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CITY OF RUSTON, LOUISIANA

ANNUAL FINANCIAL REPORT SEPTEMBER 30, 1998



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Release Date **APR 07 1999**

KPMG LLP
CERTIFIED PUBLIC ACCOUNTANTS
SHREVEPORT, LOUISIANA

CITY OF RUSTON, LOUISIANA
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED SEPTEMBER 30, 1998

**CITY OF RUSTON, LOUISIANA
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED SEPTEMBER 30, 1998**

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FINANCIAL SECTION



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

Independent Auditors' Report

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

We have audited the accompanying primary government 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, 1998 as listed in the Table of Contents as Exhibits 1-5 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.

Except as discussed in the two following paragraphs, 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 provides a reasonable basis for our opinion.

Governmental Accounting Standards Board Technical Bulletin 98-1, *Disclosures about Year 2000 Issues*, requires disclosure of certain matters regarding the Year 2000 issue. The City of Ruston, Louisiana has included such disclosures in Note 19. Because of the unprecedented nature of the Year 2000 issue, its effects and the success of related remediation efforts will not be fully determinable until the year 2000 and thereafter. Accordingly, insufficient audit evidence exists to support the City of Ruston, Louisiana's disclosures with respect to the Year 2000 issue made in Note 19. Further, we do not provide assurance that the City of Ruston, Louisiana is, or will be, Year 2000 ready, that the City of Ruston, Louisiana's Year 2000 remediation efforts will be successful in whole or in part, or that parties with which the City of Ruston, Louisiana does business will be Year 2000 ready.

For the year ended September 30, 1998, the City of Ruston, Louisiana did not maintain adequate accounting records from which to determine the financial position and results of operations for the Section 8 Existing Housing, Section 8 Modrehab Housing and Section 8 Voucher Housing Special Revenue Funds. It was not practicable to extend our auditing procedures sufficiently to satisfy ourselves as to the fairness of financial position and results of operations for those funds as of September 30, 1998.

Because of the matter discussed in the fourth paragraph, the scope of our work was not sufficient to enable us to express, and we do not express, an opinion on the financial position of the special revenue fund type as of September 30, 1998, and the results of its operations for the year then ended. Further, the scope of our work was not sufficient to enable us to express, and we do not express, an opinion on the financial position of the Section 8 Existing Housing Fund, the Section 8 Modrehab Housing Fund, and the Section 8 Voucher Housing special revenue funds as of September 30, 1998, and the results of their operations for the year then ended.



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A primary government is a legal entity or body politic and includes all funds, organizations, institutions, agencies, departments, and offices that are not legally separate. Such legally separate entities are referred to as component units. In our opinion, except for the effects of such adjustments, if any, as might have been determined to be necessary had we been able to examine evidence regarding Year 2000 disclosures, the general, debt service, capital projects, proprietary, and fiduciary fund types financial statements and account group schedules referred to above present fairly, in all material respects, the financial position of those fund types of the primary government of the City of Ruston, Louisiana as of September 30, 1998, and the results of its operations and the cash flows of its proprietary fund type for the year then ended in conformity with generally accepted accounting principles. Also, in our opinion, except for the effects of such adjustments, if any, as might have been determined to be necessary had we been able to examine evidence regarding Year 2000 disclosures, the combining, individual fund, and account group financial statements and schedules of the general, debt service, capital projects, proprietary, and fiduciary fund type referred to above present fairly, in all material respects, the financial position of each of the individual funds and account groups at September 30, 1998, and the results of operations of such funds and the cash flows of individual proprietary funds for the year then ended in conformity with generally accepted accounting principles. Further, in our opinion, except for the effects of such adjustments, if any, as might have been determined to be necessary had we been able to examine evidence regarding Year 2000 disclosures, the 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 and Health & Safety Rehab special revenue funds present fairly, in all material respects, the financial position of each of those individual funds as of September 30, 1998, and the results of operations of such funds for the year then ended in conformity with generally accepted accounting principles.

However, the primary government financial statements, because they do not include the financial data of component units of the City of Ruston, Louisiana, do not purport to, and do not, present fairly the financial position of the City of Ruston, Louisiana, as of September 30, 1998, 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.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 5, 1999, 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 listed in the first paragraph. The accompanying financial information listed as supplementary information in the Table of Contents as Schedules 1-5 is presented for purposes of additional analysis and is not a required part of the 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 LLP

March 5, 1999

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GENERAL PURPOSE FINANCIAL STATEMENTS

CITY OF RUSTON, LOUISIANA
 COMBINED BALANCE SHEET - ALL FUND TYPES AND ACCOUNT GROUPS
 SEPTEMBER 30, 1998

| | GOVERNMENTAL FUND TYPES | | | | PROPRIETARY FUND TYPES | | FIDUCIARY FUND TYPE | ACCOUNT GROUPS | | TOTALS PRIMARY GOVERNMENT (MEMORANDUM ONLY) |
|--|-------------------------|--------------------|-----------------|------------------|------------------------|------------------|---------------------|----------------------|------------------------|---|
| | GENERAL | SPECIAL REVENUE | DEBT SERVICE | CAPITAL PROJECTS | ENTERPRISE | INTERNAL SERVICE | | GENERAL FIXED ASSETS | GENERAL LONG-TERM DEBT | |
| | | | | | | | \$ | | | \$ |
| ASSETS AND OTHER DEBITS | | | | | | | | | | |
| Cash and Cash Equivalents (Note 3) | \$798,936 | \$3,276,764 | \$93,913 | \$263,983 | \$10,858,473 | \$701,776 | \$ | \$ | \$15,993,845 | |
| Investments (Note 3) | - | - | - | - | - | - | 2,042,336 | - | 2,042,336 | |
| Accounts Receivable, net (Note 5) | 267,115 | - | - | - | 1,158,593 | 77,311 | - | - | 1,503,019 | |
| Unbilled Revenues | 59,316 | - | - | - | 1,177,270 | - | - | - | 1,236,586 | |
| Due from Other Funds (Note 5) | 2,398,318 | 1,004,556 | - | - | 628,748 | 97,736 | - | - | 4,129,358 | |
| Due From Other Governmental Units (Note 6) | - | - | - | - | 140,000 | - | - | - | 140,000 | |
| Inventories, at Cost | 29,550 | - | - | - | 627,359 | - | - | - | 656,909 | |
| Prepaid Expenses | - | - | - | - | 35,606 | - | - | - | 35,606 | |
| Restricted Assets: | | | | | | | | | | |
| Cash and Cash Equivalents (Note 3) | - | - | - | - | 1,364,477 | - | - | - | 1,364,477 | |
| Fixed Assets, net (Note 7) | - | - | - | - | 29,408,958 | - | - | 17,775,039 | 47,183,997 | |
| Advances to Sewerage System | - | - | - | - | 150,000 | - | - | - | 150,000 | |
| Other Debits: | | | | | | | | | | |
| Amount Available in Debt Service Fund | - | - | - | - | - | - | - | 93,913 | 93,913 | |
| Amount to be Provided for the Retirement of General Long-Term Debt | - | - | - | - | - | - | - | 3,176,222 | 3,176,222 | |
| Total Assets and Other Debits | \$3,553,235 | \$4,281,320 | \$93,913 | \$263,983 | \$45,549,484 | \$876,823 | \$2,042,336 | \$3,270,135 | \$77,706,268 | |
| LIABILITIES, EQUITY, AND OTHER CREDITS | | | | | | | | | | |
| Liabilities: | | | | | | | | | | |
| Accounts and Retainage Payable | \$658,950 | \$14,093 | \$ | \$65,070 | \$1,254,471 | \$21,926 | \$2,042,336 | \$ | \$4,056,846 | |
| Accrued & Other Liabilities | 57,723 | 2,781 | - | - | 191,976 | 336,872 | - | - | 589,352 | |
| Deposits | 2,421 | 3,652 | - | - | - | - | - | - | 6,073 | |
| Due to Other Funds (Note 5) | - | 2,504,091 | - | 111,567 | 1,077,145 | 436,555 | - | - | 4,129,358 | |
| Payable from Restricted Assets: | | | | | | | | | | |
| Bonds Payable (Note 10) | - | - | - | - | 270,000 | - | - | - | 270,000 | |
| Accrued Interest & Coupons | - | - | - | - | 217,553 | - | - | - | 217,553 | |
| Customer Deposits & Interest | - | - | - | - | 604,378 | - | - | - | 604,378 | |
| Due to Other Governmental Units | 3,333 | 36 | - | - | - | - | - | - | 3,369 | |
| Deferred Revenue | - | - | - | 8,474 | - | - | - | - | 8,474 | |
| Certificates of Indebtedness (Note 10) | - | - | - | - | 150,000 | - | - | 1,356,000 | 1,506,000 | |
| Due to Police Employees Retirement System (Note 10) | - | - | - | - | - | - | - | - | - | |
| Obligation under Capital Lease (Note 11) | - | - | - | - | - | - | - | 371,486 | 371,486 | |
| Bonds Payable (Note 10) | - | - | - | - | 160,934 | - | - | 817,364 | 978,298 | |
| Advances from Electric System | - | - | - | - | 4,439,402 | - | - | - | 4,439,402 | |
| Compensated Absences (Note 10) | - | - | - | - | 150,000 | - | - | - | 150,000 | |
| Total Liabilities | 722,427 | 2,524,653 | - | 185,111 | 8,660,427 | 824,873 | 2,042,336 | 3,270,135 | 18,229,962 | |

| | | | | | | | | | | | | |
|--|-------------|-------------|----------|-----------|--------------|-----------|-------------|--------------|-------------|--------------|---|------------|
| Equity and Other Credits: | | | | | | | | | | | | |
| Contributed Capital (Note 13) | - | - | - | - | 10,147,328 | - | - | - | - | - | - | 10,147,328 |
| Investment in General Fixed Assets | - | - | - | - | - | - | - | - | 17,775,039 | - | - | 17,775,039 |
| Retained Earnings: | | | | | | | | | | | | |
| Reserved for Debt Service | - | - | - | - | 830,669 | - | - | - | - | - | - | 830,669 |
| Unreserved | - | - | - | - | 25,911,060 | 51,950 | - | - | - | - | - | 25,963,010 |
| Fund Balances: | | | | | | | | | | | | |
| Reserved for Inventories | 29,550 | - | - | - | - | - | - | - | - | - | - | 29,550 |
| Reserved for Debt Service | 35,437 | - | - | 93,913 | - | - | - | - | - | - | - | 129,350 |
| Unreserved: | | | | | | | | | | | | |
| Designated for Future Years' Expenditures | - | - | - | - | - | - | - | - | - | - | - | 160,025 |
| Undesignated | 2,765,821 | 1,756,667 | - | (81,153) | - | - | - | - | - | - | - | 4,441,335 |
| Total Equity and Other Credits | 2,830,808 | 1,756,667 | 93,913 | 78,872 | 36,889,057 | 51,950 | - | - | 17,775,039 | - | - | 59,476,306 |
| Total Liabilities, Equity, and Other Credits | \$3,553,235 | \$4,281,320 | \$93,913 | \$263,983 | \$45,549,484 | \$876,823 | \$2,042,336 | \$17,775,039 | \$3,270,135 | \$77,706,268 | | |

See accompanying notes to financial statements.

CITY OF RUSTON, LOUISIANA
 COMBINED STATEMENT OF REVENUES, EXPENDITURES & CHANGES IN FUND BALANCES
 ALL GOVERNMENTAL FUND TYPES
 FOR THE YEAR ENDED SEPTEMBER 30, 1998

| | GOVERNMENTAL FUND TYPES | | | | TOTALS (MEMORANDUM ONLY) |
|--|-------------------------|--------------------|-----------------|---------------------|--------------------------------|
| | GENERAL | SPECIAL REVENUE | DEBT SERVICE | CAPITAL PROJECTS | |
| Revenues: | | | | | |
| Taxes | \$553,931 | \$5,459,070 | \$ - | \$ - | \$6,013,001 |
| License & Permits | 524,707 | - | - | - | 524,707 |
| Intergovernmental | 769,013 | 888,328 | - | 198,690 | 1,657,341 |
| Charges for Services | 1,055,110 | - | - | - | 1,055,110 |
| Fines & Forfeitures | 260,591 | - | - | - | 260,591 |
| Miscellaneous | 249,168 | 198,274 | 1,457 | 14,058 | 448,899 |
| Total Revenues | 3,412,520 | 6,545,672 | 1,457 | 212,748 | 9,959,649 |
| Expenditures: | | | | | |
| Current: | | | | | |
| General Government | 1,557,700 | 790,215 | - | - | 2,347,915 |
| Public Safety | 3,826,950 | - | - | - | 3,826,950 |
| Public Works | 4,234,269 | - | - | - | 4,234,269 |
| Recreation | - | 484,505 | - | - | 484,505 |
| Capital Outlay | - | - | - | 563,075 | 0 |
| Debt Service | 66,318 | - | 201,519 | - | 267,837 |
| Total Expenditures | 9,685,237 | 1,274,720 | 201,519 | 563,075 | 11,161,476 |
| Excess (Deficiency) of Revenues Over Expenditures | (6,272,717) | 5,270,952 | (200,062) | (350,327) | (1,201,827) |

| | | | | | | | |
|--|-------------|-------------|----------|-----------|-------------|--|--|
| Other Financing Sources (Uses): | | | | | | | |
| Operating Transfers In (Note 14) | 5,838,199 | 221,996 | 206,248 | - | 6,266,443 | | |
| Operating Transfers Out (Note 14) | (42,500) | (5,152,919) | - | - | (5,195,419) | | |
| Capital Lease | 442,070 | - | - | - | 442,070 | | |
| Total Other Financing Sources (Uses) | 6,237,769 | (4,930,923) | 206,248 | - | 1,513,094 | | |
| Excess (Deficiency) of Revenues & Other Sources Over Expenditures & Other Uses | (34,948) | 340,029 | 6,186 | (350,327) | 311,267 | | |
| Fund Balances, October 1 | 2,865,756 | 1,416,638 | 87,727 | 429,199 | 4,370,121 | | |
| Fund Balances, September 30 | \$2,830,808 | \$1,756,667 | \$93,913 | \$78,872 | \$4,681,388 | | |

See accompanying notes to financial statements.

CITY OF RUSTON, LOUISIANA
 COMBINED STATEMENT OF REVENUES, EXPENDITURES & CHANGES IN FUND BALANCES
 BUDGET (GAAP BASIS) & ACTUAL
 GENERAL AND CERTAIN SPECIAL REVENUE FUNDS.
 FOR THE YEAR ENDED SEPTEMBER 30, 1998

| | GENERAL FUND | | | CERTAIN SPECIAL REVENUE FUNDS | | |
|--|--------------|-------------|--|-------------------------------|-------------|--|
| | BUDGET | ACTUAL | VARIANCE FAVORABLE (UNFAVORABLE) | BUDGET | ACTUAL | VARIANCE FAVORABLE (UNFAVORABLE) |
| Revenues: | | | | | | |
| Taxes | \$530,000 | \$553,931 | \$23,931 | \$5,388,806 | \$5,459,070 | \$70,264 |
| License & Permits | 454,175 | 524,707 | 70,532 | - | - | - |
| Intergovernmental | 783,000 | 769,013 | (13,987) | 665,000 | 865,592 | 200,592 |
| Charges for Services | 1,030,000 | 1,055,110 | 25,110 | - | - | - |
| Fines & Forfeitures | 250,461 | 260,591 | 10,130 | - | - | - |
| Miscellaneous | 103,700 | 249,168 | 145,468 | 136,300 | 198,274 | 61,974 |
| Total Revenues | 3,151,336 | 3,412,520 | 261,184 | 6,190,106 | 6,522,936 | 332,830 |
| Expenditures: | | | | | | |
| Current: | | | | | | |
| General Government | 1,699,838 | 1,557,700 | 142,138 | 714,686 | 771,057 | (56,371) |
| Public Safety | 3,983,877 | 3,826,950 | 156,927 | - | - | - |
| Public Works | 3,991,115 | 4,234,269 | (243,154) | - | - | - |
| Recreation | - | - | - | 514,312 | 484,505 | 29,807 |
| Debt Service | - | 66,318 | (66,318) | - | - | - |
| Total Expenditures | 9,674,830 | 9,685,237 | (10,407) | 1,228,998 | 1,255,562 | (26,564) |
| Excess (Deficiency) of Revenues Over Expenditures | (6,523,494) | (6,272,717) | 250,777 | 4,961,108 | 5,267,374 | 306,266 |
| Other Financing Sources (Uses): | | | | | | |
| Operating Transfers In | 5,765,212 | 5,838,199 | 72,987 | 221,440 | 221,996 | 556 |
| Operating Transfers Out | (66,370) | (42,500) | 23,870 | (5,120,110) | (5,152,919) | (32,809) |
| Capital Lease | - | 442,070 | 442,070 | - | - | - |
| Total Other Financing Sources (Uses) | 5,698,842 | 6,237,769 | 538,927 | (4,898,670) | (4,930,923) | (32,253) |
| Excess (Deficiency) of Revenues & Other Sources Over Expenditures & Other Uses | (824,652) | (34,948) | 789,704 | 62,438 | 336,451 | 274,013 |
| Fund Balances, October 1 | 2,865,756 | 2,865,756 | - | 1,416,578 | 1,416,578 | - |
| Fund Balances, September 30 | \$2,041,104 | \$2,830,808 | \$789,704 | \$1,479,016 | \$1,753,029 | \$274,013 |

See accompanying notes to financial statements.

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CITY OF RUSTON, LOUISIANA
 COMBINED STATEMENT OF REVENUES, EXPENSES
 & CHANGES IN RETAINED EARNINGS
 ALL PROPRIETARY FUND TYPES
 FOR THE YEAR ENDED SEPTEMBER 30, 1998

Exhibit 4

| | PROPRIETARY FUND TYPES | | TOTALS (MEMORANDUM ONLY) |
|--|---------------------------|---------------------|--------------------------------|
| | ENTERPRISE | INTERNAL SERVICE | |
| Operating Revenues: | | | |
| Charges for Service | \$18,418,031 | \$139,340 | \$18,557,371 |
| Rent Income | 16,817 | - | 16,817 |
| Charges to Other Funds and Employees | - | 1,848,693 | 1,848,693 |
| Miscellaneous Income | 489,809 | 49,144 | 538,953 |
| Total Operating Revenues | 18,924,657 | 2,037,177 | 20,961,834 |
| Operating Expenses: | | | |
| Direct Expense | 13,977,335 | 2,038,371 | 16,015,706 |
| Indirect Expense | 1,706,482 | - | 1,706,482 |
| Total Operating Expenses | 15,683,817 | 2,038,371 | 17,722,188 |
| Operating Income(Loss) | 3,240,840 | (1,194) | 3,239,646 |
| Nonoperating Revenues (Expenses): | | | |
| Interest Income | 463,090 | 28,784 | 491,874 |
| Sale of Hay | 1,955 | - | 1,955 |
| Interest Expense & Fiscal Charges | (467,140) | - | (467,140) |
| Net Nonoperating Revenues (Expenses) | (2,095) | 28,784 | 26,689 |
| Income Before Operating Transfers | 3,238,745 | 27,590 | 3,266,335 |
| Operating Transfers Out (Note 14) | (1,071,024) | - | (1,071,024) |
| Net Income: | 2,167,721 | 27,590 | 2,195,311 |
| Depreciation on Fixed Assets Acquired with Capital Grants | 440,246 | - | 440,246 |
| Retained Earnings, October 1 | 24,133,762 | 24,360 | 24,158,122 |
| Retained Earnings, September 30 | \$26,741,729 | \$51,950 | \$26,793,679 |

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, 1998

Exhibit 5

| | ENTERPRISE FUNDS | INTERNAL SERVICE FUNDS | TOTALS (MEMORANDUM ONLY) |
|---|---------------------|------------------------------|--------------------------------|
| Cash Flows From Operating Activities: | | | |
| Operating Income (Loss) | \$3,240,840 | (\$1,194) | \$3,239,646 |
| Adjustments to Reconcile Operating Income (Loss) to Cash Provided by Operating Activities: | | | |
| Depreciation and Amortization | 2,162,753 | - | 2,162,753 |
| (Increase) Decrease in Operating Assets: | | | |
| Accounts Receivables | 104,110 | (88,247) | 15,863 |
| Due from Other Governmental Units | (32,500) | - | (32,500) |
| Inventories | (42,200) | - | (42,200) |
| Due From Other Funds | 70,842 | 100,324 | 171,166 |
| Other Assets | (8,026) | - | (8,026) |
| Increase (Decrease) in Operating Liabilities: | | | |
| Bank Overdraft | - | (102,137) | (102,137) |
| Accounts Payable | 625,476 | 13,937 | 639,413 |
| Accrued Liabilities | 2,460 | 75,258 | 77,718 |
| Customer Deposits | 13,828 | - | 13,828 |
| Due to Other Funds | (392,912) | 35,238 | (357,674) |
| Compensated Absences | (7,789) | 15,069 | 7,280 |
| Net Cash Provided by Operating Activities | 5,736,882 | 48,248 | 5,785,130 |
| Cash Flows From Noncapital Financing Activities: | | | |
| Operating Transfers Out | (1,071,024) | - | (1,071,024) |
| Cash Flows From Capital and Related Financing Activities: | | | |
| Purchase of Capital Assets | (1,015,476) | - | (1,015,476) |
| Capital Lease Obligation Payments | (79,063) | - | (79,063) |
| Proceeds on the Sale of Fixed Assets | 11,615 | - | 11,615 |
| Principal Paid on Bond Maturities | (1,040,000) | - | (1,040,000) |
| Interest Paid on Bonds | (515,555) | - | (515,555) |
| Capital Grants | 75,150 | - | 75,150 |
| Net Cash Used For Capital and Related Financing Activities | (2,563,329) | - | (2,563,329) |
| Cash Flows From Investing Activities: | | | |
| Interest Received | 463,090 | 28,784 | 491,874 |
| Sale of Hay | 1,955 | - | 1,955 |
| Investment Sales/Maturities | - | 493,649 | 493,649 |
| Net Cash Flows From Investing Activities | 465,045 | 522,433 | 987,478 |
| Net Increase in Cash and Cash Equivalents | 2,567,574 | 570,681 | 3,138,255 |
| Cash and Cash Equivalents, October 1 | 9,655,376 | 131,095 | 9,786,471 |
| Cash and Cash Equivalents, September 30 | \$12,222,950 | \$701,776 | \$12,924,726 |

Noncash: Acquisition of fixed assets through capital lease: Water \$49,300.

See accompanying notes to financial statements.

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**CITY OF RUSTON, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 1998**

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.

These financial statements present the City of Ruston (the primary government) and do not include the data of the component units necessary for reporting in conformity with generally accepted accounting principles.

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.

**CITY OF RUSTON, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 1998**

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

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

(1) Governmental Fund Types

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

a. General Fund

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

b. Special Revenue Funds

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

c. 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, 1998**

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.

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.

**CITY OF RUSTON, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 1998**

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

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, 1998**

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.

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.

**CITY OF RUSTON, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 1998**

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

G. INVESTMENTS

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

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.

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, 1998, are recorded as prepaid expenses.

**CITY OF RUSTON, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 1998**

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

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 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.

**CITY OF RUSTON, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 1998**

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

N. FUND EQUITY

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

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.

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.

**CITY OF RUSTON, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 1998**

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

Q. VACATION, SICK LEAVE, AND OTHER COMPENSATED ABSENCES

City employees are entitled to certain compensated absences based on their length of employment. Compensated absences for vacation pay does vest and accumulate. The maximum vacation hours that can be accumulated or earned shall not exceed that for a two year period (four weeks, six weeks, or eight weeks – depending on the employee's years of employment). Employees are permitted to use sick leave toward retirement up to a maximum of six months, if they have sufficient time to qualify for retirement. Only unpaid vacation pay for the employees has been accrued, and sick leave for the employees eligible for retirement benefits has been accrued. All other sick leave is recorded as an expenditure when paid.

