

# Comprehensive Annual Financial Report



of the  
**City of Ruston, Louisiana**  
For the Year Ended September 30, 2018

Mayor  
Ronny Walker

Prepared by the  
Finance Department  
Laura Hartt, Treasurer

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**CITY OF RUSTON, LOUISIANA  
ANNUAL FINANCIAL REPORT  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2018**

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# **INTRODUCTORY SECTION**

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March 30, 2019

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

Mayor and Members of the City Council:

I am pleased to submit the Comprehensive Annual Financial Report for the year ended September 30, 2018. The financial statements were prepared in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted government auditing standards by a firm of licensed certified public accountants. I believe this report presents comprehensive information about the City's financial and operating activities during fiscal year 2018 that is useful to taxpayers, citizens, and other interested persons.

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

In accordance with the Lawrason Act, the City Council is required to provide for an annual independent audit of the accounts and financial transactions of the City by a firm of independent certified public accountants duly licensed to practice in the State of Louisiana. The accounting firm of Heard, McElroy and Vestal was selected by the City to conduct its annual audit. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City for the fiscal year ended September 30, 2018, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering unmodified opinions that the City's financial statements for the fiscal year ended September 30, 2018, are fairly

presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

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

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

### **Profile of the City of Ruston**

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

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

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

These financial statements present the City of Ruston (the primary government) and its component units. The component units are included in the City's reporting entity because of the significance of their operational or financial relationships with the City. Included as discretely presented component units is the financial data for the 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.** The City of Ruston and Lincoln Parish have experienced steady population growth from 1970 to 2018 with approximately 24,000 City residents and 47,700 parish residents. The past two years have been a period of extraordinary population growth, as evidenced by the sharp increase in new home construction.

The Tax Increment District continues to provide an economic growth base for the City and parish, and the new commercial activities have increased the sales tax revenue of the City. Fiscal year 2018 promises to bring even more growth in this area with a new shopping center planned for the upcoming year.

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

**Long-term financial planning.** Recently, sales taxes revenues have maintained the same level as the previous year. In the General Fund, sales taxes represent 49.6% of the revenues and transfers in. Because of the increasing trends in retirement costs and health insurance, difficulty to balance the budget will exist now and in the future.

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

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

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

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

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

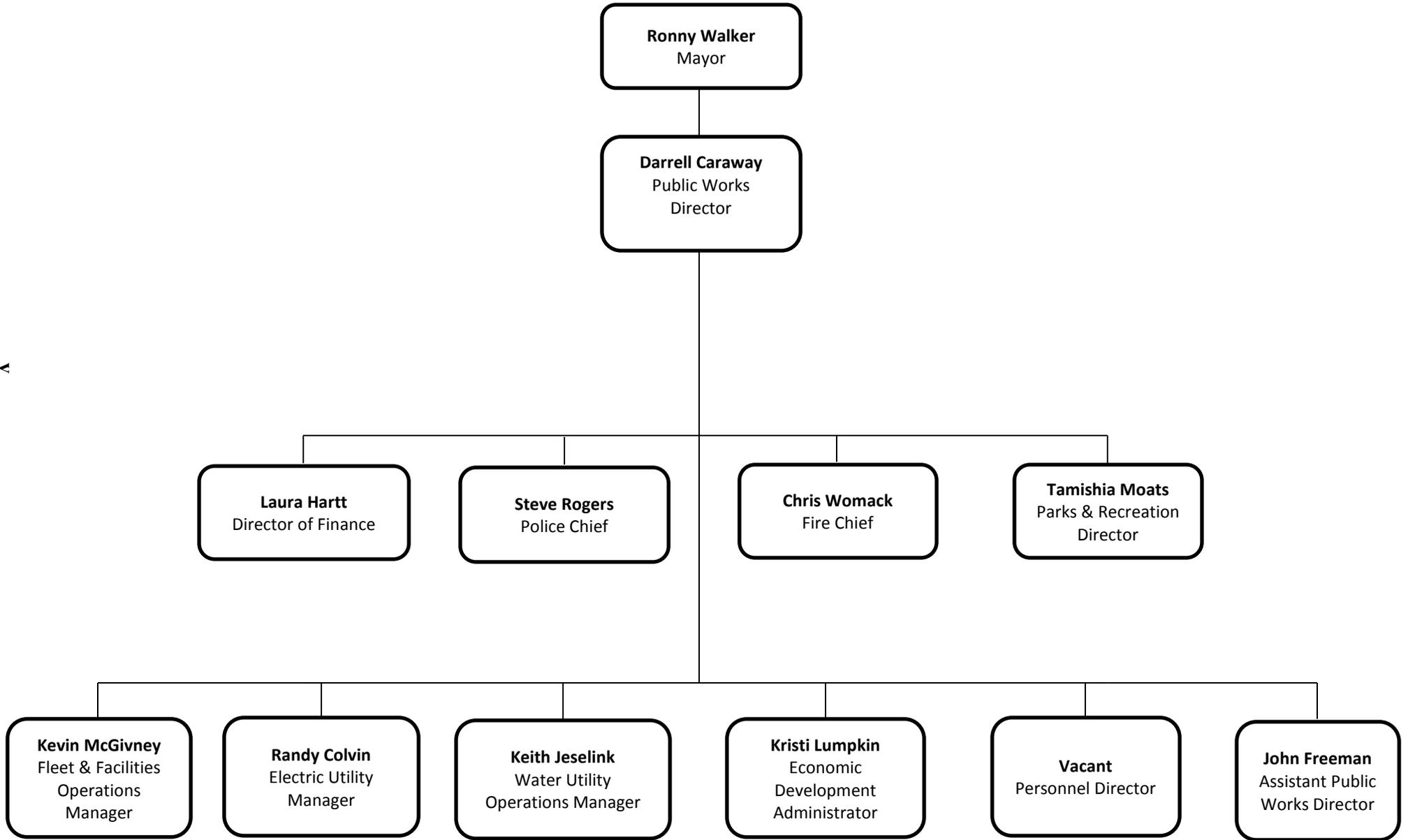
The preparation of this report would not have been possible without the efficient and dedicated services of the entire staff of the Finance Department. We would like to express our appreciation to all members of the department who assisted and contributed to the preparation of this report. Credit also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

Sincerely,



Laura Hartt  
Treasurer

**CITY OF RUSTON  
ORGANIZATIONAL CHART**



# **CITY OF RUSTON, LOUISIANA**

## **PRINCIPAL OFFICIALS**

**Ronny Walker**  
Mayor

### **Members of City Council**

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

# **FINANCIAL SECTION**

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# HEARD, McELROY, & VESTAL

LLC

CERTIFIED PUBLIC ACCOUNTANTS

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

March 29, 2019

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

## **Independent Auditor's Report**

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Ruston, Louisiana (the City) as of and for the year ended September 30, 2018, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

### **Management's Responsibility for the Financial Statements**

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

### **Auditor's Responsibility**

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

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



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

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

## **Opinions**

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Ruston, Louisiana as of September 30, 2018, and the respective changes in financial position, and where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplementary Information*

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

### *Other Information*

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

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

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

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated March 29, 2019 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Heard, McElroy & Vestal, LLC

Shreveport, Louisiana

## 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, 2018. 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, 2018, include the following:

- The assets and deferred outflows of resources of the City exceeded its liabilities and deferred inflows of resources at September 30, 2018, by \$144,265,439 (net position).
- The City's total net position increased \$17,687,694 for the year ended September 30, 2018. Net position of governmental activities increased \$15,943,288 and net position of business-type activities increased \$1,744,406.
- Total net position of governmental activities is \$79,351,713 that includes unrestricted net position of (\$39,444,601) which is a result primarily from this year's requirement per GASB 68 *Accounting and Financial Reporting for Pensions* that requires recognizing the actuarial determined pension liability of \$26,669,706. Another liability as required to be reported by GASB 45 *Accounting and Financial Reporting by Employers for Post-Employment Benefits Other than Pensions* (OPEB) totals \$15,999,823.
- As of September 30, 2018, the City's governmental funds reported combined ending fund balances of \$42,335,122, a decrease of \$29,969,095 from the prior year. Of this amount \$4,518,281 was unassigned and available for spending; \$2,312,227 was assigned for subsequent years' expenditures; \$35,410,992 was restricted. This restricted amount includes \$28,903,634, restricted to fund ongoing construction projects, \$3,128,358 for debt covenants, \$821,369 was restricted for Section 8 housing, \$2,691,509 was restricted by sales tax ordinances, and \$671,755 was restricted by ordinance for use by RPAR; \$83,478 was assigned for inventories; and \$10,043 was assigned for prepaid items.
- At the end of the current fiscal year, unreserved, undesignated fund balances for the General Fund was \$4,518,281, or 19.75% of total General Fund expenditures and transfers out.

### Overview of the Financial Statements

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

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

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

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

The Statement of Net Position and the Statement of Activities distinguish functions of the City that are financed primarily by taxes, intergovernmental revenues, and charges for services (governmental activities) from functions where user fees and charges to customers help to cover all or most of the cost of services (business-type activities). The City's governmental activities include general government, public safety, public works, and cultural and recreation. The business-type activities of the City include 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 twelve individual governmental funds. Information is presented separately in the governmental funds Balance Sheet and in the governmental funds Statement of Revenues, Expenditures and Changes in Fund Balances for the General Fund, 1968 Sales Tax Special Revenue Fund, 1985 Sales Tax Special Revenue Fund, 1990 Sales Tax Special Revenue Fund, 2016 Sales Tax Special Revenue Fund, Moving Ruston Forward (MRF) Capital Project Fund, and I-20 Capital Project Fund, all of which are considered to be major funds. Data for the other five governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these 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, and telecommunications, airport, and ambulance services. Internal service funds are used to accumulate and allocate costs internally among the City's various functions. The City uses internal service funds to account for its workmen's compensation, 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, and sewer systems, which are considered to be major funds of the City of Ruston. Data from the other proprietary funds are also presented although they are not considered major funds.

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

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

**Other information.** In addition to the basic financial statements and accompanying notes, budgetary schedules are presented as required supplementary information. Also, the combining statements referred to earlier in connection with 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 position may serve over time as a useful indicator of a government's financial position. In the case of the City, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$144,267,551 at the close of the current fiscal year. The largest portion of the City of Ruston's net position, totaling approximately \$131 million, reflects its net investment in capital assets (e.g., land, buildings, streets, drainage, machinery, and equipment); less any related debt that is still outstanding used to acquire those assets. The City uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the City's net investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

### City of Ruston's Net Position September 30, 2018

	Governmental Activities		Business-type activities		Total	
	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>
Current and other assets	\$79,508,307	\$55,663,851	\$12,842,235	\$12,398,493	\$92,350,542	\$68,062,344
Capital assets	<u>100,888,484</u>	<u>142,943,163</u>	<u>65,448,641</u>	<u>66,994,686</u>	<u>166,337,125</u>	<u>209,937,849</u>
Total assets	<u>180,396,791</u>	<u>198,607,014</u>	<u>78,290,876</u>	<u>79,393,179</u>	<u>258,687,667</u>	<u>278,000,193</u>
Deferred outflows	5,449,805	5,851,006	-	-	5,449,805	5,851,006
Current and other liabilities	6,128,346	12,108,957	4,029,045	3,263,743	10,157,391	15,373,700
Long-term liabilities	<u>105,009,061</u>	<u>111,427,391</u>	<u>11,086,782</u>	<u>11,213,598</u>	<u>116,095,843</u>	<u>122,640,989</u>
Total liabilities	<u>111,137,403</u>	<u>123,537,348</u>	<u>15,115,827</u>	<u>14,477,342</u>	<u>126,253,234</u>	<u>138,016,801</u>
Deferred inflows	1,178,539	1,568,959	-	-	1,178,539	1,568,959
Net position:						
Net investment in						
capital assets	30,813,484	75,973,163	53,676,252	56,352,298	84,489,736	131,305,461
Restricted	61,437,959	42,823,151	-	-	61,437,959	42,823,151
Unrestricted	<u>(18,721,593)</u>	<u>(39,444,601)</u>	<u>9,498,797</u>	<u>8,563,540</u>	<u>(9,222,796)</u>	<u>(29,863,173)</u>
Total net position	<u>\$73,529,850</u>	<u>\$79,351,713</u>	<u>\$63,175,049</u>	<u>\$64,915,838</u>	<u>\$136,704,899</u>	<u>\$144,267,551</u>

30% of net position represents resources that are subject to external restriction on how they may be used. Accounts reserved by external restrictions account for the total of restricted net position.

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

The City of Ruston's net position increased by \$17,687,694 during the current fiscal year. Key elements of this increase are, as follows:

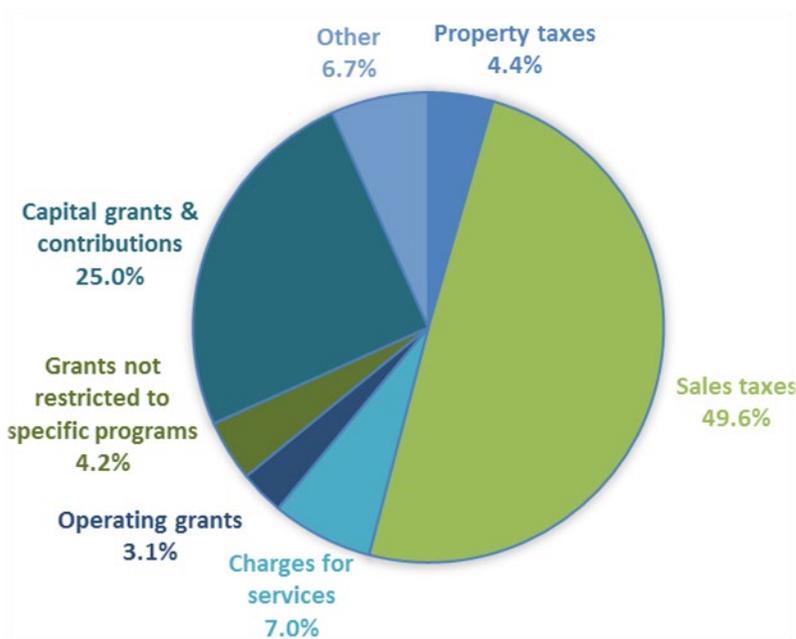
### City of Ruston's Changes in Net Position

Revenues:	Governmental activities		Business-type activities		Total	
	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>
Program revenues:						
Charges for services	\$2,470,794	\$2,579,058	\$32,247,359	\$32,928,469	\$34,718,153	\$35,507,527
Operating grants and contributions	1,949,508	1,138,809	-	-	1,949,508	1,138,809
Capital grants and contributions	2,578,684	9,265,995	463,764	1,354,745	3,042,448	10,620,740
General revenues:						
Property taxes	1,604,719	1,644,067	-	-	1,604,719	1,644,067
Sales taxes	18,184,078	18,406,114	-	-	18,184,078	18,406,114
Other taxes	857,214	803,644	-	-	857,214	803,644
Grants and contributions (unrestricted)	1,611,158	1,559,442	-	-	1,611,158	1,559,442
Other	<u>2,291,086</u>	<u>1,685,750</u>	<u>46,452</u>	<u>172,409</u>	<u>2,337,538</u>	<u>1,858,159</u>
Total revenues	<u>31,547,241</u>	<u>37,082,879</u>	<u>32,757,575</u>	<u>34,455,623</u>	<u>64,304,816</u>	<u>71,538,502</u>
Expenses:						
General government	7,356,526	9,704,783	-	-	7,356,526	9,704,783
Public safety	9,843,578	9,186,572	-	-	9,843,578	9,186,572
Public works	3,453,296	1,245,313	-	-	3,453,296	1,245,313
Cultural and recreation	1,049,630	1,025,099	-	-	1,049,630	1,025,099
City Judge and Marshal	618,693	628,759	-	-	618,693	628,759
Interest on debt	3,494,047	2,896,572	-	-	3,494,047	2,896,574
Electric	-	-	20,675,671	21,887,075	20,675,671	21,887,075
Water	-	-	2,098,743	1,889,777	2,098,743	1,889,777
Sewer	-	-	3,851,078	3,757,719	3,851,078	3,757,719
Telecommunications	-	-	759,785	691,744	759,785	691,744
Regional airport	-	-	249,762	232,059	249,762	232,059
Ambulance service	-	-	<u>667,195</u>	<u>705,336</u>	<u>667,195</u>	<u>705,336</u>
Total expenses	<u>25,815,770</u>	<u>24,687,098</u>	<u>28,302,234</u>	<u>29,163,710</u>	<u>54,118,004</u>	<u>53,850,810</u>
Increase (decrease) in net position before transfers	5,731,471	12,395,781	4,455,341	5,289,803	10,186,812	17,687,692
Transfers	<u>(3,559,574)</u>	<u>(3,547,507)</u>	<u>(3,559,574)</u>	<u>(3,547,507)</u>	-	-
Increase (decrease) in net Position	9,291,045	15,943,288	895,767	1,742,295	10,186,812	17,687,692
Net position at beginning of year	<u>64,238,803</u>	<u>63,408,425</u>	<u>62,275,665</u>	<u>63,171,432</u>	<u>126,514,470</u>	<u>126,579,859</u>
Prior Period Restatement	(10,121,423)	-	-	-	(10,121,423)	-
Net position at end of year	<u>\$63,408,425</u>	<u>\$79,351,713</u>	<u>\$63,171,432</u>	<u>\$64,915,838</u>	<u>\$126,579,859</u>	<u>\$144,267,551</u>

Revenues for the City's governmental activities for the year ended September 30, 2018, were \$37,082,879 compared to \$31,547,241 in 2017, or a 17.5% increase.

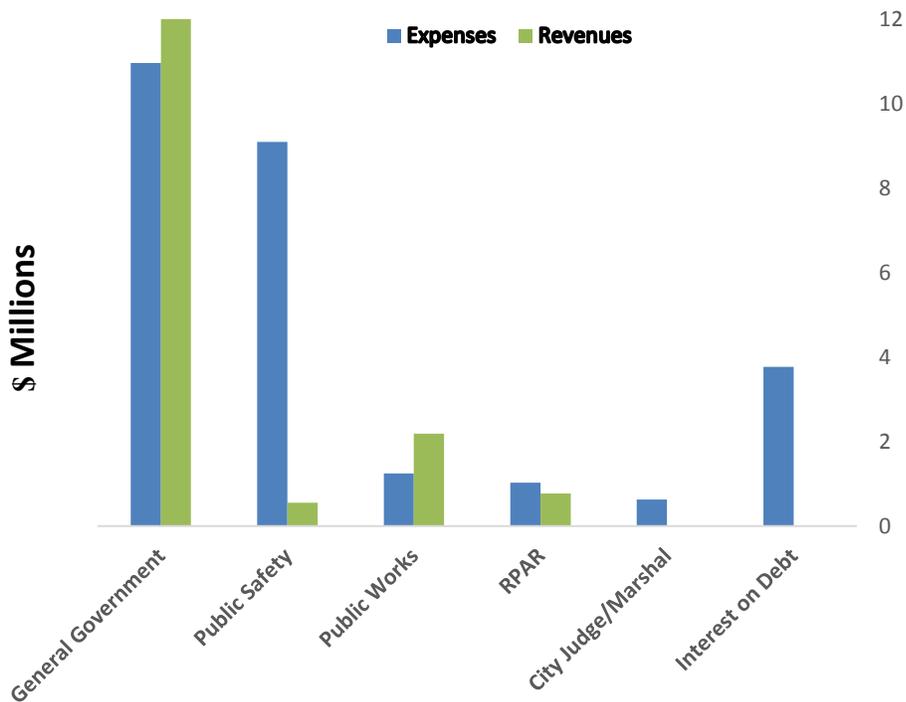
General revenues, specifically sales tax (49.6%), is the largest component of revenues.

