

Comprehensive Annual Financial Report



of the
City of Ruston, Louisiana
For the Year Ended September 30, 2019

Mayor
Ronny Walker

Prepared by the
Finance Department
Laura Hartt, Treasurer

CITY OF RUSTON, LOUISIANA
 COMPREHENSIVE ANNUAL FINANCIAL REPORT
 FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2019

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INTRODUCTORY SECTION



May 29, 2020

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

Mayor and Members of the City Council:

I am pleased to submit the Comprehensive Annual Financial Report for the year ended September 30, 2019. The financial statements were prepared in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted government auditing standards by a firm of licensed certified public accountants. I believe this report presents comprehensive information about the City's financial and operating activities during fiscal year 2019 that is useful to taxpayers, citizens, and other interested persons.

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

In accordance with the Lawrason Act, the City Council is required to provide for an annual independent audit of the accounts and financial transactions of the City by a firm of independent certified public accountants duly licensed to practice in the State of Louisiana. The accounting firm of Heard, McElroy and Vestal was selected by the City to conduct its annual audit. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City for the fiscal year ended September 30, 2019, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering unmodified opinions that the City's financial statements for the fiscal year ended September 30, 2019, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

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

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

Profile of the City of Ruston

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

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

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

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

Budgetary Control

The annual budget serves as the foundation for the City's financial planning and control. The Treasurer's Office compiles for the Mayor estimates of revenues and requests for appropriations of the annual budget. Before August 31, the Mayor's budget is submitted to the Council for possible revision and adoption. The Council conducts a public hearing on the budget, which must be adopted by September 30 to become effective October 1. State law provides that in no event shall the total appropriations exceed total anticipated revenues taking into account the estimated surplus or deficit at the end of the current fiscal year. Budgets may be amended during the year with Council approval.

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

Local economy. The City of Ruston and Lincoln Parish have experienced steady population growth from 1970 to 2019 with approximately 24,000 City residents and 47,700 parish residents. The past two years have been a period of extraordinary population growth, as evidenced by the sharp increase in new home construction.

The Tax Increment District continues to provide an economic growth base for the City and parish, and the new commercial activities have increased the sales tax revenue of the City. Fiscal year 2020 promises to bring even more growth as several new parcels have been added to the Cooktown Shopping Center, and the operations of the Sports Complex will be at full capacity.

Louisiana Tech University is still a mainstay in the local economy both as the major employer of the area and as a strong partner in the development efforts of the community. With our relationship with Louisiana Tech, Ruston is positioned to be a key player in the technology sector development along the I-20 corridor in the near future. The City of Ruston provides many amenities while keeping a small town feel, attractive to many executives and families relocating to the area for technology employment.

Long-term financial planning. Recently, sales taxes revenues have maintained the same level as the previous year. In the General Fund, sales taxes represent 51% of the revenues and transfers in. Because of the increasing trends in retirement costs and health insurance, difficulty to balance the budget will exist now and in the future.

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

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

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

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

Pension and other postemployment benefits. Substantially all employees of the City of Ruston are members of one of the following statewide retirement systems: Municipal Employees Retirement System of Louisiana (MERS), Statewide Firefighter's Retirement System (SFRS), or Municipal Police Employees Retirement System of Louisiana (MPERS). These systems are multiple employer (cost-sharing), public employee retirement systems (PERS), controlled and administered by separate State appointed board of trustees. Additional information on the City's pension arrangements and postemployment benefits can be found in the notes to the financial statements.

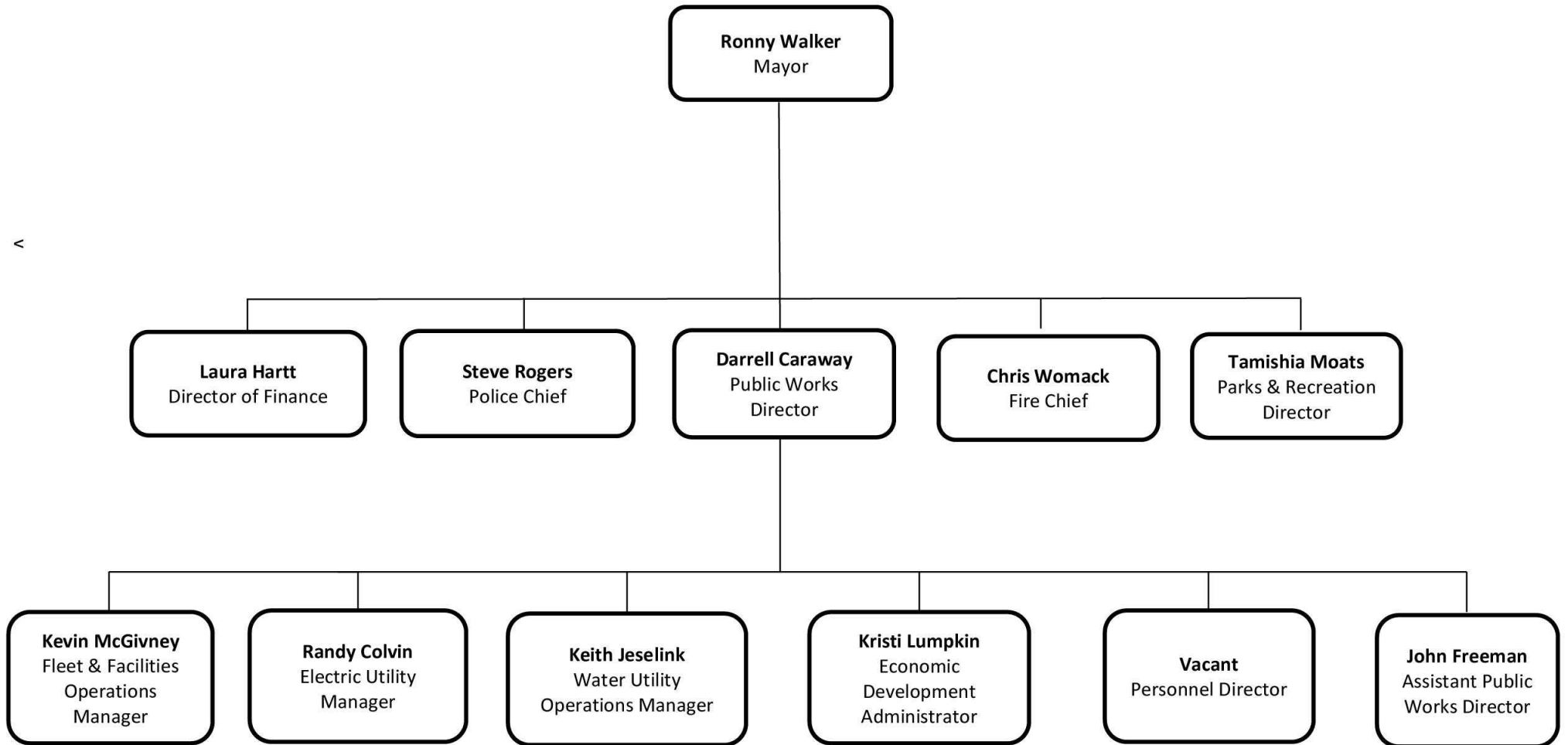
The preparation of this report would not have been possible without the efficient and dedicated services of the entire staff of the Finance Department. We would like to express our appreciation to all members of the department who assisted and contributed to the preparation of this report. Credit also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

Sincerely,



Laura Hartt
Treasurer

**CITY OF RUSTON
ORGANIZATIONAL CHART**



CITY OF RUSTON, LOUISIANA

PRINCIPAL OFFICIALS

Ronny Walker
Mayor

Members of City Council

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

FINANCIAL SECTION

HEARD, McELROY, & VESTAL

LLC

CERTIFIED PUBLIC ACCOUNTANTS

333 TEXAS STREET, SUITE 1525
SHREVEPORT, LOUISIANA 71101
318-429-1525 PHONE • 318-429-2070 FAX

May 29, 2020

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

Independent Auditor's Report

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Ruston, Louisiana (the City) as of and for the year ended September 30, 2019, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Ruston City Judge's Office (Judge) and the Ruston City Marshal's Office (Marshal), which represent 100% of the assets, net position, and revenues of the aggregate discretely presented component units. Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinion, insofar as it related to the amounts included for the Judge and the Marshal, is based on the reports of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal



control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Ruston, Louisiana as of September 30, 2019, and the respective changes in financial position, and where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section and the combining fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

The introductory section has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated May 29, 2020 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

HEARD, McELROY & VESTAL, L.L.C.

Shreveport, Louisiana

Management's Discussion and Analysis (MD&A)

We offer readers of the City of Ruston's financial statements this narrative overview and analysis of the financial activities of the City of Ruston for the fiscal year ended September 30, 2019. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal. This discussion focuses on the primary government of the City.

Financial Highlights

Key financial highlights for the year ended September 30, 2019, include the following:

- The assets and deferred outflows of resources of the City exceeded its liabilities and deferred inflows of resources at September 30, 2019, by \$145,770,095 (net position).
- The City's total net position increased \$1,502,544 for the year ended September 30, 2019. Net position of governmental activities increased \$3,529,123 and net position of business-type activities decreased \$2,026,580.
- Total net position of governmental activities is \$82,880,836 that includes unrestricted net position of (\$42,370,995) which is a result primarily from GASB 68 *Accounting and Financial Reporting for Pensions* that requires recognizing the actuarial determined pension liability of \$28,564,001. Another liability as required to be reported by GASB 75 *Accounting and Financial Reporting for Post-Employment Benefits Other than Pensions* (OPEB) totals \$22,290,060.
- As of September 30, 2019, the City's governmental funds reported combined ending fund balances of \$23,317,379, a decrease of \$19,017,746 from the prior year. Of this amount \$1,634,588 was unassigned and available for spending; \$1,954,765 was assigned for subsequent years' expenditures; \$19,728,026 was restricted. This restricted amount includes \$11,479,933 restricted to fund ongoing construction projects, \$3,534,797 restricted by sales tax ordinances, \$3,877,503 for debt covenants, \$106,640 restricted for Section 8 housing, \$643,790 restricted by ordinance for use by RPAR; \$61,571 assigned for inventories; and \$23,792 assigned for prepaid items.
- At the end of the current fiscal year, unreserved, undesignated fund balance for the General Fund was \$1,634,588, or 6.38% of total General Fund expenditures and transfers out.

Overview of the Financial Statements

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

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

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

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

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

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

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

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

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the City of Ruston's near-term financing decisions. Both the governmental fund Balance Sheet and the governmental fund Statement of Revenues, Expenditures, and Changes in Fund Balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City maintains fifteen individual governmental funds. Information is presented separately in the governmental funds Balance Sheet and in the governmental funds Statement of Revenues, Expenditures and Changes in Fund Balances for the General Fund, 1968 Sales Tax Special Revenue Fund, 1985 Sales Tax Special Revenue Fund, 1990 Sales Tax Special Revenue Fund, 2016 Sales Tax Special Revenue Fund, Ruston Economic Development District #1 (EDD#1) Sales Tax Special Revenue Fund, Cooktown Economic Development District Sales Tax Special Revenue Fund, I-20 Tax Increment District Fund, Moving Ruston Forward (MRF) Capital Project Fund, and Sports Complex Phase II, all of which are considered to be major funds. Data for the other five governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these

non-major governmental funds is provided in the form of combining statements elsewhere in this report.

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

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

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

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

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

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

Financial Analysis of Government-wide Activities

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$145,770,095 at the close of the current fiscal year. The largest portion of the City of Ruston's net position, totaling approximately \$162 million, reflects its net investment in capital assets (e.g., land, buildings, streets, drainage, machinery, and equipment); less any related debt that is still outstanding used to acquire those assets. The City uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the City's net investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

**Net Position
September 30, 2019**

	Governmental Activities		Business-type activities		Total	
	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>
Current & other assets	\$55,663,851	\$31,329,549	\$12,398,493	\$9,841,694	\$68,062,344	\$41,171,242
Capital assets	<u>142,943,163</u>	<u>180,457,310</u>	<u>66,994,686</u>	<u>66,633,846</u>	<u>209,937,849</u>	<u>247,091,155</u>
Total assets	<u>198,607,014</u>	<u>211,786,858</u>	<u>79,393,179</u>	<u>76,475,539</u>	<u>278,000,193</u>	<u>288,262,397</u>
Deferred outflows	5,851,006	5,878,098	-	-	5,851,006	5,878,098
Current & other liabilities	12,108,957	6,823,161	3,263,743	4,566,877	15,373,700	11,390,038
Long-term liabilities	<u>111,427,391</u>	<u>126,468,313</u>	<u>11,213,598</u>	<u>9,019,406</u>	<u>122,640,989</u>	<u>135,487,719</u>
Total liabilities	<u>123,537,348</u>	<u>133,291,473</u>	<u>14,477,342</u>	<u>13,586,283</u>	<u>138,016,801</u>	<u>146,877,757</u>
Deferred inflows	1,568,959	1,492,647	-	-	1,568,959	1,492,647
Net position:						
Net investment in capital assets	75,973,163	104,843,058	56,352,298	56,888,418	131,305,461	161,731,476
Restricted	42,823,151	20,408,773	-	-	42,823,151	20,408,773
Unrestricted	<u>(39,444,601)</u>	<u>(42,370,995)</u>	<u>8,563,540</u>	<u>6,000,841</u>	<u>(29,863,173)</u>	<u>(36,370,154)</u>
Total net position	<u>\$79,351,713</u>	<u>\$82,880,836</u>	<u>\$64,915,838</u>	<u>\$62,889,259</u>	<u>\$144,267,551</u>	<u>\$145,770,095</u>

24.6% of net position represents resources that are subject to external restriction on how they may be used. Accounts reserved by external restrictions account for the total of restricted net position.

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

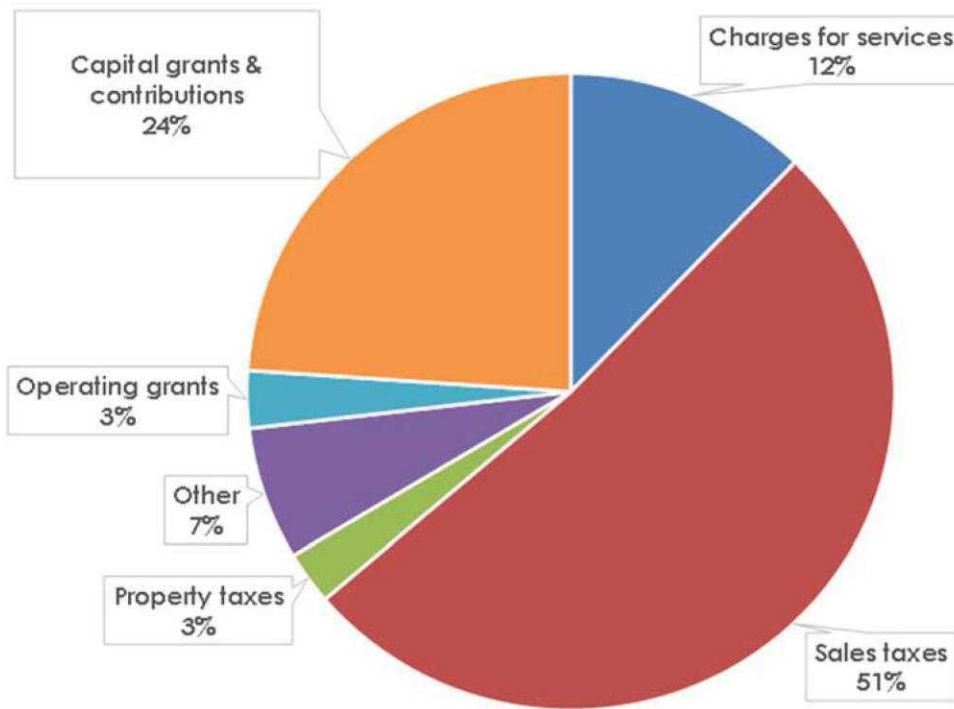
The City of Ruston's net position increased by \$1,502,544 during the current fiscal year. Key elements of this increase are as follows:

**Changes in Net Position
For The Years Ended September 30, 2019 and 2018**

	Governmental Activities		Business-type activities		Total	
	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>
Program revenues:						
Charges for services	\$2,579,058	\$4,895,490	\$32,928,469	\$33,042,131	\$35,507,527	\$37,937,621
Operating grants & contributions	1,138,809	1,174,061	-	-	1,138,809	1,174,061
Capital grants & contributions	9,265,995	9,618,891	1,354,745	1,426,770	10,620,740	11,045,661
General revenues:						
Property tax	1,644,067	1,079,057	-	-	1,644,067	1,079,057
Sales tax	18,406,114	20,723,449	-	-	18,406,114	20,723,449
Other tax	803,644	825,629	-	-	803,644	825,629
Grants & contributions (unrestricted)	1,559,442	-	-	-	1,559,442	-
Other	<u>1,685,750</u>	<u>1,889,781</u>	<u>172,409</u>	<u>226,411</u>	<u>1,858,159</u>	<u>2,116,192</u>
Total revenues	<u>37,082,879</u>	<u>40,206,358</u>	<u>34,455,623</u>	<u>34,695,312</u>	<u>71,538,502</u>	<u>74,901,669</u>
Expenses:						
General government	9,704,783	17,692,956	-	-	9,704,783	17,692,956
Public safety	9,186,572	9,697,225	-	-	9,186,572	9,697,225
Public works	1,245,313	8,540,002	-	-	1,245,313	8,540,002
Cultural & recreation	1,025,099	1,075,670	-	-	1,025,099	1,075,670
Ruston City Judge & Ruston City Marshal	628,759	640,147	-	-	628,759	640,147
Interest on debt	2,896,572	2,678,705	-	-	2,896,574	2,678,705
Electric	-	-	21,887,075	24,629,700	21,887,075	24,629,700
Water	-	-	1,889,777	2,073,748	1,889,777	2,073,748
Sewer	-	-	3,757,719	3,873,450	3,757,719	3,873,450
Sports complex	-	-	-	866,165	-	866,165
Telecommunication	-	-	691,744	730,161	691,744	730,161
Airport authority	-	-	232,059	239,009	232,059	239,009
Ambulance service	-	-	705,336	662,187	705,336	662,187
Total expenses	<u>24,687,098</u>	<u>40,324,705</u>	<u>29,163,710</u>	<u>33,074,420</u>	<u>53,850,810</u>	<u>73,399,125</u>
Increase (decrease) in net position before transfers	12,395,781	(118,347)	5,289,803	1,620,892	17,687,692	1,502,544
Transfers	<u>3,547,507</u>	<u>3,647,472</u>	<u>(3,547,507)</u>	<u>(3,647,472)</u>	-	-
Increase (decrease) in net position	15,943,288	3,529,125	1,742,295	(2,026,580)	17,687,692	1,502,544
Net position beginning of year	63,408,425	79,351,713	63,171,432	64,915,838	126,579,859	144,267,551
Prior Period Restatement	-	-	-	-	-	-
Net position end of year	<u>\$79,351,713</u>	<u>\$82,880,836</u>	<u>\$64,915,838</u>	<u>\$62,889,258</u>	<u>\$144,267,551</u>	<u>\$145,770,095</u>

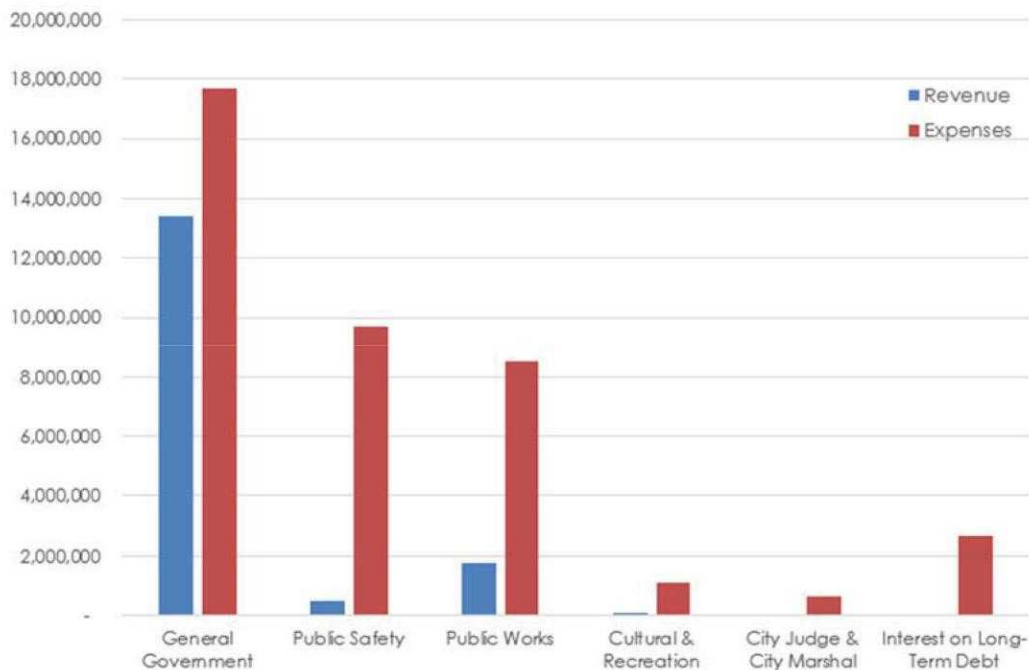
Revenues for the City's governmental activities for the year ended September 30, 2019, were \$40,206,358 compared to \$37,082,879 in 2018, a 8.42% increase. General revenues, specifically sales tax (51%), is the largest component of revenues.

Revenues by Sources – Governmental Activities



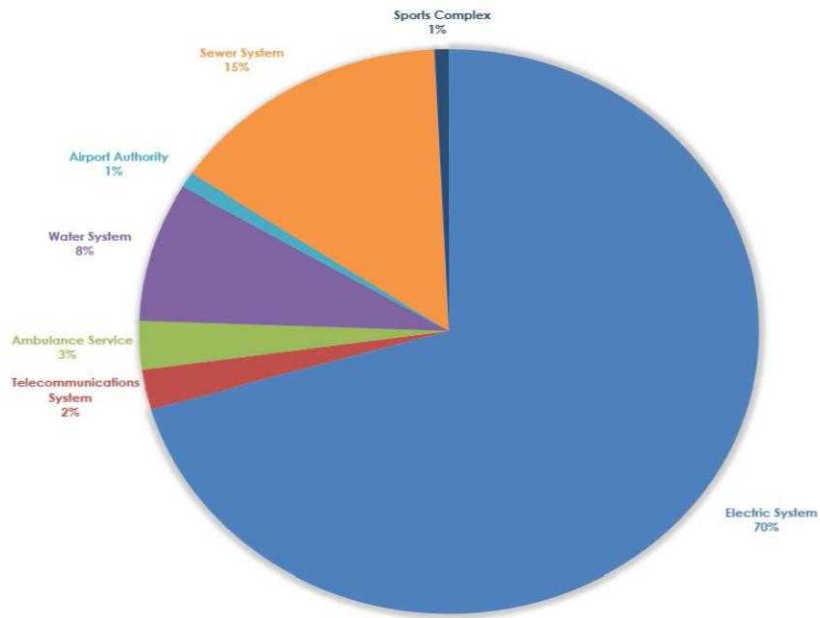
The cost of all governmental activities this year was \$40,324,705, an increase of approximately \$15,637,607 from 2018. The City's largest programs are general government, public safety, and public works. The graph below shows the expenses and program revenues generated by governmental activities.

Expenses and Program Revenues – Governmental Activities



Business-type Activities. Charges for services for the City of Ruston's business-type activities were \$33,042,131, an increase of \$113,662 from 2018.

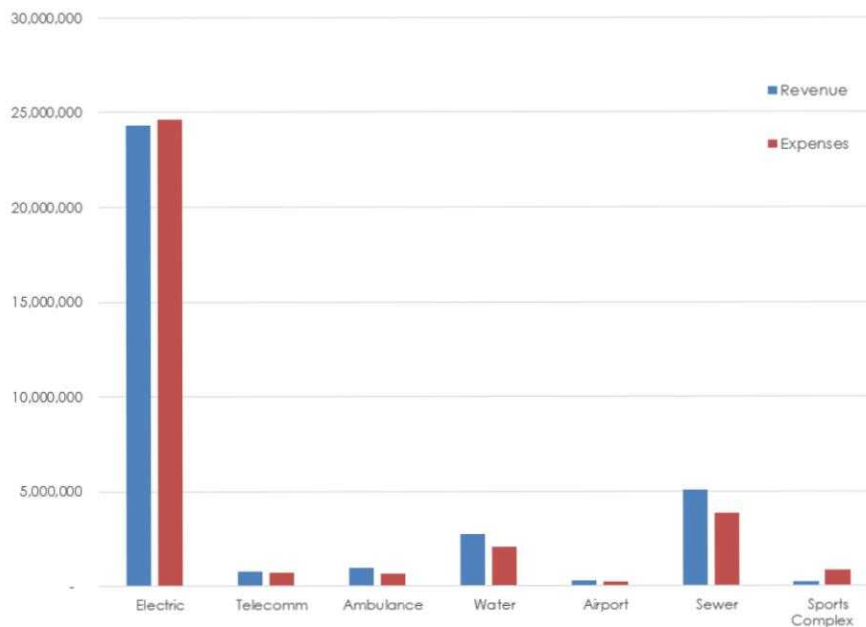
Revenues by Source – Business-type Activities



Expenses and Program Revenues – Business-type Activities

The cost of these activities totaled \$33,074,420, an increase of \$3,910,710 from 2018. This increase is primarily related to repairs and maintenance performed due to damage caused by the tornado that occurred in April 2019.