R. MEMORANDUM ONLY - TOTAL COLUMNS

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

S. GRANTS FROM OTHER GOVERNMENTAL AGENCIES

Federal and state governmental agencies represent an important source of supplemental funding to finance rent assistance, construction programs and other activities beneficial to the community. These funds, primarily in the form of grants, are recorded in the General, Special 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 JUDGEMENTS

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 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.

**CITY OF RUSTON, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 1998**

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, 1998, the Central Shop Construction Capital Project Fund had a deficit of \$10,548. This fund deficit is expected to be removed by subsequent year's transfers. The Fire Station Construction Capital Project Fund had a deficit of \$15,803. The fund deficit is expected to be removed by subsequent year's transfers. The Hazard Mitigation Grant Fund had a deficit of \$57,243. The fund deficit will be removed by requests for reimbursements from the grantor. The General Self-Insurance Internal Service Fund had a deficit at year end of \$289,620. This deficit is expected to be funded by fees charged in subsequent years. The Purchasing/Warehouse Fund had a deficit at year end of \$11,354. This fund deficit is expected to be removed by subsequent year's transfer.

C. EXPENDITURES IN EXCESS OF APPROPRIATIONS

| <u>1985 Sales Tax Fund</u> | <u>OVER BUDGET</u> |
|---------------------------------------|--------------------|
| Operating Transfer Out | \$ 4,897 |
| <u>1990 Sales Tax Fund</u> | |
| Operating Transfer Out | 1,000 |
| <u>Park & Recreation</u> | |
| Utilities | 6,609 |
| Telephone | 353 |
| Dues & Subscriptions | 17 |
| Medical Supplies & Services | 36 |
| Operating Transfer Out | 26,912 |
| <u>Section 8 Existing Housing</u> | |
| General Government | 119,614 |
| <u>General Fund</u> | |
| General Government | |
| Executive: | |
| Employee Benefits FICA Tax | 308 |
| Printing of Forms | 348 |
| Supplies | 280 |
| Insurance | 531 |

**CITY OF RUSTON, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 1998**

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

| | |
|-------------------------------|----------|
| Warehouse | 8,000 |
| Capital Outlay | 54,895 |
| | |
| City Court: | |
| Telephone | 397 |
| | |
| Ward Marshal: | |
| Employee Benefits – Pension | 734 |
| Employee Benefits – FICA | 39 |
| Postage | 21 |
| | |
| City Hall Building & Grounds: | |
| Salaries | \$ 1,200 |
| Training of Personnel | 86 |
| Medical Supplies & Services | 73 |
| | |
| Tourism & Promotions: | |
| Mainstreet Façade Expense | 10,000 |
| | |
| Section 8 Housing: | |
| Telephone | 4,117 |
| Travel | 1,644 |
| | |
| Public Safety | |
| | |
| Police Department: | |
| Salaries – Overtime | 2,646 |
| Salaries – DWI Enforcement | 1,743 |
| Employee Benefits – FICA Tax | 527 |
| Employee Benefits – Insurance | 3,343 |
| Training of Personnel | 1,496 |
| Utilities | 2,169 |
| Insurance | 28,850 |
| Postage | 529 |
| | |
| Fire Department: | |
| Supplies | 908 |
| Telephone | 1,482 |
| Auto Allowance | 75 |
| Auto & Truck Repair | 370 |
| Utilities | 894 |
| | |
| Probation Office: | |
| Salaries – Overtime | 69 |

**CITY OF RUSTON, LOUISIANA
 NOTES TO FINANCIAL STATEMENTS
 FOR THE YEAR ENDED SEPTEMBER 30, 1998**

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

| | | |
|------------------|------------------------------|---------|
| | Employee Benefits – FICA Tax | 853 |
| | Telephone | 278 |
| Public Works | | |
| | Streets: | |
| | Salaries – Overtime | \$ 838 |
| | Employee Benefits – Pension | 199 |
| | Maintenance of Streets | 2,859 |
| | Capital Outlay | 360,905 |
| | Solid Waste: | |
| | Salaries – Overtime | 448 |
| | Supplies/Training | 574 |
| | Bad Debt Expenditure | 16,000 |
| | Capital Outlay | 80,106 |
| | Engineering: | |
| | Salaries | 265 |
| | Repair Shop: | |
| | Medical Supply & Services | 29 |
| | Animal Control: | |
| | Salaries – Overtime | 189 |
| | Supplies | 118 |
| | Community Development: | |
| | Salaries – Contract Labor | 191 |
| | Telephone | 87 |
| | Miscellaneous | 3,357 |
| | Inspections: | |
| | Salaries – Regular | 4,228 |
| | Employee Benefits – FICA | 172 |
| | Telephone | 59 |
| | Postage | 146 |

**CITY OF RUSTON, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 1998**

NOTE 3 - CASH AND INVESTMENTS

A. Deposits

All deposits of the City are held by area financial institutions. At September 30, 1998, the carrying amount of the City's deposits was \$14,511,884 and the bank balance was \$15,274,488. This difference is due to outstanding checks and deposits in transit at September 30, 1998. 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 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.

| | 09-30-98 <u>Bank Balances</u> |
|------------|----------------------------------|
| Category 1 | \$ 15,022,319 |
| Category 2 | -- |
| Category 3 | <u>252,169</u> |
| | <u>\$ 15,274,488</u> |

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.

| | CATEGORY | | | Carrying Amount & Fair Value |
|---|--------------------|--------------|--------------|---------------------------------|
| | 1 | 2 | 3 | |
| U.S. government and U.S. government agency securities | <u>\$1,616,181</u> | <u>\$ --</u> | <u>\$ --</u> | \$ 1,616,181 |
| Mutual Funds | | | | 2,042,336 |
| Louisiana Asset Management Pool | | | | <u>1,230,257</u> |
| Total Investments | | | | 4,888,774 |
| Total Deposits | | | | <u>14,511,884</u> |
| Total Cash, Cash Equivalents & Investments | | | | <u>\$19,400,658</u> |

The investments in mutual funds and the Louisiana Asset Management Pool are not categorized because they are not evidenced by securities that exist in physical or book entry form.

**CITY OF RUSTON, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 1998**

NOTE 3 - CASH AND INVESTMENTS (Con't)

Louisiana Asset Management Pool ("LAMP"), a local government investment pool, is administered by LAMP, Inc., a non-profit corporation organized under the laws of the State of Louisiana, which was formed by an initiative of the State Treasurer in 1993. While LAMP is not required to be a registered investment company under the Investment Company Act of 1940, its investment policies are similar to those established by Rule 2-a7, which governs registered money market funds. The primary objective of LAMP is to provide a safe environment for the placement of public funds in short-term, high-quality investments. The LAMP portfolio includes only securities and other obligations in which local governments in Louisiana are authorized to invest. Accordingly, LAMP investments are restricted to securities issued, guaranteed, or backed by the U.S. Treasury, the U.S. Government, or one of its agencies, enterprises, or instrumentalities, as well as repurchase agreements collateralized by those securities. The dollar weighted average portfolio maturity of LAMP assets is restricted to not more than 90 days, and consists of no securities with a maturity in excess of 397 days. The fair market value of investments is determined on a weekly basis to monitor any variances between amortized cost and market value. For purposes of determining participants' shares, investments are valued at amortized cost. LAMP is designed to be highly liquid to give its participants immediate access to their account balances.

NOTE 4 - PROPERTY TAXES

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

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 collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. For the year ended December 31, 1998, taxes of 9.84 mills were levied on property with assessed valuations totaling \$83,331,920 and were dedicated as follows:

| | |
|----------------|------------|
| General Fund | 6.84 Mills |
| Recreation Tax | 3.00 mills |

Total taxes levied were \$819,985.

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).

**CITY OF RUSTON, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 1998**

NOTE 5 - RECEIVABLES

A. DUE FROM/TO OTHER FUNDS

As of September 30, 1998, 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 | \$ 2,398,318 | \$ -- |
| Special Revenue Funds: | | |
| 1968 Sales Tax | -- | 1,212,437 |
| 1985 Sales Tax | 532,216 | 770,414 |
| 1990 Sales Tax | 354,878 | 399,202 |
| Ruston Parks & Recreation Board | 25,190 | 6,456 |
| Section 8 Existing Housing | 65,408 | 18,675 |
| Section 8 Modrehab Housing | 26,864 | 14,928 |
| Section 8 Voucher Housing | -- | 81,979 |
| Capital Projects: | | |
| Central Shop Construction | -- | 3,500 |
| Fire Station Construction | -- | 33,763 |
| Park & Rec | -- | 1,322 |
| Hazard Mitigation Grant | -- | 72,982 |
| Enterprise Funds: | | |
| Electrical System | 68,196 | 821,412 |
| Water System | 288,440 | 7,259 |
| Sewerage System | 267,609 | 14,750 |
| Ruston Airport Authority | -- | 109,451 |
| Ambulance | 4,503 | 124,273 |
| Internal Service Funds: | | |
| Workmen's Compensation | 97,736 | 3,409 |
| General Insurance | -- | 426,865 |
| Purchasing/Warehouse Fund | -- | 6,281 |
| Totals | <u>\$4,129,358</u> | <u>\$4,129,358</u> |

B. ACCOUNTS RECEIVABLE CUSTOMERS

| | <u>TOTAL RECEIVABLES</u> | <u>ALLOWANCE FOR DOUBTFUL ACCOUNTS</u> | <u>NET RECEIVABLES</u> |
|-----------|------------------------------|--|----------------------------|
| Electric | \$ 907,983 | \$ 143,101 | \$ 764,882 |
| Water | 158,284 | 22,588 | 135,696 |
| Sewer | 167,400 | 31,229 | 136,171 |
| Ambulance | 427,118 | 305,274 | 121,844 |
| Totals | <u>\$1,660,785</u> | <u>\$ 502,192</u> | <u>\$1,158,593</u> |

NOTE 6 - DUE FROM OTHER GOVERNMENTAL UNITS

Enterprise Funds

| | |
|--------------------------------------|------------|
| Ambulance Fund | |
| Lincoln Parish Police Jury Ambulance | \$ 140,000 |

**CITY OF RUSTON, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 1998**

NOTE 7 - CHANGES IN FIXED ASSETS

A summary of changes in general fixed assets follows:

| | Balance <u>10-01-97</u> | <u>Additions</u> | Adjustments and <u>Deductions</u> | Balance <u>09-30-98</u> |
|--------------------------------------|----------------------------|-------------------|--------------------------------------|----------------------------|
| Land | \$ 778,859 | \$ -- | \$ -- | \$778,859 |
| Buildings | 4,152,026 | -- | -- | 4,152,026 |
| Improvements Other Than Buildings | 4,237,569 | 1,936 | -- | 4,239,505 |
| Equipment | <u>7,720,782</u> | <u>890,267</u> | <u><6,400></u> | <u>\$8,604,649</u> |
| Totals | <u>\$16,889,236</u> | <u>\$ 892,203</u> | <u>\$ <6,400></u> | <u>\$17,775,039</u> |

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

| <u>Description</u> | <u>Electrical System</u> | <u>Water System</u> | <u>Sewer System</u> | <u>Airport Authority</u> | <u>Ambulance Service</u> | <u>Total</u> |
|----------------------------------|------------------------------|-------------------------|-------------------------|------------------------------|------------------------------|---------------------|
| Land | 53,506 | 75,070 | 140,256 | 138,239 | 390,846 | 797,917 |
| Buildings | 2,064,336 | 173,078 | 15,587,250 | 407,215 | -- | 18,231,879 |
| System Improvement | 13,866,802 | 7,357,755 | 809,505 | 51,155 | -- | 22,085,217 |
| Equipment | 16,889,270 | 527,135 | 112,767 | -- | -- | 17,529,172 |
| Runways, Aprons, and Taxiways | -- | -- | -- | 4,429,630 | -- | 4,429,630 |
| Construction in Progress | -- | -- | -- | 121,245 | -- | 121,245 |
| Total | <u>32,873,914</u> | <u>8,133,038</u> | <u>16,649,778</u> | <u>5,147,484</u> | <u>390,846</u> | <u>63,195,060</u> |
| Accumulated Depreciation | <u>(22,740,435)</u> | <u>(3,828,103)</u> | <u>(6,241,390)</u> | <u>(725,478)</u> | <u>(250,696)</u> | <u>(33,786,102)</u> |
| Net Fixed Assets | <u>\$10,133,479</u> | <u>\$4,304,935</u> | <u>\$10,408,388</u> | <u>\$4,422,006</u> | <u>\$140,150</u> | <u>\$29,408,958</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 expense in the proprietary funds amounted to \$2,158,625 for the fiscal year.

**CITY OF RUSTON, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 1998**

NOTE 8 - PENSION COSTS

Municipal Employees' Retirement System

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

Funding Policy. Covered employees are required to contribute 9.25% of their annual compensation and the City is required to contribute 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, 1998, 1997 and 1996 were \$259,612, \$288,118, and \$286,291, respectively, equal to the required contributions for each year. At September 30, 1998, there is no net pension obligation.

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, 1998, 1997 and 1996 were \$101,469, \$114,222, and \$102,706, respectively, equal to the required contributions for each year. At September 30, 1998, there is no net pension obligation.

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, 1998**

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, 1998, 1997 and 1996 were \$109,744, \$112,939, and \$99,363, respectively, equal to the required contributions for each year. At September 30, 1998, there is no net pension obligation.

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, 1998, a total of \$164,540 was paid in benefits and administrative costs. An excess coverage insurance policy covers individual claims in excess of \$150,000. Reported claims of \$238,528 have been accrued as a liability based upon the service company's loss reserve report. Interfund premiums are based upon the approximate premium. Payments to the worker's compensation fund are accounted for as an expenditure of the paying fund. The Workmen's Compensation Self Insurance Fund has a retained earnings balance of \$352,924 at September 30, 1998. This balance has been accumulated for future potential catastrophic losses. There were no reductions in insurance coverage from coverage in the prior year. No claims exceeded the City's insurance coverage for each of the past three fiscal years.

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, 1998, a total of \$1,402,917 was paid in benefits and administrative costs. The insurance fund has a deficit of \$289,620 at September 30, 1998. An excess coverage co-insurance policy covers individual claims in excess of \$80,000-per calendar year. Incurred but not reported claims of \$98,344 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. There were no reductions in insurance coverage from coverage in the prior year. No claims exceeded the City's insurance coverage for each of the past three fiscal years.

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

| | <u>Balance</u> <u>October 1</u> | <u>Additions</u> | <u>Deductions</u> | <u>Balance</u> <u>September 30</u> |
|------|------------------------------------|------------------|-------------------|---------------------------------------|
| 1997 | \$159,074 | \$1,625,386 | \$1,522,846 | \$261,614 |
| 1998 | \$261,614 | \$1,567,457 | \$1,492,199 | \$336,872 |

**CITY OF RUSTON, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 1998**

NOTE 10 – LONG-TERM DEBT

The following is a summary of the City's long-term debt transactions for the year ended September 30, 1998.

| | General Obligations | | | | |
|---------------------------|---|--|---------------------------------|---------------------------|--------------------|
| | <u>Certificates of Indebtedness</u> | <u>Police Pension Fund Liability</u> | <u>Compensated Absences</u> | <u>Capital Leases</u> | <u>Total</u> |
| Balance 10-01-97 | \$1,547,000 | \$435,597 | \$629,635 | \$485,429 | \$3,097,661 |
| Additions | -- | -- | 95,650 | 442,070 | 537,720 |
| Retirements & Payments | (191,000) | (64,111) | -- | (110,135) | (365,246) |
| Balance 9-30-98 | <u>\$1,356,000</u> | <u>\$371,486</u> | <u>\$725,285</u> | <u>\$817,364</u> | <u>\$3,270,135</u> |

Payments for maturing certificates of indebtedness of \$150,000 were from the Debt Service Fund and payments of \$41,000 were from the General Fund.

Bonds and certificates of indebtedness payable at September 30, 1998, are comprised of the following individual issues:

| <u>General Obligation Certificate of Indebtedness</u> | <u>Outstanding 09-30-98</u> |
|--|--|
| \$1,100,000 1993 Certificate of Indebtedness dated 4-1-93, due in annual installments of \$110,000 to \$135,000 through 4-1-03, interest at 4.7% to 5.1% (this issue is secured by pledge and dedication of the excess of annual revenue of the City of Ruston) | \$ 605,000 |
| \$500,000 - 1996 Certificate of Indebtedness dated 5-23-96, due in annual installments of \$43,000 to \$62,000 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) | 421,000 |
| \$500,000 – 1993 A Certificate of Indebtedness dated 3-1-94, due in annual installments of \$50,000 to \$60,000 through 3-1-04, interest at 4.9% to 5.6% (this issue is secured by pledge and dedication of the excess of annual revenue of the City of Ruston.) | <u>330,000</u> |
| Total General Obligation Certificates of Indebtedness | <u>\$1,356,000</u> |
| <u>Revenue Bonds</u> | |
| \$4,500,000 authorized 1990 Sewer Revenue Bonds, \$3,204,747 issued, interest at 5.0%, payable in annual installments of \$125,000 to \$245,000 through October 1, 2012 | 2,695,000 |

**CITY OF RUSTON, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 1998**

NOTE 10 – LONG-TERM DEBT (Con't)

\$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. 1,237,536

\$850,000 1996 Water Utility Revenue Refunding Bonds dated 12-23-96 due in annual installments of \$75,000 to \$110,000 through October 1, 2006, interest at 4.5850% 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 9/30/98 was \$18,134. 776,866

Certificates of Indebtedness

\$1,040,000 1989 Certificates of Indebtedness dated 1-1-89, due in annual installments of \$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). 150,000

Total Enterprise Funds Bonds and Certificate of Indebtedness \$ 4,859,402

The annual requirements to amortize all bonded debt outstanding as of September 30, 1998, including interest payments of \$2,033,835 are as follows:

| <u>Year Ending September 30</u> | <u>Certificates of Indebtedness</u> | <u>Enterprise Revenue Bonds</u> |
|-------------------------------------|---|-------------------------------------|
| 1999 | \$ 353,000 | \$270,000 |
| 2000 | 211,000 | 275,000 |
| 2001 | 223,000 | 290,000 |
| 2002 | 231,000 | 305,000 |
| 2003 | 249,000 | 310,000 |
| Thereafter | <u>239,000</u> | <u>3,277,536</u> |
| Total Principal | \$1,506,000 | \$4,727,536 |
| Total Interest | <u>265,447</u> | <u>1,768,388</u> |
| Total Future Requirements | <u>\$1,771,447</u> | <u>\$6,495,924</u> |

The annual requirements to amortize the liability for the Police Pension Fund as of September 30, 1998, including interest payments of \$59,225 are as follows:

| | |
|-------|------------------|
| 1999 | \$ 90,676 |
| 2000 | 90,676 |
| 2001 | 90,676 |
| 2002 | 90,676 |
| 2003 | <u>68,007</u> |
| Total | <u>\$430,711</u> |

**CITY OF RUSTON, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 1998**

NOTE 10 – LONG-TERM DEBT (Con't)

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, 1998, was \$83,331,920. The maximum debt allowable for any one purpose and total debt allowable by state law as of December 31, 1998, is \$8,333,192 and \$29,166,172 respectively. The City currently has \$1,506,000 of general bonded debt outstanding.

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

During December 1996, the City issued \$850,000 in Utilities Revenue Refunding Bonds to advance refund \$855,000 of outstanding 1986 Utilities Revenue Bonds. The proceeds, net of issuance costs, were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the 1986 Utilities Revenue Bonds. The 1986 Utilities Revenue Bonds are considered to be defeased and have been removed from the City's financial statements. The principal outstanding at September 30, 1998 on the bonds refunded was \$795,000.

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 six garbage trucks, a street sweeper, two excavators and a 544 Loader for the Public Works Department. These lease agreements qualify as capital leases for accounting purposes (title transfers at the end of the lease terms). The 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. 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> |
|--------------------------|------------------------------|--------------------------|
| 1999 | \$ 47,071 | \$ 39,442 |
| 2000 | 43,563 | 37,947 |
| 2001 | 43,563 | 40,045 |
| 2002 | 40,755 | 39,450 |
| 2003 | <u>4,109</u> | <u>4,050</u> |
| Total | <u>\$179,061</u> | <u>\$160,934</u> |

**CITY OF RUSTON, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 1998**

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> |
|--------------------------|------------------------------|--------------------------|
| 1999 | \$ 221,468 | \$ 183,326 |
| 2000 | 221,468 | 194,353 |
| 2001 | 197,506 | 181,719 |
| 2002 | 127,926 | 121,697 |
| 2003 | <u>48,996</u> | <u>48,030</u> |
| Total | <u>\$817,364</u> | <u>\$729,125</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, 1998, 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 | \$14,603,281 | \$1,585,856 | \$2,051,738 | \$ 15,473 | \$668,309 | \$18,924,657 |
| Depreciation | 1,118,284 | 292,216 | 494,351 | 207,812 | 45,962 | 2,158,625 |
| Operating Income (Loss) | 2,393,110 | 416,917 | 570,571 | (211,984) | 72,226 | 3,240,840 |
| Operating Transfers In(Out)... | (1,057,194) | (13,830) | - | - | - | (1,071,024) |
| Net Income (Loss) | 1,658,438 | 319,541 | 324,487 | (209,236) | 74,491 | 2,167,721 |
| Fixed Asset - Additions | 573,792 | 116,950 | 240,503 | 121,246 | 12,285 | 1,064,776 |
| Total Assets | 20,088,559 | 6,382,572 | 14,005,261 | 4,529,928 | 543,164 | 45,549,484 |
| Revenue Bonds Payable | - | 776,866 | 3,932,536 | - | - | 4,709,402 |
| Certificates of Indebtedness | - | - | 150,000 | - | - | 150,000 |
| Total Contributed Capital and Retained Earnings | 16,999,629 | 5,429,048 | 9,624,068 | 4,417,681 | 418,631 | 36,889,057 |
| Net Working Capital | \$ 7,095,944 | \$ 1,757,426 | \$ 2,785,489 | \$ (4,325) | \$ 278,481 | \$11,913,015 |

**CITY OF RUSTON, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 1998**

NOTE 13 - CONTRIBUTED CAPITAL - ENTERPRISE FUNDS

Changes in contributed capital during were as follows:

| | <u>Electrical System</u> | <u>Waterwork s System</u> | <u>Sewerage System</u> | <u>Airport System</u> | <u>Ambulanc e System</u> | <u>Total</u> |
|----------------------------|------------------------------|-------------------------------|----------------------------|---------------------------|------------------------------|---------------------|
| Balance, Beginning of Year | \$325,128 | \$777,611 | \$5,456,973 | \$3,865,657 | \$87,055 | \$10,512,424 |
| Contributions - | | | | | | |
| Federal/State Grants | - | 59,877 | - | 15,273 | - | 75,150 |
| Less: Depreciation | - | (11,830) | (203,668) | (224,748) | - | (440,246) |
| Balance, End of Year | <u>\$325,128</u> | <u>\$825,658</u> | <u>\$5,253,305</u> | <u>\$3,656,182</u> | <u>\$87,055</u> | <u>\$10,147,328</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 | \$ 5,838,199 | \$ 42,500 |
| Special Revenue Funds: | | |
| Sales Tax Funds | | |
| 1968 Sales Tax Fund | \$ - | 1,445,700 |
| 1985 Sales Tax Fund | - | 2,212,647 |
| 1990 Sales Tax Fund | - | 1,414,000 |
| Ruston Parks & Recreation Board | 221,996 | 80,572 |
| Total Special Revenue Funds | <u>\$ 221,996</u> | <u>\$ 5,152,919</u> |
| Debt Service Fund | 206,248 | |
| Enterprise Funds: | | |
| Electrical System | - | \$ 1,057,194 |
| Water System | - | \$ 13,830 |
| Total Enterprise Funds | <u> </u> | <u>\$ 1,071,024</u> |
| Total Operating Transfers In and Out | <u>\$ 6,266,443</u> | <u>\$ 6,266,443</u> |

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> |

**CITY OF RUSTON, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 1998**

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 Office of Management and Budget Circular A-133 and are subject to further examination by the grantor 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.

