

CITY OF PATTERSON, LOUISIANA

Financial Report

Year Ended June 30, 2020

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KOLDER, SLAVEN & COMPANY, LLC

CERTIFIED PUBLIC ACCOUNTANTS

C. Burton Kolder, CPA*
Brad E. Kolder, CPA, JD*
Gerald A. Thibodeaux, Jr., CPA*
Robert S. Carter, CPA*
Arthur R. Mixon, CPA*
Stephen J. Anderson, CPA*
Christine C. Doucet, CPA
Wanda F. Arcement, CPA, CVA
Bryan K. Joubert, CPA
Matthew E. Margaglio, CPA
Casey L. Ardoin, CPA, CFE

Victor R. Slaven, CPA* - retired 2020

* A Professional Accounting Corporation

183 S. Beadle Rd. 11929 Bricksome Ave.
Lafayette, LA 70508 Baton Rouge, LA 70816
Phone (337) 232-4141 Phone (225) 293-8300

1428 Metro Dr. 450 E. Main St.
Alexandria, LA 71301 New Iberia, LA 70560
Phone (318) 442-4421 Phone (337) 367-9204

200 S. Main St. 1201 David Dr.
Abbeville, LA 70510 Morgan City, LA 70380
Phone (337) 893-7944 Phone (985) 384-2020

434 E. Main St. 332 W. Sixth Ave.
Ville Platte, LA 70586 Oberlin, LA 70655
Phone (337) 363-2792 Phone (337) 639-4737

WWW.KCSRCPAS.COM

INDEPENDENT AUDITOR'S REPORT

The Honorable Rodney Grogan, Mayor
and Members of the City Council
City of Patterson, Louisiana

Report on the Financial Statements

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 (hereinafter "City"), as of and for the year ended June 30, 2020, and the related notes to the financial statements which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the City's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to previously 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 as of June 30, 2020, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 21 to the financial statements, the prior financial statements have been restated to correct a misstatement. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that certain information be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the budgetary comparison schedules on pages 63 through 65, schedule of changes in total OPEB liability and related ratios on page 66, schedule of employer's share of net pension liability on page 67, schedule of employer contributions on page 87, and notes to required supplementary information on pages 69 and 70 because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

The City has omitted management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The other supplementary information as listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. The other supplementary information on pages 72 through 93 has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on such information.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 21, 2021, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Kolder, Slaven & Company, LLC
Certified Public Accountants

Morgan City, Louisiana
January 21, 2021

BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE FINANCIAL STATEMENTS

CITY OF PATTERSON, LOUISIANA

Statement of Net Position
June 30, 2020

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Current assets:			
Cash	\$ 1,245,733	\$ 275,669	\$ 1,521,402
Interest-bearing deposits	3,242,889	805,118	4,048,007
Investments, at fair value	941,696	335,404	1,277,100
Receivables, net	221,079	511,011	732,090
Due from other governmental units	92,363	-	92,363
Internal balances	2,003,742	(2,003,742)	-
Prepaid insurance	19,389	16,826	36,215
Total current assets	<u>7,766,891</u>	<u>(59,714)</u>	<u>7,707,177</u>
Noncurrent assets:			
Restricted assets	-	451,297	451,297
Capital assets:			
Land and construction in progress	728,401	113,811	842,212
Depreciable, net of accumulated depreciation	6,446,688	8,334,267	14,780,955
Total noncurrent assets	<u>7,175,089</u>	<u>8,899,375</u>	<u>16,074,464</u>
Total assets	<u>14,941,980</u>	<u>8,839,661</u>	<u>23,781,641</u>
Deferred outflows of resources related to pensions	<u>379,632</u>	<u>178,858</u>	<u>558,490</u>
LIABILITIES			
Current liabilities:			
Bank overdraft	84,262	189,040	273,302
Accounts and other payables	245,260	131,307	376,567
Accrued interest payable	56,099	-	56,099
Capital lease obligation, current portion	76,800	11,168	87,968
Bonds payable, current portion	415,000	-	415,000
Total current liabilities	<u>877,421</u>	<u>331,515</u>	<u>1,208,936</u>
Noncurrent liabilities:			
Customers' deposits payable	-	451,297	451,297
Net pension liability	1,196,894	602,381	1,799,275
OPEB Liability	744,877	274,429	1,019,306
Capital lease obligation, net of current portion	190,003	30,152	220,155
Bonds payable, net of current portion	4,440,000	-	4,440,000
Total noncurrent liabilities	<u>6,571,774</u>	<u>1,358,259</u>	<u>7,930,033</u>
Total liabilities	<u>7,449,195</u>	<u>1,689,774</u>	<u>9,138,969</u>
Deferred inflows of resources related to pensions	<u>331,078</u>	<u>54,682</u>	<u>385,760</u>
NET POSITION			
Net investment in capital assets	2,053,286	8,406,758	10,460,044
Restricted for:			
Debt service	1,536,125	-	1,536,125
Other purposes	4,089,471	-	4,089,471
Unrestricted (deficit)	<u>(137,543)</u>	<u>(1,132,695)</u>	<u>(1,270,238)</u>
Total net position	<u>\$ 7,541,339</u>	<u>\$ 7,274,063</u>	<u>\$ 14,815,402</u>

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

CITY OF PATTERSON, LOUISIANA

Statement of Activities
Year Ended June 30, 2020

Activities	Expenses	Program Revenues		
		Fees, Fines, and Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental activities				
General government	\$ 1,038,986	\$ 324,059	\$ 9,852	\$ -
Public safety				
Police	2,185,360	504,345	13,477	-
Fire	191,607	-	37,966	-
Sanitation	539,504	486,134	-	-
Streets and drainage	1,089,964	48,804	26,303	550,000
Culture and recreation	166,204	-	50,000	-
Interest and fiscal charges on long-term debt	189,082	-	-	-
Total governmental activities	5,400,707	1,363,342	137,598	550,000
Business-type activities:				
Utility Fund	3,133,807	2,625,483	18,155	-
Total	\$ 8,534,514	\$ 3,988,825	\$ 155,753	\$ 550,000

General revenues:

Taxes -

 Property taxes

 Sales and use taxes

 Other taxes

Grants and contributions not restricted to specific programs

 Local sources

Interest and investment earnings

Miscellaneous

Transfers

Total general revenues and transfers

Change in net position

Net Position - July 1, 2019, as restated

Net Position - June 30, 2020

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

Net (Expense) Revenues and Changes in Net Position		
Governmental Activities	Business-Type Activities	Total
\$ (705,075)	\$ -	\$ (705,075)
(1,667,538)	-	(1,667,538)
(153,641)	-	(153,641)
(53,370)	-	(53,370)
(464,857)	-	(464,857)
(116,204)	-	(116,204)
(189,082)	-	(189,082)
(3,349,767)	-	(3,349,767)
-	(490,169)	(490,169)
(3,349,767)	(490,169)	(3,839,936)
558,798	-	558,798
2,081,748	-	2,081,748
249,432	-	249,432
43,602	-	43,602
24,749	-	24,749
196,323	3,715	200,038
(6,777,799)	6,777,799	-
(3,623,147)	6,781,514	3,158,367
(6,972,914)	6,291,345	(681,569)
14,514,253	982,718	15,496,971
<u>\$ 7,541,339</u>	<u>\$ 7,274,063</u>	<u>\$ 14,815,402</u>

FUND FINANCIAL STATEMENTS

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.

Ad Valorem Tax Collection Fund

To account for the receipt of the City's general alimony and debt service ad valorem tax millages. Taxes collected under the general alimony millage of 8.20 mills are transferred to the General Fund and available for use in general governmental operations. Taxes collected under the debt service millage of 14.0 mills are transferred to the Public Improvement Bond Fund and are restricted for use in retirement of the City's general obligation debt.

CAPITAL PROJECTS FUND

2018 Street Improvements Fund

To account for the receipt and use of \$550,000 allocated by the St. Mary Parish Government to be used for streets and roads improvements and repairs within the City.

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, 2020

	General	Sewerage and Solid Waste Sales Tax	Ad Valorem Tax Collection
ASSETS			
Cash	\$ 87,573	\$ 382,778	\$ 218,972
Interest-bearing deposits	1,044,982	1,082,972	16,664
Investments, at fair value	-	941,696	-
Receivables -			
Taxes	106,444	60,001	5,124
Property assessments	-	-	-
Other	42,230	184	228
Due from other governmental units	69,385	-	-
Due from other funds	1,597,599	133,394	405,478
Advances to other funds	1,500,000	-	-
Total assets	<u>\$ 4,448,213</u>	<u>\$ 2,601,025</u>	<u>\$ 646,466</u>
LIABILITIES AND FUND BALANCES			
Liabilities			
Cash overdraft	\$ 84,262	\$ -	\$ -
Accounts payable	98,736	3,438	447
Accrued liabilities	127,931	-	-
Unearned revenues	-	-	-
Due to other funds	1,401,806	42,099	646,019
Total liabilities	<u>1,712,735</u>	<u>45,537</u>	<u>646,466</u>
Fund balances			
Nonspendable	1,500,000	-	-
Restricted	613,866	2,555,488	-
Unassigned (deficit)	621,612	-	-
Total fund balances	<u>2,735,478</u>	<u>2,555,488</u>	<u>-</u>
Total liabilities and fund balances	<u>\$ 4,448,213</u>	<u>\$ 2,601,025</u>	<u>\$ 646,466</u>