## Revenues by Sources – Governmental Activities



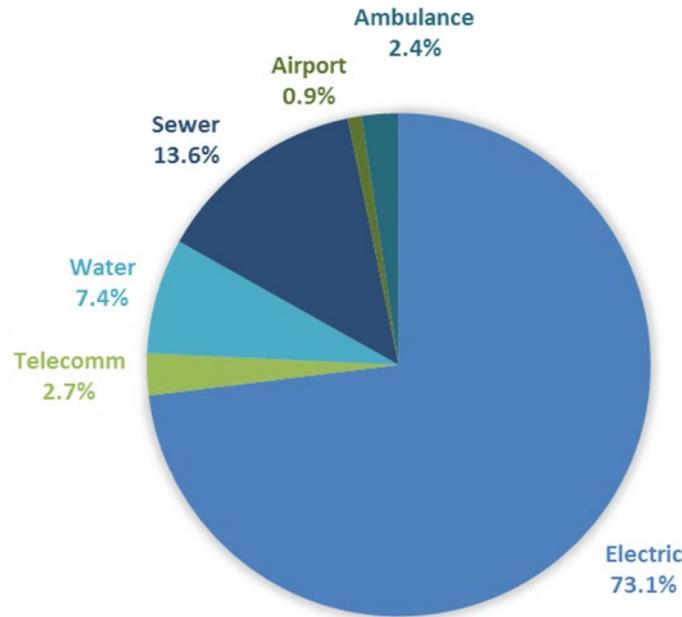
The cost of all governmental activities this year was \$24,487,100, a decrease of approximately \$1,328,670 from 2017. The City’s largest programs are general government, public safety, and public works. The graph below shows the expenses and program revenues generated by governmental activities.

## Expenses and Program Revenues – Governmental Activities



**Business-type Activities.** Charges for services for the City of Ruston’s business-type activities were \$32,928,469 an increase of \$681,110 from 2017.

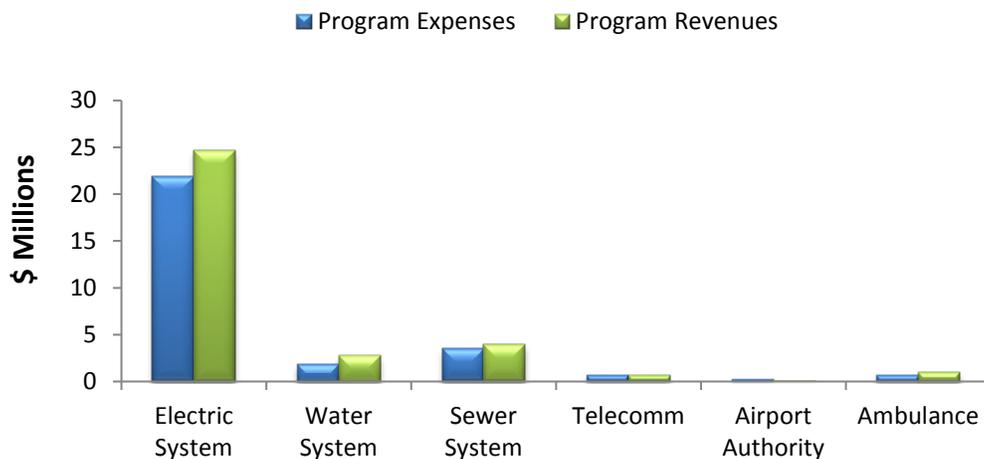
**Revenue by Source – Business-type Activities**



**Expenses and Program Revenues – Business-type Activities**

The costs of these activities were \$29,163,710, an increase of \$861,476 from 2017. This increase was the net effect of increasing pension costs, a cost of living raise, and employee turnover.

**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 \$42,335,122, a decrease of \$29,969,095 in comparison with the prior fiscal year. Of the combined ending fund balance, \$4,518,281, or 11% was unrestricted, unassigned and available for spending. \$2,312,327 was assigned for subsequent years' expenditures. The remainder of the fund balance was restricted to indicate that it was not available for new spending because it had already been committed (1) to pay debt service (\$5,181,165) or (2) for other restricted purposes (\$32,635,676).
- The General Fund is the chief operating fund of the City of Ruston. At the end of the current fiscal year, unrestricted, unassigned fund balance of the General Fund was \$4,518,281, the total of which was available for spending at the City Council's discretion. The fund balance of the General Fund decreased by \$1,598,436. The decrease is attributed to increasing pension costs and an annual cost of living increase of 2% awarded to all employees.
- The 1968 Sales Tax Fund had a total fund balance of \$321,797 all of which was restricted for its specified purposes. Fund balance decreased \$4,183 as a result of a timing difference in the distribution of prior year sales tax collections.
- The 1985 Sales Tax Fund had a total fund balance of \$208,190 all of which was restricted for its specified purposes. Fund balance decreased \$31,653 as a result of a timing difference in the distribution of prior year sales tax collections.
- The 1990 Sales Tax Fund had a total fund balance of \$796,208 all of which was restricted for its specified purpose. Fund balance decreased \$4,183 as a result of a timing difference in the distribution of prior year sales tax collections.
- The 2016 Sales Tax Fund had a total fund balance of \$1,365,413 all of which was restricted for its specified purpose. Fund balance decreased \$1,695,141 as a result of budgeted transfers into the Moving Ruston Forward Capital Projects Fund.
- The I-20 Fund had a restricted fund balance of \$15,079,861. Total fund balance decreased \$5,489,968 as a result of spending towards I-20 Service Road construction projects.

### Proprietary funds

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

- The unrestricted net position of the Electric System at September 30, 2018, was \$3,095,003. Total net position for the Electric System increased \$360,131 as a result of increased customer volume.

- The unrestricted net position for the Water System at September 30, 2018, was \$4,270,693. Total net position for the Water System increased \$1,407,354 primarily as a result of a capital contribution from capital projects funds.
- The unrestricted net position for the Sewer System at September 30, 2018, was \$2,911,347. Total net position for the Sewer System decreased \$359,448 as a result of increased spending on repairs and maintenance.

### **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 11, 2017. During the year, the City Council revised the City's budget one time. The major difference between the original budget and the final budget was primarily adjustment related to overtime salary pay in public safety departments that historically have high turnover. Differences between the budget and the actual results of the General Fund are as follows:

#### Revenues

- Licenses and permits were expected to level off after several years of higher revenues. Actual revenues were less than budget by \$199,498 due to a weather related new construction stall.
- Fines and forfeitures were expected to level off in the second year of the Safe Driver Initiative program. Officers work this program on a voluntary basis, and participation has leveled off in the second year of operation. Actual revenues were less than the budget by \$150,297.
- Miscellaneous revenues were expected to be less than prior year revenues. Actual revenues were less than the budget by \$25,960 as a result of several one-time payments received in the prior year, and thus reflected in the original budget.

#### Expenditures

- Executive employee benefits were over budget by \$17,957 as a result of health plan cost increases not being known at the time of budget preparation.
- Information Technology employee benefits were over budget by \$10,024 as a result of health plan cost increases not being known at the time of budget preparation.
- Economic Development employee benefits were over budget by \$2,130 as a result of health plan cost increases not being known at the time of budget preparation.
- Civic Center overtime salaries were over budget by 4,712 as a result in an increase in facility rentals that drive the labor costs in that department.
- Fire department employee benefits were over budget by \$63,335 as a result of health plan cost increases not being known at the time of budget preparation.
- Fire department overtime salaries were over budget by \$9,877 as a result in high turnover in the department.

- Repair Shop employee benefits were over budget by \$21,085 as a result of health plan cost increases not being known at the time of budget preparation.
- Animal Control materials and supplies were over budget by \$2,546 due to an overall increase in volume during the year.

## Capital Assets and Long-Term Debt

**Capital assets.** The City of Ruston’s investment in capital assets as of September 30, 2018, amounts to \$209,937,849, 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	
	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>
Land and land improvements	\$16,273,570	\$17,469,168	\$1,572,586	1,572,586	\$17,846,156	\$19,041,754
Buildings	7,971,341	8,072,273	3,715,807	5,535,310	11,687,148	13,607,584
Improvements other than buildings	14,440,116	20,971,312	32,411,921	32,587,573	46,852,037	53,558,885
Equipment	3,196,078	2,892,268	23,089,906	21,966,606	26,285,984	24,858,874
Infrastructure	14,409,914	13,964,811	-	-	14,409,914	13,964,811
Construction in progress	<u>44,617,642</u>	<u>79,573,331</u>	<u>4,658,621</u>	<u>5,332,611</u>	<u>49,276,263</u>	<u>84,905,942</u>
Total	<u>\$100,908,661</u>	<u>\$142,943,163</u>	<u>\$65,448,641</u>	<u>\$66,994,686</u>	<u>\$166,357,502</u>	<u>\$209,937,849</u>

**Long-term debt.** At the end of the current fiscal year, the City of Ruston had total debt outstanding of \$79,971,460.

## Economic Factors and Next Year’s Budgets and Rates

When drafting the budgets for the fiscal year ended 2019, management considered the impact of the new Cooktown EDD sales tax effective April 1, 2019. Health insurance costs remain fairly similar to 2018, and no large pension contribution increases are expected. Many capital projects will be completed in 2019, requiring use of much of the City’s cash and investments to bring these assets into use. Property tax continues to increase despite the City not rolling forward its millage rates in 2018, due to new construction added to the tax roll each year during this period of extraordinary growth. The next property reassessment year will be 2020.

## Requests for Information

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

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# **BASIC FINANCIAL STATEMENTS**

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CITY OF RUSTON, LOUISIANA  
STATEMENT OF NET POSITION  
SEPTEMBER 30, 2018

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
<b>ASSETS</b>				
Cash and cash equivalents	\$ 10,983,107	\$ 6,990,860	\$ 17,973,968	\$ 1,821,010
Investments	38,222,932	1,280,792	39,503,724	-
Receivables, net	5,054,657	1,818,281	6,872,938	675
Unbilled revenue	71,988	1,915,686	1,987,674	-
Due from other governments	-	5,000	5,000	15,683
Internal balances	1,183,698	(1,183,698)	-	-
Inventories	83,478	1,498,825	1,582,303	-
Prepaid items	63,990	6,551	70,541	4,202
Bond issue costs, net	-	66,196	66,196	-
Capital assets:				-
Land and construction in progress	97,062,676	6,905,197	103,967,873	-
Other capital assets, net of depreciation	45,880,487	60,089,489	105,969,976	565,451
Total assets	<u>\$ 198,607,014</u>	<u>\$ 79,393,179</u>	<u>\$ 278,000,193</u>	<u>\$ 2,407,021</u>
Deferred outflow of resources	5,851,006	-	5,851,006	15,473
<b>LIABILITIES</b>				
Accounts payable	9,833,600	1,998,580	11,832,181	5,142
Accrued liabilities	1,093,220	-	1,093,220	2,243
Accrued interest payable	517,563	59,959	577,522	-
Claims	586,733	-	586,733	-
Deposits	78,840	1,205,204	1,284,044	-
Non-current liabilities:				-
Due within one year	3,483,643	1,245,886	4,729,529	-
Due in more than one year	65,274,219	9,967,712	75,241,931	-
Net pension liability	26,669,706	-	26,669,706	265,773
Post employment benefit obligation	15,999,823	-	15,999,823	-
Total liabilities	<u>\$ 123,537,348</u>	<u>\$ 14,477,341</u>	<u>\$ 138,014,689</u>	<u>\$ 273,158</u>
Deferred inflow of resources	1,568,959	-	1,568,959	3,057
<b>NET POSITION</b>				
Invested in capital assets, net of related debt	75,973,163	56,352,298	132,325,461	565,451
Restricted for:				
I-20 Fund	18,010,529	-	18,010,529	-
MRF Fund	20,627,889	-	20,627,889	-
Sales Tax Funds	2,691,609	-	2,691,609	-
Parks and Recreation Fund	671,755	-	671,755	-
Section 8 Voucher Housing Fund	821,369	-	821,369	-
Unrestricted	(39,444,601)	8,563,540	(30,881,061)	1,580,828
Total net position	<u>\$ 79,351,713</u>	<u>\$ 64,915,838</u>	<u>\$ 144,267,551</u>	<u>\$ 2,146,279</u>

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

CITY OF RUSTON, LOUISIANA  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED SEPTEMBER 30, 2018

Functions/Programs	Program Revenues			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>Primary Government:</b>				
Governmental Activities:				
General government	\$ 9,704,783	\$ 250,837	\$ 1,136,966	\$ 8,671,728
Public safety	9,186,572	553,998	1,843	-
Public works	1,245,313	1,594,274	-	594,267
Cultural and recreation	1,025,099	179,949	-	-
City Judge and Marshal	628,759	-	-	-
Interest on long-term debt	2,896,573	-	-	-
Total governmental activities	<u>24,687,100</u>	<u>2,579,058</u>	<u>1,138,809</u>	<u>9,265,995</u>
Business-type activities:				
Electric System	21,887,075	24,673,291	-	-
Telecommunications System	691,744	609,687	-	-
Water System	1,889,777	2,757,695	-	1,075,669
Sewer System	3,757,719	3,906,994	-	-
Ruston Airport Authority	232,059	19,380	-	279,076
Ambulance	705,336	961,422	-	-
Total business-type activities	<u>29,163,710</u>	<u>32,928,469</u>	<u>-</u>	<u>1,354,745</u>
Total primary government	<u>53,850,810</u>	<u>35,507,526</u>	<u>1,138,809</u>	<u>10,620,740</u>
<b>Component units:</b>				
City Judge	758,535	455,764	527,738	-
City Marshal	559,722	213,263	390,485	-
Total component units	<u>\$ 1,318,257</u>	<u>\$ 669,027</u>	<u>\$ 918,223</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 position
- Net position - beginning (restated)
- Net position - ending

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

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

Primary Government			Component Units
Governmental Activities	Business-type Activities	Total	
\$ 354,747	\$ -	\$ 354,747	-
(8,630,732)	-	(8,630,732)	-
943,228	-	943,228	-
(845,149)	-	(845,149)	-
(628,759)	-	(628,759)	-
(2,896,573)	-	(2,896,573)	-
<u>(11,703,238)</u>	<u>-</u>	<u>(11,703,238)</u>	<u>-</u>
-	2,786,216	2,786,216	-
-	(82,057)	(82,057)	-
-	1,943,587	1,943,587	-
-	149,275	149,275	-
-	66,397	66,397	-
-	256,086	256,086	-
<u>-</u>	<u>5,119,503</u>	<u>5,119,503</u>	<u>-</u>
<u>(11,703,238)</u>	<u>5,119,503</u>	<u>(6,583,735)</u>	<u>-</u>
-	-	-	224,967
-	-	-	44,026
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 268,993</u>

\$1,054,605	-	\$1,054,605	-
\$588,100	-	588,100	-
11,275,316	-	11,275,316	-
346,146	-	346,146	-
600,000	-	600,000	-
1,501,688	-	1,501,688	-
1,501,688	-	1,501,688	-
50,000	-	50,000	-
3,131,276	-	3,131,276	-
414,576	-	414,576	-
20,669	-	20,669	-
368,399	-	368,399	-
1,559,442	-	1,559,442	-
591,121	75,047	666,168	3,321
1,095,993	97,363	1,193,356	-
3,547,507	(3,547,507)	-	-
<u>27,646,526</u>	<u>(3,375,097)</u>	<u>\$24,271,429</u>	<u>3,321</u>
15,943,288	1,744,406	17,687,694	272,314
63,408,425	63,171,432	126,579,857	1,873,965
<u>\$79,351,713</u>	<u>\$64,915,838</u>	<u>144,267,551</u>	<u>\$ 2,146,279</u>

CITY OF RUSTON, LOUISIANA  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
SEPTEMBER 30, 2018

	<b>General</b>	<b>1968 Sales Tax</b>	<b>1985 Sales Tax</b>	<b>1990 Sales Tax</b>
<b>ASSETS</b>				
Cash and cash equivalents	\$3,314,075	\$40,849	-	-
Investments	3,289,125	-	-	-
Receivables, net	1,497,410	602,953	409,429	272,953
Unbilled revenues	71,988	-	-	-
Due from other funds	2,260,315	201,251	-	523,255
Due from other governments	-	-	-	-
Inventories, at cost	83,478	-	-	-
Prepaid items	10,043	-	-	-
Total assets	<u>10,526,434</u>	<u>845,052</u>	<u>409,429</u>	<u>796,208</u>
<b>LIABILITIES AND FUND BALANCES</b>				
Liabilities:				
Accounts payable	434,952	-	-	-
Accrued liabilities	76,311	-	-	-
Due to other funds	3,742,555	523,255	201,239	-
Deposits and deferred charges	78,840	-	-	-
Total liabilities	<u>4,332,658</u>	<u>523,255</u>	<u>201,239</u>	<u>-</u>
Fund Balances:				
Nonspendable:				
Inventories	83,478	-	-	-
Prepaid items	10,043	-	-	-
Spendable:				
Restricted	-	321,797	208,190	796,208
Assigned	1,581,974	-	-	-
Unassigned	4,518,281	-	-	-
Total fund balances	<u>6,193,776</u>	<u>321,797</u>	<u>208,190</u>	<u>796,208</u>
Total liabilities and fund balances	<u>\$10,526,434</u>	<u>\$845,052</u>	<u>\$409,429</u>	<u>\$796,208</u>

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

<b>2016 Sales Tax</b>	<b>I-20 TID Fund</b>	<b>Moving Ruston Forward Fund</b>	<b>Other Governmental Funds</b>	<b>Total Governmental Funds</b>
\$1,536,480	\$693,043	\$2,769,219	\$1,536,250	\$9,889,916
-	14,895,205	16,777,934	2,413,376	37,375,640
409,429	1,041,360	-	820,755	5,054,288
-	-	-	-	71,988
-	1,371,580	1,080,735	11,732	5,448,868
-	-	-	-	-
-	-	-	-	83,478
-	-	-	-	10,043
<u>1,945,909</u>	<u>18,001,188</u>	<u>20,627,889</u>	<u>4,782,113</u>	<u>57,934,222</u>
580,483	2,589,784	5,972,145	218,064	9,795,428
-	201,728	813,871	1,310	1,093,220
13	129,815	18,100	16,632	4,631,609
-	-	-	-	78,840
<u>580,496</u>	<u>2,921,327</u>	<u>6,804,116</u>	<u>236,006</u>	<u>15,599,097</u>
-	-	-	-	83,478
-	-	-	-	10,043
-	-	-	-	-
1,365,413	15,079,861	13,823,773	3,815,752	35,410,992
-	-	-	730,355	2,312,327
-	-	-	-	4,518,281
<u>1,365,413</u>	<u>15,079,861</u>	<u>13,823,773</u>	<u>4,546,107</u>	<u>42,335,122</u>
<u>\$1,945,909</u>	<u>18,001,188</u>	<u>\$20,627,889</u>	<u>4,782,113</u>	<u>\$57,934,219</u>

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CITY OF RUSTON, LOUISIANA  
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET  
TO THE STATEMENT OF NET POSITION  
FOR THE YEAR ENDED SEPTEMBER 30, 2018

Fund balances - total governmental funds		42,335,122
<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	178,801,689	
Less accumulated depreciation	<u>(35,878,703)</u>	142,922,986
<p>Unfunded post employment benefit obligations are not financial resources and therefore are not reported in the funds</p>		
		(15,999,823)
<p>Net pension liability</p>		
		(26,669,706)
Deferred outflows related to pensions	5,851,006	
Deferred inflows related to pensions	<u>(1,568,959)</u>	
Total deferred outflows/inflows related to pensions		4,282,047
<p>Other assets used in governmental activities that are not financial resources and therefore are not reported in the governmental funds.</p>		
<p>Long-term liabilities including bonds payable are not due and payable in the current period and therefore are not reported in the governmental funds.</p>		
Accrued interest payable	(517,563)	
Compensated absences	(1,775,553)	
Bonds, notes, and loans payable	<u>(66,970,000)</u>	(69,263,116)
<p>Internal service funds are used by management to charge the costs of certain activities to individual funds. The assets and liabilities of the internal service funds are reported with governmental activities.</p>		
		<u>\$1,744,203</u>
Net position of governmental activities		<u><u>79,351,713</u></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, 2018

