

Comprehensive Annual Financial Report



of the
City of Ruston, Louisiana
For the Year Ended September 30, 2009

Mayor
Dan Hollingsworth

Prepared by the
Finance Department
Emmett Gibbs, Treasurer

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

Release Date 5/5/10

This page left blank intentionally.

Introductory Section

This page left blank intentionally.

**CITY OF RUSTON, LOUISIANA
ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 20098**

TABLE OF CONTENTS

	Page
INTRODUCTORY SECTION	
Letter of Transmittal.....	i
Organizational Chart.....	v
Principal Officials.....	vi
FINANCIAL SECTION	
Independent Auditor’s Report.....	1
Management’s Discussion and Analysis.....	3
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Assets.....	17
Statement of Activities.....	18
Fund Financial Statements:	
Balance Sheet – Governmental Funds.....	20
Reconciliation of the Governmental Funds Balance Sheet to The Statement of Net Assets.....	23
Statement of Revenues, Expenditures, and Changes in Fund Balance - Governmental Funds.....	24
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities.....	27
Statement of Net Assets – Proprietary Funds.....	28
Statement of Revenues, Expenses, and Changes in Fund Net Assets – Proprietary Funds.....	31
Statement of Cash Flows – Proprietary Funds.....	32
Statement of Net Assets – Component Units.....	34
Statement of Activities – Component Units.....	35
Notes to the Financial Statements.....	37
Required Supplementary Information (Unaudited):	
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual on a Budgetary Basis – General Fund.....	67
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual on a Budgetary Basis – 1968 Sales Tax Fund.....	71
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual on a Budgetary Basis – 1985 Sales Tax Fund.....	72
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual on a Budgetary Basis – 1990 Sales Tax Fund.....	73
Notes to Budgetary Comparison Schedules.....	74

**CITY OF RUSTON, LOUISIANA
ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2009**

TABLE OF CONTENTS

	Page
Combining Fund Financial Statements:	
Combining Balance Sheet – Nonmajor Governmental Funds.....	80
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Governmental Funds.....	81
Combining Statement of Net Assets – Internal Service Funds.....	85
Combining Statement of Revenues, Expenses, and Changes in Fund Net Assets – Internal Service Funds.....	86
Combining Statement of Cash Flows – Internal Service Funds.....	87
Individual Fund Schedules:	
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual on a Budgetary Basis (Unaudited):	
Ruston Parks and Recreation Board.....	91
Section 8 Voucher Housing.....	92

401 North Trenton Street
P. O. Box 2069
Ruston, Louisiana 71273-2069
Phone: (318) 251-8649
Fax: (318) 255-1781
egibbs@ruston.org

City of Ruston

Emmett Gibbs
Treasurer

Ashley Burton
Controller

Pam Womack
Administrative Assistant

March 19, 2010

Mayor Dan Hollingsworth
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, 2009. 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 2009 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 Douglas A. Brewer, LLC 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, 2009, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering unqualified opinions that the City's financial statements for the fiscal year ended September 30, 2009, 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, water, and sewer services, airports, ambulance, recreational activities, general administration functions and others.

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

Budgetary Control

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

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

Local economy. Although the local economy has taken a downturn in economic growth and development over the past fiscal year, it has not experienced the same severity that the national economy has. Building permit valuations were \$22 million for the fiscal year which was a 25% decrease over the previous fiscal year.

The City of Ruston and Lincoln Parish have experienced steady population growth from 1970 to 2000 with approximately 3,000 new City residents and nearly 8,000 new parish residents. The projected growth trends for 2001 through 2009 published by the U.S. Department of Commerce suggest a slight decrease in population, but this will not be supported until the 2010 census is conducted.

The Tax Increment District continues to create new economic activity for the City and parish, and the new commercial activities have increased the sales tax revenue of the City.

Louisiana Tech University is still a mainstay in the local economy both as the major employer of the area and as a strong partner in the development efforts of the community. There are several firms in the university's business incubator that could become the foundation for a complete transformation of the local market structure by creating new high tech industrial activities in the community.

The City of Ruston, Lincoln Parish and Louisiana Tech University continue to enjoy economic growth and are excited about the future despite the present economic slow down that the country is experiencing.

Long-term financial planning. Recently, the City has experienced a slight decline in our largest general revenue source which is sales taxes. In the General Fund, sales tax represents 59% of the revenues and transfers in. Because of the decline on sales taxes and increasing trends in retirement costs and health insurance, difficulty to balance the budget will exist now and in the future. Rates have increased in both water and sewer services in order to provide needed improvements in the infrastructure of the systems.

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

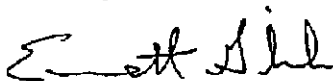
Risk management. The City partially retains the risk for property, liability, workers compensation, and general health insurance. As part of this comprehensive plan, resources are being accumulated in the respective funds to meet potential losses. In addition, various risk control techniques including an employee safety program, drug free workplace program with mandatory drug screening for new employees as well as random drug screening for current employees, and pre-employment physicals have been implemented to minimize accident-related losses. The City has third-party coverages subject to self-insured retentions which are more fully described in the notes to the financial statements.

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

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

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

Sincerely,

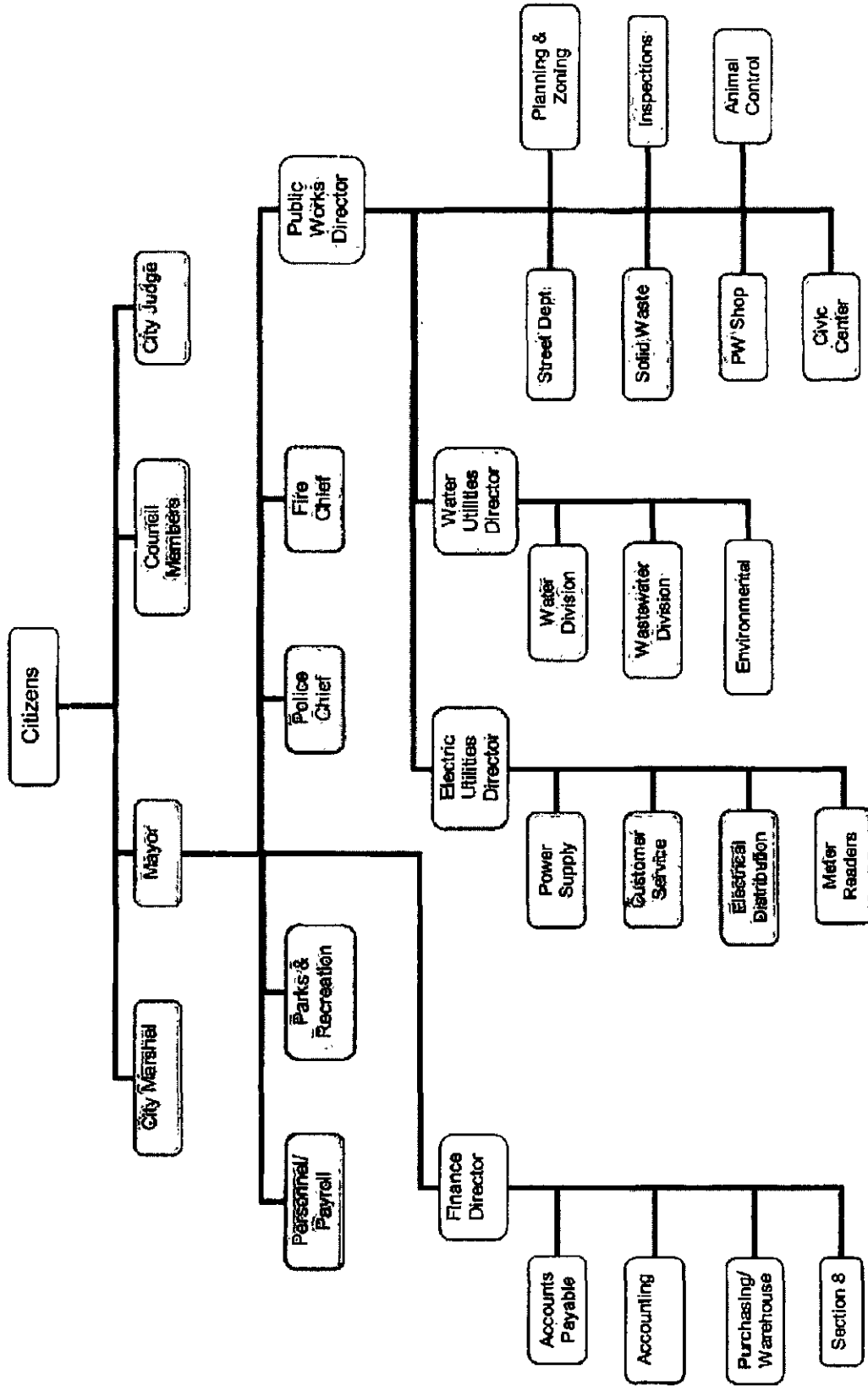


Emmett Gibbs
Treasurer



Ashley Burton
Controller

ORGANIZATIONAL CHART



CITY OF RUSTON, LOUISIANA

PRINCIPAL OFFICIALS

Dan Hollingsworth
Mayor

Members of City Council

Levell Thurman	Ward 1
Elmore D. Mayfield	Ward 2
Jedd Lewis	Ward 3
Jim Pearce	Ward 4
Marie Riggs	Ward 5

Financial Section

This page left blank intentionally.

Douglas A. Brewer, LLC
Certified Public Accountant

500 North Trenton
P.O. Box 1250
Ruston, LA 71273-1250
Phone: (318) 255-8244 Fax: (318) 255-8245

Independent Auditor's Report

Honorable Mayor and Board of Aldermen of
Ruston, Louisiana

I 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, 2009, which collectively comprise the City's basic financial statements as listed in the table of contents. I have also audited the financial statements of each of the City's nonmajor governmental, nonmajor enterprise, and internal service funds presented as supplementary information in the accompanying combining fund financial statements as of and for the year ended September 30, 2009, as listed in the table of contents. These financial statements are the responsibility of the City's management. My responsibility is to express opinions on these financial statements based on my audit. I did not audit the aggregate discretely presented component units. Those financial statements were audited by other auditors whose reports thereon have been furnished to me, and my opinion, insofar as it relates to the amounts included for the aggregate discretely presented component units is based on the reports of the other auditors.

I conducted my 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 I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit and the reports of the other auditors provide a reasonable basis for my opinions.

In my opinion, based on my 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 as of September 30, 2009, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America. In addition, in my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of each nonmajor governmental, nonmajor enterprise and internal service funds of the City, as of September 30, 2009, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, I have also issued my report dated March 19, 2010, on my consideration of the City's internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and important for assessing the results of my audit.

The management's discussion and analysis and budgetary comparison information listed as Required Supplemental Information in the table of contents are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. I have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, I did not audit the information and express no opinion on it.

My 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 schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining fund schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in my opinion, are fairly stated in all material respects in relation to the basic financial statements taken 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 I express no opinion on it.

Douglas A. Brewer, LLC

Ruston, Louisiana
March 19, 2010

Management's Discussion and Analysis

We offer readers of the City of Ruston's financial statements this narrative overview and analysis of the financial activities of the City of Ruston for the fiscal year ended September 30, 2009. 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, 2009 include the following:

- The assets of the City exceeded its liabilities at September 30, 2009 by \$119,846,937 (net assets). Of this amount, \$19,494,741 is unrestricted and may be used to meet the City's ongoing obligations to citizens and creditors.
- The City's total net assets increased \$6,792,267 for the year ended September 30, 2009. Net assets of governmental activities increased \$6,395,230 and net assets of business-type activities increased \$397,037.
- As of September 30, 2009, the City's governmental funds reported combined ending fund balances of \$17,190,012, a decrease of \$5,354,475 from the prior year. Of this amount \$7,380,533 was unreserved, undesignated, and available for spending; \$1,247,862 was unreserved but designated for subsequent years' expenditures; \$2,197,598 was reserved for debt service; \$6,324,135 was reserved for encumbrances; \$35,785 was reserved for inventories; and \$4,099 was reserved for prepaid items.
- At the end of the current fiscal year, unreserved, undesignated fund balances for the General Fund was \$6,268,865 or 32.97% of total General Fund expenditures and transfers out.
- The City's total long-term liabilities decreased by \$644,839 during the current fiscal year primarily due to the payment of debt as it becomes due.

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 assets presents information on all of the City's assets less liabilities which results in net assets. The statement is designed to display the financial position of the City. Over time, increases or decreases in net assets 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 assets 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 assets 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 Assets and the Statement of Activities distinguish functions of the City that are financed primarily by taxes, intergovernmental revenues, and charges for services (governmental activities) from functions where user fees and charges to customers help to cover all or most of the cost of services (business-type activities). The City's governmental activities include general government, public safety, public works, and cultural and recreation. The business-type activities of the City include airports, electric, water, and sewer systems, and ambulance operations.

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

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

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

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

The City maintains eleven 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, and I-20 Capital Project Fund, all of which are considered to be major funds. Data for the other six governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

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

Proprietary funds. The City maintains two different types of proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its electric, water, and sewer systems, 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 workmans compensation, general insurance, purchasing-warehouse and general and auto liability services. Because these services predominantly benefit governmental rather than business-type functions, they have been included within governmental activities in the government-wide financial statements.

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

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

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

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

Financial Analysis of Government-wide Activities

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the City's, assets exceeded liabilities by \$120,645,888 at the close of the current fiscal year.

The largest portion of the City of Ruston's net assets totaling approximately \$97.8 million (81%) reflects its investment in capital assets (e.g., land, buildings, streets, drainage, machinery, and equipment); less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

**City of Ruston's Net Assets
September 30, 2009**

	Governmental activities		Business-type activities		Total	
	2009	2008	2009	2008	2009	2008
Current and other assets	\$21,597,816	\$27,140,472	\$8,968,475	\$13,285,423	\$30,566,291	\$40,425,895
Capital assets	66,471,058	54,644,851	57,797,173	54,386,429	124,268,231	109,031,280
Total assets	88,068,874	81,785,323	66,765,648	67,671,852	154,834,522	149,457,175
Current and other liabilities	1,831,435	2,148,803	2,746,246	3,997,910	4,577,681	6,146,713
Long-term liabilities	11,558,876	11,353,187	18,851,028	18,902,605	30,409,904	30,255,792
Total liabilities	13,390,311	13,501,990	21,597,274	22,900,515	34,987,585	36,402,505
Net assets:						
Invested in capital assets, net of related debt	57,501,058	45,049,851	40,339,980	36,913,574	97,841,038	81,963,425
Restricted	2,197,598	1,370,960	313,560	774,176	2,511,158	2,145,136
Unrestricted	14,979,907	21,862,522	4,514,834	7,083,587	19,494,741	28,946,109
Total net assets	\$74,678,563	\$68,283,333	\$45,168,374	\$44,771,337	\$119,846,937	\$113,054,670

2.1% of net assets represent resources that are subject to external restriction on how they may be used. Accounts reserved for debt service account for the total of restricted net assets. The remaining balance of unrestricted net assets of \$19,494,741 may be used to meet the City of Ruston's ongoing obligations to citizens and creditors.

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

The City of Ruston's net assets increased by \$6,792,267 during the current fiscal year. Key elements of this increase are as follows:

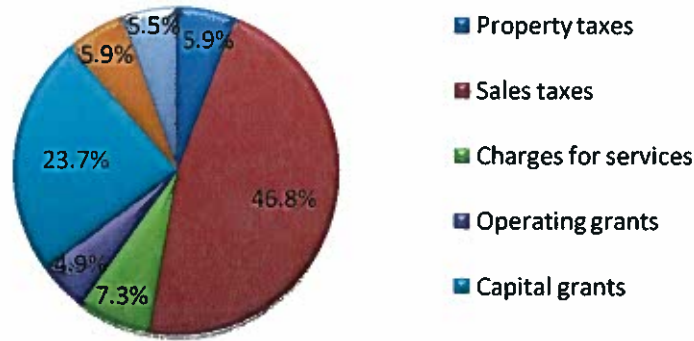
City of Ruston's Changes in Net Assets

Revenues:	Governmental activities		Business-type activities		Total	
	2009	2008	2009	2008	2009	2008
Program revenues:						
Charges for services	\$1,752,526	\$1,805,413	\$28,756,859	\$33,556,587	\$30,509,385	\$35,362,000
Operating grants and contributions	1,178,202	1,116,547	-	-	1,178,202	1,116,547
Capital grants and contributions	5,724,457	2,288,433	820,024	421,650	6,544,481	2,710,083
General revenues:						
Property taxes	1,420,768	1,115,948	-	-	1,420,768	1,115,948
Sales taxes	11,285,756	11,614,399	-	-	11,285,756	11,614,399
Other taxes	763,828	736,479	-	-	763,828	736,479
Grants and contributions not restricted to specific programs	1,432,678	1,486,017	-	-	1,432,678	1,486,017
Other	570,580	837,032	823,717	1,119,998	1,394,297	1,957,030
Total revenues	24,128,795	21,000,268	30,400,600	35,098,235	54,529,395	56,098,503
Expenses:						
General government	5,081,990	4,016,180	-	-	5,081,990	4,016,180
Public safety	7,548,024	6,178,696	-	-	7,548,024	6,178,696
Public works	6,202,413	5,365,741	-	-	6,202,413	5,365,741
Cultural and recreation	868,862	846,139	-	-	868,862	846,139
City Judge's Office and Marshal	451,347	412,626	-	-	451,347	412,626
Interest on long-term debt	411,612	241,474	-	-	411,612	241,474
Electric	-	-	21,056,547	26,764,763	21,056,547	26,764,763
Water	-	-	1,887,754	1,975,842	1,887,754	1,975,842
Sewer	-	-	3,417,017	3,623,523	3,417,017	3,623,523
Regional airport	-	-	422,659	393,950	422,659	393,950
Ambulance service	-	-	388,903	381,786	388,903	381,786
Total expenses	20,564,248	17,060,856	27,172,880	33,139,864	47,737,128	50,200,720
Increase in net assets before transfers	3,564,547	3,939,412	3,227,720	1,958,371	6,792,267	5,897,783
Transfers	2,830,683	2,723,877	(2,830,683)	(2,723,877)	-	-
Increase (decrease) in net assets	6,395,230	6,663,289	397,037	(765,506)	6,792,267	5,897,783
Net assets at beginning of year	68,283,333	61,620,044	44,771,337	45,536,843	113,054,670	107,156,887
Net assets at end of year	\$74,678,563	\$68,283,333	\$45,168,374	\$44,771,337	\$119,846,937	\$113,054,670

Revenues for the City's governmental activities for the year ended September 30, 2009 were \$24,128,795 compared to \$21,000,268 in 2008. The increase of \$3,128,527 was largely attributable to the annexation of infrastructure for public works. The value of the property received was \$5,433,384. Intergovernmental revenue received for the I-20 fund also decreased. The amount received in 2008 was \$1,843,038. Sales taxes received also decreased \$328,643.