<u>2018 Street Improvements</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
\$ 367,049	\$ 189,361	\$ 1,245,733
-	1,098,271	3,242,889
-	-	941,696
-	-	171,569
-	6,628	6,628
-	240	42,882
-	22,978	92,363
-	899,476	3,035,947
-	-	1,500,000
<u>\$ 367,049</u>	<u>\$ 2,216,954</u>	<u>\$ 10,279,707</u>
\$ -	\$ -	\$ 84,262
14,708	-	117,329
-	-	127,931
-	6,628	6,628
-	442,281	2,532,205
<u>14,708</u>	<u>448,909</u>	<u>2,868,355</u>
-	-	1,500,000
352,341	2,103,901	5,625,596
-	(335,856)	285,756
<u>352,341</u>	<u>1,768,045</u>	<u>7,411,352</u>
<u>\$ 367,049</u>	<u>\$ 2,216,954</u>	<u>\$ 10,279,707</u>

(continued)

CITY OF PATTERSON, LOUISIANA

Balance Sheet (continued)

Governmental Funds

June 30, 2020

Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position

Total fund balances for governmental funds at June 30, 2020		\$ 7,411,352
Total net position reported for governmental activities in the statement of net position is different because:		
Property assessments in governmental funds are not considered financial resources until collected.		6,628
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 position.		19,389
Deferred outflows of resources related to net pension liability are not available resources and, therefore are not reported in the funds		379,632
Capital assets used in governmental activities are not financial resources and therefore, are not reported in the funds.		
Cost of capital assets	12,731,096	
Less: Accumulated depreciation	<u>(5,556,007)</u>	7,175,089
Long-term liabilities, including bonds and certificates payable in the current period, are not reported as liabilities in the funds.		
Bonds and certificates payable	(4,855,000)	
Accrued interest payable	(56,099)	
Capital lease obligation payable	(266,803)	
OPEB liability	(744,877)	
Net pension liability	<u>(1,196,894)</u>	(7,119,673)
Deferred inflows of resources related to net pension liability are not payable from current expendable resources and, therefore, are not reported in the funds		<u>(331,078)</u>
Total net position of governmental activities at June 30, 2020		<u>\$ 7,541,339</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
 Year Ended June 30, 2020

	General	Sewerage and Solid Waste Sales Tax	Ad Valorem Tax Collection
Revenues:			
Taxes	\$ 1,562,449	\$ 768,731	\$ 558,798
Licenses and permits	198,645	-	-
Intergovernmental	280,915	-	-
Charges for services	660,352	-	-
Fines and forfeits	335,032	-	-
Miscellaneous	185,792	18,518	13,189
Total revenues	<u>3,223,185</u>	<u>787,249</u>	<u>571,987</u>
Expenditures:			
Current -			
General government	918,519	-	11,141
Public safety:			
Police	2,066,561	-	-
Fire	44,545	-	-
Sanitation	539,504	-	-
Culture and recreation	123,075	-	-
Streets and drainage	751,645	-	-
Capital outlay	262,734	-	-
Debt service -			
Principal retirement	45,136	-	-
Interest and fiscal charges	9,217	-	-
Total expenditures	<u>4,760,936</u>	<u>-</u>	<u>11,141</u>
Excess (deficiency) of revenues over expenditures	<u>(1,537,751)</u>	<u>787,249</u>	<u>560,846</u>
Other financing sources (uses):			
Operating transfers in	1,557,909	-	199
Operating transfers out	(49,754)	(1,747,115)	(561,045)
Total other financing sources (uses)	<u>1,508,155</u>	<u>(1,747,115)</u>	<u>(560,846)</u>
Net change in fund balances	(29,596)	(959,866)	-
Fund balances, as restated, beginning	<u>2,765,074</u>	<u>3,515,354</u>	<u>-</u>
Fund balances, ending	<u>\$ 2,735,478</u>	<u>\$ 2,555,488</u>	<u>\$ -</u>

2018 Street Improvements	Other Governmental Funds	Total Governmental Funds
\$ -	\$ -	\$ 2,889,978
-	-	198,645
550,000	37,966	868,881
-	-	660,352
-	-	335,032
-	3,574	221,073
<u>550,000</u>	<u>41,540</u>	<u>5,173,961</u>
-	8,779	938,439
-	-	2,066,561
-	52,668	97,213
-	-	539,504
-	-	123,075
163,408	-	915,053
28,985	6,825	298,544
-	428,568	473,704
-	175,171	184,388
<u>192,393</u>	<u>672,011</u>	<u>5,636,481</u>
<u>357,607</u>	<u>(630,471)</u>	<u>(462,520)</u>
48,543	575,300	2,181,951
(5,365)	(350)	(2,363,629)
<u>43,178</u>	<u>574,950</u>	<u>(181,678)</u>
400,785	(55,521)	(644,198)
(48,444)	1,823,566	8,055,550
<u>\$ 352,341</u>	<u>\$ 1,768,045</u>	<u>\$ 7,411,352</u>

(continued)

CITY OF PATTERSON, LOUISIANA

Statement of Revenues, Expenditures, and Changes in Fund Balances (continued)
 Governmental Funds
 Year Ended June 30, 2020

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of
 Governmental Funds to the Statement of Activities

Total net changes in fund balances at June 30, 2020 per statement of revenues expenditures and changes in fund balances	\$ (644,198)
The change in net position 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	298,544
Depreciation expense for the year ended June 30, 2020	(415,609)
Transfer of capital assets from governmental activities to business-type activities	(6,596,121)
Bond principal repayments and capital lease payments are considered as an expenditure on the fund statement	473,704
Effect of recording OPEB expense	(152,753)
Effects of recording net pension liability and deferred inflows and outflows of resources related to net pension liability	
Decrease in pension expense	36,492
Nonemployer pension contribution revenue	31,632
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.	<u>(4,605)</u>
Total changes in net position at June 30, 2020 per statement of activities	<u>\$ (6,972,914)</u>

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

CITY OF PATTERSON, LOUISIANA

Statement of Net Position
 Proprietary Fund
 June 30, 2020

	<u>Utility Fund</u>
ASSETS	
Current assets:	
Cash	\$ 275,669
Interest-bearing deposits	805,118
Investments	335,404
Receivables	
Customer accounts receivable, net	504,949
Accrued interest receivable	76
Other	5,986
Due from other funds	69,813
Prepaid insurance	16,826
Total current assets	<u>2,013,841</u>
Noncurrent assets:	
Restricted assets -	
Cash	311,022
Interest-bearing deposits	140,275
Capital assets, net of accumulated depreciation	8,448,078
Total noncurrent assets	<u>8,899,375</u>
Total assets	<u>10,913,216</u>
Deferred outflows of resources from pensions	<u>178,858</u>
	(continued)

CITY OF PATTERSON, LOUISIANA

Statement of Net Position (continued)

Proprietary Fund

June 30, 2020

	<u>Utility Fund</u>
LIABILITIES	
Current liabilities:	
Cash overdraft	189,040
Accounts payable	97,426
Accrued liabilities	33,881
Capital lease obligation, current portion	11,168
Due to other funds	<u>573,555</u>
Total current liabilities	<u>905,070</u>
Noncurrent liabilities:	
Advances from other funds	1,500,000
OPEB liability	274,429
Net pension liability	602,381
Payable from restricted assets -	
Capital lease obligation, net of current portion	30,152
Customers' meter deposits payable	<u>451,297</u>
Total noncurrent liabilities	<u>2,858,259</u>
Total liabilities	<u>3,763,329</u>
Deferred inflows of resources from pensions	<u>54,682</u>
NET POSITION	
Net investment in capital assets	8,406,758
Unrestricted (deficit)	<u>(1,132,695)</u>
Total net position	<u>\$ 7,274,063</u>

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

CITY OF PATTERSON, LOUISIANA

Statement of Revenues, Expenses, and Changes in Net Position
 Proprietary Fund
 Year Ended June 30, 2020

	<u>Utility Fund</u>
Operating revenues:	
Charges for services -	
Gas sales and services	\$ 675,218
Water sales and services	1,138,319
Sewerage service	532,364
Delinquent charges	53,419
Commissions, transfers and reconnections	27,055
Miscellaneous	<u>217,263</u>
Total operating revenues	<u>2,643,638</u>
Operating expenses:	
Administrative	832,992
Gas department	737,849
Water department	946,013
Sewerage department	382,169
Depreciation	<u>234,784</u>
Total operating expenses	<u>3,133,807</u>
Operating loss	<u>(490,169)</u>
Nonoperating revenues (expenses):	
Interest income	5,897
Interest and fiscal charges	<u>(2,182)</u>
Total nonoperating revenues (expenses)	<u>3,715</u>
Loss before capital contributions and transfers	(486,454)
Capital contributions	6,596,121
Transfers out	(131,413)
Transfers in	<u>313,091</u>
Change in net position	6,291,345
Net position, beginning	<u>982,718</u>
Net position, ending	<u>\$ 7,274,063</u>

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

CITY OF PATTERSON, LOUISIANA

Statement of Cash Flows
 Proprietary Fund
 Year Ended June 30, 2020

	<u>Utility Fund</u>
Cash flows from operating activities:	
Receipts from customers	\$ 2,639,455
Payments to suppliers	(1,856,062)
Payments to employees	<u>(748,156)</u>
Net cash provided by operating activities	<u>35,237</u>
Cash flows from noncapital financing activities:	
Payments from other funds	<u>123,436</u>
Cash flows from capital and related financing activities:	
Acquisition of property, plant and equipment	(117,621)
Payments on capital lease obligations	(10,689)
Interest on capital lease obligations	<u>(2,182)</u>
Net cash used by capital and related financing activities	<u>(130,492)</u>
Cash flows from investing activities:	
Maturities of investments and interest-bearing deposits	686,965
Purchase of investments and interest-bearing deposits	(690,036)
Interest on investments	<u>5,897</u>
Net cash provided by investing activities	<u>2,826</u>
Net increase in cash and equivalents	31,007
Cash and equivalents, beginning	<u>814,065</u>
Cash and equivalents, ending	<u>\$ 845,072</u>

