totals	153,105	147,303
	-----	-----
Total Indirect Expenses	\$1,179,920	\$1,297,420
	=====	=====

See accompanying auditors' report.

CITY OF RUSTON, LOUISIANA  
 ENTERPRISE FUND  
 WATER SYSTEM FUND  
 SCHEDULE OF OPERATING EXPENSES BY DEPARTMENT  
 FOR THE YEARS ENDED SEPTEMBER 30, 1997 & 1996

Schedule 3

	1997	1996
Direct Expense:		
Water Production System:		
Salaries	\$52,036	\$49,600
Employee Benefit - Pension	3,246	2,898
Employee Benefit - FICA Tax	189	129
Employee Benefit - Insurance	7,072	3,972
Uniforms	281	-
Workmen's Compensation	300	450
Chemicals	61,598	99,065
Supplies	4,121	4,072
Maintenance of Bldg., Gds., & Equip.	36,803	17,684
Utilities	210,656	218,876
Telephone	4,384	4,755
Auto & Truck Repair	437	1,024
Gasoline, Oil & Diesel	1,524	1,683
Dues & Subscriptions	-	80
Medical Supplies & Services	32	74
Depreciation	65,299	65,219
Totals	447,978	469,581
Water Distribution System:		
Salaries	118,535	144,035
Employee Benefit - Pension	6,623	8,413
Employee Benefit - FICA Tax	1,243	941
Employee Benefit - Insurance	17,990	19,567
Uniforms	693	706
Workmen's Compensation	600	2,250
Training	185	225
Supplies	6,637	9,868
Equipment Rental	7,842	8,700
Maintenance of Equipment	122,991	78,850
Utilities	173	207

See accompanying auditors' report.

CITY OF RUSTON, LOUISIANA  
 ENTERPRISE FUND  
 WATER SYSTEM FUND  
 SCHEDULE OF OPERATING EXPENSES BY DEPARTMENT  
 FOR THE YEARS ENDED SEPTEMBER 30, 1997 & 1996

Schedule 3

	1997	1996
Water Distribution System (Continued):		
Auto & Truck Repair	8,261	7,683
Gasoline, Oil & Diesel	7,450	6,896
Travel	600	599
Damages	158	536
Medical Supplies & Services	121	69
Depreciation	123,084	116,539
	423,186	406,084
Totals	423,186	406,084
	\$871,164	\$875,665
	\$871,164	\$875,665

Indirect Expense:

General & Administrative Expense:

Salaries - Regular	64,434	59,743
Employee Benefit - Pension	3,951	3,508
Employee Benefit - Insurance	5,056	4,034
Workmen's Compensation	200	300
Training of Personnel	85	65
Office Supplies	255	253
Warehouse	11,000	11,000
Maintenance of Bldg., Gnds., & Equip.	129	396
Telephone	2,249	1,626
Auto & Truck Repair	-	109
Gasoline, Oil & Diesel	2,673	2,408
Legal Services	15,291	2,390
Travel	617	45
Audit Fees	6,306	5,280
Consulting Engineer	-	2,876
Paying Agent Fees	800	703
Bad Debt Expense	14,188	4,448

See accompanying auditors' report.



CITY OF RUSTON, LOUISIANA  
 ENTERPRISE FUND  
 WATER SYSTEM FUND  
 SCHEDULE OF OPERATING EXPENSES BY DEPARTMENT  
 FOR THE YEARS ENDED SEPTEMBER 30, 1997 & 1996

Schedule 3

	1997	1996
	-----	-----
General and Administrative Expense (Continued):		
Dues & Subscriptions	943	793
Insurance	16,573	15,284
Miscellaneous	40	7
Depreciation	42,014	57,536
	-----	-----
Total Indirect Expense	\$186,804	\$172,804
	=====	=====

See accompanying auditors' report.

CITY OF RUSTON, LOUISIANA  
 ENTERPRISE FUND  
 SEWERAGE SYSTEM FUND  
 SCHEDULE OF OPERATING EXPENSES BY DEPARTMENT  
 FOR THE YEARS ENDED SEPTEMBER 30, 1997 & 1996