Expenses and Program Revenues – Business-type Activities



Financial Analysis of the City of Ruston's Funds

Governmental Funds

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

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

- As of the close of the current fiscal year, the City of Ruston's governmental funds reported a combined ending fund balance of \$23,317,379, a decrease of \$19,017,746 in comparison with the prior fiscal year. Of the combined ending fund balance, \$1,634,588, or 7.01% was unrestricted, unassigned and available for spending. \$1,954,765 was assigned for subsequent years' expenditures. The remainder of the fund balance was restricted to indicate that it was not available for new spending because it had already been committed (1) to pay debt service (\$3,877,503) or (2) for other restricted purposes (\$15,850,523).
- The General Fund is the chief operating fund of the City of Ruston. At the end of the current fiscal year, unrestricted, unassigned fund balance of the General Fund was \$1,634,588, the total of which was available for spending at the City Council's discretion. The fund balance of the General Fund decreased by \$3,285,170.
- The 1968 Sales Tax Fund had a total fund balance of \$308,995 all of which was restricted for its specified purposes. Fund balance decreased \$12,802 as a result of a timing difference in the distribution of prior year sales tax collections.
- The 1985 Sales Tax Fund had a total fund balance of \$155,842 all of which was restricted for its specified purposes. Fund balance decreased \$52,348 result of a timing difference in the distribution of prior year sales tax collections.
- The 1990 Sales Tax Fund had a total fund balance of \$803,406 all of which was restricted for its specified purpose. Fund balance increased \$7,198 as a result of a timing difference in the distribution of prior year sales tax collections.
- The 2016 Sales Tax Fund had a total fund balance of \$945,834 all of which was restricted for its specified purpose. Fund balance decreased \$419,579 as a result of budgeted transfers into the Moving Ruston Forward Capital Projects Fund.
- The Ruston EDD#1 Sales Tax Fund had a total fund balance of \$1,305,234 all of which was restricted for its specific purpose. This fund was created in January 2019.
- Cooktown EDD Sales Tax Fund had a total fund balance of \$15,486 all of which was restricted for its specific purpose. This fund was created in March 2019.
- The I-20 Fund had a restricted fund balance of \$7,969,376. Total fund balance decreased \$7,110,485 as a result of spending towards I-20 Service Road construction projects.
- The Sports Complex Phase II had a total fund balance of \$7,980,543 all of which is restricted for its specific purpose. This fund was created during the 2019 fiscal year. The fund balance is primarily comprised of bond proceeds.

Proprietary funds

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

- The unrestricted net position of the Electric System at September 30, 2019, was \$1,238,941. Total net position for the Electric System decreased \$2,596,834 primarily as a result of repairs and maintenance from tornado damage.
- The unrestricted net position for the Water System at September 30, 2019, was \$4,611,173. Total net position for the Water System increased \$16,256.
- The unrestricted net position for the Sewer System at September 30, 2019, was \$3,023,713. Total net position for the Sewer System increased \$630,729 primarily as a result of a capital contribution from capital projects fund.

General Fund Budgetary Highlights

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

The original budget for the General Fund of the City of Ruston was adopted on September 9, 2018. During the year, the City Council revised the City's budget one time. The major difference between the original budget and the final budget was primarily adjustments related to overtime salary pay in public safety departments that historically have high turnover. Differences between the budget and the actual results of the General Fund are as follows:

Revenues

- Charges for services were under budget by \$1,618,129. This was due primarily to the Sports Complex operations. The Sports Complex was originally budgeted within the General Fund.
- Fines and forfeitures were expected to level off in the second year of the Safe Driver Initiative program. Officers work this program on a voluntary basis, and participation has leveled off in the second year of operation. Actual revenues were less than the budget by \$384,858.

Expenditures

- Executive operating services were over budget by \$763,293 primarily as a result of rent paid on the 100,000 square foot building formerly occupied by Monster Moto.
- Economic Development operating services were over budget by \$406,706 as a result of marketing videos and other promotional materials promoting the City.

Capital Assets

The City of Ruston's investment in capital assets as of September 30, 2019, amounts to \$247,091,155, net of depreciation. This investment in capital assets includes land, buildings and improvements, streets, drainage, furniture and equipment, and construction in progress. The following table shows the value at the end of the fiscal year.

**Capital Assets
(net of depreciation)**

	Governmental Activities		Business-type Activities		Total	
	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>
Land & land improvements	\$17,469,168	\$17,822,366	\$1,572,586	\$1,836,270	\$19,041,754	\$19,658,636
Buildings	8,072,273	8,307,712	5,535,310	5,358,292	13,607,584	13,666,004
Improvements other than buildings	20,971,312	24,000,826	32,587,573	34,183,559	53,558,885	58,184,385
Equipment	2,892,268	4,298,446	21,966,606	22,278,128	24,858,874	26,576,574
Infrastructure	13,964,811	13,453,621	-	-	13,964,811	13,453,621
Construction in progress	<u>79,573,331</u>	<u>112,574,339</u>	<u>5,332,611</u>	<u>2,977,595</u>	<u>84,905,942</u>	<u>115,551,934</u>
Total	<u>\$142,943,163</u>	<u>\$180,457,310</u>	<u>\$66,994,686</u>	<u>\$66,633,846</u>	<u>\$209,937,849</u>	<u>\$247,091,155</u>

Long-Term Debt

At the end of the current fiscal year, the City of Ruston had total debt outstanding of \$83,525,428. The City issued Sales Tax Revenue Bonds Series 2019 totaling \$20,000,000 during the year of which \$10,000,000 were disbursed by September 30, 2019. These funds are restricted for the completion of the Sports Complex Phase II project. The City also issued revolving Taxable Utilities Revenue Bonds Series 2018 totaling \$6,000,000. These bonds are restricted for improvements to the wastewater collection, treatment and disposal system of the City. Disbursements are made from the Department of Environmental Quality as expenses are incurred by the City.

Economic Factors and Next Year's Budgets and Rates

When drafting the budgets for the fiscal year ended 2020, Management considered the impact to revenue of the Cooktown EDD sales tax effective April 1, 2019 as well as revenue from multiple Sports Complex events. Total expenditures are expected to be slightly less than 2019. Health insurance costs remain fairly similar to 2019, and no large pension contribution increases are expected. Many capital projects will be completed in 2020, requiring use of much of the City's cash and investments to bring these assets into use. Property tax continues to increase despite the City not rolling forward its millage rates in 2019 due to new construction added to the tax roll each year during this period of extraordinary growth. The next property reassessment year will be 2020.

Requests for Information

This financial report is designed to provide a general overview of the City's finances for all those with an interest in the City of Ruston's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Julie Keen, City of Ruston Treasurer's Office, 401 North Trenton Street, Ruston, LA 71270.

BASIC FINANCIAL STATEMENTS

CITY OF RUSTON, LOUISIANA
STATEMENT OF NET POSITION
SEPTEMBER 30, 2019

	Governmental Activities	Business-type Activities	Total	Component Units
ASSETS				
Cash and cash equivalents	\$ 8,575,409	\$ 2,637,113	\$ 11,212,522	\$ 1,984,537
Investments	18,788,076	807,524	19,595,600	-
Receivables, net	3,735,175	1,809,941	5,545,116	315
Unbilled revenues	91,579	2,329,940	2,421,519	-
Due from other funds	-	17,500	17,500	14,105
Internal balances	-	505,175	505,175	-
Inventories	61,571	1,666,295	1,727,865	-
Prepaid items	77,739	11,350	89,089	1,568
Bond issue costs, net	-	56,856	56,856	-
Capital assets:				
Land and construction in progress	130,396,705	4,813,864	135,210,569	-
Other capital assets, net of depreciation	50,060,605	61,819,981	111,880,586	539,952
Total assets	<u>211,786,858</u>	<u>76,475,539</u>	<u>288,262,397</u>	<u>2,540,477</u>
Deferred outflow of resources	5,878,098	-	5,878,098	23,999
LIABILITIES				
Accounts payable	2,510,156	2,004,132	4,514,288	6,214
Accrued liabilities	2,638,702	-	2,638,702	3,252
Internal balances	505,175	-	505,175	-
Accrued interest payable	642,071	57,624	699,695	-
Claims	527,057	-	527,057	-
Deposits	-	1,223,704	1,223,704	-
Non-current liabilities:				
Due within one year	3,723,563	1,281,417	5,004,980	-
Due in more than one year	71,890,689	9,019,406	80,910,095	-
Net pension liability	28,564,001	-	28,564,001	284,290
Post employment benefit obligation	22,290,060	-	22,290,060	-
Total liabilities	<u>133,291,473</u>	<u>13,586,283</u>	<u>146,877,757</u>	<u>293,756</u>
Deferred inflow of resources	1,492,647	-	1,492,647	1,782
NET POSITION				
Invested in capital assets, net of related debt	104,843,058	56,888,418	161,731,476	539,952
Restricted for:				
Sales Tax Funds	3,534,797	-	3,534,797	-
I-20 TID Fund	11,846,879	-	11,846,879	-
Moving Ruston Forward Fund	(4,469,986)	-	(4,469,986)	-
Sports Complex Phase II	7,980,543	-	7,980,543	-
Ruston Parks and Recreation Fund	643,790	-	643,790	-
Section 8 Housing Voucher Fund	872,750	-	872,750	-
Unrestricted	(42,370,995)	6,000,841	(36,370,154)	1,728,986
Total net position	<u>\$ 82,880,836</u>	<u>\$ 62,889,259</u>	<u>\$ 145,770,095</u>	<u>\$ 2,268,938</u>

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

CITY OF RUSTON, LOUISIANA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2019

	Program Revenues				Net (Expenses) Revenue and Changes in Net Position			Component Units
	Expenses	Charges for Services	Operating	Capital	Primary Government			
			Grants and Contributions	Grants and Contributions	Governmental Activities	Business-type Activities	Total	
Primary Government:								
Governmental activities:								
General government	\$ 17,692,956	\$ 2,621,308	\$ 1,159,367	\$ 9,618,891	\$ (4,293,390)	\$ -	\$ (4,293,390)	\$ -
Public safety	9,697,225	449,523	14,694	-	(9,233,007)	-	(9,233,007)	-
Public works	8,540,002	1,759,092	-	-	(6,780,910)	-	(6,780,910)	-
Cultural and recreation	1,075,670	65,566	-	-	(1,010,104)	-	(1,010,104)	-
City Judge and Marshal	640,147	-	-	-	(640,147)	-	(640,147)	-
Interest on long-term debt	2,678,705	-	-	-	(2,678,705)	-	(2,678,705)	-
Total governmental activities	<u>40,324,705</u>	<u>4,895,490</u>	<u>1,174,061</u>	<u>9,618,891</u>	<u>(24,636,263)</u>	<u>-</u>	<u>(24,636,263)</u>	<u>-</u>
Business-type activities:								
Electric System	24,629,700	24,326,082	-	-	-	(303,618)	(303,618)	-
Water System	2,073,748	2,747,495	-	-	-	673,747	673,747	-
Sewer System	3,873,450	3,960,705	-	1,141,954	-	1,229,209	1,229,209	-
Sports Complex	866,165	250,662	-	-	-	(615,503)	(615,503)	-
Telecommunications System	730,161	775,922	-	-	-	45,761	45,761	-
Airport Authority	239,009	21,244	-	284,816	-	67,051	67,051	-
Ambulance Service	662,187	960,022	-	-	-	297,835	297,835	-
Total business-type activities	<u>33,074,420</u>	<u>33,042,131</u>	<u>-</u>	<u>1,426,770</u>	<u>-</u>	<u>1,394,482</u>	<u>1,394,482</u>	<u>-</u>
Total primary government	<u>73,399,124</u>	<u>37,937,621</u>	<u>1,174,061</u>	<u>11,045,661</u>	<u>(24,636,263)</u>	<u>1,394,482</u>	<u>(23,241,782)</u>	<u>-</u>
Component units:								
Ruston City Judge	786,476	380,965	542,440	-	-	-	-	136,929
Ruston City Marshal	631,595	165,356	448,178	-	-	-	-	(18,061)
Total component units	<u>\$ 1,418,071</u>	<u>\$ 546,321</u>	<u>\$ 990,618</u>	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>118,868</u>
General revenues:								
Taxes:								
Property taxes - general purpose					1,079,057	-	1,079,057	-
Property taxes - recreation facilities and programs					-	-	-	-
Sales taxes - general purpose					12,926,270	-	12,926,270	-
Sales taxes - recreation facilities and programs					300,000	-	300,000	-
Sales taxes - street and drainage facilities					600,000	-	600,000	-
Sales taxes - fire protection					1,730,349	-	1,730,349	-
Sales taxes - police protection					1,730,349	-	1,730,349	-
Sales taxes - drug prevention programs					50,000	-	50,000	-
Sales taxes - debt service					3,386,481	-	3,386,481	-
Insurance taxes					426,768	-	426,768	-
Alcoholic beverage taxes					27,033	-	27,033	-
Franchise taxes					371,828	-	371,828	-
Intergovernmental					1,268,385	-	1,268,385	-
Investment earnings					621,396	73,737	695,133	3,791
Miscellaneous					-	152,674	152,674	-
Transfers					3,647,472	(3,647,472)	-	-
Total general revenues and transfers					<u>28,165,387</u>	<u>(3,421,062)</u>	<u>\$24,744,326</u>	<u>3,791</u>
Change in net position					3,529,123	(2,026,580)	1,502,544	122,659
Net position - beginning					79,351,713	64,915,838	144,267,551	2,146,279
Net position - ending					<u>\$ 82,880,836</u>	<u>\$ 62,889,258</u>	<u>\$ 145,770,095</u>	<u>\$ 2,268,938</u>

CITY OF RUSTON, LOUISIANA
BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2019

	General	1968 Sales Tax	1985 Sales Tax	1990 Sales Tax	2016 Sales Tax
ASSETS					
Cash and cash equivalents	\$ 2,553,069	\$ 18,800	\$ -	\$ -	\$ 1,845,201
Investments	666,291	-	-	-	-
Receivables, net	1,082,442	610,815	391,736	280,815	421,220
Unbilled revenues	91,579	-	-	-	-
Due from other funds	5,067,526	235,948	-	522,591	447,432
Due from other governments	-	-	-	-	-
Inventories, at cost	61,571	-	-	-	-
Prepaid items	23,792	-	-	-	-
Total assets	<u>9,546,270</u>	<u>865,563</u>	<u>391,736</u>	<u>803,406</u>	<u>2,713,853</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	340,654	-	-	-	-
Accrued liabilities	97,642	-	-	-	571,183
Due to other funds	6,121,028	556,568	235,894	-	1,196,836
Deposits and deferred charges	78,340	-	-	-	-
Total liabilities	<u>6,637,664</u>	<u>556,568</u>	<u>235,894</u>	<u>-</u>	<u>1,768,019</u>
Fund Balances:					
Nonspendable:					
Inventories	61,571	-	-	-	-
Prepaid items	23,792	-	-	-	-
Spendable:					
Restricted	-	308,995	155,842	803,406	945,834
Assigned	1,188,655	-	-	-	-
Unassigned	1,634,588	-	-	-	-
Total fund balances	<u>2,908,606</u>	<u>308,995</u>	<u>155,842</u>	<u>803,406</u>	<u>945,834</u>
Total liabilities and fund balances	<u>\$ 9,546,270</u>	<u>\$ 865,563</u>	<u>\$ 391,736</u>	<u>\$ 803,406</u>	<u>\$ 2,713,853</u>

Ruston EDD#1 Sales Tax	Cooktown EDD Sales Tax	I-20 TID Fund	Moving Ruston Forward Fund	Sports Complex Phase II	Nonmajor Governmental Funds	Total Governmental Funds
\$ 261,782	\$ -	\$ 798,648	\$ 48,799	\$ 394,878	\$ 1,658,868	\$ 7,580,045
-	-	7,659,180	-	6,585,665	3,172,441	18,083,577
152,576	3,342	-	-	-	786,809	3,729,755
-	-	-	-	-	-	91,579
1,060,384	12,144	996,693	718,423	1,000,000	36,904	10,098,045
-	-	-	-	-	-	-
-	-	-	-	-	-	61,571
-	-	-	-	-	-	23,792
<u>1,474,742</u>	<u>15,486</u>	<u>9,454,521</u>	<u>767,222</u>	<u>7,980,543</u>	<u>5,655,022</u>	<u>39,668,364</u>
-	-	862,904	1,103,208	-	109,540	2,416,306
-	-	211,012	1,758,865	-	-	2,638,702
169,508	-	411,229	2,375,135	-	149,979	11,216,177
-	-	-	-	-	1,460	79,800
<u>169,508</u>	<u>-</u>	<u>1,485,145</u>	<u>5,237,208</u>	<u>-</u>	<u>260,979</u>	<u>16,350,985</u>
-	-	-	-	-	-	61,571
-	-	-	-	-	-	23,792
1,305,234	15,486	7,969,376	(4,469,986)	7,980,543	4,627,933	19,642,663
-	-	-	-	-	766,110	1,954,765
-	-	-	-	-	-	1,634,588
<u>1,305,234</u>	<u>15,486</u>	<u>7,969,376</u>	<u>(4,469,986)</u>	<u>7,980,543</u>	<u>5,394,043</u>	<u>23,317,379</u>
<u>\$ 1,474,742</u>	<u>\$ 15,486</u>	<u>\$ 9,454,521</u>	<u>\$ 767,222</u>	<u>\$ 7,980,543</u>	<u>\$ 5,655,022</u>	<u>\$ 39,668,364</u>

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

CITY OF RUSTON, LOUISIANA
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
FOR THE YEAR ENDED SEPTEMBER 30, 2019

Fund balances - total governmental funds		\$ 23,317,379
<p>Amounts reported for governmental activities in the statement of net assets are different because:</p>		
<p>Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.</p>		
Governmental capital assets	\$ 218,167,624	
Accumulated depreciation	<u>(37,710,314)</u>	180,457,310
<p>Unfunded post employment benefit obligations are not financial resources and therefore are not reported in the funds</p>		
		(22,290,060)
<p>Net pension liability</p>		
		(28,564,001)
<p>Deferred outflows related to pensions</p>		
	5,878,098	
<p>Deferred inflows related to pensions</p>		
	<u>(1,492,647)</u>	4,385,451
<p>Other assets used in governmental activities that are not financial resources and therefore are not reported in the governmental funds.</p>		
<p>Long-term liabilities including bonds payable are not due and payable in the current period and therefore are not reported in the governmental funds.</p>		
Accrued interest payable	(642,071)	
Bonds, notes and compensated absences	<u>(75,614,252)</u>	(76,256,323)
<p>Internal service funds are used by management to charge the costs of certain activities to individual funds. The assets and liabilities of the internal service funds are reported with governmental activities.</p>		
		<u>1,831,080</u>
Net position of governmental activities		<u>\$ 82,880,836</u>

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

CITY OF RUSTON, LOUISIANA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2019

	General	1968 Sales Tax	1985 Sales Tax	1990 Sales Tax	2016 Sales Tax
REVENUES					
Taxes:					
Property	\$ 1,079,057	\$ -	\$ -	\$ -	\$ -
Sales	-	3,118,559	4,648,353	3,118,559	4,643,262
Licenses and permits	1,051,599	-	-	-	-
Intergovernmental	1,802,802	-	-	-	-
Charges for services	1,916,371	-	-	-	-
Fines and forfeitures	443,742	-	-	-	-
Investment earnings	52,826	15	23	16	1,312
Miscellaneous	982,308	-	-	-	-
Grants	741,811	-	-	-	-
Total revenues	<u>8,070,516</u>	<u>3,118,574</u>	<u>4,648,376</u>	<u>3,118,575</u>	<u>4,644,574</u>
EXPENDITURES					
Current:					
General government	6,092,037	20,679	701	680	3,268
Public safety	9,242,511	-	-	-	-
Public works	7,544,444	-	-	-	-
Culture and recreation	-	-	-	-	-
City Court and Marshal	640,147	-	-	-	-
Debt service:					
Principal	-	-	-	-	1,395,000
Interest and other charges	-	-	-	-	1,732,150
Capital outlay	-	-	-	-	-
Total expenditures	<u>23,519,139</u>	<u>20,679</u>	<u>701</u>	<u>680</u>	<u>3,130,418</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(15,448,623)</u>	<u>3,097,895</u>	<u>4,647,675</u>	<u>3,117,895</u>	<u>1,514,156</u>
OTHER FINANCING SOURCES (USES)					
Bond proceeds	-	-	-	-	-
Transfers in	14,268,890	-	-	-	-
Transfers out	(2,105,437)	(3,110,697)	(4,700,023)	(3,110,697)	(1,933,735)
Total other financing sources (uses)	<u>12,163,453</u>	<u>(3,110,697)</u>	<u>(4,700,023)</u>	<u>(3,110,697)</u>	<u>(1,933,735)</u>
Net change in fund balances	(3,285,170)	(1,2802)	(52,348)	7,198	(419,579)
Fund balances - beginning	6,193,776	321,797	208,190	796,208	1,365,413
Fund balances - ending	<u>\$ 2,908,606</u>	<u>\$ 308,995</u>	<u>\$ 155,842</u>	<u>\$ 803,406</u>	<u>\$ 945,834</u>

<u>Ruston EDD#1 Sales Tax</u>	<u>Cooktown EDD Sales Tax</u>	<u>I-20 TID Fund</u>	<u>Moving Ruston Forward Fund</u>	<u>Sports Complex Phase II</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,079,057
1,348,812	37,918	-	-	-	3,807,985	20,723,448
-	-	-	-	-	-	1,051,599
-	-	9,618,891	-	-	1,159,367	12,581,060
-	-	-	-	-	59,903	1,976,274
-	-	-	-	-	-	443,742
194	-	-	150,616	85,978	330,416	621,396
-	-	-	-	-	5,663	987,971
-	-	-	-	-	-	741,811
<u>1,349,006</u>	<u>37,918</u>	<u>9,618,891</u>	<u>150,616</u>	<u>85,978</u>	<u>5,363,334</u>	<u>40,206,358</u>
209	22,432	-	-	-	1,124,882	7,264,888
-	-	-	-	-	-	9,242,511
-	-	-	-	-	-	7,544,444
-	-	-	-	-	951,671	951,671
-	-	-	-	-	-	640,147
-	-	-	-	-	1,795,000	3,190,000
43,563	-	-	2,979	-	900,013	2,678,705
-	-	16,729,376	22,480,566	2,105,435	43,832	41,359,209
<u>43,772</u>	<u>22,432</u>	<u>16,729,376</u>	<u>22,483,545</u>	<u>2,105,435</u>	<u>4,815,398</u>	<u>72,871,575</u>
<u>1,305,234</u>	<u>15,486</u>	<u>(7,110,485)</u>	<u>(22,332,929)</u>	<u>(2,019,457)</u>	<u>547,936</u>	<u>(32,665,217)</u>
-	-	-	-	10,000,000	-	10,000,000
-	-	-	4,039,170	-	300,000	18,608,060
-	-	-	-	-	-	(14,960,589)
<u>-</u>	<u>-</u>	<u>-</u>	<u>4,039,170</u>	<u>10,000,000</u>	<u>300,000</u>	<u>13,647,471</u>
1,305,234	15,486	(7,110,485)	(18,293,759)	7,980,543	847,936	(19,017,746)
-	-	15,079,861	13,823,773	-	4,546,107	42,335,125
<u>\$ 1,305,234</u>	<u>\$ 15,486</u>	<u>\$ 7,969,376</u>	<u>\$ (4,469,986)</u>	<u>\$ 7,980,543</u>	<u>\$ 5,394,043</u>	<u>\$ 23,317,379</u>

CITY OF RUSTON, LOUISIANA
 RECONCILIATION OF THE STATEMENT OF OF REVENUES, EXPENDITURES, AND CHANGES
 IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
 FOR THE YEAR ENDED SEPTEMBER 30, 2019