(continued)

CITY OF PATTERSON, LOUISIANA

Statement of Cash Flows (continued)

Proprietary Fund

Year Ended June 30, 2020

	<u>Utility Fund</u>
Reconciliation of operating loss to net cash provided by operating activities:	
Operating loss	\$ (490,169)
Adjustments to reconcile operating loss to net cash used by operating activities:	
Depreciation	234,784
Pension expense, net of nonemployer contributions	23,284
OPEB expense	103,371
Changes in assets and liabilities:	
Accounts receivable	(17,884)
Other receivables	(112)
Prepaid insurance	2,288
Cash overdraft	179,404
Accounts payable	(23,330)
Accrued liabilities	9,788
Customer meter deposits	<u>13,813</u>
Net cash provided by operating activities	<u>\$ 35,237</u>
Reconciliation of cash and equivalents to the statement of net position:	
Cash and equivalents, beginning	
Cash and interest-bearing deposits - unrestricted	\$ 1,063,546
Less: Interest-bearing deposits that are not cash equivalents	(546,690)
Cash - restricted	<u>297,209</u>
Total cash and equivalents	<u>814,065</u>
Cash and equivalents, ending	
Cash and interest-bearing deposits - unrestricted	1,080,787
Less: Interest-bearing deposits that are not cash equivalents	(546,737)
Cash - restricted	<u>311,022</u>
Total cash and equivalents	<u>845,072</u>
Net increase	<u>\$ 31,007</u>
Non-cash capital and related financing activities:	
The City completed construction on its new water plant. Construction costs were accounted for in a governmental fund. Upon completion, the water plant was transferred to the Utility Fund.	<u>\$ 6,596,121</u>

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

CITY OF PATTERSON, LOUISIANA

Notes to Financial Statements

(1) Summary of Significant Accounting Policies

The City of Patterson (“City”) 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 accounting and reporting policies of the City relating to the funds included in the accompanying basic financial statements conform to the accounting principles generally accepted in the United States of America applicable to state and local governments. Such accounting and reporting procedures also conform to the requirements of Louisiana Revised Statute 24:513, the *Louisiana Governmental Audit Guide*, and to the industry audit guide, *Audits of State and Local Governmental Units*.

The following is a summary of certain significant accounting policies.

A. Financial Reporting Entity

Government Accounting Standards Board (GASB) Statement 14, *The Financial Reporting Entity*, as amended, established criteria for determining which component units should be considered part of the City 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 has no component units.

Related Organizations –

A related organization is an entity for which the primary government is not financially accountable even though the primary government may provide facilities and some financing or appoint a voting majority of the organization’s governing board. Based on the foregoing criteria, the following organizations are considered related organizations to the City and 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 does 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.

Joint Ventures –

A joint venture is a legal entity or other organization that results from a contractual arrangement and that is owned, operated, or governed by two or more participants as a separate and specific activity subject to joint control in which the participants retain (a) an ongoing financial interest or (b) an ongoing financial responsibility. The City has entered into joint venture arrangements with other governmental entities for the operation of the Wards 5 and 8 Joint Sewer Commission. See Note 18 for further discussion of the City's relationship with the Wards 5 and 8 Joint Sewer Commission.

B. Basis of Presentation

Government-Wide Financial Statements

The statement of net position 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 statement 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

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.

CITY OF PATTERSON, LOUISIANA

Notes to Financial Statements (continued)

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.

Governmental funds are those through which most governmental functions are typically financed. The measurement focus of governmental funds is on the sources, uses, and balances of current financial resources.

The major governmental funds of the City are described below:

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.

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.

Ad Valorem Tax Collection Fund

This fund is used to account for the receipt and distribution of the City's ad valorem taxes collected under its general alimony (8.20) and debt service (14.00) millages.

2018 Street Improvements Fund

This fund is used to account for the use of financial resources to be used for street improvements and repairs throughout the City funded by a \$550,000 allocation from the St. Mary Parish Government.

CITY OF PATTERSON, LOUISIANA

Notes to Financial Statements (continued)

Proprietary 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. Proprietary funds distinguish operating revenues expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the fund's ongoing operations. Operating expenses for the proprietary funds include the cost of personal and contractual services, supplies and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

The City has presented the following proprietary fund as a major fund:

Utility Fund

The Utility Fund is used to account for the provision of gas, water and sewer services to the residents of the City and certain unincorporated areas surrounding 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 of user charges.

Additionally, the City reports the following fund types:

Governmental Funds –

Special revenue funds

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

Debt service funds

Debt service funds are used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest, and related costs.

Capital projects funds

Capital projects funds are used to account for financial resources to be used for the acquisition and construction of major capital facilities (other than those financed by proprietary funds and trust funds).

C. 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 position 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 position (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 position.

Basis of Accounting

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

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

D. Assets, Liabilities and Net Position or Equity

Cash, Interest-bearing Deposits, and investments

For the purpose of the statement of net position, cash and interest-bearing deposits include all demand accounts, savings accounts, and certificates of deposit of the City. Interest-bearing deposits are stated at cost, which approximates market.

CITY OF PATTERSON, LOUISIANA

Notes to Financial Statements (continued)

Under state law, the City may deposit funds with a fiscal agent 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 United States bonds, treasury notes and bills, government backed agency securities, or certificates and time deposits of state banks organized under Louisiana law and national banks having principle offices in Louisiana. In addition, local governments in Louisiana are authorized to invest in the Louisiana Asset Management Pool (LAMP), a nonprofit corporation formed by the State Treasurer and organized under the laws of the State of Louisiana, which operates a local government investment pool.

Investments are stated at fair value as determined by quoted market prices. If quoted market prices are not available, fair value is estimated by determining the fair value of investments possessing similar yield, maturity, and repayment and risk characteristics. At June 30, 2020, there were no investments whose fair values were required to be estimated.

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 position.

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 and amounts due from others (including other governments) for goods or services provided for which payment has not yet been received. 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 uncollectible customers’ utility receivables was \$152,954 at June 30, 2020. 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, 2020 was \$24,563.

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 assets.

CITY OF PATTERSON, LOUISIANA

Notes to Financial Statements (continued)

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.

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. In the government-wide financial statements, capital assets are accounted for in the same manner as in proprietary fund operations where assets are capitalized and depreciation is provided over the assets' estimated useful lives.

Restricted Assets

Restricted assets include cash and interest-bearing deposits that are legally restricted as to their use. The City's restricted assets are related to its utility customer 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 is reported as liabilities in the government-wide statements. The long-term debt consists primarily of compensated absences payable, bonds and certificates payable, obligations under capital leases, 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 are earned by employees range from 5-22 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.

CITY OF PATTERSON, LOUISIANA

Notes to Financial Statements (continued)

Equity Classifications

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

- a. Net investment in capital assets – 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 – Consists of net position 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 – All other net position that does not meet the definition of “restricted” or “net investment in capital assets.”

Fund financial statements

Proprietary fund equity is classified the same as in the government-wide statements. Governmental fund equity is classified as fund balance. Fund balance for the City’s governmental funds is displayed depicting the relative strength of the spending constraints placed on the purposes for which resources can be used. In the governmental fund financial statements, fund balances are classified as follows:

- a. Nonspendable – amounts that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to be maintained intact.
- b. Restricted – amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.
- c. Committed – amounts that can be used only for specific purposes determined by a formal action of the City Council. The City Council is the highest level of decision-making authority for the City. Commitments may be established, modified, or rescinded only through ordinances or resolutions approved by City Council members.
- d. Assigned – amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes. Under the City’s adopted policy, only the Mayor may assign amounts for specific purposes.
- e. Unassigned – all other spendable amounts.

CITY OF PATTERSON, LOUISIANA

Notes to Financial Statements (continued)

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the City considers the restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the City considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless City Council members or the Mayor has provided otherwise in its commitment or assignment actions.

E. 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 governmental funds' financial statements, expenditures are classified by character. In the proprietary fund financial statements, expenditures are classified as operating or non-operating.

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.

F. Capitalization 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.

G. Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net positions of the Municipal Employees Retirement System (MERS) and Municipal Police Employees Retirement System (MPERS), and additions to/deductions from the retirement systems' net positions have been determined on the same basis as they are reported by the respective systems. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

CITY OF PATTERSON, LOUISIANA

Notes to Financial Statements (continued)

H. 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.

(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, 2020, the City has cash and interest-bearing deposits (book balances) totaling \$6,020,706, as follows:

Demand deposits	\$ 1,832,424
Money market accounts and time deposits	<u>4,188,282</u>
Total	<u>\$ 6,020,706</u>

These deposits are stated at cost, which approximates market. Under state law, these deposits, (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent 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, 2020, were secured as follows:

Bank balances	<u>\$ 6,172,498</u>
Federal deposit insurance	\$ 500,000
Pledged securities	<u>5,672,498</u>
Total federal deposit insurance and pledged securities	<u>\$ 6,172,498</u>

Custodial credit risk for deposits is the risk that in the event of the failure of a depository financial institution, the City's deposits may not be recovered or the City will not be able to recover collateral securities that are in the possession of an outside party. The City does not have a policy to monitor or attempt to reduce exposure to custodial credit risk. At June 30, 2020, deposits in the amount of \$5,672,498 were exposed to custodial credit risk since the deposits are uninsured and collateralized with securities held by the pledging institution's trust department or agent but not in the City's name.

CITY OF PATTERSON, LOUISIANA

Notes to Financial Statements (continued)

B. Investments

The City's policy does not further limit its investment choices beyond the restrictions imposed by state statute. State law allows the investment in direct United States Treasury obligations, bonds, debentures, notes or other evidence of indebtedness issued or guaranteed by federal agencies or U.S. Government instrumentalities, which are federally sponsored; direct security repurchase agreements of any federal book entry only securities guaranteed by the U.S. Government; time certificates of deposit of any bank domiciled or having a branch office in the State of Louisiana; savings account or shares of certain savings and loan associations and savings banks; certain accounts of federally or state chartered credit unions; certain mutual or trust fund institutions; certain guaranteed investment contracts; and investment grade commercial paper of domestic United States corporations.