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.

Governmental Accounting Standards Board Statement No. 32, *Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans* requires governments to report Section 457 plans in their financial statements as an expendable trust fund if they meet the criteria in NCGA Statement 1, paragraph 26(3)(8). Legislation passed states that plans will not be eligible plans unless all assets and income of the plan are held in trust for the exclusive benefit of the participants and their beneficiaries. Existing plans are required to comply with this requirement by January 1, 1999. The provisions of this statement and the new law requirements had not been implemented as of September 30, 1998; therefore, the assets and associated liability of the deferred compensation plan are still reported as an agency fund of the City.

**CITY OF RUSTON, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 1998**

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 1998, expenditures of \$211,425 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 - YEAR 2000 ISSUES (unaudited)

The City is currently addressing Year 2000 issues relating to its computer systems and other electronic equipment. The Year 2000 issue refers to the fact that many computer programs use only the last two digits to refer to a year. Therefore, both 1900 and 2000 would be referred to as "00". Computer programs have to be adjusted to recognize the difference between those two years or the programs will fail or create errors. Also, some programs may not be able to recognize that 2000 is a leap year. Further, the Year 2000 issue could affect electronic equipment – such as environmental systems and vehicles – containing computer chips that have date recognition features.

The City has completed a partial inventory of computer systems and other electronic equipment that may be affected by the Year 2000 issue and that are necessary to conducting City operations. The City has initially identified public safety, financial administration and public works (water/sewer/electrical) as mission critical systems.

The City has completed the awareness and assessment stage of work with respect to its financial administration system whereby a plan has been established for dealing with these issues and systems have been identified which are in need of Year 2000 compliance work. The City is currently within the remediation stage, during which changes are being made to systems and equipment. The costs associated with these changes are being funded on a pay as you go basis. Certain of these changes require commitments with vendors for assistance in addressing Year 2000 issues. As of September 30, 1998, the amount of those commitments is \$31,400. The validation and testing phase of the work is targeted to be completed by September 30, 1999. The City has not completed the awareness stage with respect to its other mission critical systems and non-mission initial systems.

Because of the unprecedented nature of the Year 2000 issue, its effects and the success of related remediation efforts will not be fully determinable until the Year 2000 and thereafter. Management cannot assure that the City is or will be Year 2000 ready, that the City's remediation efforts will be successful in whole or in part, or that parties with whom the City does business will be Year 2000 ready.

The City has not completed the awareness stage with respect to its other mission critical systems and non-mission initial systems.

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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, 1998 AND 1997

Exhibit A-1

| | 1998 | 1997 |
|---|-------------|-------------|
| | ----- | ----- |
| ASSETS | | |
| Cash and Cash Equivalents | \$798,936 | \$1,999,937 |
| Accounts Receivable | 266,470 | 224,657 |
| Unbilled Revenues | 59,316 | 58,565 |
| Travel Advances | 645 | 295 |
| Due from Other Funds | 2,398,318 | 1,279,924 |
| Due from Other Governmental Units | - | 12,307 |
| Inventories, at Cost | 29,550 | 27,428 |
| | ----- | ----- |
| Total Assets | \$3,553,235 | \$3,603,113 |
| | ===== | ===== |
| LIABILITIES AND FUND BALANCE | | |
| Liabilities: | | |
| Accounts Payable | \$658,950 | \$431,560 |
| Deposits | 2,421 | 2,421 |
| Due to Other Funds | - | 2,592 |
| Due to Other Governmental Units | 3,333 | 2,383 |
| Accrued Salaries | 57,723 | 298,401 |
| | ----- | ----- |
| Total Liabilities | 722,427 | 737,357 |
| | ----- | ----- |
| Fund Balance: | | |
| Reserved for Inventories | 29,550 | 27,428 |
| Reserved for Debt Service | 35,437 | 21,186 |
| Unreserved - Undesignated | 2,765,821 | 2,817,142 |
| | ----- | ----- |
| Total Fund Balance | 2,830,808 | 2,865,756 |
| | ----- | ----- |
| Total Liabilities and Fund Balance | \$3,553,235 | \$3,603,113 |
| | ===== | ===== |

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, 1998 AND 1997

| | 1998 | 1997 |
|--------------------------------|-----------|-----------|
| Revenues: | | |
| Taxes - Property Tax - General | \$553,931 | \$532,533 |
| Licenses and Permits: | | |
| Insurance License | 225,398 | 227,119 |
| Alcoholic Beverage License | 2,925 | 3,277 |
| Bicycle License Fees | - | 142 |
| Inspection - Building | 43,772 | 31,259 |
| Inspection - Plumbing | 9,752 | 8,744 |
| Inspection - Electrical | 14,360 | 14,765 |
| Inspection - Mechanical | 9,195 | 9,753 |
| Inspection - Occupancy | 2,180 | 1,678 |
| Franchise - Arkla Gas | 99,465 | 98,800 |
| Franchise - Cable T.V. | 117,150 | 318,143 |
| Grease trap permit | 510 | - |
| Total Licenses and Permits | 524,707 | 713,680 |
| Intergovernmental: | | |
| Solid Waste Mgmt. Program | 399,051 | 394,876 |
| Louisiana Tobacco Tax | 97,841 | 73,381 |
| Louisiana Fire Insurance | 20,723 | 33,816 |
| Louisiana Beer Tax | 32,697 | 26,617 |
| RPD HUD Grant | - | 44,855 |
| Video Poker Tax | 101,596 | 94,884 |
| Louisiana Mainstreet Grant | 10,000 | 5,000 |
| Forestry Grant | 1,855 | 1,401 |
| Louisiana Dept of Highways | 35,646 | 35,646 |
| HUD Administration Fee | 69,604 | 84,518 |
| Total Intergovernmental | 769,013 | 794,994 |

See accompanying notes to combined financial statements.

CITY OF RUSTON, LOUISIANA Exhibit A-2
GENERAL FUND
COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES &
CHANGES IN FUND BALANCES
FOR THE YEARS ENDED SEPTEMBER 30, 1998 AND 1997

| | 1998 | 1997 |
|---------------------------------|-----------|-----------|
| Charges for Services: | | |
| Refuse Collection Fees | 1,055,110 | 1,032,930 |
| | | |
| Total Charges for Services | 1,055,110 | 1,032,930 |
| | | |
| Fines & Forfeitures: | | |
| Fines - Ward Marshal | 105,208 | 108,073 |
| Fines - Witness Fees | 34,907 | 8,925 |
| Fines - DWI Testing | 7,014 | 5,790 |
| Fines/Fees - Animal Control | 3,123 | 2,671 |
| Fire Department - CPR Classes | 4,794 | 5,718 |
| Donation - Animal Control | - | 20 |
| Donation - Railroad Park | 1,250 | - |
| Fines - Parking Tickets | 23,300 | 10,695 |
| Accident Reports - Police | 5,959 | 4,849 |
| Incident Reports - Fire | 184 | 109 |
| Crematory Fees | 1,846 | 26,253 |
| Probation Revenue | 41,090 | 47,606 |
| Police Department Miscellaneous | 31,916 | 21,358 |
| | | |
| Total Fines and Forfeitures | 260,591 | 242,067 |
| | | |
| Miscellaneous: | | |
| Civic Center Income | 36,893 | 34,520 |
| Interest | 94,893 | 73,408 |
| Rentals - City Property | 1,050 | 2,511 |
| Sale of Culvert | 180 | 792 |
| Sale of Equipment | 2,000 | 4,016 |
| Commission South Central Bell | 91 | 160 |
| Federal & State Disaster Relief | - | 72,883 |
| Concession Receipts | 1,312 | 1,651 |
| Miscellaneous | 112,749 | 15,029 |
| | | |
| Total Miscellaneous | 249,168 | 204,970 |
| | | |
| Total Revenues | 3,412,520 | 3,521,174 |
| | | |

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, 1998 AND 1997

| | 1998 | 1997 |
|--|-------------|-------------|
| | ----- | ----- |
| Expenditures: | | |
| Current: | | |
| General Government | 1,557,700 | 1,298,817 |
| Public Safety | 3,826,950 | 3,537,050 |
| Public Works | 4,234,269 | 3,641,955 |
| Debt Service: | | |
| Certificate of Indebtedness Principal Payment | 41,000 | 38,000 |
| Certificate of Indebtedness Interest Payment | 25,318 | 25,725 |
| | ----- | ----- |
| Total Expenditures | 9,685,237 | 8,541,547 |
| | ----- | ----- |
| Deficiency of Revenues Over Expenditures | (6,272,717) | (5,020,373) |
| | ----- | ----- |
| Other Financing Sources (Uses): | | |
| Operating Transfers In | 5,838,199 | 5,747,524 |
| Operating Transfers Out | (42,500) | (42,500) |
| Capital Lease | 442,070 | - |
| | ----- | ----- |
| Total Other Financing Sources | 6,237,769 | 5,705,024 |
| | ----- | ----- |
| Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures and Other Uses | (34,948) | 684,651 |
| | ----- | ----- |
| Fund Balance, October 1 | 2,865,756 | 2,181,105 |
| | ----- | ----- |
| Fund Balance, September 30 | \$2,830,808 | \$2,865,756 |
| | ===== | ===== |

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, 1998

| | Budget | Actual | Variance Favorable (Unfavorable) |
|--------------------------------|-----------|-----------|--|
| | ----- | ----- | ----- |
| Revenues: | | | |
| Taxes - Property Tax - General | \$530,000 | \$553,931 | \$23,931 |
| | ----- | ----- | ----- |
| Licenses and Permits: | | | |
| Insurance License | 225,000 | 225,398 | 398 |
| Alcoholic Beverage License | 3,600 | 2,925 | (675) |
| Bicycle License Fees | 75 | - | (75) |
| Inspection - Building | 40,000 | 43,772 | 3,772 |
| Inspection - Plumbing | 10,000 | 9,752 | (248) |
| Inspection - Electrical | 17,000 | 14,360 | (2,640) |
| Inspection - Mechanical | 12,000 | 9,195 | (2,805) |
| Inspection - Occupancy | 1,500 | 2,180 | 680 |
| Franchise - Arkla Gas | 95,000 | 99,465 | 4,465 |
| Franchise - Cable T.V. | 50,000 | 117,150 | 67,150 |
| Grease trap permit | - | 510 | 510 |
| | ----- | ----- | ----- |
| Total Licenses and Permits | 454,175 | 524,707 | 70,532 |
| | ----- | ----- | ----- |
| Intergovernmental: | | | |
| Solid Waste Mgmt. Program | 400,000 | 399,051 | (949) |
| Louisiana Tobacco Tax | 100,000 | 97,841 | (2,159) |
| Louisiana Fire Insurance | 33,000 | 20,723 | (12,277) |
| Louisiana Beer Tax | 25,000 | 32,697 | 7,697 |
| RPD HUD Grant | 30,000 | - | (30,000) |
| Video Poker Tax | 90,000 | 101,596 | 11,596 |
| Louisiana Mainstreet Grant | - | 10,000 | 10,000 |
| Forestry Grant | - | 1,855 | 1,855 |
| Louisiana Dept of Highways | 35,000 | 35,646 | 646 |
| HUD Administration Fee | 70,000 | 69,604 | (396) |
| | ----- | ----- | ----- |
| Total Intergovernmental | 783,000 | 769,013 | (13,987) |
| | ----- | ----- | ----- |

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, 1998

| | Budget | Actual | Variance Favorable (Unfavorable) |
|---------------------------------|-----------|-----------|--|
| | ----- | ----- | ----- |
| Charges for Services: | | | |
| Refuse Collection Fees | 1,030,000 | 1,055,110 | 25,110 |
| | ----- | ----- | ----- |
| Total Charges for Services | 1,030,000 | 1,055,110 | 25,110 |
| | | | |
| Fines & Forfeitures: | | | |
| Fines - Ward Marshal | 134,964 | 105,208 | (29,756) |
| Fines - Witness Fees | 8,500 | 34,907 | 26,407 |
| Fines - DWI Testing | 4,200 | 7,014 | 2,814 |
| Fines/Fees - Animal Control | 2,300 | 3,123 | 823 |
| Fire Department - CPR Classes | - | 4,794 | 4,794 |
| Donation - Railroad Park | - | 1,250 | 1,250 |
| Fines - Parking Tickets | 13,000 | 23,300 | 10,300 |
| Accident Reports - Police | 5,000 | 5,959 | 959 |
| Incident Reports - Fire | - | 184 | 184 |
| Crematory Fees | 2,000 | 1,846 | (154) |
| Probation Revenue | 57,122 | 41,090 | (16,032) |
| Police Department Miscellaneous | 23,375 | 31,916 | 8,541 |
| | ----- | ----- | ----- |
| Total Fines and Forfeitures | 250,461 | 260,591 | 10,130 |
| | | | |
| Miscellaneous: | | | |
| Civic Center Income | 40,000 | 36,893 | (3,107) |
| Interest | 50,000 | 94,893 | 44,893 |
| Rentals - City Property | 1,250 | 1,050 | (200) |
| Sale of Culvert | 700 | 180 | (520) |
| Sale of Equipment | - | 2,000 | 2,000 |
| Commission South Central Bell | 150 | 91 | (59) |
| Concession Receipts | 1,600 | 1,312 | (288) |
| Miscellaneous | 10,000 | 112,749 | 102,749 |
| | ----- | ----- | ----- |
| Total Miscellaneous | 103,700 | 249,168 | 145,468 |
| | | | |
| Total Revenues | 3,151,336 | 3,412,520 | 261,184 |
| | ----- | ----- | ----- |

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, 1998

| | Budget | Actual | Variance Favorable (Unfavorable) |
|---|-------------|-------------|--|
| | ----- | ----- | ----- |
| Expenditures: | | | |
| Current: | | | |
| General Government | 1,699,838 | 1,557,700 | 142,138 |
| Public Safety | 3,983,877 | 3,826,950 | 156,927 |
| Public Works | 3,991,115 | 4,234,269 | (243,154) |
| Debt Service: | | | |
| Certificate of Indebtedness Principal Payment | - | 41,000 | (41,000) |
| Certificate of Indebtedness Interest Payment | - | 25,318 | (25,318) |
| | ----- | ----- | ----- |
| Total Expenditures | 9,674,830 | 9,685,237 | (10,407) |
| | ----- | ----- | ----- |
| Deficiency of Revenues Over Expenditures | (6,523,494) | (6,272,717) | 250,777 |
| | ----- | ----- | ----- |
| Other Financing Sources (Uses): | | | |
| Operating Transfers In | 5,765,212 | 5,838,199 | 72,987 |
| Operating Transfers Out | (66,370) | (42,500) | 23,870 |
| Capital Leases | - | 442,070 | 442,070 |
| | ----- | ----- | ----- |
| Total Other Financing Sources | 5,698,842 | 6,237,769 | 538,927 |
| | ----- | ----- | ----- |
| Deficiency of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses | (824,652) | (34,948) | 789,704 |
| | ----- | ----- | ----- |
| Fund Balance, October 1 | 2,865,756 | 2,865,756 | - |
| | ----- | ----- | ----- |
| Fund Balance, September 30 | \$2,041,104 | \$2,830,808 | \$789,704 |
| | ===== | ===== | ===== |

See accompanying notes to combined financial statements.

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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.

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.

SECTION 8 HOUSING ASSISTANCE PAYMENTS PROGRAMS

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

CITY OF RUSTON, LOUISIANA
SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET
SEPTEMBER 30, 1998

WITH COMPARATIVE TOTALS FOR SEPTEMBER 30, 1997

| | 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 | | |
|--|--------------------|--------------------|-------------------|---------------------------------------|-----------------------------|------------------------------|--------------------------------|-----------------------------|----------------------------------|----------------------------------|---------------------------------|--------------------|--------------------|--|
| | | | | | | | | | | | | 1998 | 1997 | |
| ASSETS | | | | | | | | | | | | | | |
| Cash and Cash Equivalents | \$1,818,164 | \$589,070 | \$417,015 | \$66,267 | \$9,090 | \$1,225 | \$2,358 | \$55 | \$169,726 | \$4,069 | \$199,725 | \$3,276,764 | \$1,514,140 | |
| Accounts Receivable | - | - | - | - | - | - | - | - | - | - | - | - | 20,843 | |
| Due From Other Funds | - | 532,216 | 354,878 | 25,190 | - | - | - | - | 65,408 | 26,864 | - | 1,004,556 | 62,406 | |
| Due From Other Governmental Units | - | - | - | - | - | - | - | - | - | - | - | - | 100,383 | |
| Total Assets | \$1,818,164 | \$1,121,286 | \$771,893 | \$91,457 | \$9,090 | \$1,225 | \$2,358 | \$55 | \$235,134 | \$30,933 | \$199,725 | \$4,281,320 | \$1,697,772 | |
| LIABILITIES AND FUND BALANCES | | | | | | | | | | | | | | |
| Liabilities: | | | | | | | | | | | | | | |
| Accounts Payable | \$1,744 | \$2,047 | \$1,743 | \$8,559 | \$- | \$- | \$- | \$- | \$- | \$- | \$- | \$14,093 | \$32,591 | |
| Deposits | - | - | - | 3,652 | - | - | - | - | - | - | - | 3,652 | 4,161 | |
| Due to Other Funds | 1,212,437 | 770,414 | 399,202 | 6,456 | - | - | - | - | 18,675 | 14,928 | 81,979 | 2,504,091 | 233,193 | |
| Due to Other Governmental Units | \$36 | - | - | - | - | - | - | - | - | - | - | - | 36 | |
| Accrued Salaries | - | - | - | 2,781 | - | - | - | - | - | - | - | 2,781 | 9,859 | |
| Total Liabilities | 1,214,217 | 772,461 | 400,945 | 21,448 | - | - | - | - | 18,675 | 14,928 | 81,979 | 2,524,653 | 281,134 | |
| Fund Balances - Unreserved | 603,947 | 348,825 | 370,948 | 70,009 | 9,090 | 1,225 | 2,358 | 55 | 216,459 | 16,005 | 117,746 | 1,756,667 | 1,416,638 | |
| Total Liabilities and Fund Balances | \$1,818,164 | \$1,121,286 | \$771,893 | \$91,457 | \$9,090 | \$1,225 | \$2,358 | \$55 | \$235,134 | \$30,933 | \$199,725 | \$4,281,320 | \$1,697,772 | |

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, 1998
WITH COMPARATIVE TOTALS FOR SEPTEMBER 30, 1997

| | 1988 | 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 Modrehab Housing | Section 8 Voucher Housing | Totals |
|--|--------------------|--------------------|--------------------|---------------------------------|-----------------------|------------------------|--------------------------|-----------------------|----------------------------|----------------------------|---------------------------|--------------------|
| | 1988 | 1985 | 1990 | 1990 | 1985 | 1990 | 1990 | 1988 | 1988 | 1988 | 1988 | 1988 |
| Revenues: | | | | | | | | | | | | |
| Taxes | \$1,490,442 | \$2,235,663 | \$1,490,442 | \$242,523 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$5,459,070 |
| Intergovernmental | - | - | - | - | - | 19,943 | - | - | 681,423 | 51,700 | 132,469 | 888,328 |
| Miscellaneous | 45,470 | 15,623 | 7,995 | 125,368 | 259 | - | 2,793 | - | 1,702 | 169 | 1,689 | 198,274 |
| Total Revenues | 1,535,912 | 2,251,286 | 1,498,437 | 367,891 | 259 | 19,943 | 2,793 | - | 683,125 | 51,868 | 134,158 | 6,545,672 |
| Expenditures: | | | | | | | | | | | | |
| General Government | 16,807 | 23,533 | 15,330 | - | - | 18,723 | 435 | - | 585,594 | 46,208 | 83,585 | 790,215 |
| Recreation | - | - | - | 484,505 | - | - | - | - | - | - | - | 484,505 |
| Total Expenditures | 16,807 | 23,533 | 15,330 | 484,505 | - | 18,723 | 435 | - | 585,594 | 46,208 | 83,585 | 1,274,720 |
| Excess (Deficiency) of Revenue Over Expenditures | 1,519,105 | 2,227,753 | 1,483,107 | (116,614) | 259 | 1,220 | 2,358 | - | 97,531 | 5,660 | 50,573 | 5,270,952 |
| Other Financing Sources (Uses): | | | | | | | | | | | | |
| Operating Transfers In | - | - | - | 221,996 | - | - | - | - | - | - | - | 221,996 |
| Operating Transfers Out | (1,445,700) | (2,212,647) | (1,414,000) | (80,572) | - | - | - | - | - | - | - | (5,152,919) |
| Total Other Financing Sources (Uses) | (1,445,700) | (2,212,647) | (1,414,000) | 141,424 | - | - | - | - | - | - | - | (4,930,923) |
| Excess of Revenues & Other Financing Sources Over Expenditures & Other Financing Uses | 73,405 | 15,106 | 69,107 | 24,810 | 259 | 1,220 | 2,358 | - | 97,531 | 5,660 | 50,573 | 340,029 |
| Fund Balances, October 1 | 530,542 | 333,719 | 301,841 | 45,199 | 8,831 | 5 | - | 55 | 118,928 | 10,345 | 67,173 | 1,416,638 |
| Fund Balances, September 30 | \$603,947 | \$348,825 | \$370,948 | \$70,009 | \$9,090 | \$1,225 | \$2,358 | \$55 | \$216,459 | \$16,005 | \$117,746 | \$1,756,667 |

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, 1998

Exhibit B-3

| | Budget | Actual | Variance Favorable (Unfavorable) |
|---|-------------|-------------|--|
| | ----- | ----- | ----- |
| Revenues: | | | |
| Taxes: | | | |
| Sales Tax | \$1,463,778 | \$1,490,442 | \$26,664 |
| Miscellaneous: | | | |
| Interest Income | 20,000 | 45,470 | 25,470 |
| | ----- | ----- | ----- |
| Total Revenues | 1,483,778 | 1,535,912 | 52,134 |
| | ----- | ----- | ----- |
| Expenditures: | | | |
| General Government: | | | |
| Collection & Admin. Expenses | 37,078 | 16,807 | 20,271 |
| | ----- | ----- | ----- |
| Total Expenditures | 37,078 | 16,807 | 20,271 |
| | ----- | ----- | ----- |
| Excess of Revenues Over Expenditures | 1,446,700 | 1,519,105 | 72,405 |
| | ----- | ----- | ----- |
| Other Financing (Uses): | | | |
| Operating Transfers Out | (1,445,700) | (1,445,700) | 0 |
| | ----- | ----- | ----- |
| Total Other Financing Uses | (1,445,700) | (1,445,700) | 0 |
| | ----- | ----- | ----- |
| Excess of Revenues Over Expenditures and Other Financing Uses | 1,000 | 73,405 | 72,405 |
| | ----- | ----- | ----- |
| Fund Balance, October 1 | 530,542 | 530,542 | - |
| | ----- | ----- | ----- |
| Fund Balance, September 30 | \$531,542 | \$603,947 | \$72,405 |
| | ===== | ===== | ===== |

See accompanying notes to combined financial statements.

