

2304

CITY OF PATTERSON, LOUISIANA

Financial Report

Year Ended June 30, 2007

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Release Date 3/26/08

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## Independent Auditor's Report

The Honorable Michael Accardo, Mayor  
and Members of the City Council  
City of Patterson, Louisiana

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Patterson, Louisiana, as of and for the year ended June 30, 2007, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit.

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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Patterson, Louisiana, as of June 30, 2007, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated March 14, 2008, on our consideration of the City of Patterson's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The required supplementary information on pages 40 through 42 is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have

applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

The City of Patterson, Louisiana has not presented management's discussion and analysis that the Governmental Accounting Standards Board has determined is necessary to supplement, although not required to be a part of, the basic financial statements.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Patterson, Louisiana's basic financial statements. The accompanying financial information listed as "Other Supplemental Information" in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly presented in all material respects in relation to the basic financial statements taken as a whole, except that:

- (1) information as to the number of utility customers presents on page 57 is based on unaudited data obtained from the City's records, on which we express no opinion, and
- (2) the insurance coverage data presented on page 60 has not been audited by us and we express no opinion on it.

*Kolda, Champagne, Slaven & Company, LLC*  
Certified Public Accountants

Franklin, Louisiana  
March 14, 2008

**BASIC FINANCIAL STATEMENTS**

**GOVERNMENT-WIDE FINANCIAL  
STATEMENTS (GWFS)**

CITY OF PATTERSON, LOUISIANA

Statement of Net Assets  
June 30, 2007

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
<b>ASSETS</b>			
Current assets:			
Cash	\$ 1,806,763	\$ 273,226	\$ 2,079,989
Interest-bearing deposits	7,267,810	257,469	7,525,279
Investments, at fair value	885,782	315,484	1,201,266
Receivables, net	579,831	356,965	936,796
Due from other governmental units	97,067	-	97,067
Due from (to) other funds	406,544	(406,544)	-
Prepaid insurance	5,723	5,640	11,363
<b>Total current assets</b>	<u>11,049,520</u>	<u>802,240</u>	<u>11,851,760</u>
Noncurrent assets:			
Restricted assets	-	1,981,699	1,981,699
Capital assets, net	4,388,649	3,890,823	8,279,472
<b>Total noncurrent assets</b>	<u>4,388,649</u>	<u>5,872,522</u>	<u>10,261,171</u>
<b>Total assets</b>	<u>15,438,169</u>	<u>6,674,762</u>	<u>22,112,931</u>
<b>LIABILITIES</b>			
Current liabilities:			
Accounts and other payables	294,667	361,153	655,820
Accrued interest payable	25,806	1,812	27,618
Capital lease obligation, current portion	28,458	-	28,458
Bonds payable, current portion	227,694	91,418	319,112
<b>Total current liabilities</b>	<u>576,625</u>	<u>454,383</u>	<u>1,031,008</u>
Noncurrent liabilities:			
Customers' deposits payable	-	320,365	320,365
Capital lease obligation, net of current portion	29,542	-	29,542
Bonds payable, net of current portion	1,873,468	186,362	2,059,830
<b>Total noncurrent liabilities</b>	<u>1,903,010</u>	<u>506,727</u>	<u>2,409,737</u>
<b>Total liabilities</b>	<u>2,479,635</u>	<u>961,110</u>	<u>3,440,745</u>
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt	2,229,487	3,611,231	5,840,718
Restricted for:			
Debt service	1,237,979	1,661,334	2,899,313
Other purposes	457,209	-	457,209
Unrestricted	9,033,859	441,087	9,474,946
<b>Total net assets</b>	<u>\$ 12,958,534</u>	<u>\$ 5,713,652</u>	<u>\$ 18,672,186</u>

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

CITY OF PATTERSON, LOUISIANA

Statement of Activities  
For the Year Ended June 30, 2007

Activities	Expenses	Program Revenues		
		Fees, Fines, and Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>Governmental activities</b>				
General government	\$ 494,504	\$ 212,756	\$ -	\$ -
Public safety				
Police	1,232,065	532,842	-	13,561
Fire	108,713	-	101,394	-
Sanitation	455,468	379,334	-	-
Streets and drainage	310,917	-	10,131	-
Culture and recreation	43,454	-	-	-
Housing rehabilitation	155,921	-	155,921	-
Interest and fiscal charges on long-term debt	<u>119,270</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total governmental activities	<u>2,920,312</u>	<u>1,124,932</u>	<u>267,446</u>	<u>13,561</u>
<b>Business-type activities:</b>				
Utility Fund	<u>2,774,849</u>	<u>2,084,305</u>	<u>-</u>	<u>-</u>

Total

General revenues:

Taxes -

  Property taxes

  Sales and use taxes

  Other taxes

Grants and contributions not restricted to specific programs

  State sources

Interest and investment earnings

Miscellaneous

Total general revenues and transfers

Change in net assets

Net assets - July 1, 2006

Net assets - June 30, 2007

Net (Expense) Revenues and Changes in Net Assets		
Governmental Activities	Business-Type Activities	Total
\$ (281,748)	\$ -	\$ (281,748)
(685,662)	-	(685,662)
(7,319)	-	(7,319)
(76,134)	-	(76,134)
(300,786)	-	(300,786)
(43,454)	-	(43,454)
-	-	-
<u>(119,270)</u>	<u>-</u>	<u>(119,270)</u>
<u>(1,514,373)</u>	<u>-</u>	<u>(1,514,373)</u>
-	(690,544)	(690,544)
402,343	-	402,343
1,991,194	-	1,991,194
281,900	-	281,900
-	-	-
134,569	41,396	175,965
282,727	-	282,727
<u>(57,187)</u>	<u>57,187</u>	<u>-</u>
<u>3,035,546</u>	<u>98,583</u>	<u>3,134,129</u>
1,521,173	(591,961)	929,212
<u>11,437,361</u>	<u>6,305,613</u>	<u>17,742,974</u>
<u>\$ 12,958,534</u>	<u>\$ 5,713,652</u>	<u>\$ 18,672,186</u>

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

**FUND FINANCIAL STATEMENTS (FFS)**

## **MAJOR FUNDS' DESCRIPTIONS**

### **GENERAL FUND**

To account for resources traditionally associated with governments which are not required to be accounted for in another fund.

### **SPECIAL REVENUE FUNDS**

#### **Sewerage and Solid Waste Sales Tax Fund**

To account for the receipt and use of proceeds of the City's ¾% sales and use tax. These taxes are dedicated to the construction, acquisition, extension, improvement, operation and maintenance of solid waste collection and disposal facilities.

### **DEBT SERVICE FUNDS**

#### **2002 Paving Assessments Fund**

To accumulate monies for the payment of the 2002 Paving Assessments Certificates. Repayment is to come from collection of front-foot assessments on the adjacent properties and related interest.

### **ENTERPRISE FUND**

#### **Utility Fund**

To account for the provision of gas, water, and sewerage services to residents of the City. All activities necessary to provide such services are accounted for in this fund, including, but not limited to, administration, operations, maintenance, financing and related debt service, and billing and collection.

CITY OF PATTERSON, LOUISIANA

Balance Sheet  
Governmental Funds  
June 30, 2007

	General	Sewerage & Solid Waste Sales Tax	2002 Paving Assessments
<b>ASSETS</b>			
Cash	\$ 601,023	\$ 798,277	\$ 144,455
Interest-bearing deposits	2,824,484	2,672,059	-
Investments, at fair value	-	885,782	-
Receivables -			
Taxes	177,402	63,416	-
Property assessments	-	-	301,560
Other	320	69	-
Due from other funds	501,099	-	-
Due from other governmental units	76,484	-	-
Total assets	<u>\$ 4,180,812</u>	<u>\$ 4,419,603</u>	<u>\$ 446,015</u>
<b>LIABILITIES AND FUND BALANCES</b>			
<b>Liabilities</b>			
Accounts payable	\$ 242,788	\$ 6,423	\$ -
Accrued liabilities	30,126	-	-
Due to other funds	33,804	24,139	1,868
Deferred revenue	-	-	301,560
Total liabilities	<u>306,718</u>	<u>30,562</u>	<u>303,428</u>
<b>Fund balances:</b>			
Reserved for debt service	-	-	142,587
Reserved for capital improvements	-	-	-
Unreserved, reported in			
General fund	3,874,094	-	-
Special revenue fund	-	4,389,041	-
Total fund balances	<u>3,874,094</u>	<u>4,389,041</u>	<u>142,587</u>
Total liabilities and fund balances	<u>\$ 4,180,812</u>	<u>\$ 4,419,603</u>	<u>\$ 446,015</u>

Other Governmental Funds	Total Governmental Funds
\$ 263,008	\$ 1,806,763
1,771,267	7,267,810
-	885,782
17,161	257,979
16,995	318,555
2,908	3,297
285,298	786,397
20,583	97,067
<u>\$ 2,377,220</u>	<u>\$ 11,423,650</u>
\$ -	\$ 249,211
-	30,126
320,042	379,853
16,995	318,555
<u>337,037</u>	<u>977,745</u>
1,095,392	1,237,979
457,209	457,209
-	3,874,094
487,582	4,876,623
<u>2,040,183</u>	<u>10,445,905</u>
<u>\$ 2,377,220</u>	<u>\$ 11,423,650</u>

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

**CITY OF PATTERSON, LOUISIANA**

**Reconciliation of the Governmental Funds Balance Sheet  
to the Statement of Net Assets  
June 30, 2007**

<b>Total fund balances for governmental funds at June 30, 2007</b>	<b>\$ 10,445,905</b>
 <b>Total net assets reported for governmental activities in the statement of net assets is different because:</b>	
Property assessments, in governmental activities, are not considered financial resources until collected. Therefore, a corresponding deferred revenue is recorded in the governmental fund until the assessment is collected.	318,555
Expenses paid during the year but attributable to periods after the current year (primarily insurance) are recorded as prepaid expenses in the statement of net assets	5,723
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. Those assets consist of:	
Land	223,326
Buildings, net of \$595,217 accumulated depreciation	1,968,404
Equipment, furniture & fixtures, net of \$1,052,377 accumulated depreciation	675,961
Infrastructure, net of \$147,582 accumulated depreciaton	1,520,958
Long-term liabilities, including bonds and certificates payable in the current period and, therefore, are not reported as liabilities in the funds	
Bonds and certificates payable	(2,101,162)
Accrued interest payable	(25,806)
Capital lease obligation payable	(58,000)
Compensated absences payable	(15,330)
<b>Total net assets of governmental activities at June 30, 2007</b>	<b><u>\$ 12,958,534</u></b>

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

CITY OF PATTERSON, LOUISIANA

Statement of Revenues, Expenditures, and Changes in Fund Balances  
 Governmental Funds  
 For the Year Ended June 30, 2007

	General	Sewerage & Solid Waste Sales Tax	2002 Paving Assessments
<b>Revenues:</b>			
Taxes	\$ 1,525,991	\$ 726,520	\$ -
Licenses and permits	147,687	-	-
Intergovernmental	419,017	-	-
Charges for services	444,403	-	-
Fines and forfeits	342,096	-	-
Miscellaneous	116,612	70,497	80,498
Total revenues	<u>2,995,806</u>	<u>797,017</u>	<u>80,498</u>
<b>Expenditures:</b>			
<b>Current -</b>			
General government	430,174	-	-
Public safety:			
Police	1,159,763	-	-
Fire	44,746	-	-
Sanitation	442,927	-	-
Culture and recreation	40,838	-	-
Streets and drainage	248,554	-	-
Housing rehabilitation	-	-	-
Capital outlay	23,913	-	-
Debt service -			
Principal retirement	-	-	77,694
Interest and fiscal charges	-	-	30,456
Total expenditures	<u>2,390,915</u>	<u>-</u>	<u>108,150</u>
Excess (deficiency) of revenues over expenditures	<u>604,891</u>	<u>797,017</u>	<u>(27,652)</u>
<b>Other financing sources (uses):</b>			
Operating transfers in	193,567	-	-
Operating transfers out	-	(81,864)	-
Total other financing sources (uses)	<u>193,567</u>	<u>(81,864)</u>	<u>-</u>
Net change in fund balances	798,458	715,153	(27,652)
Fund balances, beginning	<u>3,075,636</u>	<u>3,673,888</u>	<u>170,239</u>
Fund balances, ending	<u>\$ 3,874,094</u>	<u>\$ 4,389,041</u>	<u>\$ 142,587</u>