At June 30, 2020, the City had the following investments and maturities (in years):

Description	Category	Interest Rate	Fair Value	Less Than 1
Governmental Activities:				
United States Government-Securities Fund	N/A	Various	\$ 941,696	\$ 941,696
Business-Type Activities:				
United States Government-Securities Fund	N/A	Various	335,404	335,404
			<u>\$ 1,277,100</u>	<u>\$ 1,277,100</u>

Custodial credit risk is defined as the risk that, in the event of failure of the counterparty, the City will not be able to recover the value of its investment. The City's investment policy conforms to state law, as described above, which has no provision for custodial credit risk. Investments in funds should be disclosed, but not categorized because they are not evidenced by securities that exist in physical or book-entry form. The City's investment is with the fund, not the securities that make up the fund; therefore, no disclosure is required.

Concentration of credit risk relates to the amount of investments in any one entity. The City's investments are excluded for the 5 percent disclosure requirement.

Interest rate risk is defined as the risk that changes in interest rates will adversely affect the fair value of an investment. The City's investment policy conforms to state law, which does not include a policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. At June 30, 2020, the City had no investments with future maturities in excess of one year.

Credit risk is defined as the risk that an insurer or other counterparty to an investment will not fulfill its obligations. The City invested only in obligations of federal or state agencies which are not rated. The type of investment allowed by state law ensures that the City is not exposed to credit risk.

CITY OF PATTERSON, LOUISIANA

Notes to Financial Statements (continued)

In accordance with GASB Statement No. 31, the City recognizes the net increase (decrease) in the fair value of its investments. For the year ended June 30, 2020, the fair value of the City's investments increased \$11,500. This amount takes into account all changes in fair value (including purchases and sales) that occurred during the year.

Fair Value Measurements

The City measures and records its investments using fair value guidelines established by generally accepted accounting principles. These guidelines recognize a three-tiered fair value hierarchy as follows:

- Level 1 — quoted prices for identical investments in active markets
- Level 2 — observable inputs other than quoted market prices
- Level 3 — unobservable inputs

The City's investments in mutual funds are measured using quoted prices for identical investments in active markets (Level 1 inputs). The investments in mutual funds are valued using quoted market prices of the underlying investment on a recurring basis. The City's investments are redeemable on demand.

(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, 2020, taxes of 21.60 mills were levied on property with assessed valuations totaling \$26,244,796 and were dedicated as follows:

General corporate purposes	8.20 mills
Debt service	13.40 mills

Total taxes levied were \$566,888. The amount of taxes receivable (net of allowance for uncollectible taxes of \$18,801) at June 30, 2020 was \$5,124.

CITY OF PATTERSON, LOUISIANA

Notes to Financial Statements (continued)

(4) Interfund Transactions

A. Receivables and Payables

Interfund receivables and payables at June 30, 2020 consisted of the following:

	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
Governmental Activities:		
General Fund	\$ 1,597,599	\$ 1,401,806
Sewerage and Solid Waste Sales Tax Fund	133,394	42,099
Ad Valorem Tax Collection Fund	405,478	646,019
Other nonmajor governmental funds	899,476	442,281
Business-type Activities:		
Utility Fund	69,813	573,555
Total	<u>\$ 3,105,760</u>	<u>\$ 3,105,760</u>
Advances to/from other funds:		
General Fund	\$ 1,500,000	\$ -
Utility Fund	-	1,500,000
Total advances to/from other funds	<u>\$ 1,500,000</u>	<u>\$ 1,500,000</u>

Interfund receivables and payables arise as a result of transactions between funds when there is an expectation that the disbursing fund will be repaid or reimbursed by the recipient fund.

B. Operating transfers

Transfers between funds for the year ended June 30, 2020 were:

	<u>Transfers In</u>	<u>Transfers Out</u>
Governmental Activities:		
General Fund	\$ 1,557,909	\$ 49,754
Sewerage and Solid Waste Sales Tax Fund	-	1,747,115
Ad Valorem Tax Collection Fund	199	561,045
2018 Street Improvements Fund	48,543	5,365
Other nonmajor governmental funds	575,300	350
Business-type Activities:		
Utility Fund	313,091	131,413
	<u>\$ 2,495,042</u>	<u>\$ 2,495,042</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)

(5) Receivables

Receivable balances at June 30, 2020, are as follows:

	Governmental Activities				
	General	Sewerage and Solid Waste Sales Tax	Ad Valorem Tax Collection	Other Governmental Funds	Total Governmental Funds
Taxes	\$ 106,444	\$ 60,001	\$ 5,124	\$ -	\$ 171,569
Property assessments	-	-	-	6,628	6,628
Other					
Accrued interest	91	184	-	228	503
Franchise fees	42,139	-	-	-	42,139
Other	-	-	228	12	240
Total receivable	<u>\$ 148,674</u>	<u>\$ 60,185</u>	<u>\$ 5,352</u>	<u>\$ 6,868</u>	<u>\$ 221,079</u>

	Business-Type Activities Utility Fund
Customer accounts	\$ 657,903
Less: allowance for uncollectibles	(152,954)
Net customer accounts receivable	504,949
Other receivables	6,062
Receivables, net	<u>\$ 511,011</u>

(6) Due from other Governmental Units

Amounts due from other governmental units at June 30, 2020 consisted of the following:

Governmental Activities -

Beer taxes due from the State of Louisiana	\$ 978
Video poker receipts due from the State of Louisiana	107
Prisoner maintenance fees due from the State of Louisiana	34,819
Prisoner maintenance fees due from the St. Mary Parish Government	15,106
Allocations for fire department activities from St. Mary Parish Government	22,978
Occupational licenses fees due from state and parish governments	17,818
Other miscellaneous fees due from the St. Mary Parish Government	557
	<u>\$ 92,363</u>

CITY OF PATTERSON, LOUISIANA

Notes to Financial Statements (continued)

(7) Restricted Assets

Restricted assets consisted of the following at June 30, 2020:

Customers' deposits	<u>\$ 451,297</u>
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(8) Capital Assets

Capital asset activity for the governmental activities for the year ended June 30, 2020 was as follows:

	<u>Balance 6/30/2019</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 6/30/2020</u>
Governmental activities:				
Capital assets not being depreciated				
Land	\$ 462,326	\$ -	\$ -	\$ 462,326
Construction in progress	7,157,869	123,725	7,015,519	266,075
Other capital assets:				
Buildings	2,813,938	-	1,688	2,812,250
Improvements other than buildings	51,316	-	-	51,316
Equipment, furniture & fixtures	4,313,598	56,905	458,228	3,912,275
Infrastructure	4,689,541	537,313	-	5,226,854
Totals	<u>19,488,588</u>	<u>717,943</u>	<u>7,475,435</u>	<u>12,731,096</u>
Less accumulated depreciation				
Buildings	(1,444,545)	(64,787)	1,688	(1,507,644)
Equipment, furniture & fixtures	(2,878,050)	(218,212)	458,228	(2,638,034)
Infrastructure	(1,277,719)	(132,610)	-	(1,410,329)
Total accumulated depreciation	<u>(5,600,314)</u>	<u>(415,609)</u>	<u>459,916</u>	<u>(5,556,007)</u>
Governmental activities, capital assets, net	<u>\$ 13,888,274</u>	<u>\$ 302,334</u>	<u>\$ 7,015,519</u>	<u>\$ 7,175,089</u>

Depreciation expense in the amount of \$415,609 was charged to governmental activities, of which \$117,996 relates to the City's capital leases.

Depreciation expense was charged to governmental activities as follows:

General government	\$ 58,050
Police	84,175
Fire	94,394
Streets and drainage	135,861
Culture and recreation	43,129
Total depreciation expense	<u>\$ 415,609</u>

CITY OF PATTERSON, LOUISIANA

Notes to Financial Statements (continued)

Capital assets activity for the business-type activities for the year ended June 30, 2020 was as follows:

	Balance 6/30/2019	Additions	Deletions	Balance 6/30/2020
Business-type activities:				
Capital assets not being depreciated				
Land	\$ 107,200	\$ -	\$ -	\$ 107,200
Construction in progress	57,025	6,611	57,025	6,611
Other capital assets:				
Gas distribution system	2,218,655	16,618	149,738	2,085,535
Water distribution system	2,891,773	6,743,499	14,414	9,620,858
Sewer treatment system	5,943,985	-	-	5,943,985
Machinery and equipment	284,769	4,038	46,092	242,715
Totals	<u>11,503,407</u>	<u>6,770,766</u>	<u>267,269</u>	<u>18,006,904</u>
Less accumulated depreciation				
Gas distribution system	(2,053,092)	(54,566)	149,738	(1,957,920)
Water distribution system	(2,844,185)	(80,622)	14,414	(2,910,393)
Sewer treatment system	(4,378,483)	(98,704)	-	(4,477,187)
Machinery and equipment	(258,526)	(892)	46,092	(213,326)
Total accumulated depreciation	<u>(9,534,286)</u>	<u>(234,784)</u>	<u>210,244</u>	<u>(9,558,826)</u>
Business-type activities, capital assets, net	<u>\$ 1,969,121</u>	<u>\$ 6,535,982</u>	<u>\$ 57,025</u>	<u>\$ 8,448,078</u>

Depreciation expense in the amount of \$234,784 was charged to business type activities, of which \$11,446 relates to the City's capital leases.