	<u>General</u>	<u>1968 Sales Tax</u>	<u>1985 Sales Tax</u>	<u>1990 Sales Tax</u>
<b>REVENUES</b>				
Taxes:				
Property	\$1,054,605	-	-	-
Sales	-	\$3,054,967	\$4,582,451	\$3,054,967
Licenses and permits	1,019,502	-	-	-
Intergovernmental	2,301,585	-	-	-
Charges for services	1,695,255	-	-	-
Fines and forfeitures	558,803	-	-	-
Investment earnings	61,396	1,074	1,611	1,074
Miscellaneous	361,090	-	-	-
Grants	592,828	-	-	-
Total revenues	<u>\$7,645,064</u>	<u>3,056,041</u>	<u>4,584,062</u>	<u>3,056,041</u>
<b>EXPENDITURES</b>				
Current:				
General government	4,657,867	6,848	10,068	6,848
Public safety	9,393,677	-	-	-
Public works	8,191,716	-	-	-
Culture and recreation	-	-	-	-
City Court and Marshal	629,665	-	-	-
Debt service:				
Principal	-	-	-	-
Interest and other charges	-	-	-	-
Capital outlay	-	-	-	-
Total expenditures	<u>22,872,925</u>	<u>6,848</u>	<u>10,068</u>	<u>6,848</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(15,227,862)</u>	<u>3,049,193</u>	<u>4,573,994</u>	<u>3,049,193</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	13,714,426	-	-	-
Transfers out	(85,000)	(3,053,377)	(4,605,647)	(3,053,377)
Total other financing sources and (uses)	<u>13,629,426</u>	<u>(3,053,377)</u>	<u>(4,605,647)</u>	<u>(3,053,377)</u>
Net change in fund balances	(1,598,436)	(4,183)	(31,653)	(4,183)
Fund balances - beginning	7,792,212	325,980	239,843	800,391
Fund balances - ending	<u>\$6,193,776</u>	<u>\$321,797</u>	<u>\$208,190</u>	<u>\$796,208</u>

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

<b>2016 Sales Tax</b>	<b>I-20 Fund</b>	<b>Moving Ruston Forward Fund</b>	<b>Other Governmental Funds</b>	<b>Total Governmental Funds</b>
-	-	-	588,100	\$1,642,705
\$4,582,451	-	-	3,131,276	18,406,114
-	-	-	-	1,019,502
-	8,671,728	-	1,147,900	12,121,213
-	-	-	79,514	1,774,769
-	-	-	-	558,803
4,714	-	\$244,255	276,997	591,121
-	-	-	14,736	375,826
				592,828
<u>4,587,165</u>	<u>8,671,728</u>	<u>244,255</u>	<u>5,238,523</u>	<u>37,082,879</u>
10,259	3,500	-	1,504,711	6,200,104
-	-	-	-	9,393,677
-	-	-	-	8,191,716
-	-	-	1,006,096	1,006,096
-	-	-	-	629,665
1,365,000	-	-	1,740,000	3,105,000
1,907,047	-	32,826	956,700	2,896,573
-	14,158,196	24,632,624	185,831	38,976,651
<u>3,282,306</u>	<u>14,161,696</u>	<u>24,665,450</u>	<u>5,393,338</u>	<u>70,399,481</u>
<u>1,304,859</u>	<u>(5,489,968)</u>	<u>(24,421,195)</u>	<u>(154,814)</u>	<u>(33,316,602)</u>
-	-	3,000,000	430,481	17,144,907
(3,000,000)	-	-	-	(13,797,400)
<u>(3,000,000)</u>	<u>-</u>	<u>3,000,000</u>	<u>430,481</u>	<u>3,347,507</u>
(1,695,141)	(5,489,968)	(21,421,195)	275,667	(29,969,095)
3,060,554	20,569,829	35,244,968	4,270,440	72,304,217
<u>\$1,365,413</u>	<u>15,079,861</u>	<u>\$13,823,773</u>	<u>4,546,107</u>	<u>42,335,122</u>

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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, 2018

Net change in fund balances - total governmental funds		(29,969,095)
Amounts reported for governmental activities in the statement of activities are different because:		
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.		
Capital outlay	50,597,705	
Depreciation expense	<u>(1,715,757)</u>	48,881,948
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, write offs, and donations) is to decrease net position.		
		(6,847,446)
Post employment benefit obligation		
		1,279,882
Pension net change - GASB 68		
		(837,980)
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. The detail of these differences in the treatment of long-term debt and related items is as follows:		
Bond proceeds	-	
Bond Issuance Costs	-	
Principal payments	<u>3,105,000</u>	3,105,000
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.		
Decrease in compensated absences	177,526	
Increase in accrued interest	<u>-</u>	177,526
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.		
		<u>153,450</u>
Change in net position of governmental activities		
		<u><u>15,943,288</u></u>

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

CITY OF RUSTON, LOUISIANA  
STATEMENT OF NET POSITION  
PROPRIETARY FUNDS  
SEPTEMBER 30, 2018

	Business-type Activities Enterprise Funds						Governmental Activities Internal Service Funds	
	Major Funds			Nonmajor Funds				
	Electric System	Water System	Sewer System	Telecommunications	Airport Authority	Ambulance		Total
<b>ASSETS</b>								
Current assets:								
Cash and cash equivalents	\$ 4,399,990	\$ 600,572	\$ 249,802	\$ 33,335	\$ 171,448	\$ 1,059,716	\$ 6,514,863	\$ 1,093,191
Investments	782,526	255,618	-	-	-	-	1,038,145	847,292
Receivables, net	1,426,869	155,352	191,297	10,067	2,845	31,851	1,818,281	369
Unbilled revenue	1,553,929	159,587	202,170	-	-	-	1,915,686	-
Due from other funds	2,792,342	3,211,400	2,428,454	4,585	89,532	6,664	8,532,977	545,272
Due from other governments	-	-	-	-	-	5,000	5,000	-
Inventories	1,160,617	170,768	33,303	134,138	-	-	1,498,825	-
Prepaid items	2,987	-	2,919	-	-	645	6,551	53,947
Total current assets	<u>12,119,260</u>	<u>4,553,297</u>	<u>3,107,946</u>	<u>182,125</u>	<u>263,826</u>	<u>1,103,875</u>	<u>21,330,329</u>	<u>2,540,071</u>
Noncurrent assets:								
Restricted:								
Cash and cash equivalents	63,403	125,873	286,721	-	-	-	475,997	-
Investments	29,011	104,379	109,257	-	-	-	242,647	-
Capital assets:								
Land	627,501	75,070	218,801	-	651,214	-	1,572,586	-
Construction in progress	3,612,827	23,210	228,277	211,770	1,256,526	-	5,332,611	-
Buildings	7,317,632	139,934	151,353	-	1,094,626	-	8,703,545	13,080
Improvements other than buildings	-	-	-	-	8,866,382	-	8,866,382	-
Equipment	21,226,300	839,988	29,919,335	2,871,544	231,239	1,212,408	56,300,815	76,306
Distribution and collection systems	43,301,044	17,537,619	19,583,593	-	-	-	80,422,257	-
Less accumulated depreciation	<u>(48,774,748)</u>	<u>(11,340,803)</u>	<u>(26,180,492)</u>	<u>(383,335)</u>	<u>(6,400,246)</u>	<u>(1,123,885)</u>	<u>(94,203,509)</u>	<u>(69,209)</u>
Total capital assets (net of accumulated depreciation)	<u>27,310,556</u>	<u>7,275,019</u>	<u>23,920,867</u>	<u>2,699,979</u>	<u>5,699,741</u>	<u>88,523</u>	<u>66,994,686</u>	<u>20,177</u>
Deferred bond costs, at cost less amortization	-	24,914	41,282	-	-	-	66,196	-
Total noncurrent assets	<u>27,402,970</u>	<u>7,530,185</u>	<u>24,358,128</u>	<u>2,699,979</u>	<u>5,699,741</u>	<u>88,523</u>	<u>67,779,526</u>	<u>20,177</u>
Total assets	<u>39,522,230</u>	<u>12,083,482</u>	<u>27,466,074</u>	<u>\$2,882,104</u>	<u>\$5,963,566</u>	<u>\$1,192,398</u>	<u>\$89,109,855</u>	<u>\$2,560,248</u>

	Business-type Activities Enterprise Funds						Governmental Activities Internal Service Funds	
	Major Funds			Nonmajor Funds				
	Electric System	Water System	Sewer System	Telecommunications	Airport Authority	Ambulance		Total
<b>LIABILITIES</b>								
Current liabilities								
Accounts payable	1,759,239	\$71,217	\$38,131	\$18,348	\$98,654	\$12,992	\$1,998,580	\$38,174
Accrued liabilities	-	-	-	-	-	-	-	-
Due to other funds	5,749,539	444,740	474,576	2,926,460	3,629	115,619	9,714,563	178,834
Claims and judgments	-	-	-	-	-	-	-	586,733
Compensated absences	53,050	3,272	17,159	596	-	11,922	85,998	-
Total current liabilities	<u>7,561,828</u>	<u>519,229</u>	<u>529,866</u>	<u>2,945,403</u>	<u>102,283</u>	<u>140,533</u>	<u>11,799,142</u>	<u>803,741</u>
Current liabilities payable from restricted assets:								
Customer deposits	1,194,269	-	6,760	-	4,175	-	1,205,204	-
Bonds payable	-	-	1,050,000	-	-	-	1,050,000	-
DHH Revolving Loan fund	-	112,000	-	-	-	-	112,000	-
Due to LADOTD	-	-	-	-	-	-	-	-
Accrued interest	59,959	-	-	-	-	-	59,959	-
Total current liabilities payable from restricted assets	<u>1,254,228</u>	<u>112,000</u>	<u>1,056,760</u>	<u>-</u>	<u>4,175</u>	<u>-</u>	<u>2,427,163</u>	<u>-</u>
Noncurrent liabilities:								
Compensated absences	300,616	18,541	97,234	3,375	-	67,558	487,324	12,304
Bonds payable	-	-	8,130,000	-	-	-	8,130,000	-
DHH Revolving Loan fund	-	1,350,388	-	-	-	-	1,350,388	-
Due to LADOTD	-	-	-	-	-	-	-	-
Total noncurrent liabilities	<u>300,616</u>	<u>1,368,929</u>	<u>8,227,234</u>	<u>3,375</u>	<u>-</u>	<u>67,558</u>	<u>9,967,712</u>	<u>12,304</u>
Total liabilities	<u>9,116,671</u>	<u>2,000,158</u>	<u>9,813,860</u>	<u>2,948,778</u>	<u>106,458</u>	<u>208,091</u>	<u>24,194,016</u>	<u>816,045</u>
<b>NET POSITION</b>								
Net Investment in capital assets	27,310,556	5,812,631	14,740,867	2,699,979	5,699,741	88,523	56,352,298	20,177
Unrestricted (deficit)	3,095,003	4,270,693	2,911,347	(2,766,654)	157,368	895,784	8,563,540	1,724,026
Total net position (deficit)	<u>30,405,559</u>	<u>\$10,083,324</u>	<u>\$17,652,214</u>	<u>(\$66,675)</u>	<u>\$5,857,109</u>	<u>\$984,307</u>	<u>\$64,915,838</u>	<u>\$1,744,203</u>

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CITY OF RUSTON, LOUISIANA  
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2018

	Business-type Activities Enterprise Funds						Governmental Activities Internal Service Funds	
	Major Funds			Nonmajor Funds				
	Electric System	Water System	Sewer System	Telecommunications	Airport Authority	Ambulance		Total
<b>OPERATING REVENUES</b>								
Charges for services	\$24,673,291	\$2,757,695	\$3,906,994	\$609,687	\$19,380	\$961,422	\$32,928,469	\$4,965,925
Charges to other funds	-	-	-	-	-	-	-	228,577
Rent income	-	-	-	-	61,043	-	61,043	-
Miscellaneous	9,936	-	5,168	18,982	123	-	34,209	-
Total operating revenues	<u>24,683,227</u>	<u>2,757,695</u>	<u>3,912,162</u>	<u>628,669</u>	<u>80,546</u>	<u>961,422</u>	<u>33,023,720</u>	<u>5,194,503</u>
<b>OPERATING EXPENSES</b>								
Personnel services	2,794,795	571,679	941,767	139,673	-	383,683	4,831,597	160,803
Operating services	1,989,241	744,690	873,243	404,460	60,410	77,973	4,150,017	27,496
Materials and supplies	15,725,522	104,797	89,575	3,888	1,375	98,723	16,023,881	7,028
Travel and other	28,618	8,042	4,790	789	-	59,811	102,049	960
Depreciation	1,348,898	414,988	1,558,341	142,934	170,274	85,147	3,720,582	5,964
Claims	-	-	-	-	-	-	-	3,264,527
Insurance premiums	-	-	-	-	-	-	-	1,785,902
Total operating expenses	<u>21,887,075</u>	<u>1,844,197</u>	<u>3,467,716</u>	<u>691,744</u>	<u>232,059</u>	<u>705,336</u>	<u>28,828,126</u>	<u>5,252,679</u>
Operating income (loss)	<u>2,796,152</u>	<u>913,498</u>	<u>444,446</u>	<u>(63,075)</u>	<u>(151,512)</u>	<u>256,086</u>	<u>4,195,594</u>	<u>(58,177)</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>								
Investment earnings	60,546	7,114	3,224	64	2,651	1,449	75,047	11,627
Capital grants	-	-	-	-	279,076	-	279,076	-
Interest expense	-	(43,315)	(282,928)	-	-	-	(326,243)	-
Amortization	-	(2,265)	(7,076)	-	-	-	(9,341)	-
Total nonoperating revenues (expenses)	<u>60,546</u>	<u>(38,467)</u>	<u>(286,780)</u>	<u>64</u>	<u>281,727</u>	<u>1,449</u>	<u>18,539</u>	<u>11,627</u>
Income (loss) before contributions and transfers	2,856,698	875,032	157,666	(63,011)	130,214	257,535	4,214,133	(46,550)
Capital contributions	-	1,075,669	-	-	-	-	1,075,669	-
Transfers in	-	-	-	-	9,519	2,112	11,631	200,000
Transfers out	(2,496,567)	(543,346)	(517,114)	-	-	-	(3,557,027)	-
Change in net position	360,131	1,407,354	(359,448)	(63,011)	139,733	259,647	1,744,406	153,450
Total net position (deficit) - beginning	<u>30,045,428</u>	<u>8,675,970</u>	<u>18,011,662</u>	<u>(3,664)</u>	<u>5,717,376</u>	<u>724,660</u>	<u>63,171,432</u>	<u>1,590,753</u>
Total net position (deficit) - ending	<u>\$30,405,559</u>	<u>\$10,083,324</u>	<u>\$17,652,214</u>	<u>(\$66,675)</u>	<u>\$5,857,109</u>	<u>\$984,307</u>	<u>\$64,915,838</u>	<u>1,744,203</u>

CITY OF RUSTON, LOUISIANA  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2018

	Business-type Activities Enterprise Funds						Governmental Activities Internal Service Funds	
	Major Funds			Nonmajor Funds				
	Electric System	Water System	Sewer System	Telecom	Airport Authority	Ambulance		Total
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>								
Receipts from operations	\$23,975,361	\$2,663,793	\$2,021,378	\$542,894	\$78,303	\$982,170	\$30,263,899	\$4,290,925
Payments to suppliers	(15,845,509)	(2,345,093)	(487,453)	(269,159)	(12,341)	(145,532)	(19,105,087)	(386,998)
Payments to employees	(2,730,815)	(599,142)	(934,167)	(139,517)	-	(386,658)	(4,790,299)	(182,374)
Claim payments	-	-	-	-	-	-	-	(4,002,672)
Other receipts	9,936	-	5,168	-	-	-	15,104	-
Net cash provided by operating activities	5,408,973	(280,442)	604,926	134,218	65,962	449,980	6,383,617	(\$281,119)
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>								
Contributed Capital	-	1,075,667	-	-	-	-	1,075,667	-
Transfers in	-	-	-	-	9,519	-	9,519	200,000
Transfers out	(2,496,566)	(538,527)	(517,114)	-	-	-	(3,552,207)	-
Net cash provided by (used in) noncapital financing activities	(2,496,566)	537,140	(517,114)	-	9,519	-	(2,467,021)	200,000
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>								
Acquisition and construction of capital assets	(2,970,141)	(1,081,530)	(133,183)	(169,994)	(474,942)	-	(4,829,790)	-
Capital Grants	-	-	-	-	279,076	-	279,076	-
Principal paid on debt	-	(110,000)	(1,020,000)	-	-	-	(1,130,000)	-
Interest paid on debt	-	(45,580)	(282,928)	-	-	-	(328,508)	-
Net cash used in capital and related financing activities	(2,970,141)	(1,237,110)	(1,436,111)	(169,994)	(195,866)	-	(6,009,222)	-
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>								
Proceeds from sales and maturities of investments	-	-	-	-	-	-	-	-
Purchase of investments	-	-	-	-	-	-	-	-
Interest and dividends received	60,546	7,114	3,224	64	2,651	-	73,599	11,628
Net cash provided by (used in) investing activities	60,546	7,114	3,224	64	2,651	-	73,599	11,628
Net increase (decrease) in cash and cash equivalents	2,812	(973,298)	(1,345,075)	(35,712)	(117,734)	449,980	(2,019,027)	(69,491)
Cash and cash equivalents, beginning of year	4,397,178	1,573,870	1,594,877	69,047	289,182	609,736	8,533,890	1,162,682
Cash and cash equivalents, end of year	\$4,399,990	\$600,572	249,802	\$33,335	171,448	\$1,059,716	\$6,514,863	1,093,191

	Business-type Activities Enterprise Funds						Governmental Activities Internal Service Funds	
	Major Funds			Nonmajor Funds				
	Electric System	Water System	Sewer System	Telecom	Airport Authority	Ambulance		Total
Noncash item: Amortization	-	2,265	7,076	-	-	9,341	-	
<b>Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:</b>								
Operating income (loss)	<u>\$2,796,152</u>	<u>\$913,498</u>	<u>\$444,446</u>	<u>(\$63,075)</u>	<u>(\$151,513)</u>	<u>\$256,086</u>	<u>\$4,195,594</u>	<u>(\$58,177)</u>
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:								
Depreciation	1,348,898	414,988	1,588,341	142,934	170,274	85,147	3,750,582	5,964
(Increase) Decrease in assets:								
Receivables	(383,110)	(44,426)	23,270	(10,067)	(2,844)	23,986	(393,191)	369
Due from other funds	(378,648)	(47,476)	(1,928,451)	-	(28,238)	(2,500)	(2,385,313)	(3,220)
Inventories	(510,581)	32,459	(5,218)	(134,138)	-	-	(617,478)	-
Prepaid items	201	-	-	-	-	-	201	(168,440)
Increase (Decrease) in liabilities:								
Accounts payable	281,813	60,671	18,608	(45,542)	77,152	603	393,305	(175,362)
Accrued liabilities	-	(952)	-	-	-	-	(952)	-
Due to other funds	2,136,577	(1,582,693)	456,330	244,546	406	83,814	1,338,980	2,097
Customers' deposits	53,892	-	-	-	725	-	54,617	-
Claims and judgments	-	-	-	-	-	-	-	122,698
Compensated absences	63,779	(26,511)	7,600	(440)	-	2,844	47,272	(7,048)
Total adjustments	<u>2,612,821</u>	<u>(1,193,940)</u>	<u>160,480</u>	<u>197,293</u>	<u>217,475</u>	<u>193,894</u>	<u>2,188,023</u>	<u>(222,942)</u>
Net cash provided by operating activities	<u><u>\$5,408,973</u></u>	<u><u>(\$280,442)</u></u>	<u><u>\$604,926</u></u>	<u><u>\$134,218</u></u>	<u><u>\$65,962</u></u>	<u><u>\$449,980</u></u>	<u><u>\$6,383,617</u></u>	<u><u>(\$281,119)</u></u>