Schedule 4

	1997	1996
Direct Expense:		
Sewerage Collection System:		
Salaries	\$193,769	\$202,279
Employee Benefit - Pension	10,463	10,865
Employee Benefit - FICA Tax	1,972	2,117
Employee Benefit - Insurance	19,377	15,430
Uniforms	781	405
Workmen's Compensation	900	1,500
Unemployment Compensation	69	549
Training of Personnel	550	114
Supplies	17,254	25,577
Equipment Rental	4,500	-
Maintenance of Bldg., Gds., & Equip	90,539	78,046
Utilities	86,435	79,682
Telephone	698	486
Auto & Truck Repair	6,084	4,850
Gasoline, Oil & Diesel	9,658	10,433
Travel	478	189
Damages	430	45
Insurance	3,000	2,700
Medical Supplies & Services	657	676
Depreciation	236,677	239,050
Totals	684,291	674,993
Sewerage Treatment Plant:		
Salaries	105,034	104,685
Employee Benefit - Pension	4,468	4,782
Employee Benefit - FICA Tax	2,642	2,436
Employee Benefit - Insurance	9,466	11,540
Uniforms	180	-
Workmen's Compensation	800	1,200
Unemployment Compensation	-	24
Training of Personnel	-	75
Chemicals	18,476	19,574
Permits	4,193	12,571
Laboratory Testing	15,414	14,707
Supplies	2,887	2,520
Maint of Bldg., Gds., & Equip.	31,649	37,282

See accompanying auditors' report.

CITY OF RUSTON, LOUISIANA  
 ENTERPRISE FUND  
 SEWERAGE SYSTEM FUND  
 SCHEDULE OF OPERATING EXPENSES BY DEPARTMENT  
 FOR THE YEARS ENDED SEPTEMBER 30, 1997 & 1996

Schedule 4

	1997	1996
	-----	-----
Sewerage Treatment Plant (Continued):		
Utilities	136,357	110,877
Telephone	2,136	2,271
Auto & Truck Repair	738	410
Gas, Oil, & Diesel	1,777	1,691
Travel	680	178
Consulting	-	11,098
Dues & Subscriptions	-	10
Medical Supplies & Services	168	131
Insurance	791	684
Depreciation	87,606	87,300
	-----	-----
Totals	425,462	426,046
	-----	-----
Sludge Disposal:		
Salaries	24,224	32,028
Employee Benefit - Pension	1,408	2,043
Employee Benefit - FICA Tax	331	453
Employee Benefit - Insurance	5,821	5,812
Uniforms	208	-
Workmen's Compensation	300	300
Training of Personnel	434	260
Permits	1,500	2,000
Laboratory Testing	5,708	7,655
Supplies	3,342	3,641
Maintenance of Bldg., Gds., & Equip.	2,729	2,657
Utilities	4,868	2,127
Telephone	539	489
Auto & Truck Repair	218	91
Gasoline, Oil & Diesel	669	1,154
Travel	301	91
Legal Services	20	
Medical Supplies & Services	134	109
	-----	-----
Totals	52,754	60,910
	-----	-----
Total Direct Expenses	\$1,162,507	\$1,161,949
	=====	=====

See accompanying auditors' report.

CITY OF RUSTON, LOUISIANA  
ENTERPRISE FUND  
SEWERAGE SYSTEM FUND  
SCHEDULE OF OPERATING EXPENSES BY DEPARTMENT  
FOR THE YEARS ENDED SEPTEMBER 30, 1997 & 1996

Schedule 4

	1997	1996
	-----	-----
Indirect Expenses:		
General & Administrative Expense:		
Salaries	\$46,247	\$48,452
Employee Benefit - Pension	3,142	3,227
Employee Benefit - FICA Tax	706	705
Employee Benefit - Insurance	9,259	8,283
Workmen's Compensation	200	300
Training of Personnel	-	630
Supplies	949	1,483
Maintenance of Bldg., Gds., & Equip	114	48
Heating	501	657
Telephone	56	2,489
Auto & Truck Repair	83	253
Gasoline, Oil & Diesel	584	627
Travel	547	357
Audit Fees	6,792	6,600
Legal Fees	863	4,282
Consulting	3,500	7,800
Paying Agent Fees	21,788	17,416
Bad Debt Expense	12,990	6,578
Dues & Subscriptions	284	95
Insurance	17,364	15,968
Miscellaneous	481	288
Postage	-	8
Depreciation	149,071	153,167
Warehouse Expense	5,000	5,340
	-----	-----
Totals	280,521	285,053
	-----	-----
Pest Control:		
Chemicals	522	992
Training of Personnel	10	20
Gas, Oil, & Diesel	134	176
Travel	109	-
	-----	-----
Totals	775	1,188
	-----	-----
Total Indirect Expense	\$281,296	\$286,241
	=====	=====

See accompanying auditors' report.

CITY OF RUSTON, LOUISIANA  
 COMBINED SCHEDULE OF BONDS PAYABLE  
 SEPTEMBER 30, 1997

Description	Rates	Payment Dates	Issue Dates	Final Maturity Date
<b>REVENUE BONDS</b>				
Electric Utility Revenue Bonds	5.10%	4-1;10-1	2-1-68	10-1-97
Electric Utility Revenue Bonds	4.50%	4-1;10-1	1-1-73	10-1-97

TOTAL ELECTRIC UTILITY REVENUE BONDS

Annual Serial Payments	Bonds		
	Authorized & Issued	Retired	Outstanding 9-30-97
\$ 80,000 1997	1,100,000	1,020,000	80,000
\$ 585,000 1997	7,250,000	6,665,000	585,000
	<u>\$8,350,000</u>	<u>\$7,685,000</u>	<u>\$665,000</u>

See accompanying auditors' report.