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

Administrative	\$ 892
Gas	54,566
Water	80,622
Sewer	98,704
Total depreciation expense	<u>\$ 234,784</u>

CITY OF PATTERSON, LOUISIANA

Notes to Financial Statements (continued)

(9) Changes in Long-Term Debt

The following is a summary of long-term debt transactions of the City for the year ended June 30, 2020:

	<u>General Obligation and Limited Tax Bonds</u>
Bonds payable, July 1, 2019	\$ 5,255,000
Bonds retired	<u>(400,000)</u>
Bonds payable, June 30, 2020	<u>\$ 4,855,000</u>

Long-term debt outstanding at June 30, 2020 is comprised of the following individual issues:

\$5,000,000 General Obligation Bonds, Series 2012, due in annual installments of \$240,000 to \$340,000 through March 1, 2032; interest at 3.50 percent per annum, secured by levy and collection of ad valorem tax	\$ 3,420,000
\$1,000,000 Limited Tax Bonds, Series 2015, due in annual installments of \$80,000 to \$95,000 through March 1, 2027; interest at 1.925 to 2.35 percent; secured by levy and collection of ad valorem taxes	610,000
\$1,000,000 Limited Tax Bonds, Series 2018, due in annual installments of \$95,000 to \$115,000 through March 1, 2028; interest at 3.02 percent; secured by levy and collection of ad valorem taxes	<u>825,000</u>
Total general obligation and public improvement sales tax bonds payable	<u>\$ 4,855,000</u>

CITY OF PATTERSON, LOUISIANA

Notes to Financial Statements (continued)

The annual requirements to amortize all long-term debt outstanding as of June 30, 2020:

Year Ending June 30,	General Obligation Bonds		Limited Tax Bonds		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2021	\$ 240,000	\$ 119,700	\$ 175,000	\$ 38,176	\$ 415,000	\$ 157,876
2022	245,000	111,300	175,000	33,666	420,000	144,966
2023	255,000	102,725	185,000	29,138	440,000	131,863
2024	265,000	93,800	185,000	24,333	450,000	118,133
2025	270,000	84,525	195,000	19,464	465,000	103,989
2026-2030	1,475,000	275,625	520,000	26,814	1,995,000	302,439
2031-2035	670,000	35,350	-	-	670,000	35,350
	<u>\$ 3,420,000</u>	<u>\$ 823,025</u>	<u>\$ 1,435,000</u>	<u>\$ 171,591</u>	<u>\$ 4,855,000</u>	<u>\$ 994,616</u>

Covenants/Restrictions:

The various bond indentures contain significant limitations and restrictions as to annual debt service requirements, maintenance of and flow of monies through various restricted accounts, and minimum amounts to be maintained in various sinking funds. Resolutions concerning dedication of sales tax proceeds specify restrictions as to how the funds may be expended. The City is in compliance with all such significant limitations and restrictions at June 30, 2020.

Assets in assessment certificates funds are restricted for the retirement of any outstanding principal and interest remaining on the certificate's obligations. 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.

(10) Governmental Fund Balances

As of June 30, 2020, governmental fund balances are comprised of the following:

	General Fund	Sewerage and Solid Waste Sales Tax	2018 Street Improvements	Other Governmental Funds	Total Governmental Funds
Nonspendable					
Interfund advances	\$ 1,500,000	\$ -	\$ -	\$ -	\$ 1,500,000
Restricted					
Debt retirement	-	-	-	807,393	807,393
Capital expenditures	-	-	-	965,711	965,711
Law enforcement	613,866	-	-	-	613,866
Sewerage and solid waste	-	2,555,488	-	-	2,555,488
Street repairs	-	-	352,341	330,797	683,138
Unassigned (deficit)	621,612	-	-	(335,856)	285,756
	<u>\$ 2,735,478</u>	<u>\$ 2,555,488</u>	<u>\$ 352,341</u>	<u>\$ 1,768,045</u>	<u>\$ 7,411,352</u>

CITY OF PATTERSON, LOUISIANA

Notes to Financial Statements (continued)

(11) Leases

The City has entered into financing agreements for the acquisitions of firefighting, police, and utility equipment as follows:

Firefighting Equipment

In 2019, the City entered into a financing agreement for the acquisition of a new fire truck. The acquisition cost of this pumper was \$348,429 and was financed with a \$200,000 down payment and five annual payments of principal and interest totaling \$33,126 per year.

Police Equipment

In 2019, the City entered into a financing agreement for the acquisition of six new police units. The acquisition cost was \$241,652 and was financed with ten semi-annual payments of principal and interest totaling \$54,353 per year.

Utility Equipment

In 2019, the City entered into a financing agreement for the acquisition of two utility trucks. The acquisition cost was \$57,229 and was financed with ten semi-annual payments of principal and interest totaling \$12,872 per year.

<u>Fiscal Year End</u>	<u>Governmental Activities</u>		<u>Proprietary Fund</u>
	<u>Firefighting Equipment</u>	<u>Police Equipment</u>	<u>Utility Equipment</u>
2021	\$ 33,126	\$ 54,353	\$ 12,872
2022	33,126	54,353	12,872
2023	33,126	54,353	12,872
2024	-	27,177	6,436
Less: Amount representing interest	<u>(7,047)</u>	<u>(15,764)</u>	<u>(3,733)</u>
Present value of future minimum lease payments	<u>\$ 92,331</u>	<u>\$ 174,472</u>	<u>\$ 41,320</u>

In the fund financial statements, the acquisition costs were reported as capital outlay with corresponding capital lease proceeds reported as an “other financing source”. The government-wide financial statements report the acquisitions as a capital asset in the governmental activities with the corresponding obligations reported as a liability.

CITY OF PATTERSON, LOUISIANA

Notes to Financial Statements (continued)

(12) Dedication of Proceeds and Flow of Funds-Sales and Use Taxes

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

- A. Proceeds of a 1% parish wide sales and use tax levied in 1966 (2020 collections \$770,548; 2019 collections \$720,317; 2018, \$705,945). 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'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 originally levied in 1974 (2020 collections \$769,395; 2019 collections \$720,967; 2018, \$709,898). 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. The tax was reapproved for levy in 1987. At the time of reauthorization, voters approved a provision authorizing that the proceeds could also be used for law enforcement and fire protection costs.
- C. Proceeds of a 3/10% sales and use tax levied in 1982 (2020 collections \$289,964; 2019 collections \$252,469; 2018, \$249,411). Tax is collected by the St. Mary Parish Sales and Use Tax Department and is allocated and distributed monthly among the participating municipalities according to their respective populations as reflected by the most recent federal census or the most recent special census. Proceeds are dedicated to the following purposes: operating and maintaining the police department, including the acquisition and maintenance of equipment and supplies; paying or supplementing the salaries of municipal employees; and purchasing, constructing, acquiring, extending and/or improving all or any portion of public works or capital improvements, including but not limited to the construction, improvement and maintenance of drainage, water, and flood control extensions and improvements and the acquisition, construction, improvement, maintenance and repair of streets, roads, and bridges.
- D. Proceeds of a ½% parish wide sales and use tax levied in 2000 (2020 collections \$256,399; 2019 collections \$240,983; 2018, \$236,572). 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.

CITY OF PATTERSON, LOUISIANA

Notes to Financial Statements (continued)

(13) 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:

A. Municipal Employees' Retirement System (MERS)

Plan Description: MERS was established by Act 356 of the 1954 regular session of the Louisiana Legislature. MERS provides retirement benefits to employees of all incorporated villages, towns and cities within the State which do not have their own retirement system and which elect to become members of the system. The City participates in Plan B of MERS.

Eligibility Requirements: Membership is mandatory as a condition of employment beginning on the date employed if the employee is on a permanent basis working at least thirty-five hours per week. Those individuals paid jointly by a participating employer and the parish are not eligible for membership in MERS with exceptions as outlined in the statutes.

Any person eligible for membership whose first employment making him eligible for membership in MERS occurred on or after January 1, 2013 shall become a member of the MERS Plan A Tier 2 or MERS Plan B Tier 2 of the system as a condition of employment.

Retirement Benefits: Benefit provisions are authorized within Act 356 of the 1954 regular session and amended by LRS 11:1756-11:1785. The following brief description of the plan and its benefits is provided for general information purposes only. Participants should refer to the appropriate statutes for more complete information.

Retirement Benefits: Any member of Plan B who commenced participation in the System prior to January 1, 2013 can retire providing the members meets one of the following criteria:

1. Any age with thirty (30) years of creditable service.
2. Age 60 with a minimum of ten (10) or more years of creditable service.

Generally, the monthly amount of the retirement allowance for any member of Plan B shall consist of an amount equal to two percent of the member's monthly average final compensation multiplied by his years of creditable service. Final average compensation is the average monthly earnings during the highest sixty consecutive months or joined months if service was interrupted. However, under certain conditions as outlined in the statutes, the benefits are limited to specified amounts.

Any member of Plan B Tier 2 shall be eligible for retirement if he meets one of the following requirements:

1. Age 67 with seven (7) years of creditable service.
2. Age 62 with ten (10) years of creditable service.
3. Age 55 with thirty (30) years of creditable service.
4. Any age with twenty-five (25) years of creditable service, exclusive of military service and unused annual sick leave, with an actuarially reduced early benefit.

CITY OF PATTERSON, LOUISIANA

Notes to Financial Statements (continued)

The monthly amount of the retirement allowance for any member of Plan B Tier 2 shall consist of an amount equal to two percent of the member's final compensation multiplied by his years of creditable service. Final average compensation is the average monthly earnings during the highest sixty consecutive months, or joined months if service was interrupted. However, under certain conditions as outlined in the statutes, the benefits are limited to specified amounts.

Survivor Benefits: Upon death of any member of Plan B with five (5) or more years of creditable service, not eligible for normal retirement, the plan provides for benefits for the surviving spouse as outlined in the statutes.