Net change in fund balances - total governmental funds		\$ (19,017,746)
<p>Amounts reported for governmental activities in the statement of activities are different because:</p>		
<p>Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.</p>		
Capital outlay	\$ 39,354,957	
Depreciation expense	<u>(1,840,809)</u>	37,514,148
<p>The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, write offs, and donations) is to decrease net position.</p>		
		-
<p>Post employment benefit obligation</p>		
		(6,290,237)
<p>Pension net change - GASB 68</p>		
		(1,790,891)
<p>The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. The detail of these differences in the treatment of long-term debt and related items is as follows:</p>		
Bond proceeds	(10,000,000)	
Principal payments	<u>3,190,000</u>	(6,810,000)
<p>Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.</p>		
Increase in compensated absences	46,390	
Increase in accrued interest	<u>(35,664)</u>	10,726
<p>Internal service funds are used by management to charge the costs of certain activities to individual funds. The net revenue of the internal service funds is reported with governmental activities.</p>		
		<u>(86,877)</u>
Change in net position of governmental activities		<u>\$ 3,529,123</u>

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

CITY OF RUSTON, LOUISIANA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
SEPTEMBER 30, 2019

	Business-type Activities Enterprise Funds							Governmental Activities Internal Service Funds	
	Major Funds				Nonmajor Funds				
	Electric System	Water System	Sewer System	Sports Complex	Telecommunications	Airport Authority	Ambulance		Total
ASSETS									
Current assets:									
Cash and cash equivalents	\$ 1,060,363	\$ 24,426	\$ 152,793	\$ 5,794	\$ 78,322	\$ 168,507	\$ 780,027	\$ 2,270,232	\$ 995,364
Investments	299,940	258,627	-	-	-	-	-	558,566	704,499
Receivables, net	1,255,744	158,187	167,246	5,802	180,235	19,859	22,868	1,809,941	5,420
Unbilled revenue	1,863,777	207,593	258,570	-	-	-	-	2,329,940	-
Due from other funds	7,109,115	4,896,386	3,623,404	-	-	78,917	490,495	16,198,316	826,737
Due from other governments	-	-	-	-	-	-	17,500	17,500	-
Inventories	1,341,883	161,719	29,421	-	133,272	-	-	1,666,295	-
Prepaid items	6,684	397	2,265	-	-	-	2,003	11,350	53,947
Total current assets	<u>12,937,506</u>	<u>5,707,335</u>	<u>4,233,699</u>	<u>11,596</u>	<u>391,829</u>	<u>267,283</u>	<u>1,312,893</u>	<u>24,862,140</u>	<u>2,585,967</u>
Noncurrent assets:									
Restricted:									
Cash and cash equivalents	64,831	127,096	174,953	-	-	-	-	366,880	-
Investments	32,809	105,606	110,543	-	-	-	-	248,958	-
Capital assets:									
Land	627,501	75,070	218,801	-	-	914,898	-	1,836,270	-
Construction in progress	1,173,353	4,637	332,964	-	211,770	1,254,871	-	2,977,595	-
Buildings	7,317,632	139,934	151,353	-	-	1,094,626	-	8,703,545	13,080
Improvements other than buildings	-	-	-	-	-	9,354,435	-	9,354,435	-
Equipment	21,206,197	839,988	31,061,288	-	3,127,046	231,239	1,657,454	58,123,212	76,306
Distribution and collection systems	46,283,618	17,537,619	19,583,593	-	-	-	-	83,404,831	-
Less accumulated depreciation	(50,038,517)	(11,759,453)	(27,692,730)	-	(535,434)	(6,575,237)	(1,164,672)	(97,766,042)	(75,144)
Total capital assets (net of accumulated depreciation)	<u>26,569,784</u>	<u>6,837,795</u>	<u>23,655,269</u>	<u>-</u>	<u>2,803,382</u>	<u>6,274,832</u>	<u>492,782</u>	<u>66,633,846</u>	<u>14,242</u>
Deferred bond costs, at cost less amortization	-	22,649	34,207	-	-	-	-	56,856	-
Total noncurrent assets	<u>26,667,424</u>	<u>7,093,146</u>	<u>23,974,972</u>	<u>-</u>	<u>2,803,382</u>	<u>6,274,832</u>	<u>492,782</u>	<u>67,306,540</u>	<u>14,242</u>
Total assets	<u>\$ 39,604,930</u>	<u>\$ 12,800,481</u>	<u>\$ 28,208,671</u>	<u>\$ 11,596</u>	<u>\$ 3,195,211</u>	<u>\$ 6,542,115</u>	<u>\$ 1,805,675</u>	<u>\$ 92,168,680</u>	<u>\$ 2,600,209</u>

	Business-type Activities Enterprise Funds							Governmental Activities Internal Service Funds	
	Major Funds				Nonmajor Funds				
	Electric System	Water System	Sewer System	Sports Complex	Telecommunications	Airport Authority	Ambulance		Total
LIABILITIES									
Current liabilities									
Accounts payable	\$ 1,751,137	\$ 104,224	\$ 100,559	\$ -	\$ 33,655	\$ 13,391	\$ 1,166	\$ 2,004,132	\$ 13,192
Accrued liabilities	-	-	-	-	-	-	-	-	-
Due to other funds	8,437,830	1,227,256	1,303,249	626,937	3,176,355	475,171	446,343	15,693,141	213,782
Claims and judgments	-	-	-	-	-	-	-	-	527,057
Compensated absences	56,919	3,406	20,727	-	1,022	-	12,343	94,417	-
Total current liabilities	<u>10,245,886</u>	<u>1,334,886</u>	<u>1,424,535</u>	<u>626,937</u>	<u>3,211,032</u>	<u>488,562</u>	<u>459,852</u>	<u>17,791,690</u>	<u>754,031</u>
Current liabilities payable from restricted assets:									
Customer deposits	1,214,799	-	3,955	-	-	4,950	-	1,223,704	-
Bonds payable	-	-	1,075,000	-	-	-	-	1,075,000	-
DEQ Clean Drinking Water Revolving Loan	-	-	-	-	-	-	-	-	-
DHH Revolving Loan fund	-	112,000	-	-	-	-	-	112,000	-
Due to LADOTD	-	-	-	-	-	-	-	-	-
Accrued interest	57,624	-	-	-	-	-	-	57,624	-
Total current liabilities payable from restricted assets	<u>1,272,423</u>	<u>112,000</u>	<u>1,078,955</u>	<u>-</u>	<u>-</u>	<u>4,950</u>	<u>-</u>	<u>2,468,328</u>	<u>-</u>
Noncurrent liabilities:									
Compensated absences	277,897	16,627	101,198	-	4,990	-	60,264	460,977	15,098
Bonds payable	-	-	7,055,000	-	-	-	-	7,055,000	-
DHH Revolving Loan fund	-	1,237,388	-	-	-	-	-	1,237,388	-
DEQ Clean Drinking Water Revolving Loan	-	-	266,040	-	-	-	-	266,040	-
Total noncurrent liabilities	<u>277,897</u>	<u>1,254,015</u>	<u>7,422,238</u>	<u>-</u>	<u>4,990</u>	<u>-</u>	<u>60,264</u>	<u>9,019,406</u>	<u>15,098</u>
Total liabilities	<u>11,796,206</u>	<u>2,700,901</u>	<u>9,925,728</u>	<u>626,937</u>	<u>3,216,022</u>	<u>493,512</u>	<u>520,116</u>	<u>29,279,424</u>	<u>769,129</u>
NET POSITION									
Net Investment in capital assets	26,569,784	5,488,407	15,259,230	-	2,803,382	6,274,832	492,782	56,888,418	14,242
Unrestricted (deficit)	1,238,941	4,611,173	3,023,713	(615,341)	(2,824,193)	(226,229)	792,777	6,000,841	1,816,838
Total net position (deficit)	<u>\$ 27,808,725</u>	<u>\$ 10,099,580</u>	<u>\$ 18,282,943</u>	<u>\$ (615,341)</u>	<u>\$ (20,811)</u>	<u>\$ 6,048,603</u>	<u>\$ 1,285,559</u>	<u>\$ 62,889,259</u>	<u>\$ 1,831,080</u>

CITY OF RUSTON, LOUISIANA
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2019

	Business-type Activities							Governmental Activities Internal Service Funds	
	Enterprise Funds								
	Major Funds			Nonmajor Funds					
	Electric System	Water System	Sewer System	Sports Complex	Telecommunications	Airport Authority	Ambulance	Total	
OPERATING REVENUES									
Charges for services	\$ 24,326,082	\$ 2,747,495	\$ 3,960,705	\$ 250,662	\$ 775,922	\$ 21,244	\$ 960,022	\$ 33,042,131	\$ 4,406,838
Charges to other funds	-	-	-	-	-	-	-	-	229,866
Rent income	-	-	-	-	-	121,793	-	121,793	-
Miscellaneous	6,288	13,727	8,288	162	-	145	2,270	30,880	79,011
Total operating revenues	<u>24,332,370</u>	<u>2,761,222</u>	<u>3,968,993</u>	<u>250,824</u>	<u>775,922</u>	<u>143,182</u>	<u>962,292</u>	<u>33,194,805</u>	<u>4,715,715</u>
OPERATING EXPENSES									
Personnel services	3,150,854	678,623	988,517	196,446	132,546	-	404,570	5,551,556	173,498
Operating services	4,637,484	844,735	1,002,195	477,037	444,216	62,729	57,312	7,525,708	27,574
Materials and supplies	15,479,866	75,975	91,820	178,461	1,273	1,205	107,065	15,935,665	6,677
Travel and other	19,330	672	12,748	14,221	28	84	52,453	99,536	4,526
Depreciation	1,342,166	418,651	1,512,238	-	152,098	174,991	40,787	3,640,930	5,935
Claims	-	-	-	-	-	-	-	-	2,513,362
Insurance premiums	-	-	-	-	-	-	-	-	1,912,528
Total operating expenses	<u>24,629,700</u>	<u>2,018,656</u>	<u>3,607,518</u>	<u>866,165</u>	<u>730,161</u>	<u>239,009</u>	<u>662,187</u>	<u>32,753,397</u>	<u>4,644,100</u>
Operating income (loss)	<u>(297,330)</u>	<u>742,566</u>	<u>361,475</u>	<u>(615,341)</u>	<u>45,761</u>	<u>(95,827)</u>	<u>300,105</u>	<u>441,408</u>	<u>71,615</u>
NONOPERATING REVENUES/(EXPENSES)									
Investment earnings	63,599	4,614	1,769	-	103	2,505	1,147	73,737	15,262
Capital grants	-	-	-	-	-	284,816	-	284,816	-
Interest expense	-	(52,827)	(258,856)	-	-	-	-	(311,683)	-
Amortization	-	(2,265)	(7,076)	-	-	-	-	(9,341)	-
Total nonoperating revenues (expenses)	<u>63,599</u>	<u>(50,478)</u>	<u>(264,163)</u>	<u>-</u>	<u>103</u>	<u>287,321</u>	<u>1,147</u>	<u>37,529</u>	<u>15,262</u>
Income (loss) before contributions and transfers	<u>(233,731)</u>	<u>692,088</u>	<u>97,312</u>	<u>(615,341)</u>	<u>45,864</u>	<u>191,494</u>	<u>301,252</u>	<u>478,937</u>	<u>86,877</u>
Capital contributions	-	-	1,141,954	-	-	-	-	1,141,954	-
Transfers in	-	-	-	-	-	-	-	-	-
Transfers out	<u>(2,363,103)</u>	<u>(675,832)</u>	<u>(608,537)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(3,647,472)</u>	<u>-</u>
Change in net position	<u>(2,596,834)</u>	<u>16,256</u>	<u>630,729</u>	<u>(615,341)</u>	<u>45,864</u>	<u>191,494</u>	<u>301,252</u>	<u>(2,026,581)</u>	<u>86,877</u>
Total net position (deficit) - beginning	<u>30,405,559</u>	<u>10,083,324</u>	<u>17,652,214</u>	<u>-</u>	<u>(66,675)</u>	<u>5,857,109</u>	<u>984,307</u>	<u>64,915,838</u>	<u>1,744,203</u>
Total net position (deficit) - ending	<u>\$ 27,808,725</u>	<u>\$ 10,099,580</u>	<u>\$ 18,282,943</u>	<u>\$ (615,341)</u>	<u>\$ (20,811)</u>	<u>\$ 6,048,603</u>	<u>\$ 1,285,559</u>	<u>\$ 62,889,259</u>	<u>\$ 1,831,080</u>

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CITY OF RUSTON, LOUISIANA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2019

	Business-type Activities Enterprise Funds							Governmental Activities Internal Service Funds	
	Major Funds				Nonmajor Funds				
	Electric System	Water System	Sewer System	Sports Complex	Telecomm	Airport Authority	Ambulance		Total
CASH FLOWS FROM OPERATING ACTIVITIES:									
Receipts from operations	\$ 20,168,562	\$ 1,011,667	\$ 2,730,601	\$ 244,860	\$ 610,339	\$ 137,413	\$ 472,674	\$ 25,376,116	\$ 4,567,677
Payments to suppliers	(17,917,537)	(78,236)	(219,544)	(42,782)	(179,447)	(322,261)	102,068	(18,657,739)	(1,972,799)
Payments to employees	(3,173,401)	(680,800)	(983,250)	(196,446)	(130,505)	-	(412,801)	(5,577,203)	(184,810)
Claim payments	-	-	-	-	-	-	-	-	(2,665,949)
Other receipts	6,288	13,727	8,288	162	-	-	2,270	30,735	-
Net cash provided by operating activities	(916,088)	266,358	1,536,095	5,794	300,387	(184,848)	164,211	1,171,909	(255,881)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:									
Transfers in	-	-	-	-	-	-	-	-	-
Transfers out	(2,363,103)	(675,832)	(608,537)	-	-	-	-	(3,647,472)	-
Net cash provided by (used in) noncapital financing activities	(2,363,103)	(675,832)	(608,537)	-	-	-	-	(3,647,472)	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:									
Acquisition and construction of capital assets	(601,395)	-	(1,235,955)	-	(255,503)	(105,414)	(445,046)	(2,643,313)	-
Capital Grants	-	-	1,141,953	-	-	284,816	-	1,426,769	-
DEQ Revolving Loan fund	-	-	266,040	-	-	-	-	266,040	-
Principal paid on debt	-	(113,000)	(1,050,000)	-	-	-	-	(1,163,000)	-
Interest paid on debt	-	(52,827)	(258,856)	-	-	-	-	(311,683)	-
Net cash used in capital and related financing activities	(601,395)	(165,827)	(1,136,818)	-	(255,503)	179,402	(445,046)	(2,425,187)	-
CASH FLOWS FROM INVESTING ACTIVITIES:									
Purchase of investments	477,360	(5,459)	110,482	-	-	-	-	582,383	142,793
Interest and dividends received	63,599	4,614	1,769	-	103	2,505	1,146	73,736	15,261
Net cash provided by (used in) investing activities	540,959	(845)	112,251	-	103	2,505	1,146	656,119	158,054
Net increase (decrease) in cash and cash equivalents	(3,339,627)	(576,146)	(97,009)	5,794	44,987	(2,941)	(279,689)	(4,244,631)	(97,827)
Cash and cash equivalents, beginning of year	4,399,990	600,572	249,802	-	33,335	171,448	1,059,716	6,514,863	1,093,191
Cash and cash equivalents, end of year	1,060,363	24,426	152,793	5,794	78,322	168,507	780,027	2,270,232	995,364
Noncash item: Amortization	-	2,265	7,076	-	-	-	-	9,341	-

	Business-type Activities Enterprise Funds							Governmental Activities Internal Service Funds	
	Major Funds				Nonmajor Funds				
	Electric System	Water System	Sewer System	Sports Complex	Telecomm	Airport Authority	Ambulance		Total
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities									
Operating income (loss)	\$ (297,330)	\$ 742,566	\$ 361,475	\$ (615,341)	\$ 45,761	\$ (95,827)	\$ 300,105	\$ 441,409	\$ 71,615
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:									
Depreciation	1,342,166	418,651	1,512,238	-	152,098	174,991	40,787	3,640,930	5,935
(Increase) Decrease in assets:									
Receivables	138,723	(50,842)	(32,349)	(5,802)	(170,168)	(17,014)	8,983	(128,469)	(5,051)
Due from other funds	(4,316,773)	(1,684,986)	(1,194,950)	-	4,585	10,615	(496,331)	(7,677,840)	23,654
Inventories	(181,266)	9,049	(3,882)	-	866	-	-	(175,233)	-
Prepaid items	(3,697)	(397)	(2,265)	-	-	-	(1,358)	(7,717)	-
Increase (Decrease) in liabilities:									
Accounts payable	(8,102)	33,007	62,428	-	15,309	(85,263)	(11,826)	5,554	(24,981)
Accrued liabilities	(2,335)	-	-	-	(596)	-	-	(2,931)	-
Due to other funds	2,410,846	801,090	828,673	626,937	249,895	(173,125)	330,724	5,075,040	(273,342)
Customers' deposits	20,530	-	(2,805)	-	-	775	-	18,500	-
Claims and judgments	-	-	-	-	-	-	-	-	(65,024)
Compensated absences	(18,850)	(1,780)	7,532	-	2,637	-	(6,873)	(17,334)	11,313
Total adjustments	(618,758)	(476,208)	1,174,620	621,135	254,626	(89,021)	(135,894)	730,500	(327,496)
Net cash provided by operating activities	\$ (916,088)	\$ 266,358	\$ 1,536,095	\$ 5,794	\$ 300,387	\$ (184,848)	\$ 164,211	\$ 1,171,905	\$ (255,881)

CITY OF RUSTON, LOUISIANA
STATEMENT OF NET POSITION
COMPONENT UNITS
SEPTEMBER 30, 2019

	Ruston City Judge's Office	Ruston City Marshal's Office	Total
ASSETS			
Cash and cash equivalents	\$ 1,707,376	\$ 277,161	\$ 1,984,537
Investments	-	-	-
Receivables	-	315	315
Prepaid items	1,051	517	1,568
Due from governmental units	14,105	-	14,105
Capital assets, net of depreciation	468,047	71,905	539,952
Total assets	<u>2,190,579</u>	<u>349,898</u>	<u>2,540,477</u>
Deferred outflow of resources	23,999	-	23,999
LIABILITIES			
Accounts payable	5,858	356	6,214
Accrued liabilities	3,252	-	3,252
Due to governmental units	-	-	-
Non-current liabilities:			
Due within one year	-	-	-
Due in more than one year	-	-	-
Net pension liability	284,290	-	284,290
Total liabilities	<u>293,400</u>	<u>356</u>	<u>293,756</u>
Deferred inflow of resources	1,782	-	1,782
NET POSITION			
Net investment in capital assets	468,047	71,905	539,952
Unrestricted	1,451,349	277,637	1,728,986
Total net position	<u>\$ 1,919,396</u>	<u>\$ 349,542</u>	<u>\$ 2,268,938</u>

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

CITY OF RUSTON, LOUISIANA
STATEMENT OF ACTIVITIES
COMPONENT UNITS
FOR THE YEAR ENDED SEPTEMBER 30, 2019

	<u>Program Revenues</u>			<u>Net (Expenses) Revenues and Changes in Net Position</u>		
	<u>Expenses</u>	<u>Charges for Services</u>	<u>On-Behalf Revenues</u>	<u>Ruston City Judge's Office</u>	<u>Ruston City Marshal's Office</u>	<u>Total</u>
City Judge: Judicial	\$ 786,476	\$ 380,965	\$ 542,440	\$ 136,929	\$ -	\$ 136,929
City Marshal: Judicial	631,595	165,356	448,178	-	(18,061)	(18,061)
	<u>\$ 1,418,071</u>	<u>\$ 546,321</u>	<u>\$ 990,618</u>	<u>136,929</u>	<u>(18,061)</u>	<u>118,868</u>
General Revenues:						
Interest earnings				3,564	227	3,791
Miscellaneous				-	-	-
Total general revenues				<u>3,564</u>	<u>227</u>	<u>3,791</u>
Change in net position				140,493	(17,834)	122,659
Net position - beginning				1,778,903	367,376	2,146,279
Net position - ending				<u>\$ 1,919,396</u>	<u>\$ 349,542</u>	<u>\$ 2,268,938</u>

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

CITY OF RUSTON, LOUISIANA
Notes to Financial Statements
For the Year Ended September 30, 2019

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

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

DISCRETELY PRESENTED COMPONENT UNITS

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

Ruston City Judge’s Office

The Ruston City Judge’s Office was created by special legislative act. Its jurisdiction includes the incorporated area of the City. The City Judge is elected and cannot be removed by City officials. The Ruston City Judge’s Office is fiscally dependent on the City. The City has the ability to modify or approve its budget which comes from the General Fund. There are certain funds collected by the Judge’s Office, pursuant to state statute, which are under the control of the Court. The Judge’s Office serves the citizenry of the City. The financial statements of the Judge’s Office included in the accompanying financial statements are as of and for the fiscal year ended September 30, 2019.

Ruston City Marshal’s Office

The Ruston City Marshal is an elected official. The Ruston City Marshal’s Office is fiscally dependent on the City. The City has the ability to modify or approve the budget which comes from the General Fund. Certain funds are collected such as court costs, pursuant to state statute, which are under the control of the Ruston City Marshal. The Marshal’s Office serves the citizenry of the Parish. The financial statements of the Marshal’s Office included in the accompanying financial statements are as of and for the fiscal year ended September 30, 2019.

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

Ruston City Judge’s Office
P.O. Box 1821
Ruston, Louisiana 71273-1821

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

CITY OF RUSTON, LOUISIANA
Notes to Financial Statements
For the Year Ended September 30, 2019

OTHER RELATED ORGANIZATIONS

Ruston Housing Authority

The Authority was created by state statutes and it is legally separate from the City. The Mayor appoints the commissioners; however, the City cannot impose its will on the Authority since it does not have the ability to modify or approve the budget or overrule or modify the decisions of the commissioners. The Authority is fiscally independent and no financial benefit or burden relationship exists with the City. Therefore, it is not included in the City's financial statements.

Lincoln Parish Sales and Use Tax Commission

The Commission is an independent agency that collects sales taxes. It is legally separate from the City. The commission is a jointly governed organization. The City does not retain an ongoing financial interest or responsibility for its operations. It is not included in the City's financial statements.

Union Lincoln Regional Water Supply Initiative

The Initiative is an independent agency that develops and utilizes any and all alternate water sources within Lincoln and Union parishes to reduce the consumption of water from the Sparta Aquifer. The Initiative is a joint venture. The City does retain an ongoing financial responsibility for its operations. It is not included in the City's financial statements.

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

Ruston Housing Authority
1615 North Farmerville
Ruston, Louisiana 71270

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

Union Lincoln Regional Water Supply Initiative
407 S. Main Street
Farmerville, Louisiana 71241

The accounting policies of the City of Ruston, Louisiana, conform to generally accepted accounting principles as applicable to governmental units. The accounting policies of the discretely presented component units are consistent with those of the City. The following is a summary of the more significant policies:

CITY OF RUSTON, LOUISIANA
Notes to Financial Statements
For the Year Ended September 30, 2019

a. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

The government-wide financial statements (GWFS) (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes, intergovernmental revenues, and other nonexchange transactions, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

The statement of net position presents information on all of the City's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Depreciation expense is identified by function and is included in the direct expense of each function. Interest on general long-term debt of governmental activities is considered an indirect expense and is reported separately on the statement of activities. Interest on long-term debt of business-type activities is recorded as direct expenses. Program revenues include 1) fees, fines, and charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate fund financial statements (FFS) are provided for governmental funds and proprietary funds. Major individual governmental and enterprise funds are reported as separate columns in the FFS with nonmajor governmental, nonmajor enterprise and internal service funds being reported on an aggregated basis.

b. MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period.

CITY OF RUSTON, LOUISIANA
Notes to Financial Statements
For the Year Ended September 30, 2019

The City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period, except for franchise tax revenues which are considered available if collected within 90 days and grant revenue if collected within one year. Property taxes are recognized as revenues in the year in which final approval is received from the Louisiana Tax Commission, at which time a valid claim exists, to the extent considered available. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences are recorded only when payment is due.

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

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

Governmental Funds

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

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

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

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

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

CITY OF RUSTON, LOUISIANA
Notes to Financial Statements
For the Year Ended September 30, 2019

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

Ruston EDD #1 Sales Tax Fund – This special revenue fund accounts for the receipt of the City’s restaurant and hotel sales tax in the economic development district created to fund Sports Complex Phase II capital projects.

Cooktown EDD Sales Tax – This special revenue fund accounts for the receipt of the City’s sales tax collected in the economic development district created to fund the development of the Cooktown shopping center.

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

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

Sports Complex Phase II Capital Projects Fund – This capital projects fund accounts for projects that will complete the Sports Complex facility.