CITY OF RUSTON, LOUISIANA  
 COMBINED SCHEDULE OF BONDS PAYABLE  
 SEPTEMBER 30, 1997

Description	Rates	Payment Dates	Issue Dates	Final Maturity Date
REVENUE BONDS				
Water Utility Revenue Bonds	4.4420%	4-1;10-1	12-23-96	10-1-06
	4.5850%			
	4.6890%			
	4.7800%			
	4.8515%			
	4.9035%			
	4.9555%			
	4.9880%			
	5.0270%			
	5.0790%			
TOTAL WATERWORKS UTILITY REVENUE BONDS				
REVENUE BONDS				
Sewer Utility Revenue Bonds	5.00%	4-1;10-1	4-1-92	4-1-12
	5.00%			
	5.00%			
	5.00%			
	5.00%			
	5.00%			
	5.00%			
	5.00%			
	5.00%			
	5.00%			
	5.00%			
	5.00%			
	5.00%			
	5.00%			
	5.00%			
	5.00%			

See accompanying auditors' report.

Annual Serial Payments	Bonds		
	Authorized & Issued	Retired	Outstanding 9-30-97
\$ 55,000 1997	\$850,000		\$850,000
75,000 1998			
75,000 1999			
80,000 2000			
85,000 2001			
85,000 2002			
90,000 2003			
95,000 2004			
100,000 2005			
110,000 2006			
		850,000	
120,000 1997	3,204,747	389,747	2,815,000
125,000 1998			
130,000 1999			
140,000 2000			
145,000 2001			
150,000 2002			
160,000 2003			
165,000 2004			
175,000 2005			
185,000 2006			
195,000 2007			
205,000 2008			
215,000 2009			
225,000 2010			
235,000 2011			
245,000 2012			

See accompanying auditors' report.



CITY OF RUSTON, LOUISIANA  
 COMBINED SCHEDULE OF BONDS PAYABLE  
 SEPTEMBER 30, 1997

Description	Rates	Payment Dates	Issue Dates	Final Maturity Date
Sewer Utility Revenue Bonds	2.45%	4-1;10-1	9-1-93	10-1-11
	2.45%			
	2.45%			
	2.45%			
	2.45%			
	2.45%			
	2.45%			
	2.45%			
	2.45%			
	2.45%			
	2.45%			
	2.45%			
	2.45%			
	2.45%			
	2.45%			
	2.45%			
	2.45%			

TOTAL SEWER UTILITY REVENUE BONDS

TOTAL REVENUE BONDS

See accompanying auditors' report.

Annual Serial Payments	Bonds		
	Authorized & Issued	Retired	Outstanding 9-30-97
65,000 1997	1,432,536	130,000	1,302,536
70,000 1998			
70,000 1999			
70,000 2000			
75,000 2001			
75,000 2002			
75,000 2003			
80,000 2004			
80,000 2005			
85,000 2006			
85,000 2007			
90,000 2008			
90,000 2009			
90,000 2010			
95,000 2011			
95,000 2012			
12,536 2013			
	4,637,283	519,747	4,117,536
	\$13,837,283	\$8,204,747	\$5,632,536

See accompanying auditors' report.

CITY OF RUSTON, LOUISIANA  
 COMBINED SCHEDULE OF BONDS PAYABLE  
 SEPTEMBER 30, 1997

Description	Rates	Payment Dates	Issue Dates	Final Maturity Date
<b>CERTIFICATES OF INDEBTEDNESS</b>				
Sewer & Water System Improvements Series 1989	7.95% 7.95%	7-1;1-1	1-1-89	1-1-99
Sales Tax Certificate of Indebtedness Series 1993	4.45% 4.70% 4.80% 4.90% 5.00% 5.10%	4-1;10-1	10-1-93	4-1-03
Public Works Shop Certificate of Indebtedness Series 1993A	4.65% 4.90% 5.00% 5.15% 5.25% 5.30% 5.55%	3-1;9-1	3-1-94	3-1-04

See accompanying auditors' report.

Annual Serial Payments	Bonds		
	Authorized & Issued	Retired	Outstanding 9-30-97
\$ 135,000 1998 150,000 1999	\$1,040,000	\$755,000	\$285,000
\$ 105,000 1998 110,000 1999 115,000 2000 120,000 2001 125,000 2002 135,000 2003	1,100,000	390,000	710,000
45,000 1998 50,000 1999 50,000 2000 55,000 2001 55,000 2002 60,000 2003 60,000 2004	500,000 -	125,000	375,000

See accompanying auditors' report.