Any member of Plan B who is eligible for normal retirement at time of death and who leaves a surviving spouse will be deemed to have retired and selected Option 2 benefits on behalf of the surviving spouse on the date of death. Such benefits will begin only upon proper application and are paid in lieu of any other survivor benefits.

Any member of Plan B who had not withdrawn their accumulated contributions and had at least twenty years of service credit at time of death, surviving spouse shall receive benefits for as long as he/she lives as outlined in the statutes.

Deferred Retirement Option Plan (DROP) Benefits: In lieu of terminating employment and accepting a service retirement allowance, any member of Plan B who is eligible may elect to participate in the deferred retirement option plan (DROP) for up to three years and defer the receipt of benefits. During participation in the plan, employer contributions are payable, but employee contributions cease. The monthly retirement benefits that would be payable, had the person elected to cease employment and receive a service retirement allowance, are paid into the DROP Fund. Interest is earned when the member has completed DROP participation. Interest earnings are based upon the actual rate of return on the investments identified as DROP funds for the period. In addition, no cost-of-living increases are payable to participants until employment which made them eligible to become members of the System has been terminated for at least one full year.

Upon termination of employment prior to or at the end of the specified period of participation, a participant in the DROP may receive, at his option, a lump sum from the account equal to the payments into the account, a true annuity based upon his account balance in that fund, or any other method of payment if approved by the board of trustees. If a participant dies during participation in the DROP, a lump sum equal to the balance in his account shall be paid to his named beneficiary or, if none, to his estate. If employment is not terminated at the end of the three years, payments into the DROP fund cease and the person resumes active contributing membership in the System.

Disability Benefits: For Plan B, a member shall be eligible to retire and receive a disability benefit if he has at least ten years of creditable service, is not eligible for normal retirement, and has been officially certified as disabled by the State Medical Disability Board. Upon retirement caused by disability, a member of Plan B shall be paid a disability benefit equal to

CITY OF PATTERSON, LOUISIANA

Notes to Financial Statements (continued)

the lesser (1) an amount equal to two percent of his final compensation multiplied by his years of creditable service, but not less than thirty percent of his final compensation, or (2) an amount equal to what the member's normal retirement benefit would be based on the member's current final compensation, but assuming the member remained in continuous service until his earliest normal retirement age and using those retirement benefit computation factors which would be applicable to the member's normal retirement.

Cost of Living Increases: MERS is authorized under state law to grant a cost of living increase to members who have been retired for at least one year. The adjustment cannot exceed 2% of the retiree's original benefit for each full calendar year since retirement and may only be granted if sufficient funds are available from investment income in excess of normal requirements. State law allows the system to grant an additional cost of living increase to all retirees and beneficiaries who are age sixty-five and above equal to 2% of the benefit being received on October 1, 1977, or the original benefit, if retirement commenced after that date.

Deferred Benefits: Plan B provides for deferred benefits for members who terminate before being eligible for retirement. Once the member reaches the appropriate age for retirement, benefits become payable. Benefits are based on statutes in effect at the time of withdrawal.

Employer Contributions: Contributions for all members are established by statute. Member contributions are at 5% of earnable compensation for Plan B. The contributions are deducted from the member's salary and remitted by the participating municipality.

According to state statute, contribution requirements for all employers are actuarially determined each year. For the year ended June 30, 2019, the actual employer contribution rate for Plan B was 14.00%.

Non-Employer Contributions: According to state statute, the System also receives one-fourth (1/4) of 1% of ad valorem taxes within the respective parish. MERS also receives revenue sharing funds each year as appropriated by the Legislature. These additional sources of income are used as additional employer contributions and considered support from non-employer contributing entities.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources: At June 30, 2020, The City reported liabilities in its government-wide financial statements of \$602,380 and \$602,381 in its governmental activities and its business-type activities, respectively for its proportionate share of the net pension liabilities of MERS. The net pension liabilities were measured as of June 30, 2019 and the total pension liability used to calculate the net pension obligation was determined by separate actuarial valuations performed on each of the retirement systems as of that date. Under each retirement system, the City's proportion of the net pension liability was based on a projection of the City's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2019, the City's proportional share of MERS was 1.377163%, which was a decrease of 0.100777% from its proportion measured as of June 30, 2018.

For the year ended June 30, 2020, the City recognized pension expense of \$106,311 and \$126,384 in its governmental activities and its business-type activities, respectively, related to its participation in MERS.

CITY OF PATTERSON, LOUISIANA

Notes to Financial Statements (continued)

At June 30, 2020, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ -	\$ 26,719	\$ -	\$ 26,718
Changes of assumptions	36,721	-	36,721	-
Net difference between projected and actual earnings on pension plan investments	63,446	-	63,445	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	3,784	27,963	3,784	27,964
Employer contributions subsequent to the measurement date	<u>74,909</u>	<u>-</u>	<u>74,908</u>	<u>-</u>
	<u>\$ 178,860</u>	<u>\$ 54,682</u>	<u>\$ 178,858</u>	<u>\$ 54,682</u>

The \$147,817 reported as deferred outflows of resources related to pensions resulting from City contributions to MERS subsequent to the measurement date will be recognized as a reduction of the net pension liability in the following fiscal year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year</u>	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
2021	\$ 27,064	\$ 27,063	\$ 54,127
2022	8,244	8,245	16,489
2023	8,449	8,448	16,897
2024	<u>5,512</u>	<u>5,512</u>	<u>11,024</u>
	<u>\$ 49,269</u>	<u>\$ 49,268</u>	<u>\$ 98,537</u>

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. Examples include assumptions about future employment mortality and future salary increases. Actuarially determined amounts regarding the net pension liability are subject to continual revision as actual results are compared to past expectations, and new estimates are made about the future.

The actuarial assumptions used in the June 30, 2020 valuation was based on the results of an experience study, for the period July 1, 2013 through June 30, 2018.

CITY OF PATTERSON, LOUISIANA

Notes to Financial Statements (continued)

A summary of the actuarial methods and assumptions used in determining the total pension liability as of June 30, 2020 are as follows:

	Municipal Employees' Retirement System (MERS) Plan B
Valuation Date	June 30, 2019
Actuarial cost method	Entry Age Normal
Expected remaining service lives	3 years
Investment rate of return	7.0%, net of pension plan investment expense, including inflation
Inflation rate	2.5%
Projected salary increases, including inflation and merit increases:	
-1 to 4 years of service	7.4%
-More than 4 years of service	4.9%
Annuity and beneficiary mortality	PubG-2010(B) Healthy Retiree Table set equal to 120% for males and females each adjusted using their respective male and female MP2018 scales.
Employee mortality	PubG-2010(B) Employee Table set equal to 120% for males and females each adjusted using their respective male and female MP2018 scales.
Disabled lives mortality	PubNS-2010(B) Disabled Retiree Table set equal to 120% for males and females with the full generational MP2018 scale.

The investment rate of return was 7.0%, which was a .275 decrease from the rate used as of June 30, 2018. The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expenses and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation and an adjustment for the effect of rebalancing/diversification.

CITY OF PATTERSON, LOUISIANA

Notes to Financial Statements (continued)

The target allocation and best estimates of arithmetic real rates of return for each major asset class included in the System's target asset allocation as of June 30, 2020 are summarized in the following table:

Asset Class	Target Asset Allocation	Long-Term Expected Portfolio Real Rate of Return
Public Equity	50%	2.15%
Public fixed income	35%	1.51%
Alternatives	<u>15%</u>	<u>0.64%</u>
Totals	<u>100%</u>	4.30%
Inflation		<u>2.70%</u>
Expected Arithmetic Nominal Return		<u>7.0%</u>

Discount Rate: The discount rate used to measure the total pension liability was 7.00%, which was a .275% decrease from the rate used as of June 30, 2018. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rates and that contributions from participating employers will be made at the actuarially determined rates, which are calculated in accordance with relevant statutes and approved by the Board of Trustees and the Public Retirement Systems' Actuarial Committee. Based on those assumptions, the System's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity to Changes in Discount Rate: The following presents the employers' proportionate share of the net pension liability using the applicable discount rate as well as what the employer's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate:

	Changes in Discount Rate:		
	MERS - Plan B		
	1% Decrease	Current Discount Rate	1% Increase
	<u>6.000%</u>	<u>7.000%</u>	<u>8.000%</u>
Net Pension Liability	<u>\$ 1,605,636</u>	<u>\$ 1,204,761</u>	<u>\$ 865,728</u>

Support of Non-Employer Contributing Entities: Contributions received by a pension plan from non-employer contributing entities that are not in a special funding situation are recorded as revenue by the respective pension plan. The City recognizes revenue in an amount equal to its proportionate share of the total contributions to the pension plan from these non-employer contributing entities. During the year ended June 30, 2020, the City recognized revenue as a result of support received from non-employer contributing entities of \$36,310 for its participation in MERS.

CITY OF PATTERSON, LOUISIANA

Notes to Financial Statements (continued)

Payables to the Pension Plan: The City recorded accrued liabilities to MERS for the year ended June 30, 2019, primarily due to the accrual for payroll at the end of the fiscal year. The amounts due are included in liabilities under the amounts reported as accounts and other payables. The balance due to MERS as of June 30, 2019 is \$11,590.

Pension Plan Fiduciary Net Positions: Detailed information about the pension plan's fiduciary net position is available in the separately issued financial report for MERS available at www.mersla.com.

