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CITY OF PATTERSON, LOUISIANA

Financial Report

Year Ended June 30, 2008

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Release Date 1/14/09

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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, 2008, 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 November 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 43 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 58 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 61 has not been audited by us and we express no opinion on it.

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

Franklin, Louisiana
November 14, 2008

BASIC FINANCIAL STATEMENTS

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

CITY OF PATTERSON, LOUISIANA

Statement of Net Assets
June 30, 2008

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Current assets:			
Cash	\$ 1,359,382	\$ 111,778	\$ 1,471,160
Interest-bearing deposits	8,382,312	692,900	9,075,212
Investments, at fair value	909,393	323,894	1,233,287
Receivables, net	520,154	422,239	942,393
Due from other governmental units	198,280	-	198,280
Due from (to) other funds	904,364	(904,364)	-
Prepaid insurance	10,043	10,627	20,670
Total current assets	<u>12,283,928</u>	<u>657,074</u>	<u>12,941,002</u>
Noncurrent assets:			
Restricted assets	-	1,763,894	1,763,894
Capital assets, net	<u>4,423,801</u>	<u>3,718,407</u>	<u>8,142,208</u>
Total noncurrent assets	<u>4,423,801</u>	<u>5,482,301</u>	<u>9,906,102</u>
Total assets	<u>16,707,729</u>	<u>6,139,375</u>	<u>22,847,104</u>
LIABILITIES			
Current liabilities:			
Accounts and other payables	392,607	247,740	640,347
Accrued interest payable	22,073	1,219	23,292
Capital lease obligation, current portion	46,694	11,310	58,004
Bonds payable, current portion	<u>232,694</u>	<u>90,997</u>	<u>323,691</u>
Total current liabilities	<u>694,068</u>	<u>351,266</u>	<u>1,045,334</u>
Noncurrent liabilities:			
Customers' deposits payable	-	337,825	337,825
Capital lease obligation, net of current portion	122,800	39,403	162,203
Bonds payable, net of current portion	<u>1,640,773</u>	<u>95,786</u>	<u>1,736,559</u>
Total noncurrent liabilities	<u>1,763,573</u>	<u>473,014</u>	<u>2,236,587</u>
Total liabilities	<u>2,457,641</u>	<u>824,280</u>	<u>3,281,921</u>
NET ASSETS			
Invested in capital assets, net of related debt	2,358,767	3,479,692	5,838,459
Restricted for:			
Debt service	1,373,524	1,426,069	2,799,593
Other purposes	459,730	-	459,730
Unrestricted	<u>10,058,067</u>	<u>409,334</u>	<u>10,467,401</u>
Total net assets	<u>\$ 14,250,088</u>	<u>\$ 5,315,095</u>	<u>\$ 19,565,183</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, 2008

Activities	Expenses	Program Revenues		
		Fees, Fines, and Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental activities				
General government	\$ 556,035	\$ 233,643	\$ -	\$ -
Public safety				
Police	1,281,127	532,542	5,872	318,998
Fire	105,211	-	24,534	-
Sanitation	461,945	431,845	-	-
Streets and drainage	561,017	-	10,420	-
Culture and recreation	26,908	-	-	-
Housing rehabilitation	189,994	-	189,994	-
Interest and fiscal charges on long-term debt	<u>108,237</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total governmental activities	<u>3,290,474</u>	<u>1,198,030</u>	<u>230,820</u>	<u>318,998</u>
Business-type activities:				
Utility Fund	<u>2,681,443</u>	<u>2,185,995</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, 2007

Net assets - June 30, 2008

Net (Expense) Revenues and Changes in Net Assets		
Governmental Activities	Business-Type Activities	Total
\$ (322,392)	\$ -	\$ (322,392)
(423,715)	-	(423,715)
(80,677)	-	(80,677)
(30,100)	-	(30,100)
(550,597)	-	(550,597)
(26,908)	-	(26,908)
-	-	-
<u>(108,237)</u>	<u>-</u>	<u>(108,237)</u>
<u>(1,542,626)</u>	<u>-</u>	<u>(1,542,626)</u>
-	(495,448)	(495,448)
422,318	-	422,318
2,041,289	-	2,041,289
258,294	-	258,294
-	-	-
172,435	30,476	202,911
6,259	-	6,259
<u>(66,415)</u>	<u>66,415</u>	<u>-</u>
<u>2,834,180</u>	<u>96,891</u>	<u>2,931,071</u>
1,291,554	(398,557)	892,997
<u>12,958,534</u>	<u>5,713,652</u>	<u>18,672,186</u>
<u>\$ 14,250,088</u>	<u>\$ 5,315,095</u>	<u>\$ 19,565,183</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.

LCDBG Fund

To account for the receipt and use of grant funds received from the Louisiana Division of Administration under the Community Development Block Grant program to provide housing rehabilitation services to elderly and poor citizens residing in certain targeted areas of the City.

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, 2008

	General	Sewerage & Solid Waste Sales Tax	LCDBG
	<u> </u>	<u> </u>	<u> </u>
ASSETS			
Cash	\$ 298,213	\$ 431,012	\$ 324
Interest-bearing deposits	3,015,122	3,717,685	-
Investments, at fair value	-	909,393	-
Receivables -			
Taxes	171,019	61,742	-
Property assessments	-	-	-
Other	1,238	1,525	-
Due from other funds	963,347	-	-
Due from other governmental units	48,480	-	149,800
Total assets	<u>\$ 4,497,419</u>	<u>\$ 5,121,357</u>	<u>\$ 150,124</u>
LIABILITIES AND FUND BALANCES			
Liabilities			
Accounts payable	\$ 207,292	\$ 2,005	\$ 149,800
Accrued liabilities	18,179	-	-
Due to other funds	19,837	24,139	-
Deferred revenue	-	-	-
Total liabilities	<u>245,308</u>	<u>26,144</u>	<u>149,800</u>
Fund balances:			
Reserved for debt service	-	-	-
Reserved for capital improvements	-	-	-
Unreserved, reported in			
General fund	4,252,111	-	-
Special revenue fund	-	5,095,213	324
Total fund balances	<u>4,252,111</u>	<u>5,095,213</u>	<u>324</u>
Total liabilities and fund balances	<u>\$ 4,497,419</u>	<u>\$ 5,121,357</u>	<u>\$ 150,124</u>

2002 Paving Assessments	Other Governmental Funds	Total Governmental Funds
\$ 141,336	\$ 488,497	\$ 1,359,382
-	1,649,505	8,382,312
-	-	909,393
-	17,315	250,076
227,326	16,995	244,321
-	22,994	25,757
255	537,126	1,500,728
-	-	198,280
<u>\$ 368,917</u>	<u>\$ 2,732,432</u>	<u>\$ 12,870,249</u>
\$ -	\$ -	\$ 359,097
-	-	18,179
1,868	550,520	596,364
<u>227,326</u>	<u>16,995</u>	<u>244,321</u>
<u>229,194</u>	<u>567,515</u>	<u>1,217,961</u>
139,723	1,233,801	1,373,524
-	459,730	459,730
-	-	4,252,111
-	471,386	5,566,923
<u>139,723</u>	<u>2,164,917</u>	<u>11,652,288</u>
<u>\$ 368,917</u>	<u>\$ 2,732,432</u>	<u>\$ 12,870,249</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, 2008

Total fund balances for governmental funds at June 30, 2008	\$ 11,652,288
Total net assets reported for governmental activities in the statement of net assets is different because:	
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.	244,321
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	10,043
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 \$659,283 accumulated depreciation	1,904,338
Equipment, furniture & fixtures, net of \$1,211,461 accumulated depreciation	819,734
Infrastructure, net of \$192,137 accumulated depreciaton	1,476,403
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	(1,873,467)
Accrued interest payable	(22,073)
Capital lease obligation payable	(169,494)
Compensated absences payable	<u>(15,331)</u>
Total net assets of governmental activities at June 30, 2008	<u>\$ 14,250,088</u>