CITY OF RUSTON, LOUISIANA  
 COMBINED SCHEDULE OF BONDS PAYABLE  
 SEPTEMBER 30, 1997

Description	Rates	Payment Dates	Issue Dates	Final Maturity Date
City of Ruston Certificate of Indebtedness Series 1996	5.48%	5-1;11-1	5-23-96	5-1-06
	5.48%			
	5.48%			
	5.48%			
	5.48%			
	5.48%			
	5.48%			
	5.48%			

TOTAL CERTIFICATES OF INDEBTEDNESS

Annual Serial Payments	Bonds		
	Authorized & Issued	Retired	Outstanding 9-30-97
\$ 41,000 1998	500,000	38,000	462,000
43,000 1999			
46,000 2000			
48,000 2001			
51,000 2002			
54,000 2003			
57,000 2004			
60,000 2005			
62,000 2006			

See accompanying auditors' report.



CITY OF RUSTON, LOUISIANA

Schedule of Expenditures of Federal Awards  
(Single Audit)

September 30, 1997

(With Independent Auditors' Report Thereon)

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CITY OF RUSTON, LOUISIANA

Supplementary Schedule of Expenditures of Federal Awards  
(Single Audit)

Year ended September 30, 1997

Table of Contents

	<u>Page(s)</u>
Report on Compliance and on Internal Control over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance With Government Auditing Standards	1-2
Report on Compliance With Requirements Applicable to Each Major Program and Internal Control over Compliance in Accordance with OMB Circular A-133	3-4
Schedule of Expenditures of Federal Awards and Accompanying Notes	5-6
Schedule of Findings and Questioned Costs	7-10
Summary Schedule of Prior Audit Findings	11



1900 Deposit Guaranty Tower  
333 Texas Street  
Shreveport, LA 71101-3692

Report on Compliance and on Internal Control Over  
Financial Reporting Based on an Audit of Financial Statements  
Performed in Accordance with *Government Auditing Standards*

The Honorable Members of the Board of Aldermen and  
Honorable Hilda Perritt, Mayor  
City of Ruston, Louisiana:

We have audited the financial statements of the City of Ruston, Louisiana ("City") as of and for the year ended September 30, 1997, and have issued our report thereon dated January 2, 1998. We conducted our audit in accordance with generally accepted auditing standards 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 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 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 instances of noncompliance that are required to be reported under *Government Auditing Standards* which are described in the accompanying schedule of findings and questioned costs as items 97-1, 97-2, and 97-3.

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 financial statements and not to provide assurance on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting 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 financial reporting that, in our judgment, could adversely affect the City's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements. Reportable conditions are described in the accompanying schedule of findings and questioned costs as item 97-4.

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 misstatements in amounts that would be material in relation to the 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. Our consideration of the internal control over financial reporting 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, of the reportable conditions described above, we consider item 97-4 to be a material weakness. We also noted other matters involving the internal control over financial reporting, which we have reported to management of the City in a separate letter dated January 2, 1998.

This report is intended for the information of the Mayor and Board of Aldermen, management, State of Louisiana Legislative Auditor, the cognizant agency, and other federal agencies. However, this report is a matter of public record and its distribution is not limited.

*KPMG Peat Marwick LLP*

January 2, 1998

1900 Deposit Guaranty Tower  
333 Texas Street  
Shreveport, LA 71101-3692

Report on Compliance with Requirements  
Applicable to Each Major Program and Internal Control Over  
Compliance in Accordance with OMB Circular A-133

The Honorable Members of the Board of Aldermen and  
Honorable Hilda Perritt, Mayor  
City of Ruston, Louisiana:

Compliance

We have audited the compliance of 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 each of its major federal programs for the year ended September 30, 1997. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the City's management. 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 generally accepted auditing standards; 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.

As described in item 97-5 in the accompanying schedule of findings and questioned costs, the City did not comply with requirements regarding Reporting that are applicable to its United States Department of Housing and Urban Development - Section 8 major program. Compliance with such requirements is necessary, in our opinion, for the City to comply with requirements applicable to that program.

In our opinion, except for the noncompliance described in the preceding paragraph, the City complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended September 30, 1997. The results of our auditing procedures also disclosed other 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 97-6, 97-7, and 97-8.

### Internal Control Over Compliance

The management of the City is responsible for establishing and maintaining effective internal control over compliance with 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 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 applicable requirements of laws, regulations, contracts and grants. A reportable condition is described in the accompanying schedule of findings and questioned costs as item 97-5.

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 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 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, 1997, and have issued our report thereon dated January 2, 1998. 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 financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

This report is intended for the information of the Mayor and Board of Aldermen, management, State of Louisiana Legislative Auditor, the cognizant agency, and other federal agencies. However, this report is a matter of public record and its distribution is not limited.