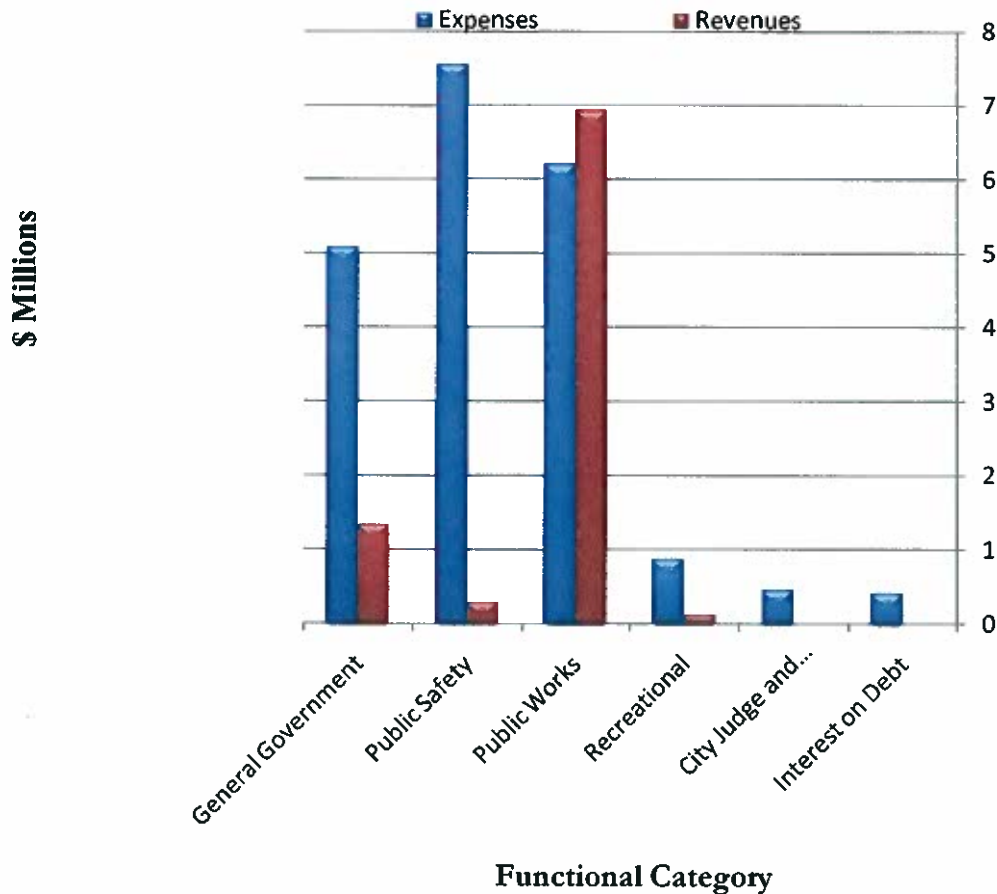
General revenues, specifically sales tax (46.8%), are the largest component of revenues.

Revenues by Sources – Governmental Activities



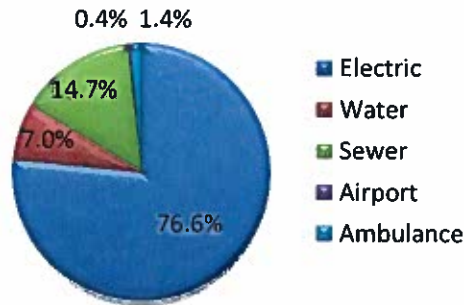
The cost of all governmental activities this year was \$19,765,297, an increase of approximately \$2,704,441 from 2008. The City's largest programs are general government, public safety, and public works. The graph below shows the expenses and program revenues generated by governmental activities.

Expenses and Program Revenues – Governmental Activities



Business-type Activities. Charges for services for the City of Ruston’s business-type activities were \$28,756,859, a decrease of \$4,799,728 from 2008. The majority of this resulted from the decrease in fuel adjustment revenue of approximately \$3,677,525. The increase occurred because of the increase in the cost of energy. Charges for electric utility usage also decreased \$1,234,410 due to a decrease in demand.

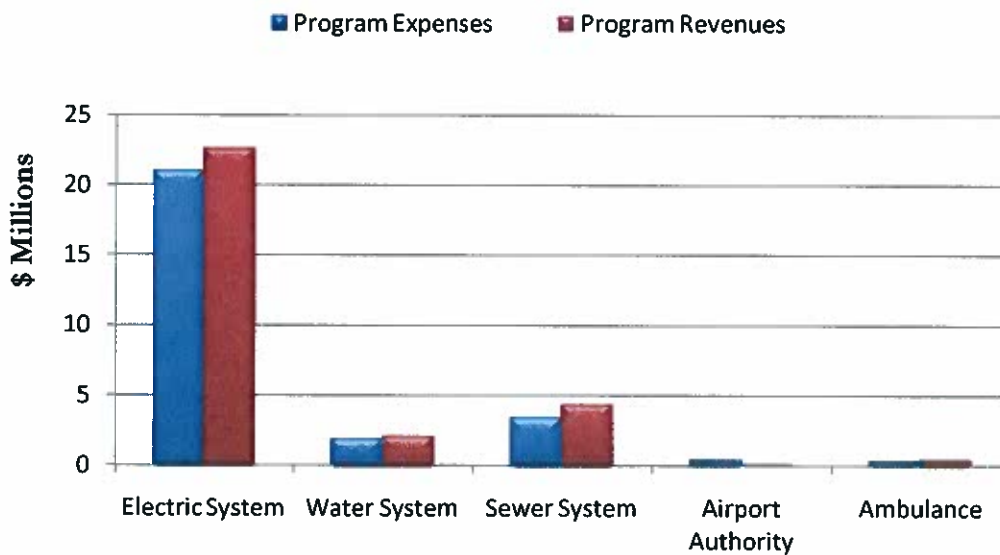
Revenue by Source – Business-type Activities



Expenses and Program Revenues – Business-type Activities

The costs of these activities were \$27,172,880, a decrease of \$5,966,984 from 2008. This decrease was due primarily to the decrease in the cost of energy for the Electric fund of approximately \$5,976,000.

Program Expenses and Revenues – Business-type Activities



Financial Analysis of the City of Ruston's Funds

Governmental Funds

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

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

- As of the close of the current fiscal year, the City of Ruston's governmental funds reported a combined ending fund balance of \$17,190,012, a decrease of \$5,354,475 in comparison with the prior fiscal year. Of this amount, \$8,848,913 or 51.5% was unreserved, undesignated and available for spending. (\$220,518) is designated for subsequent years' expenditures. The remainder of the fund balance is reserved to indicate that it is not available for new spending because it has already been committed (1) to liquidate contracts and purchase orders of the prior period (\$6,324,135), (2) to pay debt service (\$2,197,598), or (3) for other restricted purposes (\$39,884).
- The General Fund is the chief operating fund of the City of Ruston. At the end of the current fiscal year, unreserved fund balance of the General Fund was \$6,268,865. The total (undesignated) is available for spending at the City Council's discretion. The fund balance of the General Fund increased by \$1,196,103. A key factor in this increase is an increase in transfers in from the Sales Tax funds in accordance with the sales tax proposition. Intergovernmental revenues also increased related to a grant for street improvements.
- The 1968 Sales Tax Fund has a total fund balance of \$291,006 all of which is unreserved, undesignated and available for spending for its specified purpose. Fund balance decreased \$1,700,859 as a result of an increase in transfers to the General Fund.
- The 1985 Sales Tax Fund has a total fund balance of \$507,959 all of which is unreserved, undesignated and available for spending for spending for its specified purpose. Fund balance decreased \$1,726,028 as a result of an increase in transfers to the General Fund.
- The 1990 Sales Tax Fund has a total fund balance of \$312,703 all of which is unreserved, undesignated and available for spending for spending for its specified purpose. Fund balance decreased \$102,213 as a result of a decrease in sales tax revenue received.
- The I-20 Fund has unreserved fund balance of (\$321,547). Total fund balance decreased \$3,955,057 as a result of a decrease in bond proceeds received and intergovernmental funds received.

Proprietary funds

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.

- Unrestricted net assets of the Electric System at the end of the year amounted to \$1,794,474. Total net assets for the Electric System increased \$279,261 as a result of a decrease in revenues from penalty charges. These charges were allocated to the other utility funds during 2009.
- The unrestricted net assets for the Water System amounted to \$1,510,662. Total net assets for the Water System decreased \$145,753 primarily as a result of increases in personal services expenses and transfers to other funds.
- The unrestricted net assets for the Sewer System were \$894,690. Total net assets for the Sewer System increased \$445,668 as a result of an increase in capital contributions and in personal services expenses.

General Fund Budgetary Highlights

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

The original budget for the General Fund of the City of Ruston was adopted on September 2, 2008. During the year, the City Council revised the City's budget several times. Changes were made as new information indicated a need. The major difference between the original budget and the final budget was primarily the increase of \$7,193,746 to appropriate open purchase orders as of September 30, 2008. The increase for open purchase orders was spread throughout various departments. Differences between the budget and the actual results of the General Fund are as follows:

Revenues

- Taxes were expected to be similar to prior year revenues. Actual revenues were more than budget by \$174,120 due primarily to an increase in property taxes received.
- Intergovernmental revenues were expected to be similar to prior year revenues. Actual revenues were less than budget by \$605,870 due primarily to the grant for street improvements being budgeted for 2009 for the full amount of the grant when only 23% was received.
- Miscellaneous revenues were expected to be similar to prior year revenues. Actual revenues were more than budget by \$202,607 due primarily to an increase in rent on city property.

Expenditures

- Executive personnel expenditures were under budget by \$66,431 as a result of not being fully staffed.

- Executive operating services were under budget by \$210,684 as a result of encumbrances open at the end of the year.
- Executive improvements and equipment expenditures were under budget by \$192,963 as a result of projects not started.
- Civic center/city hall personnel expenditures were under budget by \$64,807 as a result of not being fully staffed.
- Civic center/city hall operating services were under budget by \$58,474 as a result of encumbrances open at the end of the year and lower than anticipated maintenance of building and grounds expenditures.
- Inspections operating expenditures were under budget by \$70,194 as a result of lower than anticipated housing demolition expenditures and encumbrances open at the end of the year.
- Police department personnel expenditures were under budget by \$64,650 as a result of employee insurance expenditures being lower than expected.
- Police department materials and supplies were under budget by \$63,746 as a result of fuel expenditures being lower than expected.
- Police department improvements and equipment were under budget by \$141,931 as a result of lower than expected costs during the fiscal year for the police department building.
- Fire department personnel expenditures were under budget by \$58,988 as a result of overtime expenditures and employee retirement expenditures being lower than expected.
- Public Works Administration operating services were under budget by \$61,651 as a result of lower than anticipated utilities expenditures and encumbrances open at the end of the year.
- Street department personnel expenditures were under budget by \$134,753 as a result of not being fully staffed.
- Street department operating expenditures were under budget by \$632,329 as a result of encumbrances open at the end of the year.
- Street department materials and supplies were under budget by \$81,067 as a result of fuel expenditures being lower than expected.
- Street department improvements and equipment expenditures were under budget by \$2,340,975 as a result of encumbrances open at the end of the year.
- Solid waste materials and supplies were under budget by \$145,930 as a result of fuel expenditures being lower than expected.

Capital Assets and Debt Administration

Capital assets. The City of Ruston's investment in capital assets as of September 30, 2009 amounts to \$124,268,231 net of depreciation. This investment in capital assets includes land, buildings and improvements, streets, drainage, furniture and equipment, and construction in progress. The table below shows the value at the end of the fiscal year.

**City of Ruston's Capital Assets
(net of depreciation)**

	Governmental activities		Business-type activities		Total	
	2009	2008	2009	2008	2009	2008
Land and land improvements	\$10,068,430	\$9,216,826	\$1,266,223	\$1,266,223	\$11,334,653	\$10,483,049
Buildings	2,624,737	2,315,882	876,746	895,230	3,501,483	3,211,112
System Improvement	-	-	23,392,685	24,018,073	23,392,685	24,018,073
Improvements other than buildings	4,325,698	3,480,181	2,639,107	2,945,751	6,964,805	6,425,932
Equipment	5,324,222	4,760,047	5,688,994	6,034,137	11,013,216	10,794,184
Infrastructure	15,569,031	11,492,012	-	-	15,569,031	11,492,012
Construction in progress	28,558,940	23,379,903	23,933,418	19,227,015	52,492,358	42,606,918
Total	\$66,471,058	\$54,644,851	\$57,797,173	\$54,386,429	\$124,268,231	\$109,031,280

Major capital asset additions during the current fiscal year included the following:

- The renovation of the historic fire station for approximately \$446,640.
- The purchase of a ladder truck for the Fire department for approximately \$549,860.
- The completion of the West Kentucky/North Chautauqua project for the Street department for approximately \$972,732.
- The purchase of a dump truck for the Solid Waste department for approximately \$175,199.
- The purchase of a garbage truck for the Solid Waste department for approximately \$230,026.
- The completion of the LCDBG Southeast Sewer project for the Sewer fund for approximately \$671,115.
- The completion of the Sanitary Sewer System project for the Sewer fund for approximately \$163,783.

Long-term debt. At the end of the current fiscal year, the City of Ruston had total debt outstanding of \$27,275,078. The following table summarizes bonds outstanding at September 30, 2009.

Outstanding Debt

	Governmental		Business-type		Total	
	2009	2008	2009	2008	2009	2008
General						
obligation bonds	-	-	-	-	-	-
Revenue bonds	\$8,970,000	\$9,595,000	\$1,010,000	\$1,275,000	\$9,980,000	\$10,870,000
DEQ Revolving						
Loan fund	-	-	16,947,193	16,677,855	16,947,193	16,677,855
Due to State	-	-	347,885	434,857	347,885	434,857
Total	\$8,970,000	\$9,595,000	\$18,305,078	\$18,387,712	\$27,275,078	\$27,982,712

For additional information regarding capital assets and long-term debt, see the notes to the basic financial statements.

Economic Factors and Next Year's Budgets and Rates

In setting the budgets for 2009, the City dealt with a number of issues with City-wide impact. One of the factors was the national economy. Although the local economy is stable, the City is not immune to national economic trends. For the year 2010, the City budgeted for sales tax dollars to remain steady. Preliminary 2010 figures reflect a decrease of approximately 5%. National unemployment rates for September 2009 were up to 9.8% compared to 6.2% at September 2008.

Spiraling health care costs nationwide continue to have an impact on City budgets, in addition to increasing retirement costs. In 2010, the budgets will be required to provide more than \$2 million to pay the City's portion of health care premiums.

All of these factors were considered in preparing the City's budget for the 2010 fiscal year.

Requests for Information

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

Basic Financial Statements

This page left blank intentionally.

CITY OF RUSTON, LOUISIANA
STATEMENT OF NET ASSETS
SEPTEMBER 30, 2009

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
ASSETS				
Cash and cash equivalents	\$ 9,533,805	\$ 2,962,405	\$ 12,496,210	\$ 948,172
Investments	9,631,696	2,743,489	12,375,185	55,744
Receivables, net	1,982,041	1,065,708	3,047,749	2,718
Unbilled revenue	63,893	1,669,270	1,733,163	-
Due from other governments	-	60,486	60,486	7,737
Internal balances	264,222	(264,222)	-	-
Inventories	35,785	710,091	745,876	-
Prepaid items	14,071	-	14,071	3,653
Bond issue costs, net	72,303	21,248	93,551	-
Capital assets:				
Land and construction in progress	38,627,370	25,199,641	63,827,011	-
Other capital assets, net of depreciation	27,843,688	32,597,532	60,441,220	148,078
Total assets	<u>88,068,874</u>	<u>66,765,648</u>	<u>154,834,522</u>	<u>1,166,102</u>
LIABILITIES				
Accounts payable	676,532	1,689,346	2,365,878	16,863
Accrued liabilities	606,333	173,777	780,110	3,759
Accrued interest payable	29,697	125,641	155,338	-
Claims	458,391	-	458,391	-
Deposits	60,482	757,482	817,964	-
Non-current liabilities:				
Due within one year	820,000	873,972	1,693,972	25,000
Due in more than one year	9,939,925	17,977,056	27,916,981	-
Post employment benefit obligation	798,951	-	798,951	-
Total liabilities	<u>13,390,311</u>	<u>21,597,274</u>	<u>34,987,585</u>	<u>45,622</u>
NET ASSETS				
Invested in capital assets, net of related debt	57,501,058	40,339,980	97,841,038	123,078
Restricted for:				
Debt service	2,197,598	313,560	2,511,158	-
Unrestricted	14,979,907	4,514,834	19,494,741	997,402
Total net assets	<u>\$ 74,678,563</u>	<u>\$ 45,168,374</u>	<u>\$ 119,846,937</u>	<u>\$ 1,120,480</u>

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

CITY OF RUSTON
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2009

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government:				
Governmental Activities:				
General government	\$ 5,081,990	\$ 143,675	\$ 1,163,849	\$ 18,587
Public safety	7,548,024	276,426	8,995	-
Public works	6,202,413	1,221,281	5,358	5,705,870
Cultural and recreation	868,862	111,144	-	-
City Judge and Marshal	451,347	-	-	-
Interest on long-term debt	411,612	-	-	-
Total governmental activities	<u>20,564,248</u>	<u>1,752,526</u>	<u>1,178,202</u>	<u>5,724,457</u>
Business-type activities:				
Electric System	21,056,547	22,594,914	-	50,080
Water System	1,887,754	2,058,740	-	-
Sewer System	3,417,017	3,679,974	-	671,115
Ruston Airport Authority	422,659	15,049	-	89,282
Ambulance	388,903	408,182	-	9,547
Total business-type activities	<u>27,172,880</u>	<u>28,756,859</u>	<u>-</u>	<u>820,024</u>
Total primary government	<u>\$47,737,128</u>	<u>\$30,509,385</u>	<u>\$ 1,178,202</u>	<u>\$ 6,544,481</u>
Component units:				
City Judge	480,118	559,208	-	-
City Marshall	306,726	301,385	-	-
Total component units	<u>\$ 786,844</u>	<u>\$ 860,593</u>	<u>-</u>	<u>-</u>

General revenues:

Taxes:

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

Transfers

Total general revenues and transfers

Change in Net Assets

Net assets - beginning

Net assets - ending

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

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

Primary Government			Component Units
Governmental Activities	Business-type Activities	Total	
\$ (3,755,879)	-	\$ (3,755,879)	-
(7,262,603)	-	(7,262,603)	-
730,096	-	730,096	-
(757,718)	-	(757,718)	-
(451,347)	-	(451,347)	-
(411,612)	-	(411,612)	-
<u>(11,909,063)</u>	<u>-</u>	<u>(11,909,063)</u>	<u>-</u>
-	\$ 1,588,447	1,588,447	-
-	170,986	170,986	-
-	934,072	934,072	-
-	(318,328)	(318,328)	-
-	28,826	28,826	-
-	<u>2,404,003</u>	<u>2,404,003</u>	<u>-</u>
<u>(11,909,063)</u>	<u>2,404,003</u>	<u>(9,505,060)</u>	<u>-</u>
-	-	-	\$ 79,090
-	-	-	(5,341)
-	-	-	<u>73,749</u>
949,120	-	949,120	-
471,648	-	471,648	-
4,956,566	-	4,956,566	-
258,682	-	258,682	-
600,000	-	600,000	-
1,433,051	-	1,433,051	-
1,433,051	-	1,433,051	-
20,000	-	20,000	-
2,584,406	-	2,584,406	-
347,273	-	347,273	-
9,085	-	9,085	-
407,470	-	407,470	-
1,432,678	-	1,432,678	-
279,409	130,355	409,764	20,800
291,171	693,362	984,533	-
2,830,683	(2,830,683)	-	-
<u>18,304,293</u>	<u>(2,006,966)</u>	<u>16,297,327</u>	<u>20,800</u>
6,395,230	397,037	6,792,267	94,549
68,283,333	44,771,337	113,054,670	1,025,931
<u>\$ 74,678,563</u>	<u>\$ 45,168,374</u>	<u>\$ 119,846,937</u>	<u>\$ 1,120,480</u>

CITY OF RUSTON, LOUISIANA
BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2009

	General	1968 Sales Tax
ASSETS		
Cash and cash equivalents	\$ 2,113,845	\$ 465,786
Investments	7,540,539	-
Receivables, net	659,027	190,113
Unbilled revenues	63,893	-
Due from other funds	458,789	-
Inventories, at cost	35,785	-
Prepaid items	4,099	-
Total assets	\$ 10,875,977	\$ 655,899
 LIABILITIES AND FUND BALANCES		
Liabilities:		
Accounts payable	\$ 436,768	-
Accrued liabilities	476,978	-
Due to other funds	-	\$ 364,893
Deposits and deferred charges	60,457	-
Total liabilities	974,203	364,893
 Fund Balances:		
Reserved for:		
Debt service	-	-
Encumbrances	3,593,025	-
Inventories	35,785	-
Prepaid items	4,099	-
Unreserved, undesignated	6,268,865	291,006
Unreserved, designated reported in nonmajor:		
Capital project funds	-	-
Unreserved, undesignated, reported in nonmajor:		
Special revenue funds	-	-
Total fund balances	9,901,774	291,006
Total liabilities and fund balances	\$ 10,875,977	\$ 655,899

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

<u>1985</u> <u>Sales Tax</u>	<u>1990</u> <u>Sales Tax</u>	<u>1-20</u> <u>Fund</u>	<u>Other</u> <u>Governmental</u> <u>Funds</u>	<u>Total</u> <u>Governmental</u> <u>Funds</u>
-	-	\$ 2,791,814	\$ 3,159,339	\$ 8,530,784
-	-	-	-	7,540,539
\$ 285,169	\$ 190,113	-	654,544	1,978,966
-	-	-	-	63,893
242,303	122,590	-	19,513	843,195
-	-	-	-	35,785
-	-	-	-	4,099
<u>\$ 527,472</u>	<u>\$ 312,703</u>	<u>\$ 2,791,814</u>	<u>\$ 3,833,396</u>	<u>\$ 18,997,261</u>
-	-	\$ 220,441	\$ 13,494	\$ 670,703
-	-	-	20,782	497,760
\$ 19,513	-	186,423	7,475	578,304
-	-	-	25	60,482
<u>19,513</u>	<u>-</u>	<u>406,864</u>	<u>41,776</u>	<u>1,807,249</u>
-	-	-	2,197,598	2,197,598
-	-	2,706,497	24,613	6,324,135
-	-	-	-	35,785
-	-	-	-	4,099
507,959	\$ 312,703	-	-	7,380,533
-	-	(321,547)	101,029	(220,518)
-	-	-	1,468,380	1,468,380
<u>507,959</u>	<u>312,703</u>	<u>2,384,950</u>	<u>3,791,620</u>	<u>17,190,012</u>
<u>\$ 527,472</u>	<u>\$ 312,703</u>	<u>\$ 2,791,814</u>	<u>\$ 3,833,396</u>	<u>\$ 18,997,261</u>

This page left blank intentionally.

CITY OF RUSTON, LOUISIANA
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET ASSETS
FOR THE YEAR ENDED SEPTEMBER 30, 2009

Fund balances - total governmental funds		\$ 17,190,012
<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	85,926,841	
Less accumulated depreciation	<u>(19,459,677)</u>	66,467,164
<p>Unfunded post employment benefit obligations are not financial resources and therefore are not reported in the funds</p>		
		(798,951)
<p>Other assets used in governmental activities that are not financial resources and therefore are not reported in the governmental funds.</p>		
Unamortized bond issuance costs		72,303
<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	(29,697)	
Compensated absences	(1,781,378)	
Bonds, notes, and loans payable	<u>(8,970,000)</u>	(10,781,075)
<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>2,529,110</u>
Net assets of governmental activities		<u>\$ 74,678,563</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, 2009

	<u>General</u>	<u>1968 Sales Tax</u>	<u>1985 Sales Tax</u>
REVENUES			
Taxes:			
Property	\$ 949,120	-	-
Sales	-	\$ 2,486,102	\$ 3,729,146
Licenses and permits	907,503	-	-
Intergovernmental	1,864,730	-	-
Charges for services	1,216,907	-	-
Fines and forfeitures	280,800	-	-
Investment earnings	196,900	13,204	15,839
Miscellaneous	275,807	-	-
Total revenues	<u>5,691,767</u>	<u>2,499,306</u>	<u>3,744,985</u>
EXPENDITURES			
Current:			
General government	3,422,956	27,293	34,523
Public safety	7,974,952	-	-
Public works	7,046,639	-	-
Culture and recreation	-	-	-
City Court and Marshal	429,817	-	-
Debt service:			
Principal	-	-	-
Interest and other charges	-	-	-
Capital outlay	-	-	-
Total expenditures	<u>18,874,364</u>	<u>27,293</u>	<u>34,523</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(13,182,597)</u>	<u>2,472,013</u>	<u>3,710,462</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	14,517,436	-	-
Transfers out	(138,736)	(4,172,872)	(5,436,490)
Total other financing sources and (uses)	<u>14,378,700</u>	<u>(4,172,872)</u>	<u>(5,436,490)</u>
Net change in fund balances	1,196,103	(1,700,859)	(1,726,028)
Fund balances - beginning	8,705,671	1,991,865	2,233,987
Fund balances - ending	<u>\$ 9,901,774</u>	<u>\$ 291,006</u>	<u>\$ 507,959</u>

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

<u>1990 Sales Tax</u>	<u>I-20 Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
-	-	\$ 471,648	\$ 1,420,768
\$ 2,486,102	-	2,584,406	11,285,756
-	-	-	907,503
-	\$ 18,587	1,019,251	2,902,568
-	-	111,145	1,328,052
-	-	-	280,800
17,904	22,405	13,156	279,408
-	-	14,749	290,556
<u>2,504,006</u>	<u>40,992</u>	<u>4,214,355</u>	<u>18,695,411</u>
23,294	-	1,253,255	4,761,321
-	-	-	7,974,952
-	-	-	7,046,639
-	-	911,325	911,325
-	-	-	429,817
-	-	625,000	625,000
-	-	406,228	406,228
-	4,722,987	2,300	4,725,287
<u>23,294</u>	<u>4,722,987</u>	<u>3,198,108</u>	<u>26,880,569</u>
<u>2,480,712</u>	<u>(4,681,995)</u>	<u>1,016,247</u>	<u>(8,185,158)</u>
-	726,938	644,270	15,888,644
(2,582,925)	-	(726,938)	(13,057,961)
<u>(2,582,925)</u>	<u>726,938</u>	<u>(82,668)</u>	<u>2,830,683</u>
(102,213)	(3,955,057)	933,579	(5,354,475)
414,916	6,340,007	2,858,041	22,544,487
<u>\$ 312,703</u>	<u>\$ 2,384,950</u>	<u>\$ 3,791,620</u>	<u>\$ 17,190,012</u>

This page left blank intentionally.

CITY OF RUSTON, LOUISIANA
 RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF
 GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
 FOR THE YEAR ENDED SEPTEMBER 30, 2009

Net change in fund balances - total governmental funds		\$ (5,354,475)
<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	10,533,835	
Depreciation expense	<u>(1,800,566)</u>	8,733,269
<p>Donations of capital assets increase net assets in the Statement of Activities, but do not appear in the governmental funds because they are not financial revenues.</p>		
		5,433,384
<p>The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, write offs, and donations) is to decrease net assets.</p>		
		(2,339,000)
<p>Post employment benefit obligation</p>		
		(798,951)
<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 assets. 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>		
Principal payments	<u>625,000</u>	625,000
<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>		
Amortization of issuance costs	(8,364)	
Increase in compensated absences	(43,896)	(49,280)
Decrease in accrued interest	<u>2,980</u>	
<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>145,283</u>
<p>Change in net assets of governmental activities</p>		
		<u>\$ 6,395,230</u>

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

CITY OF RUSTON, LOUISIANA
 STATEMENT OF NET ASSETS
 PROPRIETARY FUNDS
 SEPTEMBER 30, 2009

	business-type Activities						Governmental Activities Internal Service Funds
	Enterprise Funds			Nonmajor Funds			
	Major Funds	Sewer System	Airport Authority	Ambulance	Total		
ASSETS							
Current assets:							
Cash and cash equivalents	\$ 1,565,888	\$ 338,819	\$ 582,533	\$ 148,254	\$ 100,523	\$ 2,736,017	\$ 1,003,021
Investments	1,123,642	631,562	-	-	-	1,755,204	2,091,157
Receivables, net	740,971	85,181	140,734	67	98,755	1,065,708	3,075
Unbilled revenue	1,319,929	121,595	227,746	-	-	1,669,270	-
Due from other funds	-	433,532	667,184	474	-	1,101,190	-
Due from other governments	-	-	-	57,986	2,500	60,486	-
Inventories	477,607	191,215	41,269	-	-	710,091	-
Prepaid items	-	-	-	-	-	-	9,972
Total current assets	5,228,037	1,801,904	1,659,466	206,781	201,778	9,097,966	3,107,225
Noncurrent assets:							
Restricted:							
Cash and cash equivalents	9,428	15,619	201,341	-	-	226,388	-
Investments	885,410	-	102,875	-	-	988,285	-
Capital assets:							
Land	622,501	75,070	218,801	349,851	-	1,266,223	-
Construction in progress	5,648,069	278,308	17,923,094	83,947	-	23,933,418	-
Buildings	2,112,128	139,934	151,363	407,215	-	2,810,630	13,080
Improvements other than buildings	-	-	-	6,060,391	-	6,060,391	-
Equipment	20,413,855	810,683	5,893,175	231,239	401,161	27,750,113	48,123
Distribution and collection systems	26,416,271	10,679,947	19,608,972	-	-	56,705,190	-
Less accumulated depreciation	(36,127,531)	(7,356,390)	(13,337,035)	(3,611,234)	(296,602)	(60,728,792)	(57,309)
Total capital assets (net of accumulated depreciation)	19,085,293	4,627,552	30,458,360	3,521,409	104,559	57,797,173	3,894
Deferred bond costs, at cost less amortization	-	13,243	8,005	-	-	21,248	-
Total noncurrent assets	19,980,131	4,656,414	30,770,581	3,521,409	104,559	59,033,094	3,894
Total assets	\$ 25,208,168	\$ 6,458,318	\$ 32,430,047	\$ 3,728,190	\$ 306,337	\$ 68,131,060	\$ 3,111,119

	Business-type Activities						Governmental Activities Internal Service Funds
	Enterprise Funds			Nonmajor Funds			
	Major Funds	Sewer System		Airport Authority	Ambulance	Total	
	Water System						
LIABILITIES							
Current liabilities							
Accounts payable	\$ 1,558,363	\$ 25,419	\$ 94,868	\$ 6,464	\$ 4,232	\$ 1,689,346	\$ 5,829
Accrued liabilities	96,499	23,872	40,581	-	12,825	173,777	108,573
Due to other funds	1,256,336	3,630	84,771	-	20,675	1,365,412	669
Claims and judgments	-	-	-	-	-	-	458,391
Compensated absences	6,000	2,000	3,000	-	6,000	17,000	-
Total current liabilities	<u>2,917,198</u>	<u>54,921</u>	<u>223,220</u>	<u>6,464</u>	<u>43,732</u>	<u>3,245,535</u>	<u>573,462</u>
Current liabilities payable from restricted assets:							
Customer deposits	751,207	-	6,275	-	-	757,482	-
Bonds payable	-	-	270,000	-	-	270,000	-
DEQ Revolving Loan fund	-	-	500,000	-	-	500,000	-
Due to LADOTD	37,148	49,824	-	-	-	86,972	-
Accrued interest	125,641	-	-	-	-	125,641	-
Total current liabilities payable from restricted assets	<u>913,996</u>	<u>49,824</u>	<u>776,275</u>	<u>-</u>	<u>-</u>	<u>1,740,095</u>	<u>-</u>
Noncurrent liabilities:							
Compensated absences	385,762	50,272	49,561	-	43,355	528,950	8,547
Bonds payable	-	-	740,000	-	-	740,000	-
DEQ Revolving Loan fund	-	-	16,447,193	-	-	16,447,193	-
Due to LADOTD	111,445	149,468	-	-	-	260,913	-
Total noncurrent liabilities	<u>497,207</u>	<u>199,740</u>	<u>17,236,754</u>	<u>-</u>	<u>43,355</u>	<u>17,977,056</u>	<u>8,547</u>
Total liabilities	<u>4,328,401</u>	<u>304,485</u>	<u>18,236,249</u>	<u>6,464</u>	<u>87,087</u>	<u>22,962,686</u>	<u>582,009</u>
NET ASSETS							
Invested in capital assets, net of related debt	19,085,293	4,627,552	13,001,167	3,521,409	104,559	40,339,980	3,894
Restricted for debt service	-	15,619	297,941	-	-	313,560	-
Unrestricted (deficit)	1,794,474	1,510,662	894,690	200,317	114,691	4,514,834	2,525,216
Total net assets (deficit)	<u>\$ 20,879,767</u>	<u>\$ 6,153,833</u>	<u>\$ 14,193,798</u>	<u>\$ 3,721,726</u>	<u>\$ 219,250</u>	<u>\$ 45,168,374</u>	<u>\$ 2,529,110</u>

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

This page left blank intentionally.

CITY OF RUSTON, LOUISIANA
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2009

	Business-type Activities					Governmental Activities Internal Service Funds
	Major Funds		Enterprise Funds		Total	
	Electric System	Water System	Sewer System	Airport Authority		
OPERATING REVENUES						
Charges for services	\$ 22,594,914	\$ 2,058,740	\$ 3,679,974	\$ 15,049	\$ 408,182	\$ 28,756,859
Charges to other funds	-	-	-	-	-	-
Premiums paid by retired employees	-	-	-	-	-	-
Rent income	35,419	-	-	19,959	-	55,378
Miscellaneous	499,609	94,794	43,052	529	-	637,984
Total operating revenues	<u>23,129,942</u>	<u>2,153,534</u>	<u>3,723,026</u>	<u>35,537</u>	<u>408,182</u>	<u>29,450,221</u>
OPERATING EXPENSES						
Personal services	2,017,067	522,206	870,317	-	266,504	3,676,094
Operating services	1,245,622	701,269	812,981	68,746	19,573	2,848,191
Materials and supplies	16,126,976	212,718	130,658	2,603	74,080	16,547,035
Travel and other	24,599	3,762	8,139	-	15,144	51,644
Depreciation	1,642,283	447,799	957,876	351,310	13,602	3,412,870
Claims	-	-	-	-	-	1,446
Insurance premiums	-	-	-	-	-	2,308,103
Total operating expenses	<u>21,056,547</u>	<u>1,887,754</u>	<u>2,779,971</u>	<u>422,659</u>	<u>388,903</u>	<u>26,535,834</u>
Operating income (loss)	<u>2,073,395</u>	<u>265,780</u>	<u>943,055</u>	<u>(387,122)</u>	<u>19,279</u>	<u>2,914,387</u>
NONOPERATING REVENUES (EXPENSES)						
Investment earnings	99,376	18,086	12,341	412	140	130,355
Interest expense	-	-	(634,377)	-	-	(634,377)
Amortization	-	-	(2,669)	-	-	(2,669)
Total nonoperating revenues (expenses)	<u>99,376</u>	<u>18,086</u>	<u>(624,705)</u>	<u>412</u>	<u>140</u>	<u>(506,691)</u>
Income (loss) before contributions and transfers	2,172,771	283,866	318,350	(386,710)	19,419	2,407,696
Capital contributions	50,080	-	671,115	89,282	9,547	820,024
Transfers in	-	-	-	86,323	-	86,323
Transfers out	(1,943,590)	(429,619)	(543,797)	-	-	(2,917,006)
Change in net assets	<u>279,261</u>	<u>(145,753)</u>	<u>445,668</u>	<u>(211,105)</u>	<u>28,966</u>	<u>397,037</u>
Total net assets (deficit) - beginning	20,600,506	6,299,586	13,748,130	3,932,831	190,284	44,771,337
Total net assets (deficit) - ending	<u>\$ 20,879,767</u>	<u>\$ 6,153,833</u>	<u>\$ 14,193,798</u>	<u>\$ 3,721,726</u>	<u>\$ 219,250</u>	<u>\$ 45,168,374</u>