Other Governmental Funds	Total Governmental Funds
\$ 422,926	\$ 2,675,437
-	147,687
257,315	676,332
-	444,403
-	342,096
<u>26,712</u>	<u>294,319</u>
<u>706,953</u>	<u>4,580,274</u>
-	430,174
-	1,159,763
28,838	73,584
-	442,927
-	40,838
-	248,554
155,921	155,921
-	23,913
167,413	245,107
93,003	123,459
<u>445,175</u>	<u>2,944,240</u>
<u>261,778</u>	<u>1,636,034</u>
235,497	429,064
<u>(404,387)</u>	<u>(486,251)</u>
<u>(168,890)</u>	<u>(57,187)</u>
92,888	1,578,847
<u>1,947,295</u>	<u>8,867,058</u>
<u>\$ 2,040,183</u>	<u>\$ 10,445,905</u>

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

CITY OF PATTERSON, 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 June 30, 2007

Total net changes in fund balances at June 30, 2007 per Statement  
of Revenues, Expenditures and Changes in Fund Balances \$1,578,847

The change in net assets reported for governmental activities in the  
statement of activities is different because:

Governmental funds report capital outlay 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 which is considered expenditures on Statement  
of Revenues, Expenditures and Changes in Fund Balances 23,913  
Depreciation expense for the year ended June 30, 2007 (248,255)

Governmental funds report bonded debt repayments and capital lease  
payments, including interest, as expenditures. However, principal  
repayments do not appear in the statement of activities since the  
payment is applied against the bond payable balance on the statement  
of net assets 245,107

Governmental funds report collections of assessments for paving and  
other projects as revenues when they are collected. However, under  
full accrual accounting, the revenues would be recognized when earned.  
The fact that the debtor is repaying the debt over time does not preclude  
the recognition of the entire assessment as revenue at the time it is  
earned. The City collected \$81,602 of assessments during the year. (81,602)

Some expenses reported in the statement of activities, such as  
compensated absences and accrued interest expense, do not require  
the use of current financial resources and are not reported as  
expenditures in governmental funds 3,163

Total changes in net assets at June 30, 2007 per Statement of Activities \$1,521,173

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

CITY OF PATTERSON, LOUISIANA

Statement of Net Assets  
Proprietary Fund  
June 30, 2007

**ASSETS**

**Current assets:**

Cash	\$ 273,226
Interest-bearing deposits	257,469
Investments	315,484
Receivables	
Customer accounts receivable, net	356,947
Other	18
Due from other funds	50,161
Prepaid insurance	<u>5,640</u>
Total current assets	<u>1,258,945</u>

**Noncurrent assets:**

**Restricted assets -**

Cash	355,819
Interest-bearing deposits	1,625,391
Accrued interest receivable	489
Capital assets, net of accumulated depreciation	<u>3,890,823</u>
Total noncurrent assets	<u>5,872,522</u>

Total assets	<u>7,131,467</u>
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**LIABILITIES**

**Current liabilities (payable from current assets):**

Accounts payable	268,408
Accrued liabilities	92,745
Due to other funds	<u>456,705</u>
Total current liabilities	<u>817,858</u>

**Current liabilities (payable from restricted assets):**

Revenue bonds payable, current portion	91,418
Accrued interest payable	<u>1,812</u>
Total current liabilities	<u>93,230</u>

CITY OF PATTERSON, LOUISIANA

Statement of Net Assets  
Proprietary Fund (Continued)  
June 30, 2007

<b>Noncurrent liabilities:</b>	
Payable from restricted assets -	
Revenue bonds payable, net of current portion	186,362
Customers' meter deposits payable	<u>320,365</u>
Total noncurrent liabilities	<u>506,727</u>
Total liabilities	<u>1,417,815</u>
<b>NET ASSETS</b>	
Invested in capital assets, net of related debt	3,611,231
Restricted per revenue bond covenant	1,661,334
Unrestricted	<u>441,087</u>
Total net assets	<u>\$ 5,713,652</u>

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

CITY OF PATTERSON, LOUISIANA

Statement of Revenues, Expenses, and Changes in Net Assets  
 Proprietary Fund  
 For the Year Ended June 30, 2007

Operating revenues:	
Charges for services -	
Gas sales and services	\$ 1,271,620
Water sales and services	409,880
Sewerage service	331,033
Delinquent charges	32,846
Commissions, transfers and reconnections	9,076
Miscellaneous	29,850
Total operating revenues	<u>2,084,305</u>
Operating expenses:	
Administrative	430,584
Gas department	1,225,623
Water department	570,674
Sewerage department	259,298
Depreciation	271,190
Total operating expenses	<u>2,757,369</u>
Operating income (loss)	<u>(673,064)</u>
Nonoperating revenues (expenses):	
Interest income	41,396
Interest and fiscal charges	<u>(17,480)</u>
Total nonoperating revenues (expenses)	23,916
Income (loss) before contributions and transfers	(649,148)
Capital contributions	-
Transfers in	57,187
Transfers out	<u>-</u>
Change in net assets	(591,961)
Net assets, beginning	<u>6,305,613</u>
Net assets, ending	<u>\$ 5,713,652</u>

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

CITY OF PATTERSON, LOUISIANA

Statement of Cash Flows  
 Proprietary Fund  
 For the Year Ended June 30, 2007

Cash flows from operating activities:	
Receipts from customers	\$ 2,067,899
Payments to suppliers	(1,721,413)
Payments to employees	<u>(536,299)</u>
Net cash provided by operating activities	<u>(189,813)</u>
Cash flows from noncapital financing activities:	
Payments from other funds	427,710
Payments to other funds	<u>-</u>
Net cash provided by noncapital financing activities	<u>427,710</u>
Cash flows from capital and related financing activities:	
Acquisition of property, plant and equipment	(195,077)
Increase in customer meter deposits	17,503
Principal repayments on revenue bonds	(90,000)
Revenue bond interest payments	<u>(14,250)</u>
Net cash used by capital and related financing activities	<u>(281,824)</u>
Cash flows from investing activities:	
Maturities of investments and interest-bearing deposits	368,104
Purchase of investments and interest-bearing deposits	(368,894)
Interest on investments	<u>41,396</u>
Net cash provided by investing activities	<u>40,606</u>
Net increase (decrease) in cash and equivalents	(3,321)
Cash and equivalents, beginning of period	<u>2,645,868</u>
Cash and equivalents, end of period	<u>\$ 2,642,547</u>

CITY OF PATTERSON, LOUISIANA

Statement of Cash Flows  
 Proprietary Fund (Continued)  
 For the Year Ended June 30, 2007

Reconciliation of operating loss to net cash used by  
 operating activities:

Operating loss	\$ (673,064)
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Adjustments to reconcile operating loss to net cash used by  
 operating activities

Depreciation	271,190
Changes in current assets and liabilities:	
(Increase) decrease in accounts receivable	(16,406)
(Increase) decrease in prepaid insurance	1,125
Increase (decrease) in accounts payable	174,575
Increase (decrease) in accrued liabilities	<u>52,767</u>

Net cash provided by operating activities	<u>\$ (189,813)</u>
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Reconciliation of cash and equivalents per statement of cash  
 flows to the statement of net assets

Cash and equivalents, beginning of period -	
Cash and interest-bearing deposits - unrestricted	\$ 747,240
Cash and interest-bearing deposits - restricted	<u>1,898,628</u>
Total cash and equivalents	<u>2,645,868</u>

Cash and equivalents, end of period -	
Cash and interest-bearing deposits - unrestricted	846,179
Cash and interest-bearing deposits - restricted	<u>1,796,368</u>
Total cash and equivalents	<u>2,642,547</u>

Net increase (decrease)	<u>\$ (3,321)</u>
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The accompanying notes are an integral part of the basic financial statements.

## CITY OF PATTERSON, LOUISIANA

### Notes to Financial Statements

#### NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Patterson was incorporated March 11, 1907, under the provisions of the Lawrason Act. The City operated under a Mayor-Board of Aldermen form of government until December 31, 1992 at which time the City adopted a Home Rule Charter and now operates under an elected Mayor-Council, administrative-legislative form of government. The City's operations include police and fire protection, streets and drainage, parks and recreation, residential waste collection services, certain social services and general administration services. The City owns and operates an enterprise fund that provides gas, water, and sewer services.

The accompanying financial statements of the City of Patterson (City) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. GAAP includes all relevant Governmental Accounting Standard Board (GASB) pronouncements. In the government-wide financial statements and the fund financial statements for the proprietary funds, Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinion issued on or before November 30, 1989, have been applied unless those pronouncements conflict with or contradict GASB pronouncements, in which case, GASB prevails. Such accounting and reporting procedures also conform to the requirements of Louisiana Revised Statute 24:517 and to the guides set forth in the Louisiana Municipal Audit and Accounting Guide and to the industry audit guide, Audits of State and Local Governmental Units. The accounting and reporting framework and the more significant accounting policies are discussed in subsequent subsections of this note.

#### Financial Reporting Entity

Government Accounting Standards Board Statement 14 established criteria for determining which component units should be considered part of the City of Patterson, Louisiana for financial reporting purposes. The basic criterion for including a potential component unit within the reporting entity is financial accountability. The GASB has set criteria to be considered in determining financial accountability. These criteria include:

1. Appointing a voting majority of an organization's governing body, and
  - a. The ability of the City to impose its will on that organization and/or
  - b. The potential for the organization to provide specific financial benefits to or impose specific financial burdens on the City.
2. Organizations for which the City does not appoint a voting majority, but are fiscally dependent on the City.
3. Organizations for which the reporting entity financial statements would be misleading if the data of the organization is not included because of the nature of or significance of the relationship.

Based on the aforementioned criteria, the City of Patterson has no component units.

The following organizations are related organizations which have not been included in the reporting entity:

CITY OF PATTERSON, LOUISIANA

Notes to Financial Statements (Continued)

Housing Authority of the City of Patterson –

The Housing Authority of the City of Patterson is governed by a board appointed by the management of the City. However, the City's accountability for the housing authority do not extend beyond making the appointments.

Patterson Volunteer Fire Department –

The Patterson Volunteer Fire Department is governed by a group of volunteer citizens. The City provides facilities and some financing to the Volunteer Fire Department but the Department is not fiscally dependent on the City. However, the City includes revenues received and expenditures paid for the Volunteer Fire Department as part of its general fund.

Basis of Presentation

Government-Wide Financial Statements (GWFS)

The statement of net assets and statement of activities display information about the reporting government as a whole. They include all funds of the reporting entity. The statements distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

The statements of activities presents a comparison between direct expenses and program revenues for the business-type activities of the City and for each function of the City's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include (a) fees, fines, and charges paid by the recipients of goods or services offered by the programs, and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Fund Financial Statements (FFS)

The accounts of the City are organized on the basis of funds. A fund is an independent fiscal and accounting entity with a separate set of self-balancing accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds is maintained consistent with legal and managerial requirements.

The various funds of the City are classified into two categories: governmental and proprietary. The emphasis on fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. A fund is considered major if it is the primary operating fund of the City or meets the following criteria:

- a. Total assets, liabilities, revenues, or expenditures/expenses of that individual governmental or enterprise fund are at least 10 percent of the corresponding total for all funds of that category or type; and
- b. Total assets, liabilities, revenues, or expenditures/expenses of the individual governmental or enterprise fund are at least 5 percent of the corresponding total for all governmental and enterprise funds combined.

The major funds of the City are described below:

CITY OF PATTERSON, LOUISIANA

Notes to Financial Statements (Continued)

**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.

**Special Revenue Funds -**

**Sewerage and Solid Waste Sales Tax Fund**

This fund is used to account for the receipt and use of proceeds of the City's ¼% sales and use tax. These taxes are dedicated to the construction, acquisition, extension, improvement, operation and maintenance of solid waste collection and disposal facilities.

**Debt Service Fund -**

**2002 Paving Assessment Fund**

This fund is used to account for the payment of the 2002 Paving Certificates. Debt service is financed by collections of paving front-foot assessments and related interest.

**Proprietary Fund -**

**Enterprise Fund**

Enterprise funds are used to account for operations (a) that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes. The City of Patterson's enterprise fund is the Utility Fund.

**Measurement Focus/Basis of Accounting**

Measurement focus is a term used to describe "which" transactions are recorded within the various financial statements. Basis of accounting refers to "when" transactions are recorded regardless of the measurement focus applied.

**Measurement Focus**

On the government-wide statement of net assets and statement of activities, both governmental and business-type activities are presented using the economic resources measurement focus as defined in item b. below.

In the fund financial statements, the "current financial resources" measurement focus or the "economic resources" measurement focus is used as appropriate:

- a. All governmental funds utilize a "current financial resources" measurement focus. Only current financial assets and liabilities are generally included on their balance sheets. Their operating statements present sources and uses of available spendable financial

## CITY OF PATTERSON, LOUISIANA

### Notes to Financial Statements (Continued)

resources during a given period. These funds use fund balance as their measure of available spendable financial resources at the end of the period.

- b. The proprietary fund utilizes an "economic resources" measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net assets (or cost recovery), financial position, and cash flows. All assets and liabilities (whether current or noncurrent) associated with their activities are reported. Proprietary fund equity is classified as net assets.