CITY OF RUSTON, LOUISIANA
 1985 SALES TAX FUND
 STATEMENT OF REVENUES, EXPENDITURES, & CHANGES
 IN FUND BALANCE - BUDGET (GAAP BASIS) & ACTUAL
 FOR THE YEAR ENDED SEPTEMBER 30, 1998

Exhibit B-4

| | Budget | Actual | Variance Favorable (Unfavorable) |
|---|--------------------|--------------------|--|
| Revenues: | | | |
| Taxes: | | | |
| Sales Tax | \$2,225,000 | \$2,235,663 | \$10,663 |
| Miscellaneous: | | | |
| Interest Income | 9,700 | 15,623 | 5,923 |
| Total Revenues | 2,234,700 | 2,251,286 | 16,586 |
| Expenditures: | | | |
| General Government: | | | |
| Collection & Admin. Expenses | 26,950 | 23,533 | 3,417 |
| Total Expenditures | 26,950 | 23,533 | 3,417 |
| Excess of Revenues Over Expenditures | 2,207,750 | 2,227,753 | 20,003 |
| Other Financing (Uses): | | | |
| Operating Transfers Out | (2,207,750) | (2,212,647) | (4,897) |
| Total Other Financing Uses | (2,207,750) | (2,212,647) | (4,897) |
| Excess of Revenues Over Expenditures and Other Financing Uses | - | 15,106 | 15,106 |
| Fund Balance, October 1 | 333,719 | 333,719 | - |
| Fund Balance, September 30 | \$333,719 | \$348,825 | \$15,106 |

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, 1998

Exhibit B-5

| | Budget | Actual | Variance Favorable (Unfavorable) |
|---|-------------|-------------|--|
| | ----- | ----- | ----- |
| Revenues: | | | |
| Taxes: | | | |
| Sales Tax | \$1,463,778 | \$1,490,442 | \$26,664 |
| Miscellaneous: | | | |
| Interest Income | 4,000 | 7,995 | 3,995 |
| | ----- | ----- | ----- |
| Total Revenues | 1,467,778 | 1,498,437 | 30,659 |
| | ----- | ----- | ----- |
| Expenditures: | | | |
| General Government: | | | |
| Collection & Admin. Expenses | 24,078 | 15,330 | 8,748 |
| | ----- | ----- | ----- |
| Total Expenditures | 24,078 | 15,330 | 8,748 |
| | ----- | ----- | ----- |
| Excess of Revenues Over Expenditures | 1,443,700 | 1,483,107 | 39,407 |
| | ----- | ----- | ----- |
| Other Financing (Uses): | | | |
| Operating Transfers Out | (1,413,000) | (1,414,000) | (1,000) |
| | ----- | ----- | ----- |
| Total Other Financing Uses | (1,413,000) | (1,414,000) | (1,000) |
| | ----- | ----- | ----- |
| Excess of Revenues Over Expenditures and Other Financing Uses | 30,700 | 69,107 | 38,407 |
| | ----- | ----- | ----- |
| Fund Balance, October 1 | 301,841 | 301,841 | - |
| | ----- | ----- | ----- |
| Fund Balance, September 30 | \$332,541 | \$370,948 | \$38,407 |
| | ===== | ===== | ===== |

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, 1998

Exhibit B-6

| | Budget | Actual | Variance Favorable (Unfavorable) |
|-------------------------------|-----------|-----------|--|
| | ----- | ----- | ----- |
| Revenues: | | | |
| Taxes: | | | |
| Property Tax-Recreation | \$236,250 | \$242,523 | \$6,273 |
| | ----- | ----- | ----- |
| Total Taxes | 236,250 | 242,523 | 6,273 |
| | ----- | ----- | ----- |
| Miscellaneous: | | | |
| Program Charges | 74,600 | 97,439 | 22,839 |
| Concessions | 12,000 | 15,484 | 3,484 |
| Interest | 2,000 | 1,762 | (238) |
| Rentals | 11,750 | 8,683 | (3,067) |
| Other | 500 | 2,000 | 1,500 |
| | ----- | ----- | ----- |
| Total Miscellaneous | 100,850 | 125,368 | 24,518 |
| | ----- | ----- | ----- |
| Total Revenues | 337,100 | 367,891 | 30,791 |
| | ----- | ----- | ----- |
| Expenditures: | | | |
| Salaries | 245,314 | 228,110 | 17,204 |
| Employee Benefits - Pension | 11,793 | 10,638 | 1,155 |
| Employee Benefits - FICA Tax | 6,372 | 5,208 | 1,164 |
| Employee Benefits - Insurance | 40,336 | 34,037 | 6,299 |
| Workmen's Compensation | 3,100 | 3,100 | - |
| Training of Personnel | 1,811 | 627 | 1,184 |
| Office Supplies/Printing | 6,120 | 5,873 | 247 |
| Supplies | 16,238 | 15,872 | 366 |
| Maintenance of Bldgs & Grnds | 5,500 | 3,954 | 1,546 |
| Repairs & Maintenance - Parks | 3,500 | 2,760 | 740 |
| Maintenance of Equipment | 3,000 | 2,589 | 411 |
| Utilities | 18,000 | 24,609 | (6,609) |
| Heating | 5,100 | 4,149 | 951 |
| Telephone | 6,100 | 6,453 | (353) |

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, 1998

Exhibit B-6

| | Budget | Actual | Variance Favorable (Unfavorable) |
|--|-----------|-----------|--|
| | ----- | ----- | ----- |
| Expenditures (Continued): | | | |
| Auto Allowances | 13,903 | 12,588 | 1,315 |
| Auto & Truck Repair | 1,500 | 1,496 | 4 |
| Gasoline, Oil & Diesel | 2,500 | 1,927 | 573 |
| Travel | 728 | 653 | 75 |
| Audit Fees | 3,566 | 3,566 | - |
| Legal Services | 1,045 | 974 | 71 |
| Consulting | 4,916 | 4,579 | 337 |
| Concession Supplies | 10,169 | 9,819 | 350 |
| Dues & Subscriptions | 700 | 717 | (17) |
| Insurance | 15,864 | 14,998 | 866 |
| Recreation Program Expense | 78,137 | 76,553 | 1,584 |
| Medical Supplies & Services | 700 | 736 | (36) |
| Miscellaneous | 200 | 189 | 11 |
| Postage | 1,300 | 1,004 | 296 |
| Capital Assets | 6,800 | 6,727 | 73 |
| | ----- | ----- | ----- |
| Total Expenditures | 514,312 | 484,505 | 29,807 |
| | ----- | ----- | ----- |
| Deficiency of Revenues Over Expenditures | (177,212) | (116,614) | 60,598 |
| | ----- | ----- | ----- |
| Other Financing Sources (Uses): | | | |
| Operating Transfers In | 221,440 | 221,996 | 556 |
| Operating Transfers Out | (53,660) | (80,572) | (26,912) |
| | ----- | ----- | ----- |
| Total Other Financing Sources (Uses) | 167,780 | 141,424 | (26,356) |
| | ----- | ----- | ----- |
| Excess (deficiency) of Revenues and Other Financing Sources (Uses) Over Expenditures | (9,432) | 24,810 | 34,242 |
| | ----- | ----- | ----- |
| Fund Balance, October 1 | 45,199 | 45,199 | - |
| | ----- | ----- | ----- |
| Fund Balance, September 30 | \$35,767 | \$70,009 | \$34,242 |
| | ===== | ===== | ===== |

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, 1998

Exhibit B-7

| | Budget | Actual | Variance Favorable (Unfavorable) |
|----------------------------|---------|---------|--|
| | ----- | ----- | ----- |
| Revenues: | | | |
| Miscellaneous: | | | |
| Interest | \$ - | \$259 | \$259 |
| | ----- | ----- | ----- |
| Total Revenues | - | 259 | 259 |
| | ----- | ----- | ----- |
| Fund Balance, October 1 | 8,831 | 8,831 | - |
| | ----- | ----- | ----- |
| Fund Balance, September 30 | \$8,831 | \$9,090 | \$259 |
| | ===== | ===== | ===== |

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, 1998

Exhibit B-8

| | Budget | Actual | Variance Favorable (Unfavorable) |
|---|-----------|-----------|--|
| | ----- | ----- | ----- |
| Revenues: | | | |
| Intergovernmental | \$500,000 | \$681,423 | \$181,423 |
| Miscellaneous | 1,000 | 1,702 | 702 |
| | ----- | ----- | ----- |
| Total Revenues | 501,000 | 683,125 | 182,125 |
| | ----- | ----- | ----- |
| Expenditures: | | | |
| General Government | 465,980 | 585,594 | (119,614) |
| | ----- | ----- | ----- |
| Total Expenditures | 465,980 | 585,594 | (119,614) |
| | ----- | ----- | ----- |
| Excess of Revenues Over Expenditures | 35,020 | 97,531 | 62,511 |
| | ----- | ----- | ----- |
| Fund Balance, October 1 | 118,928 | 118,928 | - |
| | ----- | ----- | ----- |
| Fund Balance, September 30 | \$153,948 | \$216,459 | \$62,511 |
| | ===== | ===== | ===== |

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, 1998

Exhibit B-9

| | Budget | Actual | Variance Favorable (Unfavorable) |
|---|----------|----------|--|
| | ----- | ----- | ----- |
| Revenues: | | | |
| Intergovernmental | \$80,000 | \$51,700 | (\$28,300) |
| Miscellaneous | 250 | 168 | (82) |
| | ----- | ----- | ----- |
| Total Revenues | 80,250 | 51,868 | (28,382) |
| | ----- | ----- | ----- |
| Expenditures: | | | |
| General Government | 77,500 | 46,208 | 31,292 |
| | ----- | ----- | ----- |
| Total Expenditures | 77,500 | 46,208 | 31,292 |
| | ----- | ----- | ----- |
| Excess of Revenues Over Expenditures | 2,750 | 5,660 | 2,910 |
| Fund Balance, October 1 | 10,345 | 10,345 | - |
| | ----- | ----- | ----- |
| Fund Balance, September 30 | \$13,095 | \$16,005 | \$2,910 |
| | ===== | ===== | ===== |

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, 1998

Exhibit B-10

| | Budget | Actual | Variance Favorable (Unfavorable) |
|---|----------|-----------|--|
| | ----- | ----- | ----- |
| Revenues: | | | |
| Intergovernmental | \$85,000 | \$132,469 | \$47,469 |
| Interest Income | 500 | 1,689 | 1,189 |
| | ----- | ----- | ----- |
| Total Revenues | 85,500 | 134,158 | 48,658 |
| | ----- | ----- | ----- |
| Expenditures: | | | |
| General Government | 83,980 | 83,585 | 395 |
| | ----- | ----- | ----- |
| Total Expenditures | 83,980 | 83,585 | 395 |
| | ----- | ----- | ----- |
| Excess of Revenues Over Expenditures | 1,520 | 50,573 | 49,053 |
| Fund Balance, October 1 | 67,173 | 67,173 | - |
| | ----- | ----- | ----- |
| Fund Balance, September 30 | \$68,693 | \$117,746 | \$49,053 |
| | ===== | ===== | ===== |

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, 1998 AND 1997

Exhibit C-1

| | 1998 | 1997 |
|------------------------------------|----------|----------|
| ASSETS | ----- | ----- |
| Cash and Cash Equivalents | \$93,913 | \$87,727 |
| | ----- | ----- |
| Total Assets | \$93,913 | \$87,727 |
| | ===== | ===== |
| | | |
| LIABILITIES AND FUND BALANCE | | |
| Fund Balance: | | |
| Reserved for Debt Service | \$93,913 | \$87,727 |
| | ----- | ----- |
| Total Fund Balance | 93,913 | 87,727 |
| | ----- | ----- |
| Total Liabilities and Fund Balance | \$93,913 | \$87,727 |
| | ===== | ===== |

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, 1998 AND 1997

| | 1998 | 1997 |
|---|-----------|-----------|
| | ----- | ----- |
| Revenues: | | |
| Interest | \$1,457 | \$1,369 |
| | ----- | ----- |
| Expenditures: | | |
| Debt Service: | | |
| Bond Principal Payment | 150,000 | 145,000 |
| Bond Interest Expense | 51,519 | 57,296 |
| | ----- | ----- |
| Total Expenditures | 201,519 | 202,296 |
| | ----- | ----- |
| Excess of Expenditures over Revenues | (200,062) | (200,927) |
| Other Financing Sources: | | |
| Operating Transfers In | 206,248 | 202,297 |
| | ----- | ----- |
| Excess of Revenues and Other Financing Sources Over Expenditures | 6,186 | 1,370 |
| Fund Balance, October 1 | 87,727 | 86,357 |
| | ----- | ----- |
| Fund Balance, September 30 | \$93,913 | \$87,727 |
| | ===== | ===== |

See accompanying notes to combined financial statements.

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CAPITAL PROJECTS FUNDS

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

FIRE STATION CONSTRUCTION

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 - 1996 CERTIFICATES OF INDEBTEDNESS

To account for receipts and disbursements of the proceeds from the issuance of Certificates of Indebtedness, Series 1996, designated for Park and Recreation capital purchases and improvements.

SEWER DEMONSTRATED NEEDS GRANT

To account for receipts and disbursements of a grant received from the Louisiana Community Development Block Grant for sewer force main replacement.

CITY OF RUSTON, LOUISIANA
 CAPITAL PROJECTS FUNDS
 COMBINING BALANCE SHEET
 SEPTEMBER 30, 1998

WITH COMPARATIVE TOTALS FOR SEPTEMBER 30, 1997

| | Fire Station Construction | Central Shop Construction | Public Works Shop Construction | Hazard Mitigation Grant | Parks & Rec. 1996 Certificate of Indebtedness | Sewer Demonstrated Needs Grant | Totals |
|---------------------------------------|------------------------------|------------------------------|--------------------------------------|-------------------------------|---|--------------------------------------|-----------|
| | 1998 | 1997 | | | | | |
| ASSETS | | | | | | | |
| Cash and Cash Equivalents | \$17,960 | \$58,022 | \$62,088 | \$24,213 | \$99,259 | 2,441 | \$537,828 |
| Due from Other Funds | - | - | - | - | - | - | \$8,000 |
| Total Assets | \$17,960 | \$58,022 | \$62,088 | \$24,213 | \$99,259 | \$2,441 | \$545,828 |
| LIABILITIES & FUND BALANCES (DEFICIT) | | | | | | | |
| Liabilities: | | | | | | | |
| Retainage Payable | \$ - | \$65,070 | \$ - | \$ - | \$ - | \$ - | \$65,070 |
| Deferred Revenue | - | - | - | 8,474 | - | - | 8,474 |
| Due to Other Funds | 33,763 | 3,500 | - | 72,982 | 1,322 | - | 111,567 |
| Total Liabilities | 33,763 | 68,570 | - | 81,456 | 1,322 | - | 185,111 |
| Fund Balances (Deficit): | | | | | | | |
| Unreserved | | | | | | | |
| Designated for Future | | | | | | | |
| Years' Expenditures | - | - | 62,088 | - | 97,937 | - | 160,025 |
| Undesignated | (15,803) | (10,548) | - | (57,243) | - | 2,441 | (81,153) |
| Total Fund Balances (Deficits) | (15,803) | (10,548) | 62,088 | (57,243) | 97,937 | 2,441 | 429,199 |
| Total Liabilities and Fund Balances | \$17,960 | \$58,022 | \$62,088 | \$24,213 | \$99,259 | \$2,441 | \$545,828 |

See accompanying notes to combined financial statements.

CITY OF RUSTON, LOUISIANA
 CAPITAL PROJECTS FUNDS
 COMBINING STATEMENT OF REVENUES,
 EXPENDITURES, & CHANGES IN FUND BALANCES (DEFICITS)
 FOR THE YEAR ENDED SEPTEMBER 30, 1998
 WITH COMPARATIVE TOTALS FOR THE YEAR ENDED SEPTEMBER 30, 1997

| | Fire Station Construction | Central Shop Construction | Public Works Shop Construction | Hazard Mitigation Grant | Parks & Rec. 1996 Certificate of Indebtedness | Sewer Demonstrated Needs Grant | Totals |
|--|------------------------------|------------------------------|--------------------------------------|-------------------------------|---|--------------------------------------|------------------|
| | 1998 | 1997 | 1998 | 1997 | 1998 | 1997 | 1998 |
| Revenues: | | | | | | | |
| Intergovernmental | \$ - | \$ - | \$ - | \$ 15,739 | \$ - | \$ 182,951 | \$ 198,690 |
| Miscellaneous | 207 | 1,559 | 3,034 | - | 9,258 | - | 14,058 |
| Total Revenues | 207 | 1,559 | 3,034 | 15,739 | 9,258 | 182,951 | 212,748 |
| Expenditures: | | | | | | | |
| Capital Outlay: | | | | | | | |
| Legal Services | - | 3,500 | - | - | - | - | 3,500 |
| Equipment | - | - | - | - | 139,919 | - | 139,919 |
| Construction Work-Grants | - | - | - | 72,982 | 166,156 | 180,260 | 419,398 |
| Miscellaneous | - | - | - | - | 258 | - | 258 |
| Consulting | - | - | - | - | - | - | 0 |
| Total Expenditures | - | 3,500 | - | 72,982 | 306,333 | 180,260 | 563,075 |
| Excess (Deficiency) of Revenues Over Expenditures | 207 | (1,941) | 3,034 | (57,243) | (297,075) | 2,691 | (350,327) |
| Fund Balance (Deficit), October 1 | (16,010) | (8,607) | 59,054 | - | 395,012 | (250) | 429,199 |
| Fund Balance (Deficit), September 30 | (\$15,803) | (\$10,548) | \$62,088 | (\$57,243) | \$97,937 | \$2,441 | \$78,872 |

See accompanying notes to combined financial statements.

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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, 1998

WITH COMPARATIVE TOTALS FOR SEPTEMBER 30, 1997

| | Electric System | Water System | Sewerage System | Ruston Airport Authority | Ambulance | Totals |
|---|---------------------|--------------------|---------------------|--------------------------|------------------|---------------------|
| | 1998 | 1998 | 1998 | 1998 | 1998 | 1997 |
| ASSETS | | | | | | |
| Current Assets: | | | | | | |
| Cash and Cash Equivalents | \$7,011,883 | \$1,190,832 | \$2,411,686 | \$107,922 | \$136,150 | \$4,914,483 |
| Accounts Receivable, Net | 566,094 | 104,412 | 89,943 | - | 121,844 | 1,116,666 |
| Accounts Receivable Other | 198,788 | 31,284 | 46,228 | - | - | 42,365 |
| Unbilled Revenue | 917,519 | 119,831 | 139,403 | - | 517 | 1,280,942 |
| Due From Other Governmental Units | - | - | - | - | 140,000 | 107,500 |
| Due From Other Funds | 68,196 | 288,440 | 267,609 | - | 4,503 | 699,590 |
| Prepaid Expenses | 35,606 | - | - | - | - | 35,606 |
| Inventories, at Cost | 508,743 | 96,151 | 22,465 | - | - | 585,159 |
| Total Current Assets | 9,306,829 | 1,830,950 | 2,977,334 | 107,922 | 403,014 | 14,626,049 |
| Total Restricted Assets | | | | | | |
| Cash and Cash Equivalents | 498,251 | 246,687 | 619,539 | - | - | 4,740,893 |
| Fixed Assets: | | | | | | |
| Property, Plant & Equipment | 32,873,914 | 8,133,038 | 16,649,778 | 5,026,239 | 390,846 | 61,990,318 |
| Construction in Progress | - | - | - | 121,245 | - | 170,574 |
| Less Accumulated Depreciation | (32,873,914) | (8,133,038) | (16,649,778) | (725,478) | (390,846) | (62,160,892) |
| Fixed Assets (Net of Accumulated Depreciation) | 10,133,479 | 4,304,935 | 10,408,388 | 4,422,006 | 140,150 | 30,514,422 |
| Advances to Sewerage System | 150,000 | - | - | - | - | 150,000 |
| Total Assets | \$20,088,559 | \$6,382,572 | \$14,005,261 | \$4,529,928 | \$543,164 | \$44,179,600 |

| | | | | | | | | |
|---|---------------------|--------------------|---------------------|--------------------|------------------|------------------|---------------------|---------------------|
| LIABILITIES, CONTRIBUTED CAPITAL AND RETAINED EARNINGS | | | | | | | | |
| Current Liabilities: | | | | | | \$260 | \$1,254,471 | \$628,995 |
| Accounts Payable | \$1,200,097 | \$38,603 | \$12,715 | \$2,796 | - | - | 39,442 | 68,141 |
| Obligation Under Capital Lease | 21,641 | 17,801 | - | - | - | 124,276 | 1,077,145 | 1,470,057 |
| Due to Other Funds | 821,412 | 7,259 | 14,750 | 109,451 | - | - | 150,000 | 135,000 |
| Certificate of Indebtedness | - | - | 150,000 | - | - | - | 191,976 | 189,516 |
| Accrued Liabilities | 167,735 | 9,861 | 14,380 | - | - | - | - | - |
| | | 73,524 | 191,845 | 112,247 | - | 124,533 | 2,713,034 | 2,491,709 |
| Total Current Liabilities | 2,210,885 | 73,524 | 191,845 | 112,247 | - | 124,533 | 2,713,034 | 2,491,709 |
| Liabilities Payable from Restricted Assets: | | | | | | | | |
| Revenue Bonds | - | 75,000 | 195,000 | - | - | - | 270,000 | 905,000 |
| Accrued Interest & Coupons | 112,595 | 19,442 | 85,516 | - | - | - | 217,553 | 265,968 |
| Customer Deposits | 602,298 | - | 2,080 | - | - | - | 604,378 | 590,550 |
| | | | | | | | | |
| Total Liabilities Payable from Restricted Assets | 714,893 | 94,442 | 282,596 | - | - | - | 1,091,931 | 1,761,518 |
| Long-term Liabilities: | | | | | | | | |
| Certificate of Indebtedness | - | - | - | - | - | - | - | 150,000 |
| Compensated Absences | 104,826 | 20,528 | 19,216 | - | - | - | 144,568 | 152,357 |
| Obligation Under Capital Lease | 58,326 | 63,166 | - | - | - | - | 121,492 | 122,556 |
| Bonds Payable | - | 701,866 | 3,737,536 | - | - | - | 4,439,402 | 4,705,274 |
| Advances from Electric System | - | - | 150,000 | - | - | - | 150,000 | 150,000 |
| | | | | | | | | |
| Total Long-term Liabilities | 163,152 | 785,558 | 3,906,752 | - | - | - | 4,855,462 | 5,280,187 |
| Total Liabilities | 3,088,930 | 953,524 | 4,381,193 | 112,247 | 124,533 | 87,055 | 8,660,427 | 9,533,414 |
| Contributed Capital and Retained Earnings: | | | | | | | | |
| Contributed Capital | 325,128 | 825,658 | 5,253,305 | 3,656,182 | - | - | 10,147,328 | 10,512,424 |
| Retained Earnings: | | | | | | | | |
| Reserved for Debt Service | - | 246,687 | 583,982 | - | - | - | 830,669 | 2,846,454 |
| Unreserved | 16,674,501 | 4,356,703 | 3,786,781 | 761,499 | 331,576 | 331,576 | 25,911,060 | 21,287,308 |
| | | | | | | | | |
| Total Retained Earnings | 16,674,501 | 4,603,390 | 4,370,763 | 761,499 | 331,576 | 331,576 | 26,741,729 | 24,133,762 |
| Total Contributed Capital and Retained Earnings | 16,999,629 | 5,429,048 | 9,624,068 | 4,417,681 | 418,631 | 418,631 | 36,889,057 | 34,646,186 |
| Total Liabilities, Contributed Capital and Retained Earnings | \$20,088,559 | \$6,382,572 | \$14,005,261 | \$4,529,928 | \$543,164 | \$543,164 | \$45,549,484 | \$44,179,600 |

See accompanying notes to combined financial statements.