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, 2008

	General	Sewerage & Solid Waste Sales Tax	LCDBG
Revenues:			
Taxes	\$ 1,535,075	\$ 743,658	\$ -
Licenses and permits	167,664	-	-
Intergovernmental	633,411	-	189,994
Charges for services	497,824	-	-
Fines and forfeits	425,434	-	-
Miscellaneous	88,670	68,692	-
Total revenues	<u>3,348,078</u>	<u>812,350</u>	<u>189,994</u>
Expenditures:			
Current -			
General government	496,891	-	-
Public safety:			
Police	1,199,084	-	-
Fire	42,686	-	-
Sanitation	449,404	-	-
Culture and recreation	24,292	-	-
Streets and drainage	502,385	-	-
Housing rehabilitation	-	-	189,994
Capital outlay	132,905	-	-
Debt service -			
Principal retirement	-	-	-
Other Costs	-	-	-
Interest and fiscal charges	-	-	-
Total expenditures	<u>2,847,647</u>	<u>-</u>	<u>189,994</u>
Excess (deficiency) of revenues over expenditures	<u>500,431</u>	<u>812,350</u>	<u>-</u>
Other financing sources (uses):			
Operating transfers in	216,874	-	-
Proceeds from capital lease	-	-	-
Subgrants to other governments	(231,500)	-	-
Operating transfers out	(107,788)	(106,178)	-
Total other financing sources (uses)	<u>(122,414)</u>	<u>(106,178)</u>	<u>-</u>
Net change in fund balances	378,017	706,172	-
Fund balances, beginning	<u>3,874,094</u>	<u>4,389,041</u>	<u>324</u>
Fund balances, ending	<u>\$ 4,252,111</u>	<u>\$ 5,095,213</u>	<u>\$ 324</u>

2002 Paving Assessments	Other Governmental Funds	Total Governmental Funds
\$ -	\$ 443,168	\$ 2,721,901
-	-	167,664
-	24,534	847,939
-	-	497,824
-	-	425,434
<u>100,968</u>	<u>35,086</u>	<u>293,416</u>
<u>100,968</u>	<u>502,788</u>	<u>4,954,178</u>
-	-	496,891
-	-	1,199,084
-	14,116	56,802
-	-	449,404
-	-	24,292
-	-	502,385
-	-	189,994
-	169,952	302,857
77,694	178,458	256,152
33	-	33
<u>26,105</u>	<u>85,832</u>	<u>111,937</u>
<u>103,832</u>	<u>448,358</u>	<u>3,589,831</u>
<u>(2,864)</u>	<u>54,430</u>	<u>1,364,347</u>
-	354,747	571,621
-	139,952	139,952
-	-	(231,500)
-	(424,071)	(638,037)
-	<u>70,628</u>	<u>(157,964)</u>
(2,864)	125,058	1,206,383
<u>142,587</u>	<u>2,039,859</u>	<u>10,445,905</u>
<u>\$ 139,723</u>	<u>\$ 2,164,917</u>	<u>\$ 11,652,288</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, 2008

Total net changes in fund balances at June 30, 2008 per Statement
of Revenues, Expenditures and Changes in Fund Balances \$1,206,383

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	302,857
Depreciation expense for the year ended June 30, 2008	(267,705)

*Governmental funds report capital lease proceeds as revenues and
bonded debt repayments and capital lease payments, including interest,
as expenditures. However, proceeds and 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*

116,200

*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 \$74,234 of assessments during the year.*

(74,234)

*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*

8,053

Total changes in net assets at June 30, 2008 per Statement of Activities

\$1,291,554

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

CITY OF PATTERSON, LOUISIANA

Statement of Net Assets
 Proprietary Fund
 June 30, 2008

ASSETS

Current assets:

Cash	\$ 111,778
Interest-bearing deposits	692,900
Investments	323,894
Receivables	
Customer accounts receivable, net	421,608
Other	631
Due from other funds	36,404
Prepaid insurance	<u>10,627</u>
Total current assets	<u>1,597,842</u>

Noncurrent assets:

Restricted assets -	
Cash	373,342
Interest-bearing deposits	1,389,769
Accrued interest receivable	783
Capital assets, net of accumulated depreciation	<u>3,718,407</u>
Total noncurrent assets	<u>5,482,301</u>
 Total assets	 <u>7,080,143</u>

LIABILITIES

Current liabilities (payable from current assets):

Accounts payable	186,044
Accrued liabilities	61,696
Due to other funds	<u>940,768</u>
Total current liabilities	<u>1,188,508</u>

Current liabilities (payable from restricted assets):

Revenue bonds payable, current portion	90,997
Capital lease obligation, current portion	11,310
Accrued interest payable	<u>1,219</u>
Total current liabilities	<u>103,526</u>

CITY OF PATTERSON, LOUISIANA

Statement of Net Assets
Proprietary Fund (Continued)
June 30, 2008

Noncurrent liabilities:	
Payable from restricted assets -	
Revenue bonds payable, net of current portion	95,786
Capital lease obligation, net of current portion	39,403
Customers' meter deposits payable	<u>337,825</u>
Total noncurrent liabilities	<u>473,014</u>
Total liabilities	<u>1,765,048</u>
NET ASSETS	
Invested in capital assets, net of related debt	3,479,692
Restricted per revenue bond covenant	1,426,069
Unrestricted	<u>409,334</u>
Total net assets	<u>\$ 5,315,095</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, 2008

Operating revenues:	
Charges for services -	
Gas sales and services	\$ 1,279,004
Water sales and services	465,218
Sewerage service	352,026
Delinquent charges	50,426
Commissions, transfers and reconnections	20,382
Miscellaneous	18,939
Total operating revenues	<u>2,185,995</u>
Operating expenses:	
Administrative	435,414
Gas department	1,071,470
Water department	521,343
Sewerage department	368,264
Depreciation	267,903
Total operating expenses	<u>2,664,394</u>
Operating income (loss)	<u>(478,399)</u>
Nonoperating revenues (expenses):	
Interest income	30,476
Interest and fiscal charges	<u>(17,049)</u>
Total nonoperating revenues (expenses)	13,427
Income (loss) before contributions and transfers	(464,972)
Capital contributions	-
Transfers in	66,415
Transfers out	<u>-</u>
Change in net assets	(398,557)
Net assets, beginning	<u>5,713,652</u>
Net assets, ending	<u>\$ 5,315,095</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, 2008

Cash flows from operating activities:	
Receipts from customers	\$ 2,138,181
Payments to suppliers	(2,008,788)
Payments to employees	<u>(506,103)</u>
Net cash provided by operating activities	<u>(376,710)</u>
Cash flows from noncapital financing activities:	
Payments from other funds	564,235
Payments to other funds	<u>-</u>
Net cash provided by noncapital financing activities	<u>564,235</u>
Cash flows from capital and related financing activities:	
Acquisition of property, plant and equipment	(34,709)
Principal repayments on revenue bonds	(95,000)
Payments on capital lease obligations	(10,065)
Revenue bond interest payments	(2,736)
Interest on capital lease obligations	<u>(10,903)</u>
Net cash used by capital and related financing activities	<u>(153,413)</u>
Cash flows from investing activities:	
Maturities of investments and interest-bearing deposits	184,842
Purchase of investments and interest-bearing deposits	(685,645)
Interest on investments	<u>30,182</u>
Net cash provided by investing activities	<u>(470,621)</u>
Net increase (decrease) in cash and equivalents	(436,509)
Cash and equivalents, beginning of period	<u>2,642,547</u>
Cash and equivalents, end of period	<u>\$ 2,206,038</u>

CITY OF PATTERSON, LOUISIANA

Statement of Cash Flows
 Proprietary Fund (Continued)
 For the Year Ended June 30, 2008

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

Operating loss \$ (478,399)

Adjustments to reconcile operating loss to net cash used by
 operating activities

Depreciation 267,903

Changes in current assets and liabilities:

(Increase) decrease in accounts receivable (65,274)

(Increase) decrease in prepaid insurance (4,987)

Increase (decrease) in accounts payable (82,364)

Increase (decrease) in accrued liabilities (31,049)

Increase (decrease) in customer meter deposits 17,460

Net cash provided by operating activities \$ (376,710)

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 \$ 846,179

Cash and interest-bearing deposits - restricted 1,796,368

Total cash and equivalents 2,642,547

Cash and equivalents, end of period -

Cash and interest-bearing deposits - unrestricted 1,128,572

Cash and interest-bearing deposits - restricted 1,077,466

Total cash and equivalents 2,206,038

Net increase (decrease) \$ (436,509)

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.

CITY OF PATTERSON, LOUISIANA

Notes to Financial Statements (Continued)

The major funds of the City are described below:

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 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.

LCDBG Fund

This fund is used to account for the receipt and use of grant funds received from the Louisiana Division of Administration under the Community Development Block Grant program to provide housing rehabilitation services to elderly and poor citizens residing in certain targeted areas of the City.

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.

CITY OF PATTERSON, LOUISIANA

Notes to Financial Statements (Continued)

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 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 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.

CITY OF PATTERSON, LOUISIANA

Notes to Financial Statements (Continued)

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."

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, 2008. 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, 2008 was \$32,948.

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.

CITY OF PATTERSON, LOUISIANA

Notes to Financial Statements (Continued)

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.

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.

CITY OF PATTERSON, LOUISIANA

Notes to Financial Statements (Continued)

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.

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.