#### **Basis of Accounting**

In the government-wide statement of net assets and statement of activities, both governmental and business-type activities are presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

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. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures (including capital outlay) generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures are recorded only when payment is due.

The proprietary fund utilizes the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used.

#### **Assets, Liabilities and Equity**

##### **Cash, interest-bearing deposits, and investments**

For the purpose of the statement of net assets, cash and interest-bearing deposits include all demand accounts, savings accounts, and certificates of deposits of the City.

Under state law, the City may invest in United States bonds, treasury notes, or certificates. Investments are stated at amortized cost.

For the purpose of the proprietary fund statement of cash flows, "cash and cash equivalents" include all demand and savings accounts, and certificates of deposit or short-term investments with an original maturity of three months or less.

##### **Interfund receivables and payables**

During the course of operations, numerous transactions occur between individual funds that may result in amounts owed between funds. Those related to goods and services type transactions are classified as "due to and from other funds." Short-term interfund loans are reported as "interfund receivables and payables."

CITY OF PATTERSON, LOUISIANA

Notes to Financial Statements (Continued)

Long-term interfund loans (noncurrent portion) are reported as "advances from and to other funds." Interfund receivables and payables between funds within governmental activities are eliminated in the statement of net assets.

Receivables

In the government-wide statements, receivables consist of all revenues earned at year-end and not yet received. Major receivable balances for the governmental activities include sales and use taxes. Business-type activities report customer's utility service receivables as their major receivables. Uncollectible utility service receivables are recognized as bad debts through the establishment of an allowance account at the time information becomes available which would indicate the uncollectibility of the particular receivable. The allowance for uncollectibles for customers' utility receivables was \$44,263 at June 30, 2007. Unbilled utility service receivables resulting from utility services rendered between the date of meter reading and billing and the end of the month, are recorded at year-end. The estimate for unbilled utility service receivables at June 30, 2007 was \$21,719.

Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are capitalized at historical cost or estimated historical cost if historical cost is not available. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation. The City maintains a threshold level of \$1,000 or more for capitalizing capital assets.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Prior to July 1, 2001, governmental funds' infrastructure assets were not capitalized. These assets have been valued at estimated historical cost.

Depreciation of all exhaustible capital assets is recorded as an allocated expense in the statement of activities, with accumulated depreciation reflected in the statement of net assets. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. The range of estimated useful lives by type of asset is as follows:

Buildings	40 years
Equipment	5-7 years
Utility system and improvements	25 years
Infrastructure	20-50 years

In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition. Capital assets used in proprietary fund operations are accounted for the same as in the government-wide statements.

Restricted Assets

Restricted assets include cash and interest-bearing deposits that are legally restricted as to their use. The restricted assets are related to the revenue bond accounts and utility meter deposits.

## CITY OF PATTERSON, LOUISIANA

### Notes to Financial Statements (Continued)

#### Long-term debt

The accounting treatment of long-term debt depends on whether the assets are used in governmental fund operations or proprietary fund operations and whether they are reported in the government-wide or fund financial statements.

All long-term debt to be repaid from governmental and business-type resources are reported as liabilities in the government-wide statements. The long-term debt consists primarily of compensated absences payable, bonds and certificates payable, and utility meter deposits payable.

Long-term debt for governmental funds is not reported as liabilities in the fund financial statements. The debt proceeds are reported as other financing sources and payment of principal and interest reported as expenditures. The accounting for proprietary fund long-term debt is the same in the fund statements as it is in the government-wide statements.

#### Compensated Absences

Vacation and sick leave are recorded as expenditures of the period in which paid. Vacation credits earned by employees range from 5 days per year to 22 days per year depending upon length of service. Vacation must be taken in the year earned and cannot be carried over. Sick leave does not accumulate and is not payable at termination of employment.

#### Equity Classifications

In the government-wide statements, equity is classified as net assets and displayed in three components:

- a. Invested in capital assets, net of related debt – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted net assets – Consists of net assets with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional, provisional or enabling legislation.
- c. Unrestricted net assets – All other net assets that do not meet the definition of "restricted" or "invested in capital assets, net of related debt."

In the fund statements, governmental fund equity is classified as fund balance. Fund balance is further classified as reserved and unreserved, with unreserved further split between designated and undesignated. Proprietary fund equity is classified the same as in the government-wide statements.

#### Revenues, Expenditures, and Expenses

##### Operating Revenues and Expenses

Operating revenues and expenses for proprietary funds are those that result from providing services and producing and delivering goods and/or services. It also includes all revenue and expenses not related to capital and related financing, noncapital financing, or investing activities.

## CITY OF PATTERSON, LOUISIANA

### Notes to Financial Statements (Continued)

#### Expenditures/Expenses

In the government-wide financial statements, expenses are classified by function for both governmental and business-type activities.

In the fund financial statements, expenditures are classified as follows:

Governmental Funds – By Character  
Proprietary Fund – By Operating and Nonoperating

In the fund financial statements, governmental funds report expenditures of financial resources. Proprietary funds report expenses relating to use of economic resources.

#### Interfund Transfers

Permanent reallocations of resources between funds of the reporting entity are classified as interfund transfers. For the purposes of the statement of activities, all interfund transfers between individual governmental funds have been eliminated.

#### Budget and Budgetary Accounting

The City follows these procedures in establishing the budgetary data reflected in the financial statements:

1. The City Clerk prepares a proposed budget and submits it to the Mayor and Council for the fiscal year no later than 45 days prior to the beginning of each fiscal year.
2. A summary of the proposed budget is published and the public notified that the proposed budget is available for public inspection. At the same time, a public hearing is called.
3. A public hearing is held on the proposed budget at least 10 days after publication of the call for the hearing.
4. After holding the public hearing and completion of all action necessary to finalize and implement the budget, the budget is adopted through passage of a resolution prior to the commencement of the fiscal year for which the budget is being adopted.
5. Budgetary amendments involving the transfers of funds from one department, program, or function to another or involving increases in expenditures resulting from revenues exceeding amounts estimated require the approval of the City Council.
6. All budgetary appropriations lapse at the end of each year, except for capital expenditures.
7. Budgets for all funds are adopted on a basis consistent with generally accepted accounting principles (GAAP). Budgeted amounts are as originally adopted or as amended by the City Council. Such amendments were not material in relation to the original appropriations.

#### Capital of Interest Expense

It is the policy of the City to capitalize material amounts of interest resulting from borrowings in the course of the construction of capital assets. At June 30, 2007, there were no borrowings for assets under construction and no capitalized interest expense was recorded on the books.

#### Use of 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 and disclosure of contingent assets and

CITY OF PATTERSON, LOUISIANA

Notes to Financial Statements (Continued)

liabilities at the date of the basic financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

NOTE 2 CASH, INTEREST-BEARING DEPOSITS AND INVESTMENTS

A. Cash and Interest-bearing Deposits

Under state law, the City may deposit funds within a fiscal agent bank organized under the laws of the State of Louisiana, the laws of any other state in the Union, or the laws of the United States. The City may invest in certificates and time deposits of state banks organized under Louisiana law and national banks having principal offices in Louisiana. At June 30, 2007, the City has cash and interest-bearing deposits (book balances) totaling \$11,586,478, as follows:

Demand deposits	\$ 2,435,808
Money market accounts and time deposits	<u>9,150,670</u>
Total	<u>\$ 11,586,478</u>

The 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 bank. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties. Deposit balances (bank balances) at June 30, 2007, were secured as follows:

Bank balances	<u>\$ 11,688,222</u>
Federal deposit insurance	\$ 400,000
Pledged securities (Category 3)	<u>11,955,189</u>
Total federal deposit insurance and pledged securities	<u>12,355,189</u>
Excess	<u>\$ 666,967</u>

Pledged securities in Category 3 includes uninsured or unregistered investments for which the securities are held by the broker or dealer, or by its trust department or agent, but not in the City's name. Even though the pledged securities are considered uncollateralized (Category 3), Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the City that the fiscal agent has failed to pay deposited funds upon demand.

CITY OF PATTERSON, LOUISIANA

Notes to Financial Statements (Continued)

B. Investments

At June 30, 2007, the City's investments totaled \$1,201,266 as follows:

<u>Description</u>	<u>Category</u>	<u>Interest Rate</u>	<u>Carrying Amount</u>	<u>Fair Value</u>
<b>Governmental Activities:</b>				
Louisiana Asset Management Pool (LAMP)	N/A	2.13%	\$ 885,782	\$ 885,782
<b>Business-Type Activities:</b>				
Louisiana Asset Management Pool (LAMP)	N/A	2.13%	<u>315,484</u>	<u>315,484</u>
			<u>\$ 1,201,266</u>	<u>\$ 1,201,266</u>

The City can invest in direct debt securities of the United States unless such an investment is expressly prohibited by law.

In accordance with GASB Codification Section I50.165, the investment in LAMP is not categorized in the three risk categories provided by GASB Codification Section I50.164 because the investment is in the pool of funds and thereby not evidenced by securities that exist in physical or book entry form.

LAMP is administered by LAMP, Inc.; a non-profit corporation organized under the laws of the State of Louisiana. Only local governments having contracted to participate in LAMP have an investment interest in its pool of assets. The primary objective of LAMP is to provide a safe environment for the placement of public funds in short-term, high quality investments. The LAMP portfolio includes only securities and other obligations in which local governments in Louisiana are authorized to invest. Accordingly, LAMP investments are restricted to securities issued, guaranteed, or backed by the U.S. Treasury, the U.S. government, or one of its agencies, enterprises, or instrumentalities, as well repurchase agreements collateralized by those securities.

The dollar weighted average portfolio maturity of LAMP assets is restricted to not more than 90 days, and consists of no securities with a maturity in excess of 397 days. LAMP is designed to be highly liquid to give its participants immediate access to their account balances. The investments in LAMP are stated at fair value based on quoted market rates. The fair market value of investments is determined on a weekly basis by LAMP and the value of the position in the external investment pool is the same as the value of the pool shares.

LAMP, Inc. is subject to regulatory oversight of the state treasurer and the board of directors. LAMP is not registered with the SEC as an investment company.

NOTE 3

AD VALOREM TAXES

Ad valorem taxes attach as an enforceable lien on property as of January 1 of each year. Taxes are levied by the City in September or October and are actually billed to taxpayers in November or December. Billed taxes become delinquent on January 1 of the following year. The City bills and collects its own property taxes using the assessed values determined by the tax assessor of St. Mary Parish. City property tax revenues are budgeted in the year billed.

CITY OF PATTERSON, LOUISIANA

Notes to Financial Statements (Continued)

For the year ended June 30, 2007, taxes of 21.31 mills were levied on property with assessed valuations totaling \$19,144,710 and were dedicated as follows:

General corporate purposes	8.90 mills
Debt service	12.41 mills

Total taxes levied were \$407,975. The amount of taxes receivable at June 30, 2007 was \$18,561.

NOTE 4

INTERFUND TRANSACTIONS

A. Receivables and Payables

Interfund receivables and payables at June 30, 2007 consisted of the following:

	Interfund Receivables	Interfund Payables
Due to/from other funds:		
General Fund	\$ 501,099	\$ 33,804
Special revenue funds -		
Ad Valorem Tax Collection Fund	-	52,717
Sewerage and Solid Waste Sales Tax Fund	-	24,139
Debt service funds -		
Public Improvement Bonds Fund	216,805	49,830
Sales Tax Refunding Bonds	26,554	4,426
1990 Paving Assessment Fund	15,555	123,590
Public Improvement Sales Tax Bonds	-	71,601
2002 Paving Assessments Sinking Fund	-	1,868
Capital projects funds -		
City Hall & Jail Complex Project Fund	768	-
Drainage and Relocation Fund	21,443	1,701
Regional Sewerage Facility Project Fund	573	-
Murphy St. Paving Fund	-	392
2002 Paving Construction Fund	3,600	15,785
Utility Fund	50,161	456,705
Total due to/from other funds	<u>\$ 836,558</u>	<u>\$ 836,558</u>

B. Operating transfers

Transfers between funds for the year ended June 30, 2007 were:

	Transfers In	Transfers Out
Transfers to/from other funds		
General Fund	\$ 193,567	\$ -
Special Revenue Funds -		
Ad Valorem Tax Collection Fund	-	404,387
Sewerage and Solid Waste Sales Tax Fund	-	81,864
Debt Service Funds -		
Public Improvement Bonds Fund	235,497	-
Utility Fund	57,187	-
	<u>\$ 486,251</u>	<u>\$ 486,251</u>

CITY OF PATTERSON, LOUISIANA

Notes to Financial Statements (Continued)

Transfers are used to (a) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them and to (b) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

NOTE 5 DUE FROM OTHER GOVERNMENTAL UNITS

Amounts due from other governmental units at June 30, 2007 consisted of the following:

Fire insurance rebate due from the St. Mary Parish Council	20,583
Prisoner maintenance fees due from -	
St. Mary Parish Government	24,444
State of Louisiana	4,724
Beer and tobacco taxes due from the State of Louisiana	10,423
Video poker receipts due from the State of Louisiana	34,032
Highway maintenance fees due from the State of Louisiana	2,861
	<u>\$ 97,067</u>

NOTE 6 RESTRICTED ASSETS

Restricted assets consisted of the following at June 30, 2007:

Revenue bond and interest sinking fund	\$ 134,226
Revenue bond reserve fund	62,000
Revenue bond capital additions and contingencies fund	1,328,304
Revenue bond construction fund	136,804
Customers' deposits	320,365
	<u>\$ 1,981,699</u>

CITY OF PATTERSON, LOUISIANA

Notes to Financial Statements (Continued)

NOTE 7 CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2007 was as follows:

	Balance 6/30/2006	Additions	Deletions	Balance 6/30/2007
<b>Governmental activities:</b>				
Capital assets not being depreciated				
Land	\$ 223,326	\$ -	\$ -	\$ 223,326
Construction in progress	-	-	-	-
Other capital assets:				
Buildings	2,557,901	-	-	2,557,901
Improvements other than buildings	5,720	-	-	5,720
Equipment, furniture & fixtures	1,628,124	57,100	-	1,685,224
Infrastructure assets	1,668,540	-	-	1,668,540
Totals	<u>6,083,611</u>	<u>57,100</u>	<u>-</u>	<u>6,140,711</u>
Less accumulated depreciation				
Buildings	(529,142)	(66,075)	-	(595,217)
Equipment, furniture & fixtures	(914,752)	(137,625)	-	(1,052,377)
Infrastructure assets	(103,027)	(44,555)	-	(147,582)
Total accumulated depreciation	<u>(1,546,921)</u>	<u>(248,255)</u>	<u>-</u>	<u>(1,795,176)</u>
<b>Governmental activities, capital assets, net</b>	<u>\$ 4,536,690</u>	<u>\$ (191,155)</u>	<u>\$ -</u>	<u>\$ 4,345,535</u>
<b>Business-type activities:</b>				
Capital assets not being depreciated				
Land	\$ 107,200	\$ -	\$ -	\$ 107,200
Construction in progress	-	-	-	-
Other capital assets:				
Gas distribution system	1,945,658	18,700	-	1,964,358
Water distribution system	2,682,186	87,043	-	2,769,229
Sewer treatment system	5,583,261	22,500	-	5,605,761
Machinery and equipment	107,214	66,834	-	174,048
Totals	<u>10,425,519</u>	<u>195,077</u>	<u>-</u>	<u>10,620,596</u>
Less accumulated depreciation				
Gas distribution system	(1,270,398)	(61,867)	-	(1,332,265)
Water distribution system	(2,291,513)	(69,351)	-	(2,360,864)
Sewer treatment system	(2,805,521)	(127,475)	-	(2,932,996)
Machinery and equipment	(91,151)	(12,497)	-	(103,648)
Total accumulated depreciation	<u>(6,458,583)</u>	<u>(271,190)</u>	<u>-</u>	<u>(6,729,773)</u>
<b>Business-type activities, capital assets, net</b>	<u>\$ 3,966,936</u>	<u>\$ (76,113)</u>	<u>\$ -</u>	<u>\$ 3,890,823</u>

CITY OF PATTERSON, LOUISIANA

Notes to Financial Statements (Continued)

Depreciation expense was charged to governmental activities as follows:

General government	\$ 63,304
Police	72,302
Fire	35,129
Sanitation	12,541
Streets and drainage	62,363
Culture and recreation	<u>2,616</u>
Total depreciation expense	<u>\$ 248,255</u>

Depreciation expense was charged to business-type activities as follows:

Administrative	\$ 10,367
Gas	61,867
Water	67,924
Sewer	<u>129,605</u>
Total depreciation expense	<u>\$ 269,763</u>

**NOTE 8 CHANGES IN LONG-TERM DEBT**

The following is a summary of long-term debt transactions of the City of Patterson for the year ended June 30, 2007:

	<u>General Obligation</u>	<u>Revenue</u>	<u>Total</u>
Bonds and certificates, payable July 1, 2006	\$ 2,318,855	\$ 380,000	\$ 2,698,855
Bonds and certificates issued	-	-	-
Bonds and certificates retired	<u>(217,694)</u>	<u>(90,000)</u>	<u>(307,694)</u>
Bonds and certificates, payable June 30, 2007	<u>\$ 2,101,161</u>	<u>\$ 290,000</u>	<u>\$ 2,391,161</u>

Certificates of indebtedness and general obligation bonds at June 30, 2007 are comprised of the following individual issues:

General obligation bonds and certificates:

\$930,000 1998 General Obligation Refunding Bonds, due in annual installments of \$85,000 to \$95,000 through March 1, 2010, interest at 5.05 to 5.20 percent; secured by levy and collection of ad valorem taxes	265,000
\$850,000 Public Improvement Sales Tax Bonds, Series 2000, due in annual installments of \$35,000 to \$70,000 through January 1, 2020; interest at 5.75 percent, secured by levy and collection of 1 percent sales tax revenue	660,000

**CITY OF PATTERSON, LOUISIANA**

**Notes to Financial Statements (Continued)**

\$776,936 Paving Certificates, Series 2003, due in annual installments of \$77,694 plus interest at 5.6 percent on the outstanding balance through February 1, 2013, secured by levy and collection of special assessments	466,161
\$850,000 Public Improvement Sales Tax Bonds, Series 2002, due in annual installments of \$30,000 to \$65,000 through March 1, 2022; interest at 4.0 to 4.9 percent; secured by levy and collection of 1 percent sales tax revenue	<u>710,000</u>
Total general obligation bonds and certificates payable	<u>\$ 2,101,161</u>
Revenue bonds:	
\$620,000 Utilities Revenue Refunding Bonds, Series 2003, due in annual installments of \$90,000 to \$100,000 through May 1, 2010; interest at 3.75 percent	\$ 290,000
Less: Deferred amount on refunding	<u>12,220</u>
Net utility revenue bonds	<u>\$ 277,780</u>

The annual requirements to amortize all long-term debt outstanding as of June 30, 2007, including interest payments of \$716,046 are as follows:

Year Ending June 30,	General Obligation	Revenue	Total
2008	\$ 336,536	\$ 105,875	\$ 442,411
2009	329,410	102,313	431,723
2010	332,014	103,750	435,764
2011	228,779	-	228,779
2012	225,248	-	225,248
2013-2017	778,082	-	778,082
2018-2022	<u>565,200</u>	<u>-</u>	<u>565,200</u>
	<u>\$ 2,795,269</u>	<u>\$ 311,938</u>	<u>\$ 3,107,207</u>

**Covenants/Restrictions:**

**Property assessment bonds:**

The City of Patterson retired the assessment certificates recorded in the general long-term debt group. Assets remaining in these funds after the retirement of the outstanding obligations may be used only for the repair and maintenance of the streets improved from the proceeds of the original certificate issue.

**Utility revenue bonds:**

The various bond indentures contain significant limitations and restrictions as to the annual debt service requirements, maintenance of and flow of monies through various restricted accounts, minimum amounts to be maintained in various sinking funds, and minimum revenue bond

CITY OF PATTERSON, LOUISIANA

Notes to Financial Statements (Continued)

coverage (see Note 9). The City is in compliance with all such significant limitations and restrictions.

Sales tax sewer public improvement bonds:

The resolution concerning the dedication of the proceeds of the  $\frac{3}{4}$  of 1% sewerage and solid waste sales tax specifies restrictions as to how the funds must be expended (see Note 10). The City is in compliance with all such significant limitations.

NOTE 9

FLOW OF FUNDS; RESTRICTIONS ON USE – UTILITIES REVENUES

Under the terms of the bond indenture on outstanding Utilities Revenue Bonds dated May 1, 1990, all income and revenues (hereinafter referred to as revenue) of every nature, earned or derived from operations of the Utilities System are pledged and dedicated to the retirement of said bonds and are to be set aside into the following special funds:

Revenue Bond Sinking Fund

Each month, there will be set aside into a fund called the Revenue Bond Sinking Fund an amount constituting of 1/12 of the next maturing installment of principal and 1/6 of the next maturing installment of interest on the outstanding bonds. Such transfers shall be fully sufficient to assure the prompt payment of principal and interest installments as they become due and may be used only for such payments.

Revenue Bond Reserve Fund

There shall also be set aside into a Revenue Bond Reserve Fund an initial deposit of \$129,000, thus accumulating in the reserve account an amount equal to the lesser of the highest combined principal and interest requirements in any succeeding fiscal year or 10 percent of bond proceeds. Such amounts may be used only for the payment of maturing bonds and interest on the aforesaid bonds for which sufficient funds are not on deposit in the Revenue Bond Sinking Fund and as to which there would otherwise be default.

Capital Additions and Contingencies Fund

Funds will also be set aside into a Capital Additions and Contingencies Fund monthly in the amount of five percent (5%) of the gross revenues of the System for the preceding month, provided that such sum is available after provision is made for all reasonable expenses of administration, operation and maintenance of the System as well as payments into the above required funds. In addition to caring for extensions, additions, improvements, renewals and replacements necessary to properly operate the System, money in this fund shall be used to pay the principal of and the interest on these bonds for the payment of which there is not sufficient money in the Revenue Bond Sinking Fund or the Revenue Bond Reserve Fund. This money, however, shall never be used for the making of improvements and extensions to the System or for payment of principal and interest on bonds if such use of said money will leave in the Capital Additions and Contingencies Fund for the making of emergency repairs or replacements less than the sum of \$10,000.

NOTE 10

DEDICATION OF PROCEEDS AND FLOW OF FUNDS – SALES AND USE TAXES

The City of Patterson collects sales taxes under four sales tax levies as follows:

- A. Proceeds of a 1% parish wide sales and use tax levied in 1966 (2007 collections \$738,112; 2006, \$623,239; 2005, \$498,975). Tax is collected by the St. Mary Parish Sales and Use Tax Department and is remitted to each participating municipality on a monthly basis. The City of

CITY OF PATTERSON, LOUISIANA

Notes to Financial Statements (Continued)

Patterson's allocation is 4.7818% of the first \$1,500,000 of net taxes collected. Fifty percent of any collection in excess of \$1,500,000 is divided proportionately among the participating municipalities according to their respective populations as reflected by the most recent federal census or most recent special census. Proceeds of this tax shall be used for the following purposes: construction, acquisition, improvement, maintenance and repairs of streets, capital improvements, public works and buildings (including the acquisition of sites and necessary fixtures, equipment, furnishings and appurtenances, and the payment of obligations and refunding obligations which have been or may be issued for the purpose of acquiring and improving public works and buildings); for payment or supplementing salaries of all municipal employees; for the operation of recreational facilities; for the acquisition, maintenance, repairs and payment of operating expenses of equipment, vehicles, and other machinery owned by the municipality; and for any other public purpose authorized by state law.

- B. Proceeds of a ¾% sales and use tax levied in 1974 (2007 collections \$726,520; 2006, \$615,812; 2005, \$504,506). Tax is collected by the St. Mary Parish Sales and Use Tax Department and is allocated and distributed monthly among the participating municipalities according to their respective populations as reflected by the most recent federal census or the most recent special census. Proceeds are to be used for the construction, acquisition, extension, improvement, operation and maintenance of solid waste collection and disposal facilities, sewers and sewerage disposal works, and other facilities for pollution control and abatement; and to pay debt service requirements on bonds issued for any of the above-mentioned purposes. This tax is to be collected until all bonds payable shall have been paid in full in principal and interest or 1/1/99, whichever is later.
- C. Proceeds of a 3/10% sales and use tax levied in 1982 (2007 collections \$284,448; 2006, \$257,896; 2005, \$192,013). Tax is collected by the St. Mary Parish Sales and Use Tax Department and is allocated and distributed monthly among the participating municipalities according to their respective populations as reflected by the most recent federal census or the most recent special census. Proceeds are dedicated to the following purposes: operating and maintaining the police department, including the acquisition and maintenance of equipment and supplies; paying or supplementing the salaries of municipal employees; and purchasing, constructing, acquiring, extending and/or improving all or any portion of public works or capital improvements, including but not limited to the construction, improvement and maintenance of drainage, water, and flood control extensions and improvements and the acquisition, construction, improvement, maintenance and repair of streets, roads, and bridges.
- D. Proceeds of a ½% parish wide sales and use tax levied in 2000 (2007 collections \$242,114; 2006, \$220,975; 2005, \$175,861). Tax is collected by the St. Mary Parish Sales and Use Tax Department and is remitted to the St. Mary Parish Sheriff, the Parish of St. Mary and each participating municipality on a monthly basis. Proceeds of this tax may be used by the municipalities for any lawful law enforcement purpose.