B. Municipal Police Employees' Retirement System (MPERS)

Plan Description: The Municipal Police Employees' Retirement System is the administrator of a cost-sharing multiple-employer plan. Membership in MPERS is mandatory for any full-time police officer employed by a municipality of the State of Louisiana and engaged in law enforcement, empowered to make arrests, provided he or she does not have to pay social security and providing he or she meets the statutory criteria. MPERS provides retirement benefits for municipal police officers. The projections of benefit payments in the calculation of the total pension liability includes all benefits to be provided to current active and inactive employees through MPERS in accordance with benefit terms and any additional legal agreements to provide benefits that are in force at the measurement date.

The Municipal Police Employees' Retirement System of Louisiana issues a stand-alone report on their financial statements. Access to the audit report can be found on the System's website: www.lampers.org or on the Louisiana Legislative Auditor's website, www.la.state.la.us.

Benefit provisions are authorized within Act 189 of 1973 and amended by LRS 11:2211-11:2233. The following is a brief description of the plan and its benefits and is provided for general information purposes only. Participants should refer to the appropriate statutes for more complete information.

Membership Prior to January 1, 2013: A member is eligible for regular retirement after he has been a member of MPERS and has 25 years of creditable service at any age or has 20 years of creditable service and is age 50 or has 12 years creditable service and is age 55. A member is eligible for early retirement after he has been a member of the System for 20 years of creditable service at any age with an actuarially reduced benefit.

Benefit rates are 3.33% of average final compensation (average monthly earnings during the highest 36 consecutive months or joined months if service was interrupted) per number of years of creditable service not to exceed 100% of final salary.

Upon the death of an active contributing member, or disability retiree, the plan provides for surviving spouses and minor children. Under conditions outlined in state statute, the benefits range from forty to sixty percent of the member's average final compensation for the surviving spouse. In addition, each child under age eighteen receives benefits equal to ten percent of the member's average final compensation or \$200 per month, whichever is greater.

Membership Commencing January 1, 2013: Member eligibility for regular retirement, early retirement, disability and survivor benefits are based on Hazardous Duty and Non-Hazardous Duty sub plans. Under the Hazardous Duty sub plan, a member is eligible for regular retirement

CITY OF PATTERSON, LOUISIANA

Notes to Financial Statements (continued)

after he has been a member of MPERS and has 25 years of creditable service at any age or has 12 years of creditable service at age 55. Under the Non-Hazardous Duty sub plan, a member is eligible for regular retirement after he has been a member of the System and has 30 years of creditable service at any age, 25 years of creditable service at age 55, or 10 years of creditable service at age 60. Under both sub plans, a member is eligible for early retirement after he has been a member of MPERS for 20 years of creditable service at any age, with an actuarially reduced benefit from age 55.

Under the Hazardous and Non-Hazardous Duty sub plans, the benefit rates are 3% and 2.50%, respectively, of average final compensation (average monthly earnings during the highest 60 consecutive months or joined months if service was interrupted) per number of years of creditable service not to exceed 100% of final salary.

Upon the death of an active contributing member, or disability retiree, the plan provides for surviving spouses and minor children. Under conditions outlined in state statute, benefits range from twenty-five to fifty-five percent of the member's average final compensation for the surviving spouse. In addition, each child under age eighteen receives benefits equal to ten percent of the member's average final compensation or \$200 per month, whichever is greater. If deceased member had less than 10 years of service, beneficiary will receive a refund of employee contributions only.

Cost of Living Adjustments (COLA): The Board of Trustees is authorized to provide annual cost of living adjustments computed on the amount of the current regular retirement, disability, beneficiary or survivor's benefit, not to exceed 3% in any given year. The Board is authorized to provide an additional 2% COLA, computed on the member's original benefit, to all regular retirees, disability, survivors and beneficiaries who are 65 years of age or older on the cut-off date which determines eligibility.

No regular retiree, survivor or beneficiary shall be eligible to receive a cost-of-living adjustment until benefits have been received at least one full fiscal year and the payment of such COLA, when authorized, shall not be effective until the lapse of at least one-half of the fiscal year. Members who elect early retirement are not eligible for a cost of living adjustment until they reach regular retirement age.

A COLA may only be granted if funds are available from interest earnings in excess of normal requirements, as determined by the actuary.

Deferred Retirement Option Plan (DROP): A member is eligible to enter DROP when he is eligible for regular retirement based on the member's sub plan participation. Upon filing the application for the program, the employee's active membership in the system is terminated. At the entry date into the DROP, the employee and employer contributions cease. The amount to be deposited into the DROP account is equal to the benefit computed under the retirement plan elected by the participant at date of application. The duration of participation in the DROP is 36 months or less. If employment is terminated after the three-year period, the participant may receive his benefits by lump sum payment or a true annuity. If employment is not terminated, active contributing membership in the system shall resume and upon later termination, he shall receive additional retirement benefit based on the additional service. For those eligible to enter DROP prior to January 1, 2004, DROP accounts shall earn interest subsequent to the termination of DROP participation at a rate of half of one percentage point below the percentage rate of return of the

CITY OF PATTERSON, LOUISIANA

Notes to Financial Statements (continued)

system's investment portfolio as certified by the actuary on an annual basis but will never lose money. For those eligible to enter DROP subsequent to January 1, 2004, an irrevocable election is made to earn interest based on the system's investment portfolio return or a money market investment return. This could result in negative earnings rate being applied to the account.

If the member elects the money market investment return option, the funds are transferred to a government money market account and earn interest at the money market rate.

Initial Benefit Option Plan: In 1999, the Louisiana Legislature authorized the MPERS to establish an Initial Benefit Option (IBO) program. IBO is available to members who are eligible for regular retirement and have not participated in DROP. The IBO program provides both a one-time single sum payment of up to 36 months of regular monthly retirement benefit, plus a reduced monthly retirement benefit for life. Interest is computed on the balance based on the same criteria as DROP.

Employer Contributions: According to state statute, contribution requirements for all employers are actuarially determined each year but cannot be less than 9% of the employee's earnable compensation excluding overtime but including state supplemental pay.

For the year ended June 30, 2019, the employer and employee contribution rates for all members hired prior to January 1, 2013 and Hazardous Duty members hired after January 1, 2013 were 32.25% and 10%, respectively. The employer and employee contribution rates for all Non-Hazardous Duty members hired after January 1, 2013 were 32.25% and 8%, respectively. The employer and employee contribution rates for all members whose earnable compensation is less than or equal to the poverty guidelines issued by the United States Department of Health and Human Services were 34.75% and 7.5%, respectively.

Non-Employer Contributions: MPERS receives insurance premium tax monies as additional employer contributions. The tax is considered support from a non-contributing entity and appropriated by the Legislature each year based on an actuarial report. Non-employer contributions are recognized as revenue and excluded from pension expense.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources: At June 30, 2020, the City reported liabilities in its government-wide financial statements of \$594,514 in its governmental activities for its proportionate share of the net pension liabilities of MPERS. The net pension liabilities were measured as of June 30, 2019, and the total pension liability used to calculate the net pension obligation was determined by separate actuarial valuations performed on each of the retirement systems as of that date. Under each retirement system, the City's proportion of the net pension liability was based on a projection of the City's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2019, the City's proportional share of MPERS was 0.065463%, which was a decrease of 0.029442% from its proportion measured as of June 30, 2018.

For the year ended June 30, 2020, the City recognized pension expense of \$18,967 in its governmental activities related to its participation in MPERS.

CITY OF PATTERSON, LOUISIANA

Notes to Financial Statements (continued)

At June 30, 2020, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Governmental Activities</u>	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ 1,247	\$ 18,291
Changes of assumptions	33,315	-
Net difference between projected and actual earnings on pension plan investments	38,625	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	30,687	258,105
Employer contributions subsequent to the measurement date	<u>96,898</u>	<u>-</u>
	<u>\$ 200,772</u>	<u>\$ 276,396</u>

The \$96,898 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the following fiscal year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense (benefit) as follows:

<u>Year</u>	
2021	\$ (36,988)
2022	(101,581)
2023	(43,593)
2024	<u>9,640</u>
	<u>\$ (172,522)</u>

Actuarial Methods and Assumptions: The net pension liability was measured as the portion of the present value of projected benefit payments to be provided through the pension plan to current active and inactive employees that is attributed to those employees' past periods of service, less the amount of the pension plan's fiduciary net position.

The actuarial assumptions used in the June 30, 2019 valuation were based on the assumptions used in the June 30, 2019 actuarial funding valuation and were based on the results of an actuarial experience study for the period of July 1, 2009 through June 30, 2014. In cases where benefit structures were changed after the study period, assumptions were based on the estimates of future experience.

CITY OF PATTERSON, LOUISIANA

Notes to Financial Statements (continued)

A summary of the actuarial methods and assumptions used in determining the total pension liability as of June 30, 2020 are as follows:

	Municipal Police Employees' Retirement System (MPERS)	
Valuation Date	June 30, 2019	
Actuarial cost method	Entry Age Normal	
Actuarial cost assumptions:		
Expected emaining service lives	4 years	
Investment rate of return	7.125%, net of investment expense	
Inflation rate	2.50%	
Projected salary increases	Yrs of Service	Salary Growth
	1-2	9.75%
	3-23	4.75%
	Over 23	4.25%
Mortality	RP-2000 Combined Healthy with Blue Collar Adjustment Sex Distinct Tables projected to 2029 by Scale AA (set back 1 year for females) for healthy annuitants and beneficiaries RP-2000 Disabled Lives Table set back 5 years for males and set back 3 years for females for disabled annuitants RP-2000 Employee Table set back 4 years for males and 3 years for females for active members	
Cost of Living Adjustments	The present value of future retirement benefits is based on benefits currently being paid by the System and includes previously granted cost of living increases. The present values do not include provisions for potential future increases not yet authorized by the Board of Trustees.	

The investment rate of return was 7.125%, which was a .075% decrease from the rate used as of June 30, 2018.