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

CITY OF RUSTON, LOUISIANA
 STATEMENT OF CASH FLOWS
 PROPRIETARY FUNDS
 FOR THE YEAR ENDED SEPTEMBER 30, 2009

	Business-type Activities Enterprise Funds						Governmental Activities Internal Service Funds
	Major Funds		Nonmajor Funds		Total		
	Electric System	Water System	Sewer System	Airport Authority			
CASH FLOWS FROM OPERATING ACTIVITIES:							
Receipts from operations	\$ 25,923,233	\$ 1,913,802	\$ 3,678,152	\$ 2,706	\$ 434,268	\$ 29,952,181	\$ 3,362,394
Payments to suppliers	(17,698,989)	(937,875)	(1,571,237)	(93,226)	(113,180)	(20,414,507)	(802,131)
Payments to employees	(2,003,632)	(521,347)	(876,238)	-	(263,659)	(3,664,876)	(200,310)
Claim payments	-	-	-	-	-	-	(2,015,757)
Other receipts	535,028	94,794	43,052	529	-	673,403	33,135
	4,755,640	549,374	1,273,799	(89,991)	57,429	6,546,181	377,331
Net cash provided by operating activities							
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:							
Transfers in							
Transfers out	(1,943,590)	(429,619)	(543,797)	-	-	(2,917,006)	-
Net cash provided by (used in) noncapital financing activities	(1,943,590)	(429,619)	(543,797)	86,323	-	(2,830,683)	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:							
Acquisition and construction of capital assets	(5,507,692)	(109,993)	(1,089,629)	(97,686)	(18,616)	(6,823,616)	-
Capital contributions	50,080	-	671,115	89,282	9,547	820,024	-
Bond issuance costs	-	(13,243)	-	-	-	(13,243)	-
DEQ Revolving Loan fund	-	-	749,338	-	-	749,338	-
Payable to State	(37,147)	(49,824)	-	-	-	(86,971)	-
Principal paid on debt	-	-	(745,000)	-	-	(745,000)	-
Interest paid on debt	(9,326)	-	(634,377)	-	-	(643,703)	-
Net cash used in capital and related financing activities	(5,504,085)	(173,060)	(1,048,553)	(8,404)	(9,069)	(6,743,171)	-
CASH FLOWS FROM INVESTING ACTIVITIES:							
Proceeds from sales and maturities of investments	2,945,746	1,253,668	-	-	-	4,199,414	846,871
Purchase of investments	(2,004,612)	(1,270,956)	(2,364)	-	-	(3,277,932)	(1,391,464)
Interest and dividends received	99,376	18,086	12,341	412	140	130,355	52,156
Net cash provided by (used in) investing activities	1,040,510	798	9,977	412	140	1,051,837	(492,437)
Net increase (decrease) in cash and cash equivalents	(1,651,525)	(52,507)	(308,644)	(11,660)	48,500	(1,975,836)	(115,106)
Cash and cash equivalents, beginning of year	3,226,841	406,945	1,092,518	159,914	52,023	4,938,241	1,118,127
Cash and cash equivalents, end of year	\$ 1,575,316	\$ 354,438	\$ 783,874	\$ 148,254	\$ 100,523	\$ 2,962,405	\$ 1,003,021
Noncash item: Amortization	-	-	2,669	-	-	2,669	-

	Business-Type Activities						Governmental Activities Internal Service Funds
	Enterprise Funds			Nonmajor Funds			
	Major Funds	Sewer System	Airport Authority	Ambulance	Total		
	Electric System	Water System					
Operating income (loss)	\$ 2,073,395	\$ 265,780	\$ 943,055	\$ (387,122)	\$ 19,279	\$ 2,914,387	\$ 93,127
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:							
Depreciation	1,642,283	447,799	957,876	351,310	13,602	3,412,870	1,446
(Increase) Decrease in assets:							
Receivables	1,306,320	25,160	65,716	(31,828)	26,066	1,391,454	110
Due from other funds	-	(170,097)	(66,498)	(474)	-	(237,069)	458
Inventories	(7,157)	(5,628)	2,907	-	-	(9,878)	-
Prepaid items	-	-	-	-	670	670	(1,333)
Increase (Decrease) in liabilities:							
Accounts payable	(520,832)	(9,137)	(689,918)	(17,641)	(5,260)	(1,242,786)	2,473
Accrued liabilities	(20,422)	(2,696)	510	-	2,099	(20,509)	100,208
Due to other funds	226,197	(5,362)	67,552	(4,236)	877	285,028	654
Customers' deposits	21,999	-	(1,040)	-	-	20,959	-
Claims	-	-	-	-	-	-	192,346
Compensated absences	33,857	3,555	(6,431)	-	76	31,057	(12,158)
Total adjustments	2,682,245	283,594	330,674	297,131	38,150	3,631,794	284,204
Net cash provided by operating activities	\$ 4,755,640	\$ 549,374	\$ 1,273,729	\$ (89,991)	\$ 57,429	\$ 6,546,181	\$ 377,331

Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:

Operating income (loss)

Adjustments to reconcile operating income (loss) to net cash provided by operating activities:

Depreciation

(Increase) Decrease in assets:

Receivables

Due from other funds

Inventories

Prepaid items

Increase (Decrease) in liabilities:

Accounts payable

Accrued liabilities

Due to other funds

Customers' deposits

Claims

Compensated absences

Total adjustments

Net cash provided by operating activities

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

CITY OF RUSTON, LOUISIANA
STATEMENT OF NET ASSETS
COMPONENT UNITS
SEPTEMBER 30, 2009

	<u>Ruston City Judge's Office</u>	<u>Ruston City Marshal's Office</u>	<u>Total</u>
ASSETS			
Cash and cash equivalents	\$ 918,832	\$ 29,340	\$ 948,172
Investments	-	55,744	55,744
Receivables	-	2,718	2,718
Prepaid items	2,220	1,433	3,653
Due from governmental units	7,737	-	7,737
Capital assets, net of depreciation	106,745	41,333	148,078
Total assets	<u>1,035,534</u>	<u>130,568</u>	<u>1,166,102</u>
LIABILITIES			
Accounts payable	12,994	3,869	16,863
Accrued liabilities	2,761	998	3,759
Non-current liabilities:			
Due within one year	25,000	-	25,000
Total liabilities	<u>40,755</u>	<u>4,867</u>	<u>45,622</u>
NET ASSETS			
Invested in capital assets, net of related debt	81,745	41,333	123,078
Unrestricted	913,034	84,368	997,402
Total net assets	<u>\$ 994,779</u>	<u>\$ 125,701</u>	<u>\$ 1,120,480</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, 2009

	<u>Program Revenues</u>		<u>Net (Expenses) Revenues and Changes in Net Assets</u>		
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Ruston City Judge's Office</u>	<u>Ruston City Marshal's Office</u>	<u>Total</u>
City Judge Judicial	\$ 480,118	\$ 559,208	\$ 79,090	-	\$ 79,090
City Marshal Judicial	<u>306,726</u>	<u>301,385</u>	<u>-</u>	<u>\$ (5,341)</u>	<u>(5,341)</u>
	<u>\$ 786,844</u>	<u>\$ 860,593</u>	79,090	(5,341)	73,749
General Revenues:					
Interest earnings			17,859	2,941	20,800
Total general revenues			<u>17,859</u>	<u>2,941</u>	<u>20,800</u>
Change in net assets			96,949	(2,400)	94,549
Net assets - beginning			897,830	128,101	1,025,931
Net assets - ending			<u>\$ 994,779</u>	<u>\$ 125,701</u>	<u>\$ 1,120,480</u>

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

This page left blank intentionally.

CITY OF RUSTON, LOUISIANA
Notes to Financial Statements
For the Year Ended September 30, 2009

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

City Judge's Office

The Ruston City Judge's Office was created by special legislative act. Its jurisdiction includes the incorporated area of the City. The City Judge is elected and cannot be removed by City officials. The City Judge's Office is fiscally dependent on the City. The City has the ability to modify or approve its budget which comes from the General Fund. There are certain funds collected by the City Judge's Office, pursuant to state statute, which are under the control of the Court. The City Judge's Office serves the citizenry of the City. The financial statements of the City Judge's Office included in the accompanying financial statements are as of and for the fiscal year ended September 30, 2009.

City Marshal

The Ruston City Marshal is an elected official. The City Marshal is fiscally dependent on the City. The City has the ability to modify or approve the budget which comes from the General Fund. Certain funds are collected such as court costs, pursuant to state statute, which are under the control of the City Marshal. The City Marshal serves the citizenry of the City. The financial statements of the City Marshal included in the accompanying financial statements are as of and for the fiscal year ended September 30, 2009.

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

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

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

CITY OF RUSTON, LOUISIANA
Notes to Financial Statements
For the Year Ended September 30, 2009

OTHER RELATED ORGANIZATIONS

Housing Authority

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

Lincoln Parish Sales and Use Tax Commission

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

Union Lincoln Regional Water Supply Initiative

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

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

Ruston Housing Authority
1615 North Farmerville
Ruston, Louisiana 71270

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

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

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

a. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

The government-wide financial statements (GWFS) (i.e., the statement of net assets 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

CITY OF RUSTON, LOUISIANA
Notes to Financial Statements
For the Year Ended September 30, 2009

reported separately from certain legally separate component units for which the primary government is financially accountable.

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

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

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

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. The City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period, except for franchise tax revenues which are considered available if collected within 90 days and grant revenue if collected within one year. Property taxes are recognized as revenues in the year in which final approval is received from the Louisiana Tax Commission, at which time a valid claim exists, to the extent considered available. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences are recorded only when payment is due.

Property taxes are considered "measurable" at the time of levy whereas such items as beer taxes are considered "measurable" when in the hands of intermediary collecting

CITY OF RUSTON, LOUISIANA
Notes to Financial Statements
For the Year Ended September 30, 2009

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 assets, revenues expenditures/expenses and other changes in fund balance/net assets. 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.

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

CITY OF RUSTON, LOUISIANA
Notes to Financial Statements
For the Year Ended September 30, 2009

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

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

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

Capital Project Funds – Capital project funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds and trust 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 assets. The City reports the following proprietary fund types:

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

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

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.

Sewerage 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.

CITY OF RUSTON, LOUISIANA
Notes to Financial Statements
For the Year Ended September 30, 2009

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

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

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

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

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

c. CAPITAL ASSETS

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the GWFS and the proprietary funds. Capital assets are recorded at historical cost or estimated historical cost for assets where actual historical cost is not available and depreciated over their estimated useful lives. Donated capital assets are recorded at estimated fair value at the date of donation. The City maintains a threshold level for capitalization of capital assets except land and construction in progress. All land and construction in progress is capitalized, regardless of the amount. All other capital assets are capitalized utilizing a threshold of \$5,000. The costs of normal maintenance and repairs that do not add to the value of the assets or materially extend assets lives are not capitalized.

CITY OF RUSTON, LOUISIANA
Notes to Financial Statements
For the Year Ended September 30, 2009

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 assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the term of the related debt. Bonds payable are reported net of the applicable bond premium or discount.

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

e. INVESTMENTS

For all funds, investments are stated at fair value based on quoted market prices. The investments at September 30, 2009 were primarily Certificates of Deposit, U.S. government and U.S. government agency securities (see note 2 for the City's investment policy.)

f. PREPAID ITEMS

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

CITY OF RUSTON, LOUISIANA
Notes to Financial Statements
For the Year Ended September 30, 2009

g. INVENTORIES

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

h. REFUNDABLE DEPOSITS

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

i. VACATION AND SICK LEAVE

City employees are granted vacation and sick leave in varying amounts. Employees are permitted to use sick leave toward retirement up to a maximum of six months, if they have sufficient time to qualify for retirement. Only unpaid vacation pay for the employees has been accrued, and sick leave for the employees eligible for retirement benefits has been accrued. All other sick leave is recorded as an expenditure when paid. The estimated liability for unused vacation for governmental funds is recorded in the GWFS. Vacation leave of governmental funds is recorded as an expenditure when paid. Accumulated vacation leave of proprietary funds is recorded as an expense and liability of those funds as it is earned by the employees.

j. PENSION PLANS

The State of Louisiana has 3 pension plans which cover substantially all employees of the City who meet certain length of service requirements. See note 8 for details of these plans.

k. RESTRICTED ASSETS

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

l. FUND EQUITY

In the GWFS, governmental activities report restrictions of net assets for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Specific reservations of the net assets are summarized below:

Invested in capital assets, net of related debt – These portions were created to represent the City's interest in its capital assets, less any related debt.

Restricted for Debt Service – These portions segregate an amount of net assets for debt service. These reservations are established to satisfy restrictions imposed by various bond agreements.

CITY OF RUSTON, LOUISIANA
Notes to Financial Statements
For the Year Ended September 30, 2009

In the FFS, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

Specific reservations of the fund balance accounts are summarized below:

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

Reserve for Debt Service – These reserves segregate a portion of fund balance for debt service. These reservations are established to satisfy restrictions imposed by various bond agreements.

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

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

m. INTERFUND RECEIVABLES AND PAYABLES

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

n. PROPERTY TAXES

Property taxes attach as an enforceable lien on property when the assessment is approved by the Louisiana Tax Commission. Property taxes levied are based on the assessed value of property as listed on the previous December 31. Taxes are normally levied in November of each year and are due on or before December 31. A revaluation of all real property must be made every four years. The last revaluation date was January 1, 2008.

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.

CITY OF RUSTON, LOUISIANA
Notes to Financial Statements
For the Year Ended September 30, 2009

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

All deposits of the City are held by area financial institutions. At September 30, 2009, the carrying amount of the City's deposits was \$24,029,439 and the bank balance was \$26,694,006. The difference is due to the outstanding checks and deposits in transit at September 30, 2009.

The bank balance was covered by federal depository insurance or was collateralized with securities held by the City's agent (one of its custodial banks) in the City's name. Statutes require that securities pledged for deposits of the City be held by a bank other than the pledging bank.

State statutes authorize the City to invest in United States bonds, treasury notes, government agencies' securities, certificates and time certificates of deposit of state banks organized under the laws of Louisiana and national banks having their principal office in the State of Louisiana, or mutual or trust fund institutions which have underlying investments consisting solely of and limited to securities of the United States government or its agencies. During the year ending September 30, 2009, the City invested in certificates of deposit and U.S. government and U.S. government agency securities.

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, 2009. 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.

CITY OF RUSTON, LOUISIANA
Notes to Financial Statements
For the Year Ended September 30, 2009

	CATEGORY			Carrying Amount & Fair Value
	1	2	3	
U.S. government and U.S. government agency securities	\$85,411	\$ -	\$ -	\$85,411
Total Deposits	24,029,439	--	--	24,029,439
Louisiana Asset Management Pool	--	--	--	<u>756,545</u>
Total cash, cash equivalents & investments, including restricted cash and investments				<u>\$24,871,395</u>

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

Discretely Presented Component Units – Deposits

All deposits of the component units are held by area financial institutions. At the respective year ends, all deposits are insured or collateralized with securities held in the component unit's name by its agent (the trust department of a bank other than the pledging bank). The securities have a fair value of \$597,851 at September 30, 2009.

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 \$161,372,110 and \$158,799,982 in 2009 and 2008, respectively. The distribution of the City's levy (tax rate per \$1,000 assessed value) was as follows for 2009 and 2008:

	<u>Levy</u> <u>2009 & 2008</u>
General Fund	6.04
Recreation Tax	3.00
	<u>9.04</u>

CITY OF RUSTON, LOUISIANA
Notes to Financial Statements
For the Year Ended September 30, 2009

4. RECEIVABLES

Receivables as of yearend for the City's individual major funds and nonmajor and internal service funds, including the applicable 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	\$146,286	-	\$615,552	(\$102,811)	\$659,027
1968 Sales Tax	-	\$190,113	-	-	190,113
1985 Sales Tax	-	285,169	-	-	285,169
1990 Sales Tax	-	190,113	-	-	190,113
Nonmajor governmental funds	-	631,428	26,191	-	657,619
Total governmental activities	<u>\$146,286</u>	<u>\$1,296,823</u>	<u>\$641,743</u>	<u>(\$102,811)</u>	<u>\$1,982,041</u>
Business-type activities:					
Electric System	\$1,863,945	-	\$1,533	(\$1,124,507)	\$740,971
Water System	253,397	-	-	(168,216)	85,181
Sewer System	422,147	-	-	(281,413)	140,734
Nonmajor business-type activities	218,115	-	-	(119,293)	98,822
Total business-type activities	<u>\$2,757,604</u>	<u>-</u>	<u>\$1,533</u>	<u>(\$1,693,429)</u>	<u>\$1,065,708</u>

5. CAPITAL ASSETS

A summary of changes in capital assets is as follows:

	<u>Balance September 30, 2008</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance September 30, 2009</u>
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$9,216,826	\$851,604	-	\$10,068,430
Construction in progress	23,379,904	7,518,036	(\$2,339,000)	28,558,940
Total capital assets, not being depreciated	<u>32,596,730</u>	<u>8,369,640</u>	<u>(2,339,000)</u>	<u>38,627,370</u>
Capital assets, being depreciated:				
Buildings	4,624,457	446,640	-	5,071,097
Improvements other than buildings	6,666,990	1,106,116	-	7,773,106
Equipment	12,500,048	1,463,043	-	13,963,091
Infrastructure	15,971,600	4,581,780	-	20,553,380
Total capital assets being depreciated	39,763,095	7,597,579	-	47,360,674
Less accumulated depreciation for:				
Buildings	(2,308,575)	(137,785)	-	(2,446,360)
Improvements other than buildings	(3,186,809)	(260,599)	-	(3,447,408)
Equipment	(7,740,001)	(898,868)	-	(8,638,869)
Infrastructure	(4,479,589)	(504,760)	-	(4,984,349)
Total accumulated depreciation	<u>(17,714,974)</u>	<u>(1,802,012)</u>	<u>-</u>	<u>(19,516,986)</u>
Total capital assets, being depreciated, net	<u>22,048,121</u>	<u>5,795,567</u>	<u>-</u>	<u>27,843,688</u>
Governmental activities capital assets, net	<u>\$54,644,851</u>	<u>\$14,165,207</u>	<u>(\$2,339,000)</u>	<u>\$66,471,058</u>

CITY OF RUSTON, LOUISIANA
Notes to Financial Statements
For the Year Ended September 30, 2009

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

Construction in progress for governmental activities consisted of \$23,807,795 for an I-20 Infrastructure projects; \$947,290 for the Police department building; \$490,415 for the Streetscape project; \$2,793,533 for the Public Works Complex Additions; \$128,781 for the Martin Luther King Extension; \$5,100 for the Frazier Road project; \$102,333 for the Clay Street project; \$31,976 for the Lewis Street project; \$134,761 for the Spears Parking lot project; \$113,617 for the Tech Research Park Line & Grade and Homer Street Reconstruction project; \$3,339 for the Huckleberry Trails Park project.

	Balance September 30, <u>2008</u>	<u>Additions</u>	<u>Retirements</u>	Balance September 30, <u>2009</u>
Business-type activities:				
Electric System				
Capital assets, not being depreciated:				
Land	\$622,501	-	-	\$622,501
Construction in progress	<u>939,013</u>	<u>\$4,884,472</u>	<u>(\$175,416)</u>	<u>5,648,069</u>
Total capital assets, not being depreciated	<u>1,561,514</u>	<u>4,884,472</u>	<u>(175,416)</u>	<u>6,270,570</u>
Capital assets, being depreciated:				
Buildings	2,112,128	-	-	2,112,128
System Improvement	25,718,466	697,805	-	26,416,271
Equipment	<u>20,315,724</u>	<u>100,831</u>	<u>(2,700)</u>	<u>20,413,855</u>
Total capital assets being depreciated	48,146,318	798,636	(2,700)	48,942,254
Less accumulated depreciation for:				
Buildings	(1,642,671)	(37,758)	-	(1,680,429)
System Improvement	(14,740,845)	(1,143,098)	-	(15,883,943)
Equipment	<u>(18,104,432)</u>	<u>(461,427)</u>	<u>2,700</u>	<u>(18,563,159)</u>
Total accumulated depreciation	<u>(34,487,948)</u>	<u>(1,642,283)</u>	<u>2,700</u>	<u>(36,127,531)</u>
Total capital assets, being depreciated, net	<u>13,658,370</u>	<u>(843,647)</u>	-	<u>12,814,723</u>
Electric System capital assets, net	<u>\$15,219,884</u>	<u>\$4,040,825</u>	<u>(\$175,416)</u>	<u>\$19,085,293</u>

Construction in progress for the electric system consisted of \$1,522,871 for the McDonald Avenue Substation upgrade; \$1,000,996 for the 69 kV Transmission Line Upgrade; \$2,273,808 on the Public Works Complex Additions; \$151,989 for the Fiber Optic Installation project; \$87,782 on the Automated Timekeeping project; \$479,553 on the Advanced Metering Infrastructure project; \$25,450 on the Nexus Fiber project; and \$105,620 for the Georgia Avenue Reconduct project.