NOTE 11

EMPLOYEE RETIREMENT

Eligible employees of the City participate in one of two multiple-employer public employee retirement systems (PERS), which are controlled and administered by two separate boards of trustees. These retirement systems provide retirement, disability and death benefits to plan members and their beneficiaries. Benefits under each system are established and amended by state statutes. Pertinent information for each system follows:

CITY OF PATTERSON, LOUISIANA

Notes to Financial Statements (Continued)

Municipal Employees' Retirement System

Plan members are required to contribute 5.0 percent of their annual covered salary to the system while the City is required to contribute the statutory rate of 9.75 percent of the total annual covered salary. The City's contributions to the system for the years ended June 30, 2007, 2006 and 2005 were \$62,827, \$59,704, and \$48,622, respectively, equal to the required contribution for each year.

A publicly available financial report that includes financial statements and required supplemental financial information may be obtained by writing to the Municipal Employees' Retirement System, 79337 Office Park Blvd., Baton Rouge, Louisiana 70809.

Municipal and State Police Retirement System of Louisiana

Plan members are required to contribute 7.5 percent of their annual covered salary to the system while the City is required to contribute the statutory rate of 21.50 percent of the total annual covered salary. The City's contributions to the system for the years ended June 30, 2007, 2006, and 2005 were \$26,896, \$33,098 and \$48,463, respectively, equal to the required contribution for each year.

A publicly available financial report that includes financial statements and required supplemental financial information may be obtained by writing to the Municipal Police Employees' Retirement System, P. O. Box 94095 - Capital Station, Baton Rouge, Louisiana 70804-9095.

NOTE 12 SOCIAL SECURITY SYSTEM

All employees of the City of Patterson participate in the Social Security System. The City and its employees contribute a percentage of each employee's salary to the System (7.65% contributed by the City and 7.65% by the employee). The City's contribution during the year ended June 30, 2007 amounted to \$109,098.

NOTE 13 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 has elected to purchase insurance coverage through the commercial insurance market to cover its exposure to loss. The City is insured up to policy limits for each of the above risks. There were no significant changes in coverages, retentions, or limits during the year ended June 30, 2007. Settled claims have not exceeded the commercial coverages in any of the previous three fiscal years.

NOTE 14 PENDING LITIGATION

The City is not presently involved in any lawsuits which could materially affect the financial condition to the City.

CITY OF PATTERSON, LOUISIANA

Notes to Financial Statements (Continued)

NOTE 15 SEGMENT INFORMATION FOR THE ENTERPRISE FUND

The City of Patterson maintains one enterprise fund with three departments which provide gas, water and sewerage services. Segment information for the year ended June 30, 2007 was as follows:

	Gas Department	Water Department	Sewerage Department	Total Enterprise Fund
Operating revenues	\$ 1,302,403	\$ 432,144	\$ 349,758	\$ 2,084,305
Operating expenses	<u>(1,566,105)</u>	<u>(729,831)</u>	<u>(461,433)</u>	<u>(2,757,369)</u>
Operating income (loss)	<u>\$ (263,702)</u>	<u>\$ (297,687)</u>	<u>\$ (111,675)</u>	<u>\$ (673,064)</u>

NOTE 16 COMPENSATION OF CITY OFFICIALS

A detail of compensation paid to the Mayor and City Council for the year ended June 30, 2007 follows:

Mayor:

James L. Bernauer (July 1, 2006 - December 31, 2006)	\$ 10,130
Michael Accardo (January 1, 2007 - June 30, 2007)	10,131

Council:

Michael Accardo (July 1, 2006 - December 31, 2006)	1,710
Rodney Grogan (January 1, 2007 - June 30, 2007)	1,710
Leroy Johnson (July 1, 2006 - December 31, 2006)	1,710
C.A. "Gus" Lipari (July 1, 2006 - December 31, 2006)	1,710
Larry Mendoza (July 1, 2006 - June 30, 2007)	3,420
Peg Rentrop (January 1, 2007 - June 30, 2007)	1,710
Joseph C. Russo, III (July 1, 2006 - June 30, 2007)	3,420
Claire Sawyer (January 1, 2007 - June 30, 2007)	<u>1,710</u>
	<u>\$ 37,361</u>

NOTE 17 COMMITMENTS

In October 2001, voters in the City passed a resolution allowing the City to issue \$75,000 of twenty-year general obligation bonds for the purpose of constructing and acquiring waterworks extensions and improvements to be repaid with ad valorem taxes. The bonds interest rate cannot exceed nine percent per annum. The bonds were sold and the related proceeds were delivered to the City in December 2002. As of June 30, 2007, the proceeds had not yet been expended.

**REQUIRED  
SUPPLEMENTARY INFORMATION**

CITY OF PATTERSON, LOUISIANA  
General Fund

Budgetary Comparison Schedule  
For the Year Ended June 30, 2007

	Budget		Actual	Variance With Final Budget Favorable (Unfavorable)
	Original	Final		
<b>Revenues:</b>				
Taxes	\$ 1,304,857	\$ 1,521,493	\$ 1,525,991	\$ 4,498
Licenses and permits	122,427	109,076	147,687	38,611
Intergovernmental	329,121	386,607	419,017	32,410
Charges for services	393,169	411,136	444,403	33,267
Fines and forfeits	362,000	306,075	342,096	36,021
Miscellaneous	52,681	73,686	116,612	42,926
Total revenues	<u>2,564,255</u>	<u>2,808,073</u>	<u>2,995,806</u>	<u>187,733</u>
<b>Expenditures:</b>				
Current -				
General government:				
Administrative	329,273	374,121	365,105	9,016
Mechanic shop	67,636	62,335	65,069	(2,734)
Public safety:				
Police	1,157,361	1,085,248	1,159,763	(74,515)
Fire	59,765	45,776	44,746	1,030
Streets and drainage	216,846	227,371	248,554	(21,183)
Culture and recreation	27,500	30,105	40,838	(10,733)
Sanitation	389,786	504,566	442,927	61,639
Capital outlay	81,000	51,742	23,913	27,829
Debt service	-	-	-	-
Total expenditures	<u>2,329,167</u>	<u>2,381,264</u>	<u>2,390,915</u>	<u>(9,651)</u>
Excess of revenues over expenditures	<u>235,088</u>	<u>426,809</u>	<u>604,891</u>	<u>178,082</u>

CITY OF PATTERSON, LOUISIANA  
General Fund

Budgetary Comparison Schedule (Continued)  
For the Year Ended June 30, 2007

	Budget		Actual	Variance With Final Budget Favorable (Unfavorable)
	Original	Final		
Other financing sources (uses):				
Operating transfers out	\$ (71,312)	\$ (71,313)	\$ -	\$ 71,313
Operating transfers in	<u>190,552</u>	<u>199,922</u>	<u>193,567</u>	<u>(6,355)</u>
Total other financing sources (uses)	<u>119,240</u>	<u>128,609</u>	<u>193,567</u>	<u>64,958</u>
 Excess (deficiency) of revenues and other financing sources over expenditures and other financing sources	 354,328	 555,418	 798,458	 243,040
 Fund balance, beginning	 <u>2,977,469</u>	 <u>3,075,634</u>	 <u>3,075,636</u>	 <u>2</u>
 Fund balance, ending	 <u>\$ 3,331,797</u>	 <u>\$ 3,631,052</u>	 <u>\$ 3,874,094</u>	 <u>\$ 243,042</u>

**CITY OF PATTERSON, LOUISIANA**  
**Sewerage and Solid Waste Sales Tax Fund**

**Budgetary Comparison Schedule**  
**For the Year Ended June 30, 2007**

	Budget		Actual	Variance With Final Budget Favorable (Unfavorable)
	Original	Final		
<b>Revenues:</b>				
Taxes	\$ 591,791	\$ 731,685	\$ 726,520	\$ (5,165)
Miscellaneous	<u>49,335</u>	<u>33,084</u>	<u>70,497</u>	<u>37,413</u>
Total revenues	<u>641,126</u>	<u>764,769</u>	<u>797,017</u>	<u>32,248</u>
<b>Expenditures:</b>				
Current -				
General government	-	-	-	-
Capital outlay	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess of revenues over expenditures	<u>641,126</u>	<u>764,769</u>	<u>797,017</u>	<u>32,248</u>
<b>Other financing sources (uses):</b>				
Operating transfers out	(236,772)	(29,000)	(81,864)	(52,864)
Operating transfers in	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>(236,772)</u>	<u>(29,000)</u>	<u>(81,864)</u>	<u>(52,864)</u>
<b>Excess (deficiency) of revenues and other financing sources over expenditures and other financing sources</b>	404,354	735,769	715,153	(20,616)
<b>Fund balance, beginning</b>	<u>3,646,230</u>	<u>3,673,888</u>	<u>3,673,888</u>	<u>-</u>
<b>Fund balance, ending</b>	<u>\$ 4,050,584</u>	<u>\$ 4,409,657</u>	<u>\$ 4,389,041</u>	<u>\$ (20,616)</u>

**OTHER  
SUPPLEMENTARY INFORMATION**

CITY OF PATTERSON, LOUISIANA  
General Fund

Budgetary Comparison Schedule – Revenues  
For the Year Ended June 30, 2007

	Budget		Actual	Variance With Final Budget Favorable (Unfavorable)
	Original	Final		
Taxes -				
Sales	\$ 1,040,941	\$ 1,268,210	\$ 1,264,674	\$ (3,536)
Utility franchise	248,660	253,283	261,317	8,034
Housing authority payment in lieu of taxes	<u>15,256</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>1,304,857</u>	<u>1,521,493</u>	<u>1,525,991</u>	<u>4,498</u>
Licenses and permits -				
Occupational licenses	<u>122,427</u>	<u>109,076</u>	<u>147,687</u>	<u>38,611</u>
Intergovernmental -				
State of Louisiana -				
Beer taxes	6,074	7,688	7,315	(373)
Tobacco taxes	-	-	8,260	8,260
Video Poker	171,047	197,941	170,254	(27,687)
Prisoner maintenance	21,000	43,190	60,784	17,594
Highway maintenance	-	-	2,861	2,861
Indian gaming revenue	25,000	25,000	18,750	(6,250)
Capital outlay grants	-	-	13,561	13,561
St. Mary Parish Government -				
Road Royalty Allocation	10,000	7,270	7,270	-
Prisoner Maintenance	<u>96,000</u>	<u>105,518</u>	<u>129,962</u>	<u>24,444</u>
	<u>329,121</u>	<u>386,607</u>	<u>419,017</u>	<u>32,410</u>
Charges for services:				
Garbage fees	325,483	348,801	379,334	30,533
Mechanic shop fees	<u>67,636</u>	<u>62,335</u>	<u>65,069</u>	<u>2,734</u>
	<u>393,119</u>	<u>411,136</u>	<u>444,403</u>	<u>33,267</u>
Fines and forfeits	<u>362,000</u>	<u>306,075</u>	<u>342,096</u>	<u>36,021</u>
Miscellaneous:				
Interest	27,226	25,000	38,464	13,464
Oil and gas royalties	1,141	200	343	143
Other sources	<u>24,314</u>	<u>48,486</u>	<u>77,805</u>	<u>29,319</u>
	<u>52,681</u>	<u>73,686</u>	<u>116,612</u>	<u>42,926</u>
<b>Total revenues</b>	<u>\$ 2,564,205</u>	<u>\$ 2,808,073</u>	<u>\$ 2,995,806</u>	<u>\$ 187,733</u>

CITY OF PATTERSON, LOUISIANA  
General Fund

Budgetary Comparison Schedule – Expenditures  
For the Year Ended June 30, 2007

	Budget		Actual	Variance With
	Original	Final		Final Budget Favorable (Unfavorable)
<b>General government:</b>				
<b>Administrative -</b>				
<b>Salaries:</b>				
Office	\$ 64,332	\$ 71,258	\$ 81,029	\$ (9,771)
Mayor	20,261	20,261	20,261	-
Council	17,100	17,100	17,100	-
Payroll taxes	7,986	8,264	9,178	(914)
Retirement contributions	7,022	8,866	8,647	219
Group insurance	6,764	8,826	1,965	6,861
Magistrate fees	6,000	6,000	6,000	-
Travel and employee expense	4,200	4,100	4,472	(372)
Telephone	3,470	3,497	2,839	658
Utilities	8,800	5,137	6,598	(1,461)
Office supplies	6,350	4,357	4,581	(224)
Operating supplies	2,200	7,340	6,790	550
Office equipment maintenance	-	-	2,968	(2,968)
City Hall maintenance	500	315	285	30
Building improvements	-	1,285	-	1,285
Training and seminars	965	1,524	3,291	(1,767)
Professional fees	23,000	30,000	12,000	18,000
Research and surveys	6,500	8,654	14,059	(5,405)
Employee physicals	100	211	335	(124)
Planning Commission	675	484	377	107
Small animal control	2,700	3,479	3,415	64
Office equipment rentals	3,100	4,381	3,248	1,133
Dues and subscriptions	1,700	1,700	566	1,134
Council on Aging grants	3,500	3,500	-	3,500
Donations and grants	2,514	7,044	7,177	(133)
Advertising and publishing	13,415	9,997	6,864	3,133
General insurance	103,119	122,552	122,974	(422)
Public activities and awards	8,000	10,421	13,412	(2,991)
Miscellaneous	5,000	3,568	4,674	(1,106)
<b>Total administrative</b>	<u>329,273</u>	<u>374,121</u>	<u>365,105</u>	<u>9,016</u>