CITY OF PATTERSON, LOUISIANA

Notes to Financial Statements (Continued)

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 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, 2008, the City has cash and interest-bearing deposits (book balances) totaling \$12,309,483, as follows:

Demand deposits	\$ 1,815,097
Money market accounts and time deposits	<u>10,494,386</u>
Total	<u>\$ 12,309,483</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, 2008, were secured as follows:

Bank balances	<u>\$ 12,461,376</u>
Federal deposit insurance	\$ 400,000
Pledged securities (Category 3)	<u>12,734,593</u>
Total federal deposit insurance and pledged securities	<u>13,134,593</u>
Excess	<u>\$ 673,217</u>

CITY OF PATTERSON, LOUISIANA

Notes to Financial Statements (Continued)

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.

B. Investments

At June 30, 2008, the City's investments totaled \$1,233,287 as follows:

<u>Description</u>	<u>Category</u>	<u>Interest Rate</u>	<u>Carrying Amount</u>	<u>Fair Value</u>
Governmental Activities: United States Government- Securities Fund	N/A	Various	\$ 909,393	\$ 909,393
Business-Type Activities: United States Government- Securities Fund	N/A	Various	323,894	323,894
			<u>\$ 1,233,287</u>	<u>\$ 1,233,287</u>

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

Investments are categorized into these three categories or credit risk:

- (1) Insured or registered, or securities held by the government or its agent in the government's name.
- (2) Uninsured and unregistered, with securities held by the counterparty's trust department or agent in the government's name.
- (3) Uninsured and unregistered, with securities held by the counterparty, or by its trust department or agent, but not in the government's name.

At year end, the City's investment balances were categorized as Category 2 meaning that the City's investments were held by the counterparty's trust department or agent in the City's name.

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.

For the year ended June 30, 2008, taxes of 21.31 mills were levied on property with assessed valuations totaling \$19,674,267 and were dedicated as follows:

General corporate purposes	8.90 mills
Debt service	12.41 mills

Total taxes levied were \$419,260. The amount of taxes receivable at June 30, 2008 was \$17,315.

CITY OF PATTERSON, LOUISIANA

Notes to Financial Statements (Continued)

NOTE 4 INTERFUND TRANSACTIONS

A. Receivables and Payables

Interfund receivables and payables at June 30, 2008 consisted of the following:

	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
Due to/from other funds:		
General Fund	\$ 963,347	\$ 19,837
Special revenue funds -		
Ad Valorem Tax Collection Fund	-	278,328
Sewerage and Solid Waste Sales Tax Fund	-	24,139
Debt service funds -		
Public Improvement Bonds Fund	468,633	54,697
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	255	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	36,404	940,768
Total due to/from other funds	<u>\$ 1,537,132</u>	<u>\$ 1,537,132</u>

B. Operating transfers

Transfers between funds for the year ended June 30, 2008 were:

	<u>Transfers In</u>	<u>Transfers Out</u>
Transfers to/from other funds		
General Fund	\$ 216,874	\$ 107,788
Special Revenue Funds -		
Ad Valorem Tax Collection Fund	-	424,071
Sewerage and Solid Waste Sales Tax Fund	-	106,178
Debt Service Funds -		
Public Improvement Sales Tax Bonds	107,788	-
Public Improvement Bonds Fund	246,960	-
Utility Fund	66,415	-
	<u>\$ 638,037</u>	<u>\$ 638,037</u>

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.

CITY OF PATTERSON, LOUISIANA

Notes to Financial Statements (Continued)

NOTE 5 DUE FROM OTHER GOVERNMENTAL UNITS

Amounts due from other governmental units at June 30, 2008 consisted of the following:

Prisoner maintenance fees due from -	
St. Mary Parish Government	\$ 18,830
State of Louisiana	2,690
Beer and tobacco taxes due from the State of Louisiana	2,293
Video poker receipts due from the State of Louisiana	21,517
Highway maintenance fees due from the State of Louisiana	3,150
Housing rehabilitation grant proceeds due from State of Louisiana	<u>149,800</u>
	<u>\$ 198,280</u>

NOTE 6 RESTRICTED ASSETS

Restricted assets consisted of the following at June 30, 2008:

Revenue bond and interest sinking fund	\$ 135,244
Revenue bond reserve fund	62,000
Revenue bond capital additions and contingencies fund	1,091,299
Revenue bond construction fund	137,526
Customers' deposits	<u>337,825</u>
	<u>\$ 1,763,894</u>

NOTE 7 CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2008 was at follows:

	Balance 6/30/2007	Additions	Deletions	Balance 6/30/2008
Governmental activities:				
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	1,728,338	302,857	-	2,031,195
Infrastructure assets	1,668,540	-	-	1,668,540
Totals	<u>6,183,825</u>	<u>302,857</u>	<u>-</u>	<u>6,486,682</u>
Less accumulated depreciation				
Buildings	(595,217)	(64,066)	-	(659,283)
Equipment, furniture & fixtures	(1,052,377)	(159,084)	-	(1,211,461)
Infrastructure assets	<u>(147,582)</u>	<u>(44,555)</u>	<u>-</u>	<u>(192,137)</u>
Total accumulated depreciation	<u>(1,795,176)</u>	<u>(267,705)</u>	<u>-</u>	<u>(2,062,881)</u>
Governmental activities, capital assets, net	<u>\$ 4,388,649</u>	<u>\$ 35,152</u>	<u>\$ -</u>	<u>\$ 4,423,801</u>

CITY OF PATTERSON, LOUISIANA

Notes to Financial Statements (Continued)

	Balance 6/30/2007	Additions	Deletions	Balance 6/30/2008
Business-type activities:				
Capital assets not being depreciated				
Land	\$ 107,200	\$ -	\$ -	\$ 107,200
Construction in progress	-	-	-	-
Other capital assets:				
Gas distribution system	1,964,358	42,770	-	2,007,128
Water distribution system	2,769,229	23,255	-	2,792,484
Sewer treatment system	5,605,761	-	-	5,605,761
Machinery and equipment	174,048	29,462	-	203,510
Totals	<u>10,620,596</u>	<u>95,487</u>	<u>-</u>	<u>10,716,083</u>
Less accumulated depreciation				
Gas distribution system	(1,332,265)	(65,711)	-	(1,397,976)
Water distribution system	(2,360,864)	(56,752)	-	(2,417,616)
Sewer treatment system	(2,932,996)	(127,475)	-	(3,060,471)
Machinery and equipment	(103,648)	(17,965)	-	(121,613)
Total accumulated depreciation	<u>(6,729,773)</u>	<u>(267,903)</u>	<u>-</u>	<u>(6,997,676)</u>
Business-type activities, capital assets, net	<u>\$ 3,890,823</u>	<u>\$ (172,416)</u>	<u>\$ -</u>	<u>\$ 3,718,407</u>

Depreciation expense was charged to governmental activities as follows:

General government	\$ 63,464
Police	82,043
Fire	48,409
Sanitation	12,541
Streets and drainage	58,632
Culture and recreation	2,616
Total depreciation expense	<u>\$ 267,705</u>

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

Administrative	\$ 13,136
Gas	65,711
Water	56,752
Sewer	132,304
Total depreciation expense	<u>\$ 267,903</u>

CITY OF PATTERSON, LOUISIANA

Notes to Financial Statements (Continued)

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, 2008:

	General Obligation	Revenue	Total
Bonds and certificates, payable July 1, 2007	\$ 2,101,161	\$ 290,000	\$ 2,391,161
Bonds and certificates issued	-	-	-
Bonds and certificates retired	(227,694)	(95,000)	(322,694)
Bonds and certificates, payable June 30, 2008	<u>\$ 1,873,467</u>	<u>\$ 195,000</u>	<u>\$ 2,068,467</u>

Certificates of indebtedness and general obligation bonds at June 30, 2008 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 5.10 to 5.20 percent; secured by levy and collection of ad valorem taxes

\$ 180,000

\$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

625,000

\$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

388,467

\$850,000 Public Improvement Sales Tax Bonds, Series 2002, due in annual installments of \$35,000 to \$65,000 through March 1, 2022; interest at 4.0 to 4.85 percent; secured by levy and collection of 1 percent sales tax revenue

680,000

Total general obligation bonds and certificates payable

\$ 1,873,467

Revenue bonds:

\$620,000 Utilities Revenue Refunding Bonds, Series 2003, due in annual installments of \$95,000 to \$100,000 through May 1, 2010; interest at 3.75 percent

\$ 195,000

Less: Deferred amount on refunding

8,217

Net utility revenue bonds

\$ 186,783

CITY OF PATTERSON, LOUISIANA

Notes to Financial Statements (Continued)

The annual requirements to amortize all long-term debt outstanding as of June 30, 2008, including interest payments of \$596,293 are as follows:

Year Ending June 30,	General Obligation	Revenue	Total
2009	\$ 329,411	\$ 102,313	\$ 431,724
2010	332,014	103,750	435,764
2011	228,779	-	228,779
2012	225,249	-	225,249
2013	216,390	-	216,390
2014-2018	706,501	-	706,501
2019-2022	<u>420,353</u>	<u>-</u>	<u>420,353</u>
	<u>\$ 2,458,697</u>	<u>\$ 206,063</u>	<u>\$ 2,664,760</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 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 ¾ 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

LEASES

The City has entered into lease agreements as lessee for financing the acquisitions of firefighting equipment and for utility department equipment as follows:

(1) Firefighting Equipment

The City entered into a lease agreement for the acquisition of a new pumper. The acquisition cost of the new pumper was \$169,952 and was financed with a \$30,000 downpayment and seven annual payments of principal and interest totaling \$24,248. In the fund financial statements, the acquisition cost was reported as capital outlay with corresponding capital lease proceeds reported as an "other financing source". The government-wide financial statements report the acquisition as a capital asset in the governmental activities with the corresponding capital lease obligation reported as a liability.