	Balance September 30, <u>2008</u>	<u>Additions</u>	<u>Retirements</u>	Balance September 30, <u>2009</u>
Water System				
Capital assets, not being depreciated:				
Land	\$75,070	-	-	\$75,070
Construction in progress	<u>214,429</u>	<u>\$63,879</u>	-	<u>278,308</u>
Total capital assets, not being depreciated	<u>289,499</u>	<u>63,879</u>	-	<u>353,378</u>

CITY OF RUSTON, LOUISIANA
Notes to Financial Statements
For the Year Ended September 30, 2009

	Balance September 30, <u>2008</u>	<u>Additions</u>	<u>Retirements</u>	Balance September 30, <u>2009</u>
Capital assets, being depreciated:				
Buildings	139,934	-	-	139,934
System Improvement	10,679,947	-	-	10,679,947
Equipment	<u>764,569</u>	<u>46,114</u>	=	<u>810,683</u>
Total capital assets being depreciated	11,584,450	46,114	-	11,630,564
Less accumulated depreciation for:				
Buildings	(99,568)	(4,115)	-	(103,683)
System Improvement	(6,247,932)	(382,947)	-	(6,630,879)
Equipment	<u>(561,091)</u>	<u>(60,737)</u>	=	<u>(621,828)</u>
Total accumulated depreciation	<u>(6,908,591)</u>	<u>(447,799)</u>	=	<u>(7,356,390)</u>
Total capital assets, being depreciated, net	<u>4,675,859</u>	<u>(401,685)</u>	=	<u>4,274,174</u>
Water System capital assets, net	<u>\$4,965,358</u>	<u>(\$337,806)</u>	=	<u>\$4,627,552</u>

Construction in progress for the water system consisted of \$211,961 for the new Elevated Water Storage Tank; \$48,547 for the Master Plan for development of water distribution system; and \$17,800 for the Vienna Line Replacement project.

	Balance September 30, <u>2008</u>	<u>Additions</u>	<u>Retirements</u>	Balance September 30, <u>2009</u>
Sewer System				
Capital assets, not being depreciated:				
Land	\$218,801	-	-	\$218,801
Construction in progress	<u>18,047,348</u>	<u>\$39,529</u>	<u>(\$163,783)</u>	<u>17,923,094</u>
Total capital assets, not being depreciated	<u>18,266,149</u>	<u>39,529</u>	<u>(163,783)</u>	<u>18,141,895</u>
Capital assets, being depreciated:				
Buildings	112,384	38,969	-	151,353
System Improvement	18,937,857	671,115	-	19,608,972
Equipment	<u>5,401,799</u>	<u>503,798</u>	<u>(12,422)</u>	<u>5,893,175</u>
Total capital assets being depreciated	24,452,040	1,213,882	(12,422)	25,653,500
Less accumulated depreciation for:				
Buildings	(50,201)	(4,036)	-	(54,237)
System Improvement	(10,329,421)	(468,262)	-	(10,797,683)
Equipment	<u>(2,011,959)</u>	<u>(485,578)</u>	<u>12,422</u>	<u>(2,485,115)</u>
Total accumulated depreciation	<u>(12,391,581)</u>	<u>(957,876)</u>	<u>12,422</u>	<u>(13,337,035)</u>
Total capital assets, being depreciated, net	<u>12,060,459</u>	<u>256,006</u>	=	<u>12,316,465</u>
Sewer System capital assets, net	<u>\$30,326,608</u>	<u>\$295,535</u>	<u>(\$163,783)</u>	<u>\$30,458,360</u>

Construction in progress consisted of \$17,923,094 for the Wastewater Treatment Plant Upgrade.

CITY OF RUSTON, LOUISIANA
Notes to Financial Statements
For the Year Ended September 30, 2009

	Balance September 30, <u>2008</u>	<u>Additions</u>	<u>Retirements</u>	Balance September 30, <u>2009</u>
Airport Authority				
Capital assets, not being depreciated:				
Land	\$349,851	-	-	\$349,851
Construction in progress	<u>26,225</u>	<u>\$97,686</u>	<u>(\$39,964)</u>	<u>83,947</u>
Total capital assets, not being depreciated	376,076	97,686	(39,964)	433,798
Capital assets, being depreciated:				
Buildings	407,215	-	-	407,215
Runways, aprons, and taxiways	6,060,391	-	-	6,060,391
Equipment	<u>191,275</u>	<u>39,964</u>	-	<u>231,239</u>
Total capital assets being depreciated	6,658,881	39,964	-	6,698,845
Less accumulated depreciation for:				
Buildings	(83,991)	(11,544)	-	(95,535)
Runways, aprons, and taxiways	(3,114,640)	(306,644)	-	(3,421,284)
Equipment	<u>(61,293)</u>	<u>(33,122)</u>	-	<u>(94,415)</u>
Total accumulated depreciation	<u>(3,259,924)</u>	<u>(351,310)</u>	-	<u>(3,611,234)</u>
Total capital assets, being depreciated, net	<u>3,398,957</u>	<u>(311,346)</u>	-	<u>3,087,611</u>
Airport Authority capital assets, net	<u>\$3,775,033</u>	<u>(\$213,660)</u>	<u>(\$39,964)</u>	<u>\$3,521,409</u>

Construction in progress consisted of \$69,497 for the Helipad and T-Hangars project; and \$14,450 for the Obstruction Removal project.

	Balance September 30, <u>2008</u>	<u>Additions</u>	<u>Retirements</u>	Balance September 30, <u>2009</u>
Capital assets, being depreciated:				
Equipment	\$382,545	\$18,616	-	\$401,161
Less accumulated depreciation for:	<u>(283,000)</u>	<u>(13,602)</u>	-	<u>(296,602)</u>
Total capital assets, being depreciated, net	<u>\$99,545</u>	<u>\$5,014</u>	-	<u>\$104,559</u>
Business-type activities capital assets				
Capital assets, not being depreciated:				
Land	\$1,266,223	-	-	\$1,266,223
Construction in progress	<u>19,227,015</u>	<u>\$5,085,566</u>	<u>(\$379,163)</u>	<u>23,933,418</u>
Total capital assets, not being depreciated	<u>20,493,238</u>	<u>5,085,566</u>	<u>(379,163)</u>	<u>25,199,641</u>
Capital assets, being depreciated:				
Buildings	2,771,661	38,969	-	2,810,630
System Improvement	55,336,270	1,368,920	-	56,705,190
Runways, aprons, and taxiways	6,060,391	-	-	6,060,391
Equipment	<u>27,055,912</u>	<u>709,323</u>	<u>(15,122)</u>	<u>27,750,113</u>
Total capital assets being depreciated	91,224,234	2,117,212	(15,122)	93,326,324

CITY OF RUSTON, LOUISIANA
Notes to Financial Statements
For the Year Ended September 30, 2009

	Balance September 30, <u>2008</u>	<u>Additions</u>	<u>Retirements</u>	Balance September 30, <u>2009</u>
Less accumulated depreciation for:				
Buildings	(1,876,431)	(57,453)	-	(1,933,884)
System Improvement	(31,318,198)	(1,994,307)	-	(33,312,505)
Runways, aprons, and taxiways	(3,114,640)	(306,644)	-	(3,421,284)
Equipment	<u>(21,021,775)</u>	<u>(1,054,466)</u>	<u>15,122</u>	<u>(22,061,119)</u>
Total accumulated depreciation	<u>(57,331,044)</u>	<u>(3,412,870)</u>	<u>15,122</u>	<u>(60,728,792)</u>
Total capital assets, being depreciated, net	<u>33,893,190</u>	<u>(1,295,658)</u>	-	<u>32,597,532</u>
Business-type activities capital assets, net	<u>\$54,386,428</u>	<u>\$3,789,908</u>	<u>(\$379,163)</u>	<u>\$57,797,173</u>

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

Governmental activities:		
General government		\$243,869
Public safety		320,486
Public works, including depreciation of general infrastructure assets		1,153,485
Recreation		84,172
Total depreciation expense-governmental activities		<u>\$1,802,012</u>
Business-type activities:		
Electric System		1,642,283
Water System		447,799
Sewer System		957,876
Airport Authority		351,310
Ambulance		<u>13,602</u>
Total depreciation expense-business-type activities		<u>\$3,412,870</u>

6. LONG-TERM LIABILITIES

Long-term liability activity for the year ended September 30, 2009 was as follows:

	Beginning <u>Balance</u>	<u>Additions</u>	<u>Reductions</u>	Ending <u>Balance</u>	Due Within <u>One Year</u>
Governmental activities:					
Revenue bonds payable	\$9,595,000	-	\$625,000	\$8,970,000	\$545,000
Compensated absences	<u>1,758,187</u>	<u>\$834,456</u>	<u>802,718</u>	<u>1,789,925</u>	<u>275,000</u>
Governmental activities Total long-term liabilities	<u>\$11,353,187</u>	<u>\$834,456</u>	<u>\$1,427,718</u>	<u>\$10,759,925</u>	<u>\$820,000</u>
Business-type activities:					
Electric System:					
Due to other governments	\$185,741	-	\$37,148	\$148,593	\$37,148
Compensated absences	<u>357,905</u>	<u>\$130,538</u>	<u>96,681</u>	<u>391,762</u>	<u>6,000</u>
Electric System long-term liabilities	<u>\$543,646</u>	<u>\$130,538</u>	<u>\$133,829</u>	<u>\$540,355</u>	<u>\$43,148</u>

CITY OF RUSTON, LOUISIANA
Notes to Financial Statements
For the Year Ended September 30, 2009

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Water System:					
Due to other governments	\$249,116	-	\$49,824	\$199,292	\$49,824
Compensated absences	<u>48,717</u>	<u>\$22,994</u>	<u>19,439</u>	<u>52,272</u>	<u>2,000</u>
Water System long-term liabilities	<u>\$297,833</u>	<u>\$22,994</u>	<u>\$69,263</u>	<u>\$251,564</u>	<u>\$51,824</u>
Sewer System:					
Revenue bonds	\$1,275,000	-	\$265,000	\$1,010,000	\$270,000
DEQ Revolving Loan fund	16,677,855	\$749,338	480,000	16,947,193	500,000
Compensated absences	<u>58,992</u>	<u>28,481</u>	<u>34,912</u>	<u>52,561</u>	<u>3,000</u>
Sewer System long-term liabilities	<u>\$18,011,847</u>	<u>\$777,819</u>	<u>\$779,912</u>	<u>\$18,009,754</u>	<u>\$773,000</u>
Ambulance Fund:					
Compensated absences	<u>\$49,279</u>	<u>\$25,689</u>	<u>\$25,613</u>	<u>\$49,355</u>	<u>\$6,000</u>
Business-type activities long-term liabilities					
Revenue bonds	\$1,275,000	-	\$265,000	\$1,010,000	\$270,000
DEQ Revolving Loan fund	16,677,855	\$749,338	480,000	16,947,193	500,000
Due to other governments	434,857	-	86,972	347,885	86,972
Compensated absences	<u>514,893</u>	<u>207,702</u>	<u>176,645</u>	<u>545,950</u>	<u>17,000</u>
Business-type activity long-term liabilities	<u>\$18,902,605</u>	<u>\$957,040</u>	<u>\$1,008,617</u>	<u>\$18,851,028</u>	<u>\$873,972</u>

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

Bonds payable at September 30, 2009 are comprised of the following issues:

Governmental Activities:	Outstanding
<u>Tax Increment Bonds</u>	<u>09-30-09</u>
\$10,000,000 – 2008 Sales Tax Increment Revenue Bonds dated 03-14-08, of \$10,000,000, interest at 4.23% payable in annual installments of \$545,000 to \$860,000 through September 1, 2022.	<u>\$8,970,000</u>
Total Tax Increment Bonds	<u>\$8,970,000</u>

CITY OF RUSTON, LOUISIANA
Notes to Financial Statements
For the Year Ended September 30, 2009

Business-type Activities:

Revenue Bonds

\$1,620,000 authorized 1993 Sewer Revenue Bonds \$1,432,536 issued, interest at 2.45%, payable in annual installments of \$80,000 to \$90,000 through October 1, 2014. \$430,000

\$1,655,000 2003 Sewer Utility Revenue Refunding Bonds dated 5-22-03 due in annual installments of \$190,000 to \$195,000 through October 1, 2012, interest at 2.950% to 4.000%. 580,000

Total Revenue Bonds \$1,010,000

DEQ Revolving Loan

\$19,500,000 2005 Sewer Revenue Bonds dated 1-17-06 due in annual installments of \$500,000 to \$1,480,000 through October 1, 2027, interest at 3.45%. \$16,947,193

Total DEQ Revolving Loan \$16,947,193

Due to Other Governments

\$869,716 (\$334,333 for the Electric System and \$448,412 for the Water System) due to the State of Louisiana, Department of Transportation and Development, payable in annual installments of \$86,972 (\$37,148 from the Electric System and \$49,824 from the Water System) through April 1, 2013. \$347,885

Total Due to Other Governments \$347,885

The annual requirements to amortize all debt outstanding as of September 30, 2009, including interest requirements are as follows:

	Governmental Activities		Business-type activities		Total
	Principal	Interest	Principal	Interest	
Year ending September 30:					
2010	545,000	379,431	856,972	616,976	2,398,379
2011	565,000	356,378	886,972	591,116	2,399,466
2012	585,000	332,478	916,972	563,781	2,398,231
2013	610,000	307,733	946,969	534,923	2,399,625
2014	630,000	281,930	895,000	506,153	2,313,083
2015-2022	<u>6,035,000</u>	<u>1,192,631</u>	<u>13,802,193</u>	<u>3,291,517</u>	<u>24,328,341</u>
	<u>\$8,970,000</u>	<u>\$2,857,581</u>	<u>\$18,305,078</u>	<u>\$6,104,466</u>	<u>\$36,237,125</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.

In May 2003, the City issued \$1,655,000 in Sewer Utilities Revenue Refunding Bonds to advance refund \$2,005,000 of outstanding 1990 Utilities Revenue Bonds. The proceeds, net of issuance costs, were deposited in an irrevocable trust with an escrow agent to provide for all future debt

CITY OF RUSTON, LOUISIANA
Notes to Financial Statements
For the Year Ended September 30, 2009

service payments on the 1990 Utilities Revenue Bonds. The 1990 bonds are considered to be defeased and have been removed from the City's financial statements. The principal outstanding at September 30, 2009 on the refunded bonds was \$705,000.

In 1995, the City entered into an agreement with the State of Louisiana, Department of Transportation and Development, to relocate a portion of the City's facilities for \$869,716. At that time, the City was unsure whether it would ultimately be obligated to pay this amount and accordingly did not record a liability in the financial records. During 2004, the State formally requested payment and the City agreed to pay 10% of the total amount owed per year for ten years.

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

The amount of long-term debt that can be incurred by the City is limited by state statute. State law allows a maximum of 10% of the assessed valuation of bonded debt for any one purpose or 35% of the total assessed value for all purposes. The City assessed property value at December 31, 2009, was \$161,372,110. The maximum debt allowable for any one purpose and total debt allowable by state law as of December 31, 2009, is \$16,137,211 and \$56,480,239 respectively. The City currently has no general bonded debt outstanding.

7. SALES TAX

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

CITY OF RUSTON, LOUISIANA
Notes to Financial Statements
For the Year Ended September 30, 2009

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

Municipal Employees' Retirement System

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

Funding Policy - Covered employees are required to contribute 9.25% of their annual compensation and the City is required to contribute 13.5% of annual compensation. The contribution requirements are established and may be amended by State statute. The City's contributions to the System for the years ended September 30, 2009, 2008, and 2007 were \$849,514, \$775,400, and \$839,547, respectively, equal to the required contributions for each year. In accordance with GASB Statement No. 27, *Accounting for Pensions by State and Local Governmental Employees*, the net pension obligation was determined to be zero. Prior to adoption of GASB 27, the City did not report a pension liability.

Statewide Firefighter's Retirement System (SFRS)

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

Funding Policy - Covered employees are required to contribute 8% of their annual compensation and the City is required to contribute 12.5% of annual compensation excluding overtime but including State supplemental pay. The contribution requirements are established and may be amended by State statute. The City's contributions to SFRS for the years ended September 30, 2009, 2008, and 2007 were \$236,757, \$224,161, and \$210,949, respectively, equal to the required contributions for each year. In accordance with GASB Statement No. 27, *Accounting for Pensions by State and Local Governmental Employees*, the net pension obligation was determined to be zero. Prior to adoption of GASB 27, the City did not report a pension liability.

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

CITY OF RUSTON, LOUISIANA
Notes to Financial Statements
For the Year Ended September 30, 2009

this system may participate in the MPERS. Benefits are established by State statutes. The MPERS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing the Board of Trustees of the Municipal Police Employees' Retirement System, 8401 United Plaza Blvd., Room 305, Baton Rouge, Louisiana 70806 or by calling 1-800-443-4248.

Funding Policy - Plan members are required to contribute 7.5% of their annual compensation and the City is required to contribute 9.5% of annual compensation excluding overtime but including State supplemental pay. The contribution requirements are established and may be amended by State statute. The City's contributions to MPERS for the years ended September 30, 2009, 2008, and 2007 were \$179,541, \$216,986, and \$252,928, respectively, equal to the required contributions for each year.