CITY OF RUSTON, LOUISIANA  
STATEMENT OF NET POSITION  
COMPONENT UNITS  
SEPTEMBER 30, 2018

	<b>Ruston City Judge's Office</b>	<b>Ruston City Marshal's Office</b>	<b>Total</b>
<b>ASSETS</b>			
Cash and cash equivalents	\$1,541,511	\$279,499	\$1,821,010
Investments	-	-	-
Receivables		675	675
Prepaid items	3,560	642	4,202
Due from governmental units	15,683	-	15,683
Capital assets, net of depreciation	478,388	87,063	565,451
Total assets	<u>2,039,142</u>	<u>\$367,879</u>	<u>2,407,021</u>
 Deferred outflow of resources	 15,473	 -	 15,473
<b>LIABILITIES</b>			
Accounts payable	4,639	503	5,142
Accrued liabilities	2,243	-	2,243
Due to governmental units	-	-	-
Non-current liabilities:	-	-	-
Due within one year	-	-	-
Due in more than one year	-	-	-
Net pension liability	265,773	-	265,773
Total liabilities	<u>272,655</u>	<u>503</u>	<u>273,158</u>
 Deferred inflow of resources	 3,057	 -	 3,057
<b>NET POSITION</b>			
Net investment in capital assets	478,388	87,063	565,451
Unrestricted	1,300,515	280,313	1,580,828
Total net position	<u>\$1,778,903</u>	<u>\$367,376</u>	<u>\$2,146,279</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, 2018

	<u>Program Revenues</u>			<u>Net (Expenses) Revenues and Changes in Net Position</u>		
	<u>Expenses</u>	<u>Charges for Services</u>	<u>On-Behalf Revenues</u>	<u>Ruston City Judge's Office</u>	<u>Ruston City Marshal's Office</u>	<u>Total</u>
City Judge: Judicial	\$758,535	\$455,764	\$527,738	\$224,967	-	\$224,967
City Marshal: Judicial	559,722	213,263	\$390,485	-	\$44,026	44,026
	<u>\$1,318,257</u>	<u>\$669,027</u>	<u>\$918,223</u>	224,967	44,026	268,993
General Revenues:						
Interest earnings				3,094	227	3,321
Miscellaneous				-	-	-
Total general revenues				<u>3,094</u>	<u>227</u>	<u>3,321</u>
Change in net position				228,061	44,253	272,314
Net position - beginning				1,550,842	323,123	1,873,965
Net position - ending				<u>\$1,778,903</u>	<u>\$367,376</u>	<u>\$2,146,279</u>

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

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CITY OF RUSTON, LOUISIANA  
Notes to Financial Statements  
For the Year Ended September 30, 2018

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

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

DISCRETELY PRESENTED COMPONENT UNITS

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

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, 2018.

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 Parish. The financial statements of the City Marshal included in the accompanying financial statements are as of and for the fiscal year ended September 30, 2018.

CITY OF RUSTON, LOUISIANA  
Notes to Financial Statements  
For the Year Ended September 30, 2018

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

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:

CITY OF RUSTON, LOUISIANA  
Notes to Financial Statements  
For the Year Ended September 30, 2018

a. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

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

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

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

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

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

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

CITY OF RUSTON, LOUISIANA  
Notes to Financial Statements  
For the Year Ended September 30, 2018

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

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

**Governmental Funds**

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

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

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

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

CITY OF RUSTON, LOUISIANA  
Notes to Financial Statements  
For the Year Ended September 30, 2018

*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.

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

*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.

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

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.)

**Proprietary Funds**

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

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

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

The City reports the following major enterprise funds:

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

CITY OF RUSTON, LOUISIANA  
Notes to Financial Statements  
For the Year Ended September 30, 2018

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

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

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.

CITY OF RUSTON, LOUISIANA  
Notes to Financial Statements  
For the Year Ended September 30, 2018

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.

Capital assets are not reported in the governmental FFS.

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

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

d. LONG-TERM LIABILITIES

In the GWFS, and proprietary funds in the FFS, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities or proprietary funds statement of net position. Bond premiums and discounts, 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, 2018, 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, 2018

g. INVENTORIES

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

h. REFUNDABLE DEPOSITS

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

i. VACATION AND SICK LEAVE

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

j. PENSION PLANS

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

k. RESTRICTED ASSETS

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

l. FUND EQUITY

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

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

CITY OF RUSTON, LOUISIANA  
Notes to Financial Statements  
For the Year Ended September 30, 2018

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

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

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

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

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

m. INTERFUND RECEIVABLES AND PAYABLES

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

n. PROPERTY TAXES

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

o. GRANTS FROM OTHER GOVERNMENTAL AGENCIES

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

CITY OF RUSTON, LOUISIANA  
Notes to Financial Statements  
For the Year Ended September 30, 2018

p. CASH AND CASH EQUIVALENTS

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

q. SELF-INSURANCE CLAIMS

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

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

r. ESTIMATES

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

2. CASH AND INVESTMENTS

At September 30, 2018, the City has cash and cash equivalents (book balances net of overdrafts) totaling \$17,973,969.

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

These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable by both parties. Cash and cash equivalents (bank balances) at September 30, 2018, are secured as follows:

Bank Balances	<u>\$22,713,800</u>
Federal Deposit Insurance	\$ 2,000,000
Pledged Securities (Uncollateralized)	<u>32,837,802</u>
Total	<u>\$34,737,802</u>
Governmental Funds Cash and Equivalents	\$ 9,889,917
Enterprise Funds Cash and Equivalents	6,990,861
Internal Service Funds Cash and Equivalents	<u>1,093,191</u>
Total Book Balances	<u>\$17,973,969</u>

CITY OF RUSTON, LOUISIANA  
Notes to Financial Statements  
For the Year Ended September 30, 2018

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, 2018. 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.

	<b>CATEGORY</b>			<u>Carrying Amount &amp; Fair Value</u>
	<u>1</u>	<u>2</u>	<u>3</u>	
U.S. government and U.S. government agency securities	\$37,165,503	\$ -	\$ -	\$37,165,503
Louisiana Asset Management Pool				<u>2,388,221</u>
Total Investments				39,503,724
Total Deposits				<u>17,973,969</u>
Total cash, cash equivalents, & investments, including restricted cash and investments				<u>\$ 57,477,693</u>

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

Discretely Presented Component Units – Deposits

All deposits of the component units are held by area financial institutions. At the respective year ends, all deposits are insured or collateralized with securities held in the component unit's name by its agent (the trust department of a bank other than the pledging bank.) The cash and equivalent securities have a fair value of \$3,328,082 at September 30, 2018.

CITY OF RUSTON, LOUISIANA  
Notes to Financial Statements  
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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 \$207,257,414 and \$200,836,537 in 2018 and 2017, respectively. The distribution of the City's levy (tax rate per \$1,000 assessed value) was, as follows, for 2018 and 2017:

	. . . . . Levy . . . . .	
	<u>2018</u>	<u>2017</u>
General Fund	5.24	5.24
Recreation Tax	<u>2.92</u>	<u>2.92</u>
Total	<u>8.16</u>	<u>8.16</u>

4. RECEIVABLES

Receivables as of September 30, 2018, for the City's individual major funds and nonmajor and internal service funds, including allowances for uncollectible accounts, are outlined below:

	<u>Customers</u>	<u>Taxes</u>	<u>Other</u>	<u>Allowance for Uncollectible Accounts</u>	<u>Net Receivable</u>
<b>Governmental activities:</b>					
General	\$ 249,402	\$ -	\$1,712,205	\$ (463,828)	\$1,497,779
1968 Sales Tax	-	602,953	-	-	602,953
1985 Sales Tax	-	409,429	-	-	409,429
1990 Sales Tax	-	272,953	-	-	272,953
2016 Sales Tax	-	409,429	-	-	409,429
I-20 TID Fund	-	-	1,041,360	-	1,041,360
Nonmajor governmental funds	<u>-</u>	<u>799,699</u>	<u>21,056</u>	<u>-</u>	<u>820,755</u>
Total governmental activities	<u>\$ 249,402</u>	<u>\$2,494,463</u>	<u>\$2,774,621</u>	<u>\$ (463,828)</u>	<u>\$5,054,658</u>
<b>Business-type activities:</b>					
Electric System	\$3,350,774	-	-	\$(1,923,905)	\$ 1,426,869
Water System	457,650	-	-	(302,298)	155,352
Sewer System	746,215	-	-	(554,918)	191,297
Nonmajor business-type	<u>99,474</u>	<u>-</u>	<u>-</u>	<u>(54,711)</u>	<u>44,762</u>
Total business-type activities	<u>\$4,654,113</u>	<u>-</u>	<u>-</u>	<u>\$(2,835,832)</u>	<u>\$1,818,281</u>

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5. CAPITAL ASSETS

A summary of changes in capital assets is as follows:

	Balance September 30, <u>2017</u>	<u>Additions</u>	<u>Retirements</u>	Balance September 30, <u>2018</u>
<b>Governmental activities</b>				
Capital assets, not being depreciated:				
Land	\$16,273,570	\$1,313,409	\$ (117,811)	\$17,469,168
Construction in progress	<u>44,617,642</u>	<u>41,659,953</u>	<u>(6,704,264)</u>	<u>79,573,331</u>
Total capital assets, not being depreciated	<u>60,891,212</u>	<u>42,973,362</u>	<u>(6,822,075)</u>	<u>97,042,499</u>
Capital assets, being depreciated:				
Buildings	12,315,363	319,015	-	12,634,378
Improvements other than buildings	20,612,364	6,841,062	-	27,453,426
Equipment	17,990,088	464,266	(38,752)	18,415,602
Infrastructure	<u>23,275,962</u>	<u>-</u>	<u>-</u>	<u>23,275,962</u>
Total capital assets being depreciated	<u>74,193,777</u>	<u>7,624,343</u>	<u>(38,752)</u>	<u>81,779,368</u>
Less accumulated depreciation for:				
Buildings	(4,344,022)	(218,083)	-	(4,562,105)
Improvements other than buildings	(6,172,248)	(309,866)	-	(6,482,114)
Equipment	(14,794,010)	(742,705)	13,381	(15,523,334)
Infrastructure	<u>(8,866,048)</u>	<u>(445,103)</u>	<u>-</u>	<u>(9,311,151)</u>
Total accumulated depreciation	<u>(34,176,328)</u>	<u>(1,715,757)</u>	<u>13,381</u>	<u>(35,878,704)</u>
Total capital assets, being depreciated, net	<u>40,017,449</u>	<u>5,908,586</u>	<u>(25,371)</u>	<u>45,900,664</u>
Governmental activities capital assets, net	<u>\$100,908,661</u>	<u>\$48,881,948</u>	<u>\$(6,847,446)</u>	<u>\$142,943,163</u>

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

Construction in progress for governmental activities consisted of \$23,774,469 for I-20 Infrastructure projects; \$27,620,289 for the Sports Complex; \$12,809,170 for streets and bridge projects; \$1,053,388 for sewer rehabilitation projects; \$6,772,380 for water system improvements; \$4,377,855 for Kentucky Avenue 3 lane project; \$1,081,553 for the Rock Island Greenway project; \$702,854 for the Tech research park/Homer St. streets project; \$505,539 for the Shared Use Path project; \$149,397 for the animal control facility; \$554,121 for Fire Station 2 and other public safety projects; \$172,315 for RPAR basketball court renovations.

CITY OF RUSTON, LOUISIANA  
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	Balance September 30, <u>2017</u>	<u>Additions</u>	<u>Retirements</u>	Balance September 30, <u>2018</u>
<b>Business-type activities:</b>				
<b>Electric System</b>				
Capital assets, not being depreciated:				
Land	\$627,501	-	-	\$627,501
Construction in progress	<u>3,345,719</u>	<u>1,112,494</u>	<u>(845,386)</u>	<u>3,612,827</u>
Total capital assets, not being depreciated	<u>3,973,220</u>	<u>1,112,494</u>	<u>(845,386)</u>	<u>4,240,328</u>
Capital assets, being depreciated:				
Buildings	5,334,566	1,983,066	-	7,317,632
System Improvements	42,374,577	926,468	-	43,301,045
Equipment	<u>21,226,300</u>	<u>-</u>	<u>-</u>	<u>21,226,300</u>
Total capital assets being depreciated	<u>68,935,443</u>	<u>2,909,534</u>	<u>-</u>	<u>74,844,977</u>
Less accumulated depreciation for:				
Buildings	(2,522,165)	(137,389)	-	(2,659,554)
System Improvements	(24,295,656)	(812,982)	-	(25,108,638)
Equipment	<u>(20,608,029)</u>	<u>(398,526)</u>	<u>-</u>	<u>(21,006,555)</u>
Total accumulated depreciation	<u>(47,425,850)</u>	<u>(1,348,897)</u>	<u>-</u>	<u>(48,774,747)</u>
Total capital assets, being depreciated, net	<u>21,509,593</u>	<u>1,560,637</u>	<u>-</u>	<u>23,070,230</u>
Electric System capital assets, net	<u>\$25,482,813</u>	<u>\$2,673,131</u>	<u>(845,386)</u>	<u>\$27,310,558</u>

Construction in progress for the electric system consisted of \$2,950,294 for the Tennessee Avenue Substation project, and \$662,533 for Streetscape Phase VI Improvements.

	Balance September 30, <u>2017</u>	<u>Additions</u>	<u>Retirements</u>	Balance September 30, <u>2018</u>
<b>Telecommunications System</b>				
Capital assets, not being depreciated:				
Construction in progress	<u>\$ 98,088</u>	<u>\$ 113,682</u>	<u>\$ -</u>	<u>\$ 211,770</u>
Capital assets, being depreciated:				
Equipment	<u>2,603,462</u>	<u>268,081</u>	<u>-</u>	<u>2,871,543</u>
Total capital assets being depreciated	<u>2,603,462</u>	<u>268,081</u>	<u>-</u>	<u>2,871,543</u>
Less accumulated depreciation for:				
Equipment	<u>(240,401)</u>	<u>(142,934)</u>	<u>-</u>	<u>(383,335)</u>
Total accumulated depreciation	<u>(240,401)</u>	<u>(142,934)</u>	<u>-</u>	<u>(383,335)</u>
Total capital assets, being depreciated, net	<u>2,363,061</u>	<u>125,147</u>	<u>-</u>	<u>2,488,208</u>
Telecommunications System capital assets, net	<u>\$2,461,149</u>	<u>\$ 238,829</u>	<u>\$ -</u>	<u>\$2,699,978</u>

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

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	Balance September 30, <u>2017</u>	<u>Additions</u>	<u>Retirements</u>	Balance September 30, <u>2018</u>
<b>Water System</b>				
Capital assets, not being depreciated:				
Land	\$ 75,070	-	-	\$ 75,070
Construction in progress	<u>53,184</u>	<u>-</u>	<u>(29,974)</u>	<u>23,210</u>
Total capital assets, not being depreciated	<u>128,254</u>	<u>-</u>	<u>(29,974)</u>	<u>98,280</u>
Capital assets, being depreciated:				
Buildings	139,934	-	-	139,934
System Improvements	16,413,403	1,124,216	-	17,537,619
Equipment	<u>834,127</u>	<u>5,861</u>	<u>-</u>	<u>839,988</u>
Total capital assets being depreciated	<u>17,387,464</u>	<u>1,130,077</u>	<u>-</u>	<u>18,517,541</u>
Less accumulated depreciation for:				
Buildings	(138,251)	(3,136)	-	(141,387)
System Improvements	(9,898,296)	(393,028)	-	(10,291,324)
Equipment	<u>(889,268)</u>	<u>(18,825)</u>	<u>-</u>	<u>(908,093)</u>
Total accumulated depreciation	<u>(10,925,815)</u>	<u>(414,989)</u>	<u>-</u>	<u>(11,340,804)</u>
Total capital assets, being depreciated, net	<u>6,461,649</u>	<u>715,088</u>	<u>-</u>	<u>7,176,737</u>
Water System capital assets, net	<u>\$6,589,903</u>	<u>\$ 715,088</u>	<u>\$ (29,974)</u>	<u>\$7,275,017</u>

Construction in progress for the water system consisted of \$23,210 for the Master Plan for development of water distribution system.

	Balance September 30, <u>2017</u>	<u>Additions</u>	<u>Retirements</u>	Balance September 30, <u>2018</u>
<b>Sewer System</b>				
Capital assets, not being depreciated:				
Land	\$ 218,801	\$ -	\$ -	\$ 218,801
Construction in progress	<u>200,826</u>	<u>27,451</u>	<u>-</u>	<u>228,277</u>
Total capital assets, not being depreciated	<u>419,627</u>	<u>27,451</u>	<u>-</u>	<u>447,078</u>
Capital assets, being depreciated:				
Buildings	151,353	-	-	151,353
System Improvements	19,583,993	-	-	19,583,993
Equipment	<u>29,813,612</u>	<u>105,723</u>	<u>-</u>	<u>29,919,335</u>
Total capital assets being depreciated	<u>49,548,958</u>	<u>105,723</u>	<u>-</u>	<u>49,654,681</u>
Less accumulated depreciation for:				
Buildings	(89,284)	(4,750)	-	(94,034)
System Improvements	(14,830,040)	(614,608)	-	(15,445,648)
Equipment	<u>(9,702,227)</u>	<u>(938,983)</u>	<u>-</u>	<u>(10,641,210)</u>
Total accumulated depreciation	<u>(24,622,551)</u>	<u>(1,558,341)</u>	<u>-</u>	<u>(26,180,892)</u>
Total capital assets, being depreciated, net	<u>24,926,407</u>	<u>(1,452,618)</u>	<u>-</u>	<u>23,473,789</u>
Sewer System capital assets, net	<u>\$25,346,034</u>	<u>\$(1,425,167)</u>	<u>-</u>	<u>\$23,920,867</u>

Construction in progress consisted of \$228,277 for the LCDBG Sewer and North Main Improvement projects.

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	Balance September 30, <u>2017</u>	<u>Additions</u>	<u>Retirements</u>	Balance September 30, <u>2018</u>
<b>Airport Authority</b>				
Capital assets, not being depreciated:				
Land	\$ 651,214	\$ -	\$ -	\$ 651,214
Construction in progress	<u>960,604</u>	<u>295,922</u>	<u>-</u>	<u>1,256,526</u>
Total capital assets, not being depreciated	<u>1,611,818</u>	<u>295,922</u>	<u>-</u>	<u>1,907,740</u>
Capital assets, being depreciated:				
Buildings	1,094,626	-	-	1,094,626
Runways, aprons, and taxiways	8,687,361	179,020	-	8,866,381
Equipment	<u>231,239</u>	<u>-</u>	<u>-</u>	<u>231,239</u>
Total capital assets being depreciated	<u>10,013,226</u>	<u>179,020</u>	<u>-</u>	<u>10,192,246</u>
Less accumulated depreciation for:				
Buildings	(275,097)	(18,287)	-	(293,384)
Runways, aprons, and taxiways	(5,650,756)	(148,124)	-	(5,798,880)
Equipment	<u>(304,119)</u>	<u>(3,863)</u>	<u>-</u>	<u>(307,982)</u>
Total accumulated depreciation	<u>(6,229,972)</u>	<u>(170,274)</u>	<u>-</u>	<u>(6,400,246)</u>
Total capital assets, being depreciated, net	<u>3,783,254</u>	<u>8,746</u>	<u>-</u>	<u>3,792,000</u>
Airport Authority capital assets, net	<u>\$5,395,072</u>	<u>\$ 304,668</u>	<u>-</u>	<u>\$ 5,699,740</u>

Construction in progress consisted of \$1,093,286 for the Runway and Taxi extension project and \$162,700 for the Airport Master Plan project.