CITY OF PATTERSON, LOUISIANA

Notes to Financial Statements (Continued)

(2) Utility Department Equipment

The City entered into a lease agreement for the acquisition of a new backhoe to be utilized in utility department operations. The acquisition cost of the new backhoe was \$60,748 and was financed with sixty monthly payments of principal and interest totaling \$1,166. The acquisition was reported in the Utility Fund (an enterprise fund) and in the business-type activities of the government-wide financial statements as a capital asset with the corresponding capital lease obligation reported as a liability.

The annual requirements to satisfy the obligations under the capital lease obligations as of June 30, 2008, including interest of \$36,255 are as follows:

	Governmental Activities	Business- Type Activities	
	Firefighting Equipment	Utility Equipment	Totals
2009	\$ 24,248	\$ 13,997	\$ 38,245
2010	24,248	13,997	38,245
2011	24,248	13,997	38,245
2012	24,248	13,997	38,245
2013	24,248	1,196	25,444
2014-2015	48,496	-	48,496
	<u>169,736</u>	<u>57,184</u>	<u>226,920</u>
Less: Amount representing interest	<u>29,784</u>	<u>6,471</u>	<u>36,255</u>
Present value of future minimum lease payments	<u>\$ 139,952</u>	<u>\$ 50,713</u>	<u>\$ 190,665</u>

NOTE 10

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.

CITY OF PATTERSON, LOUISIANA

Notes to Financial Statements (Continued)

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 11 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 (2008 collections \$756,574; 2007, \$738,112; 2006, \$623,239). 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 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 (2008 collections \$743,658; 2007, \$726,520; 2006, \$615,812). 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 (2008 collections \$293,232; 2007, \$284,448; 2006, \$257,896). 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

CITY OF PATTERSON, LOUISIANA

Notes to Financial Statements (Continued)

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 (2008 collections \$247,825; 2007, \$242,114; 2006, \$220,975). 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 12 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:

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 6.75 percent of the total annual covered salary. The City's contributions to the system for the years ended June 30, 2008, 2007 and 2006 were \$52,009, \$62,827, and \$59,704, 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 13.75 percent of the total annual covered salary. The City's contributions to the system for the years ended June 30, 2008, 2007, and 2006 were \$26,493, \$26,896 and \$33,098, 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 13 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, 2008 amounted to \$109,084.

NOTE 14 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

CITY OF PATTERSON, LOUISIANA

Notes to Financial Statements (Continued)

changes in coverages, retentions, or limits during the year ended June 30, 2008. Settled claims have not exceeded the commercial coverages in any of the previous three fiscal years.

NOTE 15 PENDING LITIGATION

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

NOTE 16 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, 2008 was as follows:

	Gas Department	Water Department	Sewerage Department	Total Enterprise Fund
Operating revenues	\$ 1,319,720	\$ 492,265	\$ 374,010	\$ 2,185,995
Operating expenses	<u>(1,410,859)</u>	<u>(677,641)</u>	<u>(575,894)</u>	<u>(2,664,394)</u>
Operating income (loss)	<u>\$ (91,139)</u>	<u>\$ (185,376)</u>	<u>\$ (201,884)</u>	<u>\$ (478,399)</u>

NOTE 17 COMPENSATION OF CITY OFFICIALS

A detail of compensation paid to the Mayor and City Council for the year ended June 30, 2008 follows:

Mayor:		
Michael Accardo		\$ 20,261
Council:		
Rodney Grogan		3,420
Larry Mendoza		3,420
Peg Rentrop		3,420
Joseph C. Russo, III		3,420
Claire Sawyer		<u>3,420</u>
		<u>\$ 37,361</u>

NOTE 18 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, 2008, 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, 2008

	Budget		Actual	Variance With Final Budget Favorable (Unfavorable)
	Original	Final		
Revenues:				
Taxes	\$ 1,536,749	\$ 1,529,216	\$ 1,535,075	\$ 5,859
Licenses and permits	109,076	114,107	167,664	53,557
Intergovernmental	389,337	655,003	633,411	(21,592)
Charges for services	540,383	594,768	497,824	(96,944)
Fines and forfeits	306,075	386,965	425,434	38,469
Miscellaneous	<u>73,686</u>	<u>75,219</u>	<u>88,670</u>	<u>13,451</u>
Total revenues	<u>2,955,306</u>	<u>3,355,278</u>	<u>3,348,078</u>	<u>(7,200)</u>
Expenditures:				
Current -				
General government:				
Administrative	410,158	475,763	435,102	40,661
Mechanic shop	63,983	68,848	61,789	7,059
Public safety:				
Police	1,082,622	1,218,443	1,199,084	19,359
Fire	62,743	43,260	42,686	574
Streets and drainage	227,798	389,247	449,404	(60,157)
Culture and recreation	30,105	29,894	24,292	5,602
Sanitation	507,592	496,730	502,385	(5,655)
Capital outlay	59,200	344,635	132,905	211,730
Debt service	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>2,444,201</u>	<u>3,066,820</u>	<u>2,847,647</u>	<u>219,173</u>
Excess of revenues over expenditures	<u>511,105</u>	<u>288,458</u>	<u>500,431</u>	<u>211,973</u>

CITY OF PATTERSON, LOUISIANA
General Fund

Budgetary Comparison Schedule (Continued)
For the Year Ended June 30, 2008

	Budget		Actual	Variance With Final Budget Favorable (Unfavorable)
	Original	Final		
Other financing sources (uses):				
Subgrants to other governments	\$ -	\$ -	\$ (231,500)	\$ (231,500)
Operating transfers out	(71,944)	(107,788)	(107,788)	-
Operating transfers in	<u>199,922</u>	<u>229,000</u>	<u>216,874</u>	<u>(12,126)</u>
Total other financing sources (uses)	<u>127,978</u>	<u>121,212</u>	<u>(122,414)</u>	<u>(243,626)</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other financing sources	639,083	409,670	378,017	(31,653)
Fund balance, beginning	<u>3,631,052</u>	<u>3,874,094</u>	<u>3,874,094</u>	<u>-</u>
Fund balance, ending	<u>\$ 4,270,135</u>	<u>\$ 4,283,764</u>	<u>\$ 4,252,111</u>	<u>\$ (31,653)</u>

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

Budgetary Comparison Schedule
For the Year Ended June 30, 2008

	Budget		Actual	Variance With Final Budget Favorable (Unfavorable)
	Original	Final		
Revenues:				
Taxes	\$ 731,685	\$ 745,554	\$ 743,658	\$ (1,896)
Interest on Deposits	<u>33,084</u>	<u>66,255</u>	<u>68,691</u>	<u>2,436</u>
Total revenues	<u>764,769</u>	<u>811,809</u>	<u>812,349</u>	<u>540</u>
Expenditures:				
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>764,769</u>	<u>811,809</u>	<u>812,349</u>	<u>540</u>
Other financing sources (uses):				
Operating transfers out	(29,000)	(29,000)	(106,177)	(77,177)
Operating transfers in	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>(29,000)</u>	<u>(29,000)</u>	<u>(106,177)</u>	<u>(77,177)</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other financing sources	735,769	782,809	706,172	(76,637)
Fund balance, beginning	<u>4,409,657</u>	<u>3,673,888</u>	<u>3,673,888</u>	<u>-</u>
Fund balance, ending	<u>\$ 5,145,426</u>	<u>\$ 4,456,697</u>	<u>\$ 4,380,060</u>	<u>\$ (76,637)</u>