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

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

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

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

Proprietary Funds

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

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

CITY OF RUSTON, LOUISIANA
Notes to Financial Statements
For the Year Ended September 30, 2019

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

The City reports the following major enterprise funds:

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

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

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

Sports Complex Fund – Operated as a self-sustaining recreation facility of the City and is responsible for providing the residents of the City of Ruston, Louisiana with recreational programming.

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

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

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

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

CITY OF RUSTON, LOUISIANA
Notes to Financial Statements
For the Year Ended September 30, 2019

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

c. CAPITAL ASSETS

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

All land and construction in progress are capitalized regardless of the amount. All other capital assets are capitalized utilizing a threshold of \$5,000. The costs of normal maintenance and repairs that do not add to the value of the assets or materially extend assets lives are not capitalized.

Capital assets are not reported in the governmental FFS.

Estimated useful life is management’s estimate of how long the asset is expected to meet service demands. Capital assets have not been assigned a salvage value because management feels that the salvage value is immaterial. Straight-line depreciation is calculated based on the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	10-50
Improvements other than buildings	10-50
Infrastructure	20-75
Distribution and collection systems	10-50
Equipment	3-20

d. LONG-TERM LIABILITIES

In the GWFS, and proprietary funds in the FFS, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities or proprietary funds statement of net position. Bond premiums and discounts are deferred and amortized or accreted over the term of the related debt. Bonds payable are reported net of the applicable bond premium or discount.

In the FFS, governmental funds recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

CITY OF RUSTON, LOUISIANA
Notes to Financial Statements
For the Year Ended September 30, 2019

e. INVESTMENTS

For all funds, investments are stated at fair value based on quoted market prices. The investments at September 30, 2019, were primarily Certificates of Deposit, U.S. government and U.S. government agency securities (see note 2 for the City's investment policy).

f. PREPAID ITEMS

Prepaid items consist of items such as prepaid insurance and other prepaid expenditures. The cost is recorded as an asset at the time such items are purchased in both GWFS and FFS. The reserve for prepaid items in governmental funds is equal to the amount of prepaid items to indicate a portion of the fund balance is not available for future expenditure.

g. INVENTORIES

Inventories are valued at cost (first-in, first-out.) The cost is recorded as an asset at the time individual inventory items are purchased and charged as an expenditure when used in both GWFS and FFS. Inventories in the General Fund consist of expendable supplies held for consumption. Inventories in the enterprise funds consist of repair materials and spare parts.

h. REFUNDABLE DEPOSITS

The Electric System Fund requires deposits for certain customers. These monies are restricted and are reported as assets and liabilities.

i. VACATION AND SICK LEAVE

City employees are granted paid time off (PTO) time in varying amounts based on years of service. Only 40 hours of unused time is allowed to roll forward into a new accrual period. Prior to fiscal year 2018, vacation and sick leave were accrued separately, in varying amounts based on years of service. Many employees have vacation and sick balances that will be paid out upon termination of employment according to the former policy. Employees are paid for unused sick leave up to a maximum of six months upon retirement. Unpaid PTO time and vacation time for all employees, and sick leave for those employees eligible for retirement benefits has been accrued. All other sick leave is recorded as an expenditure when paid. The estimated liability for unused vacation for governmental funds is recorded in the GWFS. Vacation leave of governmental funds is recorded as an expenditure when paid. Accumulated vacation leave of proprietary funds is recorded as an expense and liability of those funds as it is earned by the employees.

j. PENSION PLANS

The State of Louisiana has three pension plans which cover substantially all employees of the City who meet certain length of service requirements (see note 8 for the details of these plans).

k. RESTRICTED ASSETS

Certain proceeds of the enterprise fund revenue bonds, as well as certain resources set aside for their repayment, are classified as restricted assets on the statement of net position because their use is limited by applicable bond covenants.

CITY OF RUSTON, LOUISIANA
Notes to Financial Statements
For the Year Ended September 30, 2019

1. FUND EQUITY

GASB Statement No. 54 establishes standards for five fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of resources reported in governmental funds. The nonspendable fund balance classification includes amounts that cannot be spent because they are either (a) not in spendable form - prepaid items or inventories; or (b) legally or contractually required to be maintained intact.

The spendable portion of the fund balance comprises the remaining four classifications: restricted, committed, assigned, and unassigned.

Restricted Fund Balance – This classification reflects the constraints imposed on resources either (a) externally by creditors, grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

Committed Fund Balance – These amounts can only be used for specific purposes pursuant to constraints imposed by formal resolutions or ordinances of the aldermen - the government’s highest level of decision-making authority. Those committed amounts cannot be used for any other purpose unless the City aldermen remove the specified use by taking the same type of action imposing the commitment. This classification also includes contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

Assigned Fund Balance – This classification reflects the amounts constrained by the City’s “intent” to be used for specific purposes, but are neither restricted nor committed. The City aldermen and management have the authority to assign amounts to be used for specific purposes. Assigned fund balances include all remaining amounts (except negative balances) that are reported in governmental funds, other than the General Fund, that are not classified as nonspendable and are neither restricted nor committed.

Unassigned Fund Balance – This fund balance is the residual classification for the General Fund. It is used to report negative fund balances in other governmental funds.

When both restricted and unrestricted resources are available for use, it is the City’s policy to use externally restricted resources first, then unrestricted resources - committed, assigned, and unassigned - in order as needed.

m. INTERFUND RECEIVABLES AND PAYABLES

All outstanding balances between funds are reported as due to/from other funds in the fund financial statements. There is no activity between funds that is representative of lending/borrowing arrangements at the end of the fiscal year. Any residual balances outstanding between the governmental activities and the business-type activities are reported in the GWFS as internal balances.

CITY OF RUSTON, LOUISIANA
Notes to Financial Statements
For the Year Ended September 30, 2019

n. PROPERTY TAXES

Property taxes attach as an enforceable lien on property when the assessment is approved by the Louisiana Tax Commission. Property taxes levied are based on the assessed value of property as listed on the previous December 31. Taxes are normally levied in November of each year and are due on or before December 31. A revaluation of all real property must be made every four years. The last revaluation date was January 1, 2016.

o. GRANTS FROM OTHER GOVERNMENTAL AGENCIES

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

p. CASH AND CASH EQUIVALENTS

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

q. SELF-INSURANCE CLAIMS

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

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

r. ESTIMATES

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

2. CASH AND INVESTMENTS

At September 30, 2019, the City has cash and cash equivalents (book balances net of overdrafts) totaling \$11,212,521.

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

CITY OF RUSTON, LOUISIANA
Notes to Financial Statements
For the Year Ended September 30, 2019

These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable by both parties. Cash and cash equivalents (bank balances) at September 30, 2019, are secured as follows:

Bank Balances	<u>\$12,742,610</u>
Federal Deposit Insurance	\$ 2,000,000
Pledged Securities (Uncollateralized)	<u>32,454,760</u>
Total	<u>\$34,454,760</u>
Governmental Funds Cash and Equivalents	\$ 7,580,045
Enterprise Funds Cash and Equivalents	2,637,112
Internal Service Funds Cash and Equivalents	<u>995,364</u>
Total Book Balances	<u>\$11,212,521</u>

The City's investments are categorized below to give an indication of the level of custodial credit risk assumed by the City at September 30, 2019. Category 1 includes investments that are insured or registered or for which the securities are held by the City or its agent in the City's name. Category 2 includes uninsured and unregistered investments with securities held by the counterparty's trust department or agent in the City's name. Category 3 includes uninsured and unregistered investments with securities held by the counterparty, or by its trust department or agent, but not in the City's name.

	CATEGORY			Carrying Amount & Fair Value
	1	2	3	
U.S. government and U.S. government agency securities	\$5,050,815	\$ -	\$ -	\$ 5,050,815
Louisiana Asset Management Pool				<u>14,544,785</u>
Total Investments				19,595,600
Total Deposits				<u>11,212,521</u>
Total cash, cash equivalents, & investments, including restricted cash and investments				<u>\$30,808,121</u>

The investments in the Louisiana Asset Management Pool are not categorized because they are not evidenced by securities that exist in physical or book entry form. Louisiana Asset Management Pool ("LAMP"), a local government investment pool, is administered by LAMP, Inc., a non-profit corporation organized under the laws of the State of Louisiana. While LAMP is not required to be a registered investment company under the Investment Company Act of 1940, its investment policies are similar to those established by Rule 2-a7, which governs registered money market funds. The LAMP portfolio includes only securities and other obligations in which local governments in Louisiana are authorized to invest. The dollar weighted average portfolio maturity of LAMP assets is restricted to not more than 90 days, and consists of no securities with a maturity in excess of 397 days. The fair value of investments is determined on a weekly basis to monitor any variances between amortized cost and market value. For purposes of determining participants' shares, investments are valued at amortized cost. LAMP is designed to be highly liquid to give its participants immediate access to their account balances. LAMP issues a publicly available financial report. That report may be obtained by writing the Board of Directors, 228 St. Charles Avenue, New Orleans, Louisiana 70130, or by calling (504) 525-5161.

CITY OF RUSTON, LOUISIANA
Notes to Financial Statements
For the Year Ended September 30, 2019

Discretely Presented Component Units – Deposits

All deposits of the component units are held by area financial institutions. At the respective year ends, all deposits are insured or collateralized with securities held in the component unit's name by its agent (the trust department of a bank other than the pledging bank.) The cash and equivalent securities have a fair value of \$2,170,534 at September 30, 2019.

3. PROPERTY TAXES

The City levies taxes on real and business personal property located within its boundaries. Property taxes are levied by the City on property values assessed by the Lincoln Parish Assessor and approved by the State of Louisiana Tax Commission. Total assessed value was \$210,298,418 and \$207,257,414 in 2019 and 2018, respectively. The distribution of the City's levy (tax rate per \$1,000 assessed value) was as follows for 2019 and 2018:

	Levy	
	2019	2018
General Fund	5.24	5.24
Recreation Tax	<u>2.92</u>	<u>2.92</u>
Total	<u>8.16</u>	<u>8.16</u>

4. RECEIVABLES

Receivables as of September 30, 2019, for the City's individual major funds and nonmajor and internal service funds, including allowances for uncollectible accounts, are outlined below:

	<u>Customers</u>	<u>Taxes</u>	<u>Other</u>	<u>Allowance for Uncollectible Accounts</u>	<u>Net Receivable</u>
Governmental activities:					
General	\$ 204,412	\$ -	\$1,240,413	(\$ 362,383)	\$1,082,442
1968 Sales Tax	-	610,815	-	-	610,815
1985 Sales Tax	-	391,736	-	-	391,736
1990 Sales Tax	-	280,815	-	-	280,815
2016 Sales Tax	-	421,220	-	-	421,220
Ruston EDD #1	-	152,576	-	-	152,576
Cooktown EDD	-	3,342	-	-	3,342
Nonmajor governmental funds	-	<u>776,075</u>	<u>10,734</u>	-	<u>786,809</u>
Total governmental activities	<u>\$ 204,412</u>	<u>\$2,636,579</u>	<u>\$1,251,1479</u>	<u>(\$ 362,383)</u>	<u>\$3,729,755</u>
Business-type activities:					
Electric System	\$3,284,879	\$ -	\$ -	(\$2,029,135)	\$1,255,744
Water System	478,599	-	-	(320,412)	158,187
Sewer System	755,548	-	-	(588,302)	167,246
Sports Complex	5,802	-	-	-	5,802
Nonmajor business-type funds	<u>252,505</u>	-	-	<u>(29,543)</u>	<u>222,962</u>
Total business-type activities	<u>\$4,777,333</u>	<u>\$ -</u>	<u>\$ -</u>	<u>(\$2,967,392)</u>	<u>\$1,809,941</u>

CITY OF RUSTON, LOUISIANA
Notes to Financial Statements
For the Year Ended September 30, 2019

5. CAPITAL ASSETS

A summary of changes in capital assets is as follows:

	Balance September 30, <u>2018</u>	<u>Additions</u>	<u>Retirements</u>	Balance September 30, <u>2019</u>
Governmental activities				
Capital assets not being depreciated:				
Land	\$ 17,469,168	\$ 353,198	\$ -	\$ 17,822,366
Construction in progress	<u>79,573,331</u>	<u>37,944,881</u>	<u>(4,943,873)</u>	<u>112,574,339</u>
Total capital assets not being depreciated	<u>97,042,499</u>	<u>38,298,079</u>	<u>(4,943,873)</u>	<u>130,396,705</u>
Capital assets being depreciated:				
Buildings	12,634,378	509,290	-	13,143,668
Improvements other than buildings	27,453,426	3,650,244	-	31,103,670
Equipment	18,415,602	1,841,217	(9,199)	20,247,619
Infrastructure	<u>23,275,962</u>	<u>-</u>	<u>-</u>	<u>23,275,962</u>
Total capital assets being depreciated	<u>81,779,368</u>	<u>6,000,751</u>	<u>(9,199)</u>	<u>87,770,919</u>
Less accumulated depreciation:				
Buildings	(4,562,105)	(273,851)	-	(4,835,956)
Improvements other than buildings	(6,482,114)	(620,730)	-	(7,102,844)
Equipment	(15,523,334)	(435,038)	9,199	(15,949,173)
Infrastructure	<u>(9,311,151)</u>	<u>(511,190)</u>	<u>-</u>	<u>(9,822,341)</u>
Total accumulated depreciation	<u>(35,878,704)</u>	<u>(1,840,809)</u>	<u>9,199</u>	<u>(37,710,314)</u>
Total capital assets being depreciated, net	<u>45,900,664</u>	<u>4,159,951</u>	<u>-</u>	<u>50,060,605</u>
Governmental activities capital assets, net	<u>\$142,943,163</u>	<u>\$42,458,021</u>	<u>(\$4,943,873)</u>	<u>\$180,457,310</u>

Internal service funds predominately serve the governmental funds. Accordingly, their capital assets are included as part of the above totals for governmental activities.

Construction in progress for governmental activities includes of \$24,416,227 for I-20 Infrastructure projects; \$50,873,963 for the Sports Complex and Phase II projects; \$28,673,769 for streets and bridge projects; \$6,772,380 for water system improvements and \$1,838,000 for the Rock Island Greenway project.

CITY OF RUSTON, LOUISIANA
Notes to Financial Statements
For the Year Ended September 30, 2019

Business-type activities

	Balance September 30, 2018	Additions	Retirements	Balance September 30, 2019
Electric System				
Capital assets not being depreciated:				
Land	\$ 627,501	\$ -	\$ -	\$ 627,501
Construction in progress	<u>3,612,827</u>	<u>-</u>	<u>(2,439,474)</u>	<u>1,173,353</u>
Total capital assets, not being depreciated	<u>4,240,328</u>	<u>-</u>	<u>(2,439,474)</u>	<u>1,800,854</u>
Capital assets being depreciated:				
Buildings	7,317,632	-	-	7,317,632
System Improvements	43,301,045	3,014,140	(31,567)	46,283,618
Equipment	<u>21,226,299</u>	<u>26,729</u>	<u>(46,831)</u>	<u>21,206,197</u>
Total capital assets being depreciated	<u>71,844,976</u>	<u>3,040,869</u>	<u>(78,398)</u>	<u>74,807,447</u>
Less accumulated depreciation:				
Buildings	(2,659,554)	(131,289)	-	(2,790,843)
System Improvements	(25,108,638)	(830,403)	31,567	(25,907,474)
Equipment	<u>(21,006,557)</u>	<u>(380,474)</u>	<u>46,831</u>	<u>(21,340,200)</u>
Total accumulated depreciation	<u>(48,774,749)</u>	<u>(1,342,166)</u>	<u>78,398</u>	<u>(50,038,517)</u>
Total capital assets, being depreciated, net	<u>23,070,227</u>	<u>1,698,703</u>	<u>-</u>	<u>24,768,930</u>
Electric System capital assets, net	<u>\$ 27,310,555</u>	<u>\$ 1,698,703</u>	<u>\$ (2,439,474)</u>	<u>\$ 26,569,784</u>

Construction in progress for the electric system consisted of \$717,320 for the Distribution System major improvements and \$456,033 for Streetscape Phase VI Improvements.

	Balance September 30, 2018	Additions	Retirements	Balance September 30, 2019
Water System				
Capital assets not being depreciated:				
Land	\$ 75,070	\$ -	\$ -	\$ 75,070
Construction in progress	<u>23,210</u>	<u>-</u>	<u>(18,573)</u>	<u>4,637</u>
Total capital assets not being depreciated	<u>98,280</u>	<u>-</u>	<u>(18,573)</u>	<u>79,707</u>
Capital assets being depreciated:				
Buildings	139,934	-	-	139,934
System Improvements	17,537,619	-	-	17,537,619
Equipment	<u>839,988</u>	<u>-</u>	<u>-</u>	<u>839,988</u>
Total capital assets being depreciated	<u>18,517,541</u>	<u>-</u>	<u>-</u>	<u>18,517,541</u>
Less accumulated depreciation:				
Buildings	(141,387)	(3,163)	-	(144,550)
System Improvements	(10,291,322)	(396,499)	-	(10,687,821)
Equipment	<u>(908,093)</u>	<u>(18,989)</u>	<u>-</u>	<u>(927,082)</u>
Total accumulated depreciation	<u>(11,340,802)</u>	<u>(418,651)</u>	<u>-</u>	<u>(11,759,453)</u>
Total capital assets being depreciated, net	<u>7,176,739</u>	<u>(418,651)</u>	<u>-</u>	<u>6,758,088</u>
Water System capital assets, net	<u>\$ 7,275,019</u>	<u>\$ (418,651)</u>	<u>\$ (18,573)</u>	<u>\$ 6,837,795</u>

Construction in progress for the water system consisted of \$4,637 for the Streetscape planning and development of water distribution system.

CITY OF RUSTON, LOUISIANA
Notes to Financial Statements
For the Year Ended September 30, 2019

	Balance September 30, 2018	Additions	Retirements	Balance September 30, 2019
Sewer System				
Capital assets not being depreciated:				
Land	\$ 218,801	\$ -	\$ -	\$ 218,801
Construction in progress	<u>228,277</u>	<u>193,251</u>	<u>(88,564)</u>	<u>332,964</u>
Total capital assets not being depreciated	<u>447,078</u>	<u>193,251</u>	<u>(88,564)</u>	<u>551,765</u>
Capital assets being depreciated:				
Buildings	151,353	-	-	151,353
System Improvements	19,583,593	-	-	19,583,593
Equipment	<u>29,919,334</u>	<u>1,141,954</u>	<u>-</u>	<u>31,061,288</u>
Total capital assets being depreciated	<u>49,654,280</u>	<u>1,141,954</u>	<u>-</u>	<u>50,796,234</u>
Less accumulated depreciation:				
Buildings	(94,034)	(4,506)	-	(98,540)
System Improvements	(15,445,248)	(583,017)	-	(16,028,265)
Equipment	<u>(10,641,210)</u>	<u>(924,715)</u>	<u>-</u>	<u>(11,565,925)</u>
Total accumulated depreciation	<u>(26,180,492)</u>	<u>(1,512,238)</u>	<u>-</u>	<u>(27,692,730)</u>
Total capital assets being depreciated, net	<u>23,473,788</u>	<u>(370,284)</u>	<u>-</u>	<u>23,103,504</u>
Sewer System capital assets, net	<u>\$ 23,920,866</u>	<u>\$ (177,033)</u>	<u>\$ (88,564)</u>	<u>\$ 23,655,269</u>

Construction in progress consisted of \$332,964 for the North Main Improvement project.

	Balance September 30, 2018	Additions	Retirements	Balance September 30, 2019
Telecommunications System				
Capital assets not being depreciated:				
Construction in progress	\$ 211,770	\$ -	\$ -	\$ 211,770
Capital assets being depreciated:				
Equipment	<u>2,871,543</u>	<u>255,503</u>	<u>-</u>	<u>3,127,046</u>
Total capital assets being depreciated	<u>2,871,543</u>	<u>255,503</u>	<u>-</u>	<u>3,127,046</u>
Less accumulated depreciation:				
Equipment	<u>(383,336)</u>	<u>(152,098)</u>	<u>-</u>	<u>(535,434)</u>
Total accumulated depreciation	<u>(383,336)</u>	<u>(152,098)</u>	<u>-</u>	<u>(535,434)</u>
Total capital assets being depreciated, net	<u>2,488,207</u>	<u>103,405</u>	<u>-</u>	<u>2,591,612</u>
Telecommunications System capital assets, net	<u>\$ 2,699,977</u>	<u>\$ 103,405</u>	<u>\$ -</u>	<u>\$ 2,803,382</u>

Construction in progress for the telecommunications system consisted of \$211,770 for installations of telecommunications throughout the City.

CITY OF RUSTON, LOUISIANA
Notes to Financial Statements
For the Year Ended September 30, 2019

	Balance September 30, 2018	Additions	Retirements	Balance September 30, 2019
Airport Authority				
Capital assets not being depreciated:				
Land	\$ 651,214	\$ 263,684	\$ -	\$ 914,898
Construction in progress	<u>1,256,526</u>	<u>750,166</u>	<u>(751,821)</u>	<u>1,254,871</u>
Total capital assets not being depreciated	<u>1,907,740</u>	<u>1,013,850</u>	<u>(751,821)</u>	<u>2,169,769</u>
Capital assets being depreciated:				
Buildings	1,094,626	-	-	1,094,626
Runways, aprons, and taxiways	8,866,381	488,054	-	9,354,435
Equipment	<u>231,239</u>	<u>-</u>	<u>-</u>	<u>231,239</u>
Total capital assets being depreciated	<u>10,192,246</u>	<u>488,054</u>	<u>-</u>	<u>10,680,300</u>
Less accumulated depreciation:				
Buildings	(293,384)	(17,936)	-	(311,320)
Runways, aprons, and taxiways	(5,798,880)	(153,266)	-	(5,952,146)
Equipment	<u>(307,982)</u>	<u>(3,789)</u>	<u>-</u>	<u>(311,771)</u>
Total accumulated depreciation	<u>(6,400,246)</u>	<u>(174,991)</u>	<u>-</u>	<u>(6,575,237)</u>
Total capital assets being depreciated, net	<u>3,792,000</u>	<u>313,063</u>	<u>-</u>	<u>4,105,063</u>
Airport Authority capital assets, net	<u>\$ 5,699,740</u>	<u>\$ 1,326,913</u>	<u>\$ (751,821)</u>	<u>\$ 6,274,832</u>

Construction in progress consisted of \$1,092,171 for the Runway and Taxi extension project and \$162,700 for the Airport Master Plan project.

	Balance September 30, 2018	Additions	Retirements	Balance September 30, 2019
Ambulance Fund				
Capital assets being depreciated:				
Equipment	\$ 1,212,408	\$ 445,046	\$ -	\$ 1,657,454
Less accumulated depreciation	<u>(1,123,885)</u>	<u>(40,787)</u>	<u>-</u>	<u>(1,164,672)</u>
Ambulance Fund capital assets, net	<u>\$ 88,523</u>	<u>\$ 404,259</u>	<u>\$ -</u>	<u>\$ 492,782</u>

CITY OF RUSTON, LOUISIANA
Notes to Financial Statements
For the Year Ended September 30, 2019

	Balance September 30, 2018	Additions	Retirements	Balance September 30, 2019
Total Business-type activities capital assets				
Capital assets not being depreciated:				
Land	\$ 1,572,586	\$ 263,684	\$ -	\$ 1,836,270
Construction in progress	5,332,610	943,417	(3,298,432)	2,977,595
Total capital assets not being depreciated	<u>6,905,196</u>	<u>1,207,101</u>	<u>(3,298,432)</u>	<u>4,813,865</u>
Capital assets being depreciated:				
Buildings	8,703,545	-	-	8,703,545
System Improvements	80,422,257	3,014,140	(31,567)	83,404,830
Runways, aprons, and taxiways	8,866,381	488,054	-	9,354,435
Equipment	56,300,811	1,869,232	(46,831)	58,123,212
Total capital assets being depreciated	<u>154,292,994</u>	<u>5,371,426</u>	<u>(78,398)</u>	<u>159,586,022</u>
Less accumulated depreciation:				
Buildings	(3,188,359)	(156,894)	-	(3,345,253)
System Improvements	(50,845,208)	(1,809,919)	31,567	(52,623,560)
Runways, aprons, and taxiways	(5,798,880)	(153,266)	-	(5,952,146)
Equipment	(34,371,063)	(1,520,851)	46,831	(35,845,084)
Total accumulated depreciation	<u>(94,203,510)</u>	<u>(3,640,930)</u>	<u>78,398</u>	<u>(97,766,042)</u>
Total capital assets, being depreciated, net	<u>60,089,484</u>	<u>1,730,496</u>	<u>-</u>	<u>61,819,980</u>
Business-type activities capital assets, net	<u>\$ 66,994,680</u>	<u>\$ 2,937,597</u>	<u>\$ (3,298,432)</u>	<u>\$ 66,633,846</u>

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

Governmental activities:

General government	\$ 206,307
Public safety	256,325
Public works, including depreciation of general infrastructure assets	1,155,077
Recreation	223,099
Total depreciation expense - governmental activities	<u>\$1,840,809</u>

Business-type activities:

Electric System	\$1,342,166
Water System	418,651
Sewer System	1,512,238
Telecommunications System	152,098
Airport Authority	174,991
Ambulance	40,787
Total depreciation expense - business-type activities	<u>\$3,640,930</u>

CITY OF RUSTON, LOUISIANA
Notes to Financial Statements
For the Year Ended September 30, 2019

6. SALES TAX

The various Sales Tax Funds account for the collection and distribution of City sales and use tax to other funds of the City. Sales tax rates for each fund are as follows:

Fund	Rate
1968	One-half cent
1985	Three-quarter cent
1990	One-half cent
2016	Three-quarter cent
Ruston EDD#1	One and three-quarter cent
Cooktown EDD	One-half cent

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

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

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

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

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

The Ruston EDD#1 one and three-quarter sales tax collected in the Ruston Economic Development District #1 is used to retire the debt issuance that will fund the Sports Complex Phase II Capital Projects.