CITY OF RUSTON, LOUISIANA
ENTERPRISE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENSES, &
CHANGES IN RETAINED EARNINGS
FOR THE YEAR ENDED SEPTEMBER 30, 1998
WITH COMPARATIVE TOTALS FOR SEPTEMBER 30, 1997

| | Electric System | Water System | Sewerage System | Ruston Airport Authority | Ambulance | Totals | |
|--|---------------------|--------------------|--------------------|--------------------------|------------------|---------------------|---------------------|
| | | | | | | 1998 | 1997 |
| Operating Revenues: | | | | | | | |
| Charges for Services | \$14,146,293 | \$1,542,369 | \$2,051,738 | \$9,322 | \$668,309 | \$18,418,031 | \$17,085,318 |
| Rent Income | 10,845 | - | - | 5,972 | - | 16,817 | 14,626 |
| Miscellaneous | 446,143 | 43,487 | - | 179 | - | 489,809 | 433,854 |
| Total Operating Revenues | 14,603,281 | 1,585,856 | 2,051,738 | 15,473 | 668,309 | 18,924,657 | 17,533,798 |
| Operating Expenses: | | | | | | | |
| Direct Expenses | 10,966,448 | 1,002,698 | 1,184,649 | 227,457 | 596,083 | 13,977,335 | 13,172,286 |
| Indirect Expenses | 1,243,723 | 166,241 | 296,518 | - | - | 1,706,482 | 1,648,020 |
| Total Operating Expenses | 12,210,171 | 1,168,939 | 1,481,167 | 227,457 | 596,083 | 15,683,817 | 14,820,306 |
| Operating Income (Loss) | 2,393,110 | 416,917 | 570,571 | (211,984) | 72,226 | 3,240,840 | 2,713,492 |
| Nonoperating Revenues (Expenses): | | | | | | | |
| Interest Income | 332,460 | 53,908 | 71,709 | 2,748 | 2,265 | 463,090 | 328,573 |
| Sale of Hay | - | - | 1,955 | - | - | 1,955 | 1,433 |
| Interest Expense | (9,938) | (137,454) | (319,748) | - | - | (467,140) | (270,683) |
| Net Nonoperating Revenues (Expenses) | 322,522 | (83,546) | (246,084) | 2,748 | 2,265 | (2,095) | 59,323 |
| Net Income Before Operating Transfers | 2,715,632 | 333,371 | 324,487 | (209,236) | 74,491 | 3,238,745 | 2,772,815 |
| Operating Transfers Out | (1,057,194) | (13,830) | - | - | - | (1,071,024) | (1,078,196) |
| Net Income (Loss) | 1,658,438 | 319,541 | 324,487 | (209,236) | 74,491 | 2,167,721 | 1,694,619 |
| Depreciation of Fixed Assets Acquired With Capital Contributions | - | 11,830 | 203,668 | 224,748 | - | 440,246 | 440,246 |
| Retained Earnings, October 1 | 15,016,063 | 4,272,019 | 3,842,608 | 745,987 | 257,085 | 24,133,762 | 21,998,897 |
| Retained Earnings, September 30 | \$16,674,501 | \$4,603,390 | \$4,370,763 | \$761,499 | \$331,576 | \$26,741,729 | \$24,133,762 |

See accompanying notes to combined financial statements.

CITY OF RUSTON, LOUISIANA
 ENTERPRISE FUNDS
 COMBINING STATEMENT OF CASH FLOWS
 FOR THE YEAR ENDED SEPTEMBER 30, 1998
 WITH COMPARATIVE TOTALS FOR THE YEAR ENDED SEPTEMBER 30, 1997

| | Electric System | Water System | Sewerage System | Ruston Airport Authority | Ambulance | Totals |
|--|-----------------|--------------|-----------------|--------------------------|-----------|-------------|
| | 1998 | 1998 | 1998 | 1998 | 1998 | 1997 |
| Cash Flows From Operating Activities: | | | | | | |
| Operating Income (Loss) | \$2,393,110 | \$416,917 | \$570,571 | (\$211,984) | \$72,226 | \$2,713,492 |
| Adjustments to Reconcile Operating Income (Loss) to Cash Provided by Operating Activities: | | | | | | |
| Depreciation and Amortization | 1,118,284 | 296,344 | 494,351 | 207,812 | 45,962 | 1,943,439 |
| (Increase) Decrease in Operating Assets: | | | | | | |
| Accounts Receivables | 196,404 | (45,359) | 1,656 | 1,246 | (49,837) | (107,114) |
| Due from Other Governmental Units | - | - | - | - | (32,500) | (30,000) |
| Inventories | (17,815) | (26,088) | 1,703 | - | - | 25,936 |
| Due From Other Funds | (11,271) | (40,057) | 125,425 | - | (3,255) | (239,454) |
| Other Assets | (8,026) | - | - | - | - | - |
| Increase (Decrease) in Operating Liabilities: | | | | | | |
| Accounts Payable and Other Liabilities | 604,727 | 22,055 | (2,624) | 2,597 | (1,279) | (472,900) |
| Accrued Liabilities | 36,968 | (17,751) | (16,757) | - | - | 92,352 |
| Customer Deposits | 13,828 | - | - | - | - | 24,086 |
| Due to Other Funds | (522,806) | 2,584 | 4,043 | 88,794 | 34,473 | 640,472 |
| Compensated Absences | (3,967) | (789) | (3,033) | - | - | 3,352 |
| Net Cash Provided by Operating Activities | 3,799,436 | 607,856 | 1,175,335 | 88,465 | 65,790 | 4,593,661 |
| Cash Flows From Noncapital and Related Financing Activities: | | | | | | |
| Operating Transfers Out | (1,057,194) | (13,830) | - | - | - | (1,078,196) |
| Net Cash Flows From Noncapital and Related Financing Activities | (1,057,194) | (13,830) | - | - | - | (1,078,196) |
| Cash Flows From Capital and Related Financing Activities: | | | | | | |
| Purchase of Capital Assets | (573,792) | (67,650) | (240,503) | (121,246) | (12,285) | (773,192) |
| Capital Lease Obligation Payments | (58,776) | (20,287) | - | - | - | (79,063) |
| Proceeds on the Sale of Fixed Assets | 11,615 | - | - | - | - | 11,615 |
| Proceeds from Issuance of Debt | - | - | - | - | - | 850,000 |
| Retainage Payable | - | - | - | - | - | (40,814) |
| Principal Paid on Bond Maturities | (665,000) | (55,000) | (320,000) | - | - | (1,530,000) |
| Interest Paid on Bonds | (50,653) | (138,675) | (326,227) | - | - | (333,551) |
| Payment to Bond Escrow Agent | - | - | - | - | - | (80,650) |
| Capital Grants | - | 59,877 | - | 15,273 | - | 41,112 |
| Net Cash Flows From Capital and Related Financing Activities | (1,336,606) | (221,735) | (886,730) | (105,973) | (12,285) | (2,667,095) |
| Cash Flows From Investing Activities: | | | | | | |
| Interest Received | 332,460 | 53,908 | 71,709 | 2,748 | 2,265 | 328,573 |
| Sale of Hay | - | - | 1,955 | - | - | 1,433 |
| Investment Sales / Maturities | - | - | - | - | - | 974,884 |
| Net Cash Flows From Investing Activities: | 332,460 | 53,908 | 73,664 | 2,748 | 2,265 | 1,304,890 |
| Net Increase (Decrease) in Cash and Cash Equivalents | 1,738,096 | 426,199 | 362,269 | (14,760) | 55,770 | 2,153,260 |
| Cash and Cash Equivalents, October 1 | 5,772,038 | 1,011,320 | 2,668,956 | 122,682 | 80,380 | 7,502,116 |
| Cash and Cash Equivalents, September 30 | \$7,510,134 | \$1,437,519 | \$3,031,225 | \$107,922 | \$136,150 | \$9,655,376 |

Noncash: Acquisition of fixed assets through capital lease - Water \$49,300.

See accompanying notes to combined financial statements.

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, 1998
WITH COMPARATIVE TOTALS FOR SEPTEMBER 30, 1997

Exhibit F-1

| | Workmen's Compensation | General Insurance | Purchasing / Warehouse | Totals | |
|--|---------------------------|----------------------|---------------------------|------------------|------------------|
| | | | | 1998 | 1997 |
| ASSETS | | | | | |
| <i>Current Assets:</i> | | | | | |
| Cash and Cash Equivalents | \$519,051 | \$158,356 | \$24,369 | \$701,776 | \$131,095 |
| Investments | - | - | - | - | 493,649 |
| Accounts Receivable | - | 77,233 | 78 | 77,311 | 86,800 |
| Due From Other Funds | 97,736 | - | - | 97,736 | 100,324 |
| Total Assets | \$616,787 | \$235,589 | \$24,447 | \$876,823 | \$811,868 |
| LIABILITIES & RETAINED EARNINGS (DEFICIT) | | | | | |
| <i>Current Liabilities:</i> | | | | | |
| Accounts Payable | \$21,926 | \$ - | \$ - | \$21,926 | \$7,989 |
| Bank Overdraft | - | - | - | - | 102,137 |
| Estimated Payable for Outstanding Claims | 238,528 | 98,344 | - | 336,872 | 261,614 |
| Compensated Absences | - | - | 29,520 | 29,520 | 14,451 |
| Due to Other Funds | 3,409 | 426,865 | 6,281 | 436,555 | 401,317 |
| Total Liabilities | 263,863 | 525,209 | 35,801 | 824,873 | 787,508 |
| <i>Retained Earnings (Deficit):</i> | | | | | |
| Unreserved | 352,924 | (289,620) | (11,354) | 51,950 | 24,360 |
| Total Liabilities & Retained Earnings | \$616,787 | \$235,589 | \$24,447 | \$876,823 | \$811,868 |

See accompanying notes to combined financial statements.

CITY OF RUSTON, LOUISIANA
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN RETAINED EARNINGS (DEFICITS)
FOR THE YEAR ENDED SEPTEMBER 30, 1998
WITH COMPARATIVE TOTALS FOR SEPTEMBER 30, 1997

| | Workmen's Compensation | General Self-Insurance | Purchasing / Warehouse | Totals | |
|--|---------------------------|---------------------------|---------------------------|------------------|------------------|
| | | | | 1998 | 1997 |
| Operating Revenues: | | | | | |
| Insurance Subrogations | \$ - | \$49,144 | \$ - | \$49,144 | \$184,756 |
| Premiums Paid by Retired Employees | - | 216,223 | - | 216,223 | 176,754 |
| Charges to Other Funds | 36,933 | 1,595,537 | - | 1,632,470 | 1,008,537 |
| Charges for Services | - | - | 139,340 | 139,340 | 143,000 |
| Total Operating Revenues | 36,933 | 1,860,904 | 139,340 | 2,037,177 | 1,513,047 |
| Operating Expenses: | | | | | |
| Claims | 164,540 | 1,402,917 | - | 1,567,457 | 1,625,386 |
| Insurance Premiums | 98,268 | 211,425 | - | 309,693 | 275,682 |
| Cost of Services | - | - | 161,221 | 161,221 | 132,222 |
| Total Operating Expenses | 262,808 | 1,614,342 | 161,221 | 2,038,371 | 2,033,290 |
| Operating Income (Loss) | (225,875) | 246,562 | (21,881) | (1,194) | (520,243) |
| Nonoperating Revenues: | | | | | |
| Interest Income | 23,724 | 3,983 | 1,077 | 28,784 | 39,512 |
| Net Income (Loss) | (202,151) | 250,545 | (20,804) | 27,590 | (480,731) |
| Retained Earnings (Deficit), October 1 | 555,075 | (540,165) | 9,450 | 24,360 | 505,091 |
| Retained Earnings (Deficit), September 30 | \$352,924 | (\$289,620) | (\$11,354) | \$51,950 | \$24,360 |

See accompanying notes to combined financial statements.

CITY OF RUSTON, LOUISIANA
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF CASH FLOWS
SEPTEMBER 30, 1998

Exhibit F-3

WITH COMPARATIVE TOTALS FOR SEPTEMBER 30, 1997

| | Workmen's Compensation | General Insurance | Purchasing / Warehouse | Totals | |
|--|---------------------------|----------------------|---------------------------|------------------|------------------|
| | | | | 1998 | 1997 |
| Cash Flows From Operating Activities: | | | | | |
| Operating Income (Loss) | (\$225,875) | \$246,562 | (\$21,881) | (\$1,194) | (\$520,243) |
| Adjustments to Reconcile Operating Loss to Net Cash Provided (Used) by Operating Activities: | | | | | |
| (Increase) Decrease in Operating Assets: | | | | | |
| Accounts Receivable | (93,502) | 5,333 | (78) | (88,247) | (23,956) |
| Due From Other Funds | 100,324 | - | - | 100,324 | (86,293) |
| Increase (Decrease) in Operating Liabilities: | | | | | |
| Bank Overdraft | - | (102,137) | - | (102,137) | 102,137 |
| Accounts Payable | 13,937 | - | - | 13,937 | (22,166) |
| Estimated Payable for Outstanding Claims | 99,056 | (23,798) | - | 75,258 | 102,540 |
| Due to Other Funds | 3,409 | 28,413 | 3,416 | 35,238 | 223,507 |
| Compensated Absences | - | - | 15,069 | 15,069 | (76) |
| Net Cash Provided (Used) by Operating Activities | (102,651) | 154,373 | (3,474) | 48,248 | (224,550) |
| Cash Flows from Investing Activities: | | | | | |
| Interest | 23,724 | 3,983 | 1,077 | 28,784 | 39,512 |
| Purchases of Investments | - | - | - | - | (2,270,879) |
| Proceeds from Sales and Maturities of Investments | 493,649 | - | - | 493,649 | 2,419,106 |
| Net Cash Flows From Investing Activities | 517,373 | 3,983 | 1,077 | 522,433 | 187,739 |
| Net Increase (Decrease) in Cash and Cash Equivalents | 414,722 | 158,356 | (2,397) | 570,681 | (36,811) |
| Cash and Cash Equivalents, October 1 | 104,329 | - | 26,766 | 131,095 | 167,906 |
| Cash and Cash Equivalents, September 30 | \$519,051 | \$158,356 | \$24,369 | \$701,776 | \$131,095 |

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, 1998 AND 1997

Exhibit G-1

| | 1998 | 1997 |
|-------------------|-------------------------------|-------------------------------|
| | ----- | ----- |
| ASSETS | | |
| Investments | \$2,042,336 | \$1,953,137 |
| Total Assets | ----- \$2,042,336 ===== | ----- \$1,953,137 ===== |
| LIABILITIES | | |
| Accounts Payable | \$2,042,336 | \$1,953,137 |
| Total Liabilities | ----- \$2,042,336 ===== | ----- \$1,953,137 ===== |

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, 1998

Exhibit G-2

| | Balance October 1, 1997 | Additions | Deductions | Balance September 30, 1998 |
|--------------------|-------------------------------|-----------|-------------|----------------------------------|
| | | | | |
| ASSETS | | | | |
| Investments | \$1,953,137 | \$347,578 | (\$258,379) | \$2,042,336 |
| | | | | |
| LIABILITIES | | | | |
| Accounts Payable | \$1,953,137 | \$347,578 | (\$258,379) | \$2,042,336 |
| | | | | |

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
 COMPARATIVE SCHEDULES OF GENERAL FIXED ASSETS
 SEPTEMBER 30, 1998 AND 1997

| GENERAL FIXED ASSETS: | 1998 | 1997 |
|---|--------------|--------------|
| Land | 778,859 | \$778,859 |
| Buildings | 4,152,026 | 4,152,026 |
| Improvements Other Than Buildings | 4,239,505 | 4,237,569 |
| Equipment | 8,604,649 | 7,720,782 |
| | | |
| Total General Fixed Assets | \$17,775,039 | \$16,889,236 |
| | | |
| TOTAL INVESTMENT IN GENERAL FIXED ASSETS | \$17,775,039 | \$16,889,236 |

See accompanying notes to combined financial statements.

CITY OF RUSTON, LOUISIANA
 SCHEDULE OF GENERAL FIXED ASSETS
 BY FUNCTION AND ACTIVITY
 SEPTEMBER 30, 1998

| Function and Activity | Land | Buildings | Improvements Other Than Buildings | Equipment | Total |
|---|------------------|--------------------|---|--------------------|---------------------|
| General Government | \$344,461 | \$2,352,065 | \$ - | \$1,280,242 | \$3,976,768 |
| Public Safety | 312,181 | 150,961 | - | 2,307,307 | 2,770,449 |
| Public Works | 4,713 | 1,486,093 | 3,270,943 | 4,855,525 | 9,617,274 |
| Recreation | 117,504 | 162,907 | 968,562 | 147,966 | 1,396,939 |
| Planning, Inspection & Permits Dept. | - | - | - | 13,609 | 13,609 |
| Total General Fixed Assets | \$778,859 | \$4,152,026 | \$4,239,505 | \$8,604,649 | \$17,775,039 |

See accompanying notes to combined financial statements.

CITY OF RUSTON, LOUISIANA
 SCHEDULE OF CHANGES IN GENERAL FIXED ASSETS
 BY FUNCTION AND ACTIVITY
 FOR THE YEAR ENDED SEPTEMBER 30, 1998

| Function and Activity | General Fixed Assets October 1, 1997 | Additions | Adjustments And Retirements | General Fixed Assets September 30, 1998 |
|---|--|------------------|-----------------------------------|---|
| General Government | \$3,926,329 | \$50,439 | - | \$3,976,768 |
| Public Safety | 2,505,207 | 265,242 | - | 2,770,449 |
| Public Works | 9,057,806 | 565,868 | (6,400) | 9,617,274 |
| Recreation | 1,390,212 | 6,727 | - | 1,396,939 |
| Planning, Inspection & Permits Dept. | 9,682 | 3,927 | - | 13,609 |
| Total General Fixed Assets | \$16,889,236 | \$892,203 | (\$6,400) | \$17,775,039 |

See accompanying notes to combined financial statements.

CITY OF RUSTON, LOUISIANA
 SCHEDULE OF CHANGES IN GENERAL FIXED ASSETS
 BY SOURCES
 FOR THE YEAR ENDED SEPTEMBER 30, 1998

| | Land | Buildings | Improvements Other Than Buildings | Equipment | Total |
|---|-----------|-------------|---|-------------|--------------|
| GENERAL FIXED ASSETS, OCTOBER 1, 1997 | \$778,859 | \$4,152,026 | \$4,237,569 | \$7,720,782 | \$16,889,236 |
| Additions: | | | | | |
| General Fund | - | - | 1,936 | 890,267 | 892,203 |
| Total Additions | - | - | 1,936 | 890,267 | 892,203 |
| Deductions: | | | | | |
| Retirements | - | - | - | (6,400) | (6,400) |
| GENERAL FIXED ASSETS, SEPTEMBER 30, 1998 | \$778,859 | \$4,152,026 | \$4,239,505 | \$8,604,649 | \$17,775,039 |

See accompanying notes to combined financial statements.

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, 1998

Exhibit I-1

| | October 1, 1997 | Additions | Deductions | September 30, 1998 |
|---|--------------------|-----------|------------|-----------------------|
| | ----- | ----- | ----- | ----- |
| Amount Available in Debt Service Fund | \$87,727 | \$6,186 | \$ - | \$93,913 |
| Amount to be Provided for Retirement of General Long-Term Debt | 3,009,934 | 537,720 | 371,432 | 3,176,222 |
| | ----- | ----- | ----- | ----- |
| Totals | \$3,097,661 | \$543,906 | \$371,432 | \$3,270,135 |
| | ===== | ===== | ===== | ===== |
| Long-Term Obligations Payable: | | | | |
| Compensated Absences | \$629,635 | \$95,650 | \$ - | \$725,285 |
| Certificates of Indebtedness | 1,547,000 | - | 191,000 | 1,356,000 |
| Municipal Police Employees' Retirement System | 435,597 | - | 64,111 | 371,486 |
| Capital Leases | 485,429 | 442,070 | 110,135 | 817,364 |
| | ----- | ----- | ----- | ----- |
| Totals | \$3,097,661 | \$537,720 | \$365,246 | \$3,270,135 |
| | ===== | ===== | ===== | ===== |

See accompanying notes to combined financial statements.

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SUPPLEMENTARY INFORMATION SECTION

CITY OF RUSTON, LOUISIANA
GENERAL FUND
SCHEDULE OF EXPENDITURES
BUDGET (GAAP BASIS) & ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 1998

Schedule 1

| | Budget | Actual | Variance Favorable (Unfavorable) |
|---------------------------------|-----------|-----------|--|
| | ----- | ----- | ----- |
| General Government: | | | |
| Executive: | | | |
| Salaries - Regular | \$349,812 | \$345,830 | \$3,982 |
| Salaries - Overtime | 6,000 | 4,367 | 1,633 |
| Salaries - Contract Labor | 2,400 | 1,078 | 1,322 |
| Employee Benefits - Pension | 20,122 | 19,276 | 846 |
| Employee Benefits - FICA Tax | 4,666 | 4,974 | (308) |
| Employee Benefits - Insurance | 60,925 | 51,774 | 9,151 |
| Uniforms | 250 | 233 | 17 |
| Workmen's Compensation | 1,600 | 1,600 | - |
| Unemployment Compensation | 1,000 | - | 1,000 |
| Training of Personnel | 8,000 | 4,171 | 3,829 |
| Printing of Forms | 3,000 | 3,348 | (348) |
| Supplies | 15,000 | 15,280 | (280) |
| Maintenance of Office Equipment | 2,000 | 791 | 1,209 |
| Rent of Office Equipment | 15,000 | 10,121 | 4,879 |
| Utilities | 99,000 | 94,319 | 4,681 |
| Telephone | 29,500 | 26,716 | 2,784 |
| Auto Allowances | 11,700 | 11,516 | 184 |
| Audit Fees | 17,200 | 15,292 | 1,908 |
| Legal Advertising | 4,800 | 4,001 | 799 |
| GIS Expense | 20,000 | 18,818 | 1,182 |
| Coroner Fees | 15,000 | 5,530 | 9,470 |
| Consulting | 500 | 0 | 500 |
| Data Processing | 3,500 | 1,983 | 1,517 |
| Tax Assessor/Collection Fees | 25,041 | 22,043 | 2,998 |
| Cash Short (Over) | 100 | - | 100 |
| Lincoln Parish Health Unit | 5,000 | 5,000 | - |
| Lincoln Parish Vets Admin | 2,316 | 2,316 | - |
| Dues & Subscriptions | 28,000 | 24,352 | 3,648 |
| Election Expense | 7,500 | - | 7,500 |
| Insurance | 10,200 | 10,731 | (531) |
| Medical Supplies & Services | 1,500 | 1,326 | 174 |
| Drug Ed/Prevention | 15,000 | 14,519 | 481 |
| Council Expenses | 3,000 | 830 | 2,170 |
| Miscellaneous | 6,300 | 5,181 | 1,119 |
| Postage | 10,000 | 6,418 | 3,582 |
| Warehouse | - | 8,000 | (8,000) |
| Capital Outlay | 204,275 | 259,170 | (54,895) |
| | ----- | ----- | ----- |
| Totals | 1,009,207 | 1,000,904 | 8,303 |
| | ----- | ----- | ----- |

See accompanying independent auditors' report.

CITY OF RUSTON, LOUISIANA
GENERAL FUND
SCHEDULE OF EXPENDITURES
BUDGET (GAAP BASIS) & ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 1998

Schedule 1

| | Budget | Actual | Variance Favorable (Unfavorable) |
|---|---------|---------|--|
| | ----- | ----- | ----- |
| <i>General Government (Continued):</i> | | | |
| <i>City Court:</i> | | | |
| Salaries - Regular | 100,277 | 97,624 | 2,653 |
| Employee Benefits - Pension | 4,491 | 4,368 | 123 |
| Judge's Retirement | 2,952 | 2,779 | 173 |
| Employee Benefits - FICA Tax | 1,133 | 1,044 | 89 |
| Employee Benefits - Insurance | 15,752 | 15,458 | 294 |
| Workmen's Compensation | 500 | 500 | - |
| Training of Personnel | 1,200 | - | 1,200 |
| Witness Fee - Officers | 15,000 | 9,825 | 5,175 |
| Telephone | 2,000 | 2,397 | (397) |
| Juvenile Assistance Program | 10,500 | 10,500 | - |
| Medical Supplies & Services | 200 | 144 | 56 |
| | ----- | ----- | ----- |
| Totals | 154,005 | 144,639 | 9,366 |
| | ----- | ----- | ----- |
| <i>Ward Marshal:</i> | | | |
| Salaries - Regular | 86,774 | 82,711 | 4,063 |
| Salaries - Overtime | 2,975 | - | 2,975 |
| Employee Benefits - Pension | 4,990 | 5,724 | (734) |
| Employee Benefits - FICA Tax | 721 | 760 | (39) |
| Employee Benefits - Insurance | 23,958 | 19,329 | 4,629 |
| Workmen's Compensation | 1,050 | 1,050 | - |
| Medical Supplies & Services | 112 | - | 112 |
| Postage | 194 | 215 | (21) |
| | ----- | ----- | ----- |
| Totals | 120,774 | 109,789 | 10,985 |
| | ----- | ----- | ----- |
| <i>City Hall Buildings & Grounds:</i> | | | |
| Salaries - Regular | 91,335 | 92,535 | (1,200) |
| Salaries - Overtime | 5,160 | 3,859 | 1,301 |
| Salaries - Contract Labor | 1,500 | - | 1,500 |
| Employee Benefits - Pension | 4,620 | 3,979 | 641 |
| Employee Benefits - FICA Tax | 2,531 | 2,397 | 134 |
| Employee Benefits - Insurance | 13,350 | 10,022 | 3,328 |
| Uniforms | 500 | 495 | 5 |
| Workmen's Compensation | 600 | 600 | - |
| Training of Personnel | - | 86 | (86) |
| Unemployment Compensation | 2,000 | - | 2,000 |
| Items for Resale | 1,200 | 163 | 1,037 |
| Supplies & Chemicals | 11,040 | 10,577 | 463 |
| Maintenance of Bldg & Grounds | 132,700 | 41,792 | 90,908 |
| Maintenance of Equipment | 4,650 | 3,266 | 1,384 |
| Telephone | 1,400 | 1,331 | 69 |
| Auto Allowances | 1,200 | 969 | 231 |
| Gasoline, Oil & Diesel | 400 | 121 | 279 |
| Insurance | 19,920 | 18,747 | 1,173 |

See accompanying independent auditors' report.