CITY OF PATTERSON, LOUISIANA  
General Fund

Budgetary Comparison Schedule -- Expenditures (Continued)  
For the Year Ended June 30, 2007

	Budget		Actual	Variance With Final Budget Favorable (Unfavorable)
	Original	Final		
Mechanic shop -				
Salaries	\$ 34,490	\$ 31,983	\$ 32,934	\$ (951)
Payroll taxes	2,645	2,511	2,446	65
Retirement contribution	3,063	3,118	2,916	202
Group insurance	13,018	9,541	10,999	(1,458)
Operating supplies	10,040	6,199	6,228	(29)
Equipment rental and maintenance	2,280	3,240	3,926	(686)
Parts purchased	400	1,717	1,799	(82)
Vehicle maintenance	1,600	3,951	3,617	334
Miscellaneous	<u>100</u>	<u>75</u>	<u>204</u>	<u>(129)</u>
Total mechanic	<u>67,636</u>	<u>62,335</u>	<u>65,069</u>	<u>(2,734)</u>
 Total general government	 <u>396,909</u>	 <u>436,456</u>	 <u>430,174</u>	 <u>6,282</u>
 Public safety:				
Police -				
Salaries	580,218	578,984	605,123	(26,139)
Payroll taxes	44,503	45,918	48,342	(2,424)
Retirement contributions	33,062	26,288	26,896	(608)
Group insurance	181,751	108,003	117,090	(9,087)
Uniform allowances	6,500	6,178	6,539	(361)
Prisoner expense	68,062	96,201	89,927	6,274
Telephone	3,323	5,194	6,868	(1,674)
Utilities	22,628	20,808	21,643	(835)
Office supplies	10,112	12,229	13,113	(884)
Operating supplies	21,709	16,109	23,444	(7,335)
Police station maintenance & improvements	15,517	13,529	13,058	471
Equipment maintenance	38,647	33,154	33,258	(104)
Equipment rentals	5,807	4,139	4,597	(458)
Vehicle oil and gas	63,963	57,659	62,229	(4,570)
Vehicle maintenance	44,689	30,144	50,498	(20,354)
Training seminars	5,036	5,036	4,565	471
Travel and employee expense	9,184	8,244	8,407	(163)
Narcotics and investigative expenses	150	1,587	4,300	(2,713)
Miscellaneous	<u>2,500</u>	<u>15,844</u>	<u>19,866</u>	<u>(4,022)</u>
Total police	<u>1,157,361</u>	<u>1,085,248</u>	<u>1,159,763</u>	<u>(74,515)</u>

CITY OF PATTERSON, LOUISIANA  
General Fund

Budgetary Comparison Schedule – Expenditures (Continued)  
For the Year Ended June 30, 2007

	Budget		Actual	Variance With
	Original	Final		Final Budget Favorable (Unfavorable)
<b>Fire:</b>				
Salaries	\$ 2,755	\$ 4,416	\$ 5,915	\$ (1,499)
Payroll taxes	211	347	469	(122)
Telephone	2,275	1,825	1,773	52
Utilities	5,700	5,460	5,717	(257)
Operating supplies	7,149	4,730	4,337	393
Equipment maintenance	19,278	10,766	7,992	2,774
Fire station maintenance	12,759	5,868	6,160	(292)
Fire hydrant rentals	6,000	6,000	6,000	-
Travel and employee expense	-	200	2,099	(1,899)
Training and seminars	-	100	43	57
Vehicle maintenance	1,864	2,564	726	1,838
Miscellaneous	1,774	3,500	3,515	(15)
Total fire	<u>59,765</u>	<u>45,776</u>	<u>44,746</u>	<u>1,030</u>
 Total public safety	 <u>1,217,126</u>	 <u>1,131,024</u>	 <u>1,204,509</u>	 <u>(73,485)</u>
 <b>Streets and drainage:</b>				
Salaries	57,915	64,348	69,482	(5,134)
Payroll taxes	4,442	5,051	5,053	(2)
Retirement contributions	5,375	6,163	5,888	275
Group insurance	22,608	16,348	17,082	(734)
Casual labor	1,667	1,540	1,954	(414)
Uniform allowance	204	287	505	(218)
Engineering costs	5,000	5,765	1,765	4,000
Utilities	46,574	44,217	34,301	9,916
Chemicals and agents	2,936	2,422	1,738	684
Operating supplies	16,231	6,429	6,738	(309)
Surfacing materials	12,000	28,577	23,006	5,571
Equipment maintenance	5,000	15,760	17,367	(1,607)
Vehicle oil and gas	19,100	18,830	22,554	(3,724)
Vehicle maintenance	5,000	3,495	30,312	(26,817)
Railroad rental/maintenance	2,417	2,550	2,559	(9)
Employee physicals	50	100	125	(25)
Drainage maintenance	7,327	2,667	2,658	9
Miscellaneous	3,000	2,822	5,467	(2,645)
Total streets and drainage	<u>216,846</u>	<u>227,371</u>	<u>248,554</u>	<u>(21,183)</u>

CITY OF PATTERSON, LOUISIANA  
General Fund

Budgetary Comparison Schedule – Expenditures (Continued)  
For the Year Ended June 30, 2007

	Budget		Actual	Variance With Final Budget Favorable (Unfavorable)
	Original	Final		
<b>Culture and recreation:</b>				
Referee and umpire fees	\$ 3,000	\$ 4,000	\$ 2,800	\$ 1,200
Utilities	900	905	12,898	(11,993)
Activities and awards	150	150	-	150
Operating supplies	350	350	990	(640)
Facilities maintenance	4,100	3,300	2,750	550
Civic Center Complex- Appropriation	12,500	12,500	12,500	-
Appropriation to Civic Center	6,500	8,900	8,900	-
Miscellaneous	-	-	-	-
<b>Total culture and recreation</b>	<b>27,500</b>	<b>30,105</b>	<b>40,838</b>	<b>(10,733)</b>
<b>Sanitation:</b>				
Salaries	32,240	34,795	35,881	(1,086)
Payroll taxes	2,473	2,731	2,717	14
Retirement contributions	3,063	3,392	3,332	60
Group insurance	15,072	6,870	9,160	(2,290)
Garbage services rendered	309,308	427,778	358,810	68,968
Regional facility fee	27,630	29,000	31,225	(2,225)
Miscellaneous	-	-	1,802	(1,802)
<b>Total sanitation</b>	<b>389,786</b>	<b>504,566</b>	<b>442,927</b>	<b>61,639</b>
<b>Capital outlay:</b>				
Administrative equipment	40000	0	0	-
Police equipment and improvements	25,000	51,742	18,100	33,642
Other public safety improvements	16,000	-	-	-
Street department equipment	-	-	-	-
Sanitation department equipment	-	-	-	-
Recreation equipment	-	-	-	-
Fire department equipment	-	-	5,813	(5,813)
<b>Total capital outlay</b>	<b>81,000</b>	<b>51,742</b>	<b>23,913</b>	<b>27,829</b>
<b>Debt service:</b>				
Principal paid	-	-	-	-
Interest and fiscal charges	-	-	-	-
<b>Total debt service</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total expenditures</b>	<b>\$ 2,329,167</b>	<b>\$ 2,381,264</b>	<b>\$ 2,390,915</b>	<b>\$ (9,651)</b>

CITY OF PATTERSON, LOUISIANA  
Nonmajor Governmental Funds

Combining Balance Sheet  
June 30, 2007

	<u>Special Revenue Funds</u>			
	<u>Ad Valorem Tax Collection</u>	<u>Fire Department Equipment</u>	<u>Emergency Management</u>	<u>LCDBG Fund</u>
<b>ASSETS</b>				
Cash	\$ 18,907	\$ -	\$ 24,592	\$ 324
Interest-bearing deposits	16,649	248,934	24,497	-
Receivables				
Taxes	17,161	-	-	-
Assessments	-	-	-	-
Other	-	22,083	-	-
Due from other funds	-	-	-	-
Total assets	<u>\$ 52,717</u>	<u>\$ 271,017</u>	<u>\$ 49,089</u>	<u>\$ 324</u>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>Liabilities:</b>				
Due to other funds	\$ 52,717	\$ -	\$ -	\$ -
Deferred property assessments	-	-	-	-
Total liabilities	<u>52,717</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Fund balances -</b>				
Reserved for debt service	-	-	-	-
Reserved for capital improvements	-	-	-	-
Unreserved, undesignated	-	271,017	49,089	324
Total fund balances	<u>-</u>	<u>271,017</u>	<u>49,089</u>	<u>324</u>
Total liabilities and fund balances	<u>\$ 52,717</u>	<u>\$ 271,017</u>	<u>\$ 49,089</u>	<u>\$ 324</u>

Debt Service Funds

Public Improvement Bonds	Sales Tax Refunding Bonds	1973 Paving Assessments	Various Paving Assessments	Public Improvement Sales Tax Bonds
\$ -	\$ -	\$ 4,277	\$ 25,162	\$ -
496,540	382,731	-	131,791	97,704
-	-	-	-	-
-	-	6	11,627	-
-	915	-	416	-
<u>216,805</u>	<u>26,554</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ 713,345</u>	<u>\$ 410,200</u>	<u>\$ 4,283</u>	<u>\$ 168,996</u>	<u>\$ 97,704</u>
\$ 49,830	\$ 4,426	\$ -	\$ -	\$ 71,601
-	-	6	11,627	-
<u>49,830</u>	<u>4,426</u>	<u>6</u>	<u>11,627</u>	<u>71,601</u>
663,515	405,774	-	-	26,103
-	-	-	-	-
-	-	4,277	157,369	-
<u>663,515</u>	<u>405,774</u>	<u>4,277</u>	<u>157,369</u>	<u>26,103</u>
<u>\$ 713,345</u>	<u>\$ 410,200</u>	<u>\$ 4,283</u>	<u>\$ 168,996</u>	<u>\$ 97,704</u>

CITY OF PATTERSON, LOUISIANA  
Nonmajor Governmental Funds

Combining Balance Sheet (Continued)  
June 30, 2007

	<u>1990</u>		<u>Capital Projects Funds</u>		
	<u>Paving</u>	<u>Drainage</u>	<u>Regional</u>	<u>Third</u>	<u>Murphy</u>
	<u>Assessment</u>	<u>and</u>	<u>Sewerage</u>	<u>Street</u>	<u>Street</u>
	<u>Fund</u>	<u>Relocation</u>	<u>Facility</u>	<u>Paving</u>	<u>Paving</u>
		<u>Project</u>	<u>Project</u>	<u>Project</u>	<u>Project</u>
<b>ASSETS</b>					
Cash	\$ 29,405	\$ 1,473	\$ -	\$ -	\$ -
Interest-bearing deposits	84,136	114,400	115,517	23,056	34,925
Receivables					
Taxes	-	-	-	-	-
Assessments	5,362	-	-	-	-
Other	-	-	77	-	-
Due from other funds	<u>15,555</u>	<u>21,443</u>	<u>573</u>	<u>-</u>	<u>-</u>
Total assets	<u>\$ 134,458</u>	<u>\$ 137,316</u>	<u>\$ 116,167</u>	<u>\$ 23,056</u>	<u>\$ 34,925</u>
<b>LIABILITIES AND FUND BALANCES</b>					
<b>Liabilities:</b>					
Due to other funds	\$ 123,590	\$ 1,701	\$ -	\$ -	\$ 392
Deferred property assessments	<u>5,362</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>128,952</u>	<u>1,701</u>	<u>-</u>	<u>-</u>	<u>392</u>
<b>Fund balances -</b>					
Reserved for debt service	-	-	-	-	-
Reserved for capital improvements	-	135,615	116,167	23,056	34,533
Unreserved, undesignated	<u>5,506</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total fund balances	<u>5,506</u>	<u>135,615</u>	<u>116,167</u>	<u>23,056</u>	<u>34,533</u>
 Total liabilities and fund balances	 <u>\$ 134,458</u>	 <u>\$ 137,316</u>	 <u>\$ 116,167</u>	 <u>\$ 23,056</u>	 <u>\$ 34,925</u>