*KPMG Peat Marwick LLP*

January 2, 1998

CITY OF RUSTON, LOUISIANA

Schedule of Expenditures of Federal Awards

Year ended September 30, 1997

<u>Grant Title</u>	<u>Federal CFDA Number</u>	<u>Grant Number</u>	<u>Expenditures September 30, 1997</u>
United States Department of Housing and Urban Development:			
Direct Payments:			
Section 8 - Existing Housing	14.857	FW-2078	\$ 519,808
Section 8 - Moderate Rehabilitation	14.856	FW-2159	64,630
Section 8 - Vouchers	14.855	FW-2252	<u>112,287</u>
Total United States Department of Housing and Urban Development Direct Payments			<u>696,725</u>
Pass through Louisiana Departments:			
Community Development Block Grant:			
Decentralized Arts Grant	N/A	—	4,444
Sewer Demonstrated Need Grant	14.219	107-700091	42,299
D.A.R.T. CDBG Program	14.231	10-8370	<u>32,488</u>
Total United States Department of Housing and Urban Development Pass Through			<u>79,231</u>
Total United States Department of Housing and Urban Development			775,956
Federal Emergency Management Agency Flood Hazard Mitigation Grant	N/A	1012-061-0003	<u>72,883</u>
Total federal assistance			\$ <u>848,839</u>

See accompanying notes to schedule of expenditures of federal awards.

CITY OF RUSTON, LOUISIANA

Notes to Schedule of Expenditures of Federal Awards

Year ended September 30, 1997

(1) **General**

The accompanying schedule of expenditures of federal awards presents the activity of all federal financial assistance programs of the City of Ruston, Louisiana. The City of Ruston, Louisiana's reporting entity is defined in note 1(A) to the City of Ruston, Louisiana's general purpose financial statements. Federal financial assistance received directly from federal agencies, as well as federal financial assistance passed through other government agencies, are included on the schedule.

(2) **Basis of Accounting**

The accompanying schedule of expenditures of federal awards is presented using the modified accrual basis of accounting, which is described in note 1(C) to the City of Ruston, Louisiana's general purpose financial statements.

CITY OF RUSTON, LOUISIANA

Schedule of Findings and Questioned Costs  
(Single Audit)

Year ended September 30, 1997

(1) Summary of Auditor's Results

- (a) The type of report issued on the general-purpose financial statements: unqualified opinion
- (b) Reportable conditions in internal control were disclosed by the audit of the Financial Statements: yes Material weaknesses: yes
- (c) Noncompliance which is material to the general-purpose financial statements: no
- (d) Reportable conditions in internal control over major programs: yes  
Material weaknesses: no
- (e) The type of report issued on compliance for major programs: qualified opinion
- (f) Any audit findings which are required to be reported under section 510(a) of OMB Circular A-133: yes
- (g) Major programs:  
United States Department of Housing and Urban Development  
Section 8 (CFDA Numbers: 14.857, 14.856 and 14 855)
- (h) Dollar threshold used to distinguish between Type A and Type B programs: \$300,000
- (i) Auditee qualified as a low-risk auditee under section 530 of OMB Circular A-133: no

CITY OF RUSTON, LOUISIANA

Schedule of Findings and Questioned Costs, Continued

Year ended September 30, 1997

(2) Findings Related to the Financial Statements Reported in Accordance with *Government Auditing Standards*:

<u>Item #</u>	<u>Finding</u>
97-1	The City did not approve their 1995, 1996, 1997 and 1998 fiscal year budgets by the legally required date (R.S. 39:1307).
97-2	Bank deposits of the City totaling \$2,329,712 were not collateralized by pledged securities at September 30, 1997 (R.S. 39:1225).
97-3	The City's financial statements for the year ended September 30, 1997, were not issued within the legal deadline of March 31, 1998 (R.S. 24:514, 33:463 and 39:92).
97-4	The Mayor and the City Attorney seldom communicate on issues affecting legal matters of the City. Proper management of the legal affairs of the City can not be accomplished without the Mayor, the Board of Aldermen and the City Attorney working together. Significant exposure could exist that is not being properly reviewed.

(3) Findings and Questioned Costs relating to Federal Awards: See attached.



CITY OF RUSTON, LOUISIANA

Schedule of Findings and Questioned Costs, Continued

Year ended September 30, 1997

(3) Findings and Questioned Costs relating to Federal Awards:

Item	Grant	CFDA	Grant Number	Award Year	Specific Requirement	Condition Found	Questioned Costs	Asserted Effect	Recommendation
97-5	Section 8 Rental Voucher Program	14.855	FW-2252	1997	Reporting	Required reports (HUD-52681, Voucher for Payment of Annual Contributions and Operating Statement and HUD-52595, Balance Sheet for Section 8 and Public Housing) did not agree or reconcile to accounting records.	Unknown	Turnover in personnel.	The financial records of the Section 8 office should be reconciled monthly to the accounting records. Differences should be investigated and cleared timely.
	Lower Income Housing Assistance Program-Section 8 Moderate Rehabilitation	14.856	FW-2159						
	Section 8 Rental Certificate Program	14.857	FW-2078						
97-6	Section 8 Rental Voucher Program	14.855	FW-2252	1997	Allowable Costs/Cost Principles	Two employees work solely on the Section 8 Housing Programs. Required certifications that the employees worked solely on that program were not completed on a semi-annual basis and signed by an employee or supervisory official having first hand knowledge of the work performed by the employee.	None	Section 8 Housing staff unaware of changes in OMB Circular A-87.	Certifications should be prepared on at least a semi-annual basis. Further, Section 8 Housing personnel should take steps to ensure they are up to date on current changes in regulations as they pertain to this federal program.
	Lower Income Housing Assistance Program-Section 8 Moderate Rehabilitation	14.856	FW-2159						
	Section 8 Rental Certificate Program	14.857	FW-2078						

CITY OF RUSTON, LOUISIANA

Schedule of Findings and Questioned Costs, Continued

Year ended September 30, 1997

(3) Findings and Questioned Costs relating to Federal Awards, continued:

Item	Grant	CFDA	Grant Number	Award Year	Specific Requirement	Condition Found	Questioned Costs	Asserted Effect	Recommendation
97-7	Section 8 Rental Certificate Program	14.857	FW-2078	1997	Eligibility	Third party verification of a participant's income was not performed.	Unknown - Monthly Rental Assistance of \$257	Of a sample of 25, one exception was noted.	Tenant files should be reviewed for completeness once the Section 8 contract is finalized. This will ensure that all required documentation is on file.
97-8	Section 8 Rental Certificate Program	14.857	FW-2078	1997	Contract Rents	Documentation of rental reasonableness was not performed.	Unknown	Of a sample of 25, one exception was noted.	Tenant files should contain documentation of rental reasonableness. Tenant files should be reviewed for completeness once the Section 8 contract is finalized. This will ensure that all required documentation is on file.

CITY OF RUSTON, LOUISIANA

Summary Schedule of Prior Audit Findings

Year ended September 30, 1997

Reference	Finding	Status	Contact Person
96-01	Allowable Costs/Cost Principles	During our testwork of 10 Section 8 Housing tenant files in 1996, we noted that the contract rent plus the utility allowance exceeded the Fair Market Rent for one of the items tested. However, documentation approving the higher rent could not be located in the tenant file. In 1997, during our testwork of 25 Section 8 Housing tenant files, we noted no such instances.	Glenda Baker

# KPMG Peat Marwick LLP

1900 Deposit Guaranty Tower  
333 Texas Street  
Shreveport, LA 71101-3692

January 2, 1998

## CONFIDENTIAL

The Honorable Members of the Board of Aldermen and  
Honorable Hilda Taylor Perritt, Mayor  
City of Ruston, Louisiana:

We have audited the financial statements of the City of Ruston, Louisiana (the "City") for the year ended September 30, 1997, and have issued our report thereon dated January 2, 1998. 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.

However, we noted certain matters involving internal control and its operation that we consider to be a reportable condition under standards established by the American Institute of Certified Public Accountants. Reportable conditions are matters coming to our attention that, in our judgment, relate to significant deficiencies in the design or operation of internal control and could adversely affect the organization's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements. Our consideration of internal control would not necessarily disclose all matters in internal control that might be reportable conditions.

A material weakness is a reportable 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 errors or fraud in amounts that would be material in relation to the 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 the following matter that we consider to be a material weakness:

### LEGAL MATTERS

During our audit, we noted that the Mayor and the City Attorney seldom communicate on issues affecting legal matters of the City. Certain items are being handled by the Mayor, risk management, and outside counsel with no input from the City Attorney and matters are being handled by the City Attorney with no input from the Mayor. In addition, ordinances also prohibit the Mayor from obtaining outside legal assistance without approval by the Board of Aldermen or obtaining an Attorney General opinion without the approval of the Board of Aldermen.

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The Honorable Members of the Board of Aldermen and  
Honorable Hilda Taylor Perritt, Mayor  
January 2, 1998  
Page 2

It is our understanding that the City Attorney is a City employee and therefore is responsible to the Mayor. However, the Mayor has stated that she has had problems in enforcing personnel policies with the City Attorney such as: (1) documenting the hours worked in the manner she requests, (2) reviewing phone bills and paying for personal calls, (3) and most importantly, responding to requests for updates on legal issues.

The City Attorney has stated he feels that he can not properly represent the City because the Mayor does not consult him on all legal matters. Items are forwarded to Risk Management without his knowledge.

This is a complicated issue with both sides having strong views as to the reasons for the lack of communication and coordination. It is also a budget issue because there are not enough funds to pay the City Attorney and outside counsel on every issue that might arise. We do not feel that proper management of the legal affairs of the City of Ruston can be accomplished without the Mayor, the Board of Aldermen, and the City Attorney working together. Significant exposure could exist that is not being properly reviewed.