CITY OF RUSTON, LOUISIANA
GENERAL FUND
SCHEDULE OF EXPENDITURES
BUDGET (GAAP BASIS) & ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 1998

Schedule 1

| | Budget | Actual | Variance Favorable (Unfavorable) |
|---|-------------|-------------|--|
| | | | |
| <i>City Hall Buildings & Grounds (continued):</i> | | | |
| Medical Supplies & Services | 150 | 223 | (73) |
| Postage | 100 | 29 | 71 |
| Capital Outlay | 32,000 | 30,959 | 1,041 |
| | | | |
| Totals | 326,356 | 222,150 | 104,206 |
| | | | |
| <i>Tourism And Promotions:</i> | | | |
| Mainstreet Facade Expense | - | 10,000 | (10,000) |
| | | | |
| Totals | - | 10,000 | (10,000) |
| | | | |
| <i>Section 8 Housing:</i> | | | |
| Salaries - Regular | 51,330 | 40,875 | 10,455 |
| Employee Benefits - Pension | 2,952 | 2,347 | 605 |
| Employee Benefits - FICA Tax | 599 | 558 | 41 |
| Employee Benefits - Insurance | 9,615 | 9,559 | 56 |
| Workmen's Compensation | 200 | 200 | - |
| Office Supplies/Printing | 3,900 | 1,763 | 2,137 |
| Maint. of Office Equipment | 4,800 | 450 | 4,350 |
| Rent of Office Equipment | 3,600 | - | 3,600 |
| Utilities | 2,500 | 1,023 | 1,477 |
| Telephone | 1,500 | 5,617 | (4,117) |
| Auto Allowances | 1,900 | 900 | 1,000 |
| Travel | 4,000 | 5,644 | (1,644) |
| Legal Services | 100 | - | 100 |
| Dues & Subscriptions | 1,000 | 164 | 836 |
| Postage | 1,500 | 1,118 | 382 |
| | | | |
| Totals | 89,496 | 70,218 | 19,278 |
| | | | |
| TOTAL GENERAL GOVERNMENT | \$1,699,838 | \$1,557,700 | \$142,138 |
| | | | |

See accompanying independent auditors' report.

CITY OF RUSTON, LOUISIANA
GENERAL FUND
SCHEDULE OF EXPENDITURES
BUDGET (GAAP BASIS) & ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 1998

Schedule 1

| | Budget | Actual | Variance Favorable (Unfavorable) |
|-----------------------------------|-----------|-----------|--|
| Public Safety: | | | |
| Police Department: | | | |
| Salaries - Regular | 1,298,754 | 1,281,898 | 16,856 |
| Salaries - Overtime | 144,261 | 146,907 | (2,646) |
| Salaries - DWI Enforcement | 14,000 | 15,743 | (1,743) |
| Employee Benefits - Pension | 8,613 | 7,640 | 973 |
| Police Retirement | 118,373 | 110,857 | 7,516 |
| Former Retirement | 90,676 | 90,676 | - |
| Employee Benefits - FICA Tax | 15,425 | 15,952 | (527) |
| Employee Benefits - Insurance | 198,797 | 202,140 | (3,343) |
| Uniforms | 16,300 | 14,473 | 1,827 |
| Workmen's Compensation | 4,852 | 4,852 | - |
| Training of Personnel | 20,000 | 21,496 | (1,496) |
| Training Supplies | 5,000 | 4,707 | 293 |
| Widow's Compensation | 2,470 | 2,280 | 190 |
| Narcotics Enforcement Team | 18,600 | 17,016 | 1,584 |
| Emergency Response Team | 5,000 | 4,951 | 49 |
| Office Supplies/Printing | 3,026 | 3,021 | 5 |
| Supplies | 21,000 | 20,749 | 251 |
| Maintenance of Building & Grounds | 11,100 | 8,338 | 2,762 |
| Rent of Office Equipment | 4,800 | 4,717 | 83 |
| Utilities | - | 2,169 | (2,169) |
| Telephone | 23,000 | 22,971 | 29 |
| Auto Allowances | 4,500 | 4,500 | - |
| Auto & Truck Repair | 37,000 | 36,917 | 83 |
| Gasoline, Oil & Diesel | 33,164 | 32,615 | 549 |
| Legal Services | 10,550 | 7,355 | 3,195 |
| Dues & Subscriptions | 3,000 | 2,957 | 43 |
| Insurance | 31,396 | 60,246 | (28,850) |
| Insurance - Auto Liability | 8,285 | 8,115 | 170 |
| Investigative Awards | 500 | - | 500 |
| Lincoln Parish Detention Center | 15,000 | 15,000 | - |
| Medical Supplies & Services | 3,050 | 2,927 | 123 |
| Postage | 1,000 | 1,529 | (529) |
| LLBG Grant Expenditures | 43,629 | 43,579 | 50 |
| Capital Outlay | 166,858 | 165,836 | 1,022 |
| Totals | 2,381,979 | 2,385,129 | (3,150) |

See accompanying independent auditors' report.

CITY OF RUSTON, LOUISIANA
GENERAL FUND
SCHEDULE OF EXPENDITURES
BUDGET (GAAP BASIS) & ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 1998

Schedule 1

| | Budget | Actual | Variance Favorable (Unfavorable) |
|-----------------------------------|-----------|-----------|--|
| | ----- | ----- | ----- |
| Fire Department: | | | |
| Salaries - Regular | 833,623 | 804,525 | 29,098 |
| Salaries - Overtime | 19,476 | 15,260 | 4,216 |
| Employee Pension - Firefighters | 85,000 | 71,214 | 13,786 |
| Employee Benefits - FICA Tax | 6,000 | 4,700 | 1,300 |
| Employee Benefits - Insurance | 161,805 | 158,321 | 3,484 |
| Uniforms | 6,000 | 5,981 | 19 |
| Workmen's Compensation | 3,300 | 3,300 | - |
| Training of Personnel | 10,000 | 6,126 | 3,874 |
| Supplies | 14,000 | 14,908 | (908) |
| Maintenance of Building & Grounds | 29,750 | 18,023 | 11,727 |
| Rent of Office Equipment | 4,900 | 3,260 | 1,640 |
| Utilities | 24,000 | 24,894 | (894) |
| Telephone | 15,000 | 16,482 | (1,482) |
| Auto Allowances | 15,000 | 15,075 | (75) |
| Auto & Truck Repair | 8,000 | 8,370 | (370) |
| Gasoline, Oil & Diesel | 5,000 | 4,147 | 853 |
| Legal Services | 8,887 | 7,627 | 1,260 |
| Dues & Subscriptions | 2,700 | 2,357 | 343 |
| Insurance | 27,684 | 26,507 | 1,177 |
| Medical Supplies & Services | 800 | 694 | 106 |
| Postage | 100 | - | 100 |
| Capital Outlay | 140,630 | 72,295 | 68,335 |
| | ----- | ----- | ----- |
| Totals | 1,421,655 | 1,284,066 | 137,589 |
| | ----- | ----- | ----- |
| Probation Office: | | | |
| Salaries - Regular | 32,991 | 32,670 | 321 |
| Salaries - Overtime | 2,000 | 2,069 | (69) |
| Employee Benefits - Pension | 1,897 | 1,355 | 542 |
| Employee Benefits - FICA Tax | 479 | 1,332 | (853) |
| Employee Benefits - Insurance | 2,664 | 2,214 | 450 |
| Uniforms | 500 | 413 | 87 |
| Workmen's Compensation | 200 | 200 | - |
| Training of Personnel | 1,000 | 877 | 123 |
| Supplies | 2,200 | 1,820 | 380 |
| Maintenance of Equipment | 450 | 331 | 119 |
| Telephone | 1,800 | 2,078 | (278) |
| Auto and Truck Repair | 300 | 291 | 9 |
| Gas, Oil, and Diesel | 1,500 | 825 | 675 |
| Insurance | 862 | 736 | 126 |
| Medical Supplies & Services | 200 | - | 200 |
| Miscellaneous | 100 | - | 100 |
| Postage | 100 | - | 100 |
| | ----- | ----- | ----- |
| Totals | 49,243 | 47,211 | 2,032 |
| | ----- | ----- | ----- |

See accompanying independent auditors' report.

CITY OF RUSTON, LOUISIANA
GENERAL FUND
SCHEDULE OF EXPENDITURES
BUDGET (GAAP BASIS) & ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 1998

Schedule 1

| | Budget | Actual | Variance Favorable (Unfavorable) |
|-----------------------------------|--------------------|--------------------|--|
| Street Lighting: | | | |
| Maintenance Street/Traffic Lights | 4,000 | 167 | 3,833 |
| Utilities | 127,000 | 110,377 | 16,623 |
| Totals | 131,000 | 110,544 | 20,456 |
| TOTAL PUBLIC SAFETY | \$3,983,877 | \$3,826,950 | \$156,927 |
| Public Works Department: | | | |
| Administrative: | | | |
| Salaries - Regular | 159,446 | 154,286 | 5,160 |
| Salaries - Overtime | 800 | 797 | 3 |
| Employee Benefits - Pension | 7,901 | 7,355 | 546 |
| Employee Benefits - FICA Tax | 2,802 | 2,127 | 675 |
| Employee Benefits - Insurance | 14,156 | 10,119 | 4,037 |
| Uniforms | 252 | 120 | 132 |
| Workmen's Compensation | 500 | 500 | - |
| Training of Personnel | 1,700 | 1,023 | 677 |
| Office Supplies/Printing | 12,270 | 11,786 | 484 |
| Maintenance of Building & Grounds | 3,895 | 1,739 | 2,156 |
| Rent of Office Equipment | 3,000 | 2,607 | 393 |
| Maintenance of Office Equipment | 405 | 328 | 77 |
| Utilities | 34,468 | 31,477 | 2,991 |
| Telephone | 10,700 | 9,419 | 1,281 |
| Auto Allowances | 8,100 | 8,083 | 17 |
| Legal Services | 340 | 190 | 150 |
| Dues & Subscriptions | 410 | 409 | 1 |
| Medical Supplies and Services | 200 | 87 | 113 |
| Insurance - Fire | 13,260 | 13,200 | 60 |
| Postage | 100 | 23 | 77 |
| Capital Outlay | 9,500 | 9,457 | 43 |
| Totals | 284,205 | 265,132 | 19,073 |
| Streets: | | | |
| Salaries - Regular | 514,042 | 496,938 | 17,104 |
| Salaries - Overtime | 24,000 | 24,838 | (838) |
| Salaries - Contract Labor | 8,400 | 5,496 | 2,904 |
| Employee Benefits - Pension | 25,969 | 26,168 | (199) |
| Employee Benefits - FICA Tax | 9,341 | 7,899 | 1,442 |
| Employee Benefits - Insurance | 103,472 | 95,975 | 7,497 |
| Uniforms | 13,395 | 11,828 | 1,567 |
| Workmen's Compensation | 3,600 | 3,600 | - |
| Unemployment | 1,000 | 116 | 884 |
| Training of Personnel | 2,200 | 2,158 | 42 |
| Chemicals | 5,600 | 5,541 | 59 |
| Signs | 20,000 | 19,958 | 42 |

See accompanying independent auditors' report.

CITY OF RUSTON, LOUISIANA
GENERAL FUND
SCHEDULE OF EXPENDITURES
BUDGET (GAAP BASIS) & ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 1998

Schedule 1

| | Budget | Actual | Variance Favorable (Unfavorable) |
|-----------------------------------|-----------|-----------|--|
| | ----- | ----- | ----- |
| Streets (Continued): | | | |
| Supplies/Street Paint | 32,698 | 29,971 | 2,727 |
| Maintenance of Building & Grounds | 67,400 | 60,536 | 6,864 |
| Maintenance of Streets | 560,086 | 562,945 | (2,859) |
| Housing Demolition | 33,000 | 32,816 | 184 |
| Rent of Equipment | 79,203 | 75,565 | 3,638 |
| Auto & Truck Repair | 24,000 | 23,576 | 424 |
| Gasoline, Oil & Diesel | 25,000 | 24,850 | 150 |
| Insurance | 43,321 | 40,774 | 2,547 |
| Medical Supplies and Services | 2,225 | 1,938 | 287 |
| Capital Outlay | 54,028 | 414,933 | (360,905) |
| Capital Outlay - Culvert | 1,036 | 1,036 | - |
| | ----- | ----- | ----- |
| Totals | 1,653,016 | 1,969,455 | (316,439) |
| | ----- | ----- | ----- |
| Solid Waste: | | | |
| Salaries - Regular | 505,295 | 484,189 | 21,106 |
| Salaries - Overtime | 28,000 | 28,448 | (448) |
| Employee Benefits - Pension | 28,683 | 27,417 | 1,266 |
| Employee Benefits - FICA Tax | 4,868 | 4,372 | 496 |
| Employee Benefits - Insurance | 103,736 | 82,508 | 21,228 |
| Uniforms | 14,318 | 11,838 | 2,480 |
| Workmen's Compensation | 3,000 | 3,000 | - |
| Unemployment Compensation | 1,000 | - | 1,000 |
| Supplies / Training | 35,700 | 36,274 | (574) |
| Maintenance of Building & Grounds | 110,324 | 101,967 | 8,357 |
| Rent of Equipment | 114,759 | 114,758 | 1 |
| Auto & Truck Repair | 55,298 | 52,693 | 2,605 |
| Bad Debt Expenditure | 0 | 16,000 | (16,000) |
| Gasoline, Oil & Diesel | 44,000 | 38,182 | 5,818 |
| Insurance - Gen Liability | 14,821 | 13,747 | 1,074 |
| Insurance - Auto Liability | 21,975 | 21,395 | 580 |
| Medical Supplies and Services | 2,655 | 2,349 | 306 |
| Capital Outlay | 12,400 | 92,506 | (80,106) |
| | ----- | ----- | ----- |
| Totals | 1,100,832 | 1,131,643 | (30,811) |
| | ----- | ----- | ----- |
| Engineering: | | | |
| Salaries - Regular | 104,791 | 105,056 | (265) |
| Salaries - Overtime | 2,235 | 2,066 | 169 |
| Employee Benefits - Pension | 6,542 | 6,040 | 502 |
| Employee Benefits - FICA Tax | 1,546 | 1,133 | 413 |
| Employee Benefits - Insurance | 6,482 | 5,775 | 707 |
| Workmen's Compensation | 300 | 300 | - |
| Training of Personnel | 2,400 | 2,015 | 385 |
| Supplies | 7,000 | 5,648 | 1,352 |
| Maintenance of Equipment | 2,010 | 1,538 | 472 |

See accompanying independent auditors' report.

CITY OF RUSTON, LOUISIANA
GENERAL FUND
SCHEDULE OF EXPENDITURES
BUDGET (GAAP BASIS) & ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 1998

Schedule 1

| | Budget | Actual | Variance Favorable (Unfavorable) |
|-----------------------------------|----------------|----------------|--|
| Engineering (continued): | | | |
| Telephone | 2,500 | 2,283 | 217 |
| Auto Allowances | 2,400 | 2,400 | - |
| Auto & Truck Repair | 390 | 221 | 169 |
| Gasoline, Oil & Diesel | 1,150 | 655 | 495 |
| Dues & Subscriptions | 1,200 | 636 | 564 |
| Insurance | 4,463 | 4,175 | 288 |
| Medical Supplies & Services | 250 | 2 | 248 |
| Postage | 250 | 203 | 47 |
| Capital Outlay | 20,070 | 20,060 | 10 |
| Totals | 165,979 | 160,206 | 5,773 |
| Repair Shop: | | | |
| Salaries - Regular | 274,030 | 249,672 | 24,358 |
| Salaries - Overtime | 18,000 | 13,368 | 4,632 |
| Employee Benefits - Pension | 14,740 | 14,314 | 426 |
| Employee Benefits - FICA Tax | 4,018 | 3,695 | 323 |
| Employee Benefits - Insurance | 45,085 | 39,914 | 5,171 |
| Uniforms | 6,373 | 5,530 | 843 |
| Workmen's Compensation | 1,400 | 1,400 | - |
| Unemployment Compensation | 4,000 | 3,819 | 181 |
| Training of Personnel | 5,000 | 4,158 | 842 |
| Supplies | 24,813 | 24,730 | 83 |
| Maintenance of Building & Grounds | 1,120 | 1,117 | 3 |
| Auto Allowances | 2,400 | 2,400 | - |
| Auto & Truck Repair | 2,103 | 2,007 | 96 |
| Gasoline, Oil & Diesel | 2,500 | 2,090 | 410 |
| Insurance | 3,031 | 2,951 | 80 |
| Medical Supply and Services | 980 | 1,009 | (29) |
| Capital Outlay | 1,000 | 746 | 254 |
| Totals | 410,593 | 372,920 | 37,673 |
| Animal Control: | | | |
| Salaries - Regular | 78,167 | 70,975 | 7,192 |
| Salaries - Overtime | 2,000 | 2,189 | (189) |
| Employee Benefits - Pension | 3,474 | 3,453 | 21 |
| Employee Benefits - FICA Tax | 2,188 | 1,704 | 484 |
| Employee Benefits - Insurance | 9,724 | 9,720 | 4 |
| Uniforms | 1,259 | 1,183 | 76 |
| Workmen's Compensation | 500 | 500 | - |
| Training of Personnel | 3,000 | 2,450 | 550 |
| Supplies | 9,925 | 10,043 | (118) |
| Maintenance of Building & Grounds | 5,645 | 5,116 | 529 |
| Utilities | 2,450 | 2,252 | 198 |

See accompanying independent auditors' report.

CITY OF RUSTON, LOUISIANA
GENERAL FUND
SCHEDULE OF EXPENDITURES
BUDGET (GAAP BASIS) & ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 1998

Schedule 1

| | Budget | Actual | Variance Favorable (Unfavorable) |
|------------------------------------|----------------|----------------|--|
| Animal Control (continued): | | | |
| Heating | 4,900 | 4,132 | 768 |
| Telephone | 1,700 | 1,424 | 276 |
| Auto & Truck Repair | 2,435 | 2,372 | 63 |
| Gasoline, Oil & Diesel | 1,300 | 1,273 | 27 |
| Legal Fees | 30 | 30 | - |
| Insurance | 760 | 738 | 22 |
| Medical Supplies & Services | 1,650 | 1,641 | 9 |
| Capital Outlay | 1,700 | 1,672 | 28 |
| Totals | 132,807 | 122,867 | 9,940 |
| Community Development: | | | |
| Salaries - Regular | 32,191 | 30,312 | 1,879 |
| Salaries - Contract Labor | 2,000 | 2,191 | (191) |
| Employee Benefits - Pension | 2,154 | 1,389 | 765 |
| Employee Benefits - FICA Tax | 544 | 429 | 115 |
| Employee Benefits - Insurance | 6,436 | 1,366 | 5,070 |
| Workmen's Compensation | 100 | 100 | - |
| Training of Personnel | 2,700 | - | 2,700 |
| Office Supplies/Printing | 2,300 | 1,013 | 1,287 |
| Supplies | 700 | 684 | 16 |
| Telephone | 1,550 | 1,637 | (87) |
| Auto Allowance | 1,800 | 923 | 877 |
| Legal | 2,800 | 2,220 | 580 |
| Consulting | 5,000 | 450 | 4,550 |
| Dues & Subscriptions | 1,300 | 1,177 | 123 |
| Miscellaneous | 2,500 | 5,857 | (3,357) |
| Postage | 500 | 481 | 19 |
| Mainstreet Program | 10,000 | - | 10,000 |
| Totals | 74,575 | 50,229 | 24,346 |
| Inspections: | | | |
| Salaries - Regular | 104,992 | 109,220 | (4,228) |
| Salaries - Overtime | 200 | - | 200 |
| Employee Benefits - Pension | 6,438 | 5,835 | 603 |
| Employee Benefits - FICA Tax | 1,859 | 2,031 | (172) |
| Employee Benefits - Insurance | 19,837 | 15,270 | 4,567 |
| Workmen's Compensation | 400 | 400 | - |
| Unemployment Compensation | 1,000 | 536 | 464 |
| Training of Personnel | 10,155 | 6,587 | 3,568 |
| Office Supplies/Printing | 2,339 | 1,719 | 620 |
| Supplies | 4,602 | 4,504 | 98 |
| Maintenance of Building & Grounds | 200 | - | 200 |
| Telephone | 2,192 | 2,251 | (59) |

See accompanying independent auditors' report.

CITY OF RUSTON, LOUISIANA
 GENERAL FUND
 SCHEDULE OF EXPENDITURES
 BUDGET (GAAP BASIS) & ACTUAL
 FOR THE YEAR ENDED SEPTEMBER 30, 1998

Schedule 1

| | Budget | Actual | Variance Favorable (Unfavorable) |
|------------------------------------|-------------|-------------|--|
| | ----- | ----- | ----- |
| Inspections (continued): | | | |
| Auto Allowance | 8,600 | 8,287 | 313 |
| Legal | 1,120 | 120 | 1,000 |
| Medical Supplies and Services | 128 | 128 | 0 |
| Dues & Subscriptions | 846 | 655 | 191 |
| Postage | 200 | 346 | (146) |
| Capital Outlay | 4,000 | 3,928 | 72 |
| | ----- | ----- | ----- |
| Totals | 169,108 | 161,817 | 7,291 |
| | ----- | ----- | ----- |
| TOTAL PUBLIC WORKS | \$3,991,115 | \$4,234,269 | (\$243,154) |
| | ----- | ----- | ----- |
| TOTAL GENERAL FUND EXPENDITURES | \$9,674,830 | \$9,618,919 | \$55,911 |
| | ===== | ===== | ===== |

See accompanying independent auditors' report.