The Cooktown EDD one-half cent sales tax collected in the Cooktown Economic Development District is used to fund the costs of development of the Cooktown Shopping Center.

CITY OF RUSTON, LOUISIANA
Notes to Financial Statements
For the Year Ended September 30, 2019

7. LONG-TERM LIABILITIES

Long-term liability activity for the year ended September 30, 2019, is as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental activities:					
Revenue bonds payable	\$66,970,000	\$10,000,000	(\$3,190,000)	\$73,780,000	\$3,265,000
Compensated absences	1,787,862	46,390	-	1,834,252	458,563
Net pension liability	26,669,706	1,894,295	-	28,564,001	-
Post-employment benefit obligation	<u>15,999,823</u>	<u>6,470,579</u>	<u>(180,342)</u>	<u>22,290,060</u>	<u>-</u>
Total Governmental activities long-term liabilities	<u>\$111,427,391</u>	<u>\$18,411,264</u>	<u>(\$3,370,342)</u>	<u>\$126,468,313</u>	<u>\$3,723,563</u>
Business-type activities:					
Electric System:					
Compensated absences	<u>\$ 353,665</u>	<u>\$ -</u>	<u>(\$ 18,649)</u>	<u>\$ 335,016</u>	<u>\$ 56,919</u>
Water System:					
DHH revolving loan	\$ 1,462,388	\$ -	(\$ 113,000)	\$1,349,388	\$ 112,000
Compensated absences	<u>21,813</u>	<u>-</u>	<u>(1,779)</u>	<u>20,034</u>	<u>3,406</u>
Water System long-term liabilities	<u>\$ 1,484,201</u>	<u>\$ -</u>	<u>(\$ 114,779)</u>	<u>\$1,369,422</u>	<u>\$ 117,008</u>
Sewer System:					
Refunding sewer bonds	\$ 9,180,000	\$ -	(\$1,050,000)	\$8,130,000	\$1,075,000
DEQ revolving loan	-	266,040	-	266,040	-
Compensated absences	<u>114,393</u>	<u>7,532</u>	<u>-</u>	<u>121,925</u>	<u>20,727</u>
Sewer System long-term liabilities	<u>\$ 9,294,393</u>	<u>\$273,572</u>	<u>(\$1,050,000)</u>	<u>\$8,517,965</u>	<u>\$1,105,481</u>
Telecommunications System:					
Compensated absences	<u>\$ 3,971</u>	<u>\$ 2,041</u>	<u>\$ -</u>	<u>\$ 6,012</u>	<u>\$ 1,022</u>
Ambulance Fund:					
Compensated absences	<u>\$ 79,480</u>	<u>\$ -</u>	<u>(\$ 6,873)</u>	<u>\$ 72,607</u>	<u>\$ 12,343</u>
Total Business-type activities long-term liabilities:					
Compensated absences	\$ 573,322	\$ 9,573	(\$ 27,301)	\$ 555,394	\$ 94,417
DHH revolving loan	1,462,388	-	(113,000)	1,349,388	112,000
Refunding sewer bonds	9,180,000	-	(1,050,000)	8,130,000	1,075,000
DEQ revolving loan	<u>-</u>	<u>266,040</u>	<u>-</u>	<u>266,040</u>	<u>-</u>
Total Business-type activities long-term liabilities	<u>\$11,215,710</u>	<u>\$275,613</u>	<u>(\$1,190,301)</u>	<u>\$10,300,823</u>	<u>\$1,281,417</u>

Internal service funds predominantly serve the governmental funds. Accordingly, long-term liabilities for them are included as part of the above totals for governmental activities. For the governmental activities, the balance of compensated absences is generally liquidated by the General Fund.

CITY OF RUSTON, LOUISIANA
Notes to Financial Statements
For the Year Ended September 30, 2019

Bonds payable at September 30, 2019, were comprised of the following issuances:

	<u>Outstanding at September 30, 2019</u>
Governmental Activities:	
<u>Tax Increment Revenue Bonds</u>	
\$34,000,000 – 2017 Sales Tax Increment Revenue Bonds dated April 20, 2017, interest at 3.0% payable in annual installments of \$1,740,000 to \$2,270,000 through September 1, 2033.	\$28,355,000
<u>Sales & Use Tax Revenue Bonds</u>	
\$38,995,000 – 2016 Sales & Use Tax Revenue Bonds dated September 13, 2016, interest at 2.00% - 5.00% payable in annual installments of \$810,000 to \$2,985,000 through June 1, 2036.	\$35,425,000
<u>Sales & Use Tax Revenue Bonds</u>	
\$20,000,000 – 2019 Sales & Use Tax Revenue Bonds dated April 1 2019, interest 3.075% payable in annual installments of \$2,250,000 to \$2,770,000 through December 1, 2028.	\$10,000,000
Business-type Activities:	
<u>DHH Revolving Loan</u>	
\$2,334,000 2009 Water Revenue Bonds dated October 29, 2009, interest at 3.45%, due in annual installments of \$92,000 to \$145,000 through October 1, 2030.	\$1,349,388
<u>Refunding Bonds</u>	
\$14,870,000 2012 Refunding Sewer Bonds dated July 24, 2012, interest at 2.75%, due in annual installments of \$1,000,000 to \$1,250,000 through October 1, 2026.	\$8,130,000
<u>DEQ Clean Drinking Water Revolving Loan</u>	
\$6,000,000 2018 Utility Revenue Bonds dated October 18, 2018, interest at 0.95%, due in annual installments of \$270,000 to \$330,000 through October 1, 2039.	\$ 266,040

CITY OF RUSTON, LOUISIANA
Notes to Financial Statements
For the Year Ended September 30, 2019

The annual requirements to amortize all debt outstanding as of September 30, 2019, including interest requirements were as follows:

Year ending September 30:	<u>Governmental</u> <u>Activities</u>		<u>Business-Type</u> <u>Activities</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	
2020	\$ 3,265,000	\$ 2,975,054	\$ 1,158,000	\$ 274,277	\$ 7,672,331
2021	3,365,000	3,081,250	1,455,040	245,380	8,146,670
2022	5,720,000	2,945,706	1,222,000	214,601	10,102,307
2023	5,915,000	2,741,296	1,249,000	181,878	10,087,175
2024	6,120,000	2,529,338	1,283,000	147,091	10,079,428
2025-2028	19,045,000	7,833,884	2,953,388	223,228	30,055,500
2029-2033	21,810,000	4,919,039	425,000	12,358	27,166,397
2034-2039	8,540,000	867,750	-	-	9,407,750
	<u>\$73,780,000</u>	<u>\$27,893,317</u>	<u>\$ 9,745,428</u>	<u>\$1,298,813</u>	<u>\$112,717,558</u>

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

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 general purposes. The City assessed property value at December 31, 2019, was \$210,298,418. The maximum debt allowable for any one purpose and total general obligation debt allowable by state law as of December 31, 2019, is \$21,029,842 and \$73,604,446, respectively. The City currently has no general bonded debt outstanding.

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

Municipal Employees’ Retirement System (MERS)

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 Boulevard., Baton Rouge, Louisiana 70809, or by calling (800) 820-1137.

Funding Policy – State statute requires covered employees to contribute 9.50% of their annual compensation. As provided by Louisiana Revised Statute 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. The current actuarially determined rate is 27.75% of annual compensation. The City’s contributions to the System for the years ended September 30, 2019, 2018, and 2017 were \$1,851,265, \$1,633,860, and \$1,464,167, respectively, equal to the required contributions for each year.

CITY OF RUSTON, LOUISIANA
Notes to Financial Statements
For the Year Ended September 30, 2019

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

At September 30, 2019, the City reported a liability of \$16,062,737 for its proportionate share of the net pension liability for the MERS plan. The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

The City's proportion of the net pension liability was based on a projection of the City's long-term share of contributions to the MERS pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2019, the City's proportion was 3.8439%, which was an increase of 0.2607% from its proportion measured as of June 30, 2018.

For the year ended September 30, 2019, the City recognized net pension expense of \$3,019,451 plus employer's amortization of change in proportionate share and differences between employer contributions and proportionate share of contributions, \$506,647.

At September 30, 2019, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$391,914
Changes in assumptions	405,921	-
Net difference between projected and actual earnings on pension plan investments	1,593,077	-
Changes in proportion and differences between Employer contributions and proportionate share of contributions	788,567	-
Employer contributions subsequent to the measurement date	<u>516,875</u>	<u>-</u>
Total	<u>\$3,304,440</u>	<u>\$391,914</u>

The City reported a total of \$516,875 as deferred outflow of resources related to pension contributions made subsequent to the measurement period of June 30, 2019, which will be recognized as a reduction in the net pension liability in the year ended September 30, 2020.

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

<u>Year</u>	<u>MERS</u>
2020	\$1,380,272
2021	678,204
2022	203,443
2023	<u>133,732</u>
Total	<u>\$2,395,651</u>

CITY OF RUSTON, LOUISIANA
Notes to Financial Statements
For the Year Ended September 30, 2019

Actuarial Assumptions

A summary of the actuarial methods and assumptions used in determining the total pension liability as of September 30, 2019 is as follows:

Valuation Date	June 30, 2019
Actuarial Cost Method	Entry Age Normal
Expected Remaining Service Lives	3 years
Investment Rate of Return	7.0%, net of investment expense, including inflation
Projected Salary Increases	1 to 4 years of service- 6.4% (2.5% inflation, 3.9% merit) More than 4 years of service- 4.5% (2.5% inflation, 2.0% merit)
Mortality	Pub G-2010(B) - Employee Table for active members (set equal to 120% for males and females, each adjusted using their respective male and female MP 2018 scales) Pub NS-2010(B)-Disabled Retiree Table for Disabled Annuitants (set equal to 120% for males and females with the full generational MP 2018 scales) Pub G-2010(B)- Healthy Retiree Table for healthy annuitants (set equal to 120% for males and females, each adjusted using their respective male and female MP 2018 scales)
Cost of Living Adjustments	The present value of future retirement benefits is based on benefits currently being paid by the System and includes previously granted cost of living increases. The present values do not include provisions for potential future increases not yet authorized by the Board of Trustees.

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

Discount Rate

The discount rate used to measure the total pension liability was 7.0%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rates and that contributions from participating employers will be made at the actuarially determined rates, actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive plan members. Therefore, the long-term expected rate of return on pension

CITY OF RUSTON, LOUISIANA
Notes to Financial Statements
For the Year Ended September 30, 2019

plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

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

	1.0% <u>Decrease</u>	Current Discount <u>Rate</u>	1.0% <u>Increase</u>
MERS Rates	6.0%	7.0%	8.0%
COR Share-NPL	\$20,942,936	\$16,062,737	\$11,936,682

Statewide Firefighter’s Retirement System (SFRS)

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

Funding Policy - State statute requires covered employees to contribute 10% of their annual compensation. For the year ended September 30, 2019, The City is required to contribute 27.75% of annual compensation excluding overtime but including State supplemental pay. As provided by Louisiana Revised Statute 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. The City’s contributions to SFRS for the years ended September 30, 2019, 2018 and 2017 were \$626,153, \$537,893, and \$587,466, respectively, equal to the required contributions for each year.

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

At September 30, 2019, the City reported a liability of \$6,184,669 for its proportionate share of the net pension liability for the FRS plan. The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City’s proportion of the net pension liability was based on a projection of the City’s long-term share of contributions to the FRS pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2019, the City’s proportion was 0.9876%, which was an increase of 0.03% from its proportion measured as of June 30, 2018. For the year ended September 30, 2019, the City recognized pension expense of \$1,202,904 less employer’s amortization of change in proportionate share and differences between employer contributions and proportionate

CITY OF RUSTON, LOUISIANA
Notes to Financial Statements
For the Year Ended September 30, 2019

share of contributions, \$20,315.

At September 30, 2019, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of <u>Resources</u>	Deferred Inflows of <u>Resources</u>
Differences between expected and actual experience	\$ -	\$446,127
Changes of assumptions	415,902	450
Net differences between projected and actual earnings on pension plan investments	562,654	-
Changes in proportion and differences between Employer contributions and proportionate share of contributions	170,118	148,677
Employer contributions subsequent to the measurement date	<u>168,359</u>	<u>-</u>
Total	<u>\$1,317,033</u>	<u>\$595,254</u>

The City reported a total of \$168,359 as deferred outflow of resources related to pension contributions made subsequent to the measurement period of June 30, 2019, which will be recognized as a reduction in net pension liability in the year ended September 30, 2020.

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

<u>Year</u>	<u>SFRS</u>
2020	\$207,025
2021	(34,381)
2022	166,603
2023	138,735
2024	31,109
2025	<u>44,329</u>
Total	<u>\$553,420</u>

CITY OF RUSTON, LOUISIANA
Notes to Financial Statements
For the Year Ended September 30, 2019

Actuarial Assumptions

A summary of the actuarial methods and assumptions used in determining the total pension liability as of September 30, 2019, is as follows:

Valuation Date	June 30, 2019
Actuarial Cost Method	Entry Age Normal
Expected Remaining Service Lives	7 years
Investment Rate of Return	7.15%, net of investment expense, including inflation
Projected salary increases	4.50% – 14.75% per year based on years of service
Mortality	RP-2000 Employee Table for active members RP-2000 Disabled Lives Mortality Table for Disabled Annuitants RP-2000 Healthy Annuitant Table for healthy annuitants
Cost of Living Adjustments	Only those previously granted

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

Discount Rate

The discount rate used to measure the total pension liability was 7.15%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rates and that contributions from participating employers will be made at the actuarially determined rates, actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

CITY OF RUSTON, LOUISIANA
Notes to Financial Statements
For the Year Ended September 30, 2019

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

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

	<u>1.0% Decrease</u>	<u>Current Discount Rate</u>	<u>1.0% Increase</u>
FRS			
Rates	6.15%	7.15%	8.15%
COR Share- NPL	\$8,955,820	\$6,184,669	\$3,858,777

Municipal Police Employees’ Retirement System (MPERS)

Plan Description – The City of Ruston contributes to the Municipal Police Employees’ Retirement System Pension Plan, a cost sharing multiple employer defined benefit pension plan administered by the Municipal Police Employees’ Retirement System. MPERS covers any full-time police officer, empowered to make arrests, employed by any municipality of the State and engaged in law enforcement, earning at least \$375 per month excluding state supplemental pay, or an elected Chief of Police whose salary is at least \$100 per month, and any employee of this system may participate in the MPERS. Benefits are established by State statutes. The MPERS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing the Board of Trustees of the Municipal Police Employees’ Retirement System, 7722 Office Park Boulevard., Suite 200, Baton Rouge, Louisiana 70809 or by calling (800) 443-4248.

Funding Policy – State statute requires plan members to contribute 10% of their annual compensation. For the year ended September 30, 2019, the City was required to contribute 32.50% of annual compensation excluding overtime but including State supplemental pay. As provided by Louisiana Revised Statute 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. The City’s contributions to MPERS for the years ended September 30, 2019, 2018 and 2017 were \$695,315, \$686,262, and \$656,807, respectively, equal to the required contributions for each year.

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

At September 30, 2019, the City reported a liability of \$6,316,595 for its proportionate share of the net pension liability for the MPERS plan. The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City’s proportion of the net pension liability was based on a projection of the City’s long-term share of contributions to the MPERS pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2019, the City’s proportion was 0.6955%, which was a decrease of 0.0526% from its proportion measured as of June 30, 2018.

CITY OF RUSTON, LOUISIANA
Notes to Financial Statements
For the Year Ended September 30, 2019

For the year ended September 30, 2019, the City recognized pension expense of \$1,089,832 less employer's amortization of change in proportionate share and differences between employer contributions and proportionate share of contributions, \$36,705.

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 13,254	\$ 194,333
Changes of assumptions	410,379	-
Net differences between projected and actual earnings on pension plan investments	353,970	-
Change in proportion and differences between Employer contributions and proportionate share of contributions	308,994	311,146
Employer contributions subsequent to the measurement date	<u>170,028</u>	<u>-</u>
Total	<u>\$1,256,625</u>	<u>\$ 505,479</u>

At September 30, 2019, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

The City reported a total of \$170,028 as deferred outflow of resources related to pension contributions made subsequent to the measurement period of June 30, 2019, which will be recognized as a reduction in the net pension liability in the year ended September 30, 2020.

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

<u>Year</u>	<u>MPERS</u>
2020	\$401,977
2021	26,344
2022	50,341
2023	<u>102,456</u>
Total	<u>\$581,118</u>

CITY OF RUSTON, LOUISIANA
Notes to Financial Statements
For the Year Ended September 30, 2019

Actuarial Assumptions

A summary of the actuarial methods and assumptions used in determining the total pension liability as of September 30, 2019, is as follows:

Valuation Date	June 30, 2019
Actuarial Cost Method	Entry Age Normal
Expected Remaining Service Lives	4 years
Investment Rate of Return	7.125%, net of investment expense
Projected Salary Increases	4.25% - 9.75% based on years of service
Mortality	RP-2000 Employee Table for active members RP-2000 Disabled Lives Mortality Table for Disabled Annuitants RP-2000 Healthy Annuitant Table for healthy annuitants

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

Discount Rate

The discount rate used to measure the total pension liability was 7.125%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rates and that contributions from participating employers will be made at the actuarially determined rates, actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

CITY OF RUSTON, LOUISIANA
Notes to Financial Statements
For the Year Ended September 30, 2019

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

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

	<u>1.0% Decrease</u>	<u>Current Discount Rate</u>	<u>1.0% Increase</u>
MPERS			
Rates	6.125%	7.125%	8.125%
COR Share- NPL	\$8,801,099	\$6,316,595	\$4,232,346

9. OTHER REQUIRED INDIVIDUAL FUND DISCLOSURES

a. INTERFUND RECEIVABLES AND PAYABLES

Interfund balances at September 30, 2019, were as follows:

DUE FROM OTHER FUNDS	DUE TO OTHER FUNDS													Total
	General Fund	Sales Tax Funds	I-20 TID Fund	Moving Ruston Forward	Nonmajor Governmental	Electric System	Water System	Sewer System	Sports Complex	Telecom	Airport	Ambulance	Internal Service	
General Fund	\$ 840,127	\$ 293,762	\$ 207,478	\$ -	\$ 127,736	\$ -	\$ 1,143,760	\$ 1,115,277	\$ 626,937	\$ 253,877	\$ 3,629	\$ 443,954	\$ 10,989	\$ 5,067,526
Sales Tax Funds	-	1,831,067	-	447,432	-	-	-	-	-	-	-	-	-	2,278,499
I-20 TID Fund	178,987	-	-	817,231	31	-	-	-	444	-	-	-	-	996,693
Moving Ruston Forward	718,423	-	-	-	-	-	-	-	-	-	-	-	-	718,423
Sports Complex Phase II	-	-	-	1,000,000	-	-	-	-	-	-	-	-	-	1,000,000
Nonmajor Governmental	2,927	33,977	-	-	-	-	-	-	-	-	-	-	-	36,904
Electric System	3,845,117	-	11,923	108,130	909	-	-	-	2,886,286	61,274	-	-	195,477	7,109,115
Water System	14,123	-	2,752	1,836	-	4,875,874	-	-	1,801	-	-	-	-	4,896,386
Sewer System	357	-	128,248	506	-	3,483,122	11,170	-	-	-	-	-	-	3,623,403
Airport	15,550	-	60,828	-	-	-	-	-	2,539	-	-	-	-	78,917
Ambulance	5,495	-	-	-	-	50,000	150,000	-	25,000	260,000	-	-	-	490,495
Internal Service	499,922	-	-	-	21,303	78,834	22,326	37,971	-	6,408	150,268	2,389	7,316	826,737
	<u>\$ 6,121,028</u>	<u>\$ 2,158,806</u>	<u>\$ 411,229</u>	<u>\$ 2,375,135</u>	<u>\$ 149,978</u>	<u>\$ 8,437,830</u>	<u>\$ 1,227,256</u>	<u>\$ 1,303,248</u>	<u>\$ 626,937</u>	<u>\$ 3,176,355</u>	<u>\$ 475,171</u>	<u>\$ 446,343</u>	<u>\$ 213,782</u>	<u>\$ 27,123,098</u>

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

CITY OF RUSTON, LOUISIANA
Notes to Financial Statements
For the Year Ended September 30, 2019

b. INTERFUND TRANSFERS

Transfers for the year ended September 30, 2019, were as follows:

TRANSFERS OUT	TRANSFERS IN			
	General Fund	Nonmajor		Total
		Governmental Funds	MRF Capital Projects Fund	
General Fund	\$ -	\$ -	\$ 2,105,437	\$ 2,105,437
1968 Sales Tax	3,110,697	-	-	3,110,697
1985 Sales Tax	4,400,023	300,000	-	4,700,023
1990 Sales Tax	3,110,697	-	-	3,110,697
2016 Sales Tax	-	-	1,933,735	1,933,735
Electric System	2,363,103	-	-	2,363,103
Water System	675,832	-	-	675,832
Sewer System	608,537	-	-	608,537
Total transfers	\$ 14,268,889	\$ 300,000	\$ 4,039,172	\$ 18,608,061

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

c. EXCESS OF EXPENDITURES OVER BUDGET

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

<u>Fund:</u>	<u>Budget</u>	<u>Actual on a budgetary basis</u>	<u>Negative variance</u>
General Fund:			
Fines and Forfeiture Revenue	\$828,600	\$ 443,742	(\$384,858)
General Government:			
Executive Operating Services	917,394	1,680,686	(763,293)
Economic Development	260,782	664,743	(403,962)
Public Safety:			
Probation	115,000	127,193	(12,193)

The variance in fines and forfeitures was an indirect result of the 2019 tornado event. Despite these variances, the City complied with the Local Government Budget act in that no fund in total experienced a 5% increase/decrease in revenue or expense, respectively, for the year ended September 30, 2019. See additional analysis of budget variances within the MD&A section of this report.

CITY OF RUSTON, LOUISIANA
Notes to Financial Statements
For the Year Ended September 30, 2019

d. ON BEHALF OF PAYMENTS

The City makes certain payments on behalf of the Ruston City Judge’s Office and the Ruston City Marshal’s Office as part of normal operations and considered in the annual budget process. The on behalf of payments are shown in detail below:

<u>Payee</u>	<u>Amount</u>
Ruston City Judge’s Office:	
Salaries and Employee Benefits	\$368,720
Ruston City Marshal’s Office:	
Salaries and Employee Benefits	<u>271,427</u>
Total On Behalf payments	<u>\$640,147</u>

10. FEDERAL AND STATE FINANCIAL ASSISTANCE

Federal and State governmental units represent an important source of supplementary funding to finance housing, employment, construction programs, and other activities beneficial to the community. These funds, primarily in the form of grants, are recorded in the General, Special Revenue, and Enterprise Funds. A grant receivable is recorded when the City has a right to reimbursement under the related grant. The grants normally specify the purpose for which the funds may be used and are audited annually under the single audit as mandated by the Single Audit Act of 1996 and *Title 2 U.S. Code of Federal Regulations (CFR), Part 200, Uniform Administration Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)*.

11. POSTEMPLOYMENT HEALTH CARE AND LIFE INSURANCE BENEFITS

General Information about the OPEB Plan

Plan description – The City of Ruston (the City) provides certain continuing health care and life insurance benefits for its retired employees. The City of Ruston’s OPEB Plan (the OPEB Plan) is a single-employer defined benefit OPEB plan administered by the City. The authority to establish and/or amend the obligation of the employer, employees and retirees rests with the City. No assets are accumulated in a trust that meets the criteria in Governmental Accounting Standards Board (GASB) Codification Section P52 *Postemployment Benefits Other Than Pensions—Reporting For Benefits Not Provided Through Trusts That Meet Specified Criteria—Defined Benefit*.