<u>City Hall/ Jail Complex Project</u>	<u>2002 Paving Project</u>	<u>Total Governmental Funds</u>
\$ 100	\$ 158,768	\$ 263,008
387	-	1,771,267
-	-	17,161
-	-	16,995
-	-	23,491
<u>768</u>	<u>3,600</u>	<u>285,298</u>
<u>\$ 1,255</u>	<u>\$ 162,368</u>	<u>\$ 2,377,220</u>
\$ -	\$ 15,785	\$ 320,042
-	-	16,995
<u>-</u>	<u>15,785</u>	<u>337,037</u>
-	-	1,095,392
1,255	146,583	457,209
-	-	487,582
<u>1,255</u>	<u>146,583</u>	<u>2,040,183</u>
<u>\$ 1,255</u>	<u>\$ 162,368</u>	<u>\$ 2,377,220</u>

CITY OF PATTERSON, LOUISIANA  
Nonmajor Governmental Funds

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances  
For the Year Ended June 30, 2007

	Special Revenue Funds			
	Ad Valorem Tax Collection	Fire Department Equipment	Emergency Management	LCDBG Fund
<b>Revenues:</b>				
Taxes	\$ 402,343	\$ 20,583	\$ -	\$ -
Intergovernmental	-	101,394	-	155,921
Miscellaneous	2,044	3,942	340	-
Total revenues	<u>404,387</u>	<u>125,919</u>	<u>340</u>	<u>155,921</u>
<b>Expenditures:</b>				
Current -				
General government	-	-	-	-
Public safety:				
Fire	-	28,838	-	-
Housing rehabilitation	-	-	-	155,921
Debt service -				
Principal retirement	-	27,413	-	-
Interest and fiscal charges	-	3,254	-	-
Capital outlay	-	-	-	-
Total expenditures	<u>-</u>	<u>59,505</u>	<u>-</u>	<u>155,921</u>
Excess (deficiency) of revenues over expenditures	<u>404,387</u>	<u>66,414</u>	<u>340</u>	<u>-</u>
<b>Other financing sources (uses):</b>				
Transfers in	-	-	-	-
Proceeds from capital lease	-	-	-	-
Transfers out	(404,387)	-	-	-
Total other financing sources (uses)	<u>(404,387)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	-	66,414	340	-
Fund balances, beginning	<u>-</u>	<u>204,603</u>	<u>48,749</u>	<u>324</u>
Fund balances, ending	<u>\$ -</u>	<u>\$ 271,017</u>	<u>\$ 49,089</u>	<u>\$ 324</u>

Debt Service Funds

Public Improvement Bonds	Sales Tax Refunding Bonds	1973 Paving Assessments	Various Paving Assessments	Public Improvement Sales Tax Bonds
\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-
<u>3,012</u>	<u>10,534</u>	<u>-</u>	<u>1,365</u>	<u>1,967</u>
<u>3,012</u>	<u>10,534</u>	<u>-</u>	<u>1,365</u>	<u>1,967</u>
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
110,000	-	-	-	30,000
50,337	-	-	-	39,412
-	-	-	-	-
<u>160,337</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>69,412</u>
<u>(157,325)</u>	<u>10,534</u>	<u>-</u>	<u>1,365</u>	<u>(67,445)</u>
235,497	-	-	-	-
-	-	-	-	-
-	-	-	-	-
<u>235,497</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
78,172	10,534	-	1,365	(67,445)
<u>585,343</u>	<u>395,240</u>	<u>4,277</u>	<u>156,004</u>	<u>93,548</u>
<u>\$ 663,515</u>	<u>\$ 405,774</u>	<u>\$ 4,277</u>	<u>\$ 157,369</u>	<u>\$ 26,103</u>

CITY OF PATTERSON, LOUISIANA  
Nonmajor Governmental Funds

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances (Continued)  
For the Year Ended June 30, 2007

	Capital Projects			
	1990 Paving Assessment Fund	Drainage and Relocation Project	Regional Sewerage Facility Project	Third Street Paving Project
<b>Revenues:</b>				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	-
Miscellaneous	754	1,590	359	320
Total revenues	<u>754</u>	<u>1,590</u>	<u>359</u>	<u>320</u>
<b>Expenditures:</b>				
Current -				
General government	-	-	-	-
Public safety:				
Fire	-	-	-	-
Housing rehabilitation	-	-	-	-
Debt service -				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
Capital outlay	-	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>754</u>	<u>1,590</u>	<u>359</u>	<u>320</u>
<b>Other financing sources (uses):</b>				
Transfers in	-	-	-	-
Proceeds from capital lease	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	754	1,590	359	320
Fund balances, beginning	<u>4,752</u>	<u>134,025</u>	<u>115,808</u>	<u>22,736</u>
Fund balances, ending	<u>\$ 5,506</u>	<u>\$ 135,615</u>	<u>\$ 116,167</u>	<u>\$ 23,056</u>

<u>Funds</u>			
<u>Murphy Street Paving Project</u>	<u>City Hall/ Jail Complex Project</u>	<u>2002 Paving Project</u>	<u>Total Governmental Funds</u>
\$ -	\$ -	\$ -	\$ 422,926
-	-	-	257,315
485	-	-	26,712
<u>485</u>	<u>-</u>	<u>-</u>	<u>706,953</u>
-	-	-	-
-	-	-	28,838
-	-	-	155,921
-	-	-	167,413
-	-	-	93,003
-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>445,175</u>
485	-	-	261,778
-	-	-	235,497
-	-	-	-
-	-	-	(404,387)
<u>-</u>	<u>-</u>	<u>-</u>	<u>(168,890)</u>
485	-	-	92,888
<u>34,048</u>	<u>1,255</u>	<u>146,583</u>	<u>1,947,295</u>
<u>\$ 34,533</u>	<u>\$ 1,255</u>	<u>\$ 146,583</u>	<u>\$ 2,040,183</u>

CITY OF PATTERSON, LOUISIANA  
Enterprise Fund

Schedule of Number of Utility Customers  
(Unaudited)  
June 30, 2007

Records maintained by the City indicated the following number of customers were being served during the months of June 2007 and 2006:

<u>Department</u>	<u>2007</u>	<u>2006</u>
Gas (metered)	1,618	1,659
Water (metered)	2,504	2,510
Sewerage	2,146	2,165
Sanitation*	2,277	2,399

CITY OF PATTERSON, LOUISIANA  
Enterprise Fund  
Utility Fund

Comparative Departmental Analysis of Revenues and Expenses  
For the Years Ended June 30, 2007 and 2006

	Totals		Gas	
	2007	2006	2007	2006
<b>Operating revenues:</b>				
Charges for services -				
Customers	\$ 2,012,533	\$ 2,217,039	\$ 1,271,620	\$ 1,440,636
Delinquent charges	32,846	43,968	20,735	28,570
Commissions, transfers, and reconnections	9,076	7,905	2,343	2,070
Miscellaneous	<u>29,850</u>	<u>19,115</u>	<u>7,705</u>	<u>5,008</u>
Total operating revenue	<u>2,084,305</u>	<u>2,288,027</u>	<u>1,302,403</u>	<u>1,476,284</u>
<b>Operating expenses:</b>				
Salaries	536,299	490,693	191,926	170,301
Payroll taxes	40,894	39,991	14,612	13,498
Retirement contributions	42,044	46,524	13,583	15,598
Group insurance	89,588	102,299	33,123	44,197
Gas purchases	899,286	1,090,586	899,286	1,090,586
Chemicals and agents	98,384	66,339	-	-
Equipment repairs and maintenance	63,522	15,600	5,668	4,274
Distribution system repairs and maintenance	47,601	24,419	5,082	8,773
Vehicle oil and gas	18,489	16,453	9,176	8,544
Vehicle repairs and maintenance	16,929	20,309	12,944	15,778
Meters, hardware and lines	53,897	24,719	18,354	7,254
Professional fees	26,658	20,061	1,800	4,977
Depreciation	271,190	257,036	61,867	61,232
Insurance	125,398	101,739	-	-
Office expense	34,045	26,210	3,194	5,027
Sewerage treatment	217,792	211,309	-	-
Other	175,353	112,593	16,875	15,966
Allocation of administrative expenses	-	-	278,615	220,674
Total operating expenses	<u>2,757,369</u>	<u>2,666,880</u>	<u>1,566,105</u>	<u>1,686,679</u>
Operating income (loss)	<u>(673,064)</u>	<u>(378,853)</u>	<u>\$ (263,702)</u>	<u>\$ (210,395)</u>
<b>Nonoperating revenues (expenses):</b>				
Interest income	41,396	36,958		
Proceeds from sale of assets	-	-		
Interest and fiscal charges	<u>(17,480)</u>	<u>(20,855)</u>		
Total nonoperating revenues (expenses)	<u>23,916</u>	<u>16,103</u>		
Income (loss) before operating transfers	<u>(649,148)</u>	<u>(362,750)</u>		
Operating transfers in (out)	<u>57,187</u>	<u>-</u>		
Net income (loss)	<u>\$ (591,961)</u>	<u>\$ (362,750)</u>		

Water		Sewerage		Administrative	
2007	2006	2007	2006	2007	2006
\$ 409,880	\$ 434,964	\$ 331,033	\$ 341,439	\$ -	\$ -
6,713	8,626	5,398	6,771	-	-
3,626	3,133	3,107	2,702	-	-
<u>11,925</u>	<u>7,574</u>	<u>10,220</u>	<u>6,534</u>	-	-
<u>432,144</u>	<u>454,297</u>	<u>349,758</u>	<u>357,446</u>	-	-
207,337	201,382	-	-	137,036	119,010
15,738	16,456	-	-	10,544	10,037
15,961	18,051	-	-	12,500	12,875
34,470	36,306	-	-	21,995	21,796
-	-	-	-	-	-
98,384	66,339	-	-	-	-
49,639	6,053	413	1,911	7,802	3,362
16,514	11,248	26,005	4,398	-	-
8,769	7,891	544	18	-	-
2,163	2,515	1,822	1,891	-	125
35,036	17,465	507	-	-	-
10,637	295	-	464	14,221	14,325
69,351	65,450	129,605	127,475	10,367	2,879
-	-	-	-	125,398	101,739
17,814	9,622	-	-	13,037	11,561
-	-	217,792	211,309	-	-
58,212	45,867	12,215	8,867	88,051	41,893
<u>89,806</u>	<u>66,627</u>	<u>72,530</u>	<u>52,301</u>	<u>(440,951)</u>	<u>(339,602)</u>
<u>729,831</u>	<u>571,567</u>	<u>461,433</u>	<u>408,634</u>	-	-
<u>\$ (297,687)</u>	<u>\$ (117,270)</u>	<u>\$ (111,675)</u>	<u>\$ (51,188)</u>	<u>\$ -</u>	<u>\$ -</u>

CITY OF PATTERSON, LOUISIANA

Schedule of Insurance in Force  
(Unaudited)  
June 30, 2007

Description of Coverage	Coverage Amounts
Workmen's Compensation - Employer's liability	Statutory \$ 1,000,000
Surety Bonds -	
Mrs. Pamela Washington	25,000
Ms. Angela Shilling	5,000
Public employees	5,000
Public right-of-way	1,528
Policemen's Professional Liability	1,000,000
Comprehensive General Liability, Bodily Injury, and Property Damage	500,000
Comprehensive Automobile Liability	500,000
Fire, Lightning, and Extended Coverage - Buildings and contents, all risks except flood and earthquake	4,203,800
Summer Recreation Program -	
Death and dismemberment	3,000
Medical expense	10,000
Public officials errors and omissions	500,000

CITY OF PATTERSON, LOUISIANA

Schedule of Interest-Bearing Deposits – All Funds  
June 30, 2007

	<u>Term</u>	<u>Maturity Date</u>	<u>Interest Rate</u>	<u>Total Amount</u>
<b>General Fund:</b>				
Insured Money Market	N/A	N/A	1.400%	\$ 173,502
Insured Money Market	N/A	N/A	1.400%	840,567
Insured Money Market	N/A	N/A	1.400%	72,759
Insured Money Market	N/A	N/A	1.400%	860,910
Insured Money Market	N/A	N/A	1.400%	46,692
Savings	N/A	N/A	1.400%	389,157
Savings	N/A	N/A	0.400%	7,001
Certificate of deposit	31 days	7/29/2007	1.800%	45,000
Certificate of deposit - Patterson State Bank	91 days	4/23/2007	1.800%	50,000
Certificate of deposit - Patterson State Bank	91 days	9/5/2007	1.800%	30,000
Certificate of deposit - Patterson State Bank	182 days	8/16/2007	1.800%	796
Certificate of deposit - Patterson State Bank	181 days	12/14/2007	2.950%	221,613
Certificate of deposit - Patterson State Bank	182 days	8/16/2007	1.800%	<u>86,487</u>
				<u>2,824,484</u>
<b>Special Revenue Fund:</b>				
<b>Sewerage and Solid Waste Sales Tax Fund -</b>				
Insured Money Market	N/A	N/A	1.400%	2,517,059
Certificate of deposit - Patterson State Bank	182 days	8/21/2007	1.800%	155,000
Treasury Fund	N/A	N/A	Various	<u>885,782</u>
				<u>3,557,841</u>
<b>Ad Valorem Tax Collection Fund -</b>				
Savings	N/A	N/A	0.400%	<u>16,649</u>
<b>Fire Department Equipment Fund -</b>				
Insured Money Market	N/A	N/A	1.400%	157,834
Certificate of Deposit - Patterson State Bank	90 days	7/3/2007	1.800%	25,000
Certificate of Deposit - Patterson State Bank	1 year	9/24/2007	3.250%	<u>66,100</u>
				<u>248,934</u>
<b>Emergency Management Fund -</b>				
Insured Money Market	N/A	N/A	1.400%	<u>24,497</u>
				<u>3,847,921</u>