9. OTHER REQUIRED INDIVIDUAL FUND DISCLOSURES

a. INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

Interfund balances at September 30, 2009 were as follows:

DUE FROM OTHER FUNDS	DUE TO OTHER FUNDS									
	1968 Sales Tax	1985 Sales Tax	I-20	Electric System	Water System	Sewer System	Nonmajor Govern- mental Funds	Nonmajor Enterprise Funds	Internal Service	Total
General Fund	-	-	\$185,949	\$175,645	\$3,630	\$64,746	\$7,475	\$20,675	\$669	\$458,789
1985 Sales Tax	\$242,303	-	-	-	-	-	-	-	-	242,303
1990 Sales Tax	122,590	-	-	-	-	-	-	-	-	122,590
Water System	-	-	-	413,507	-	20,025	-	-	-	433,532
Sewer System	-	-	-	667,184	-	-	-	-	-	667,184
Nonmajor governmental	-	\$19,513	-	-	-	-	-	-	-	19,513
Nonmajor Enterprise	-	-	474	-	-	-	-	-	-	474
Total	\$364,893	\$19,513	\$186,423	\$1,256,336	\$3,630	\$84,771	\$7,475	\$20,675	\$669	\$1,944,385

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

b. INTERFUND TRANSFERS

Transfers for the year ended September 30, 2009 were as follows:

TRANSFERS OUT	TRANSFERS IN				
	General Fund	I-20	Airport Authority	Nonmajor Governmental Funds	Total
General Fund	-	-	71,000	\$67,736	\$138,736
1968 Sales Tax	\$4,172,872	-	-	-	4,172,872
1985 Sales Tax	5,178,298	-	-	258,192	5,436,490
1990 Sales Tax	2,582,925	-	-	-	2,582,925
Electric System	1,845,003	-	14,338	84,249	1,943,590
Water System	415,656	-	985	12,978	429,619
Sewer System	322,682	-	-	221,115	543,797
Nonmajor governmental	-	\$726,938	-	-	726,938
Total transfers	\$14,517,436	\$726,938	\$86,323	\$644,270	\$15,974,967

CITY OF RUSTON, LOUISIANA
Notes to Financial Statements
For the Year Ended September 30, 2009

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

c. EXCESS OF EXPENDITURES OVER BUDGET

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

<u>Fund</u>	<u>Budget</u>	<u>Actual on a budgetary basis</u>	<u>Negative variance</u>
General Fund:			
General Government:			
City Court and Probation	331,482	334,391	(2,909)
Marshal	185,500	186,820	(1,320)

The unfavorable variance in City Court and Probation is due to an increase in witness fees paid to officers and an increase in salary for the City Court part time employee. The unfavorable variance in Marshal is due to an underestimate of the budget amounts relating to salary accruals.

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 and Special Revenue Funds. A grant receivable is recorded when the City has a right to reimbursement under the related grant. The grants normally specify the purpose for which the funds may be used and are audited annually under the single audit as mandated by the Single Audit Act of 1996 and U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Nonprofit Organizations*.

11. POST-EMPLOYMENT HEALTH CARE BENEFITS

Plan Description – The City of Ruston's medical benefits are provided through a self-insured medical plan and are made available to employees upon actual retirement.

The employees are covered by one of three retirement systems: first, the Municipal Employees' Retirement System of Louisiana, whose retirement eligibility (D.R.O.P. entry) provisions are as follows: 25 years of service at any age; or, age 60 and 10 years of service; second, the Municipal Police Retirement System of Louisiana, whose retirement eligibility (D.R.O.P. entry) provisions are as follows: 25 years of service at any age; age 50 and 20 years of service; or, age 55 and 12 years of service; and third, the Firefighters' Retirement System of Louisiana, whose retirement 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. Complete plan provisions are included in the official plan documents.

CITY OF RUSTON, LOUISIANA
Notes to Financial Statements
For the Year Ended September 30, 2009

Life insurance coverage in varying amounts are provided to retirees and the blended rate (for all retired combined) is approximately \$0.27 per \$1,000 of insurance. The employer pays 100% of the cost of the retiree life insurance. Since GASB 45 requires the use of "unblended" rates, we have used the 94GAR mortality table described above to "unblend" the rates so as to reproduce the composite blended rate overall as the rate structure to calculate the actuarial valuation results for life insurance. All of the assumptions used for the valuation of the medical benefits have been used except for the trend assumption; zero trend was used for life insurance. Retiree insurance coverage amounts are \$20,000, reduced to \$10,000 at age 70 and to \$1,000 at age 75.

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

Fund Policy – Until 2008, the City of Ruston recognized the cost of providing post-employment medical and life benefits (City of Ruston's portion of the retiree medical and life benefit premiums) as an expense when the benefit premiums were due and thus financed the cost of the post-employment benefits on a pay-as-you-go basis. In 2008/2009, City of Ruston's portion of health care funding cost for retired employees totaled \$245,053, and the life insurance totaled \$2,885.

Effective with the Fiscal Year beginning October 1, 2008, the City of Ruston implemented Government Accounting Standards Board Statement Number 45, *Accounting and Financial Reporting by Employers for Post Employment Benefits Other than Pensions* (GASB 45).

Annual Required Contribution – City of Ruston's Annual Required Contribution (ARC) is an amount actuarially determined in accordance with GASB 45. The Annual Required Contribution (ARC) is the sum of the Normal Cost plus the contribution to amortize the Actuarial Accrued Liability (AAL). A level dollar, closed amortization period of 30 years (the maximum amortization period allowed by GASB 43/45) has been used for the post-employment benefits. The total ARC for the fiscal year beginning October 1, 2008 is \$1,029,815 for medical, and \$17,074 for life, as set forth below:

	<u>Medical</u>	<u>Life</u>
Normal Cost	\$341,976	\$4,882
30-year UAL amortization amount	687,839	12,192
Annual required contribution (ARC)	<u>\$1,029,815</u>	<u>\$17,074</u>

Net Post-employment Benefit Obligation (Asset) – The table below shows City of Ruston's Net Other Post-employment Benefit (OPEB) Obligation (Asset) for the fiscal year ending September 30, 2009:

CITY OF RUSTON, LOUISIANA
Notes to Financial Statements
For the Year Ended September 30, 2009

	<u>Medical</u>	<u>Life</u>
Beginning Net OPEB Obligation (Asset) 10/1/2008)	\$0	\$0
Annual required contribution	+1,029,815	+17,074
Interest on Net OPEB Obligation (Asset)	-0	-0
ARC Adjustment	+0	+0
OPEB Cost	<u>1,029,815</u>	<u>17,074</u>
Contribution	0	0
Current year retiree premium	<u>-245,053</u>	<u>-2,885</u>
Change in Net OPEB Obligation	+784,762	+14,189
Ending Net OPEB Obligation (Asset) 9/30/2009	<u>\$784,762</u>	<u>\$14,189</u>

The following table shows City of Ruston's annual post employment benefits (PEB) cost, percentage of the cost contributed, and the net unfunded post employment benefits (PEB) liability (asset):

<u>Post Employment Benefit</u>	<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual Cost Contributed</u>	<u>Net OPEB Obligation (Asset)</u>
Medical	September 30, 2009	\$1,029,815	23.8%	\$784,762
Life	September 30, 2009	\$17,074	16.9%	\$14,189

Funded Status and Funding Progress – In the fiscal year ending September 30, 2009, City of Ruston made no contributions to its post employment benefits plan. The plan was not funded at all, has no assets, and hence has a funded ratio of zero. As of October 1, 2008, the first and most recent actuarial valuation, the Actuarial Accrued Liability (AAL) was \$11,893,979 (medical) and \$151,349 (life), which is defined as that portion, as determined by a particular actuarial cost method (City of Ruston uses the Unit Credit Cost Method), of the actuarial present value of post employment plan benefits and expenses which is not provided by normal cost. Since the plan was not funded in fiscal year 2008/2009, the entire actuarial accrued liability of \$11,893,979 (medical) and \$151,349 (life) was unfunded.

	<u>Medical</u>	<u>Life</u>
Actuarial Accrued Liability (AAL)	\$11,893,979	\$151,349
Actuarial Value of Plan Assets	0	0
Unfunded Act. Accrued Liability (UAAL)	<u>11,893,979</u>	<u>151,349</u>
Funded Ratio (Act. Val. Assets/AAL)	0%	0%
Covered Payroll (active plan members)	10,163,545	10,163,545
UAAL as a percentage of covered payroll	117%	1.49%

Actuarial Methods and Assumptions – Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. The actuarial valuations for post employment benefits includes estimates and assumptions regarding (1) turnover rate; (2) retirement rate; (3) health care cost trend rate; (4) mortality rate; (5) discount rate (investment return assumptions); and (6) the period to which the costs apply (past, current,

CITY OF RUSTON, LOUISIANA
Notes to Financial Statements
For the Year Ended September 30, 2009

or future years of service by employees). Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future.

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

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

Actuarial Value of Plan Assets – Since this is the first actuarial valuation, there are not any assets. It is anticipated that in future valuations a smoothed market value consistent with Actuarial Standards Board ASOP 6, as provided in paragraph number 125 of GASB Statement 45.

Turnover Rate – An age related turnover scale based on actual experience as described by administrative staff has been used. The rates, when applied to the active employee census, produce an annual turnover of approximately 12%. The rates for each age are below:

<u>Age</u>	<u>Percent Turnover</u>
18 – 25	20.0%
26 – 40	15.0%
41 – 54	9.0%
55+	7.0%

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

Investment Return Assumption (Discount Rate) – GASB Statement 45 states that the investment return assumption should be the estimated long-term investment yield on the investments that

CITY OF RUSTON, LOUISIANA
Notes to Financial Statements
For the Year Ended September 30, 2009

are expected to be used to finance the payment of benefits (that is, for a plan which is funded). Based on the assumption that the ARC will not be funded, a 4% annual investment return has been used in this valuation. This is a conservative estimate of the expected long term return of a balanced and conservative investment portfolio under professional management.

Health Care Cost Trend Rate – The expected rate of increase in medical cost is based on projections performed by the Office of the Actuary at the Centers for Medicare & Medicaid Services as published in National Health Care Expenditures Projections: 2003 to 2013, Table 3: National Health Expenditures, Aggregate and per Capita Amounts, Percent Distribution and Average Annual Percent Change by Source of Funds: Selected Calendar Years 1990 – 2013, released in January, 2004 by the Health Care Financing Administration (www.cms.hhs.gov). "State and Local" rates for 2009 through 2013 from this report were used, with rates beyond 2013 graduated down to an ultimate annual rate of 5.0% for 2016 and later.

Zero trend has been assumed for valuing life insurance.

Mortality Rate – The 1994 Group Annuity Reserving (94GAR) table, projected to 2002, based on a fixed blend of 50% of the unloaded male mortality rate and 50% of the unloaded female mortality rates, was used. This is the mortality table which the Internal Revenue Service requires to be used in determining the value of accrued benefits in defined benefit pension plans. Since GASB 45 requires the use of "unblended" rates, we have used the 94GAR mortality table described above to "unblend" the rates so as to reproduce the composite blended rate overall as the rate structure to calculate the actuarial valuation results for life insurance.

Method of Determining Value of Benefits – The "value of benefits" has been assumed to be the portion of the premium after retirement date expected to be paid by the employer for each retiree and has been used as the basis for calculating the actuarial present value of OPEB benefits to be paid. The employer pays a percentage of the cost of the medical insurance for the retiree and dependents according to a formula based on service at time of actual retirement. The percentage is 50% for at least 30 years of service; 40% for 25 but less than 30 years of service; 25% for at least 20 but less than 25 years of service; and, zero for less than 20 years of service. The rates provided to which these percentages apply are "unblended" rates as required by GASB 45.

12. COMMITMENTS AND CONTINGENCIES

Construction projects

There are certain construction projects in progress at September 30, 2009. The City issued \$2,000,000 in sales tax increment bonds in 2001 and \$10,000,000 in 2008 for the purpose of providing engineering and construction expenditures related to the I-20 Service Road Project. The project is estimated to cost approximately \$25 million. The City has spent approximately \$947,290 on the Police department building. The City has expended approximately \$490,415 on the Streetscape project. The City also expended \$516,568 on various street projects. The city paid \$5,067,341 on the Public Works complex additions. The city paid approximately \$3,339 on the Huckleberry Trails Park project. The City has paid approximately \$1,000,996 on the 69 KV Transmission Line upgrade. The City has expended \$1,522,871 for the McDonald Avenue Substation upgrade. It also has expended \$283,060 on various electric line extension and relocation projects. The City has also expended \$87,782 for an Automated Time Keeping System. It has also paid \$479,553 on the Advanced Metering Infrastructure lot project. The City has also paid \$211,961 for the new Elevated Water Storage Tank and \$48,547 for the Master Plan for

CITY OF RUSTON, LOUISIANA
Notes to Financial Statements
For the Year Ended September 30, 2009

development of water distribution system. It has also expended \$17,800 on the Vienna Line Replacement project. In 2004 through 2009, the City paid \$17,923,094 for the Wastewater Treatment Plant Upgrade. The City also expended approximately \$69,497 for the Helipad and T-Hangar project and \$14,450 to remove obstructions at the airport.

Risk Management

The City is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City maintains commercial insurance for risks related to (1) Public Official Errors and Omissions Liability, (2) General Liability, (3) Business Auto Liability, (4) Law Enforcement Professional Liability, and (5) Fire and Extended coverage. Settled claims resulting from these risks did not exceed commercial insurance coverage in the current year. The General Liability and Business Auto Liability are subject to a \$1,000,000 per occurrence limit. The Public Official Errors and Omissions Liability and Law Enforcement Professional Liability are subject to a \$1,000,000 per occurrence limit with a \$50,000 deductible. The City maintained property insurance during the year on approximately \$77 million in City property, subject to a \$100,000 per occurrence retention for property claims. The property insurance is with Zurich/Liberty Ins., Co.

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 \$301,258 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 net assets of \$459,425 at September 30, 2009. There was no increase in insurance coverage from the prior year. No claims exceeded the City's insurance coverage for each of the past three fiscal years.

General Self-Insurance

The City established a limited risk management program for employee medical coverage in 1988. Amounts paid into the General Self-Insurance Fund stem from employee contributions, payments by retired employees, and payments by other funds, and are available to pay claims, claim reserves and administrative costs of the program. During the year ended September 30, 2009, a total of \$2,257,102 was paid in benefits and administrative costs. The insurance fund has net assets of \$1,955,702 at September 30, 2009. An excess coverage co-insurance policy covers individual claims in excess of \$70,000 per calendar year. Incurred but not reported claims of \$157,133 have been accrued as a liability based upon information provided by the claims administrators. Interfund payments are based on total operating expenses minus employee contributions and payments by retired employees. Payments to the General Self-Insurance Fund are accounted for as an expenditure/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 three fiscal years.

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

CITY OF RUSTON, LOUISIANA
Notes to Financial Statements
For the Year Ended September 30, 2009

	Accrued claims <u>October 1</u>	Claims <i>incurred</i>	Claims <i>paid</i>	Accrued claims <u>September 30</u>
Worker's Compensation:				
2008	\$149,241	\$119,477	\$170,994	\$97,724
2009	97,724	634,719	431,185	301,258
General Insurance:				
2008	178,865	1,958,860	1,969,404	168,321
2009	168,321	1,833,168	1,844,356	157,133

Litigation

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

Grant Disallowances

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

Revenues from the State of Louisiana

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

Subsequent Event

In October 2009, the City issued \$4,000,000 in Utilities Revenue Bonds, for the purpose of funding the costs of constructing a new water tank.

Required Supplementary Information

This page left blank intentionally.

CITY OF RUSTON, LOUISIANA
 General Fund
 Schedule of Revenues, Expenditures, and Changes in Fund Balance -
 Budget and Actual on a Budgetary Basis
 For the Year Ended September 30, 2009
 (unaudited)

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Taxes	\$ 775,000	\$ 775,000	\$ 949,120	\$ 174,120
Licenses and Permits	865,200	865,200	907,503	42,303
Intergovernmental	1,259,000	2,470,600	1,864,730	(605,870)
Charges for services	1,220,963	1,220,963	1,216,907	(4,056)
Fines and forfeitures	279,150	279,150	280,800	1,650
Investment earnings	200,000	200,000	196,900	(3,100)
Miscellaneous	73,200	73,200	275,807	202,607
Total revenues	4,672,513	5,884,113	5,691,767	(192,346)
EXPENDITURES				
General government:				
Executive:				
Regular salaries	625,794	625,794	574,580	51,214
Overtime salaries	3,000	3,000	883	2,117
Other employee benefits	199,116	199,116	186,016	13,100
Total salaries, wages, and employee benefits	827,910	827,910	761,479	66,431
Operating services	1,196,178	1,257,487	1,046,803	210,684
Materials and supplies	85,566	85,570	75,721	9,849
Travel and other	11,000	11,000	10,129	871
Improvements and equipment	875,000	285,000	92,037	192,963
Total executive	2,995,654	2,466,967	1,986,169	480,798
Information technology:				
Regular salaries	124,538	124,538	100,078	24,460
Overtime salaries	5,000	5,000	4,203	797
Other employee benefits	33,706	33,706	22,248	11,458
Total salaries, wages, and employee benefits	163,244	163,244	126,529	36,715
Operating services	72,700	74,700	73,299	1,401
Materials and supplies	18,100	18,100	14,413	3,687
Travel and other	13,000	11,000	4,339	6,661
Improvements and equipment	62,100	68,240	60,907	7,333
Total information technology	329,144	335,284	279,487	55,797
Economic development:				
Regular salaries	70,000	70,000	57,164	12,836
Other employee benefits	14,906	14,906	10,550	4,356
Total salaries, wages, and employee benefits	84,906	84,906	67,714	17,192
Operating services	55,872	59,872	14,340	45,532
Materials and supplies	11,200	11,200	7,732	3,468
Travel and other	20,000	20,000	5,992	14,008
Total economic development	171,978	175,978	95,778	80,200
City Court	244,461	244,461	242,997	1,464
Marshal	185,500	185,500	186,820	(1,320)
Civic center/city hall:				
Regular salaries	161,605	161,605	113,962	47,643
Overtime salaries	10,000	10,000	8,062	1,938
Other employee benefits	51,208	51,208	35,982	15,226
Total salaries, wages, and employee benefits	222,813	222,813	158,006	64,807
Operating services	236,576	308,233	249,759	58,474
Materials and supplies	81,600	81,600	65,156	16,444
Travel and other	6,000	6,000	2,018	3,982
Total civic center/city hall	546,989	618,646	474,939	143,707

CITY OF RUSTON, LOUISIANA

(Continued)

General Fund
 Schedule of Revenues, Expenditures, and Changes in Fund Balance -
 Budget and Actual on a Budgetary Basis
 For the Year Ended September 30, 2009
 (unaudited)

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget Positive (Negative)
	Original	Final		
Planning & zoning:				
Regular salaries	108,626	110,626	109,370	1,256
Overtime salaries	6,000	7,000	6,918	82
Other employee benefits	35,325	35,325	35,439	(114)
Total salaries, wages, and employee benefits	149,951	152,951	151,727	1,224
Operating services	48,428	49,926	40,926	9,000
Materials and supplies	10,900	10,900	10,832	68
Travel and other	10,000	9,000	4,466	4,534
Total planning & zoning	219,279	222,777	207,951	14,826
Inspections:				
Regular salaries	222,815	222,815	222,318	497
Overtime salaries	2,000	2,000	-	2,000
Other employee benefits	52,660	52,660	52,592	68
Total salaries, wages, and employee benefits	277,475	277,475	274,910	2,565
Operating services	130,327	146,725	76,531	70,194
Materials and supplies	18,500	18,500	16,424	2,076
Travel and other	15,000	15,000	10,767	4,233
Total inspections	441,302	457,700	378,632	79,068
Total general government	5,134,307	4,707,313	3,852,773	854,540
Public safety:				
Police:				
Regular salaries	1,704,702	1,883,752	1,880,726	3,026
Overtime salaries	160,000	260,000	247,269	12,731
Other employee benefits	578,256	592,387	543,494	48,893
Total salaries, wages, and employee benefits	2,442,958	2,736,139	2,671,489	64,650
Operating services	255,058	256,591	215,936	40,655
Materials and supplies	240,000	253,250	189,504	63,746
Travel and other	49,900	65,859	54,371	11,488
Improvements and equipment	1,352,000	1,187,000	1,045,069	141,931
Total police	4,339,916	4,498,839	4,176,369	322,470
Fire:				
Regular salaries	1,527,500	1,641,750	1,637,969	3,781
Overtime salaries	153,000	153,000	130,866	22,134
Other employee benefits	654,446	669,664	636,591	33,073
Total salaries, wages, and employee benefits	2,334,946	2,464,414	2,405,426	58,988
Operating services	217,856	226,436	184,314	42,122
Materials and supplies	196,939	199,957	179,738	20,219
Travel and other	88,100	88,100	77,566	10,534
Improvements and equipment	91,000	653,084	604,794	48,290
Total fire	2,928,841	3,631,991	3,451,838	180,153
Street lighting:				
Operating services	244,000	269,000	255,351	13,649
Total street lighting	244,000	269,000	255,351	13,649
Probation	87,021	87,021	91,394	(4,373)
Total public safety	7,599,778	8,486,851	7,974,952	511,899