CITY OF PATTERSON, LOUISIANA
LCDBG Fund

Budgetary Comparison Schedule
For the Year Ended June 30, 2008

	Budget		Actual	Variance With Final Budget Favorable (Unfavorable)
	Original	Final		
Revenues:				
Intergovernmental	\$ 532,600	\$ 189,992	\$ 189,994	\$ 2
Miscellaneous	-	-	-	-
Total revenues	<u>532,600</u>	<u>189,992</u>	<u>189,994</u>	<u>2</u>
Expenditures:				
Current -				
Housing rehabilitation	<u>532,600</u>	<u>189,992</u>	<u>189,994</u>	<u>(2)</u>
Total expenditures	<u>532,600</u>	<u>189,992</u>	<u>189,994</u>	<u>(2)</u>
Excess of revenues over expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Other financing sources (uses):				
Operating transfers out	-	-	-	-
Operating transfers in	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other financing sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance, beginning	<u>324</u>	<u>324</u>	<u>324</u>	<u>-</u>
Fund balance, ending	<u>\$ 324</u>	<u>\$ 324</u>	<u>\$ 324</u>	<u>\$ -</u>

**OTHER
SUPPLEMENTARY INFORMATION**

CITY OF PATTERSON, LOUISIANA
General Fund

Budgetary Comparison Schedule – Revenues
For the Year Ended June 30, 2008

	Budget		Actual	Variance With Final Budget Favorable (Unfavorable)
	Original	Final		
Taxes -				
Sales	\$ 1,268,210	\$ 1,286,289	\$ 1,297,631	\$ 11,342
Utility franchise	253,283	242,927	237,444	(5,483)
Housing authority payment in lieu of taxes	<u>15,256</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>1,536,749</u>	<u>1,529,216</u>	<u>1,535,075</u>	<u>5,859</u>
Licenses and permits -				
Occupational licenses	<u>109,076</u>	<u>114,107</u>	<u>167,664</u>	<u>53,557</u>
Intergovernmental -				
State of Louisiana -				
Beer taxes	7,688	16,623	7,017	(9,606)
Video Poker	197,941	197,871	149,996	(47,875)
Prisoner maintenance	43,190	36,885	33,776	(3,109)
Highway maintenance	-	-	3,150	3,150
Indian gaming revenue	25,000	-	-	-
Capital outlay grants	-	318,998	318,998	-
Other state grants	-	-	5,872	5,872
St. Mary Parish Government -				
Road Royalty Allocation	10,000	7,270	7,270	-
Riverboat Gaming Allocation	-	-	34,000	34,000
Prisoner Maintenance	<u>105,518</u>	<u>77,356</u>	<u>73,332</u>	<u>(4,024)</u>
	<u>389,337</u>	<u>655,003</u>	<u>633,411</u>	<u>(21,592)</u>
Charges for services:				
Garbage fees	476,400	525,920	431,845	(94,075)
Mechanic shop fees	<u>63,983</u>	<u>68,848</u>	<u>65,979</u>	<u>(2,869)</u>
	<u>540,383</u>	<u>594,768</u>	<u>497,824</u>	<u>(96,944)</u>
Fines and forfeits	<u>306,075</u>	<u>386,965</u>	<u>425,434</u>	<u>38,469</u>
Miscellaneous:				
Interest	25,000	28,871	40,172	11,301
Oil and gas royalties	200	545	545	-
Other sources	<u>48,486</u>	<u>45,803</u>	<u>47,953</u>	<u>2,150</u>
	<u>73,686</u>	<u>75,219</u>	<u>88,670</u>	<u>13,451</u>
Total revenues	<u>\$ 2,955,306</u>	<u>\$ 3,355,278</u>	<u>\$ 3,348,078</u>	<u>\$ (7,200)</u>

CITY OF PATTERSON, LOUISIANA
General Fund

Budgetary Comparison Schedule – Expenditures
For the Year Ended June 30, 2008

	Budget		Actual	Variance With Final Budget Favorable (Unfavorable)
	Original	Final		
General government:				
Administrative -				
Salaries:				
Office	\$ 75,508	\$ 85,572	\$ 91,921	\$ (6,349)
Mayor	20,261	20,261	20,261	-
Council	17,100	17,100	17,100	-
Payroll taxes	8,588	9,486	9,387	99
Retirement contributions	8,866	8,156	8,065	91
Group insurance	8,826	12,579	8,624	3,955
Magistrate fees	6,000	6,000	6,000	-
Travel and employee expense	4,100	6,584	6,709	(125)
Telephone	3,497	4,506	3,169	1,337
Utilities	5,137	7,480	7,828	(348)
Office supplies	4,357	4,365	4,043	322
Operating supplies	7,340	3,261	2,078	1,183
Office equipment maintenance	-	3,168	709	2,459
City Hall maintenance	315	1,630	2,747	(1,117)
Building improvements	300	-	785	(785)
Training and seminars	1,524	1,800	1,305	495
Professional fees	30,000	23,000	14,100	8,900
Research and surveys	8,654	16,087	9,010	7,077
Employee physicals	211	650	436	214
Planning Commission	484	949	608	341
Small animal control	3,479	3,479	2,514	965
Office equipment rentals	4,381	3,695	3,554	141
Dues and subscriptions	1,700	2,100	1,887	213
Council on Aging grants	3,500	-	-	-
Donations and grants	7,044	5,989	5,981	8
Advertising and publishing	9,997	12,507	10,536	1,971
General insurance	155,000	163,377	142,822	20,555
Public activities and awards	10,421	15,000	14,022	978
Miscellaneous	3,568	36,982	38,901	(1,919)
Total administrative	<u>410,158</u>	<u>475,763</u>	<u>435,102</u>	<u>40,661</u>

CITY OF PATTERSON, LOUISIANA
General Fund

Budgetary Comparison Schedule – Expenditures (Continued)
For the Year Ended June 30, 2008

	Budget		Actual	Variance With Final Budget Favorable (Unfavorable)
	Original	Final		
Mechanic shop -				
Salaries	\$ 33,384	\$ 35,002	\$ 34,651	\$ 351
Payroll taxes	2,620	2,614	2,423	191
Retirement contribution	3,255	2,739	2,457	282
Group insurance	9,541	16,785	12,000	4,785
Operating supplies	6,200	2,261	6,987	(4,726)
Equipment rental and maintenance	3,240	7,318	2,315	5,003
Parts purchased	1,717	200	-	200
Vehicle maintenance	3,951	1,754	587	1,167
Miscellaneous	75	175	369	(194)
Total mechanic	<u>63,983</u>	<u>68,848</u>	<u>61,789</u>	<u>7,059</u>
 Total general government	 <u>474,141</u>	 <u>544,611</u>	 <u>496,891</u>	 <u>47,720</u>
 Public safety:				
Police -				
Salaries	578,984	587,305	607,194	(19,889)
Payroll taxes	45,918	47,518	47,383	135
Retirement contributions	26,288	28,901	26,537	2,364
Group insurance	108,003	153,931	117,011	36,920
Uniform allowances	6,178	15,173	12,959	2,214
Prisoner expense	96,201	102,871	95,225	7,646
Telephone	5,194	13,225	14,355	(1,130)
Utilities	20,808	28,983	28,382	601
Office supplies	12,229	16,340	16,252	88
Operating supplies	16,109	19,713	20,858	(1,145)
Police station maintenance & improvements	10,903	10,513	10,522	(9)
Equipment maintenance	33,154	48,387	48,107	280
Equipment rentals	4,139	7,240	6,773	467
Vehicle oil and gas	57,659	74,603	69,134	5,469
Vehicle maintenance	30,144	30,438	48,729	(18,291)
Training seminars	5,036	5,577	5,180	397
Travel and employee expense	8,244	12,568	11,781	787
Narcotics and investigative expenses	1,587	1,500	363	1,137
Miscellaneous	15,844	13,657	12,339	1,318
Total police	<u>1,082,622</u>	<u>1,218,443</u>	<u>1,199,084</u>	<u>19,359</u>

CITY OF PATTERSON, LOUISIANA
General Fund

Budgetary Comparison Schedule – Expenditures (Continued)
For the Year Ended June 30, 2008