The City Attorney should be the focal point of all legal issues whether or not the case is being handled by him. The City Attorney should represent the interest of the City of Ruston i.e., citizens of Ruston, the Board of Aldermen and the Mayor. If he has conflicts in representing all parties then he should so indicate and outside counsel obtained. This should be an open and documented discussion as to who is responsible for issues identified.

The following comment is a reportable condition, which has been discussed with the appropriate members of management, and summarized as follows:

#### **SECTION 8 HOUSING PROGRAM**

As noted in the schedule of findings and questioned costs of our single audit report, the financial reports for the Section 8 Housing Program did not agree or reconcile to the accounting records of the City. Unlocated differences were noted and could not be resolved by either the Section 8 Housing personnel or Accounting Department personnel. Currently, there is no reconciliation process in place between the records of the Section 8 office and the Accounting Department and the Section 8 personnel are not able to accurately complete the required reports or reconcile to the accounting records. We recommend that these records be reconciled on a monthly basis. Reconciling differences should be investigated and cleared each month.

Although not considered to be reportable conditions, we also noted the following items during our audit which we would like to bring to your attention:

The Honorable Members of the Board of Aldermen and  
Honorable Hilda Taylor Perritt, Mayor  
January 2, 1998  
Page 3

### AMBULANCE OPERATIONS

**Due From Police Jury** — The City is currently carrying in the Ambulance Fund a receivable from the Lincoln Parish Police Jury for services rendered outside of the Ruston city limits. Part of this receivable balance dates back over two years and continues to increase every month. The City believes these funds will ultimately be collected, however, there is not a signed contract establishing the amount to be paid to the City for providing ambulance services outside the City limits. We recommend that the City complete negotiations and sign a contract with the Lincoln Parish Police Jury to allow collection of these funds.

**Ambulance Accounts Receivable** — As noted in our previous letter to management, one person in the Fire Department is responsible for all of the following functions related to ambulance fees:

- billing of ambulance fees
- issuing follow up billings for accounts not paid
- decision to stop billing individual delinquent accounts

To ensure a proper control environment, the responsibility for recording and adjusting the ambulance fee accounts should be segregated.

We also reviewed the procedures for collections and writing off of delinquent accounts. We noted that the person responsible for billing will discontinue sending bills and collection efforts when several bills have been sent with no response or the bill is not deliverable at the current address. The City should develop formal billing policies with regard to ambulance fees. We also recommend the use of a collection agency for ambulance fees and a policy stating when accounts should be turned over to the collection agency.

In addition, City policy states that for accounts to be written off, approval of the Board of Aldermen is required. As noted in our previous letter to management, the City does not consistently follow a policy of evaluating and writing off uncollectible receivable accounts for ambulance fees. No accounts were written off for the prior fiscal year. Each year the City should go through a formal evaluation of the individual accounts to determine which accounts should be written off. Just as with the electric, water and sewerage receivable accounts, the write off of accounts should require the approval of the Board of Aldermen.

We also noted that in some instances there is considerable time lag between the rendering of services and billing. We tested this process and noted an instance where a call date occurred on July 11, 1997, however, the ambulance ticket had never been entered into the system or billed until we inquired. Only then was the ambulance ticket entered into the system and a bill sent out on November 4, 1997. Such a delay in billing impairs the City's ability to collect. Often insurance

The Honorable Members of the Board of Aldermen and  
Honorable Hilda Taylor Perritt, Mayor  
January 2, 1998  
Page 4

companies have settled at this point and the City has few options. To prevent this from occurring we recommend that ambulance tickets be entered into the system as received and the date entered be noted on the ambulance ticket. We also recommend that each month the ambulance tickets be verified against an invoice and the date and invoice number of the bill be noted on the ambulance ticket.

### ELECTRIC UTILITY BILLINGS

During our audit, it was brought to our attention that two customers were not paying their electric bills in a timely manner and that cut off procedures were not being utilized due to medical problems of the customer. The City should adopt a formal policy on the handling of such matters as utilities are not normally in the position of providing free service. This policy should include:

- The use of medical tags on the electric meter to identify medical problems with the occupants;
- Approval by the Board of Aldermen of any users that are given extended terms;
- Notification procedures to the occupant that the electricity will be cut off on a certain date and that they are required to make arrangements.

City personnel may want to consult with other area electric utilities to determine their policies for handling these matters. The policy should be reviewed by the City attorney prior to its adoption.