	Balance September 30, <u>2017</u>	<u>Additions</u>	<u>Retirements</u>	Balance September 30, <u>2018</u>
<b>Ambulance Fund</b>				
Capital assets, being depreciated:				
Equipment	\$1,212,408	\$ -	\$ -	\$1,212,408
Less accumulated depreciation for equipment	<u>(1,038,739)</u>	<u>(85,147)</u>	<u>-</u>	<u>(1,123,886)</u>
Total capital assets, being depreciated, net	<u>\$173,669</u>	<u>\$ (85,147)</u>	<u>-</u>	<u>\$ 88,522</u>

CITY OF RUSTON, LOUISIANA  
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	Balance September 30, <u>2017</u>	<u>Additions</u>	<u>Retirements</u>	Balance September 30, <u>2018</u>
<b>Business-type activities capital assets</b>				
Capital assets, not being depreciated:				
Land	\$1,572,586	\$ -	\$ -	\$1,572,586
Construction in progress	<u>4,658,421</u>	<u>3,114,950</u>	<u>(2,440,760)</u>	<u>5,332,611</u>
Total capital assets, not being depreciated	<u>6,231,007</u>	<u>3,114,950</u>	<u>(2,440,760)</u>	<u>6,905,197</u>
Capital assets, being depreciated:				
Buildings	6,720,479	1,983,066	-	8,703,545
System Improvements	78,371,573	2,050,684	-	80,422,257
Runways, aprons, and taxiways	8,687,361	179,020	-	8,866,381
Equipment	<u>55,883,849</u>	<u>379,665</u>	-	<u>56,263,514</u>
Total capital assets being depreciated	<u>149,663,262</u>	<u>4,592,435</u>	-	<u>154,255,697</u>
Less accumulated depreciation for:				
Buildings	(3,004,672)	(163,563)	-	(3,168,235)
System Improvements	(49,024,592)	(1,820,618)	-	(50,845,210)
Runways, aprons, and taxiways	(5,622,421)	(148,124)	-	(5,770,545)
Equipment	<u>(32,793,941)</u>	<u>(1,588,277)</u>	-	<u>(34,382,218)</u>
Total accumulated depreciation	<u>(90,445,626)</u>	<u>(3,720,582)</u>	-	<u>(94,166,208)</u>
Total capital assets, being depreciated, net	<u>59,217,636</u>	<u>871,853</u>	-	<u>60,089,489</u>
Business-type activities capital assets, net	<u>\$65,448,643</u>	<u>\$ 3,986,803</u>	<u>\$ (2,440,760)</u>	<u>\$66,994,686</u>

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

**Governmental activities:**

General government	\$201,572
Public safety	312,569
Public works, including depreciation of general infrastructure assets	1,102,834
Recreation	<u>98,782</u>
Total depreciation expense-governmental activities	<u>\$1,715,757</u>

**Business-type activities:**

Electric System	\$1,348,898
Telecommunications System	142,934
Water System	414,988
Sewer System	1,558,341
Airport Authority	170,274
Ambulance	<u>85,147</u>
Total depreciation expense-business-type activities	<u>\$3,720,582</u>

CITY OF RUSTON, LOUISIANA  
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6. SALES TAX

The 1968 Sales Tax, 1985 Sales Tax, and 1990 Sales Tax, and 2016 Sales Tax Funds account for the collection of a one-half cent, three-quarter cent, and one-half cent, and three-quarter 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.

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

7. LONG-TERM LIABILITIES

Long-term liability activity for the year ended September 30, 2018, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
<b>Governmental activities:</b>					
Revenue bonds payable	\$70,075,000	\$ -	\$(3,105,000)	\$66,970,000	\$3,190,000
Compensated absences	<u>1,946,294</u>	<u>-</u>	<u>(158,432)</u>	<u>1,787,862</u>	<u>293,643</u>
Governmental activities long-term liabilities	<u>\$72,021,294</u>	<u>\$ -</u>	<u>\$(3,263,432)</u>	<u>\$68,757,862</u>	<u>\$3,483,643</u>
<b>Business-type activities:</b>					
<b>Electric System:</b>					
Compensated absences	<u>\$ 289,886</u>	<u>\$ 63,779</u>	<u>\$ -</u>	<u>\$ 353,665</u>	<u>\$ 53,050</u>
<b>Telecommunications System:</b>					
Compensated absences	<u>\$ 3,815</u>	<u>\$ 156</u>	<u>\$ -</u>	<u>\$ 3,971</u>	<u>\$ 596</u>

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	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
<b>Water System:</b>					
DHH Revolving Loan fund	\$1,572,388	\$ -	\$(110,000)	\$1,462,388	\$112,000
Compensated absences	<u>48,324</u>	<u>-</u>	<u>(26,511)</u>	<u>21,813</u>	<u>3,272</u>
Water System long-term liabilities	<u>\$1,620,712</u>	<u>\$ -</u>	<u>(136,511)</u>	<u>\$1,484,201</u>	<u>\$115,272</u>
<b>Sewer System:</b>					
Refunding sewer bonds	\$10,200,000	-	\$(1,020,000)	\$9,180,000	\$1,050,000
Compensated absences	<u>106,793</u>	<u>7,600</u>	<u>-</u>	<u>114,393</u>	<u>17,159</u>
Sewer System long-term liabilities	<u>\$10,306,793</u>	<u>\$ 7,600</u>	<u>\$(1,020,000)</u>	<u>\$9,294,393</u>	<u>\$1,067,159</u>
<b>Ambulance Fund:</b>					
Compensated absences	<u>\$ 76,636</u>	<u>\$ 2,844</u>	<u>\$ -</u>	<u>\$ 79,480</u>	<u>\$ 11,922</u>
<b>Business-type activities long-term liabilities:</b>					
DHH Revolving Loan fund	\$ 1,572,388	-	(110,000)	\$1,462,388	\$112,000
Refunding sewer bonds	10,200,000	-	(1,020,000)	9,180,000	1,050,000
Compensated absences	<u>525,454</u>	<u>\$ 74,379</u>	<u>(26,511)</u>	<u>573,322</u>	<u>85,998</u>
Business-type activities long-term liabilities	<u>\$12,297,842</u>	<u>\$ 74,379</u>	<u>(1,156,511)</u>	<u>\$11,215,710</u>	<u>\$1,247,990</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, 2018, were comprised of the following issues:

**Governmental Activities:**

**Tax Increment Revenue Bonds**

\$34,000,000 – 2017 Sales Tax Increment Revenue Bonds dated April 20, 2017, interest at 3.0% payable in annual installments of \$1,740,000 to \$2,270,000 through September 1, 2033.

**Outstanding at  
September 30, 2018**

\$ 30,150,000

Total Tax Increment Revenue Bonds

\$ 30,150,000

**Sales & Use Tax Revenue Bonds**

\$38,995,000 – 2016 Sales & Use Tax Revenue Bonds dated September 13, 2016, interest at 2.00% - 5.00% payable in annual installments of \$810,000 to \$2,985,000 through June 1, 2036.

\$36,820,000

Total Sales & Use Tax Revenue Bonds

\$36,820,000

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**Business-type Activities:**

**DHH Revolving Loan**

\$2,334,000 2009 Water Revenue Bonds dated October 29, 2009, due in annual installments of \$107,000 to \$145,000 through October 1, 2030, interest at 3.45%.

\$1,462,388

Total DHH Revolving Loan

\$1,462,388

**Refunding Bonds**

\$14,870,000 2012 Refunding Sewer Bonds dated July 24, 2012, due in annual installments of \$1,000,000 to \$1,250,000 through October 1, 2026, interest at 2.75%.

\$9,180,000

Total Refunding Bonds

\$9,180,000

The annual requirements to amortize all debt outstanding as of September 30, 2018, including interest requirements were as follows:

Year ending September 30:	<u>Governmental</u> <u>Activities</u>		<u>Business-Type</u> <u>Activities</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	
2019	3,190,000	2,645,950	1,162,000	258,856	7,256,806
2020	3,265,000	2,618,050	1,189,000	233,131	7,305,181
2021	3,365,000	2,466,250	1,222,000	205,396	7,258,646
2022	3,470,000	2,365,300	1,249,000	176,004	7,260,304
2023	3,605,000	2,231,000	1,283,000	144,476	7,263,476
2024-2028	19,725,000	8,939,650	4,332,000	225,907	33,222,557
2029-2033	21,810,000	5,066,125	205,388	-	27,081,513
2034-2036	<u>8,540,000</u>	<u>867,750</u>	<u>-</u>	<u>-</u>	<u>9,407,750</u>
	<u>\$66,970,000</u>	<u>\$27,200,075</u>	<u>\$10,642,388</u>	<u>\$1,243,770</u>	<u>\$106,056,233</u>

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

The amount of long-term debt that can be incurred by the City is limited by state statute. State law allows a maximum of 10% of the assessed valuation of bonded debt for any one purpose or 35% of the total assessed value for general purposes. The City assessed property value at December 31, 2018, was \$207,257,414. The maximum debt allowable for any one purpose and total general obligation debt allowable by state law as of December 31, 2018, is \$20,725,741 and \$72,540,095, respectively. The City currently has no general bonded debt outstanding.

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For the Year Ended September 30, 2018

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 (800) 820-1137.

Funding Policy - State statute requires covered employees to contribute 9.50% of their annual compensation. As provided by Louisiana Revised Statute 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. The current actuarially determined rate is 26.00% of annual compensation. The City's contributions to the System for the years ended September 30, 2018, 2017, and 2016 were \$1,633,860, \$1,464,167, and \$1,201,264, respectively, equal to the required contributions for each year.

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

At September 30, 2018, the City reported a liability of \$14,836,848 for its proportionate share of the net pension liability for the MERS plan. The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

The City's proportion of the net pension liability was based on a projection of the City's long-term share of contributions to the MERS pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2018, the City's proportion was 3.5832%, which was an increase of 0.1546% from its proportion measured as of June 30, 2017.

For the year ended September 30, 2018, the City recognized net pension expense of \$2,320,732 plus employer's amortization of change in proportionate share and differences between employer contributions and proportionate share of contributions, \$257,909.

At September 30, 2018, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

CITY OF RUSTON, LOUISIANA  
Notes to Financial Statements  
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	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 527,515
Changes of assumptions	446,635	-
Net difference between projected and actual earnings on pension plan investments	2,273,652	-
Changes in proportion and differences between Employer contributions and proportionate share of contributions	374,929	-
Employer contributions subsequent to the measurement date	<u>436,454</u>	<u>-</u>
Total	<u>\$ 3,531,670</u>	<u>\$ 527,515</u>

The City reported a total of \$436,454 as deferred outflow of resources related to pension contributions made subsequent to the measurement period of June 30, 2018, which will be recognized as a reduction in net pension liability in the year ended September 30, 2019.

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

<u>Year</u>	<u>MERS</u>
2019	\$1,435,338
2020	866,849
2021	200,537
2022	<u>64,977</u>
Total	<u>\$ 2,567,701</u>

CITY OF RUSTON, LOUISIANA  
Notes to Financial Statements  
For the Year Ended September 30, 2018

**Actuarial Assumptions**

A summary of the actuarial methods and assumptions used in determining the total pension liability as of September 30, 2018, is as follows:

<b>Valuation Date</b>	June 30, 2018
<b>Actuarial Cost Method</b>	Entry Age Normal
<b>Expected Remaining Service Lives</b>	3 years
<b>Investment Rate of Return</b>	7.275%, net of investment expense
<b>Projected salary increases</b>	5.0% (2.775% Inflation, 2.225% Merit)
<b>Mortality</b>	RP-2000 Employee Table for active members (set back 2 years for males and females)  RP-2000 Disabled Lives Mortality Table for Disabled Annuitants (set back 5 years for males and 3 years for females)  RP-2000 Healthy Annuitant Table for healthy annuitants (set forward 2 years for males and 1 year for females)
<b>Cost of Living Adjustments</b>	The present value of future retirement benefits is based on benefits currently being paid by the System and includes previously granted cost of living increases. The present values do not include provisions for potential future increases not yet authorized by the Board of Trustees.

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

**Discount Rate**

The discount rate used to measure the total pension liability was 7.275%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rates and that contributions from participating employers will be made at the actuarially determined rates, actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

CITY OF RUSTON, LOUISIANA  
Notes to Financial Statements  
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**Sensitivity of the Employer’s Proportionate Share of the Net Pension Liability to Changes in the Discount Rate**

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

	<u>1.0%</u> <u>Decrease</u>	<u>Current</u> <u>Discount</u> <u>Rate</u>	<u>1.0% Increase</u>
MERS			
Rates	6.275%	7.275%	8.275%
COR Share-NPL	\$19,059,284	\$14,836,848	\$11,232,850

**Statewide Firefighter’s Retirement System (SFRS)**

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

Funding Policy - State statute requires covered employees to contribute 10% of their annual compensation. For the year ended September 30, 2018, The City is required to contribute 26.50% of annual compensation excluding overtime but including State supplemental pay. As provided by Louisiana Revised Statute 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. The City’s contributions to SFRS for the years ended September 30, 2018, 2017 and 2016 were \$537,893, \$587,466, and \$604,899, respectively, equal to the required contributions for each year.

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

At September 30, 2018, the City reported a liability of \$5,508,282 for its proportionate share of the net pension liability for the FRS plan. The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City’s proportion of the net pension liability was based on a projection of the City’s long-term share of contributions to the FRS pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2018, the City’s proportion was 0.9576%, which was a decrease of 0.0206% from its proportion measured as of June 30, 2017.

CITY OF RUSTON, LOUISIANA  
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For the year ended September 30, 2018, the City recognized pension expense of \$945,598 less employer's amortization of change in proportionate share and differences between employer contributions and proportionate share of contributions, \$43,563.

At September 30, 2018, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 419,242
Changes of assumptions	384,258	873
Net difference between projected and actual earnings on pension plan investments	358,175	-
Changes in proportion and differences between Employer contributions and proportionate share of contributions	40,847	202,451
Employer contributions subsequent to the measurement date	<u>146,652</u>	<u>-</u>
Total	<u>\$ 929,932</u>	<u>\$ 622,566</u>

The City reported a total of \$146,652 as deferred outflow of resources related to pension contributions made subsequent to the measurement period of June 30, 2018, which will be recognized as a reduction in net pension liability in the year ended September 30, 2019.

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

<u>Year</u>	<u>FRS</u>
2019	\$ 269,861
2020	60,356
2021	(173,248)
2022	22,182
2023	(5,149)
2024	<u>(13,288)</u>
	<u>\$ 160,714</u>

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**Actuarial Assumptions**

A summary of the actuarial methods and assumptions used in determining the total pension liability as of September 30, 2018, is as follows:

<b>Valuation Date</b>	June 30, 2018
<b>Actuarial Cost Method</b>	Entry Age Normal
<b>Expected Remaining Service Lives</b>	7 years
<b>Investment Rate of Return</b>	7.3%, net of investment expense
<b>Projected salary increases</b>	4.75% – 15% per year based on years of service
<b>Mortality</b>	RP-2000 Employee Table for active members RP-2000 Disabled Lives Mortality Table for Disabled Annuitants RP-2000 Healthy Annuitant Table for healthy annuitants
<b>Cost of Living Adjustments</b>	Only those previously granted.

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

**Discount Rate**

The discount rate used to measure the total pension liability was 7.3%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rates and that contributions from participating employers will be made at the actuarially determined rates, actuarially determined. Based on those assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

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

CITY OF RUSTON, LOUISIANA  
Notes to Financial Statements  
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	<u>1.0% Decrease</u>	<u>Current Discount Rate</u>	<u>1.0% Increase</u>
FRS			
Rates	6.30%	7.30%	8.30%
COR Share- NPL	\$8,037,886	\$5,508,282	\$3,382,544

**Municipal Police Employees' Retirement System (MPERS)**

**Plan Description** - The City of Ruston contributes to the Municipal Police Employees' Retirement System Pension Plan, a cost sharing multiple employer defined benefit pension plan administered by the Municipal Police Employees' Retirement System. MPERS covers any full-time police officer, empowered to make arrests, employed by any municipality of the State and engaged in law enforcement, earning at least \$375 per month excluding state supplemental pay, or an elected Chief of Police whose salary is at least \$100 per month, and any employee of this system may participate in the MPERS. Benefits are established by State statutes. The MPERS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing the Board of Trustees of the Municipal Police Employees' Retirement System, 7722 Office Park Blvd., Suite 200, Baton Rouge, Louisiana 70809 or by calling 1-800-443-4248.

**Funding Policy** – State statute requires plan members to contribute 10% of their annual compensation. For the year ended September 30, 2018, the City was required to contribute 32.25% of annual compensation excluding overtime but including State supplemental pay. As provided by Louisiana Revised Statute 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. The City's contributions to MPERS for the years ended September 30, 2018, 2017 and 2016 were \$686,262, \$656,807, and \$548,599, respectively, equal to the required contributions for each year.

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

At September 30, 2018, the City reported a liability of \$6,324,576 for its proportionate share of the net pension liability for the MPERS plan. The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportion of the net pension liability was based on a projection of the City's long-term share of contributions to the MPERS pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2018, the City's proportion was 0.7481%, which was an increase of 0.0756% from its proportion measured as of June 30, 2017.

For the year ended September 30, 2018, the City recognized pension expense of \$941,847 plus employer's amortization of change in proportionate share and differences between employer contributions and proportionate share of contributions, \$22,762.

At September 30, 2018, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

CITY OF RUSTON, LOUISIANA  
Notes to Financial Statements  
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	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 28,511	\$ 323,199
Changes of assumptions	413,307	-
Net difference between projected and actual earnings on pension plan investments	303,186	-
Changes in proportion and differences between Employer contributions and proportionate share of contributions	471,683	95,679
Employer contributions subsequent to the measurement date	<u>172,717</u>	<u>-</u>
Total	<u>\$1,389,404</u>	<u>\$ 418,878</u>

The City reported a total of \$172,717 as deferred outflow of resources related to pension contributions made subsequent to the measurement period of June 30, 2018, which will be recognized as a reduction in net pension liability in the year ended September 30, 2019.