	Budget		Actual	Variance With
	Original	Final		Final Budget Favorable (Unfavorable)
Fire:				
Salaries	\$ 6,240	\$ 510	\$ 260	\$ 250
Payroll taxes	490	39	24	15
Telephone	1,825	2,544	1,791	753
Utilities	5,460	5,517	5,165	352
Operating supplies	4,730	4,738	6,104	(1,366)
Equipment maintenance	10,766	6,028	6,331	(303)
Fire station maintenance	11,868	12,406	12,544	(138)
Fire hydrant rentals	6,000	6,000	6,000	-
Travel and employee expense	200	3,028	1,080	1,948
Training and seminars	100	100	-	100
Vehicle maintenance	11,564	650	1,596	(946)
Miscellaneous	<u>3,500</u>	<u>1,700</u>	<u>1,791</u>	<u>(91)</u>
Total fire	<u>62,743</u>	<u>43,260</u>	<u>42,686</u>	<u>574</u>
 Total public safety	 <u>1,145,365</u>	 <u>1,261,703</u>	 <u>1,241,770</u>	 <u>19,933</u>
Streets and drainage:				
Salaries	64,737	137,882	134,967	2,915
Payroll taxes	5,051	10,261	9,486	775
Retirement contributions	6,201	7,957	7,123	834
Group insurance	16,348	31,172	23,627	7,545
Casual labor	1,540	2,430	2,551	(121)
Uniform allowance	287	2,372	1,998	374
Engineering costs	5,765	10,518	8,765	1,753
Utilities	44,217	51,327	51,532	(205)
Chemicals and agents	2,422	1,917	1,757	160
Operating supplies	6,429	13,616	18,560	(4,944)
Surfacing materials	28,577	42,301	83,139	(40,838)
Equipment maintenance	15,760	25,875	26,844	(969)
Vehicle oil and gas	18,830	40,184	38,492	1,692
Vehicle maintenance	3,495	3,985	32,475	(28,490)
Railroad rental/maintenance	2,550	2,400	2,400	-
Employee physicals	100	600	525	75
Drainage maintenance	2,667	510	1,675	(1,165)
Miscellaneous	<u>2,822</u>	<u>3,940</u>	<u>3,488</u>	<u>452</u>
Total streets and drainage	<u>227,798</u>	<u>389,247</u>	<u>449,404</u>	<u>(60,157)</u>

CITY OF PATTERSON, LOUISIANA
General Fund

Budgetary Comparison Schedule -- Expenditures (Continued)
For the Year Ended June 30, 2008

	Budget		Actual	Variance With Final Budget Favorable (Unfavorable)
	Original	Final		
Culture and recreation:				
Referee and umpire fees	\$ 4,000	\$ 4,000	\$ -	\$ 4,000
Utilities	905	689	2,254	(1,565)
Activities and awards	150	150	-	150
Operating supplies	350	355	389	(34)
Facilities maintenance	3,300	3,300	249	3,051
Civic Center Complex- Appropriation	12,500	12,500	12,500	-
Appropriation to Civic Center	8,900	8,900	8,900	-
Miscellaneous	-	-	-	-
Total culture and recreation	<u>30,105</u>	<u>29,894</u>	<u>24,292</u>	<u>5,602</u>
Sanitation:				
Salaries	37,368	25,280	25,097	183
Payroll taxes	2,933	1,960	1,828	132
Retirement contributions	3,643	1,973	1,776	197
Group insurance	6,870	5,919	4,484	1,435
Garbage services rendered	427,778	461,488	430,018	31,470
Regional facility fee	29,000	-	38,594	(38,594)
Miscellaneous	-	110	588	(478)
Total sanitation	<u>507,592</u>	<u>496,730</u>	<u>502,385</u>	<u>(5,655)</u>
Capital outlay:				
Police equipment and improvements	55,000	344,635	116,205	228,430
Street department equipment	-	-	13,100	(13,100)
Fire department equipment	4,200	-	3,600	(3,600)
Total capital outlay	<u>59,200</u>	<u>344,635</u>	<u>132,905</u>	<u>211,730</u>
Debt service:				
Principal paid	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total debt service	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>\$ 2,444,201</u>	<u>\$ 3,066,820</u>	<u>\$ 2,847,647</u>	<u>\$ 219,173</u>

CITY OF PATTERSON, LOUISIANA
Nonmajor Governmental Funds

Combining Balance Sheet
June 30, 2008

	Special Revenue Funds			
	Ad Valorem Tax Collection	Fire Department Equipment	Emergency Management	Public Improvement Bonds
ASSETS				
Cash	\$ 244,322	\$ -	\$ 24,592	\$ -
Interest-bearing deposits	16,691	230,940	24,806	341,442
Receivables				
Taxes	17,315	-	-	-
Assessments	-	-	-	-
Other	-	21,888	-	-
Due from other governments	-	-	-	-
Due from other funds	-	-	-	468,633
Total assets	<u>\$ 278,328</u>	<u>\$ 252,828</u>	<u>\$ 49,398</u>	<u>\$ 810,075</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Due to other funds	\$ 278,328	\$ -	\$ -	\$ 54,697
Accounts Payable	-	-	-	-
Deferred property assessments	-	-	-	-
Total liabilities	<u>278,328</u>	<u>-</u>	<u>-</u>	<u>54,697</u>
Fund balances -				
Reserved for debt service	-	-	-	755,378
Reserved for capital improvements	-	-	-	-
Unreserved, undesignated	-	252,828	49,398	-
Total fund balances	<u>-</u>	<u>252,828</u>	<u>49,398</u>	<u>755,378</u>
Total liabilities and fund balances	<u>\$ 278,328</u>	<u>\$ 252,828</u>	<u>\$ 49,398</u>	<u>\$ 810,075</u>

Debt Service Funds

Sales Tax Refunding Bonds	1973 Paving Assessments	Various Paving Assessments	Public Improvement Sales Tax Bonds
\$ -	\$ 4,277	\$ 25,560	\$ -
393,036	-	132,767	134,247
-	-	-	-
-	6	11,627	-
613	-	416	-
-	-	-	-
26,554	-	-	-
<u>\$ 420,203</u>	<u>\$ 4,283</u>	<u>\$ 170,370</u>	<u>\$ 134,247</u>
\$ 4,426	\$ -	\$ -	\$ 71,601
-	-	-	-
-	6	11,627	-
<u>4,426</u>	<u>6</u>	<u>11,627</u>	<u>71,601</u>
415,777	-	-	62,646
-	-	-	-
-	4,277	158,743	-
<u>415,777</u>	<u>4,277</u>	<u>158,743</u>	<u>62,646</u>
<u>\$ 420,203</u>	<u>\$ 4,283</u>	<u>\$ 170,370</u>	<u>\$ 134,247</u>

CITY OF PATTERSON, LOUISIANA
Nonmajor Governmental Funds

Combining Balance Sheet (Continued)
June 30, 2008

	<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>
ASSETS					
Cash	\$ 29,405	\$ 1,473	\$ -	\$ -	\$ -
Interest-bearing deposits	84,770	115,840	115,868	23,346	35,365
Receivables					
Taxes	-	-	-	-	-
Assessments	5,362	-	-	-	-
Other	-	-	77	-	-
Due from other governments	-	-	-	-	-
Due from other funds	15,555	21,443	573	-	-
Total assets	<u>\$ 135,092</u>	<u>\$ 138,756</u>	<u>\$ 116,518</u>	<u>\$ 23,346</u>	<u>\$ 35,365</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Due to other funds	\$ 123,590	\$ 1,701	\$ -	\$ -	\$ 392
Accounts Payable	-	-	-	-	-
Deferred property assessments	5,362	-	-	-	-
Total liabilities	<u>128,952</u>	<u>1,701</u>	<u>-</u>	<u>-</u>	<u>392</u>
Fund balances -					
Reserved for debt service	-	-	-	-	-
Reserved for capital improvements	-	137,055	116,518	23,346	34,973
Unreserved, undesignated	6,140	-	-	-	-
Total fund balances	<u>6,140</u>	<u>137,055</u>	<u>116,518</u>	<u>23,346</u>	<u>34,973</u>
Total liabilities and fund balances	<u>\$ 135,092</u>	<u>\$ 138,756</u>	<u>\$ 116,518</u>	<u>\$ 23,346</u>	<u>\$ 35,365</u>

<u>City Hall/ Jail Complex Project</u>	<u>2002 Paving Project</u>	<u>Total Governmental Funds</u>
\$ 100	\$ 158,768	\$ 488,497
387	-	1,649,505
-	-	17,315
-	-	16,995
-	-	22,994
-	-	-
768	3,600	537,126
<u>\$ 1,255</u>	<u>\$ 162,368</u>	<u>\$ 2,732,432</u>
\$ -	\$ 15,785	\$ 550,520
-	-	-
-	-	16,995
-	15,785	567,515
-	-	1,233,801
1,255	146,583	459,730
-	-	471,386
1,255	146,583	2,164,917
<u>\$ 1,255</u>	<u>\$ 162,368</u>	<u>\$ 2,732,432</u>

CITY OF PATTERSON, LOUISIANA
Nonmajor Governmental Funds

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
For the Year Ended June 30, 2008