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CITY OF RUSTON, LOUISIANA
 ENTERPRISE FUND
 ELECTRIC SYSTEM FUND
 SCHEDULE OF OPERATING EXPENSES BY DEPARTMENT
 FOR THE YEARS ENDED SEPTEMBER 30, 1998 & 1997

Schedule 2

| | 1998 | 1997 |
|--------------------------------------|-----------|-----------|
| Direct Expenses: | | |
| Steam Plant: | | |
| Salaries | 450,498 | \$455,274 |
| Employee Benefit - Pension | 23,762 | 25,447 |
| Employee Benefit - FICA Tax | 3,196 | 2,980 |
| Employee Benefit - Insurance | 65,525 | 53,816 |
| Uniforms | 1,189 | 1,577 |
| Workmen's Compensation | 1,800 | 1,800 |
| Training of Personnel | 1,905 | 164 |
| Fuel & Energy | 7,458,792 | 7,086,133 |
| Supplies | 127,776 | 113,978 |
| Permits | 18,342 | 8,510 |
| Maintenance of Bldg., Gds., & Equip. | 527,194 | 334,573 |
| Disposal of Hazardous Waste | 9,722 | 4,674 |
| Utilities | 136,890 | 104,792 |
| Telephone | 8,761 | 9,425 |
| Auto Allowances | 5,350 | 5,650 |
| Auto & Truck Repair | 918 | 633 |
| Gasoline, Oil & Diesel | 700 | 724 |
| Travel | - | 174 |
| Dues & Subscriptions | - | 30 |
| Insurance | 120,116 | 128,292 |
| Medical Supplies & Services | 281 | 204 |
| Depreciation | 397,073 | 388,065 |
| Totals | 9,359,790 | 8,726,915 |
| Diesel Plant: | | |
| Salaries | - | - |
| Fuel & Energy | 1,261 | 445 |
| Supplies | 216 | 418 |
| Maint of Bldg., Gds., & Equip | 4,590 | 3,539 |
| Utilities | 504 | 3,150 |
| Totals | 6,571 | 7,552 |

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, 1998 & 1997

Schedule 2

| | 1998 | 1997 |
|--------------------------------------|---------------------|---------------------|
| Distribution System: | | |
| Salaries | 445,960 | 462,083 |
| Employee Benefit - Pension | 21,376 | 23,589 |
| Employee Benefit - FICA Tax | 3,137 | 2,394 |
| Employee Benefit - Insurance | 59,759 | 58,423 |
| Uniforms | 1,353 | 444 |
| Workmen's Compensation | 1,800 | 1,800 |
| Training of Personnel | 1,760 | 1,450 |
| Supplies | 12,552 | 14,758 |
| Equipment Rental | - | - |
| Maint of Bldg., Gds., & Equip. | 352,209 | 306,422 |
| Disposal of Hazardous Waste | 2,047 | 4,787 |
| Utilities | 73 | 73 |
| Heating | 711 | 113 |
| Telephone | 2,111 | 2,049 |
| Auto & Truck Repair | 7,814 | 7,029 |
| Gasoline, Oil & Diesel | 9,820 | 15,053 |
| Travel | - | 53 |
| Damages | 200 | 88 |
| Insurance | 6,640 | 7,120 |
| Medical Supplies & Services | 1,307 | 961 |
| Depreciation | 603,828 | 488,688 |
| Totals | 1,534,457 | 1,397,377 |
| Substations: | | |
| Supplies | 106 | 7 |
| Maintenance of Bldg., Gds., & Equip. | 65,524 | 17,030 |
| Totals | 65,630 | 17,037 |
| Total Direct Expenses | \$10,966,448 | \$10,148,881 |

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, 1998 & 1997

Schedule 2

| | 1998 | 1997 |
|-----------------------------------|---------|---------|
| | ----- | ----- |
| Indirect Expense: | | |
| General & Administrative Expense: | | |
| Salaries | 288,508 | 228,064 |
| Employee Benefit - Pension | 14,140 | 15,039 |
| Employee Benefit - FICA Tax | 2,785 | 2,242 |
| Employee Benefit - Insurance | 32,676 | 26,015 |
| Uniforms | 156 | 730 |
| Workmen's Compensation | 900 | 1,100 |
| Training of Personnel | 2,273 | 2,024 |
| Supplies | 6,552 | 6,058 |
| Warehouse Expense | 110,000 | 122,000 |
| Maintenance of Equipment | 3,765 | 2,341 |
| Telephone | 3,242 | 2,566 |
| Auto Allowances | 8,656 | 7,433 |
| Auto & Truck Repair | 1,006 | 1,556 |
| Gasoline, Oil & Diesel | 2,048 | 2,405 |
| Travel | - | 2,013 |
| Audit Fees | 14,771 | 14,068 |
| Legal Services | 253 | 750 |
| Paying Agent Fees | 3,811 | 4,468 |
| Bad Debt Expense | 67,102 | 79,405 |
| Dues & Subscriptions | 9,047 | 7,969 |
| Insurance | 32,075 | 31,582 |
| Interest | 24,408 | 21,567 |
| Medical Supplies & Services | 32 | 157 |
| Miscellaneous | 10,114 | 5,150 |
| Postage | 1,343 | 750 |
| Depreciation | 117,383 | 117,409 |
| | ----- | ----- |
| Totals | 757,046 | 704,861 |
| | ----- | ----- |

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, 1998 & 1997

Schedule 2

| | 1998 | 1997 |
|------------------------------------|------------------------|------------------------|
| Collection Office: | | |
| Salaries | 184,577 | 177,172 |
| Employee Benefit - Pension | 10,465 | 10,787 |
| Employee Benefit - FICA Tax | 2,397 | 2,541 |
| Employee Benefit - Insurance | 28,094 | 25,154 |
| Uniforms | - | 58 |
| Workmen's Compensation | 900 | 1,000 |
| Training of Personnel | - | 300 |
| Supplies | 17,786 | 19,983 |
| Maintenance of Equipment | 15,839 | 14,206 |
| Telephone | 4,373 | 2,337 |
| Auto Allowance | 2,619 | 2,215 |
| Travel | 31 | 970 |
| Collection Costs | 11,232 | 8,912 |
| Data Processing | 256 | 13,049 |
| Cash (Over) Short | 336 | 283 |
| Dues & Subscriptions | 58 | - |
| Insurance | 2,354 | 2,564 |
| Medical Supplies & Services | 128 | 40 |
| Miscellaneous | 300 | 518 |
| Postage | 36,209 | 39,865 |
| Totals | 317,954 | 321,954 |
| Meter Readers: | | |
| Salaries | 125,860 | 114,764 |
| Employee Benefit - Pension | 6,831 | 6,802 |
| Employee Benefit - FICA Tax | 1,268 | 852 |
| Employee Benefit - Insurance | 20,258 | 16,846 |
| Uniforms | 957 | 952 |
| Workmen's Compensation | 700 | 600 |
| Supplies | 1,175 | 1,148 |
| Maintenance of Equipment | 862 | 519 |
| Auto & Truck Repair | 2,149 | 1,685 |
| Gasoline, Oil & Diesel | 4,807 | 5,165 |
| Insurance | 2,213 | 2,374 |
| Medical Supplies & Services | 223 | 272 |
| Miscellaneous | 1,420 | 1,126 |
| Totals | 168,723 | 153,105 |
| Total Indirect Expenses | \$1,243,723 | \$1,179,920 |

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, 1998 & 1997

Schedule 3

| | 1998 | 1997 |
|--------------------------------------|-------------|-----------|
| Direct Expense: | | |
| Water Production System: | | |
| Salaries | \$45,020 | \$52,036 |
| Employee Benefit - Pension | 3,119 | 3,246 |
| Employee Benefit - FICA Tax | 253 | 189 |
| Employee Benefit - Insurance | 8,418 | 7,072 |
| Uniforms | 297 | 281 |
| Workmen's Compensation | 300 | 300 |
| Chemicals | 95,847 | 61,598 |
| Supplies | 3,378 | 4,121 |
| Maintenance of Bldg., Gds., & Equip. | 76,175 | 36,803 |
| Utilities | 218,600 | 210,656 |
| Telephone | 6,284 | 4,384 |
| Auto & Truck Repair | 308 | 437 |
| Gasoline, Oil & Diesel | 1,513 | 1,524 |
| Dues & Subscriptions | - | - |
| Medical Supplies & Services | 32 | 32 |
| Depreciation | 59,313 | 65,299 |
| Totals | 518,857 | 447,978 |
| Water Distribution System: | | |
| Salaries | 140,149 | 118,535 |
| Employee Benefit - Pension | 6,791 | 6,623 |
| Employee Benefit - FICA Tax | 1,084 | 1,243 |
| Employee Benefit - Insurance | 22,467 | 17,990 |
| Uniforms | 892 | 693 |
| Workmen's Compensation | 800 | 600 |
| Training | - | 185 |
| Supplies | 7,312 | 6,637 |
| Equipment Rental | 14,828 | 7,842 |
| Maintenance of Equipment | 83,768 | 122,991 |
| Utilities | 115 | 173 |
| Auto & Truck Repair | 5,573 | 8,261 |
| Gasoline, Oil & Diesel | 6,152 | 7,450 |
| Travel | - | 600 |
| Damages | 385 | 158 |
| Medical Supplies & Services | - | 121 |
| Depreciation | 193,525 | 123,084 |
| Totals | 483,841 | 423,186 |
| Total Direct Expense | \$1,002,698 | \$871,164 |

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, 1998 & 1997

Schedule 3

| | 1998 | 1997 |
|---------------------------------------|-----------|-----------|
| | ----- | ----- |
| Indirect Expense: | | |
| General & Administrative Expense: | | |
| Salaries - Regular | 61,924 | 64,434 |
| Employee Benefit - Pension | 3,653 | 3,951 |
| Employee Benefit - Insurance | 5,696 | 5,056 |
| Workmen's Compensation | 200 | 200 |
| Training of Personnel | 161 | 85 |
| Office Supplies | 115 | 255 |
| Warehouse | 16,000 | 11,000 |
| Maintenance of Bldg., Gnds., & Equip. | 1,572 | 129 |
| Telephone | 2,496 | 2,249 |
| Auto & Truck Repair | 439 | - |
| Gasoline, Oil & Diesel | 1,564 | 2,673 |
| Legal Services | 100 | 15,291 |
| Travel | - | 617 |
| Audit Fees | 6,621 | 6,306 |
| Paying Agent Fees | 600 | 800 |
| Bad Debt Expense | 8,634 | 14,188 |
| Dues & Subscriptions | 993 | 943 |
| Insurance | 16,094 | 16,573 |
| Miscellaneous | 1 | 40 |
| Depreciation | 39,378 | 42,014 |
| | ----- | ----- |
| Total Indirect Expense | \$166,241 | \$186,804 |
| | ===== | ===== |

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, 1998 & 1997

Schedule 4

| | 1998 | 1997 |
|-------------------------------------|---------|-----------|
| Direct Expense: | | |
| Sewerage Collection System: | | |
| Salaries | 209,267 | \$193,769 |
| Employee Benefit - Pension | 10,402 | 10,463 |
| Employee Benefit - FICA Tax | 2,236 | 1,972 |
| Employee Benefit - Insurance | 24,639 | 19,377 |
| Uniforms | 997 | 781 |
| Workmen's Compensation | 900 | 900 |
| Unemployment Compensation | 2,919 | 69 |
| Training of Personnel | 416 | 550 |
| Supplies | 17,345 | 17,254 |
| Equipment Rental | 1,500 | 4,500 |
| Maintenance of Bldg., Gds., & Equip | 106,304 | 90,539 |
| Utilities | 86,986 | 86,435 |
| Telephone | 1,285 | 698 |
| Auto & Truck Repair | 6,234 | 6,084 |
| Gasoline, Oil & Diesel | 11,698 | 9,658 |
| Travel | - | 478 |
| Damages | 794 | 430 |
| Insurance | - | 3,000 |
| Medical Supplies & Services | 382 | 657 |
| Depreciation | 258,431 | 236,677 |
| Totals | 742,735 | 684,291 |
| Sewerage Treatment Plant: | | |
| Salaries | 77,727 | 105,034 |
| Employee Benefit - Pension | 3,599 | 4,468 |
| Employee Benefit - FICA Tax | 768 | 2,642 |
| Employee Benefit - Insurance | 7,928 | 9,466 |
| Uniforms | 288 | 180 |
| Workmen's Compensation | 800 | 800 |
| Training of Personnel | 309 | - |
| Chemicals | 20,739 | 18,476 |
| Permits | 408 | 4,193 |
| Laboratory Testing | 16,042 | 15,414 |
| Supplies | 4,135 | 2,887 |
| Maint of Bldg., Gds., & Equip. | 30,391 | 31,649 |

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, 1998 & 1997

Schedule 4

| | 1998 | 1997 |
|---------------------------------------|-------------|-------------|
| | ----- | ----- |
| Sewerage Treatment Plant (Continued): | | |
| Utilities | 116,407 | 136,357 |
| Telephone | 1,898 | 2,136 |
| Auto & Truck Repair | 930 | 738 |
| Gas, Oil, & Diesel | 1,354 | 1,777 |
| Travel | - | 680 |
| Medical Supplies & Services | 47 | 168 |
| Insurance | 738 | 791 |
| Depreciation | 93,626 | 87,606 |
| | ----- | ----- |
| Totals | 378,134 | 425,462 |
| | ----- | ----- |
| Sludge Disposal: | | |
| Salaries | 34,326 | 24,224 |
| Employee Benefit - Pension | 1,854 | 1,408 |
| Employee Benefit - FICA Tax | 460 | 331 |
| Employee Benefit - Insurance | 8,895 | 5,821 |
| Uniforms | 202 | 208 |
| Workmen's Compensation | 200 | 300 |
| Training of Personnel | 438 | 434 |
| Permits | 1,500 | 1,500 |
| Laboratory Testing | 5,418 | 5,708 |
| Supplies | 4,472 | 3,342 |
| Maintenance of Bldg., Gds., & Equip. | 2,947 | 2,729 |
| Utilities | 1,075 | 4,868 |
| Telephone | 479 | 539 |
| Auto & Truck Repair | 256 | 218 |
| Gasoline, Oil & Diesel | 1,191 | 669 |
| Travel | - | 301 |
| Legal Services | - | 20 |
| Medical Supplies & Services | 67 | 134 |
| | ----- | ----- |
| Totals | 63,780 | 52,754 |
| | ----- | ----- |
| Total Direct Expenses | \$1,184,649 | \$1,162,507 |
| | ===== | ===== |

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, 1998 & 1997

Schedule 4

| | 1998 | 1997 |
|-------------------------------------|-----------|-----------|
| Indirect Expenses: | | |
| General & Administrative Expense: | | |
| Salaries | 49,926 | \$46,247 |
| Employee Benefit - Pension | 2,926 | 3,142 |
| Employee Benefit - FICA Tax | 725 | 706 |
| Employee Benefit - Insurance | 10,833 | 9,259 |
| Workmen's Compensation | 200 | 200 |
| Training of Personnel | 375 | - |
| Supplies | 1,327 | 949 |
| Maintenance of Bldg., Gds., & Equip | 599 | 114 |
| Heating | 536 | 501 |
| Telephone | 1,997 | 56 |
| Auto & Truck Repair | 339 | 83 |
| Gasoline, Oil & Diesel | 650 | 584 |
| Travel | - | 547 |
| Audit Fees | 7,132 | 6,792 |
| Legal Fees | 1,228 | 863 |
| Consulting | 13,349 | 3,500 |
| Paying Agent Fees | 20,263 | 21,788 |
| Bad Debt Expense | 18,442 | 12,990 |
| Dues & Subscriptions | 87 | 284 |
| Insurance | 16,831 | 17,364 |
| Miscellaneous | 70 | 481 |
| Postage | 90 | - |
| Depreciation | 142,294 | 149,071 |
| Warehouse Expense | 5,340 | 5,000 |
| | 295,556 | 280,521 |
| Pest Control: | | |
| Chemicals | 870 | 522 |
| Training of Personnel | - | 10 |
| Supplies | 89 | - |
| Gas, Oil, & Diesel | - | 134 |
| Travel | - | 109 |
| | 959 | 775 |
| Total Indirect Expense | \$296,515 | \$281,296 |

See accompanying auditors' report.

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CITY OF RUSTON, LOUISIANA
 COMBINED SCHEDULE OF BONDS PAYABLE
 SEPTEMBER 30, 1998

Schedule 5

| Description | Rates | Payment Dates | Issue Dates | Final Maturity Date | Annual Serial Payments | Bonds | | |
|---|---------|---------------|-------------|---------------------|------------------------|---------------------|--------------------|---------------------|
| | | | | | | Authorized & Issued | Retired | Outstanding 9-30-98 |
| REVENUE BONDS | | | | | | | | |
| Electric Utility Revenue Bonds | 5.10% | 4-1;10-1 | 2-1-68 | 10-1-97 | | 1,100,000 | 1,100,000 | 0 |
| Electric Utility Revenue Bonds | 4.50% | 4-1;10-1 | 1-1-73 | 10-1-97 | | 7,250,000 | 7,250,000 | 0 |
| TOTAL ELECTRIC UTILITY REVENUE BONDS | | | | | | \$8,350,000 | \$8,350,000 | \$0 |
| Water Utility Revenue Bonds | 4.5850% | 4-1;10-1 | 12-23-96 | 10-1-06 | \$ 75,000 1998 | \$850,000 | \$55,000 | \$795,000 |
| | 4.6890% | | | | 75,000 1999 | | | |
| | 4.7800% | | | | 80,000 2000 | | | |
| | 4.8515% | | | | 85,000 2001 | | | |
| | 4.9035% | | | | 85,000 2002 | | | |
| | 4.9555% | | | | 90,000 2003 | | | |
| | 4.9880% | | | | 95,000 2004 | | | |
| | 5.0270% | | | | 100,000 2005 | | | |
| | 5.0790% | | | | 110,000 2006 | | | |
| TOTAL WATERWORKS UTILITY REVENUE BONDS | | | | | | 850,000 | 55,000 | 795,000 |
| REVENUE BONDS | | | | | | | | |
| Sewer Utility Revenue Bonds | 5.00% | 4-1;10-1 | 4-1-92 | 10-1-12 | 125,000 1998 | 3,204,747 | 509,747 | 2,695,000 |
| | 5.00% | | | | 130,000 1999 | | | |
| | 5.00% | | | | 140,000 2000 | | | |
| | 5.00% | | | | 145,000 2001 | | | |
| | 5.00% | | | | 150,000 2002 | | | |
| | 5.00% | | | | 160,000 2003 | | | |
| | 5.00% | | | | 165,000 2004 | | | |
| | 5.00% | | | | 175,000 2005 | | | |
| | 5.00% | | | | 185,000 2006 | | | |
| | 5.00% | | | | 195,000 2007 | | | |
| | 5.00% | | | | 205,000 2008 | | | |
| | 5.00% | | | | 215,000 2009 | | | |
| | 5.00% | | | | 225,000 2010 | | | |
| | 5.00% | | | | 235,000 2011 | | | |
| | 5.00% | | | | 245,000 2012 | | | |

| Sewer Utility Revenue Bonds | 2.45% | 4-1;10-1 | 9-1-93 | 10-1-11 | 70,000 1998 | 1,432,536 | 195,000 | 1,237,536 |
|--|-------|----------|--------|-------------|---------------------|--------------------|--------------------|-----------|
| | 2.45% | | | 70,000 1999 | | | | |
| | 2.45% | | | 70,000 2000 | | | | |
| | 2.45% | | | 75,000 2001 | | | | |
| | 2.45% | | | 75,000 2002 | | | | |
| | 2.45% | | | 75,000 2003 | | | | |
| | 2.45% | | | 80,000 2004 | | | | |
| | 2.45% | | | 80,000 2005 | | | | |
| | 2.45% | | | 85,000 2006 | | | | |
| | 2.45% | | | 85,000 2007 | | | | |
| | 2.45% | | | 90,000 2008 | | | | |
| | 2.45% | | | 90,000 2009 | | | | |
| | 2.45% | | | 90,000 2010 | | | | |
| | 2.45% | | | 95,000 2011 | | | | |
| | 2.45% | | | 95,000 2012 | | | | |
| | 2.45% | | | 12,536 2013 | | | | |
| TOTAL SEWER UTILITY REVENUE BONDS | | | | | 4,637,283 | 704,747 | 3,932,536 | |
| TOTAL REVENUE BONDS | | | | | \$13,837,283 | \$9,109,747 | \$4,727,536 | |

CERTIFICATES OF INDEBTEDNESS

| | | | | | | | | |
|--|-------|----------|---------|--------|--------------|-------------|-----------|-----------|
| Sewer & Water System Improvements Series 1989 | 7.95% | 7-1;1-1 | 1-1-89 | 1-1-99 | 150,000 1999 | \$1,040,000 | \$890,000 | \$150,000 |
| Sales Tax Certificate of Indebtedness Series 1993 | 4.70% | 4-1;10-1 | 10-1-93 | 4-1-03 | 110,000 1999 | 1,100,000 | 495,000 | 605,000 |
| | 4.80% | | | | 115,000 2000 | | | |
| | 4.90% | | | | 120,000 2001 | | | |
| | 5.00% | | | | 125,000 2002 | | | |
| | 5.10% | | | | 135,000 2003 | | | |
| Public Works Shop Certificate of Indebtedness Series 1993A | 5.00% | 3-1;9-1 | 3-1-94 | 3-1-04 | 50,000 1999 | 500,000 | 170,000 | 330,000 |
| | 5.15% | | | | 50,000 2000 | | | |
| | 5.25% | | | | 55,000 2001 | | | |
| | 5.30% | | | | 55,000 2002 | | | |
| | 5.55% | | | | 60,000 2003 | | | |
| | 5.60% | | | | 60,000 2004 | | | |
| City of Ruston Certificate of Indebtedness Series 1996 | 5.48% | 5-1;11-1 | 5-23-96 | 5-1-06 | 43,000 1999 | 500,000 | 79,000 | 421,000 |
| | 5.48% | | | | 46,000 2000 | | | |
| | 5.48% | | | | 48,000 2001 | | | |
| | 5.48% | | | | 51,000 2002 | | | |
| | 5.48% | | | | 54,000 2003 | | | |
| | 5.48% | | | | 57,000 2004 | | | |
| | 5.48% | | | | 60,000 2005 | | | |
| | 5.48% | | | | 62,000 2006 | | | |

TOTAL CERTIFICATES OF INDEBTEDNESS

See accompanying independent auditors' report.

| | | |
|--------------------|--------------------|--------------------|
| \$3,140,000 | \$1,634,000 | \$1,506,000 |
|--------------------|--------------------|--------------------|

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CITY OF RUSTON, LOUISIANA
Schedule of Expenditures of Federal Awards
September 30, 1998
(With Independent Auditors' Report Thereon)

CITY OF RUSTON, LOUISIANA
Schedule of Expenditures of Federal Awards
Year ended September 30, 1998

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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 Dan Hollingsworth, 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, 1998, and have issued our report thereon dated March 5, 1999, which was qualified because insufficient audit evidence exists to support the City's disclosures with respect to the Year 2000 issue. We also disclaimed an opinion on the special revenue fund type and the Section 8 Existing Housing, Section 8 Modrehab Housing and the Section 8 Voucher Housing special revenue funds because the City did not maintain adequate accounting records to determine the financial position and results of operations of those funds. Except as discussed in the preceding two sentences, 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 98-1 and 98-3.

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 items 98-2, 98-4, and 98-5.



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 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 items 98-2, 98-4, and 98-5 to be material weaknesses. 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 March 5, 1999.

This report is intended solely for the information and use of the Mayor, Board of Aldermen, management, State of Louisiana Legislative Auditor, federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

KPMG LLP

March 5, 1999



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 Dan Hollingsworth, Mayor
City of Ruston, Louisiana:

Compliance

We have audited the compliance of the City of Ruston, Louisiana ("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, 1998. 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 98-5 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, 1998. 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 98-6, 98-7, and 98-8.



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 98-5.

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, of the reportable conditions described above, we consider item 98-5 to be a material weakness.

Schedule of Expenditures of Federal Awards

We have audited the primary government financial statements of the City as of and for the year ended September 30, 1998, and have issued our report thereon dated March 5, 1999, which was qualified because insufficient audit evidence exists to support the City's disclosures with respect to the Year 2000 issue. We also disclaimed an opinion on the special revenue fund type and the Section 8 Existing Housing, Section 8 Modrehab Housing and the Section 8 Voucher Housing special revenue funds because the City did not maintain adequate accounting records to determine the financial position and results of operations of those funds. Our audit was performed for the purpose of forming an opinion on the primary government 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 however, the scope of our work was not sufficient to enable us to express, and we do not express, an opinion on the accompanying schedule of expenditures of federal awards.