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

<u>Year</u>	<u>MPERS</u>
2019	\$ 435,718
2020	376,933
2021	(25,857)
2022	<u>11,015</u>
	<u>\$ 797,809</u>

**Actuarial Assumptions**

A summary of the actuarial methods and assumptions used in determining the total pension liability as of September 30, 2018, is as follows:

<b>Valuation Date</b>	June 30, 2018
<b>Actuarial Cost Method</b>	Entry Age Normal
<b>Expected Remaining Service Lives</b>	4 years
<b>Investment Rate of Return</b>	7.20%, net of investment expense
<b>Projected salary increases</b>	4.25% - 9.75% based on years of service
<b>Mortality</b>	RP-2000 Employee Table for active members RP-2000 Disabled Lives Mortality Table for Disabled Annuitants

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

**Discount Rate**

The discount rate used to measure the total pension liability was 7.20%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rates and that contributions from participating employers will be made at the actuarially determined rates, actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

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

	<u>1.0% Decrease</u>	<u>Current Discount Rate</u>	<u>1.0% Increase</u>
MPERS			
Rates	6.20%	7.20%	8.20%
COR Share- NPL	\$8,887,780	\$6,324,576	\$4,174,147

CITY OF RUSTON, LOUISIANA  
Notes to Financial Statements  
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9. OTHER REQUIRED INDIVIDUAL FUND DISCLOSURES

a. INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

Interfund balances at September 30, 2018, were as follows:

DUE FROM OTHER FUNDS	DUE TO OTHER FUNDS											Total		
	General Fund	I-20 Fund	Sales Tax Fund	MRF	Electric		Water		Sewer	Airport	Ambulance		Nonmajor	
					System	Telecom	System						Govt	Internal
General Fund	754,355	-	-	-	114,181	255,822	435,295	453,972	3,629	115,619	8,844	116,486	2,258,203	
I-20 Fund	1,320,811	-	-	7,628	39,038	-	-	4,104	-	-	-	-	1,371,581	
1968 Sales Tax	-	-	201,251	-	-	-	-	-	-	-	-	-	201,251	
1990 Sales Tax	-	-	523,255	-	-	-	-	-	-	-	-	-	523,255	
MRF	1,080,735	-	-	-	-	-	-	-	-	-	-	-	1,080,735	
Electric System	97,239	-	-	8,130	-	2,664,336	-	-	-	-	288	22,348	2,792,341	
Telecom	-	3,176	-	-	-	-	-	-	-	-	-	1,409	4,585	
Water System	14,034	124,180	-	1,835	3,058,556	1,802	-	-	-	-	-	10,992	3,211,399	
Sewer System	-	-	-	507	2,411,531	-	1,945	-	-	-	-	14,471	2,428,454	
Airport	24,242	2,458	-	-	62,564	-	-	-	-	-	-	268	89,532	
Ambulance	4,275	-	-	-	-	-	-	-	-	-	-	2,389	6,664	
Nonmajor Governmental	2,928	-	-	-	-	-	-	-	-	-	-	8,802	11,730	
Internal Service	443,936	-	-	-	63,669	4,500	7,500	16,500	-	-	7,500	1,667	545,272	
	<u>\$ 3,742,555</u>	<u>\$ 129,814</u>	<u>\$ 724,506</u>	<u>\$ 18,100</u>	<u>\$ 5,749,539</u>	<u>\$ 2,926,460</u>	<u>\$ 444,740</u>	<u>\$ 474,576</u>	<u>\$ 3,629</u>	<u>\$ 115,619</u>	<u>\$ 16,632</u>	<u>\$ 178,832</u>	<u>\$ 14,525,002</u>	

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

b. INTERFUND TRANSFERS

Transfers for the year ended September 30, 2018, were as follows:

TRANSFERS OUT	TRANSFERS IN					Total
	General Fund	Airport Authority	Nonmajor Governmental Funds	Internal Service Funds	MRF Capital Projects Fund	
General Fund	-	-	-	85,000	-	85,000
1968 Sales Tax	3,053,377	-	-	-	-	3,053,377
1985 Sales Tax	4,259,492	-	346,148	-	-	4,605,640
1990 Sales Tax	3,053,377	-	-	-	-	3,053,377
2016 Sales Tax	-	-	-	-	3,000,000	3,000,000
Electric System	2,335,583	8,977	73,006	79,000	-	2,496,566
Water System	505,475	542	11,330	26,000	-	543,347
Sewer System	507,114	-	-	10,000	-	517,114
Total transfers	<u>13,714,418</u>	<u>9,519</u>	<u>430,484</u>	<u>200,000</u>	<u>3,000,000</u>	<u>17,354,421</u>

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.

CITY OF RUSTON, LOUISIANA  
Notes to Financial Statements  
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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	\$ 338,970	\$ 365,574	(26,604)
Marshal	\$ 252,118	\$ 264,091	(11,973)
Public Safety:			
Probation	\$ 114,101	\$ 126,387	(12,286)
2016 Sales Tax			
Transfers Out	\$ -	\$3,000,000	(3,000,000)

The unfavorable variance in the general government lines are related to the increasing costs in employee health insurance premiums. During the budget preparation, the prior year selected plans and coverage are used as a projection. Because employees are able to change their plan and coverage during open enrollment, the actual cost to provide health insurance can be higher than this projection. The transfer from the 2016 Sales Tax fund was not budgeted, but was transferred as prescribed in the sales tax ordinance.

d. ON BEHALF OF PAYMENTS

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

<u>Payee</u>	<u>Amount</u>
City Judge's Office:	
Salaries and Employee Benefits	\$527,738
Ruston Marshal's Office:	
Salaries and Employee Benefits	<u>\$390,485</u>
Total On Behalf payments	<u>\$918,223</u>

10. FEDERAL AND STATE FINANCIAL ASSISTANCE

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

CITY OF RUSTON, LOUISIANA  
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11. POSTEMPLOYMENT HEALTH CARE AND LIFE INSURANCE BENEFITS

**General Information about the OPEB Plan**

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

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

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

*Employees covered by benefit terms* – At September 30, 2018, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	79
Inactive employees entitled to but not yet receiving benefit payments	-
Active employees	262
	341

**Total OPEB Liability**

The City’s total OPEB liability of \$15,999,823 was measured as of September 30, 2018 and was determined by an actuarial valuation as of that date.

*Actuarial Assumptions and other inputs* – The total OPEB liability in the September 30, 2018 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.5%
Salary increases	4.0%, including inflation
Prior Discount rate	3.58%
Discount rate	4.18%, net of OPEB plan investment expense, including inflation
Healthcare cost trend rates	Flat 5.5% annually

CITY OF RUSTON, LOUISIANA  
Notes to Financial Statements  
For the Year Ended September 30, 2018

The discount rate was based on the average of the Bond Buyers' 20 Year General Obligation municipal bond index as of September 30, 2018, the end of the applicable measurement period. Mortality rates were based on the RP-2000 Table without projection with 50%/50% unisex blend.

The actuarial assumptions used in the September 30, 2018 valuation were based on the results of ongoing evaluations of the assumptions from October 1, 2009 to September 30, 2018.

**Changes in the Total OPEB Liability**

Balance at September 30, 2017	<u>\$</u>	<u>17,279,705</u>
Changes for the year:		
Service cost		253,617
Interest		615,554
Differences between expected and actual experience		(292,278)
Changes in assumptions		(1,685,835)
Benefit payments and net transfers		(170,940)
Net changes		<u>(1,279,882)</u>
 Balance at September 30, 2018	 <u>\$</u>	 <u>15,999,823</u>

**Sensitivity of the total OPEB liability to changes in the discount rate** – The following presents the total OPEB liability of the City, as well as what the City’s total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (3.18%) or 1-percentage-point higher (5.18%) than the current discount rate:

	1.0% Decrease (3.18%)	Current Discount Rate (4.18%)	1.0% Increase (5.18%)
Total OPEB liability	\$ 19,025,001	\$ 15,999,823	\$ 13,635,138

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

	1.0% Decrease (4.5%)	Current Trend (5.5%)	1.0% Increase (6.5%)
Total OPEB liability	\$ 13,616,490	\$ 15,999,823	\$ 19,010,141

**OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB** - For the year ended September 30, 2018, the City recognized OPEB expense of \$704,329. At September 30, 2018, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ (267,922)

CITY OF RUSTON, LOUISIANA  
Notes to Financial Statements  
For the Year Ended September 30, 2018

Changes in assumptions		(1,545,349)
<b>Total</b>	<b>\$ -</b>	<b>\$ (1,813,271)</b>

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

Years ending September 30:	
2019	(164,842)
2020	(164,842)
2021	(164,842)
2022	(164,842)
2023	(164,842)
Thereafter	(989,061)

**City of Ruston**  
**Schedule of Changes in Net OPEB Liability and Related Ratios for the**  
**For the Year Ended September 30, 2018**

<b>Total OPEB Liability</b>	
Service cost	\$ 253,617
Interest	615,554
Changes of benefit terms	-
Differences between expected and actual experience	(292,278)
Changes of assumptions	(1,685,835)
Benefit payments	<u>(170,940)</u>
<b>Net change in total OPEB liability</b>	<b>(1,279,882)</b>
<b>Total OPEB liability - beginning</b>	<b>17,279,705</b>
<b>Total OPEB liability - ending (a)</b>	<b><u>\$ 15,999,823</u></b>
Covered-employee payroll	<b><u>\$ 10,721,510</u></b>
Net OPEB liability as a percentage of covered-employee payroll	149.23%

**Notes to Schedule:**

*Benefit Changes.* There were no changes of benefit terms for the year ended September 30, 2018.

*Changes of Assumptions.* The discount rate as of 9/30/2017 was 3.58% and it changed to 4.18% as of 9/30/2018. This schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

CITY OF RUSTON, LOUISIANA  
Notes to Financial Statements  
For the Year Ended September 30, 2018

12. COMMITMENTS AND CONTINGENCIES

Construction Projects

There are certain construction projects in progress at September 30, 2018. The City issued \$34,000,000 in 2017 for the purpose of providing engineering and construction expenditures related to the I-20 Service Road Projects. The City also issued \$38,995,000 in 2016 for the purpose of providing infrastructure improvements City wide. From these debt issuances and from fund balances, the City has spent \$23,774,469 for I-20 Infrastructure projects; \$27,620,289 for the Sports Complex; \$12,809,170 for streets and bridge projects; \$1,053,388 for sewer rehabilitation projects; \$6,772,380 for water system improvements; \$4,377,855 for Kentucky Avenue 3 lane project; \$1,081,553 for the Rock Island Greenway project; \$702,854 for the Tech research park/Homer St. streets project; \$505,539 for the Shared Use Path project; \$149,397 for the animal control facility; \$554,121 for Fire Station 2 and other public safety projects; \$172,315 for RPAR basketball court renovations. \$2,950,294 for the Tennessee Avenue Substation project, and \$662,533 for Streetscape Phase VI Improvements; \$211,770 for installations of telecommunications throughout the City; \$23,210 for the Master Plan for development of water distribution system; \$228,277 for the LCDBG Sewer and North Main Improvement projects; \$1,093,286 for the Runway and Taxi extension project and \$162,700 for the Airport Master Plan project.

Risk Management

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

Worker's Compensation

The City established a limited risk management program for worker's compensation in 1988. Premiums are paid into the Workmen's Compensation Self-Insurance Fund by other funds and are available to pay claims, claim reserves, and administrative costs of the program. An excess coverage insurance policy covers individual claims in excess of \$175,000. Reported and an estimate of incurred, but not reported claims of \$259,707 have been accrued as a liability based upon the service company's loss reserve report. Interfund premiums are based upon the approximate premium. Payments to the worker's compensation fund are accounted for as an expenditure/expense of the paying fund. The Workmen's Compensation Self-Insurance Fund has a net position of \$309,943 at September 30, 2018. There was no increase in insurance coverage from the prior year. No claims exceeded the City's insurance coverage for each of the past seven fiscal years.

CITY OF RUSTON, LOUISIANA  
Notes to Financial Statements  
For the Year Ended September 30, 2018

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, 2018, a total of \$3,778,553 was paid in benefits and administrative costs. The insurance fund has a net position of \$1,218,328 at September 30, 2018. An excess coverage co-insurance policy covers individual claims in excess of \$85,000 per calendar year. Incurred but not reported claims of \$227,026 have been accrued as a liability based upon information provided by the claims administrators. Interfund payments are based on total operating expenses minus employee contributions and payments by retired employees. Payments to the Health Insurance Fund are accounted for as an expenditure/expense of the paying fund. There were no reductions in insurance coverage from the prior year. No claims exceeded the City's insurance coverage for each of the past four fiscal years.

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

	<u>Accrued claims October 1</u>	<u>Claims incurred</u>	<u>Claims paid</u>	<u>Accrued claims September 30</u>
Worker's Compensation:				
2018	\$ 318,746	\$ 119,344	(\$178,383)	\$ 259,707
2017	285,383	71,202	(37,839)	318,746
Health Insurance:				
2018	\$ 380,782	\$ 2,807,432	(\$2,961,187)	\$ 227,027
2017	162,224	2,476,897	(2,258,339)	380,782

Litigation

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

Grant Disallowances

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

Revenues from the State of Louisiana

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

CITY OF RUSTON, LOUISIANA  
Notes to Financial Statements  
For the Year Ended September 30, 2018

13. LEASES

On November 24, 2014, the City of Ruston agreed to lease equipment from Republic First National Corporation for the sum of \$4,698.28 payable on the 1<sup>st</sup> day of each month for 48 consecutive months. The lease term commenced on February 1, 2015, and will end on January 1, 2019. Annual lease payments total \$56,379.36 for the current fiscal year. Future minimum lease payments to be paid in the future are:

Year ending September 30,	
2019	<u>\$ 18,794</u>
Total	<u>\$ 18,794</u>

14. COMPENSATION PAID TO MEMBERS OF THE BOARD OF ALDERMEN

In accordance with the requirements of the Office of the Legislative Auditor, State of Louisiana, the following schedule reflects compensation paid to members of the Board of Aldermen, City of Ruston for the fiscal year ended September 30, 2018:

Carolyn E. Cage	\$9,599
Jedd B. Lewis	9,599
Angela R. Mayfield	9,599
Jim C. Pearce	9,599
Bruce E. Siegmund	9,599

15. SUBSEQUENT EVENTS

The City issued \$6,000,000 in sewer revenue bonds through the Louisiana Department of Environmental Quality's Clean Drinking Water revolving loan fund in October 2018. These funds will be used to fund sewer improvements at the north treatment plant. Also, the City developed a new economic development district (Ruston Economic Development District #1) and levied a 1.75% sales tax on all businesses in the district effective January 1, 2019. The district is projected to provide \$1,700,000 in new sales tax receipts that will fund additional infrastructure projects in the district. On March 4, 2019, the Council adopted an ordinance to issue \$20,000,000 in sales tax revenue bonds to be repaid by the Ruston EDD #1 tax. Subsequent events have been evaluated through March 29, 2019, which is the day the financial statements were available to be issued.

16. PRIOR PERIOD ADJUSTMENTS

The City adopted Governmental Accounting Standards Board (GASB) Statement Number 75 - *Accounting for Financial Reporting for Postemployment Benefits Other Than Pensions*. This Statement replaces the requirements of *Statement No. 45*, as amended, and *Statement Number 57*. The net effect to the entity-wide Statement of Net Position for the prior year that resulted from the adoption of GASB 75 is \$(10,121,425). The City reported a prior period adjustment in fiscal year ended September 30, 2017 as follows:

Statement of Net Position	Governmental Activities
Total Net Position, September 30, 2017, as previously reported	\$ 73,529,848
Effects of GASB's 75 implementation:	
Increase in Post-employment benefit obligation at Sept. 30, 2017	<u>(10,121,423)</u>
Total Net Position, September 30, 2017, restated	\$ 63,408,425

## **REQUIRED SUPPLEMENTARY INFORMATION**

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, 2018  
 (unaudited)

	<b>Budgeted Amounts</b>		<b>Actual Amounts Budgetary Basis</b>	<b>Variance with Final Budget Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
<b>REVENUES</b>				
Taxes	1,030,000	1,030,000	1,054,605	24,605
Licenses and permits	1,219,000	1,219,000	1,019,502	(199,498)
Intergovernmental	2,745,527	1,745,527	2,301,585	556,058
Charges for services	1,631,000	1,631,000	1,695,255	64,255
Fines and forfeitures	709,100	709,100	558,803	(150,297)
Investment earnings	16,000	16,000	61,394	45,394
Miscellaneous	387,050	387,050	361,090	(25,960)
Grants	583,333	583,333	592,828	9,495
Total revenues	<u>8,321,010</u>	<u>7,321,010</u>	<u>7,645,061</u>	<u>324,051</u>
<b>EXPENDITURES</b>				
General government:				
Executive:				
Regular salaries	737,898	793,626	780,467	13,159
Overtime salaries	4,000	4,000	737	3,263
Other employee benefits	334,239	334,238	374,196	(39,958)
Total salaries, wages, and employee benefits	<u>1,076,137</u>	<u>1,131,864</u>	<u>1,155,400</u>	<u>(23,536)</u>
Operating services	967,394	967,394	956,023	11,371
Materials and supplies	101,744	176,744	155,249	21,495
Travel and other	22,000	22,000	24,760	(2,760)
Improvements and equipment	40,000	-	-	-
Total executive	<u>2,207,275</u>	<u>2,298,002</u>	<u>2,291,431</u>	<u>6,571</u>
Information technology:				
Regular salaries	147,964	147,964	145,861	2,103
Overtime salaries	5,000	5,000	2,807	2,193
Other employee benefits	43,364	43,364	53,388	(10,024)
Total salaries, wages, and employee benefits	<u>196,328</u>	<u>196,328</u>	<u>202,056</u>	<u>(5,728)</u>
Operating services	431,551	431,551	319,412	112,139
Materials and supplies	33,500	33,500	22,287	11,213
Travel and other	18,000	18,000	14,159	3,841
Improvements and equipment	60,000	60,000	12,795	47,205
Total information technology	<u>739,379</u>	<u>739,379</u>	<u>570,709</u>	<u>168,670</u>
Economic development:				
Regular salaries	77,290	80,590	80,562	28
Other employee benefits	25,929	25,929	28,059	(2,130)
Total salaries, wages, and employee benefits	<u>103,219</u>	<u>106,519</u>	<u>108,620</u>	<u>(2,101)</u>
Operating services	185,307	185,307	219,021	(33,714)
Materials and supplies	4,620	4,620	1,340	3,280
Travel and other	5,000	5,000	4,687	313
Total economic development	<u>298,146</u>	<u>301,446</u>	<u>333,668</u>	<u>(32,222)</u>
Museum				
Regular salaries	39,695	39,695	36,947	2,748
Other employee benefits	23,847	23,847	22,966	881
Total salaries, wages, and employee benefits	<u>63,542</u>	<u>63,542</u>	<u>59,913</u>	<u>3,629</u>
Operating services	7,100	7,100	3,720	3,380
Materials and supplies	1,500	1,500	235	1,265
Travel and other	-	-	(592)	592
Total Military Museum	<u>72,142</u>	<u>72,142</u>	<u>63,276</u>	<u>8,866</u>
City Court	329,470	338,970	365,574	(26,604)
Marshal	250,618	252,118	264,091	(11,973)

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, 2018  
 (unaudited)