	Special Revenue Funds			
	Ad Valorem Tax Collection	Fire Department Equipment	Emergency Management	Public Improvement Bonds
Revenues:				
Taxes	\$ 422,318	\$ 20,850	\$ -	\$ -
Intergovernmental	-	24,534	-	-
Miscellaneous	1,753	11,212	309	5,540
Total revenues	424,071	56,596	309	5,540
Expenditures:				
Current -				
General government	-	-	-	-
Public safety:				
Fire	-	14,116	-	-
Housing rehabilitation	-	-	-	-
Debt service -				
Principal retirement	-	28,458	-	115,000
Interest and fiscal charges	-	2,210	-	45,637
Capital outlay	-	169,952	-	-
Total expenditures	-	214,736	-	160,637
Excess (deficiency) of revenues over expenditures	424,071	(158,140)	309	(155,097)
Other financing sources (uses):				
Transfers in	-	-	-	246,960
Proceeds from capital lease	-	139,952	-	-
Transfers out	(424,071)	-	-	-
Total other financing sources (uses)	(424,071)	139,952	-	246,960
Excess (deficiency) of revenues and other sources over expenditures and other uses	-	(18,188)	309	91,863
Fund balances, beginning	-	271,016	49,089	663,515
Fund balances, ending	\$ -	\$ 252,828	\$ 49,398	\$ 755,378

Debt Service Funds

Sales Tax Refunding Bonds	1973 Paving Assessments	Various Paving Assessments	Public Improvement Sales Tax Bonds
\$ -	\$ -	\$ -	\$ -
-	-	-	-
<u>10,003</u>	-	<u>1,374</u>	<u>1,739</u>
<u>10,003</u>	-	<u>1,374</u>	<u>1,739</u>
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	35,000
-	-	-	37,985
-	-	-	-
-	-	-	<u>72,985</u>
<u>10,003</u>	-	<u>1,374</u>	<u>(71,246)</u>
-	-	-	107,788
-	-	-	-
-	-	-	-
-	-	-	<u>107,788</u>
10,003	-	1,374	36,542
<u>405,774</u>	<u>4,277</u>	<u>157,369</u>	<u>26,104</u>
<u>\$ 415,777</u>	<u>\$ 4,277</u>	<u>\$ 158,743</u>	<u>\$ 62,646</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, 2008

		Capital Projects		
	1990 Paving Assessment Fund	Drainage and Relocation Project	Regional Sewerage Facility Project	Third Street Paving Project
Revenues:				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	-
Miscellaneous	634	1,440	351	290
Total revenues	634	1,440	351	290
Expenditures:				
Current -				
General government	-	-	-	-
Public safety:				
Fire	-	-	-	-
Housing rehabilitation	-	-	-	-
Debt service -				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
Capital outlay	-	-	-	-
Total expenditures	-	-	-	-
Excess (deficiency) of revenues over expenditures	634	1,440	351	290
Other financing sources (uses):				
Transfers in	-	-	-	-
Proceeds from capital lease	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Excess (deficiency) of revenues and other sources over expenditures and other uses	634	1,440	351	290
Fund balances, beginning	5,506	135,615	116,167	23,056
Fund balances, ending	\$ 6,140	\$ 137,055	\$ 116,518	\$ 23,346

Funds			
<u>Murphy Street Paving Project</u>	<u>City Hall/ Jail Complex Project</u>	<u>2002 Paving Project</u>	<u>Total Governmental Funds</u>
\$ -	\$ -	\$ -	\$ 443,168
-	-	-	24,534
<u>440</u>	<u>-</u>	<u>-</u>	<u>35,085</u>
<u>440</u>	<u>-</u>	<u>-</u>	<u>502,787</u>
-	-	-	-
-	-	-	14,116
-	-	-	-
-	-	-	178,458
-	-	-	85,832
<u>-</u>	<u>-</u>	<u>-</u>	<u>169,952</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>448,358</u>
<u>440</u>	<u>-</u>	<u>-</u>	<u>54,429</u>
-	-	-	354,748
-	-	-	139,952
<u>-</u>	<u>-</u>	<u>-</u>	<u>(424,071)</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>70,629</u>
440	-	-	125,058
<u>34,533</u>	<u>1,255</u>	<u>146,583</u>	<u>2,039,859</u>
<u>\$ 34,973</u>	<u>\$ 1,255</u>	<u>\$ 146,583</u>	<u>\$ 2,164,917</u>

CITY OF PATTERSON, LOUISIANA
Enterprise Fund

Schedule of Number of Utility Customers
(Unaudited)
June 30, 2008

Records maintained by the City indicated the following number of customers were being served during the months of June 2008 and 2007:

<u>Department</u>	<u>2008</u>	<u>2007</u>
Gas (metered)	1,585	1,618
Water (metered)	2,526	2,504
Sewerage	2,153	2,146
Sanitation*	2,307	2,277

CITY OF PATTERSON, LOUISIANA
Enterprise Fund
Utility Fund

Comparative Departmental Analysis of Revenues and Expenses
For the Years Ended June 30, 2008 and 2007

	Totals		Gas	
	2008	2007	2008	2007
Operating revenues:				
Charges for services -				
Customers	\$ 2,096,248	\$ 2,012,533	\$ 1,279,004	\$ 1,271,620
Delinquent charges	50,426	32,846	30,767	20,735
Commissions, transfers, and reconnections	20,382	9,076	5,157	2,343
Miscellaneous	18,939	29,850	4,792	7,705
Total operating revenue	<u>2,185,995</u>	<u>2,084,305</u>	<u>1,319,720</u>	<u>1,302,403</u>
Operating expenses:				
Salaries	506,103	536,299	154,629	191,926
Payroll taxes	37,965	40,894	11,719	14,612
Retirement contributions	28,226	42,044	9,199	13,583
Group insurance	83,467	89,588	19,972	33,123
Gas purchases	787,472	899,286	787,472	899,286
Chemicals and agents	107,843	98,384	-	-
Equipment repairs and maintenance	50,063	63,522	3,797	5,668
Distribution system repairs and maintenance	33,680	47,601	13,950	5,082
Vehicle oil and gas	24,721	18,489	14,133	9,176
Vehicle repairs and maintenance	18,469	16,929	13,220	12,944
Meters, hardware and lines	43,316	53,897	16,172	18,354
Professional fees	32,497	26,658	6,020	1,800
Depreciation	267,903	271,190	65,711	61,867
Insurance	138,974	125,398	-	-
Office expense	17,979	34,045	1,755	3,194
Sewerage treatment	303,592	217,792	-	-
Other	182,124	175,353	19,432	16,875
Allocation of administrative expenses	-	-	273,678	278,615
Total operating expenses	<u>2,664,394</u>	<u>2,757,369</u>	<u>1,410,859</u>	<u>1,566,105</u>
Operating income (loss)	<u>(478,399)</u>	<u>(673,064)</u>	<u>\$ (91,139)</u>	<u>\$ (263,702)</u>
Nonoperating revenues (expenses):				
Interest income	30,476	41,396		
Proceeds from sale of assets	-	-		
Interest and fiscal charges	<u>(17,049)</u>	<u>(17,480)</u>		
Total nonoperating revenues (expenses)	<u>13,427</u>	<u>23,916</u>		
Income (loss) before operating transfers	<u>(464,972)</u>	<u>(649,148)</u>		
Operating transfers in (out)	<u>66,415</u>	<u>57,187</u>		
Net income (loss)	<u>\$ (398,557)</u>	<u>\$ (591,961)</u>		

Water		Sewerage		Administrative	
2008	2007	2008	2007	2008	2007
\$ 465,218	\$ 409,880	\$ 352,026	\$ 331,033	\$ -	\$ -
11,191	6,713	8,468	5,398	-	-
8,219	3,626	7,006	3,107	-	-
<u>7,637</u>	<u>11,925</u>	<u>6,510</u>	<u>10,220</u>	-	-
<u>492,265</u>	<u>432,144</u>	<u>374,010</u>	<u>349,758</u>	-	-
198,868	207,337	-	-	152,606	137,036
14,720	15,738	-	-	11,526	10,544
10,766	15,961	-	-	8,261	12,500
37,606	34,470	-	-	25,889	21,995
-	-	-	-	-	-
107,843	98,384	-	-	-	-
38,355	49,639	6,822	413	1,089	7,802
4,571	16,514	15,159	26,005	-	-
10,070	8,769	451	544	67	-
3,402	2,163	1,847	1,822	-	-
27,144	35,036	-	507	-	-
4,220	10,637	1,427	-	20,830	14,221
56,752	69,351	132,304	129,605	13,136	10,367
2,230	-	-	-	136,744	125,398
7,537	17,814	-	-	8,687	13,037
-	-	303,592	217,792	-	-
54,011	58,212	38,966	12,215	69,715	88,051
<u>99,546</u>	<u>89,806</u>	<u>75,326</u>	<u>72,530</u>	<u>(448,550)</u>	<u>(440,951)</u>
<u>677,641</u>	<u>729,831</u>	<u>575,894</u>	<u>461,433</u>	-	-
<u>\$ (185,376)</u>	<u>\$ (297,687)</u>	<u>\$ (201,884)</u>	<u>\$ (111,675)</u>	<u>\$ -</u>	<u>\$ -</u>