This report is intended solely for the information and use of the Mayor, Board of Aldermen, management, State of Louisiana Legislative Auditor, federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

KPMG LLP

March 5, 1999

CITY OF RUSTON, LOUISIANA

Schedule of Expenditures of Federal Awards

Year ended September 30, 1998

| <u>Grant Title</u> | <u>Federal CFDA Number</u> | <u>Grant Number</u> | <u>Expenditures September 30, 1998</u> |
|---|------------------------------------|-------------------------|--|
| United States Department of Housing and Urban Development: | | | |
| Direct Payments: | | | |
| Section 8 - Existing Housing | 14.857 | FW-2078 | \$ 585,594 |
| Section 8 - Moderate Rehabilitation | 14.856 | FW-2159 | 46,208 |
| Section 8 - Vouchers | 14.855 | FW-2252 | <u>83,587</u> |
| Total United States Department of Housing and Urban Development Direct Payments | | | <u>715,389</u> |
| Pass through Louisiana Departments: | | | |
| Community Development Block Grant: | | | |
| Decentralized Arts Grant | N/A | 99-07-31-001 | 435 |
| Sewer Demonstrated Need Grant | 14.219 | 107-700091 | 18,723 |
| D.A.R.T. CDBG Program | 14.231 | 10-8370 | <u>180,260</u> |
| Total United States Department of Housing and Urban Development Pass Through | | | <u>199,418</u> |
| Total United States Department of Housing and Urban Development | | | 914,807 |
| Federal Emergency Management Agency Flood Hazard Mitigation Grant | N/A | 1012-061-0003 | <u>72,981</u> |
| Total federal assistance | | | \$ <u><u>987,788</u></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, 1998

(1) General

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the City of Ruston, Louisiana and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements.

CITY OF RUSTON, LOUISIANA

Schedule of Findings and Questioned Costs

Year ended September 30, 1998

(1) Summary of Auditor's Results

Financial Statements

- The type of report issued on the general-purpose financial statements: qualified opinion, scope limitation related to Year 2000 disclosure. Disclaimer opinion on the special revenue fund type and the Section 8 Existing Housing, Section 8 Modrehab Housing and Section 8 Voucher Housing Special Revenue funds because the City did not maintain adequate accounting records.
- Reportable conditions in internal control were disclosed by the audit of the Financial Statements: yes Material weaknesses: yes
- Noncompliance which is material to the general-purpose financial statements: yes

Federal Awards

- Reportable conditions in internal control over major programs: yes
Material weaknesses: yes
- The type of report issued on compliance for major programs: qualified opinion
- Any audit findings which are required to be reported under section 510(a) of OMB Circular A-133: yes
- Major programs:
United States Department of Housing and Urban Development:
Section 8 (CFDA Numbers: 14.857, 14.856 and 14.855)
- Dollar threshold used to distinguish between Type A and Type B programs: \$300,000
- Auditee qualified as a low-risk auditee under section 530 of OMB Circular A-133: no

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

Item: 98-1

Criteria or specific requirement: R.S. 39:1308 requires that all action necessary to adopt and otherwise finalize and implement the budget for an ensuing fiscal year be taken in open meeting and completed prior to the end of the fiscal year in progress.

Condition: The City did not approve their fiscal year 1998 budget prior to the end of the 1997 fiscal year.

CITY OF RUSTON, LOUISIANA

Schedule of Findings and Questioned Costs, Continued

Year ended September 30, 1998

Questioned costs: None.

Context: Not applicable.

Effect: The City operated for a portion of fiscal year 1998 without a legally adopted budget.

Cause: Controversy over budget.

Recommendation: The City should take necessary steps to adopt and implement the budget within the legal deadline.

Management's response:

- A) Name of Contact Responsible – Mayor, Board of Aldermen, Treasurer
- B) Corrective Action Planned – We plan to submit a budget proposal and have it adopted within the legal deadline.
- C) Anticipated Completion Date – September 30, 1999.

Item: 98-2

Criteria or specific requirement: Not applicable.

Condition: The former Mayor and the former City Attorney seldom communicated on issues affecting legal matters of the City for the fiscal year ended September 30, 1998. Proper management of the legal affairs of the City could not be accomplished without the Mayor, the Board of Aldermen and the City Attorney working together. Significant exposure could exist that was not being properly reviewed.

Questioned costs: None.

Context: Significant exposure could exist that was not being properly reviewed by all elected officials.

Effect: Legal affairs of the City were not appropriately managed during the fiscal year. Significant exposure could exist that was not being properly reviewed by all elected officials.

Cause: Lack of communication between the former Mayor and the former City Attorney.

Recommendation: The Mayor, the Board of Aldermen and the City Attorney should work together for proper management of the legal affairs of the City.

Management's response:

- A) Name of Contact Responsible – Mayor, Board of Aldermen, City Attorney.
- B) Corrective Action Planned – The Mayor, Board of Aldermen and City Attorney plan on working together to ensure that the legal affairs of the City are properly managed.
- C) Anticipated Completion Date – January 4, 1999.

CITY OF RUSTON, LOUISIANA

Schedule of Findings and Questioned Costs, Continued

Year ended September 30, 1998

Item: 98-3

Criteria or specific requirement: R.S. 39:1225 requires that the amount of security pledged as collateral for deposits be equal to one hundred percent of the amount of collected funds on deposit to the credit of each depositing authority except that portion of the deposits insured by any governmental agency insuring bank deposits.

Condition: At September 30, 1998, the bank deposits of the City totaling \$252,169 were not collateralized by pledged securities nor insured by a governmental agency.

Questioned costs: None.

Context: One depository account of the City was not appropriately identified as public funds by the Bank.

Effect: Funds of the City are at risk in the event of a bank failure.

Cause: One depository account of the City was not appropriately identified as public funds by the Bank. Lack of monitoring control by the City.

Recommendation: The City should review the collateralization of deposits on a monthly basis for compliance.

Management's response:

- A) Name of Contact Responsible – Treasurer, Controller
- B) Corrective Action Planned -- The Treasurer and Controller will monitor deposits on a monthly basis to ascertain that pledged securities collateralized are adequate.
- C) Anticipated Completion Date – March 31, 1999.

Item: 98-4

Criteria or specific requirement: Not applicable.

Condition: The City has not adequately documented their efforts of compliance regarding the Year 2000 issue. The City has not formed an oversight committee or named an individual to oversee the City's overall Year 2000 compliance efforts.

Questioned costs: None.

Context: Not applicable.

Effect: Computer systems, hardware and embedded chip technology may malfunction and could cause disruptions in service to citizens and operations of the City.

Cause: Computer systems, hardware and embedded chips may not be Year 2000 compliant.

CITY OF RUSTON, LOUISIANA

Schedule of Findings and Questioned Costs, Continued

Year ended September 30, 1998

Recommendation: The City should take steps to document their efforts regarding Year 2000 compliance. In addition, the City should either appoint an oversight committee or appoint an individual to oversee Year 2000 compliance Citywide.

Management's response:

- A) Name of Contact Responsible – Mayor, Board of Aldermen, Department Heads
- B) Corrective Action Planned – The City will continue in its efforts to identify and correct any Year 2000 problems. This effort has been given the highest priority and full support of the Mayor.
- C) Anticipated Completion Date – September 30, 1999.

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

Item: 98-5

Grant: Section 8 Rental Voucher Program; Lower Income Housing Assistance Program-Section 8 Moderate Rehabilitation; Section 8 Rental Certificate Program

CFDA: 14.855, 14.856, and 14.857

Grant Number: FW-2252, FW-2159 and FW-2078

Award Year: 1998

Specific Requirement: Reporting

Condition: 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.

Context: The accounting records of the Section 8 office are not reconciled to the general ledger. Reported amounts to HUD do not agree and are not reconciled to the general ledger for programs under CFDA numbers 14.855, 14.856 and 14.857.

Questioned Costs: \$715,389

Effect: No procedures in place to periodically reconcile the general ledger to the records of the Section 8 office.

Recommendation: Each month the records of the Section 8 office should be reconciled to the general ledger. Differences should be investigated and cleared timely. These reconciliations should be reviewed by someone other than the preparer.

Management's Response:

- A) Name of Contact Responsible – Treasurer, Controller
- B) Corrective Action Planned – The Treasurer and Controller will work towards reconciling the Section 8 office records to the City's general ledger.
- C) Anticipated Completion Date – September 30, 1999.

CITY OF RUSTON, LOUISIANA

Schedule of Findings and Questioned Costs, Continued

Year ended September 30, 1998

Item: 98-6

Grant: Section 8 Rental Certificate Program

CFDA: 14.857

Grant Number: FW-2078

Award Year: 1998

Specific Requirement: Eligibility

Condition: Required documentation showing that, at the time of admission, the tenant met preference criteria that determined the tenant's place on the waiting list was not maintained in the tenant's file.

Context: Of a sample of ten, one exception was noted.

Questioned Costs: None.

Effect: By not maintaining documentation which shows that, at admission, the tenant met preference criteria, the City can not ascertain that the tenant was properly placed on the waiting list.

Recommendation: Documentation supporting preference criteria for waiting list placement should be maintained in each tenant's file. Tenant files should be reviewed for completeness once the Section 8 contract is finalized. This will ensure that all required documentation is on file.

Management's Response:

- A) Name of Contact Responsible – Section 8 Office Personnel
- B) Corrective Action Planned – Section 8 office personnel will review tenant files for completeness once the Section 8 contract is finalized.
- C) Anticipated Completion Date – June 30, 1999.

Item: 98-7

Grant: Section 8 Rental Voucher Program; Lower Income Housing Assistance Program-Section 8 Moderate Rehabilitation; Section 8 Rental Certificate Program

CFDA: 14.855, 14.856, and 14.857

Grant Number: FW-2252, FW-2159 and FW-2078

Award Year: 1998

Specific Requirement: Special Test & Provisions - Utility Allowances

CITY OF RUSTON, LOUISIANA

Schedule of Findings and Questioned Costs, Continued

Year ended September 30, 1998

Condition: Utility allowance schedule has not been adjusted to reflect current price changes since 1992. Per 24 CFR sections 882.510 and 887.361, utility allowances must be reviewed and adjusted, if necessary, at least once a year.

Context: The effect applies to the entire population in which utility allowance is applicable.

Questioned Costs: Unknown

Effect: The City is in violation of program compliance requirements.

Recommendation: The utility allowance schedule should be reviewed annually for any potential adjustments.

Management's Response:

- A) Name of Contact Responsible -- Section 8 Office Personnel
- B) Corrective Action Planned -- Section 8 office personnel will review annually the utility allowance schedule for any potential adjustments.
- C) Anticipated Completion Date -- June 30, 1999.

Item: 98-8

Grant: Section 8 Rental Certificate Program

CFDA: 14.857

Grant Number: FW-2078

Award Year: 1998

Specific Requirement: Special Tests & Provisions - Contract Rents

Condition: Documentation of rental reasonableness was not performed.

Context: Of a sample of 25, one exception was noted.

Questioned Costs: Unknown

Effect: Tenant files should contain documentation of rental reasonableness.

Recommendation: Tenant files should be reviewed for completeness once the Section 8 contract is finalized. This will ensure that all required documentation is on file.

Management's Response:

- A) Name of Contact Responsible -- Section 8 Office Personnel
- B) Corrective Action Planned -- Section 8 office personnel will review tenant files for completeness once the Section 8 contract is finalized to ensure that all required documentation is on file.
- C) Anticipated Completion Date -- June 30, 1999.



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

March 5, 1999

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

We have audited the financial statements of the City of Ruston, Louisiana, (the "City") as of September 30, 1998, and have issued our report thereon dated March 5, 1999, which was qualified because insufficient audit evidence exists to support the City's disclosures with respect to the Year 2000 issue. We also disclaimed an opinion on the special revenue fund type and the Section 8 Existing Housing, Section 8 Modrehab Housing and the Section 8 Voucher Housing special revenue funds because the City did not maintain adequate accounting records to determine the financial position and results of operations of those funds. Under generally accepted auditing standards, we are providing you with the following information related to the conduct of our audit:

Our Responsibilities Under Generally Accepted Auditing Standards

We have a responsibility to conduct our audit in accordance with generally accepted auditing standards. In carrying out this responsibility, we planned and performed the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether caused by error or fraud. Because of the nature of audit evidence and the characteristics of fraud, we are to obtain reasonable, not absolute, assurance that material misstatements are detected. We have no responsibility to plan and perform the audit to obtain reasonable assurance that misstatements, whether caused by error or fraud, that are not material to the financial statements are detected.

In addition, in planning and performing our audit, 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.

Furthermore, our audit was not designed to, and does not, provide any assurance that a Year 2000 issue which may exist will be identified, on the adequacy of the City's remediation plans related to Year 2000 financial or operational issues, or on whether the City is or will become Year 2000 compliant on a timely basis. Year 2000 compliance is the responsibility of management.



The Honorable Members of the Board of Aldermen and
Honorable Dan Hollingsworth, Mayor
City of Ruston, Louisiana
March 5, 1999
Page 2

Significant Accounting Policies

The significant accounting policies used by the City are described in note 1 to the financial statements. We noted no transactions entered into by the City that were both significant and unusual and that, under professional standards, we are required to inform you of, or transactions for which there is a lack of authoritative guidance or consensus.

Management Judgments and Accounting Estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based upon management's current judgments. *Certain accounting estimates are particularly sensitive* because of their significance to the financial statements and because of the possibility that future events affecting them may differ markedly from management's current judgments.

Management's estimate of the allowance for doubtful accounts receivable in its enterprise funds, and their estimate of claims payable in the insurance funds are based primarily on an analysis of historical trends and knowledge of certain accounts. We evaluated the key factors and assumptions used to develop the allowances in determining that these allowances are reasonable in relation to the financial statements of the City taken as a whole.

The City is currently carrying in the Ambulance Fund a receivable of \$140,000 from the Lincoln Parish Police Jury for services rendered outside the city limits. Part of this receivable balance dates back over three years and continues to increase each year. 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 and the police jury will not pay the balance until a signed contract is in place. If a contract can not be negotiated soon, we believe the receivable should be written off.

Significant Audit Adjustments

We proposed no corrections of the financial statements that could, in our judgment, either individually or in the aggregate, have a significant effect on the City's financial reporting process. We could not determine if adjustments were necessary to the Section 8 special revenue funds; therefore we disclaimed an opinion.

Disagreements With Management

There were no disagreements with management on financial accounting and reporting matters which, if not satisfactorily resolved, would have caused a modification of our report on the City's financial statements.

The Honorable Members of the Board of Aldermen and
Honorable Dan Hollingsworth, Mayor
City of Ruston, Louisiana
March 5, 1999
Page 3

Consultation With Other Accountants

To the best of our knowledge, management has not consulted with or obtained opinions, written or oral, from other independent accountants during the past year which were subject to the requirements of AU 625, *Reports on the Application of Accounting Principles*.

Major Issues Discussed With Management Prior to Retention

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the City's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Difficulties Encountered in Performing the Audit

For the year ended September 30, 1998, the City did not maintain adequate accounting records to determine the financial position and results of operations for the Section 8 Existing Housing, Section 8 Modrehab Housing and Section 8 Voucher Housing Special Revenue Funds. It was not practicable to extend our auditing procedures sufficiently to satisfy ourselves as to the fairness of financial position and results of operations for those funds as of September 30, 1998.

As noted in our management letter, the Mayor and City Attorney do not communicate frequently on the City's legal issues. Our review of the City's potential legal issues was difficult due to the fact that the City Attorney was not handling all legal issues. It was difficult to satisfy ourselves that we were advised of all legal issues and that the potential outcome of the suits against the City or potential unasserted claims were properly evaluated.

* * * * *

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

Very truly yours,

KPMG LLP



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

March 5, 1999

CONFIDENTIAL

The Honorable Members of the Board of Aldermen and
Honorable Dan Hollingsworth, 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, 1998, and have issued our report thereon dated March 5, 1999. 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 matters that we consider to be a material weakness:

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 Honorable Members of the Board of Aldermen and
Honorable Dan Hollingsworth, Mayor
March 5, 1999
Page 2

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.).

The City has not established a formal Year 2000 committee or a Year 2000 project plan to oversee efforts to become Year 2000 compliant. Currently, each individual department is addressing the Year 2000 issue on its own. Minimal documentation exists of each department's Year 2000 status, mission critical systems, contingency plans, etc. The City has nine months remaining to identify and correct any Year 2000 problems. In order for a project of this magnitude to succeed, it must be given the highest priority and full support of the Mayor. It is critical that someone be appointed to organize and document the City's efforts for Year 2000 compliance and report progress to the Mayor.

Inventory of Systems

The City has not conducted a formal inventory of all of its computer systems and hardware. The City has identified the financial administration systems requiring replacement for Year 2000 compliance, however, no efforts have been made to include individual departmental systems or PCs in this inventory. The remainder of the City has no organized effort regarding Year 2000 and has made little to no progress in this area.

Failure to inventory all systems could result in critical systems not being identified and potential failures to these systems. The City should immediately begin to inventory all systems and hardware. This inventory should be used to identify critical systems.

Risk Assessment

The City has not conducted a risk assessment of its critical processes or an inventory of its critical equipment.

Documenting inventories and the outcome of a risk assessment allows for collaboration by all involved parties and helps to ensure critical processes and equipment are not forgotten. In addition, documenting these activities may reduce the City's liability in the event of a Year 2000 failure.

The City should conduct a formal risk assessment of its critical processes. The entire Year 2000 project team should participate and agree with the outcome of this activity. The risk assessment process should be documented for future reference.

The City should document a detailed inventory of all equipment related to its critical processes. This inventory should be used to identify what equipment has been stated to be Year 2000 ready, as well as what equipment has been tested for Year 2000 compliance.

The Honorable Members of the Board of Aldermen and
Honorable Dan Hollingsworth, Mayor
March 5, 1999
Page 3

Contingency Plans

The City has not documented contingency plans for potential failures of systems. Critical systems should be identified and contingency plans developed for the systems in the event of system failures.

Third Parties

The City has not contacted its business partners on their Year 2000 status.

Critical processes often indirectly rely on outside organization involvement. For example, city's often rely on electronic transfers from banks as part of their financial processing and providers of natural gas or diesel fuel are often critical for equipment operation. The City may be held liable if one of its critical processes fail due to a provider that was not contacted about its Year 2000 compliance.

The City should identify all third parties involved in its critical processes or which indirectly add liability, and establish deadlines to contact these entities about their Year 2000 readiness. Deadlines should include enough time to find replacements for providers that will not be Year 2000 compliant.

Disclosure of Year 2000 Status

The City attorney's office has not established guidelines for disclosing the City's Year 2000 status. The attorney's office also has not assessed the City's potential liability due to Year 2000 failures.

Inaccurate disclosures of the Year 2000 project status can leave the City liable for damages to individuals who use this information as assurance of the City's services. A liability assessment by the city attorney's office can identify additional items that need to be included in the Year 2000 project and ensure the City has adequate protection against damage claims.

The City should publish guidelines requiring all disclosures related to Year 2000 be approved by the City attorney's office. The City attorney's office should promptly assess the City's potential liability due to Year 2000 failures.

Management's Response:

The City of Ruston is aware of the significance of the Year 2000 issue. The City will continue in its efforts to identify and correct any Year 2000 problems. This effort has been given the highest priority and full support of the Mayor.

The Honorable Members of the Board of Aldermen and
Honorable Dan Hollingsworth, Mayor
March 5, 1999
Page 4

LEGAL MATTERS

During our previous audit, we noted that the Mayor and the City Attorney seldom communicated on issues affecting legal matters of the City. Certain items were being handled by the Mayor, risk management, and outside counsel with no input from the City Attorney and matters were being handled by the City Attorney with no input from the Mayor. In addition, ordinances also prohibited 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.

This was a complicated issue with both sides having strong views as to the reasons for the lack of communication and coordination. It was also a budget issue because there are not enough funds to pay the City Attorney and outside counsel on every issue that might arise. While the City now has a new Mayor and City attorney, and these issues no longer exist, we believe that for the year ended September 30, 1998, significant exposure could exist that was not being properly addressed. We feel that for the year ended September 30, 1998, proper management of the legal affairs of the City was not accomplished.

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.

Management's Response:

We agree with this finding. The issues no longer exist; however, for the year ended September 30, 1998, we agree that significant exposure could exist that was not being properly addressed.

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. The Section 8 Housing program funds each have a fund balance which can not be reconciled to the federal reports. These programs are usually on a reimbursement basis; therefore the fund balances need to be explained. 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.

The Honorable Members of the Board of Aldermen and
Honorable Dan Hollingsworth, Mayor
March 5, 1999
Page 5

Management's Response:

The Section 8 Housing Program financial reports will be reconciled to the accounting records of the City of Ruston. We agree that the reconciliation should be performed monthly and we will work to have it accomplished.

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:

CASH AND INVESTMENTS

During our audit, several deficiencies were noted concerning the management and monitoring over cash and investments. We noted the City has over sixty cash accounts at various financial institutions. Several of these accounts have large cash balances in which little or no activity has occurred within the last year. We recommend that the City review the need for the large number of individual bank accounts and determine if any can be consolidated to provide for better management of cash and improvements in yield on cash balances.

In addition, a number of the cash and investments accounts were found to have no monitoring procedures performed throughout the year (reconciliation from statement to general ledger, review of returns on investments, review of investment options, etc.). The City should reconcile all cash and investment accounts on a monthly basis. In addition, the City should review the current investment policy and determine if updated procedures are necessary.

Management's Response:

We will review the need for the large number of individual bank accounts and determine if any can be consolidated. Accounts will be reconciled on a monthly basis. We will review the current investment policy and determine if updated procedures are necessary.

FIXED ASSETS

During our audit, it was brought to our attention that a physical inventory of fixed assets is not performed periodically by the City and that proper control of fixed assets is not maintained by tagging equipment. The City should implement periodic physical inventories to prevent misappropriation of assets and determine that the balance on the general ledger is properly adjusted to reflect the actual inventory of fixed assets.

The Honorable Members of the Board of Aldermen and
Honorable Dan Hollingsworth, Mayor
March 5, 1999
Page 6

We also noted that depreciation expense for the enterprise funds for the year does not agree to the depreciation calculation schedule. The City uses a computer-generated printout to determine how much depreciation expense should be recognized for the current year. As part of audit procedures, we attempted to reconcile this printout to the depreciation calculation schedule (which is also generated by the same computer program). The two did not agree. The City should determine why these two schedules did not agree. If necessary, the computer software vendor may need to be contacted. The City should ensure that the depreciation program is performing properly to reflect the proper depreciation expense (and the corresponding effect on fixed assets) in the financial statements.

Management's Response:

We will perform periodic physical inventories and will ensure that the balance per the general ledger reflects the actual inventory on hand. We will ensure that the depreciation program is functioning so that it reflects the proper depreciation expense.

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 three 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.

Management's Response:

The City is currently in contact with the Lincoln Parish Police Jury in regards to completing an agreement that is acceptable to both parties.

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.

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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. 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.

Management's Response:

During January 1999, the Fire Department contracted with a vendor to provide billing and collection on ambulance accounts receivable. Any accounts that are evaluated and determined that should be written off will be presented to the Board of Aldermen for approval.

ELECTRIC UTILITY BILLINGS

As noted in our previous letter to management, 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.

Management's Response:

We will request the City Attorney to review the proposed policy and then will present it to Board of Aldermen for their approval.

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.

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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.

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.

Management's Response:

The City of Ruston will monitor the Board's progress in implementing the internal control recommendations. We will review the structure of the Parks and Recreation Board and the issue of the City's liability for the action of the Board.

INTERNAL SERVICE FUND

As noted in our prior year letter to management, the General Self Insurance Fund had a deficit retained earnings balance. The deficit was reduced by approximately \$251,000 for the year ended September 30, 1998, leaving a deficit balance of approximately \$290,000. The City should continue to monitor the activity of this fund, making sure the deficit is eliminated over time and not allow the deficit to increase.

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Management's Response:

The City of Ruston will continue to monitor the activity of this fund. We will eliminate the deficit over 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.

Management's Response:

We will work towards having either a new compensation plan adopted or will document the reasons for the exceptions to the pay scale.

* * * * *

These conditions were considered in determining the nature, timing, and extent of the audit tests applied in our audit of the 1998 financial statements, and this report does not affect our report on these financial statements dated March 5, 1999. 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 and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

KPMG LLP