	<b>Budgeted Amounts</b>		<b>Amounts Budgetary Basis</b>	<b>Final Budget Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
<b>City Hall/Civic Center:</b>				
Regular salaries	136,964	136,964	137,598	(634)
Overtime salaries	25,000	25,000	29,712	(4,712)
Other employee benefits	58,897	58,897	40,688	18,209
Total salaries, wages, and employee benefits	<u>220,861</u>	<u>220,861</u>	<u>207,998</u>	<u>12,863</u>
Operating services	313,776	373,776	291,543	82,233
Materials and supplies	37,300	37,300	19,918	17,382
Improvements and equipment	95,000	95,000	74,331	20,669
Total civic center/city hall	<u>666,937</u>	<u>726,937</u>	<u>593,790</u>	<u>133,148</u>
<b>Planning &amp; zoning:</b>				
Regular salaries	392,708	405,208	361,588	43,620
Overtime salaries	5,000	5,000	(393)	5,393
Other employee benefits	168,513	168,513	171,916	(3,403)
Total salaries, wages, and employee benefits	<u>566,221</u>	<u>578,721</u>	<u>533,111</u>	<u>45,610</u>
Operating services	192,057	192,057	228,847	(36,790)
Materials and supplies	38,700	38,700	37,976	724
Travel and other	12,000	12,000	5,056	6,944
Improvements and equipment	-	-	-	-
Total planning & zoning	<u>808,978</u>	<u>821,478</u>	<u>804,990</u>	<u>16,488</u>
Total general government	<u>5,372,945</u>	<u>5,550,472</u>	<u>5,287,530</u>	<u>254,077</u>
<b>Public safety:</b>				
<b>Police:</b>				
Regular salaries	2,155,099	2,265,655	2,198,275	67,380
Overtime salaries	200,000	370,000	272,442	97,558
Other employee benefits	1,481,618	1,311,618	1,317,887	(6,269)
Total salaries, wages, and employee benefits	<u>3,836,717</u>	<u>3,947,273</u>	<u>3,788,603</u>	<u>158,670</u>
Operating services	524,771	524,771	457,792	66,979
Materials and supplies	277,310	277,310	283,600	(6,290)
Travel and other	104,000	104,000	99,175	4,825
Improvements and equipment	275,000	519,893	295,742	224,151
Total police	<u>5,017,798</u>	<u>5,373,247</u>	<u>4,924,912</u>	<u>448,335</u>
<b>Fire:</b>				
Regular salaries	2,224,512	2,114,512	2,005,358	109,154
Contract Labor	158,301	158,301	48,302	109,999
Overtime salaries	100,000	210,000	219,877	(9,877)
Other employee benefits	1,322,170	1,322,170	1,385,505	(63,335)
Total salaries, wages, and employee benefits	<u>3,804,983</u>	<u>3,804,983</u>	<u>3,659,041</u>	<u>145,942</u>
Operating services	409,343	409,343	329,607	79,736
Materials and supplies	207,800	219,800	181,573	38,227
Travel and other	55,000	55,000	58,336	(3,336)
Improvements and equipment	405,300	196,220	113,823	82,397
Total fire	<u>4,882,426</u>	<u>4,685,346</u>	<u>4,342,380</u>	<u>342,966</u>
Probation	109,501	114,101	126,387	(12,286)
Total public safety	<u>10,009,725</u>	<u>10,172,694</u>	<u>9,393,680</u>	<u>779,014</u>
<b>Public works:</b>				
<b>Administration:</b>				
Regular salaries	340,298	351,898	324,716	27,182
Overtime salaries	500	500	171	329
Other employee benefits	126,015	126,015	124,653	1,362
Total salaries, wages, and employee benefits	<u>466,813</u>	<u>478,413</u>	<u>449,540</u>	<u>28,873</u>
Operating services	106,898	106,898	126,022	(19,124)
Materials and supplies	21,500	21,500	18,111	3,389
Travel and other	4,000	4,000	15,135	(11,135)
Total administration	<u>599,211</u>	<u>610,811</u>	<u>608,808</u>	<u>2,003</u>

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, 2018  
(unaudited)

	Budgeted Amounts		Amounts Budgetary Basis	Final Budget Positive (Negative)
	Original	Final		
<b>Streets:</b>				
Regular salaries	837,000	837,000	738,532	98,468
Overtime salaries	40,000	40,000	35,850	4,150
Other employee benefits	394,412	394,413	384,169	10,244
Total salaries, wages, and employee benefits	<u>1,271,412</u>	<u>1,271,413</u>	<u>1,158,551</u>	<u>112,862</u>
Operating services	1,056,749	1,056,749	995,753	60,996
Materials and supplies	182,000	182,000	163,961	18,039
Travel and other	2,500	2,500	140	2,360
Improvements and equipment	2,415,000	2,885,000	2,671,011	213,989
Total streets	<u>4,927,661</u>	<u>5,397,662</u>	<u>4,989,416</u>	<u>408,246</u>
<b>Solid waste:</b>				
Regular salaries	640,638	640,638	576,243	64,395
Contract Labor	50,000	50,000	63,422	(13,422)
Overtime salaries	50,000	113,000	103,518	9,482
Other employee benefits	362,269	362,269	346,578	15,691
Total salaries, wages, and employee benefits	<u>1,102,907</u>	<u>1,165,907</u>	<u>1,089,761</u>	<u>76,146</u>
Operating services	745,716	745,716	530,747	214,969
Materials and supplies	225,000	225,000	222,898	2,102
Travel and other	2,500	2,500	1,759	741
Improvements and equipment	-	-	-	-
Total solid waste	<u>2,076,123</u>	<u>2,139,123</u>	<u>1,845,165</u>	<u>293,958</u>
<b>Repair shop:</b>				
Regular salaries	322,462	327,462	327,029	433
Overtime salaries	6,000	6,000	3,109	2,891
Other employee benefits	161,593	161,593	182,678	(21,085)
Total salaries, wages, and employee benefits	<u>490,055</u>	<u>495,055</u>	<u>512,816</u>	<u>(17,761)</u>
Operating services	56,630	56,630	54,318	2,312
Materials and supplies	37,100	37,100	23,112	13,988
Travel and other	4,000	4,000	1,640	2,360
Improvements and equipment	35,000	35,000	-	35,000
Total repair shop	<u>622,785</u>	<u>627,785</u>	<u>591,886</u>	<u>35,899</u>
<b>Animal Control:</b>				
Regular salaries	124,389	124,389	61,567	62,822
Overtime salaries	12,000	12,000	7,867	4,133
Other employee benefits	55,698	55,698	28,061	27,637
Total salaries, wages, and employee benefits	<u>192,087</u>	<u>192,087</u>	<u>97,495</u>	<u>94,592</u>
Operating services	51,371	51,371	29,574	21,797
Materials and supplies	22,300	22,300	26,729	(4,429)
Travel and other	4,000	4,000	2,641	1,359
Total animal control	<u>269,758</u>	<u>269,758</u>	<u>156,439</u>	<u>113,319</u>
Total public works	<u>8,495,538</u>	<u>9,045,139</u>	<u>8,191,713</u>	<u>853,426</u>
Total expenditures	<u>23,878,208</u>	<u>24,768,305</u>	<u>22,872,922</u>	<u>1,886,517</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(15,557,198)</u>	<u>(17,447,295)</u>	<u>(15,227,861)</u>	<u>2,210,568</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	14,480,063	14,480,063	13,714,426	(765,637)
Transfers out	-	(85,000)	(85,000)	-
Total other financing sources and uses	<u>14,480,063</u>	<u>14,395,063</u>	<u>13,629,426</u>	<u>(765,637)</u>
Net change in fund balance	(1,077,135)	(3,052,232)	(1,598,436)	1,444,931
Fund balances - beginning	<u>7,792,212</u>	<u>7,792,212</u>	<u>7,792,212</u>	<u>-</u>
Fund balances - ending	<u>\$6,715,077</u>	<u>\$4,739,980</u>	<u>\$6,193,776</u>	<u>1,444,931</u>

See accompanying notes to budgetary comparison schedules and independent auditor report.

CITY OF RUSTON, LOUISIANA  
1968 Sales Tax Fund  
Schedule of Revenues, Expenditures, and Changes in Fund Balance -  
Budget and Actual on a Budgetary Basis  
For the Year Ended September 30, 2018  
(unaudited)

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Taxes	3,000,000	3,000,000	3,054,967	54,967
Investment earnings	200	200	1,074	874
Total revenues	<u>3,000,200</u>	<u>3,000,200</u>	<u>3,056,041</u>	<u>55,841</u>
<b>EXPENDITURES</b>				
General government:				
Collection and Administrative	33,247	33,247	6,848	26,399
Total expenditures	<u>33,247</u>	<u>33,247</u>	<u>6,848</u>	<u>26,399</u>
Excess of revenues over expenditures	2,966,953	2,966,953	3,049,193	(82,240)
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers out	3,150,000	3,150,000	3,053,377	96,623
Total other financing sources and uses	<u>3,150,000</u>	<u>3,150,000</u>	<u>3,053,377</u>	<u>96,623</u>
Net change in fund balance	(183,047)	(183,047)	(4,183)	(178,864)
Fund balances - beginning	<u>325,980</u>	<u>325,980</u>	<u>325,980</u>	<u>-</u>
Fund balances - ending	<u>\$142,933</u>	<u>\$142,933</u>	<u>\$321,797</u>	<u>(178,864)</u>

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

CITY OF RUSTON, LOUISIANA  
1985 Sales Tax Fund  
Schedule of Revenues, Expenditures, and Changes in Fund Balance -  
Budget and Actual on a Budgetary Basis  
For the Year Ended September 30, 2018  
(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>		
<b>REVENUES</b>				
Taxes	4,500,000	4,500,000	4,582,451	82,451
Investment earnings	200	200	1,611	1,411
Total revenues	<u>4,500,200</u>	<u>4,500,200</u>	<u>4,584,062</u>	<u>83,862</u>
<b>EXPENDITURES</b>				
General government:				
Collection and Administrative	19,371	19,371	10,068	(9,303)
Total expenditures	<u>19,371</u>	<u>19,371</u>	<u>10,068</u>	<u>(9,303)</u>
Excess of revenues over expenditures	4,480,829	4,480,829	4,573,994	93,165
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers out	4,562,644	4,562,644	4,605,647	43,003
Total other financing sources and uses	<u>4,562,644</u>	<u>4,562,644</u>	<u>4,605,647</u>	<u>43,003</u>
Net change in fund balance	(81,815)	(81,815)	(31,653)	50,162
Fund balances - beginning	<u>239,843</u>	<u>239,843</u>	<u>239,843</u>	<u>-</u>
Fund balances - ending	<u><u>\$158,028</u></u>	<u><u>\$158,028</u></u>	<u><u>\$208,190</u></u>	<u><u>50,162</u></u>

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

CITY OF RUSTON, LOUISIANA  
1990 Sales Tax Fund  
Schedule of Revenues, Expenditures, and Changes in Fund Balance -  
Budget and Actual on a Budgetary Basis  
For the Year Ended September 30, 2018  
(unaudited)

	<b>Budgeted Amounts</b>		<b>Actual Amounts Budgetary Basis</b>	<b>Variance with Final Budget Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
<b>REVENUES</b>				
Taxes	3,000,000	3,000,000	3,054,967	54,967
Investment earnings	150	150	1,074	924
Total revenues	<u>3,000,150</u>	<u>3,000,150</u>	<u>3,056,041</u>	<u>55,891</u>
<b>EXPENDITURES</b>				
General government:				
Collection and Administrative	13,247	13,247	6,848	(6,399)
Total expenditures	<u>13,247</u>	<u>13,247</u>	<u>6,848</u>	<u>(6,399)</u>
Excess of revenues over expenditures	2,986,903	2,986,903	3,049,193	62,290
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers out	3,650,000	3,650,000	3,053,377	(596,623)
Total other financing sources and uses	<u>3,650,000</u>	<u>3,650,000</u>	<u>3,053,377</u>	<u>(596,623)</u>
Net change in fund balance	(663,097)	(663,097)	(4,183)	658,914
Fund balances - beginning	<u>807,192</u>	<u>800,391</u>	<u>800,391</u>	<u>-</u>
Fund balances - ending	<u><u>\$144,095</u></u>	<u><u>\$137,294</u></u>	<u><u>\$796,208</u></u>	<u><u>658,914</u></u>

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

CITY OF RUSTON, LOUISIANA  
2016 Sales Tax Fund  
Schedule of Revenues, Expenditures, and Changes in Fund Balance -  
Budget and Actual on a Budgetary Basis  
For the Year Ended September 30, 2018  
(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>		
<b>REVENUES</b>				
Taxes	4,500,000	4,500,000	4,582,451	82,451
Investment earnings	2,000	2,000	4,714	2,714
Total revenues	<u>4,502,000</u>	<u>4,502,000</u>	<u>4,587,165</u>	<u>85,165</u>
<b>EXPENDITURES</b>				
General government:				
Collection and Administrative	20,296	20,296	10,260	(10,036)
Debt Service	3,133,750	3,133,750	3,272,046	
Total expenditures	<u>3,154,046</u>	<u>3,154,046</u>	<u>3,282,306</u>	<u>(10,036)</u>
Excess of revenues over expenditures	1,347,954	1,347,954	1,304,859	95,201
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers out	-	-	3,000,000	3,000,000
Total other financing sources and uses	<u>-</u>	<u>-</u>	<u>3,000,000</u>	<u>3,000,000</u>
Net change in fund balance	1,347,954	1,347,954	(1,695,141)	(2,904,799)
Fund balances - beginning	<u>3,468,847</u>	<u>3,060,554</u>	<u>3,060,554</u>	<u>-</u>
Fund balances - ending	<u>\$4,816,801</u>	<u>\$4,408,508</u>	<u>\$1,365,413</u>	<u>(2,904,799)</u>

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

CITY OF RUSTON, LOUISIANA  
Notes to Budgetary Comparison Schedules  
For the Year Ended September 30, 2018  
(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, 2018, amendments were made to the budget, including salary and benefit accounts to appropriate for the change in the police department and fire department pay plans; and grant revenue and expenditure accounts to account for grants received throughout the year; and various other accounts to appropriate open purchase orders as of the end of the prior year.
- (6) Comparison of budgeted and actual amounts as shown in the accompanying financial statements includes the General Fund and those special revenue funds which are included in the annual operating budget. (1968 Sales Tax, 1985 Sales Tax, 1990 Sales Tax, Parks and Recreation, and Section 8 Vouchers). Annual operating budgets are not prepared for the D.A.R.T. Grant Program 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, Telecommunications 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  
 OTHER POST EMPLOYMENT BENEFITS  
 SCHEDULE OF FUNDING PROGRESS  
 FOR THE YEAR ENDED SEPTEMBER 30, 2018

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

SCHEDULE OF EMPLOYER CONTRIBUTIONS

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

See accompanying independent auditors' report.

**CITY OF RUSTON**

Schedule of Employer's Proportionate Share of Net Pension Liability  
Fiscal years ended September 30, 2015 through September 30, 2018  
(Unaudited)

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

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

See accompanying notes to required supplementary information and independent auditors' report.

**CITY OF RUSTON**

Schedule of Employer's Pension Contributions  
 For the Year Ended September 30, 2018  
 Fiscal years ended September 30, 2015 through September 30, 2018  
 (Unaudited)

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

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

See accompanying notes to required supplementary information and independent auditors' report.

CITY OF RUSTON, LOUISIANA  
SCHEDULE OF COMPENSATION, BENEFITS, AND OTHER PAYMENTS TO THE AGENCY HEAD  
FOR THE YEAR ENDED SEPTEMBER 30, 2018

<u>Mayor Ronny Walker</u>	<u>Amount</u>
Salary	\$ 80,000
Benefits - medicare	1,108
Benefits - health insurance	12,500
Benefits - life insurance	55
Benefits - retirement/457 plan	19,000
Reimbursements	1,800
Travel	3,757
	<hr/>
<b>Total</b>	<b>\$ 118,220</b>
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# **COMBINING FUND STATEMENTS**

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## **Nonmajor Governmental Funds**

### **Special Revenue Funds**

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

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

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

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

### **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.

### **Capital Projects Fund**

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

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

CITY OF RUSTON, LOUISIANA  
 COMBINING BALANCE SHEET  
 NONMAJOR GOVERNMENTAL FUNDS  
 SEPTEMBER 30, 2018

	<u>Special Revenue Funds</u>				<u>Debt Service Fund - I-20 TID</u>	<u>Capital Project Fund - Sewer LCDBG Grant</u>	<u>Total Nonmajor Governmental Funds</u>
	<u>Ruston Parks &amp; Recreation Board</u>	<u>D.A.R.T. Grant Program</u>	<u>Section 8 Housing Choice Voucher Program</u>	<u>Total</u>			
<b>ASSETS</b>							
Cash and cash equivalents	\$ 711,767	\$ -	\$ 824,483	\$ 1,536,250		\$ -	\$ 1,536,250
Investments	-	-	-	-	2,413,376	-	2,413,376
Accounts receivable, net	-	21,057	-	21,057	799,698	-	820,755
Prepaid Travel	-	-	-	-	-	-	-
Due from other funds	7,984	-	3,748	11,732	-	-	11,732
Total assets	<u>719,751</u>	<u>21,057</u>	<u>828,231</u>	<u>1,569,039</u>	<u>3,213,074</u>	<u>-</u>	<u>4,782,113</u>
<b>LIABILITIES AND FUND BALANCES</b>							
Liabilities:							
Accounts payable	32,945	21,057	3,971	57,973	160,091	-	218,064
Deposits	1,310	-	-	1,310	-	-	1,310
Due to other funds	13,741	-	2,891	16,632	-	-	16,632
Total liabilities	<u>47,996</u>	<u>21,057</u>	<u>6,862</u>	<u>75,915</u>	<u>160,091</u>	<u>-</u>	<u>236,006</u>
Fund balances:							
Spendable:							
Restricted	656,129	-	106,640	762,769	3,052,983	-	3,815,752
Assigned	15,626	-	714,729	730,355	-	-	730,355
Total fund balances	<u>671,755</u>	<u>-</u>	<u>821,369</u>	<u>1,493,124</u>	<u>3,052,983</u>	<u>-</u>	<u>4,546,107</u>
Total liabilities and fund balances	<u>\$ 719,751</u>	<u>\$ 21,057</u>	<u>\$ 828,231</u>	<u>\$ 1,569,039</u>	<u>\$ 3,213,074</u>	<u>\$ -</u>	<u>\$ 4,782,113</u>

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See accompanying independent auditors' report.

CITY OF RUSTON, LOUISIANA  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
 NONMAJOR GOVERNMENTAL FUNDS  
 SEPTEMBER 30, 2018

	<u>Special Revenue Funds</u>				<u>Debt Service Fund - 1-20 TID</u>	<u>Capital Project Fund - Sewer LCDBG Grant</u>	<u>Total Nonmajor Governmental Funds</u>
	<u>Ruston Parks &amp; Recreation Board</u>	<u>D.A.R.T. Grant Program</u>	<u>Section 8 Housing Choice Voucher Program</u>	<u>Total</u>			
<b>REVENUES</b>							
Taxes	\$588,100	-	-	\$588,100	\$3,131,276	-	\$3,719,376
Intergovernmental	-	52,315	1,084,651	1,136,966	-	10,934	1,147,900
Charges for services	79,514	-	-	79,514	-	-	79,514
Investment earnings	1,363	-	6,433	7,797	269,200	-	276,997
Miscellaneous	14,736	-	-	14,736	-	-	14,736
Total revenues	<u>683,714</u>	<u>52,315</u>	<u>1,091,084</u>	<u>1,827,113</u>	<u>3,400,476</u>	<u>10,934</u>	<u>5,238,523</u>
<b>EXPENDITURES</b>							
Current:							
General Government	-	52,315	1,102,766	1,155,081	36,723	312,907	1,504,711
Recreation	1,006,096	-	-	1,006,096	-	-	1,006,096
Capital outlay	185,831	-	-	185,831	-	-	185,831
Bond principal	-	-	-	-	1,740,000	-	1,740,000
Bond interest	-	-	-	-	956,700	-	956,700
Total expenditures	<u>1,191,927</u>	<u>52,315</u>	<u>1,102,766</u>	<u>2,347,008</u>	<u>2,733,423</u>	<u>312,907</u>	<u>5,393,338</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(508,213)</u>	<u>-</u>	<u>(11,681)</u>	<u>(519,895)</u>	<u>667,053</u>	<u>(301,973)</u>	<u>(154,814)</u>
<b>OTHER FINANCING SOURCES (USES)</b>							
Transfers in	430,481	-	-	430,481	-	-	430,481
Transfers out	-	-	-	-	-	-	-
Total other financing sources and uses	<u>430,481</u>	<u>-</u>	<u>-</u>	<u>430,481</u>	<u>-</u>	<u>-</u>	<u>430,481</u>
Net change in fund balances	<u>(77,732)</u>	<u>-</u>	<u>(11,681)</u>	<u>(89,413)</u>	<u>667,053</u>	<u>(301,973)</u>	<u>275,667</u>
Fund balances - beginning	<u>749,487</u>	<u>-</u>	<u>833,050</u>	<u>1,582,537</u>	<u>2,385,930</u>	<u>301,973</u>	<u>4,270,440</u>
Fund balances - ending	<u><u>\$671,755</u></u>	<u><u>-</u></u>	<u><u>\$821,369</u></u>	<u><u>1,493,124</u></u>	<u><u>3,052,983</u></u>	<u><u>-</u></u>	<u><u>\$4,546,107</u></u>

See accompanying independent auditors' report.