CITY OF PATTERSON, LOUISIANA

Schedule of Insurance in Force
(Unaudited)
June 30, 2008

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, 2008

	<u>Term</u>	<u>Maturity Date</u>	<u>Interest Rate</u>	<u>Total Amount</u>
General Fund:				
Insured Money Market	N/A	N/A	1.000%	\$ 175,686
Insured Money Market	N/A	N/A	1.000%	831,146
Insured Money Market	N/A	N/A	1.000%	95,056
Insured Money Market	N/A	N/A	1.000%	494,290
Insured Money Market	N/A	N/A	1.000%	47,280
Insured Money Market	N/A	N/A	1.000%	34,324
Savings	N/A	N/A	0.200%	390,143
Savings	N/A	N/A	0.200%	7,001
Certificate of deposit	31 days	7/4/2008	1.600%	45,000
Certificate of deposit - Patterson State Bank	91 days	4/21/2008	1.150%	50,000
Certificate of deposit - Patterson State Bank	91 days	9/3/2008	1.600%	30,000
Certificate of deposit - Patterson State Bank	182 days	8/14/2008	1.680%	796
Certificate of deposit - Patterson State Bank	181 days	12/10/2008	1.750%	227,913
Certificate of deposit - Patterson State Bank	182 days	8/14/2008	1.680%	86,487
Certificate of deposit - Patterson State Bank	1 year	3/19/2009	2.400%	<u>500,000</u>
				<u>3,015,122</u>
Special Revenue Fund:				
Sewerage and Solid Waste Sales Tax Fund -				
Insured Money Market	N/A	N/A	1.000%	1,562,685
Certificate of deposit - Patterson State Bank	182 days	8/19/2008	1.680%	155,000
Certificate of deposit - Patterson State Bank	1 year	3/19/2009	2.400%	2,000,000
Treasury Fund	N/A	N/A	Various	<u>909,393</u>
				<u>4,627,078</u>
Ad Valorem Tax Collection Fund -				
Savings	N/A	N/A	0.200%	<u>16,691</u>
Fire Department Equipment Fund -				
Insured Money Market	N/A	N/A	1.000%	137,692
Certificate of Deposit - Patterson State Bank	90 days	9/25/2008	1.150%	25,000
Certificate of Deposit - Patterson State Bank	1 year	9/24/2008	3.250%	<u>68,248</u>
				<u>230,940</u>
Emergency Management Fund -				
Insured Money Market	N/A	N/A	1.000%	<u>24,806</u>
				<u>4,899,515</u>

CITY OF PATTERSON, LOUISIANA

Schedule of Interest-Bearing Deposits – All Funds (Continued)
June 30, 2008

	<u>Term</u>	<u>Maturity Date</u>	<u>Interest Rate</u>	<u>Total Amount</u>
Debt Service Funds:				
Public Improvement Bonds Fund - Insured Money Market	N/A	N/A	1.000%	<u>\$ 341,442</u>
Sales Tax Revenue Refunding Bonds Series - Insured Money Market	N/A	N/A	1.000%	132,277
Certificate of Deposit - Patterson State Bank	182 days	11/10/2008	1.750%	<u>260,759</u>
				<u>393,036</u>
Sales Tax Sinking Fund - Insured Money Market	N/A	N/A	1.000%	48,032
Insured Money Market - Reserve	N/A	N/A	1.000%	<u>86,215</u>
				<u>134,247</u>
1966, 1967, 1969, 1980 AND 1982 Paving Assessment Funds - Savings	N/A	N/A	0.200%	105
Certificate of Deposit - Patterson State Bank	182 days	8/14/2008	1.680%	54,917
Certificate of Deposit - Patterson State Bank	182 days	8/11/2008	1.680%	55,145
Certificate of Deposit - Patterson State Bank	182 days	8/11/2008	1.680%	<u>22,600</u>
				<u>132,767</u>
1990 Street Paving Project - Insured Money Market	N/A	N/A	1.000%	<u>84,770</u>
				<u>1,086,262</u>
Capital Projects Funds:				
1980 Drainage Project Fund - Insured Money Market	N/A	N/A	1.000%	<u>115,840</u>
Regional Sewerage Facility Project Fund - Insured Money Market	N/A	N/A	1.000%	15,011
Certificate of Deposit - Patterson State Bank	182 days	8/19/2008	1.680%	20,000
Certificate of Deposit - Patterson State Bank	182 days	8/11/2008	1.680%	<u>80,857</u>
				<u>115,868</u>
Third Street Paving Project Fund - Insured Money Market	N/A	N/A	1.000%	<u>23,346</u>
Murphy Street Paving Project Fund - Insured Money Market	N/A	N/A	1.000%	<u>35,365</u>

CITY OF PATTERSON, LOUISIANA

Schedule of Interest-Bearing Deposits – All Funds (Continued)
June 30, 2008

	<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	1.000%	\$ <u>387</u>
Total capital projects funds				<u>290,806</u>
Utility Funds:				
Insured Money Market	N/A	N/A	1.000%	692,900
Insured Money Market	N/A	N/A	1.000%	482,137
Insured Money Market	N/A	N/A	1.000%	96,621
Savings	N/A	N/A	0.200%	35,772
Savings	N/A	N/A	0.200%	89,594
Certificate of Deposit - Patterson State Bank	182 days	11/7/2008	1.750%	140,275
Certificate of Deposit - Patterson State Bank	182 days	8/16/2008	1.680%	45,370
Certificate of Deposit - Patterson State Bank	1 year	3/19/2009	2.400%	500,000
Treasury Fund	N/A	N/A	Various	<u>323,894</u>
				<u>2,406,563</u>
Total - all funds				<u>\$ 11,698,268</u>

**COMPLIANCE
AND
INTERNAL CONTROL**

KOLDER, CHAMPAGNE, SLAVEN & COMPANY, LLC

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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, 2008, which collectively comprise the City's basic financial statements and have issued our report thereon dated November 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 2008-03 and 2008-04 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 2008-01, 2008-02, and 2008-05.

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
November 14, 2008

CITY OF PATTERSON, LOUISIANA

Summary Schedule of Prior Year Findings
Year Ended June 30, 2008

2007-01	Finding:	<u>Failure to Timely File Audit Report with Legislative Auditor</u>
	Status:	This finding was applicable to the year ended June 30, 2007 only and has been resolved.
2007-02	Finding:	<u>Sinking Fund and Contingency Fund Transfers Not Being Made Timely</u>
	Status:	This finding has not been resolved and will be restated in 2008.
2007-03	Finding:	<u>Annual Finance Report Not Submitted to Council</u>
	Status:	This finding has not been resolved and will be restated in 2008..
2007-04	Finding:	<u>Incomplete Bank Reconciliation</u>
	Status:	This finding was not resolved and will be restated in 2008.
2007-05	Finding:	<u>Accounting Errors</u>
	Status:	This finding was not resolved and will be restated in 2008.
2007-06	Finding:	<u>Computerized Accounting System</u>
	Status:	This finding appears to have been resolved.
2007-07	Finding:	<u>Submission of Annual Operating Budget</u>
	Status:	This finding was not resolved and will be restated in 2008.

CITY OF PATTERSON, LOUISIANA

Schedule of Findings and Questioned Costs
Year Ended June 30, 2008

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, 2008

Reportable Conditions – Financial Statements

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

Material Noncompliance – Financial Reporting

There were three 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, 2008.

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

2008-01 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.

Recommendation:

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

2008-02 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.

CITY OF PATTERSON, LOUISIANA

Schedule of Findings and Questioned Costs (Continued)
Year Ended June 30, 2008

Recommendation:

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

2008-03 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.

2008-04 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.

2008-05 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

CITY OF PATTERSON, LOUISIANA

Schedule of Findings and Questioned Costs (Continued)
Year Ended June 30, 2008

Part 3: Findings and Questioned Costs Relating to Federal Programs

At June 30, 2008, 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, 2008

Response to Finding 2008-01:

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 2008-02:

The City's financial staff is aware of and is working toward generating reliable financial statement data in a timely fashion in order to comply with the annual report requirement in the City Charter. In previous years, 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. The problems encountered with previous accounting software packages 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 2008-03:

With the implementation of the new accounting software, the City anticipated preparing its bank reconciliations through the software. However, the problems 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. The City's financial staff is aware of the importance of preparing its bank reconciliation in a timely fashion and is hopeful with the increased efficiencies obtained from the full implementation of the accounting software that adequate time will be saved in order to promptly prepare bank reconciliations.

Response to Finding 2008-04:

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. Additionally, with full implementation of the accounting software system, there is less need for manual data input by the City's financial staff achieving time savings. With the time savings achieved, it is anticipated that the City's financial staff will be able to promptly reconcile its bank activity to the general ledger and identify and correct accounting errors in a much more timely fashion.

Response to Finding 2008-05:

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.