Benefits Provided – Medical benefits are provided through a self-insured medical plan and are made available to employees upon actual retirement. The employees are covered by one of three retirement systems: first, the Municipal Employees' Retirement System of Louisiana, whose retirement eligibility (D.R.O.P. entry) provisions are as follows: 25 years of service at any age; or, age 60 and 10 years of service; second, the Municipal Police Retirement System of Louisiana, whose retirement eligibility (D.R.O.P. entry) provisions are as follows: 25 years of service at any age; age 50 and 20 years of service; or, age 55 and 12 years of service; and, third, the Firefighters' Retirement System of Louisiana, whose retirement eligibility (D.R.O.P. entry) provisions are as follows: 25 years of service at any age; age 50 and 20 years of service; or, age 55 and 12 years of service.

CITY OF RUSTON, LOUISIANA
Notes to Financial Statements
For the Year Ended September 30, 2019

Life insurance coverage in varying amounts is provided to retirees based on a blended rate (for all retired combined). Retiree insurance coverage amounts are \$20,000, reduced to \$10,000 at age 70 and to \$1,000 at age 75.

Employees covered by benefit terms – At September 30, 2019, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	62
Inactive employees entitled to but not yet receiving benefit payments	-
Active employees	262
	324

Total OPEB Liability

The City’s total OPEB liability of \$22,290,060 was measured as of September 30, 2019 and was determined by an actuarial valuation as of that date.

Actuarial Assumptions and other inputs – The total OPEB liability in the September 30, 2019 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.5%
Salary increases	4.0%, including inflation
Prior Discount rate	4.18%
Discount rate	2.66%, net of OPEB plan investment expense, including inflation
Healthcare cost trend rates	Flat 5.5% annually

The discount rate was based on the average of the Bond Buyers' 20 Year General Obligation municipal bond index as of September 30, 2019, the end of the applicable measurement period. Mortality rates were based on the RP-2000 Table without projection with 50%/50% unisex blend.

The actuarial assumptions used in the September 30, 2019 valuation were based on the results of ongoing evaluations of the assumptions from October 1, 2009 to September 30, 2019.

Changes in the Total OPEB Liability

Balance at September 30, 2018	\$15,999,823
Changes for the year:	
Service cost	221,500
Interest	665,023
Difference between expected and actual experience	332,256
Change in assumptions	5,251,800
Benefit payments and net transfers	(180,342)
Net changes	6,290,237
Balance at September 30, 2019	\$22,290,060

CITY OF RUSTON, LOUISIANA
Notes to Financial Statements
For the Year Ended September 30, 2019

Sensitivity of the total OPEB liability to changes in the discount rate – The following presents the total OPEB liability of the City, as well as what the City’s total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (1.66%) or 1-percentage-point higher (3.66%) than the current discount rate:

	1.0% Decrease <u>(1.66%)</u>	Current Discount Rate <u>(2.66%)</u>	1.0% Increase <u>(3.66%)</u>
Total OPEB liability	\$27,115,425	\$22,290,060	\$18,609,738

Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates – The following presents the total OPEB liability of the City, as well as what the City’s total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower (4.5%) or 1-percentage-point higher (6.5%) than the current healthcare trend rates:

	1.0% Decrease <u>(4.5%)</u>	Current Trend <u>(5.5%)</u>	1.0% Increase <u>(6.5%)</u>
Total OPEB liability	\$18,604,397	\$22,290,060	\$27,046,472

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB – For the year ended September 30, 2019, the City recognized OPEB expense of \$1,229,322. At September 30, 2019, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of <u>Resources</u>	Deferred Inflows of <u>Resources</u>
Differences between expected and actual experience	\$ 302,051	(\$ 243,566)
Changes in assumptions	<u>4,774,364</u>	<u>(1,404,863)</u>
Total	<u>\$5,076,415</u>	<u>(\$1,648,429)</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Years ending <u>September 30:</u>	
2020	\$ 342,799
2021	342,799
2022	342,799
2023	342,799
2024	342,799
Thereafter	1,713,995

CITY OF RUSTON, LOUISIANA
Notes to Financial Statements
For the Year Ended September 30, 2019

City of Ruston
Schedule of Changes in Net OPEB Liability and Related Ratios for the
For the Year Ended September 30, 2019

	2018	2019
Total OPEB Liability		
Service cost	\$ 253,617	\$ 221,500
Interest	615,554	665,023
Changes of benefit terms	-	-
Differences between expected and actual experience	(292,278)	332,256
Changes of assumptions	(1,685,835)	5,251,800
Benefit payments	(170,940)	(180,342)
Net change in total OPEB liability	<u>(1,279,882)</u>	<u>6,290,237</u>
Total OPEB liability - beginning	<u>17,279,705</u>	<u>15,999,823</u>
Total OPEB liability - ending (a)	<u>\$ 15,999,823</u>	<u>\$ 22,290,060</u>
Covered-employee payroll	\$ 10,721,510	\$ 11,150,370
Net OPEB liability as a percentage of covered-employee payroll	149.23%	199.90%
Notes to Schedule:		
<i>Benefit Changes:</i>	None	None
<i>Changes of Assumptions:</i>		
<i>Discount Rate:</i>	4.18%	2.66%

This schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

CITY OF RUSTON, LOUISIANA
Notes to Financial Statements
For the Year Ended September 30, 2019

12. COMMITMENTS AND CONTINGENCIES

Construction Projects

There are certain construction projects in progress at September 30, 2019. The City issued \$34,000,000 of Sales Tax Increment Revenue Bonds in 2017 for the purpose of providing engineering and construction expenditures related to the I-20 Service Road Projects. The City also issued \$38,995,000 of Sales and Use Tax Revenue Bonds in 2016 for the purpose of providing infrastructure improvements City wide. In 2019, the City issued \$20,000,000 in Sales Tax Revenue Bonds to fund the construction of Sports Complex Phase II capital projects. From these debt issuances and from fund balances, the City has spent \$24,416,227 for I-20 Infrastructure projects; \$50,873,963 for the Sports Complex and Phase II projects; \$28,673,769 for streets and bridge projects; \$6,772,380 for water system improvements and \$1,838,000 for the Rock Island Greenway project.

Risk Management

The City is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City maintains commercial insurance for risks related to (1) Public Official Errors and Omissions Liability, (2) General Liability, (3) Business Auto Liability, (4) Law Enforcement Professional Liability, and (5) Fire and Extended coverage. Settled claims resulting from these risks did not exceed commercial insurance coverage in the current year. The General Liability and Business Auto Liability are subject to a \$1,000,000 per occurrence limit. The Public Official Errors and Omissions Liability and Law Enforcement Professional Liability are subject to a \$1,000,000 per occurrence limit with a \$100,000 deductible. The City maintained property insurance during the year on approximately \$54 million in City property, subject to a \$100,000 per occurrence retention for property claims. The property insurance is with Atlantic Specialty Insurance Company.

Worker's Compensation

The City established a limited risk management program for worker's compensation in 1988. Premiums are paid into the Workmen's Compensation Self-Insurance Fund by other funds and are available to pay claims, claim reserves, and administrative costs of the program. An excess coverage insurance policy covers individual claims in excess of \$175,000. Reported and an estimate of incurred, but not reported claims of \$160,136 have been accrued as a liability based upon the service company's loss reserve report. Interfund premiums are based upon the approximate premium. Payments to the worker's compensation fund are accounted for as an expenditure/expense of the paying fund. The Workmen's Compensation Self-Insurance Fund has a net position of \$434,341 at September 30, 2019. There was no increase in insurance coverage from the prior year. No claims exceeded the City's insurance coverage for each of the past five fiscal years.

CITY OF RUSTON, LOUISIANA
Notes to Financial Statements
For the Year Ended September 30, 2019

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, 2019, a total of \$3,500,849 was paid in benefits and administrative costs. The insurance fund has a net position of \$1,194,871 at September 30, 2019. An excess coverage co-insurance policy covers individual claims in excess of \$75,000 per calendar year. Incurred but not reported claims of \$266,921 have been accrued as a liability based upon information provided by the claims administrators. Interfund payments are based on total operating expenses minus employee contributions and payments by retired employees. Payments to the Health Insurance Fund are accounted for as an expenditure/expense of the paying fund. There were no reductions in insurance coverage from the prior year. No claims exceeded the City's insurance coverage for each of the past four fiscal years.

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

	Accrued Claims <u>October 1, 2019</u>	Claims Incurred	Claims Paid	Accrued Claims <u>September 30, 2019</u>
Worker's Compensation				
2019	\$259,707	(\$ 55,524)	(\$ 44,047)	\$160,136
2018	\$318,746	\$ 119,344	(\$ 178,383)	\$259,707
Health Insurance:				
2019	\$227,027	\$2,166,834	(\$2,393,861)	\$266,921
2018	\$380,782	\$2,807,432	(\$2,961,187)	\$227,027

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 that adequate provision has been made for any amounts not covered by insurance should the Court find in favor of the plaintiffs.

Grant Disallowances

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

Revenues from the State of Louisiana

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

CITY OF RUSTON, LOUISIANA
Notes to Financial Statements
For the Year Ended September 30, 2019

13. LEASES

On January 9, 2018, the City of Ruston agreed to lease equipment from BancorpSouth Equipment Finance for the sum of \$6,648 payable monthly on the 23rd day of each month for 36 consecutive months with a 37th final payment of \$215,884. The lease term commenced on January 23, 2018, and will end on February 23, 2021. Annual lease payments total \$79,773 for the current fiscal year.

On February 13, 2019, the City of Ruston agreed to lease equipment from BancorpSouth Equipment Finance for the sum of \$11,215 payable monthly on the 27th day of each month for 36 consecutive months with a 37th final payment of \$340,560. The lease term commenced on February 27, 2019, and will end on March 27, 2022. Annual lease payments total \$134,580 for the current fiscal year.

On April 5, 2019, the City of Ruston agreed to lease equipment from BancorpSouth Equipment Finance for the sum of \$4,967 payable monthly on the 5th day of each month for 48 consecutive months with a 49th final payment of \$70,000. The lease term commenced on April 5, 2019, and will end on May 5, 2023. Annual lease payments total \$59,607 for the current fiscal year.

On April 26, 2019, the City of Ruston agreed to lease equipment from BancorpSouth Equipment Finance for the sum of \$8,792 payable monthly on the 21st day of each month for 36 consecutive months with a 37th final payment of \$267,020. The lease term commenced on March 21, 2019, and will end on April 21, 2022. Annual lease payments total \$105,508 for the current fiscal year.

Future minimum lease payments to be paid are:

Year ending <u>September 30,</u>	
2020	\$ 379,468
2021	542,169
2022	776,016
2023	<u>104,771</u>
Total	<u>\$1,802,424</u>

14. COMPENSATION PAID TO MEMBERS OF THE BOARD OF ALDERMEN

In accordance with the requirements of the Office of the Legislative Auditor, State of Louisiana, the following schedule reflects compensation paid to members of the Board of Aldermen, City of Ruston for the fiscal year ended September 30, 2019:

Carolyn E. Cage	\$11,400
Jedd B. Lewis	11,400
Angela R. Mayfield	11,400
Jim C. Pearce	11,400
Bruce E. Siegmund	11,400

CITY OF RUSTON, LOUISIANA
Notes to Financial Statements
For the Year Ended September 30, 2019

15. SUBSEQUENT EVENTS

On January 30, 2020, the World Health Organization declared the coronavirus outbreak a “Public Health Emergency of International Concern” and on March 10, 2020, declared it to be a pandemic. Actions taken around the world to help mitigate the spread of the coronavirus include restrictions on travel, and quarantines in certain areas, and forced closures for certain types of public places and businesses. The coronavirus and actions taken to mitigate it have had and are expected to have an adverse impact on the economies and financial markets of many countries, including the geographical area in which the City operates. While the disruption is currently expected to be temporary, there is considerable uncertainty around the duration. Therefore, while the City anticipates this could negatively affect its operating results, the related financial impact and duration cannot be reasonably estimated at this time.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF RUSTON, LOUISIANA
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2019
(unaudited)

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget Favorable (Unfavorable)
REVENUES				
Taxes	\$ 1,073,431	\$ 1,073,431	\$ 1,079,057	\$ 5,626
Licenses and permits	1,248,000	841,050	1,051,599	210,549
Intergovernmental	1,845,527	657,527	1,802,802	1,145,275
Charges for services	3,128,925	3,534,500	1,916,371	(1,618,129)
Fines and forfeitures	718,100	828,600	443,742	(384,858)
Investment earnings	16,000	16,000	52,826	36,826
Miscellaneous	610,050	688,925	982,308	293,383
Grants	583,333	583,333	741,811	158,478
Total revenues	<u>9,223,366</u>	<u>8,223,366</u>	<u>8,070,516</u>	<u>(152,851)</u>
EXPENDITURES				
General government:				
Executive:				
Regular salaries	775,132	775,132	743,128	32,004
Overtime salaries	4,000	4,000	1,936	2,065
Other employee benefits	380,951	380,951	374,000	6,951
Total salaries, wages, and employee benefits	<u>1,160,083</u>	<u>1,160,083</u>	<u>1,119,064</u>	<u>41,019</u>
Operating services	917,394	917,394	1,680,686	(763,293)
Materials and supplies	196,544	196,544	171,131	25,413
Travel and other	20,000	20,000	15,877	4,123
Improvements and equipment	-	-	-	-
Total executive	<u>2,294,021</u>	<u>2,294,021</u>	<u>2,986,758</u>	<u>(692,737)</u>
Information technology:				
Regular salaries	149,832	149,832	147,554	2,278
Overtime salaries	5,000	7,000	6,797	203
Other employee benefits	57,614	57,614	56,465	1,148
Total salaries, wages, and employee benefits	<u>212,446</u>	<u>214,446</u>	<u>210,816</u>	<u>3,630</u>
Operating services	431,551	431,551	296,744	134,807
Materials and supplies	33,500	33,500	18,793	14,707
Travel and other	18,000	18,000	12,507	5,493
Improvements and equipment	162,000	162,000	332,209	(170,209)
Total information technology	<u>857,497</u>	<u>859,497</u>	<u>871,070</u>	<u>(11,573)</u>
Economic development:				
Regular salaries	81,194	81,194	82,141	(947)
Overtime salaries	-	-	-	-
Other employee benefits	29,917	29,917	29,572	345
Total salaries, wages, and employee benefits	<u>111,111</u>	<u>111,110</u>	<u>111,712</u>	<u>(602)</u>
Operating services	140,551	140,551	547,257	(406,706)
Materials and supplies	4,120	4,120	868	3,252
Travel and other	5,000	5,000	4,905	95
Improvements and equipment	-	-	-	-
Total economic development	<u>260,782</u>	<u>260,781</u>	<u>664,743</u>	<u>(403,962)</u>
Museum				
Regular salaries	40,480	40,480	41,160	(680)
Overtime salaries	-	-	-	-
Other employee benefits	25,206	25,206	24,211	995
Total salaries, wages, and employee benefits	<u>65,686</u>	<u>65,686</u>	<u>65,371</u>	<u>315</u>
Operating services	8,300	8,300	7,942	358
Materials and supplies	-	-	77	(77)
Travel and other	-	-	189	(189)
Improvements and equipment	-	-	-	-
Total Military Museum	<u>73,986</u>	<u>73,986</u>	<u>73,580</u>	<u>407</u>

CITY OF RUSTON, LOUISIANA
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2019
(unaudited)

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget Favorable (Unfavorable)
Ruston City Court	\$ 354,555	\$ 354,555	\$ 368,720	\$ (14,165)
Ruston City Marshal	272,325	272,325	271,427	898
City Hall/Civic Center:				
Regular salaries	93,585	93,585	91,805	1,780
Overtime salaries	25,000	25,000	19,064	5,936
Contract Labor	35,000	35,000	76,330	(41,330)
Other employee benefits	39,396	39,396	41,976	(2,580)
Total salaries, wages, and employee benefits	<u>192,981</u>	<u>192,981</u>	<u>229,176</u>	<u>(36,195)</u>
Operating services	368,776	368,776	268,324	100,452
Materials and supplies	37,300	37,300	16,791	20,509
Travel and other	-	-	810	(810)
Improvements and equipment	-	-	-	-
Total civic center/city hall	<u>599,057</u>	<u>599,057</u>	<u>515,101</u>	<u>83,955</u>
Planning & zoning:				
Regular salaries	447,236	447,236	449,800	(2,564)
Overtime salaries	5,000	5,000	3,789	1,211
Other employee benefits	207,181	207,181	205,132	2,049
Total salaries, wages, and employee benefits	<u>659,417</u>	<u>659,417</u>	<u>658,721</u>	<u>696</u>
Operating services	254,057	254,057	281,274	(27,217)
Materials and supplies	61,300	61,300	37,971	23,329
Travel and other	12,000	12,000	2,821	9,179
Improvements and equipment	-	-	-	-
Total planning & zoning	<u>986,774</u>	<u>986,774</u>	<u>980,787</u>	<u>5,988</u>
Total general government	<u>5,698,997</u>	<u>5,700,996</u>	<u>6,732,185</u>	<u>(1,031,596)</u>
Public safety:				
Police:				
Regular salaries	2,408,379	2,408,379	2,135,440	272,939
Overtime salaries	215,000	215,000	213,004	1,996
Other employee benefits	1,365,692	1,365,692	1,356,357	9,335
Total salaries, wages, and employee benefits	<u>3,989,071</u>	<u>3,989,071</u>	<u>3,704,801</u>	<u>284,269</u>
Operating services	524,771	524,771	457,044	67,727
Materials and supplies	277,310	277,310	232,297	45,013
Travel and other	104,000	104,000	102,399	1,601
Improvements and equipment	135,900	135,900	77,164	58,736
Total police	<u>5,031,052</u>	<u>5,031,053</u>	<u>4,573,706</u>	<u>457,346</u>
Fire:				
Regular salaries	2,371,471	2,196,471	2,105,444	91,027
Overtime salaries	150,000	325,000	289,241	35,759
Contract Labor	90,000	90,000	42,516	47,484
Other employee benefits	1,536,945	1,536,945	1,467,770	69,174
Total salaries, wages, and employee benefits	<u>4,148,416</u>	<u>4,148,416</u>	<u>3,904,971</u>	<u>243,445</u>
Operating services	387,126	387,126	305,454	81,673
Materials and supplies	198,300	198,300	187,537	10,762
Travel and other	55,000	55,000	50,931	4,068
Improvements and equipment	237,000	237,000	92,718	144,282
Total fire	<u>5,025,842</u>	<u>5,025,841</u>	<u>4,541,611</u>	<u>484,230</u>
Probation	<u>115,000</u>	<u>115,000</u>	<u>127,193</u>	<u>(12,193)</u>
Total public safety	<u>10,171,894</u>	<u>10,171,894</u>	<u>9,242,511</u>	<u>929,383</u>

See the accompanying notes to budgetary comparison schedules and independent auditors' report.

CITY OF RUSTON, LOUISIANA
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2019
(unaudited)

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget Favorable (Unfavorable)
Public works:				
Administration:				
Regular salaries	\$ 309,150	\$ 309,150	\$ 293,291	\$ 15,859
Overtime salaries	500	500	696	(196)
Contract Labor	5,000	5,000	-	5,000
Other employee benefits	123,477	123,477	123,888	(412)
Total salaries, wages, and employee benefits	<u>438,127</u>	<u>438,127</u>	<u>417,876</u>	<u>20,251</u>
Operating services	118,898	118,898	137,596	(18,698)
Materials and supplies	21,500	21,500	14,414	7,086
Travel and other	2,500	2,500	7,146	(4,646)
Improvements and equipment	-	-	-	-
Total administration	<u>581,025</u>	<u>581,024</u>	<u>577,031</u>	<u>3,993</u>
Streets:				
Regular salaries	782,843	782,843	661,675	121,168
Overtime salaries	40,000	85,000	71,021	13,979
Contract Labor	100,000	100,000	95,001	4,999
Other employee benefits	452,712	452,712	412,379	40,333
Total salaries, wages, and employee benefits	<u>1,375,555</u>	<u>1,420,555</u>	<u>1,240,076</u>	<u>180,479</u>
Operating services	1,056,749	1,388,835	1,397,574	(8,738)
Materials and supplies	182,000	182,000	144,862	37,138
Travel and other	2,500	2,500	620	1,880
Improvements and equipment	1,750,000	1,750,000	1,487,025	262,976
Total streets	<u>4,366,804</u>	<u>4,743,891</u>	<u>4,270,157</u>	<u>473,734</u>
Solid waste:				
Regular salaries	689,978	689,978	549,110	140,868
Overtime salaries	113,000	148,000	128,583	19,417
Contract Labor	60,000	60,000	102,060	(42,060)
Other employee benefits	398,881	398,881	356,285	42,596
Total salaries, wages, and employee benefits	<u>1,261,859</u>	<u>1,296,859</u>	<u>1,136,037</u>	<u>160,821</u>
Operating services	745,716	745,716	533,603	212,113
Materials and supplies	225,000	225,000	208,045	16,955
Travel and other	-	-	73	(73)
Improvements and equipment	-	-	-	-
Total solid waste	<u>2,232,575</u>	<u>2,267,575</u>	<u>1,877,760</u>	<u>389,815</u>
Repair shop:				
Regular salaries	340,016	340,016	338,751	1,265
Overtime salaries	6,000	6,000	3,252	2,748
Other employee benefits	193,402	193,402	192,771	630
Total salaries, wages, and employee benefits	<u>539,418</u>	<u>539,418</u>	<u>534,774</u>	<u>4,644</u>
Operating services	56,630	56,630	55,798	832
Materials and supplies	37,100	37,100	23,863	13,237
Travel and other	4,000	4,000	1,500	2,500
Improvements and equipment	-	-	-	-
Total repair shop	<u>637,148</u>	<u>637,148</u>	<u>615,934</u>	<u>21,214</u>

CITY OF RUSTON, LOUISIANA
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2019
(unaudited)

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final	Amounts	
Animal Control:				
Regular salaries	\$ 138,664	\$ 138,664	\$ 101,200	\$ 37,464
Overtime salaries	12,000	12,000	6,328	5,672
Other employee benefits	54,149	54,149	45,623	8,526
Total salaries, wages, and employee benefits	<u>204,813</u>	<u>204,813</u>	<u>153,150</u>	<u>51,663</u>
Operating services	51,371	51,371	28,549	22,822
Materials and supplies	22,300	22,300	19,972	2,328
Travel and other	4,000	4,000	1,891	2,109
Total animal control	<u>282,484</u>	<u>282,484</u>	<u>203,561</u>	<u>78,922</u>
Total public works	<u>8,100,036</u>	<u>8,512,122</u>	<u>7,544,444</u>	<u>967,678</u>
Total expenditures	<u>23,970,926</u>	<u>24,385,012</u>	<u>23,519,139</u>	<u>865,465</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(14,747,560)</u>	<u>(16,161,646)</u>	<u>(15,448,624)</u>	<u>712,614</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	14,297,472	14,297,472	14,268,890	(28,582)
Transfers out	<u>(3,485,000)</u>	<u>(3,485,000)</u>	<u>(2,105,437)</u>	<u>1,379,563</u>
Total other financing sources (uses)	<u>10,812,472</u>	<u>10,812,472</u>	<u>12,163,453</u>	<u>1,350,981</u>
Net change in fund balance	(3,935,088)	(5,349,174)	(3,285,171)	2,063,595
Fund balances - beginning	<u>6,193,776</u>	<u>6,193,776</u>	<u>6,193,776</u>	<u>-</u>
Fund balances - ending	<u>\$ 2,258,688</u>	<u>\$ 844,602</u>	<u>\$ 2,908,606</u>	<u>\$ 2,063,595</u>

CITY OF RUSTON, LOUISIANA
 1968 SALES TAX FUND
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
 BUDGET AND ACTUAL
 FOR THE YEAR ENDED SEPTEMBER 30, 2019
 (unaudited)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
REVENUES				
Taxes	\$ 3,150,000	\$ 3,150,000	\$ 3,118,559	\$ (31,441)
Investment earnings	500	500	15	(485)
Total revenues	<u>3,150,500</u>	<u>3,150,500</u>	<u>3,118,574</u>	<u>(31,926)</u>
EXPENDITURES				
Collection and administrative	29,050	29,050	20,679	8,371
Total expenditures	<u>29,050</u>	<u>29,050</u>	<u>20,679</u>	<u>8,371</u>
Excess of revenues over expenditures	3,121,450	3,121,450	3,097,895	(23,555)
OTHER FINANCING SOURCES (USES)				
Transfers out	(3,400,000)	(3,400,000)	(3,110,697)	289,303
Total other financing sources (uses)	<u>(3,400,000)</u>	<u>(3,400,000)</u>	<u>(3,110,697)</u>	<u>289,303</u>
Net change in fund balance	(278,550)	(278,550)	(12,802)	265,748
Fund balances - beginning	321,797	321,797	321,797	-
Fund balances - ending	<u>\$ 43,247</u>	<u>\$ 43,247</u>	<u>\$ 308,995</u>	<u>\$ 265,748</u>