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### **Internal Service Funds**

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

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

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

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

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

CITY OF RUSTON, LOUISIANA  
 COMBINING STATEMENT OF NET POSITION  
 INTERNAL SERVICE FUNDS  
 SEPTEMBER 30, 2018

	<u>Workmen's Compensation</u>	<u>Health Insurance</u>	<u>Purchasing/ Warehouse</u>	<u>General &amp; Auto Liability</u>	<u>Total Internal Service Funds</u>
<b>ASSETS</b>					
Current Assets:					
Cash and cash equivalents	\$184,364	\$434,767	\$292,693	\$181,367	\$1,093,191
Investments	251,731	595,561	-	-	847,292
Receivables, net	-	369	-	-	369
Due from other funds	107,355	437,917	-	-	545,272
Prepaid items	45,000	-	-	8,947	53,947
Total current assets	<u>\$588,450</u>	<u>1,468,614</u>	<u>292,693</u>	<u>\$190,314</u>	<u>2,540,071</u>
Noncurrent Assets:					
Capital Assets:					
Buildings	-	-	13,080	-	13,080
Equipment	-	-	76,306	-	76,306
Less accumulated depreciation	-	-	(69,209)	-	(69,209)
Total noncurrent assets	<u>-</u>	<u>-</u>	<u>20,177</u>	<u>-</u>	<u>20,177</u>
Total assets	<u>\$588,450</u>	<u>\$1,468,614</u>	<u>\$312,870</u>	<u>\$190,314</u>	<u>\$2,560,248</u>
<b>LIABILITIES</b>					
Current Liabilities:					
Accounts payable	\$11,955	\$23,350	\$2,049	\$820	\$38,174
Accrued liabilities	-	-	-	-	-
Due to other funds	6,844	-	3,785	168,205	178,834
Claims and judgments	259,707	227,026	-	100,000	586,733
Total current liabilities	<u>278,506</u>	<u>250,376</u>	<u>5,834</u>	<u>\$269,025</u>	<u>803,741</u>
Noncurrent Liabilities:					
Compensated absences	-	-	12,304	-	12,304
Total noncurrent liabilities	<u>-</u>	<u>-</u>	<u>12,304</u>	<u>-</u>	<u>12,304</u>
Total liabilities	<u>278,506</u>	<u>250,376</u>	<u>18,138</u>	<u>269,025</u>	<u>816,045</u>
<b>NET POSITION</b>					
Net investments in capital assets	-	-	20,177	-	20,177
Unrestricted	309,944	1,218,238	274,555	(78,711)	1,724,026
Total net position	<u>\$309,944</u>	<u>\$1,218,238</u>	<u>\$294,732</u>	<u>(\$78,711)</u>	<u>\$1,744,203</u>

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

CITY OF RUSTON, LOUISIANA  
 COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION  
 INTERNAL SERVICE FUNDS  
 SEPTEMBER 30, 2018

	<u>Workmen's Compensation</u>	<u>Health Insurance</u>	<u>Purchasing/ Warehouse</u>	<u>General &amp; Auto Liability</u>	<u>Total Internal Service Funds</u>
<b>OPERATING REVENUES</b>					
Charges to other funds	\$587,152	\$3,698,320	-	\$680,453	\$4,965,925
Premiums paid by retired employees	-	228,577	-	-	228,577
Retiree drug subsidy	-	-	-	-	-
Total operating revenues	<u>587,152</u>	<u>3,926,898</u>	<u>-</u>	<u>680,453</u>	<u>5,194,503</u>
<b>OPERATING EXPENSES</b>					
Cost of Services:					
Salaries, wages and employee benefits	-	-	160,803	-	160,803
Operating services	-	7,224	20,072	200	27,496
Materials and supplies	-	-	7,028	-	7,028
Travel and other	-	-	960	-	960
Depreciation	-	-	5,964	-	5,964
Total cost of services	<u>-</u>	<u>7,224</u>	<u>194,827</u>	<u>200</u>	<u>202,251</u>
Claims	176,383	2,961,187	-	126,957	3,264,527
Insurance premiums	270,242	810,426	-	705,234	1,785,902
Total operating expenses	<u>446,625</u>	<u>3,778,836</u>	<u>194,827</u>	<u>832,391</u>	<u>5,252,679</u>
Operating income (loss)	<u>140,527</u>	<u>148,061</u>	<u>(194,827)</u>	<u>(151,938)</u>	<u>(58,177)</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>					
Investment earnings	3,547	7,399	429	252	11,627
Total nonoperating revenues (expenses)	<u>3,547</u>	<u>7,399</u>	<u>429</u>	<u>252</u>	<u>11,627</u>
Income (loss) before transfers	<u>144,074</u>	<u>155,460</u>	<u>(194,398)</u>	<u>(151,686)</u>	<u>(46,550)</u>
Transfers in	-	-	\$200,000	-	200,000
Change in net position	<u>144,074</u>	<u>155,460</u>	<u>5,602</u>	<u>(151,686)</u>	<u>153,450</u>
Total net position - beginning	<u>165,870</u>	<u>1,062,778</u>	<u>289,130</u>	<u>72,975</u>	<u>1,590,753</u>
Total net position - ending	<u>\$309,944</u>	<u>\$1,218,238</u>	<u>\$294,732</u>	<u>(\$78,711)</u>	<u>\$1,744,203</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, 2018

	<u>Workmen's Compensation</u>	<u>Health Insurance</u>	<u>Purchasing/ Warehouse</u>	<u>General &amp; Auto Liability</u>	<u>Total Internal Service Funds</u>
<b>Cash flows from operating activities:</b>					
Receipts from operations	\$310,144	\$3,804,569	-	\$176,212	\$4,290,925
Payments to suppliers	(155,854)	(12,361)	(7,555)	(211,228)	(386,998)
Payments to employees	-	-	(182,374)	-	(182,374)
Claims	(96,878)	(3,778,837)	-	(126,957)	(4,002,672)
Other receipts	-	-	-	-	-
Net cash provided by (used in) operating activities	<u>57,412</u>	<u>13,371</u>	<u>(189,929)</u>	<u>(161,973)</u>	<u>(281,119)</u>
<b>Cash flows from noncapital financing activities:</b>					
Transfers in	-	-	200,000	-	200,000
Net cash provided by (used in) noncapital activities	<u>-</u>	<u>-</u>	<u>200,000</u>	<u>-</u>	<u>200,000</u>
<b>Cash flows from investing activities:</b>					
Proceeds from sales and maturities of investments	-	-	-	-	-
Purchases on investments	-	-	-	-	-
Interest on investments	3,547	7,400	429	252	11,628
Net cash provided by (used in) investing activities	<u>3,547</u>	<u>7,400</u>	<u>429</u>	<u>252</u>	<u>11,628</u>
Net increase (decrease) in cash and cash equivalents	60,959	20,771	10,500	(161,721)	(69,491)
Cash and cash equivalents - beginning of year	123,405	413,996	282,193	343,088	1,162,682
Cash and cash equivalents - end of year	<u>184,364</u>	<u>\$434,767</u>	<u>\$292,693</u>	<u>\$181,367</u>	<u>\$1,093,191</u>
<b>Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:</b>					
Operating income (loss)	\$140,527	\$148,061	(\$194,827)	(\$151,938)	(\$58,177)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:					
Depreciation and amortization	-	-	5,964	-	5,964
(Increase) Decrease in assets:					
Receivables	-	369	-	-	369
Due from other funds	(723)	(3,103)	606	-	(3,220)
Prepaid items	-	-	-	(168,440)	(168,440)
Increase (Decrease) in liabilities:					
Accounts payable	(23,573)	23,187	1,591	(176,567)	(175,362)
Accrued liabilities	-	-	-	-	-
Due to other funds	220	-	3,785	(1,908)	2,097
Claims and judgments	(59,039)	(155,143)	-	336,880	122,698
Compensated absences	-	-	(7,048)	-	(7,048)
Total adjustments	<u>(83,115)</u>	<u>(134,690)</u>	<u>4,898</u>	<u>(10,035)</u>	<u>(222,942)</u>
Net cash provided by (used in) operating activities	<u>\$57,412</u>	<u>\$13,371</u>	<u>(\$189,929)</u>	<u>(\$161,973)</u>	<u>(\$281,119)</u>

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

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# **INDIVIDUAL FUND SCHEDULES**

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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, 2018

	<b>Budgeted Amounts</b>		<b>Actual Amounts Budgetary Basis</b>	<b>Variance With Final Budget Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
<b>REVENUES</b>				
Taxes	\$550,000	\$550,000	\$588,100	\$38,100
Charges for services	\$62,000	62,000	79,514	17,514
Investment earnings	\$1,200	1,200	1,363	163
Miscellaneous	\$18,000	18,000	14,736	(3,264)
Total revenues	<u>\$631,200</u>	<u>\$ 631,200</u>	<u>683,714</u>	<u>\$ 52,514</u>
<b>EXPENDITURES</b>				
Current:				
Recreation:				
Salaries, wages and employee benefits	654,547	654,547	613,381	41,166
Operating services	444,933	444,933	353,421	91,512
Materials and supplies	33,150	33,150	27,732	5,419
Travel and other	16,000	16,000	11,562	4,438
Improvements and equipment	425,000	425,000	185,831	239,169
Total expenditures	<u>1,573,630</u>	<u>1,573,630</u>	<u>1,191,927</u>	<u>381,703</u>
Deficiency of revenues over expenditures	<u>(942,430)</u>	<u>(942,430)</u>	<u>(508,213)</u>	<u>434,217</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	409,083	409,083	430,481	21,398
Total other financing sources (uses)	<u>409,083</u>	<u>409,083</u>	<u>430,481</u>	<u>21,398</u>
Net change in fund balance	(533,347)	(533,347)	(77,732)	455,615
Fund balances - beginning	835,384	749,487	749,487	-
Fund balances - ending	<u>\$302,037</u>	<u>\$216,140</u>	<u>\$671,755</u>	<u>\$455,615</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, 2018

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance With Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Intergovernmental	\$1,096,000	\$1,096,000	\$1,084,651	(\$11,349)
Investment earnings	\$2,000	2,000	6,433	4,433
Total revenues	<u>1,098,000</u>	<u>1,098,000</u>	<u>1,091,084</u>	<u>(6,916)</u>
<b>EXPENDITURES</b>				
Current:				
General Government:				
Salaries, wages and employee benefits	150,164	150,164	118,189	31,975
Operating services	957,095	957,095	976,433	(19,338)
Materials and supplies	6,510	6,510	8,144	(1,634)
Travel and other	2,000	2,000	-	2,000
Improvements and equipment	-	-	-	-
Total expenditures	<u>1,115,769</u>	<u>1,115,769</u>	<u>1,102,766</u>	<u>13,003</u>
Deficiency of revenues over expenditures	<u>(17,769)</u>	<u>(17,769)</u>	<u>(11,681)</u>	<u>6,088</u>
Net change in fund balance	(17,769)	(17,769)	(11,681)	6,088
Fund balances - beginning	<u>785,717</u>	<u>833,050</u>	<u>833,050</u>	<u>-</u>
Fund balances - ending	<u>\$767,948</u>	<u>\$815,281</u>	<u>\$821,369</u>	<u>\$6,088</u>

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

**CITY OF RUSTON, LOUISIANA**  
**UNIFORM GUIDANCE**  
**SUPPLEMENTARY REPORTS**  
**YEAR ENDED SEPTEMBER 30, 2018**

**CITY OF RUSTON**  
**RUSTON, LOUISIANA**

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# HEARD, McELROY, & VESTAL

LLC

CERTIFIED PUBLIC ACCOUNTANTS

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

March 29, 2019

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Ruston, Louisiana (the City), as of and for the year ended September 30, 2018, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated March 29, 2019. Our report includes a reference to other auditors who audited the financial statements of the Ruston City Judge's Office, as described in our report on the City's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

## **Internal Control over Financial Reporting**

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

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



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

### **Compliance and Other Matters**

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

### **Purpose of this Report**

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

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

Heard, McElroy & Vestal, LLC

Shreveport, Louisiana

# HEARD, McELROY, & VESTAL

LLC

CERTIFIED PUBLIC ACCOUNTANTS

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

March 29, 2019

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

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

### **Report on Compliance for Each Major Federal Program**

We have audited the City of Ruston, Louisiana's (the City) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the City's major federal program for the year ended September 30, 2018. The City of Ruston's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

#### ***Management's Responsibility***

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

#### ***Auditor's Responsibility***

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

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



### ***Opinion on Each Major Federal Program***

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2018.

### **Report on Internal Control over Compliance**

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

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

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

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

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

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Ruston, Louisiana, as of and for the year ended September 30, 2018, and the related notes to the financial statements, which collectively comprise the City's basic financial statements. We issued our report thereon dated March 29, 2019, which contained unmodified opinions on those financial statements. The accompanying schedule of expenditures of federal awards is presented for

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

Heard, McElroy & Vestal, LLC

Shreveport, Louisiana

**CITY OF RUSTON, LOUISIANA**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2018**

<b><u>Grant Title</u></b>	<b>Federal CFDA Number</b>	<b>Federal Expenditures</b>
<b>United States Department of Housing and Urban Development:</b>		
Section 8 - Housing Choice Vouchers	14.871	\$ 1,102,766
Pass through Louisiana Office of Community Development:		
Emergency Solutions Grant Program	14.231	52,315
Louisiana Community Development Block Grant	14.228	<u>312,908</u>
 Total United States Department of Housing and Urban Development		 \$ 1,467,989
<b>Department of Transportation</b>		
FAA - Airport Improvement Program	20.106	\$ 173,481
Federal Highway Administration	20.205	<u>6,104,294</u>
 Total Department of Transportation		 \$ 6,277,775
<b>Department of Homeland Security</b>		
Pass through Louisiana Department of Health and Hospitals:		
Homeland Security Grant (SHSP)	97.067	\$ 5,000
Hazard Mitigation Grant Program (HMGP)	97.039	<u>498,750</u>
 Total Department of Homeland Security		 \$ <u>503,750</u>
 <b>Total Federal Awards</b>		 <b>\$ <u>8,249,514</u></b>

**CITY OF RUSTON, LOUISIANA**

**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

**FOR THE YEAR ENDED SEPTEMBER 30, 2018**

1. **Basis of Presentation**

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

2. **Disbursements**

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

3. **Schedule of Expenditures of Federal Awards**

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

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

4. **Subrecipient Payments**

The City's federal expenditures include subrecipient payments in the amount of \$52,315 to D.A.R.T. CDBG Program. These awards were received from Emergency Solutions Grant Program, CFDA 14.231.

5. **Indirect Cost Rate**

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

6. Subsequent Events

The City is required to evaluate events or transactions that may occur after the schedule of expenditures of federal awards date for potential recognition or disclosure in the notes to the schedule of expenditures of federal awards. The City performed such an evaluation through March 29, 2019, the date which the schedule of expenditures of federal awards was available to be issued, and noted no events of transactions that occurred after the schedule of expenditures of federal awards date requiring recognition or disclosure.

**CITY OF RUSTON, LOUISIANA**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2018**

**A. Summary of Audit Results**

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

<u>Program</u>	<u>CFDA No.</u>
Federal Highway Administration	20.205

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

**B. Findings – Financial Statement Audit**

No findings to report.

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

No findings to report.

**CITY OF RUSTON, LOUISIANA**  
**SCHEDULE OF PRIOR YEAR FINDINGS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2018**

No findings were reported in the prior year.

**CITY OF RUSTON, LOUISIANA**

**STATEWIDE AGREED-UPON  
PROCEDURES REPORT**

**YEAR ENDED SEPTEMBER 30, 2018**

# HEARD, McELROY, & VESTAL

LLC

CERTIFIED PUBLIC ACCOUNTANTS

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March 29, 2019

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

Louisiana Legislative Auditor  
Baton Rouge, Louisiana

## INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

We have performed the procedures enumerated below, which were agreed to by the City of Ruston (City) and the Louisiana Legislative Auditor (LLA) on the control and compliance (C/C) areas identified in the LLA's Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period October 01, 2017 through September 30, 2018. The City's management is responsible for those C/C areas identified in the SAUPs.

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

The procedures and associated findings are as follows:

### ***Written Policies and Procedures***

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

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

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

*The entity has adequate written procedures covering disbursements.*

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

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

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

**Exception:** *The entity does not have a payroll/personnel policy.*

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

**Exception:** *The entity does not have a contracting policy.*

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

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

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

*The entity has adequate written policies covering travel.*

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

**Exception:** *The entity does not have an ethics policy.*

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

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

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

### **Board or Finance Committee**

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

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

*The entity met with a quorum monthly.*

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

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

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

*No exceptions noted.*

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

### **Bank Reconciliations**

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3. Obtain a listing of client bank accounts for the fiscal period from management and management's representation that the listing is complete. Ask management to identify the entity's main operating account. Select the entity's main operating account and randomly

select 4 additional accounts (or all accounts if less than 5). Randomly select one month from the fiscal period, obtain and inspect the corresponding bank statement and reconciliation for selected each account, and observe that:

*A listing of bank accounts was obtained from management.*

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

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

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

**Exception:** *On three of the bank statements tested, no written evidence of independent member of management was present.*

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

**Exception:** *Management could not provide evidence for researching reconciling items that have been outstanding over 12 Months for one account.*

**Management's Response:** *Management initials and dates review on any bank account that has reconciling items. If the bank statement balance agrees to the general ledger (no reconciling items), there is no signature. In the future, management will initial all statements, even those with no reconciling items. With regards to old outstanding items, when the finance department came under new management, the bank account with the largest listing of outstanding items was handled as top priority. There remain 2 or 3 accounts with old outstanding items that need to be researched and cleared.*

## **Collections**

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

*Obtained a listing of deposit and collection locations form management.*

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

*No exceptions noted.*

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

*No exception noted.*

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

*No exceptions noted.*

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

*No exception noted.*

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

*No exceptions noted.*

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

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

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

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

*No exceptions noted.*

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

*No exceptions noted.*

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

*No exceptions noted.*

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

*No exceptions noted.*

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

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

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

*Obtained a listing of payment processing locations from management.*

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

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

*No exceptions noted.*

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

*No exceptions noted.*

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

*No exceptions noted.*

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

**Exception:** *Person responsible for processing the payment also mails the payments.*

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

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

*No exceptions noted.*

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

*No exceptions noted.*

**Management's Response:** Management is aware that in certain instances, staffing levels do not provide for the separation of the person preparing payments to not also mail payments. However, this is an occasional occurrence and management feels that other internal controls mitigate the risk caused by this deviation from complete separation of duties.

### **Credit Cards/Debit Cards/Fuel Cards/P-Cards**

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

*Obtained a listing of credit cards from management.*

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

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

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

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

*No exceptions noted.*

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

**Exception:** *There was one instance where the original receipt was not retained.*

**Management's Response:** *In any instance where an original receipt was not retained, the purchase is reviewed by the Treasurer. If the purchase was clearly allowable and part of approved travel, the Treasurer will sign off and authorize payment. If the purchase was not allowed or pre-approved, the employee is responsible to reimburse the City (which can include payroll deduction of the amount).*

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

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

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

*No exceptions noted.*

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

*No exceptions noted.*

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

*Not exceptions noted.*

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

*No exceptions noted.*

***Contracts***

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*Not applicable because of no exceptions in previous year.*

***Payroll and Personnel***

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*Not applicable because of no exceptions in previous year.*

***Ethics***

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

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

*No exceptions noted.*

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

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

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

### ***Debt Service***

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*Not applicable because of no exceptions in previous year.*

### ***Other***

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

*No misappropriations to be reported.*

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

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

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

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

*Heard, McElroy & Vestal, LLC*

Shreveport, Louisiana