(Continued)

CITY OF RUSTON, LOUISIANA

(Continued)

General Fund
 Schedule of Revenues, Expenditures, and Changes in Fund Balance -
 Budget and Actual on a Budgetary Basis
 For the Year Ended September 30, 2009
 (unaudited)

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget Positive (Negative)
	Original	Final		
Public works:				
Administration:				
Regular salaries	360,426	360,426	345,325	15,101
Overtime salaries	5,000	5,000	2,836	2,164
Other employee benefits	88,613	88,613	79,245	9,368
Total salaries, wages, and employee benefits	454,039	454,039	427,406	26,633
Operating services	161,232	161,744	100,093	61,651
Materials and supplies	27,900	30,374	27,409	2,965
Travel and other	15,000	15,000	10,956	4,044
Total administration	658,171	661,157	565,864	95,293
Streets:				
Regular salaries	751,702	751,702	690,309	61,393
Overtime salaries	55,000	55,000	33,253	21,747
Other employee benefits	370,065	370,065	318,452	51,613
Total salaries, wages, and employee benefits	1,176,767	1,176,767	1,042,014	134,753
Operating services	1,566,914	1,666,734	1,034,405	632,329
Materials and supplies	324,500	347,527	266,460	81,067
Travel and other	3,000	3,000	1,630	1,370
Improvements and equipment	3,580,000	4,096,271	1,755,296	2,340,975
Total streets	6,651,181	7,290,299	4,099,805	3,190,494
Solid waste:				
Regular salaries	603,426	603,426	601,484	1,942
Overtime salaries	35,000	35,000	27,335	7,665
Other employee benefits	265,517	265,517	239,208	26,309
Total salaries, wages, and employee benefits	903,943	903,943	868,027	35,916
Operating services	207,021	215,034	182,160	32,874
Materials and supplies	323,500	345,217	199,287	145,930
Travel and other	3,000	3,000	245	2,755
Improvements and equipment	237,500	412,672	410,846	1,826
Total solid waste	1,674,964	1,879,866	1,660,565	219,301
Repair shop:				
Regular salaries	340,263	340,263	328,191	12,072
Overtime salaries	12,000	12,000	7,808	4,192
Other employee benefits	117,518	117,518	109,981	7,537
Total salaries, wages, and employee benefits	469,781	469,781	445,980	23,801
Operating services	25,982	25,982	18,412	7,570
Materials and supplies	60,500	60,500	48,980	11,520
Travel and other	3,000	6,691	5,319	1,372
Total repair shop	559,263	562,954	518,691	44,263
Animal Control:				
Regular salaries	81,024	82,224	81,544	680
Overtime salaries	10,000	12,800	12,461	339
Other employee benefits	32,030	32,030	30,593	1,437
Total salaries, wages, and employee benefits	123,054	127,054	124,598	2,456
Operating services	38,012	39,907	31,407	8,500
Materials and supplies	23,250	20,950	20,892	58
Travel and other	7,500	7,500	4,551	2,949
Improvements and equipment	22,000	20,300	20,266	34
Total animal control	213,816	215,711	201,714	13,997
Total public works	9,757,395	10,609,987	7,046,639	3,563,348
Total expenditures	22,491,480	23,804,151	18,874,364	4,929,787

(Continued)

CITY OF RUSTON, LOUISIANA

(Continued)

General Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balance -
 Budget and Actual on a Budgetary Basis
 For the Year Ended September 30, 2009
 (unaudited)

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget Positive (Negative)
	Original	Final		
Excess (deficiency) of revenues over (under) expenditures	<u>(17,818,967)</u>	<u>(17,920,038)</u>	<u>(13,182,597)</u>	<u>4,737,441</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	14,564,826	14,564,826	14,517,436	47,390
Transfers out	<u>(217,736)</u>	<u>(217,736)</u>	<u>(138,736)</u>	<u>(79,000)</u>
Total other financing sources and uses	<u>14,347,090</u>	<u>14,347,090</u>	<u>14,378,700</u>	<u>(31,610)</u>
Net change in fund balance	<u>(3,471,877)</u>	<u>(3,572,948)</u>	1,196,103	4,769,051
Fund balances - beginning	<u>8,705,671</u>	<u>8,705,671</u>	<u>8,705,671</u>	<u>-</u>
Fund balances - ending	<u>\$ 5,233,794</u>	<u>\$ 5,132,723</u>	<u>\$ 9,901,774</u>	<u>\$ 4,769,051</u>

CITY OF RUSTON, LOUISIANA
 1968 Sales Tax Fund
 Schedule of Revenues, Expenditures, and Changes in Fund Balance -
 Budget and Actual on Budgetary Basis
 For the Year Ended September 30, 2009
 (unaudited)

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Taxes	\$ 2,556,925	\$ 2,556,925	\$ 2,486,102	\$ (70,823)
Investment earnings	60,000	60,000	13,204	(46,796)
Total revenues	<u>2,616,925</u>	<u>2,616,925</u>	<u>2,499,306</u>	<u>(117,619)</u>
EXPENDITURES				
General government:				
Collection and administrative	28,000	28,000	27,293	707
Total expenditures	<u>28,000</u>	<u>28,000</u>	<u>27,293</u>	<u>707</u>
Excess of revenues over expenditures	<u>2,588,925</u>	<u>2,588,925</u>	<u>2,472,013</u>	<u>(116,912)</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	(4,172,872)	(4,172,872)	(4,172,872)	-
Total other financing sources and uses	<u>(4,172,872)</u>	<u>(4,172,872)</u>	<u>(4,172,872)</u>	<u>-</u>
Net change in fund balance	(1,583,947)	(1,583,947)	(1,700,859)	(116,912)
Fund balances - beginning	<u>1,991,865</u>	<u>1,991,865</u>	<u>1,991,865</u>	<u>-</u>
Fund balances - ending	<u>\$ 407,918</u>	<u>\$ 407,918</u>	<u>\$ 291,006</u>	<u>\$ (116,912)</u>

See accompanying independent auditors' report.

CITY OF RUSTON, LOUISIANA
1985 Sales Tax Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance -
Budget and Actual on Budgetary Basis
For the Year Ended September 30, 2009
(unaudited)

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Taxes	\$ 3,835,379	\$ 3,835,379	\$ 3,729,146	\$ (106,233)
Investment earnings	60,000	60,000	15,839	(44,161)
Total revenues	<u>3,895,379</u>	<u>3,895,379</u>	<u>3,744,985</u>	<u>(150,394)</u>
EXPENDITURES				
General government:				
Collection and administrative	35,000	35,000	34,523	477
Total expenditures	<u>35,000</u>	<u>35,000</u>	<u>34,523</u>	<u>477</u>
Excess of revenues over expenditures	<u>3,860,379</u>	<u>3,860,379</u>	<u>3,710,462</u>	<u>(149,917)</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	(5,444,325)	(5,444,325)	(5,436,490)	7,835
Total other financing sources and uses	<u>(5,444,325)</u>	<u>(5,444,325)</u>	<u>(5,436,490)</u>	<u>7,835</u>
Net change in fund balance	(1,583,946)	(1,583,946)	(1,726,028)	(142,082)
Fund balances - beginning	<u>2,233,987</u>	<u>2,233,987</u>	<u>2,233,987</u>	<u>-</u>
Fund balances - ending	<u>\$ 650,041</u>	<u>\$ 650,041</u>	<u>\$ 507,959</u>	<u>\$ (142,082)</u>

See accompanying independent auditors' report.

CITY OF RUSTON, LOUISIANA
 1990 Sales Tax Fund
 Schedule of Revenues, Expenditures, and Changes in Fund Balance -
 Budget and Actual on Budgetary Basis
 For the Year Ended September 30, 2009
 (unaudited)

	<u>Budgeted Amounts</u>		<u>Actual Amounts Budgetary Basis</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Taxes	\$ 2,556,925	\$ 2,556,925	\$ 2,486,102	\$ (70,823)
Investment earnings	50,000	50,000	17,904	(32,096)
Total revenues	<u>2,606,925</u>	<u>2,606,925</u>	<u>2,504,006</u>	<u>(102,919)</u>
EXPENDITURES				
General government:				
Collection and administrative	24,000	24,000	23,294	706
Total expenditures	<u>24,000</u>	<u>24,000</u>	<u>23,294</u>	<u>706</u>
Excess of revenues over expenditures	<u>2,582,925</u>	<u>2,582,925</u>	<u>2,480,712</u>	<u>(102,213)</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	(2,582,925)	(2,582,925)	(2,582,925)	-
Total other financing sources and uses	<u>(2,582,925)</u>	<u>(2,582,925)</u>	<u>(2,582,925)</u>	<u>-</u>
Net change in fund balance	-	-	(102,213)	(102,213)
Fund balances - beginning	<u>414,916</u>	<u>414,916</u>	<u>414,916</u>	<u>-</u>
Fund balances - ending	<u>\$ 414,916</u>	<u>\$ 414,916</u>	<u>\$ 312,703</u>	<u>\$ (102,213)</u>

See accompanying independent auditors' report.

CITY OF RUSTON, LOUISIANA
Notes to Budgetary Comparison Schedules
For the Year Ended September 30, 2009
(Unaudited)

Budget and Budgetary Accounting

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

- (1) The Treasurer's Office compiles for the Mayor estimates of revenues and requests for appropriations of the annual budget.
- (2) During August, the Mayor submits to the City Council a proposed operating budget for the fiscal year commencing the following October 1. The operating budget includes proposed expenditures and the means of financing them.
- (3) A public hearing is then conducted, after proper official journal notification, to obtain taxpayer comments.
- (4) Prior to September 30, the budget is legally enacted through passage of an ordinance.
- (5) The budget ordinance is structured such that revenues are budgeted by source, and appropriations are budgeted by department and by principal object of expenditure. Budgetary control is exercised at the departmental code level, with the exception of salaries, regular and overtime, which are at the line item level, or by projects, and the City Court and Probation (total combined), and City Marshal departments, which are budgeted at the department level. The Council may revise or amend the budget at its discretion during legally convened sessions. For the year ended September 30, 2009, 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 through out the year; and various other accounts to appropriate open purchase orders as of the end of the prior year.
- (6) Comparison of budgeted and actual amounts as shown in the accompanying financial statements includes the General Fund and those special revenue funds which are included in the annual operating budget. (1968 Sales Tax, 1985 Sales Tax, 1990 Sales Tax, Parks and Recreation, and Section 8 Vouchers). Annual operating budgets are not prepared for the D.A.R.T. Grant Program, Central Shop Construction, and I-20 funds, but rather these funds are budgeted on a project basis. The capital budget ordinances which encompass the capital projects funds present cumulative as opposed to annual budget amounts and thus budget and actual comparisons are not reported in the accompanying financial statements for these funds. Budgetary control for the debt service funds is achieved through general bond indenture provisions.
- (7) All budgets are adopted on a basis substantially consistent with generally accepted accounting principles (GAAP). Appropriations which are not expended lapse at year end.
- (8) The City is legally required to prepare annual operating budgets for the Electric System, Water System, Sewer System, Ruston Airport Authority, Ambulance Fund, Workmen's Compensation, General Insurance, and Purchasing/Warehouse Funds. The City is not, however, required to present an actual-to-budget comparison for the enterprise and internal service funds.

CITY OF RUSTON, LOUISIANA
Notes to Budgetary Comparison Schedules
For the Year Ended September 30, 2009
(Unaudited)

Excess of Expenditures over Budget

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

<u>Fund</u>	<u>Budget</u>	<u>Actual on a budgetary basis</u>	<u>Negative variance</u>
General Fund:			
General Government:			
City Court and Probation	331,482	334,391	(2,909)
Marshal	185,500	186,820	(1,320)

The unfavorable variance in City Court and Probation is due to an increase in witness fees paid to officers and an increase in salary for the City Court part time employee. The unfavorable variance in Marshal is due to an underestimate of the budget amounts relating to salary accruals.

This page left blank intentionally.

Combining Fund Statements

This page left blank intentionally.

**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 Assistance Payments Programs – These funds account for receipt of Federal Funds and the payment of Housing Assistance Payments to qualifying rental property owners.

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.

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

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

Debt Service Fund

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

CITY OF RUSTON, LOUISIANA
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 SEPTEMBER 30, 2009

	Special Revenue Funds				Capital Project Fund			Total Nonmajor Governmental Funds
	Ruston Parks & Recreation Board	D.A.R.T. Grant Program	Section 8 Voucher Housing	Total	Debt Service Fund	Central Shop Construction		
ASSETS								
Cash and cash equivalents	\$ 569,249	-	\$ 922,891	\$ 1,492,140	\$ 1,566,170	\$ 101,029	\$	\$ 3,159,339
Investments	-	-	-	-	-	-	-	-
Accounts receivable, net	150	\$ 4,514	18,452	23,116	631,428	-	-	654,544
Due from other funds	19,513	-	-	19,513	-	-	-	19,513
Total assets	\$ 588,912	\$ 4,514	\$ 941,343	\$ 1,534,769	\$ 2,197,598	\$ 101,029	\$	\$ 3,833,396
LIABILITIES AND FUND BALANCES								
Liabilities:								
Accounts payable	\$ 6,416	\$ 4,514	\$ 2,564	\$ 13,494	-	-	-	\$ 13,494
Deposits	25	-	-	25	-	-	-	25
Due to other funds	3,922	-	3,553	7,475	-	-	-	7,475
Accrued Salaries	18,607	-	2,175	20,782	-	-	-	20,782
Total liabilities	28,970	4,514	8,292	41,776	-	-	-	41,776
Fund balances:								
Reserved for:								
Encumbrances	14,498	-	10,115	24,613	-	-	-	24,613
Debt service	-	-	-	-	\$ 2,197,598	-	-	2,197,598
Unreserved, undesignated	545,444	-	922,936	1,468,380	-	\$ 101,029	\$	1,569,409
Total fund balances	559,942	-	933,051	1,492,993	2,197,598	101,029		3,791,620
Total liabilities and fund balances	\$ 588,912	\$ 4,514	\$ 941,343	\$ 1,534,769	\$ 2,197,598	\$ 101,029	\$	\$ 3,833,396

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

CITY OF RUSTON, LOUISIANA
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
 NONMAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED SEPTEMBER 30, 2008

	Special Revenue Funds					Capital Project Fund				Total Nonmajor Governmental Funds
	Ruston Parks & Recreation Board	D.A.R.T. Grant Program	Section 8 Voucher Housing	Total	Debt Service Fund	Central Shop Construction	Sewer LCDDBG Grant	Total		
REVENUES										
Taxes	\$ 471,648	-	-	\$ 471,648	\$ 2,584,406	-	-	-	-	\$ 3,056,054
Intergovernmental	-	\$ 22,305	\$ 996,946	1,019,251	-	-	-	-	-	1,019,251
Charges for services	111,145	-	-	111,145	-	-	-	-	-	111,145
Investment earnings	8,209	-	3,873	12,082	398	\$ 676	-	\$ 676	-	13,156
Miscellaneous	10,324	-	4,425	14,749	-	-	-	-	-	14,749
Total revenues	601,326	22,305	1,005,244	1,628,875	2,584,804	676	-	676	-	4,214,355
EXPENDITURES										
Current:										
General Government	-	22,305	1,230,950	1,253,255	-	-	-	-	-	1,253,255
Recreation	911,325	-	-	911,325	-	-	-	-	-	911,325
Capital outlay	-	-	-	-	625,000	-	\$ 2,300	2,300	-	2,300
Bond principal	-	-	-	-	406,228	-	-	-	-	406,228
Bond interest	-	-	-	-	1,031,228	-	-	-	-	1,031,228
Total expenditures	911,325	22,305	1,230,950	2,164,580	1,031,228	-	2,300	2,300	-	3,198,108
Excess (deficiency) of revenues over (under) expenditures	(309,999)	-	(225,706)	(535,705)	1,553,576	676	(2,300)	(1,624)	-	1,016,247
OTHER FINANCING SOURCES (USES)										
Transfers in	423,155	-	-	423,155	-	-	221,115	221,115	-	644,270
Transfers out	-	-	-	-	(726,938)	-	-	-	-	(726,938)
Total other financing sources and uses	423,155	-	-	423,155	(726,938)	-	221,115	221,115	-	(82,668)
Net change in fund balances	113,156	-	(225,706)	(112,550)	826,638	676	218,815	219,491	-	933,579
Fund balances - beginning	446,786	-	1,158,757	1,605,543	1,370,940	100,353	(218,815)	(118,442)	-	2,858,041
Fund balances - ending	\$ 559,942	\$ -	\$ 933,051	\$ 1,492,993	\$ 2,197,598	\$ 101,029	\$ -	\$ 101,029	\$ -	\$ 3,791,620

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

This page left blank intentionally.

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.

General Self-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.

This page left blank intentionally.