CITY OF RUSTON, LOUISIANA
 1985 SALES TAX FUND
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
 BUDGET AND ACTUAL
 FOR THE YEAR ENDED SEPTEMBER 30, 2019
 (unaudited)

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Taxes	\$ 4,700,000	\$ 4,700,000	\$ 4,648,353	\$ (51,647)
Investment earnings	2,000	2,000	23	(1,977)
Total revenues	<u>4,702,000</u>	<u>4,702,000</u>	<u>4,648,376</u>	<u>(53,624)</u>
EXPENDITURES				
Collection and administrative	19,557	19,557	701	18,856
Total expenditures	<u>19,557</u>	<u>19,557</u>	<u>701</u>	<u>18,856</u>
Excess of revenues over expenditures	4,682,443	4,682,443	4,647,675	(34,768)
OTHER FINANCING SOURCES (USES)				
Transfers out	(4,875,000)	(4,875,000)	(4,700,023)	174,977
Total other financing sources (uses)	<u>(4,875,000)</u>	<u>(4,875,000)</u>	<u>(4,700,023)</u>	<u>174,977</u>
Net change in fund balance	(192,557)	(192,557)	(52,348)	140,209
Fund balances - beginning	<u>208,190</u>	<u>208,190</u>	<u>208,190</u>	<u>-</u>
Fund balances - ending	<u>\$ 15,633</u>	<u>\$ 15,633</u>	<u>\$ 155,842</u>	<u>\$ 140,209</u>

CITY OF RUSTON, LOUISIANA
 1990 SALES TAX FUND
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
 BUDGET AND ACTUAL
 FOR THE YEAR ENDED SEPTEMBER 30, 2019
 (unaudited)

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Taxes	\$ 3,156,342	\$ 3,156,342	\$ 3,118,559	\$ (37,783)
Investment earnings	150	150	16	(134)
Total revenues	<u>3,156,492</u>	<u>3,156,492</u>	<u>3,118,575</u>	<u>(37,917)</u>
EXPENDITURES				
Collection and administrative	9,000	9,000	680	8,320
Total expenditures	<u>9,000</u>	<u>9,000</u>	<u>680</u>	<u>8,320</u>
Excess of revenues over expenditures	3,147,492	3,147,492	3,117,895	(29,597)
OTHER FINANCING SOURCES (USES)				
Transfers out	(3,050,000)	(3,050,000)	(3,110,697)	(60,697)
Total other financing sources (uses)	<u>(3,050,000)</u>	<u>(3,050,000)</u>	<u>(3,110,697)</u>	<u>(60,697)</u>
Net change in fund balance	97,492	97,492	7,198	(90,294)
Fund balances - beginning	<u>796,208</u>	<u>796,208</u>	<u>796,208</u>	<u>-</u>
Fund balances - ending	<u>\$ 893,700</u>	<u>\$ 893,700</u>	<u>\$ 803,406</u>	<u>\$ (90,294)</u>

CITY OF RUSTON, LOUISIANA
2016 SALES TAX FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2019
(unaudited)

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Taxes	\$ 4,703,791	\$ 4,703,791	\$ 4,643,262	\$ (60,529)
Investment earnings	5,000	5,000	1,312	(3,688)
Total revenues	<u>4,708,791</u>	<u>4,708,791</u>	<u>4,644,574</u>	<u>(64,217)</u>
EXPENDITURES				
Collection and administrative	8,550	8,550	3,268	5,282
Debt Service	3,136,450	3,136,450	3,127,150	9,300
Total expenditures	<u>3,145,000</u>	<u>3,145,000</u>	<u>3,130,418</u>	<u>14,582</u>
Excess of revenues over expenditures	1,563,791	1,563,791	1,514,156	(49,635)
OTHER FINANCING SOURCES (USES)				
Transfers out	(1,549,997)	(1,549,997)	(1,933,735)	(383,738)
Total other financing sources (uses)	<u>(1,549,997)</u>	<u>(1,549,997)</u>	<u>(1,933,735)</u>	<u>(383,738)</u>
Net change in fund balance	13,794	13,794	(419,579)	(433,373)
Fund balances - beginning	<u>1,365,413</u>	<u>1,365,413</u>	<u>1,365,413</u>	<u>-</u>
Fund balances - ending	<u>\$ 1,379,207</u>	<u>\$ 1,379,207</u>	<u>\$ 945,834</u>	<u>\$ (433,373)</u>

CITY OF RUSTON, LOUISIANA
NOTES TO BUDGETARY COMPARISON SCHEDULES
FOR THE YEAR ENDED SEPTEMBER 30, 2019
(unaudited)

Budget and Budgetary Accounting

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

- (1) The Treasurer's Office compiles for the Mayor estimates of revenues and requests for appropriations of the annual budget.
- (2) During the month of August, the Mayor submits to the City Council a proposed operating budget for the fiscal year commencing the following October 1. The operating budget includes proposed expenditures and the means of financing them.
- (3) A public hearing is then conducted, after proper official journal notification, to obtain taxpayer comments.
- (4) Prior to September 30, the budget is legally enacted through passage of an ordinance.
- (5) The budget ordinance is structured such that revenues are budgeted by source, and appropriations are budgeted by department and by principal object of expenditure. Budgetary control is exercised at the departmental code level, with the exception of salaries, regular and overtime, which are at the line item level, or by projects, and the City Court and Probation (total combined), and City Marshal departments, which are budgeted at the department level. The Council may revise or amend the budget at its discretion during legally convened sessions. For the year ended September 30, 2019, amendments were made to the budget, including salary and benefit accounts to appropriate for the change in the police department and fire department pay plans; and grant revenue and expenditure accounts to account for grants received throughout the year; and various other accounts to appropriate open purchase orders as of the end of the prior year.
- (6) Comparison of budgeted and actual amounts as shown in the accompanying financial statements includes the General Fund and those special revenue funds which are included in the annual operating budget. (1968 Sales Tax, 1985 Sales Tax, 1990 Sales Tax, 2016 Sales Tax, Parks and Recreation, and Section 8 Vouchers). Annual operating budgets are not prepared for the D.A.R.T. Grant Program, I-20 TID Debt Service Fund and Sports Complex, but rather these funds are budgeted on a project basis. The capital budget ordinances which encompass the capital projects funds present cumulative as opposed to annual budget amounts and thus budget and actual comparisons are not reported in the accompanying financial statements for these funds. Budgetary control for the debt service funds is achieved through general bond indenture provisions.
- (7) All budgets are adopted on a basis substantially consistent with generally accepted accounting principles (GAAP). Appropriations which are not expended lapse at year end.
- (8) The City is legally required to prepare annual operating budgets for the Electric System, Water System, Sewer System, Telecommunications System, Ruston Airport Authority, Ambulance Fund, Workmen's Compensation, Health Insurance, Purchasing/Warehouse and General & Auto Liability Funds. The City is not, however, required to present an actual-to-budget comparison for the enterprise and internal service funds.

CITY OF RUSTON, LOUISIANA
 OTHER POST EMPLOYMENT BENEFITS
 SCHEDULE OF FUNDING PROGRESS
 FOR THE YEAR ENDED SEPTEMBER 30, 2019

Fiscal Year Ending	Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
9/30/2019	10/1/2018	\$ -	\$ 22,290,060	\$ 22,290,060	0.00%	\$ 11,150,370	199.90%
9/30/2018	10/1/2017	-	15,999,823	15,999,823	0.00%	10,721,510	149.23%
9/30/2017	10/1/2016	-	15,577,012	15,577,012	0.00%	11,760,657	132.45%
9/30/2016	10/1/2015	-	15,072,236	15,072,236	0.00%	11,108,063	135.69%
9/30/2015	10/1/2014	-	14,492,534	14,492,534	0.00%	10,307,549	140.60%
9/30/2014	10/1/2013	-	13,919,000	13,919,000	0.00%	10,529,588	132.19%
9/30/2013	10/1/2012	-	13,383,654	13,383,654	0.00%	10,712,853	124.93%
9/30/2012	10/1/2011	-	12,446,761	12,446,761	0.00%	10,304,287	120.79%

SCHEDULE OF EMPLOYER CONTRIBUTIONS

Fiscal Year Ending	Annual OPEB Cost	Amount Contributed	Percentage of Annual OPEB Costs Contributed	Net OPEB Obligation
9/30/2019	\$ 6,470,579	\$ 180,342	2.79%	\$ 22,290,060
9/30/2018	(1,108,942)	170,940	-15.41%	15,999,823
9/30/2017	1,224,879	185,024	15.11%	7,167,622
9/30/2016	1,101,447	368,572	33.46%	6,127,767
9/30/2015	1,068,348	341,270	31.94%	5,394,893
9/30/2014	1,086,160	300,647	27.68%	4,667,815
9/30/2013	1,055,580	278,377	26.37%	3,882,302
9/30/2012	1,032,285	261,883	25.37%	3,105,099

This schedule will contain ten years of historical information once such information becomes available.

CITY OF RUSTON, LOUISIANA
SCHEDULE OF EMPLOYER'S PROPORTIONATE SHARE OF NET PENSION LIABILITY
FOR THE YEARS ENDED SEPTEMBER 30, 2015 THROUGH SEPTEMBER 30, 2019
(unaudited)

Fiscal Year	Employer Proportion of the Net Pension Liability (Asset)	Employer Proportionate Share of the Net Pension Liability (Asset)	Employer's Covered Employee Payroll	Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Employee Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
<u>MERS:</u>					
2019	3.843900%	\$ 16,062,737	\$ 6,671,225	240.8%	64.68%
2018	3.583200%	14,836,848	6,032,030	246.0%	63.94%
2017	3.428600%	14,343,355	6,435,899	222.9%	63.49%
2016	3.404900%	13,955,737	5,701,761	244.8%	63.34%
2015	3.346300%	11,953,340	5,537,583	215.9%	68.71%
<u>MPERS:</u>					
2019	0.695500%	6,316,595	2,139,431	295.2%	71.01%
2018	0.748100%	6,324,576	2,121,341	298.1%	71.89%
2017	0.672500%	5,870,965	2,068,683	283.8%	70.08%
2016	0.663900%	6,222,388	2,789,026	223.1%	66.04%
2015	0.715300%	5,603,526	3,095,114	181.0%	70.73%
<u>FRS:</u>					
2019	0.987600%	6,184,669	2,256,407	274.1%	73.96%
2018	0.957600%	5,508,282	2,243,550	245.5%	74.76%
2017	0.978200%	5,606,625	2,155,839	260.1%	73.55%
2016	0.984500%	6,439,468	1,990,089	323.6%	68.16%
2015	0.970200%	5,236,246	1,674,852	312.6%	72.45%

This schedule will contain ten years of historical information once such information becomes available.

CITY OF RUSTON
SCHEDULE OF EMPLOYER'S PENSION CONTRIBUTIONS
FOR THE YEARS ENDED SEPTEMBER 30, 2015 THROUGH SEPTEMBER 30, 2019
(unaudited)

Fiscal Year	Contractually Required Contribution	Contributions in Relation to Contractual Required Contribution	Contribution Deficiency (Excess)	Employer's Covered Employee Payroll	Contributions as a % of Covered Employee Payroll
<u>MERS:</u>					
2019	\$ 1,851,265	\$ 1,851,265	\$ -	\$ 6,671,225	27.75%
2018	1,633,860	1,633,860	-	6,032,030	27.09%
2017	1,464,167	1,464,167	-	6,435,899	22.75%
2016	1,201,264	1,201,264	-	5,701,761	21.07%
2015	1,139,803	1,139,803	-	5,537,583	20.58%
<u>MPERS:</u>					
2019	695,315	695,315	-	2,139,431	32.50%
2018	686,262	686,262	-	2,121,341	32.35%
2017	656,807	656,807	-	2,068,683	31.75%
2016	548,599	548,599	-	2,789,026	19.67%
2015	602,702	602,702	-	3,095,114	19.47%
<u>FRS:</u>					
2019	626,153	626,153	-	2,256,407	27.75%
2018	537,893	537,893	-	2,243,550	23.98%
2017	587,466	587,466	-	2,155,839	27.25%
2016	604,899	604,899	-	1,990,089	30.40%
2015	603,089	603,089	-	1,674,852	36.01%

This schedule will contain ten years of historical information once such information becomes available.

CITY OF RUSTON, LOUISIANA
SCHEDULE OF COMPENSATION, BENEFITS, AND OTHER PAYMENTS TO THE AGENCY HEAD
FOR THE YEAR ENDED SEPTEMBER 30, 2019

<u>Mayor Ronny Walker</u>	<u>Amount</u>
Salary	\$ 100,409
Benefits - medicare	1,456
Benefits - health insurance	5,478
Benefits - life insurance	49
Benefits - retirement/457 plan	26,755
Reimbursements - Cell Phone	1,800
Travel	-
	<hr/>
Total	\$ 135,947
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COMBINING FUND STATEMENTS

Nonmajor Governmental Funds

Special Revenue Funds

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

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

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

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

I-20 TID Debt Service Fund

The I-20 TID Debt Service Fund accounts for the accumulation of resources and payment of general obligation bond principal and interest from governmental resources.

Capital Projects Fund

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

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

CITY OF RUSTON, LOUISIANA
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 SEPTEMBER 30, 2019

	Special Revenue Funds						Total Nonmajor Governmental Funds
	Ruston Parks & Recreation Board	D.A.R.T. Grant Program	Section 8 Housing Choice Voucher Program	Total	I-20 TID Debt Service	Sewer LCDBG Grant	
ASSETS							
Cash and cash equivalents	\$ 700,603	\$ 3,959	\$ 888,601	\$ 1,593,163	\$ -	\$ 65,705	\$ 1,658,868
Investments	-	-	-	-	3,172,441	-	3,172,441
Accounts receivable, net	125	10,734	-	10,859	775,950	-	786,809
Due from other funds	36,877	-	27	36,904	-	-	36,904
Total assets	<u>737,605</u>	<u>14,693</u>	<u>888,628</u>	<u>1,640,926</u>	<u>3,948,391</u>	<u>65,705</u>	<u>5,655,022</u>
LIABILITIES AND FUND BALANCES							
Liabilities:							
Accounts payable	19,868	14,693	4,091	38,652	70,888	-	109,540
Deposits	1,460	-	-	1,460	-	-	1,460
Due to other funds	72,487	-	11,787	84,274	-	65,705	149,979
Total liabilities	<u>93,815</u>	<u>14,693</u>	<u>15,878</u>	<u>124,386</u>	<u>70,888</u>	<u>65,705</u>	<u>260,979</u>
Fund balances:							
Spendable:							
Restricted	643,790	-	106,640	750,430	3,877,503	-	4,627,933
Assigned	-	-	766,110	766,110	-	-	766,110
Total fund balances	<u>643,790</u>	<u>-</u>	<u>872,750</u>	<u>1,516,540</u>	<u>3,877,503</u>	<u>-</u>	<u>5,394,043</u>
Total liabilities and fund balances	<u>\$ 737,605</u>	<u>\$ 14,693</u>	<u>\$ 888,628</u>	<u>\$ 1,640,926</u>	<u>\$ 3,948,391</u>	<u>\$ 65,705</u>	<u>\$ 5,655,022</u>

CITY OF RUSTON, LOUISIANA
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
 NONMAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED SEPTEMBER 30, 2019

	<u>Special Revenue Funds</u>						<u>Total Nonmajor Governmental Funds</u>
	<u>Ruston Parks & Recreation Board</u>	<u>D.A.R.T. Grant Program</u>	<u>Section 8 Housing Choice Voucher Program</u>	<u>Total</u>	<u>I-20 TID Debt Service</u>	<u>Sewer LCDBG Grant</u>	
REVENUES							
Taxes	\$ 601,038	\$ -	\$ -	\$ 601,038	\$ 3,206,947	\$ -	\$ 3,807,985
Intergovernmental	-	40,771	1,118,596	1,159,367	-	-	1,159,367
Charges for services	59,903	-	-	59,903	-	-	59,903
Investment earnings	934	-	7,177	8,111	322,305	-	330,416
Miscellaneous	5,663	-	-	5,663	-	-	5,663
Total revenues	<u>667,538</u>	<u>40,771</u>	<u>1,125,773</u>	<u>1,834,082</u>	<u>3,529,252</u>	<u>-</u>	<u>5,363,334</u>
EXPENDITURES							
Current:							
General Government	-	40,771	1,074,392	1,115,163	9,719	-	1,124,882
Recreation	951,671	-	-	951,671	-	-	951,671
Capital outlay	43,832	-	-	43,832	-	-	43,832
Bond principal	-	-	-	-	1,795,000	-	1,795,000
Bond interest	-	-	-	-	900,013	-	900,013
Total expenditures	<u>995,503</u>	<u>40,771</u>	<u>1,074,392</u>	<u>2,110,666</u>	<u>2,704,732</u>	<u>-</u>	<u>4,815,398</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(327,965)</u>	<u>-</u>	<u>51,381</u>	<u>(276,584)</u>	<u>824,520</u>	<u>-</u>	<u>547,936</u>
OTHER FINANCING SOURCES (USES)							
Transfers in	300,000	-	-	300,000	-	-	300,000
Transfers out	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>300,000</u>	<u>-</u>	<u>-</u>	<u>300,000</u>	<u>-</u>	<u>-</u>	<u>300,000</u>
Net change in fund balances	<u>(27,965)</u>	<u>-</u>	<u>51,381</u>	<u>23,416</u>	<u>824,520</u>	<u>-</u>	<u>847,936</u>
Fund balances - beginning	671,755	-	821,369	1,493,124	3,052,983	-	4,546,107
Fund balances - ending	<u>\$ 643,790</u>	<u>\$ -</u>	<u>\$ 872,750</u>	<u>\$ 1,516,540</u>	<u>\$ 3,877,503</u>	<u>\$ -</u>	<u>\$ 5,394,043</u>

Internal Service Funds

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

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

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

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

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

CITY OF RUSTON, LOUISIANA
 COMBINING STATEMENT OF NET POSITION
 INTERNAL SERVICE FUNDS
 SEPTEMBER 30, 2019

	<u>Workmen's Compensation</u>	<u>Health Insurance</u>	<u>Purchasing/ Warehouse</u>	<u>General & Auto Liability</u>	<u>Total Internal Service Funds</u>
ASSETS					
Current Assets:					
Cash and cash equivalents	\$ 261,971	\$ 531,773	\$ 11,402	\$ 190,218	\$ 995,364
Investments	303,861	400,638	-	-	704,499
Receivables, net	-	3,275	2,145	-	5,420
Due from other funds	-	526,966	150,268	149,503	826,737
Prepaid items	45,000	-	-	8,947	53,947
Total current assets	<u>610,832</u>	<u>1,462,652</u>	<u>163,815</u>	<u>348,668</u>	<u>2,585,967</u>
Noncurrent Assets:					
Capital Assets:					
Buildings	-	-	13,080	-	13,080
Equipment	-	-	76,306	-	76,306
Less accumulated depreciation	-	-	(75,144)	-	(75,144)
Total noncurrent assets	<u>-</u>	<u>-</u>	<u>14,242</u>	<u>-</u>	<u>14,242</u>
Total assets	<u>610,832</u>	<u>1,462,652</u>	<u>178,057</u>	<u>348,668</u>	<u>2,600,209</u>
LIABILITIES					
Current Liabilities:					
Accounts payable	9,511	860	236	2,585	13,192
Accrued liabilities	-	-	-	-	-
Due to other funds	6,844	-	81,938	125,000	213,782
Claims and judgments	160,136	266,921	-	100,000	527,057
Total current liabilities	<u>176,491</u>	<u>267,781</u>	<u>82,174</u>	<u>227,585</u>	<u>754,031</u>
Noncurrent Liabilities:					
Compensated absences	-	-	15,098	-	15,098
Total noncurrent liabilities	<u>-</u>	<u>-</u>	<u>15,098</u>	<u>-</u>	<u>15,098</u>
Total liabilities	<u>176,491</u>	<u>267,781</u>	<u>97,272</u>	<u>227,585</u>	<u>769,129</u>
NET POSITION					
Net investments in capital assets	-	-	14,242	-	14,242
Unrestricted	434,341	1,194,871	66,543	121,083	1,816,838
Total net position	<u>\$ 434,341</u>	<u>\$ 1,194,871</u>	<u>\$ 80,785</u>	<u>\$ 121,083</u>	<u>\$ 1,831,080</u>

CITY OF RUSTON, LOUISIANA
 COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
 INTERNAL SERVICE FUNDS
 FOR THE YEAR ENDED SEPTEMBER 30, 2019

	<u>Workmen's Compensation</u>	<u>Health Insurance</u>	<u>Purchasing/ Warehouse</u>	<u>General & Auto Liability</u>	<u>Total Internal Service Funds</u>
OPERATING REVENUES					
Charges for services	\$ 399,504	\$ 3,179,286	\$ -	\$ 828,048	\$ 4,406,838
Premiums paid by retired employees	-	229,866	-	-	229,866
Misc: Stop Loss Coverage Payments	-	58,732	-	20,279	79,011
Retiree drug subsidy	-	-	-	-	-
Total operating revenues	<u>399,504</u>	<u>3,467,884</u>	<u>-</u>	<u>848,327</u>	<u>4,715,715</u>
OPERATING EXPENSES					
Cost of Services:					
Salaries, wages and employee benefits	-	-	173,498	-	173,498
Operating services	-	4,110	23,464	-	27,574
Materials and supplies	-	-	6,677	-	6,677
Travel and other	-	-	4,526	-	4,526
Depreciation	-	-	5,935	-	5,935
Total cost of services	<u>-</u>	<u>4,110</u>	<u>214,100</u>	<u>-</u>	<u>218,210</u>
Claims	44,047	2,393,861	-	75,454	2,513,362
Insurance premiums	236,410	1,102,878	-	573,240	1,912,528
Total operating expenses	<u>280,457</u>	<u>3,500,849</u>	<u>214,100</u>	<u>648,694</u>	<u>4,644,100</u>
Operating income (loss)	<u>119,047</u>	<u>(32,965)</u>	<u>(214,100)</u>	<u>199,633</u>	<u>71,615</u>
NONOPERATING REVENUES (EXPENSES)					
Investment earnings	5,350	9,598	153	161	15,262
Total nonoperating revenues (expenses)	<u>5,350</u>	<u>9,598</u>	<u>153</u>	<u>161</u>	<u>15,262</u>
Income (loss) before transfers	<u>124,397</u>	<u>(23,367)</u>	<u>(213,947)</u>	<u>199,794</u>	<u>86,877</u>
Transfers in	-	-	-	-	-
Change in net position	<u>124,397</u>	<u>(23,367)</u>	<u>(213,947)</u>	<u>199,794</u>	<u>86,877</u>
Total net position - beginning	309,944	1,218,238	294,732	(78,711)	1,744,203
Total net position - ending	<u>\$ 434,341</u>	<u>\$ 1,194,871</u>	<u>\$ 80,785</u>	<u>\$ 121,083</u>	<u>\$ 1,831,080</u>

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

CITY OF RUSTON, LOUISIANA
 COMBINING STATEMENT OF CASH FLOWS
 INTERNAL SERVICE FUNDS
 FOR THE YEAR ENDED SEPTEMBER 30, 2019