CITY OF PATTERSON, LOUISIANA

Schedule of Interest-Bearing Deposits – All Funds (Continued)  
June 30, 2007

	<u>Term</u>	<u>Maturity Date</u>	<u>Interest Rate</u>	<u>Total Amount</u>
<b>Debt Service Funds:</b>				
<b>Public Improvement Bonds Fund -</b>				
Insured Money Market	N/A	N/A	1.400%	<u>\$ 496,540</u>
<b>Sales Tax Revenue Refunding Bonds Series -</b>				
Insured Money Market	N/A	N/A	1.400%	129,221
Certificate of Deposit - Patterson State Bank	182 days	11/12/2007	2.950%	<u>253,510</u>
				<u>382,731</u>
<b>Sales Tax Sinking Fund -</b>				
Insured Money Market	N/A	N/A	1.400%	12,756
Insured Money Market - Reserve	N/A	N/A	1.400%	<u>84,948</u>
				<u>97,704</u>
<b>1966, 1967, 1969, 1980 AND 1982 Paving Assessment Funds -</b>				
Savings	N/A	N/A	0.400%	105
Certificate of Deposit - Patterson State Bank	182 days	8/13/2007	1.800%	54,917
Certificate of Deposit - Patterson State Bank	182 days	8/13/2007	1.800%	54,169
Certificate of Deposit - Patterson State Bank	182 days	8/13/2007	1.800%	<u>22,600</u>
				<u>131,791</u>
<b>1990 Street Paving Project -</b>				
Insured Money Market	N/A	N/A	1.400%	<u>84,136</u>
				<u>1,192,902</u>
<b>Capital Projects Funds:</b>				
<b>1980 Drainage Project Fund -</b>				
Insured Money Market	N/A	N/A	1.400%	<u>114,400</u>
<b>Regional Sewerage Facility Project Fund -</b>				
Insured Money Market	N/A	N/A	1.400%	14,659
Certificate of Deposit - Patterson State Bank	182 days	8/21/2007	1.800%	20,000
Certificate of Deposit - Patterson State Bank	182 days	8/13/2007	1.800%	<u>80,858</u>
				<u>115,517</u>
<b>Third Street Paving Project Fund -</b>				
Insured Money Market	N/A	N/A	1.400%	<u>23,056</u>
<b>Murphy Street Paving Project Fund -</b>				
Insured Money Market	N/A	N/A	1.400%	<u>34,925</u>

CITY OF PATTERSON, LOUISIANA

Schedule of Interest-Bearing Deposits – All Funds (Continued)  
June 30, 2007

	<u>Term</u>	<u>Maturity Date</u>	<u>Interest Rate</u>	<u>Total Amount</u>
Sales Tax Bond Construction Fund - Insured Money Market	N/A	N/A	0.300%	\$ 387
<b>Total capital projects funds</b>				<u>288,285</u>
<b>Utility Funds:</b>				
Insured Money Market	N/A	N/A	1.400%	257,469
Insured Money Market	N/A	N/A	1.400%	1,219,594
Insured Money Market	N/A	N/A	1.400%	95,899
Savings	N/A	N/A	0.400%	35,682
Savings	N/A	N/A	0.400%	89,374
Certificate of Deposit - Patterson State Bank	182 days	11/9/2007	2.950%	140,275
Certificate of Deposit - Patterson State Bank	182 days	8/18/2007	1.800%	44,567
Treasury Fund	N/A	N/A	Various	315,484
				<u>2,198,344</u>
<b>Total - all funds</b>				<u>\$ 10,351,936</u>

**COMPLIANCE  
AND  
INTERNAL CONTROL**

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**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**

**The Honorable Michael Accardo, Mayor  
and Members of the City Council  
City of Patterson, Louisiana**

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Patterson, Louisiana (City), as of and for the year ended June 30, 2007, which collectively comprise the City's basic financial statements and have issued our report thereon dated March 14, 2008. 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.

**Internal Control Over Financial Reporting**

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

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal over financial reporting that we consider to be significant deficiencies.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the City's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the City's financial

statements that is more than inconsequential will not be prevented or detected by the City's internal control. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as items 2007-04, 2007-05, 2007-06 and 2007-07 to be significant deficiencies in internal control over financial reporting.

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

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we consider the significant deficiencies described above to be material weakness.

#### 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 on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as items 2007-01, 2007-02, 2007-03 and 2007-07.

The City's response to the findings identified in our audit is described in the accompanying schedule of management's corrective action plan for current year findings. We did not audit the City's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the City Council, management and others within the organization, and 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. However, under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

*Kolder, Champagne, Slaven & Company, LLC*  
Certified Public Accountants

Franklin, Louisiana  
March 14, 2008

CITY OF PATTERSON, LOUISIANA

Summary Schedule of Prior Year Findings  
Year Ended June 30, 2007

2006-01	Finding:	<u>Monthly financial statements compared to budget not submitted to Council</u>
	Status:	This finding has been resolved.
2006-02	Finding:	<u>Annual finance report not submitted to Council</u>
	Status:	This finding has not been resolved and will be restated in 2007.
2006-03	Finding:	<u>Computerized accounting system</u>
	Status:	This finding has been partially resolved. However, it will be restated in 2007 as finding 2007-06 to emphasize the importance of obtaining reliable accounting data.
2006-04	Finding:	<u>Sinking Fund and Contingency Fund Transfers Not Being Made Timely</u>
	Status:	This finding was not resolved and will be restated in 2007.

CITY OF PATTERSON, LOUISIANA

Schedule of Findings and Questioned Costs  
Year Ended June 30, 2007

Part 1: Summary of Auditor's Results

FINANCIAL STATEMENTS

Auditor's Report – Financial Statements

An unqualified opinion has been issued on the City of Patterson, Louisiana's financial statements as of and for the year ended June 30, 2007

Reportable Conditions – Financial Statements

There were three reportable conditions in internal control over financial reporting disclosed during the audit of the financial statements.

Material Noncompliance – Financial Reporting

There were four material instances of noncompliance noted during the audit of the financial statements.

FEDERAL AWARDS

This section is not applicable for the fiscal year ended June 30, 2007.

Part 2: Findings Relating to an Audit in Accordance with Government Auditing Standards

2007-01 Failure to Timely File Audit Report with Legislative Auditor

Finding:

LA R.S. 24:513 requires governmental entities to file its audited financial statements within six months after the end of its fiscal year. The City failed to comply with the requirements of this statute.

Recommendation:

Audited financial statements should be completed and forwarded to the Legislative Auditor within the time frame required by state statute.

2007-02 Sinking Fund and Contingency Fund Transfers Not Being Made Timely

Finding:

The City of Patterson's revenue bond ordinance requires that monthly transfers be made from utility operations to special accounts set up to accumulate funds for payment of revenue bond obligations and to accumulate funds for capital improvements to the utility system. The City has not made these required transfers on the timely basis set forth in the revenue bond ordinance.

CITY OF PATTERSON, LOUISIANA

Schedule of Findings and Questioned Costs (Continued)  
Year Ended June 30, 2007

Recommendation:

The City should make its required sinking fund transfers in accordance with its revenue bond ordinance.

2007-03 Annual Finance Report Not Submitted to Council

Finding:

The City's Home Rule Charter requires that forty-five days after the end of the fiscal year a complete report on the financial and administrative activities of the City be submitted to the council. The City has not complied with this requirement.

Recommendation:

The City should provide this annual summary of financial and administrative results to the Council in accordance with its Home Rule Charter..

2007-04 Incomplete Bank Reconciliations

Finding:

The City failed to timely complete monthly reconciliations of its general ledger cash accounts to related bank statements for a number of its cash accounts. Reasonable internal controls over the financial accounting function as well as prudent business practices require that reconciliation of bank accounts be made monthly to insure that the general ledger accurately reflects the financial position of the entity and that errors are located and resolved in a timely manner. Additionally, timely bank reconciliation is a fraud control measure in that improper cash transactions may be identified by management.

Recommendation:

The City should reconcile its general ledger to its bank accounts on a monthly basis.

2007-05 Accounting Errors

Finding:

During the performance of audit procedures, numerous accounting errors such as double posting of transactions, failure to record transactions, and incorrect account coding were noted. This finding is a direct result of the City's failure to reconcile its bank accounts on a timely basis.

Recommendation:

The City should reconcile its general ledger to its bank accounts on a monthly basis and promptly correct any errors noted.

CITY OF PATTERSON, LOUISIANA

Schedule of Findings and Questioned Costs (Continued)  
Year Ended June 30, 2007

2007-06 Computerized Accounting System

Finding:

In past years, the City has had numerous problems generating reliable accounting data to provide to its council and for use of management in making daily financial decisions. Computerized accounting packages used generated unreliable comparisons of budgeted revenues and expenditures to actual results. Additionally, other conditions within the packages made obtaining reliable accounting data difficult and cumbersome to obtain.

Recommendation:

Though it appears that the problems encountered in previous computerized accounting packages have been largely resolved with the implementation of the accounting package currently being used by the City, the City should closely monitor the data generated by the accounting system for errors and inconsistencies. The City should promptly consult with its software providers in the event problems are encountered. Additionally, the City should ensure that the latest program versions are being utilized.

2007-07 Submission of Annual Operating Budget

Finding:

The City's Home Rule Charter requires that the annual operating budget be submitted to the council no later than forty-five days prior to the beginning of the fiscal year. The City has not complied with this requirement.

Recommendation:

The City should prepare and submit its operating budget to the council within the time frame specified in its Home Rule Charter.

Part 3: Findings and Questioned Costs Relating to Federal Programs

At June 30, 2007, the City of Patterson, Louisiana did not meet the requirements to have a single audit in accordance with OMB Circular A-133, therefore this section is not applicable.

CITY OF PATTERSON, LOUISIANA

Management's Corrective Action Plan For Current Year Findings  
Year Ended June 30, 2007

Response to Finding 2007-01:

There were numerous problems encountered by the City in the implementation of the new accounting software system. These problems and errors prevented City staff from balancing the general ledger in a timely manner as prescribed by law. It appears that these problems have been substantially resolved in the current year and that future reporting will be within legal requirements.

Response to Finding 2007-02:

The City was unable to make the required transfers to the sinking and contingency funds due to low cash flow in the Utility Fund brought on by rising maintenance and compliance costs in the water department. The City has implemented water rate increases which will help to offset the rising expenditures and generate a more soluble cash flow and allow the City to meet its transfer obligations. Despite the fact that the sinking transfers were not made, the City has always been able to service its debt timely and sufficient funds are available in the contingency fund to entirely fund the outstanding revenue debt obligation.

Response to Finding 2007-03:

As stated in the response to finding 2007-01, reliable accounting data was unavailable due to problems encountered with the implementation of the new accounting software. These problems have been substantially resolved and monthly financial reports are currently being submitted to the City Council. With adequate financial data, it is anticipated that the annual report required by the City Charter will be properly delivered.

Response to Finding 2007-04:

With the implementation of the new accounting software, the City anticipated preparing its bank reconciliations through the software. However, the problem encountered in implementation made the computer generated bank reconciliations unreliable and incorrect. All bank reconciliations had to be manually analyzed and balanced. City staff noted errors in checks and deposits either missing or, in some cases, posted twice. These problems have been substantially resolved and the system is working more reliably. This should allow timely preparation of bank reconciliations.

Response to Finding 2007-05:

With the errors noted in software implementation largely corrected, the accounting software is generating much more reliable information. The City's staff is better able to detect software errors and contact the software provider for immediate assistance. Currently, errors such as these have been at a minimum.

Response to Finding 2007-06:

The City has maintained an open line of communication with the software company to ensure that errors are detected and corrected promptly. Errors should be at a minimum.

Response to Finding 2007-07:

Now that accounting software errors have been largely corrected and eliminated, the annual operating budget should be submitted in a timely manner. Errors have been corrected and more reliable financial data is available which should ensure that budget preparation should not be delayed.