CITY OF RUSTON, LOUISIANA
 COMBINING STATEMENT OF NET ASSETS
 INTERNAL SERVICE FUNDS
 SEPTEMBER 30, 2009

	<u>Workmen's Compensation</u>	<u>General Insurance</u>	<u>Purchasing/ Warehouse</u>	<u>General & Auto Liability</u>	<u>Total Internal Service Funds</u>
ASSETS					
Current Assets:					
Cash and cash equivalents	\$ 285,292	\$ 498,208	\$ 63,270	\$ 156,251	\$ 1,003,021
Investments	479,232	1,611,925	-	-	2,091,157
Receivables, net	-	3,075	-	-	3,075
Due from other funds	-	-	-	-	-
Prepaid items	-	-	-	9,972	9,972
Total current assets	<u>764,524</u>	<u>2,113,208</u>	<u>63,270</u>	<u>166,223</u>	<u>3,107,225</u>
Noncurrent Assets:					
Capital Assets:					
Buildings	-	-	13,080	-	13,080
Equipment	-	-	48,123	-	48,123
Less accumulated depreciation	-	-	(57,309)	-	(57,309)
Total noncurrent assets	<u>-</u>	<u>-</u>	<u>3,894</u>	<u>-</u>	<u>3,894</u>
Total assets	<u>\$ 764,524</u>	<u>\$ 2,113,208</u>	<u>\$ 67,164</u>	<u>\$ 166,223</u>	<u>\$ 3,111,119</u>
LIABILITIES					
Current Liabilities:					
Accounts payable	\$ 3,841	\$ 191	\$ 1,414	\$ 383	\$ 5,829
Accrued liabilities	-	-	8,573	100,000	108,573
Due to other funds	-	182	487	-	669
Claims and judgments	301,258	157,133	-	-	458,391
Total current liabilities	<u>305,099</u>	<u>157,506</u>	<u>10,474</u>	<u>100,383</u>	<u>573,462</u>
Noncurrent Liabilities:					
Compensated absences	-	-	8,547	-	8,547
Total noncurrent liabilities	<u>-</u>	<u>-</u>	<u>8,547</u>	<u>-</u>	<u>8,547</u>
Total liabilities	<u>305,099</u>	<u>157,506</u>	<u>19,021</u>	<u>100,383</u>	<u>582,009</u>
NET ASSETS					
Invested in capital assets, net of related debt	-	-	3,894	-	3,894
Unrestricted	459,425	1,955,702	44,249	65,840	2,525,216
Total net assets	<u>\$ 459,425</u>	<u>\$ 1,955,702</u>	<u>\$ 48,143</u>	<u>\$ 65,840</u>	<u>\$ 2,529,110</u>

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

CITY OF RUSTON, LOUISIANA
 COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
 INTERNAL SERVICE FUNDS
 FOR THE YEAR ENDED SEPTEMBER 30, 2009

	<u>Workmen's Compensation</u>	<u>General Insurance</u>	<u>Purchasing/ Warehouse</u>	<u>General & Auto Liability</u>	<u>Total Internal Service Funds</u>
OPERATING REVENUES					
Premiums paid by retired employees	-	\$ 264,398	-	-	\$ 264,398
Charges to other funds	\$ 240,000	2,280,929	\$ 225,000	\$ 351,499	3,097,428
Retiree drug subsidy	-	32,162	-	-	32,162
Other income	-	973	-	-	973
Total operating revenues	<u>240,000</u>	<u>2,578,462</u>	<u>225,000</u>	<u>351,499</u>	<u>3,394,961</u>
OPERATING EXPENSES					
Cost of Services:					
Salaries, wages and employee benefits	-	-	188,360	-	188,360
Operating services	-	-	14,118	-	14,118
Materials and supplies	-	-	7,506	-	7,506
Travel and other	-	-	1,123	-	1,123
Depreciation	-	-	1,446	-	1,446
Total cost of services	<u>-</u>	<u>-</u>	<u>212,553</u>	<u>-</u>	<u>212,553</u>
Claims	299,066	1,844,356	-	164,681	2,308,103
Insurance premiums	132,119	412,746	-	236,313	781,178
Total operating expenses	<u>431,185</u>	<u>2,257,102</u>	<u>212,553</u>	<u>400,994</u>	<u>3,301,834</u>
Operating income (loss)	<u>(191,185)</u>	<u>321,360</u>	<u>12,447</u>	<u>(49,495)</u>	<u>93,127</u>
NONOPERATING REVENUES (EXPENSES)					
Investment earnings	16,830	33,882	1,206	238	52,156
Income (loss) before transfers	<u>(174,355)</u>	<u>355,242</u>	<u>13,653</u>	<u>(49,257)</u>	<u>145,283</u>
Transfers in	-	-	-	-	-
Change in net assets	<u>(174,355)</u>	<u>355,242</u>	<u>13,653</u>	<u>(49,257)</u>	<u>145,283</u>
Total net assets - beginning	633,780	1,600,460	34,490	115,097	2,383,827
Total net assets - ending	<u>\$ 459,425</u>	<u>\$ 1,955,702</u>	<u>\$ 48,143</u>	<u>\$ 65,840</u>	<u>\$ 2,529,110</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, 2009

	Workmen's Compensation	General Insurance	Purchasing/ Warehouse	General & Auto Liability	Total Internal Service Funds
Cash flows from operating activities:					
Receipts from operations	\$ 240,161	\$ 2,545,126	\$ 225,608	\$ 351,499	\$ 3,362,394
Payments to suppliers	(130,627)	(412,752)	(21,489)	(237,263)	(802,131)
Payments to employees	-	-	(200,310)	-	(200,310)
Claims	(95,532)	(1,855,544)	-	(64,681)	(2,015,757)
Other receipts	-	33,135	-	-	33,135
Net cash provided by (used in) operating activities	<u>14,002</u>	<u>309,965</u>	<u>3,809</u>	<u>49,555</u>	<u>377,331</u>
Cash flows from investing activities:					
Proceeds from sales and maturities of investments	-	846,871	-	-	846,871
Purchases on investments	(13,943)	(1,377,521)	-	-	(1,391,464)
Interest on investments	16,830	33,882	1,206	238	52,156
Net cash provided by (used in) investing activities	<u>2,887</u>	<u>(496,768)</u>	<u>1,206</u>	<u>238</u>	<u>(492,437)</u>
Net increase (decrease) in cash and cash equivalents	16,889	(186,803)	5,015	49,793	(115,106)
Cash and cash equivalents - beginning of year	268,403	685,011	58,255	106,458	1,118,127
Cash and cash equivalents - end of year	<u>\$ 285,292</u>	<u>\$ 498,208</u>	<u>\$ 63,270</u>	<u>\$ 156,251</u>	<u>\$ 1,003,021</u>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:					
Operating income (loss)	<u>\$ (191,185)</u>	<u>\$ 321,360</u>	<u>\$ 12,447</u>	<u>\$ (49,495)</u>	<u>\$ 93,127</u>
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:					
Depreciation and amortization	-	-	1,446	-	1,446
(Increase) Decrease in assets:					
Receivables	161	(201)	150	-	110
Prepaid items	-	-	-	(1,333)	(1,333)
Due from other funds	-	-	458	-	458
Increase (Decrease) in liabilities:					
Accounts payable	1,492	(188)	786	383	2,473
Accrued liabilities	-	-	208	100,000	100,208
Due to other funds	-	182	472	-	654
Compensated absences	-	-	(12,158)	-	(12,158)
Claims and judgments	203,534	(11,188)	-	-	192,346
Total adjustments	<u>205,187</u>	<u>(11,395)</u>	<u>(8,638)</u>	<u>99,050</u>	<u>284,204</u>
Net cash provided by (used in) operating activities	<u>\$ 14,002</u>	<u>\$ 309,965</u>	<u>\$ 3,809</u>	<u>\$ 49,555</u>	<u>377,331</u>

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

This page left blank intentionally.

Individual Fund Schedules

This page left blank intentionally.

CITY OF RUSTON, LOUISIANA
RUSTON PARKS AND RECREATION BOARD
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL ON BUDGETARY BASIS
FOR THE YEAR ENDED SEPTEMBER 30, 2009

	<u>Budgeted Amounts</u>		<u>Actual Amounts Budgetary Basis</u>	<u>Variance With Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Taxes	\$ 330,000	\$ 330,000	\$ 471,648	\$ 141,648
Charges for services	130,000	130,000	111,145	(18,855)
Investment earnings	9,500	9,500	8,209	(1,291)
Miscellaneous	5,000	5,000	10,324	5,324
Total revenues	<u>474,500</u>	<u>474,500</u>	<u>601,326</u>	<u>126,826</u>
EXPENDITURES				
Current:				
Recreation:				
Salaries, wages and employee benefits	500,657	503,657	476,166	27,491
Operating services	331,123	331,621	255,522	76,099
Materials and supplies	29,000	29,000	23,708	5,292
Travel and other	10,000	10,000	9,364	636
Improvements and equipment	228,000	235,239	146,565	88,674
Total expenditures	<u>1,098,780</u>	<u>1,109,517</u>	<u>911,325</u>	<u>198,192</u>
Deficiency of revenues over expenditures	<u>(624,280)</u>	<u>(635,017)</u>	<u>(309,999)</u>	<u>325,018</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	427,455	427,455	423,155	(4,300)
Total other financing sources (uses)	<u>427,455</u>	<u>427,455</u>	<u>423,155</u>	<u>(4,300)</u>
Net change in fund balance	(196,825)	(207,562)	113,156	320,718
Fund balances - beginning	<u>446,786</u>	<u>446,786</u>	<u>446,786</u>	<u>-</u>
Fund balances - ending	<u>\$ 249,961</u>	<u>\$ 239,224</u>	<u>\$ 559,942</u>	<u>\$ 320,718</u>

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

CITY OF RUSTON, LOUISIANA
SECTION 8 VOUCHER HOUSING
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL ON BUDGETARY BASIS
FOR THE YEAR ENDED SEPTEMBER 30, 2009

	Budgeted Amounts		Actual Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental	\$ 980,000	\$ 980,000	\$ 996,946	\$ 16,946
Investment earnings	35,000	35,000	3,873	(31,127)
Miscellaneous	-	-	4,425	4,425
Total revenues	<u>1,015,000</u>	<u>1,015,000</u>	<u>1,005,244</u>	<u>(9,756)</u>
EXPENDITURES				
Current:				
General Government:				
Salaries, wages and employee benefits	105,411	105,411	64,930	40,481
Operating services	957,464	1,207,464	1,163,033	44,431
Materials and supplies	9,700	9,700	1,927	7,773
Travel and other	7,000	7,000	1,060	5,940
Total expenditures	<u>1,079,575</u>	<u>1,329,575</u>	<u>1,230,950</u>	<u>98,625</u>
Excess of revenues over expenditures	<u>(64,575)</u>	<u>(314,575)</u>	<u>(225,706)</u>	<u>88,869</u>
Net change in fund balance	(64,575)	(314,575)	(225,706)	88,869
Fund balances - beginning	<u>1,158,757</u>	<u>1,158,757</u>	<u>1,158,757</u>	<u>-</u>
Fund balances - ending	<u>\$ 1,094,182</u>	<u>\$ 844,182</u>	<u>\$ 933,051</u>	<u>\$ 88,869</u>

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

City of Ruston, Louisiana

**OMB Circular A-133 Report
For The Year Ended September 30, 2009**

(With Independent Auditor's Report Thereon)

Douglas A. Brewer, LLC

Certified Public Accountant

City of Ruston, Louisiana
Table of Contents

	<u>Page</u>
Report on Internal Control Over Financial Reporting And on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With <i>Government Auditing Standards</i>	1-2
Report on Compliance With Requirements Applicable To Each Major Program and on Internal Control Over Compliance in Accordance With OMB Circular A-133	3-4
Schedule of Expenditures of Federal Awards	5
Notes to the Schedule of Expenditures of Federal Awards	6
Schedule of Findings and Questioned Costs	7-8
Summary Schedule of Prior Audit Findings	9

Douglas A. Brewer, LLC

Certified Public Accountant

500 North Trenton

P.O. Box 1250

Ruston, LA 71273-1250

Phone: (318) 255-8244 Fax: (318) 255-8245

Report On Internal Control Over Financial Reporting And On Compliance And Other Matters Based On An Audit Of Financial Statements Performed In Accordance With Government Auditing Standards

Honorable Mayor and Board of Aldermen of
Ruston, Louisiana

I have audited the financial statements of the governmental activities, the business-type activities, 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, 2009, which collectively comprise the City's basic financial statements and have issued my report thereon dated March 19, 2010. I conducted my 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.

Internal Control Over Financial Reporting

In planning and performing my audit, I considered the City's internal control over financial reporting as a basis for designing my auditing procedures for the purpose of expressing my opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over financial reporting. Accordingly, I do not express an opinion on the effectiveness of the City's internal control over financial reporting.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the City's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the City's financial statements that is more than inconsequential will not be prevented or detected by the City's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the City's internal control.

My consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. I did not identify any deficiencies in internal control over financial reporting that I consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free of material misstatement, I 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 my audit and, accordingly, I do not express such an opinion. The results of my tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as item 09-1.

This report is intended solely for the information and use of management and the Board of Aldermen of the City of Ruston, Louisiana, 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 to be distributed by the Legislative Auditor as a public document.

Douglas A. Brewer, LLC

March 19, 2010
Ruston, Louisiana

Douglas A. Brewer, LLC

Certified Public Accountant

500 North Trenton

P.O. Box 1250

Ruston, LA 71273-1250

Phone: (318) 255-8244 Fax: (318) 255-8245

Report On Compliance With Requirements Applicable To Each Major Program And On Internal Control Over Compliance In Accordance With OMB Circular A-133

Honorable Mayor and Board of Aldermen of
Ruston, Louisiana

Compliance

I have audited the compliance of the City of Ruston, Louisiana (the City) with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended September 30, 2009. The City's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the City's management. My responsibility is to express an opinion on the City's compliance based on my audit.

I conducted my audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that I 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 I considered necessary in the circumstances. I believe that my audit provides a reasonable basis for my opinion. My audit does not provide a legal determination on the City's compliance with those requirements.

In my opinion, the City complied, in all material respects, with the requirements referred to above that are applicable to its major federal programs for the year ended September 30, 2009. However, the results of my auditing procedures disclosed instances of noncompliance with those requirements, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings and questioned costs as item 09-1.

Internal Control Over Compliance

The management of the City is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing my audit, I considered the City's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine my auditing procedures for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, I do not express an opinion on the effectiveness of the City's internal control over compliance.

A *control deficiency* in an entity's internal control over compliance 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 noncompliance with a type of compliance requirement of a federal program on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

My consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. I did not identify any deficiencies in internal control over compliance that I consider to be material weaknesses, as defined above.

Schedule of Expenditures of Federal Awards

I have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City as of and for the year ended September 30, 2009, and have issued our report thereon dated March 19, 2010. My audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and in my opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

This report is intended solely for the information and use of management and the Board of Aldermen of the City of Ruston, Louisiana, 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 to be distributed by the Legislative Auditor as a public document.

Douglas A. Bremer, LLC

Ruston, Louisiana
March 19, 2010

**City of Ruston, Louisiana
Schedule of Expenditures of Federal Awards
For The Year Ended September 30, 2009**

<u>Grant Title</u>	<u>Federal CFDA Number</u>	<u>Federal Expenditures</u>
United States Department of Housing and Urban Development:		
Section 8 - Housing Choice Vouchers	14.871	\$ 981,954
Pass through Louisiana Office of Community Development:		
D.A.R.T. CDBG Program	14.231	22,305
Total United States Department of Housing and Urban Development		<u>1,004,259</u>
Department of Homeland Security:		
Disaster Grants - Public Assistance	97.036	96,545
Hazard Mitigation Grant (GOHSEP)	97.039	61,732
Total Department of Homeland Security		<u>158,277</u>
United States Department of Justice:		
Pass through Lincoln Parish Police Jury		
Edward Byrne Memorial Justice Assistance Grant	16.738	6,239
Total United States Department of Justice		<u>6,239</u>
Health Resources and Services Administration:		
Department of Health and Human Services		
Pass through Louisiana Department of Health and Hospitals		
Bioterrorism Grant	93.889	9,547
Federal Aviation Administration:		
Airport Improvement Program	20.106	13,728
United States Environmental Protection Agency:		
Pass through Louisiana Department of Environmental Quality:		
Construction Grants for Wastewater Treatment Works	66.418	749,338
Total Federal Awards		<u>\$ 1,941,388</u>

See accompanying notes to schedule of expenditures of federal awards.

City of Ruston, Louisiana
Notes to Schedule of Federal Awards
For The Year Ended September 30, 2009

1. General

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

2. Subrecipients

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

<u>Program Title</u>	<u>Federal CFDA Number</u>	<u>Amount Provided To Subrecipients</u>
D.A.R.T. CDBG Program	14.231	\$ 22,305

City of Ruston, Louisiana
Schedule of Findings and Questioned Costs
For The Year Ended September 30, 2009

Summary of Audit Results

1. The auditor's report expresses an unqualified opinion on the basic government financial statements of the City of Ruston, Louisiana.
2. No significant deficiencies were disclosed during the audit of the financial statements are reported in the Report on Compliance And On Internal Control Over Financial Reporting Based On An Audit Of Financial Statements Performed In Accordance With *Government Auditing Standards* and on the Report On Compliance With Requirements Applicable To Each Major Program And Internal Control Over Compliance In Accordance With OMB Circular A-133.
3. One instance of noncompliance was disclosed during the audit, which would be required to be reported in accordance with *Government Auditing Standards*.
4. No significant deficiencies were disclosed during the audit of the major federal award programs are reported in the Report On Compliance With Requirements Applicable To Each Major Program And Internal Control Over Compliance In Accordance With OMB Circular A-133.
5. The auditor's report on compliance for the major federal award programs for the City of Ruston, Louisiana expresses an unqualified opinion on all major federal programs. One instance of noncompliance was disclosed.
6. Audit findings that are required to be reported in accordance with Sections 510(a) of OMB Circular A-133 are reported in this schedule.
7. The programs tested as major programs included the Department of Housing and Urban Development Voucher Program, CFDA No. 14.857; and the United States Environmental Protection Agency pass-through the Louisiana Department of Environmental Quality - Construction Grants for Wastewater Treatment Works, CFDA No. 66.418.
8. The threshold for distinguishing between Types A and B programs was \$300,000.
9. The City of Ruston, Louisiana does not qualify to be a low-risk auditee.

**City of Ruston, Louisiana
Schedule of Findings and Questioned Costs
For The Year Ended September 30, 2009**

Findings And Questioned Costs – Major Federal Award Programs Audit

09-1 Section 8 - Signed Information Release Forms

Condition:

During the testwork for the Section 8 program, it was found that four of thirty-one sampled family files did not contain the necessary federal information release forms that are required to be kept by PHAs in accordance with the eligibility requirements found in the Compliance Supplement.

Criteria:

According to the 2009 A-133 Compliance Supplement, section E:1:a, part of the eligibility requirement for PHAs is to have the tenant family sign a information, documentation and income verification release form before acceptance into the program and every fifteen months afterward as the previous release expires.

Effect:

When the PHA fails to adhere to the requirements set forth by the governing agency in the Compliance Supplement, they put the program at risk to having its Federal funding revoked.

Recommendation:

City of Ruston Section 8 program should make sure that all tenants who come in for new admission and annual recertification have current signed information release forms in the family file.

Response:

The City of Ruston Section 8 Program assures that an information release form will be signed by all tenants who are in the process of being admitted into the program and tenants who are having an annual recertification.

**City of Ruston, Louisiana
Summary Schedule of Prior Findings
For The Year Ended September 30, 2009**

Federal Award Findings and Questioned Costs

No findings were reported for the fiscal year ended September 30, 2008.

Management Letter

A management letter, dated March 20, 2009, was issued for the year ended September 30, 2008.

Utility Billing Rates

In performing tests of the utility billing system, it was noted that the rate charged for residential electric usage over 800 Kilowatt hours (kwh) was not changed from the winter rate to the summer rate. This condition was noted in customer bills tested for the months June through September, 2008. The condition was the result of a manual charge code not being changed for the appropriate period.

Status:

This item has been cleared.