	<u>Workmen's Compensation</u>	<u>Health Insurance</u>	<u>Purchasing/ Warehouse</u>	<u>General & Auto Liability</u>	<u>Total Internal Service Funds</u>
Cash flows from operating activities:					
Receipts from operations	\$ 413,879	\$ 3,467,884	\$ 30,295	\$ 655,619	\$ 4,567,677
Payments to suppliers	(233,967)	(1,040,428)	(126,929)	(571,475)	(1,972,799)
Payments to employees	-	-	(184,810)	-	(184,810)
Claims	(55,524)	(2,534,971)	-	(75,454)	(2,665,949)
Other receipts	-	-	-	-	-
Net cash provided by (used in) operating activities	<u>124,388</u>	<u>(107,515)</u>	<u>(281,444)</u>	<u>8,690</u>	<u>(255,881)</u>
Cash flows from noncapital financing activities:					
Transfers in	-	-	-	-	-
Net cash provided by (used in) noncapital activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Cash flows from investing activities:					
Proceeds from sales and maturities of investments	-	-	-	-	-
Purchases on investments	(52,130)	194,923	-	-	142,793
Interest on investments	5,349	9,598	153	161	15,261
Net cash provided by (used in) investing activities	<u>(46,781)</u>	<u>204,521</u>	<u>153</u>	<u>161</u>	<u>158,054</u>
Net increase (decrease) in cash and cash equivalents	77,607	97,006	(281,291)	8,851	(97,827)
Cash and cash equivalents - beginning of year	184,364	434,767	292,693	181,367	1,093,191
Cash and cash equivalents - end of year	<u>\$ 261,971</u>	<u>\$ 531,773</u>	<u>\$ 11,402</u>	<u>\$ 190,218</u>	<u>\$ 995,364</u>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:					
Operating income (loss)	\$ 119,047	\$ (32,965)	\$ (214,100)	\$ 199,633	\$ 71,615
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:					
Depreciation and amortization	-	-	5,935	-	5,935
(Increase) Decrease in assets:					
Receivables	-	(2,906)	(2,145)	-	(5,051)
Due from other funds	112,704	(89,050)	-	-	23,654
Prepaid items	-	-	-	-	-
Increase (Decrease) in liabilities:					
Accounts payable	(2,444)	(22,489)	(1,813)	1,765	(24,981)
Accrued liabilities	-	-	-	-	-
Due to other funds	-	-	(80,634)	(192,708)	(273,342)
Claims and judgments	(104,919)	39,895	-	-	(65,024)
Compensated absences	-	-	11,313	-	11,313
Total adjustments	<u>5,341</u>	<u>(74,550)</u>	<u>(67,344)</u>	<u>(190,943)</u>	<u>(327,496)</u>
Net cash provided by (used in) operating activities	<u>\$ 124,388</u>	<u>\$ (107,515)</u>	<u>\$ (281,444)</u>	<u>\$ 8,690</u>	<u>\$ (255,881)</u>

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

INDIVIDUAL FUND SCHEDULES

CITY OF RUSTON, LOUISIANA
RUSTON PARKS AND RECREATION BOARD
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2019

	<u>Budgeted Amounts</u>		<u>Actual Amounts Budgetary Basis</u>	<u>Variance with Final Budget Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Taxes	\$ 598,171	\$ 598,171	\$ 601,038	\$ 2,867
Charges for services	60,000	60,000	59,903	(97)
Investment earnings	1,200	1,200	934	(266)
Rent	10,000	10,000	4,630	(5,370)
Miscellaneous	8,000	8,000	1,033	(6,967)
Total revenues	<u>677,371</u>	<u>677,371</u>	<u>667,538</u>	<u>(9,833)</u>
EXPENDITURES				
Salaries, wages and employee benefits	607,547	607,547	564,451	43,096
Operating services	436,579	436,579	347,694	88,885
Materials and supplies	33,750	33,750	34,697	(947)
Travel and other	16,000	16,000	4,829	11,171
Improvements and equipment	50,000	50,000	43,832	6,168
Total expenditures	<u>1,143,876</u>	<u>1,143,876</u>	<u>995,503</u>	<u>148,373</u>
Deficiency of revenues over expenditures	<u>(466,505)</u>	<u>(466,505)</u>	<u>(327,965)</u>	<u>138,541</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	417,000	417,000	300,000	(117,000)
Total other financing sources (uses)	<u>417,000</u>	<u>417,000</u>	<u>300,000</u>	<u>(117,000)</u>
Net change in fund balance	(49,505)	(49,505)	(27,965)	21,541
Fund balances - beginning	<u>671,755</u>	<u>671,755</u>	<u>671,755</u>	<u>-</u>
Fund balances - ending	<u>\$ 622,250</u>	<u>\$ 622,250</u>	<u>\$ 643,790</u>	<u>\$ 21,541</u>

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

CITY OF RUSTON, LOUISIANA
SECTION 8 VOUCHER HOUSING
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2019

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Intergovernmental	\$ 1,096,000	\$ 1,096,000	\$ 1,118,596	\$ 22,596
Investment earnings	2,000	2,000	7,177	5,177
Total revenues	<u>1,098,000</u>	<u>1,098,000</u>	<u>1,125,773</u>	<u>27,773</u>
EXPENDITURES				
Salaries, wages and employee benefits	146,453	146,453	94,722	51,731
Operating services	957,095	957,095	959,854	(2,759)
Materials and Supplies	6,510	6,510	13,812	(7,302)
Travel and other	2,000	2,000	6,004	(4,004)
Improvements and equipment	-	-	-	-
Total expenditures	<u>1,112,058</u>	<u>1,112,058</u>	<u>1,074,392</u>	<u>37,666</u>
Deficiency of revenues over expenditures	<u>(14,058)</u>	<u>(14,058)</u>	<u>51,381</u>	<u>65,439</u>
Net change in fund balance	(14,058)	(14,058)	51,381	65,439
Fund balances - beginning	<u>821,369</u>	<u>821,369</u>	<u>821,369</u>	<u>-</u>
Fund balances - ending	<u>\$ 807,311</u>	<u>\$ 807,311</u>	<u>\$ 872,750</u>	<u>\$ 65,439</u>

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

CITY OF RUSTON, LOUISIANA
UNIFORM GUIDANCE
SUPPLEMENTARY REPORTS
YEAR ENDED SEPTEMBER 30, 2019

CITY OF RUSTON
RUSTON, LOUISIANA

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HEARD, McELROY, & VESTAL

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CERTIFIED PUBLIC ACCOUNTANTS

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May 29, 2020

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

Independent Auditor's Report on Internal Control over Financial Reporting and on
Compliance and Other Matters Based on an Audit of Financial Statements
Performed in Accordance with *Government Auditing Standards*

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Ruston, Louisiana (the City), as of and for the year ended September 30, 2019, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated May 29, 2020. Our report includes a reference to other auditors who audited the financial statements of the Ruston City Judge's Office, as described in our report on the City's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

HEARD, McELROY & VESTAL, L.L.C.

Shreveport, Louisiana

HEARD, McELROY, & VESTAL

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May 29, 2020

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

Independent Auditor's Report on Compliance for Each Major Program and
on Internal Control over Compliance Required by the Uniform Guidance

Report on Compliance for Each Major Federal Program

We have audited the City of Ruston, Louisiana's (the City) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the City's major federal program for the year ended September 30, 2019. The City of Ruston's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

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

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



Opinion on Each Major Federal Program

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2019.

Report on Internal Control over Compliance

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

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

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

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

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

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Ruston, Louisiana, as of and for the year ended September 30, 2019, and the related notes to the financial statements, which collectively comprise the City's basic financial statements.

We issued our report thereon dated May 29, 2020, which contained unmodified opinions on those financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance, and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

HEARD, McELROY & VESTAL, L.L.C.

Shreveport, Louisiana

CITY OF RUSTON, LOUISIANA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED SEPTEMBER 30, 2019

<u>Grant Title</u>	Federal CFDA Number	Federal Expenditures
United States Department of Housing and Urban Development:		
Section 8 - Housing Choice Vouchers	14.871	\$ 1,074,392
Pass through Louisiana Office of Community Development:		
D.A.R.T. CDBG Program (Emergency Solutions Grant)	14.231	36,812
Louisiana Community Development Block Grant	14.228	<u> -</u>
 Total United States Department of Housing and Urban Development		 \$ 1,111,204
 United States Department of Transportation		
FAA - Airport Improvement Program	20.106	\$ 592,137
Federal Highway Administration	20.205	<u>372,048</u>
 Total Department of Transportation		 \$ 964,185
 United States Department of Homeland Security		
Pass through Louisiana Department of Health and Hospitals:		
Hazard Mitigation Grant Program (HMGP)	97.039	\$ <u>701,261</u>
 Total Department of Homeland Security		 \$ <u>701,261</u>
 Total Federal Awards		 \$ <u>2,776,650</u>

See accompanying notes to schedule of expenditures of federal awards.

CITY OF RUSTON, LOUISIANA

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED SEPTEMBER 30, 2019

1. Basis of Presentation

The audit was performed pursuant to the *Single Audit Act of 1996* and the *Uniform Guidance*. The Schedule of Expenditures of Federal Awards has been prepared on the modified accrual basis of accounting used by the City in preparation of the government wide financial statements that report these awards. The accounting policies of the City conform to accounting principles generally accepted in the United States of America as applicable to governmental units. The preparation of the Schedule of Expenditures of Federal Awards in conformity with accounting principles generally accepted in the United States of America requires management to make certain assumptions that affect the reported amounts of expenditures during the reporting period. Actual results could differ from those estimates.

2. Disbursements

Disbursements reported in the Schedule of Expenditures of Federal Awards cannot be traced, in every case, directly to the disbursements reported in the City's Comprehensive Annual Financial Report (CAFR). However, the detailed information regarding the disbursements reflected in both issued reports can be traced to the City's detailed general ledger with adjustments for any year-end financial statement accruals and reversals.

3. Schedule of Expenditures of Federal Awards

The accompanying Schedule of Expenditures of Federal Awards presents the activity of all federal award programs of the City that were received directly from federal agencies or passed through other entities and governmental agencies.

The City has prepared this Schedule of Expenditures of Federal Awards to comply with the provisions of the Uniform Guidance, *Audits of States, Local Governments and Non-Profit Organizations*. The Uniform Guidance stipulates that a Schedule of Expenditures of Federal Awards be prepared showing total expenditures of each federal award program as identified in the Catalog of Federal Domestic Assistance (CFDA) and for other federal financial awards that have not been assigned a catalog number.

4. Subrecipient Payments

The City's federal expenditures include subrecipient payments in the amount of \$36,812 to D.A.R.T. CDBG Program. These awards were received from Emergency Solutions Grant Program, CFDA 14.231.

5. Indirect Cost Rate

The City has elected to use the 10-percent de minimis cost rate allowed under the Uniform Guidance.

6. Subsequent Events

The City is required to evaluate events or transactions that may occur after the schedule of expenditures of federal awards date for potential recognition or disclosure in the notes to the schedule of expenditures of federal awards. The City performed such an evaluation through May 29, 2020, the date which the schedule of expenditures of federal awards was available to be issued, and noted no events of transactions that occurred after the schedule of expenditures of federal awards date requiring recognition or disclosure.

CITY OF RUSTON, LOUISIANA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED SEPTEMBER 30, 2019

A. Summary of Audit Results

1. The auditor's report expresses an unmodified opinion on the basic financial statements of the City of Ruston, Louisiana.
2. No material weaknesses or significant deficiencies relating to the audit of the basic financial statements are reported.
3. There are no findings of noncompliance relating to the basic financial statements of the City of Ruston, Louisiana disclosed during the audit.
4. The auditor's report on compliance for major federal award programs of the City of Ruston, Louisiana expresses an unmodified opinion.
5. There are no audit findings relative to major federal award programs of the City of Ruston, Louisiana.
6. The programs tested as major programs included:

<u>Program</u>	<u>CFDA No.</u>
Department of Housing and Urban Development Voucher Program	14.871
Hazard Mitigation Grant Program	97.039

7. The threshold for distinguishing Types A and B programs was \$750,000.
8. The City of Ruston does qualify as a low-risk auditee.

B. Findings – Financial Statement Audit

No findings to report.

C. Findings and Questioned Costs – Major Federal Award Programs Audit

No findings to report.

CITY OF RUSTON, LOUISIANA
SCHEDULE OF PRIOR YEAR FINDINGS
FOR THE YEAR ENDED SEPTEMBER 30, 2019

No findings were reported in the prior year.

CITY OF RUSTON, LOUISIANA

**STATEWIDE AGREED-UPON
PROCEDURES REPORT**

YEAR ENDED SEPTEMBER 30, 2019

HEARD, McELROY, & VESTAL

LLC

CERTIFIED PUBLIC ACCOUNTANTS

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March 31, 2020

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

Louisiana Legislative Auditor
Baton Rouge, Louisiana

INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

We have performed the procedures enumerated below, which were agreed to by the City of Ruston (City) and the Louisiana Legislative Auditor (LLA) on the control and compliance (C/C) areas identified in the LLA's Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period October 1, 2018 through September 30, 2019. The City's management is responsible for those C/C areas identified in the SAUPs.

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*, issued by the Comptroller General of the United States. The sufficiency of these procedures is solely the responsibility of the specified users of this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

The procedures and associated findings are as follows:

Written Policies and Procedures

1. Obtain and inspect the entity's written policies and procedures and observe that they address each of the following categories and subcategories (if applicable to public funds and the entity's operations):
 - a) ***Budgeting***, including preparing, adopting, monitoring, and amending the budget
Exception: *The entity does not have a budgeting policy.*
 - b) ***Purchasing***, including (1) how purchases are initiated; (2) how vendors are added to the vendor list; (3) the preparation and approval process of purchase requisitions and purchase orders; (4) controls to ensure compliance with the public bid law; and (5) documentation required to be maintained for all bids and price quotes.

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Exception: The entity has adequate written procedures covering purchasing, except for how vendors are added to the vendor list and retaining bid documentation.

- c) **Disbursements**, including processing, reviewing, and approving

The entity has adequate written procedures covering disbursements.

- d) **Receipts/Collections**, including receiving, recording, and preparing deposits. Also, policies and procedures should include management's actions to determine the completeness of all collections for each type of revenue or agency fund additions (e.g. periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation).

Exception: The entity does not have a receipts/collection policy.

- e) **Payroll/Personnel**, including (1) payroll processing, and (2) reviewing and approving time and attendance records, including leave and overtime worked.

The entity has adequate written procedures covering payroll/personnel.

- f) **Contracting**, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process

Exception: The entity does not have a contracting policy.

- g) **Credit Cards (and debit cards, fuel cards, P-Cards, if applicable)**, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers of statements, and (5) monitoring card usage (e.g., determining the reasonableness of fuel card purchases)

Exception: The entity does not have a credit card policy.

- h) **Travel and expense reimbursement**, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers

The entity has adequate written policies covering travel.

- i) **Ethics**, including (1) the prohibitions as defined in Louisiana Revised Statute 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) requirement that all employees, including elected officials, annually attest through signature verification that they have read the entity's ethics policy.

Exception: The entity does not have an ethics policy.

- j) **Debt Service**, including (1) debt issuance approval, (2) continuing disclosure/EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.

Exception: The entity does not have a debt service policy.

- k) ***Disaster Recovery/Business Continuity***, including (1) identification of critical data and frequency of data backups, (2) storage of backups in a separate physical location isolated from the network, (3) periodic testing/verification that backups can be restored, (4) use of antivirus software on all systems, (5) timely application of all available system and software patches/updates, and (6) identification of personnel, processes, and tools needed to recover operations after a critical event.

Exception: *The entity does not have a disaster recovery/business continuity policy.*

Management's Response: *The City is currently drafting written policies on the areas not covered. We believe we are in full legal and regulatory compliance over these areas; however, we need to establish written policies to demonstrate compliance and establish an expectation of future compliance.*

Board or Finance Committee

2. Obtain and inspect the board/finance committee minutes for the fiscal period, as well as the board's enabling legislation, charter, bylaws, or equivalent document in effect during the fiscal period, and:

- a) Observe that the board/finance committee met with a quorum at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, bylaws, or other equivalent document.

The entity met with a quorum monthly.

- b) For those entities reporting on the governmental accounting model, observe that the minutes referenced or included monthly budget-to-actual comparisons on the general fund and major special revenue funds, as well as monthly financial statements (or budget-to-actual comparisons, if budgeted) for major proprietary funds. *Alternately, for those entities reporting on the non-profit accounting model, observe that the minutes referenced or included financial activity relating to public funds if those public funds comprised more than 10% of the entity's collections during the fiscal period.*

Exception: *Budget-to-actual items are not referenced in the monthly minutes, nor are they discussed per discussion with the client.*

- c) For governmental entities, obtain the prior year audit report and observe the unrestricted fund balance in the general fund. If the general fund had a negative ending unrestricted fund balance in the prior year audit report, observe that the minutes for at least one meeting during the fiscal period referenced or included a formal plan to eliminate the negative unrestricted fund balance in the general fund.

No exceptions noted.

Management's Response: *The City is currently developing budget to actual reporting with our software to allow for monthly presentation. The City maintains that we are in legal and regulatory compliance with respect to the Louisiana Local Government Budget Act, and the Council and Mayor are notified in writing in the event of a 5% budget variance requiring such notification. Currently the CFO and controller review and discuss the budget monthly.*

Bank Reconciliations

3. Obtain a listing of client bank accounts for the fiscal period from management and management's representation that the listing is complete. Ask management to identify the entity's main operating account. Select the entity's main operating account and randomly select 4 additional accounts (or all accounts if less than 5). Randomly select one month from the fiscal period, obtain and inspect the corresponding bank statement and reconciliation for selected each account, and observe that:

A listing of bank accounts was obtained from management.

- a) Bank reconciliations include evidence that they were prepared within 2 months of the related statement closing date (e.g., initialed and dated, electronically logged);

Exception: On five of the bank statements tested, no written evidence of the date the reconciliation was prepared was present.

- b) Bank reconciliations include evidence that a member of management/board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation (e.g., initialed and dated, electronically logged); and

No exceptions noted.

- c) Management has documentation reflecting that it has researched reconciling items that have been outstanding for more than 12 months from the statement closing date, if applicable.

No exceptions noted.

Management's Response: *Management initials their review on any bank account. With regards to old outstanding items, when the finance department came under new management, the bank account with the largest listing of outstanding items was handled as top priority. There remain 2 or 3 accounts with old outstanding items that need to be researched and cleared.*

Collections

4. Obtain a listing of deposit sites for the fiscal period where deposits for cash/checks/money orders (cash) are prepared and management's representation that the listing is complete. Randomly select 5 deposit sites (or all deposit sites if less than 5).
5. For each deposit site selected, obtain a listing of collection locations and management's representation that the listing is complete. Randomly select one collection location for each deposit site (i.e. 5 collection locations for 5 deposit sites), obtain and inspect written policies and procedures relating to employee job duties (if no written policies or procedures, inquire of employees about their job duties) at each collection location, and observe that job duties are properly segregated at each collection location such that:

Obtained a listing of deposit and collection locations from management.

- a) Employees that are responsible for cash collections do not share cash drawers/registers.

No exceptions noted.

- b) Each employee responsible for collecting cash is not responsible for preparing/making bank deposits, unless another employee/official is responsible for reconciling collection documentation (e.g. pre-numbered receipts) to the deposit.

No exception noted.

- c) Each employee responsible for collecting cash is not responsible for posting collection entries to the general ledger or subsidiary ledgers, unless another employee/official is responsible for reconciling ledger postings to each other and to the deposit.

No exceptions noted.

- d) The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions are not responsible for collecting cash, unless another employee verifies the reconciliation.

No exception noted.

- 6. Inquire of management that all employees who have access to cash are covered by a bond or insurance policy for theft.

No exceptions noted.

- 7. Randomly select two deposit dates for each of the 5 bank accounts selected for procedure #3 under "Bank Reconciliations" above (select the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly select a deposit if multiple deposits are made on the same day). *Alternately, the practitioner may use a source document other than bank statements when selecting the deposit dates for testing, such as a cash collection log, daily revenue report, receipt book, etc.* Obtain supporting documentation for each of the 10 deposits and:

- a) Observe that receipts are sequentially pre-numbered.

Exception: Observed five instances where receipts were not documented with pre-numbered receipts.

- b) Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.

No exceptions noted tracing receipts/system reports to the deposit slip. As noted in a), five receipts were not pre-numbered.

- c) Trace the deposit slip total to the actual deposit per the bank statement.

No exceptions noted.

- d) Observe that the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than 10 miles from the collection location or the deposit is less than \$100).

No exceptions noted.

- e) Trace the actual deposit per the bank statement to the general ledger.

No exceptions noted.

Management's Response: Management has carefully reviewed each cash collection site and will implement pre numbered receipts at all collection sites.

Non-Payroll Disbursements (excluding card purchases/payments, travel reimbursements, and petty cash purchases)

8. Obtain a listing of locations that process payments for the fiscal period and management's representation that the listing is complete. Randomly select 5 locations (or all locations if less than 5).

Obtained a listing of payment processing locations from management.

9. For each location selected under #8 above, obtain a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures relating to employee job duties (if the agency has no written policies and procedures, inquire of employees about their job duties), and observe that job duties are properly segregated such that:

- a) At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order/making the purchase.

No exceptions noted.

- b) At least two employees are involved in processing and approving payments to vendors.

No exceptions noted.

- c) The employee responsible for processing payments is prohibited from adding/modifying vendor files, unless another employee is responsible for periodically reviewing changes to vendor files.

No exceptions noted.

- d) Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments.

No exceptions noted.

10. For each location selected under #8 above, obtain the entity's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtain management's representation that the population is complete. Randomly select 5 disbursements for each location, obtain supporting documentation for each transaction and:

- a) Observe that the disbursement matched the related original invoice/billing statement.

No exceptions noted.

- b) Observe that the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under #9, as applicable.

No exceptions noted.

Credit Cards/Debit Cards/Fuel Cards/P-Cards

11. Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and P-cards (cards) for the fiscal period, including the card numbers and the names of the persons who maintained possession of the cards. Obtain management's representation that the listing is complete.

Obtained a listing of credit cards from management.

12. Using the listing prepared by management, randomly select 5 cards (or all cards if less than 5) that were used during the fiscal period. Randomly select one monthly statement or combined statement for each card (for a debit card, randomly select one monthly bank statement), obtain supporting documentation, and:

- a) Observe that there is evidence that the monthly statement or combined statement and supporting documentation (e.g., original receipts for credit/debit card purchases, exception reports for excessive fuel card usage) was reviewed and approved, in writing, by someone other than the authorized card holder. [Note: Requiring such approval may constrain the legal authority of certain public officials (e.g., mayor of a Lawrason Act municipality); these instances should not be reported.]]

Exception: *There was one instance where the cardholder approved their own purchases.*

- b) Observe that finance charges and late fees were not assessed on the selected statements.

No exceptions noted.

Management's Response: *The cardholder approval was performed by the Treasurer on purchases made with her card by a purchasing agent. The purchase had been approved through the purchasing approval processes.*

13. Using the monthly statements or combined statements selected under #12 above, excluding fuel cards, randomly select 10 transactions (or all transactions if less than 10) from each statement, and obtain supporting documentation for the transactions (i.e. each card should have 10 transactions subject to testing). For each transaction, observe that it is supported by (1) an original itemized receipt that identifies precisely what was purchased, (2) written documentation of the business/public purpose, and (3) documentation of the individuals participating in meals (for meal charges only).

No exceptions noted.

Travel and Travel-Related Expense Reimbursements (excluding card transactions)

14. Obtain from management a listing of all travel and travel-related expense reimbursements during the fiscal period and management's representation that the listing or general ledger is complete. Randomly select 5 reimbursements, obtain the related expense reimbursement forms/prepaid expense documentation of each selected reimbursement, as well as the supporting documentation. For each of the 5 reimbursements selected:

- a) If reimbursed using a per diem, agree the reimbursement rate to those rates established either by the State of Louisiana or the U.S. General Services Administration (www.gsa.gov).

No exceptions noted.

- b) If reimbursed using actual costs, observe that the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased.

No exceptions noted.

- c) Observe that each reimbursement is supported by documentation of the business/public purpose (for meal charges, observe that the documentation includes the names of those individuals participating) and other documentation required by written policy (procedure #1h).

Not exceptions noted.

- d) Observe that each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

No exceptions noted.

Contracts

Not applicable because of no exceptions in previous year.

Payroll and Personnel

Not applicable because of no exceptions in previous year.

Ethics

15. Using 5 randomly selected employees/officials obtain ethics documentation from management, and:

- a. Observe that the documentation demonstrates each employee/official completed one hour of ethics training during the fiscal period.

No exceptions noted.

- b. Observe that the documentation demonstrates each employee/official attested through signature verification that he or she has read the entity's ethics policy during the fiscal period.

Exception: *The entity does not have an ethics policy for employees to attest to reading.*

Management's Response: *An ethics policy will be included in the next set of policies presented to Council for adoption into the City policy manual.*

Debt Service

Not applicable because of no exceptions in previous year.

Other

16. Obtain a listing of misappropriations of public funds and assets during the fiscal period and management's representation that the listing is complete. Select all misappropriations on the listing, obtain supporting documentation, and observe that the entity reported the misappropriation(s) to the legislative auditor and the district attorney of the parish in which the entity is domiciled.

No misappropriations to be reported.

17. Observe that the entity has posted on its premises and website, the notice required by R.S. 24:523.1 concerning the reporting of misappropriation, fraud, waste, or abuse of public funds.

Entity has the fraud hotline placard posted on its website and premises.

We were not engaged to and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on those C/C areas identified in the SAUPs. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

The purpose of this report is solely to describe the scope of testing performed on those C/C areas identified in the SAUPs, and the result of that testing, and not to provide an opinion on control or compliance. Accordingly, this report is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the LLA as a public document.

HEARD, McELROY & VESTAL, L.L.C.

Shreveport, Louisiana