### PARKS AND RECREATION

**Internal Control Weaknesses** — As a part of a separate engagement, we performed procedures with respect to the internal control and documentation procedures of the City of Ruston's Parks and Recreation Board (the "Board"). The objective of this work was to review and test the Board's current policies and procedures regarding internal controls over cash receipts and disbursements and payroll. As a result of this work, we noted several weaknesses in the system of internal controls that we reported to the Board in a separate letter dated November 8, 1996. Our findings and recommendations were discussed with the Board in December 1996. We recommend the City monitor the Board's progress in implementing the recommendations as discussed in our letter, to ensure there is an effective system of internal controls in place in the City's Parks and Recreation Department.

The Parks and Recreation Department is managed by the Parks and Recreation Board. Issues have occurred in several areas as to whether the Board must comply with State and local laws, how that compliance is to be documented, and who is ultimately responsible for noncompliance, if any.

The Honorable Members of the Board of Aldermen and  
Honorable Hilda Taylor Perritt, Mayor  
January 2, 1998  
Page 5

These issues include:

- Bid laws and emergency determination procedures
- Purchases of food for functions
- Vacation policies
- Car allowances
- Approval procedures to incur debt
- Compliance with public meeting laws
- Authority to sign contracts
- Employee jurisdiction

The structure of the Parks and Recreation Board should be reviewed and the above issues addressed as well as the issue of the City's liability for action of the Parks and Recreation Board.

#### **INTERNAL SERVICE FUND**

There is a deficit in the General Self Insurance Fund in the amount of \$540,165 as of September 30, 1997. During the year ended September 30, 1997, the Fund incurred a net loss of \$342,813. Deficits should not be allowed to increase in an internal service fund. The City should develop a plan to increase the charges to the various funds to eliminate this deficit over a reasonable period of time.

#### **ADHERENCE TO PAY SCALES**

As noted in our previous letters to management, from our review of the City pay records, we noted that City employees were not always paid in accordance with the grade established for their position on the pay scale. We were unable to determine from the payroll files, why there was deviation from the approved pay scale. To ensure that the pay scale is uniformly applied among all employees, the City pay scale should be adhered to as written or modified to accommodate the reasons for the exceptions.

#### **PLANNING AND ZONING COMMISSION**

The Commission has formal meetings to conduct their business. Minutes of those meetings should be documented timely and made available for the public to inspect.



The Honorable Members of the Board of Aldermen and  
Honorable Hilda Taylor Perritt, Mayor  
January 2, 1998  
Page 6

### BUDGET TRANSFERS

Ordinance No. 1254 states that the Mayor or Department Head with approval of the Mayor, may make changes within the object categories of budget departments. Object categories, in the ordinance, were denoted as those defined in the Local Government Fiscal Manual's chart of accounts.

While we believe the City is in substantial compliance with the Ordinance, we noted that the City of Ruston is not exactly following the chart of accounts object category numbering system as shown in the Local Government Fiscal Manual. We noted two instances where funds were transferred between object categories which is in violation of Ordinance No. 1254. The following transfers were noted as going between two object categories:

- Ambulance Fund on June 16, 1997 transferred \$1,000 between the materials and supplies object category and the operating services object category.
- Inspections Department on March 21, 1997 transferred \$397 between the materials and supplies object category and the operating services object category.

We recommend that the City institute a policy whereby every account is assigned an object code that is used consistently by every department when performing transfers.

### YEAR 2000

Many computerized systems, including both hardware and software applications, use only two digits, rather than four, to record the year in a date field. These systems may recognize the year 2000, which is entered into the computer as 00, as the year 1900 or some other date, resulting in errors when the dates are used in computations and comparisons. In addition, some computerized systems do not properly perform calculations with dates beginning in 1999, because these systems use the digits "99" in date fields to represent something other than the year 1999. Such problems are known as the Year 2000 Issue. The Year 2000 Issue may manifest itself before, on or after January 1, 2000, and its effects on operations and financial reporting may range from minor errors to catastrophic systems failure.

The Year 2000 is a significant concern that should be addressed as soon as possible. Failure to adequately address the Year 2000 could result in costly and significant application program failures that prevent the City from performing its normal processing activities. These activities would encompass all departments within the City (Police, Fire, Electric, etc.). Planning now is critical because business processes that depend on dates in the future may experience difficulties or failures well in advance of the year 2000.

The Honorable Members of the Board of Aldermen and  
Honorable Hilda Taylor Perritt, Mayor  
January 2, 1998  
Page 7

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These conditions were considered in determining the nature, timing, and extent of the audit tests applied in our audit of the 1997 financial statements, and this report does not affect our report on these financial statements dated January 2, 1998. We have not considered internal control since the date of our report.

We would like to take this opportunity to acknowledge the courtesy and assistance extended to us by the personnel of the City during the course of our audit.

This report is intended solely for the information and use of the Mayor and Board of Aldermen, management, the State of Louisiana Legislative Auditor, the cognizant agency, and other federal agencies. However, this report is a matter of public record and its distribution is not limited.

Very truly yours,

*KPMG Peat Marwick LLP*