The mortality rate assumption used was set based upon an experience study performed by the prior actuary on plan data for the period July 1, 2009 through June 30, 2014 and review of similar law enforcement mortality. The data was assigned credibility weighting and combined with a standard table to produce current levels of mortality. This mortality was then projected forward to a period equivalent to the estimated duration of the System's liabilities. Annuity values calculated based on this mortality were compared to those produced by using a set-back of standard tables. The result of the procedure indicated that the tables used would produce liability values approximating the appropriate generational mortality tables.

CITY OF PATTERSON, LOUISIANA

Notes to Financial Statements (continued)

The best estimates of the arithmetic nominal rates of return for each major asset class included in the System's target allocation as of June 30, 2020 are summarized in the following table:

Asset Class	June 30, 2019	
	Target Allocation	Long Term Expected Portfolio Real Rate of Return
Equity	48.50%	3.28%
Fixed Income	33.50%	0.80%
Alternative	18.00%	1.06%
Other	0.00%	0.00%
Totals	<u>100.00%</u>	5.14%
Inflation		<u>2.75%</u>
Expected Nominal Return		<u>7.89%</u>

The discount rate used to measure the total pension liability was 7.125%, which was a .075% decrease from the rate used as of June 30, 2018. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rates and that contributions from participating employers will be made at the actuarially determined rates approved by PRSAC taking into consideration the recommendation of the System's actuary. Based on those assumptions, the System's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity to Changes in Discount Rate: The following presents the employers' proportionate share of the net pension liability using the applicable discount rate as well as what the employer's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate:

	Changes in Discount Rate:		
	MPERS		
	1% Decrease	Current Discount Rate	1% Increase
Net Pension Liability	<u>\$ 828,353</u>	<u>\$ 594,514</u>	<u>\$ 398,345</u>

CITY OF PATTERSON, LOUISIANA

Notes to Financial Statements (continued)

Support of Non-Employer Contributing Entities: Contributions received by a pension plan from non-employer contributing entities that are not in a special funding situation are recorded as revenue by the respective pension plan. The City recognizes revenue in an amount equal to its proportionate share of the total contributions to the pension plan from these non-employer contributing entities. During the year ended June 30, 2020, the City recognized revenue as a result of support received from non-employer contributing entities of \$13,477 for its participation in MPERS.

Payables to the Pension Plan: The City recorded accrued liabilities to MPERS for the year ended June 30, 2020, primarily due to the accrual for payroll at the end of the fiscal year. The amounts due are included in liabilities under the amounts reported as accounts and other payables. The balance due to MPERS as of June 30, 2020 is \$9,186.

Pension Plan Fiduciary Net Positions: Detailed information about the pension plan's fiduciary net position is available in the separately issued financial report for MPERS available at www.lampers.org.

C. Aggregate Net Pension Liability, Deferred Outflows of Resources, Deferred Inflows of Resources and Pension Expense

As detailed above, the City participates in two separate defined benefit pension plans. The aggregate amounts for the City's participation in Municipal Employees' Retirement System of Louisiana (MERS) and Municipal and State Police Retirement System of Louisiana (MPERS) are as follows:

Employer's Proportionate Share of Net Pension Liability:

	<u>MERS</u>	<u>MPERS</u>	<u>Aggregate</u>
Governmental Activities	\$ 602,380	\$ 594,514	\$ 1,196,894
Business-Type Activities	602,381	-	602,381
Total	<u>\$ 1,204,761</u>	<u>\$ 594,514</u>	<u>\$ 1,799,275</u>

Deferred Outflows of Resources:

	<u>MERS</u>	<u>MPERS</u>	<u>Aggregate</u>
Governmental Activities	\$ 178,860	\$ 200,772	\$ 379,632
Business-Type Activities	178,858	-	178,858
Total	<u>\$ 357,718</u>	<u>\$ 200,772</u>	<u>\$ 558,490</u>

CITY OF PATTERSON, LOUISIANA

Notes to Financial Statements (continued)

Deferred Inflows of Resources:

	<u>MERS</u>	<u>MPERS</u>	<u>Aggregate</u>
Governmental Activities	\$ 54,682	\$ 276,396	\$ 331,078
Business-Type Activities	<u>54,682</u>	<u>-</u>	<u>54,682</u>
Total	<u>\$ 109,364</u>	<u>\$ 276,396</u>	<u>\$ 385,760</u>

Pension Expense:

	<u>MERS</u>	<u>MPERS</u>	<u>Aggregate</u>
Governmental Activities	\$ 106,311	\$ 18,967	\$ 125,278
Business-Type Activities	<u>126,384</u>	<u>-</u>	<u>126,384</u>
Total	<u>\$ 232,695</u>	<u>\$ 18,967</u>	<u>\$ 251,662</u>

(14) Post-Employment Benefits

Effective with the fiscal year beginning July 1, 2017, the City implemented Government Accounting Standards Board Statement Number 75, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions* (GASB 75).

Plan Description and Funding Policy

The City's defined benefit postemployment health care plan provides OPEB to eligible retired employees and their beneficiaries until the retiree attains the age of 65. The plan provides OPEB for permanent full-time employees of the City participating in the City's group health insurance plan. The City's OPEB plan is a single employer defined benefit OPEB plan administered by the City. Benefits are provided through the City's group health insurance carrier. No assets are accumulated in a trust that meets the criteria in paragraph 4 of Statement 75. The premium rates are established and may be amended by the group health insurance carrier with the City determining the contribution requirements of the retirees.

Once the retiree becomes eligible to obtain Medicare supplement insurance, the retiree and their dependents are no longer eligible to participate in the City's group health insurance plan. The retiree is eligible to obtain a medicare supplemental insurance policy through the OPEB plan. Premiums are determined by the group health insurance carrier with the City contributing 75% of the premium amount.

Benefits Provided

The City provides medical benefits for retirees and their dependents. The benefit terms provide for payment of 75% of retiree pre-Medicare health insurance premiums. The plan also provides for payment of 75% of Medicare Supplemental insurance payments.

Employees Covered by Benefit Terms

At June 30, 2019, there were a total of 45 employees covered by the benefit terms. Of these 50 employees, 42 were active employees and 8 were inactive employees currently receiving benefits payments.

CITY OF PATTERSON, LOUISIANA

Notes to Financial Statements (continued)

The City's total OPEB liability of \$763,182 was measured as of June 30, 2019 and was determined by the alternative measurement method. Small employers with less than 100 total plan participants are eligible to use the alternative measurement method.

Key Assumptions and Other Inputs

The total OPEB liability as of June 30, 2019 was determined using the following key assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Salary increases, including inflation	2.00%
Discount rate	3.62%
Percentage participation	100.00%
Healthcare cost trend rates	
Medical	Initially 4.6%, increasing 0.1% per year to year 3, then remaining level through year 6, then decreasing 0.1% in year 7 and remaining at 4.70% through year 10
Retirees' share of benefit-related costs	
Medical	25% for retirees and 25% for dependents
Medicare supplement	25% for retirees

The discount rate was based on the June 30, 2018 Fidelity General Obligation AA 20-Year Yield.

Mortality rates for active employees were based on the RP-2000 Mortality Table for Males and Females Projected 18 years.

Changes in Total OPEB Liability:

	Governmental Funds	Business-Type Funds	Total OPEB Liability
Balance at 6/30/2019	\$ 592,124	\$ 171,058	\$ 763,182
Charges for the year:			
Service cost	29,718	20,652	50,370
Interest on OPEB liability	16,688	11,596	28,284
Effect of economic gains and losses	61,459	42,708	104,167
Differences between expected and actual experience	44,889	28,414	73,303
Net changes	152,753	103,371	256,124
Balance at 6/30/2020	\$ 744,877	\$ 274,429	\$ 1,019,306

CITY OF PATTERSON, LOUISIANA

Notes to Financial Statements (continued)

Sensitivity of the total OPEB liability to changes in the discount rate

The following presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that 1-percentage-point lower (2.62 percent) or 1-percentage-point higher (4.62 percent) than the current discount rate:

	<u>1% Decrease (1.45%)</u>	<u>Discount Rate (2.45%)</u>	<u>1% Increase (3.45%)</u>
Total OPEB Liability	<u>\$ 1,112,320</u>	<u>\$ 1,019,306</u>	<u>\$ 938,749</u>

Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates

The following presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point high than the current healthcare cost trend rates:

	<u>1% Decrease</u>	<u>Discount Rate</u>	<u>1% Increase</u>
Total OPEB Liability	<u>\$ 925,287</u>	<u>\$ 1,019,306</u>	<u>\$ 1,129,042</u>

(15) Social Security System

All employees of the City 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, 2020 was \$171,410.

(16) Risk Management

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City has elected to purchase insurance coverage through the commercial insurance market to cover its exposure to loss. The City is insured up to policy limits for each of the above risks. There were no significant changes in coverages, retentions, or limits during the year ended June 30, 2020. Settled claims have not exceeded the commercial coverages in any of the previous three fiscal years.

CITY OF PATTERSON, LOUISIANA

Notes to Financial Statements (continued)

(17) Compensation of City Officials

A detail of compensation paid to the City Council for the year ended June 30, 2020 follows:

Mayor:	
Rodney Grogan	\$ 42,000
Council:	
Travis Darnell	\$ 6,000
Lee Condolle	6,000
John Rentrop	6,000
Joseph C. Russo, III	6,000
Sandra Turner	6,000
	<u>\$ 72,000</u>

Act 706 of the 2014 Legislative Session amended R.S. 24:513A requiring additional disclosure of total compensation, reimbursements, benefits, or other payments made to an agency head or chief officer. Payments to and on behalf of the City's chief officer, Mayor Rodney Grogan, for the year ended June 30, 2020 are as follows:

Salary	\$ 42,000
Benefits - insurance	8,582
Benefits - retirement	5,880
Conference travel/lodging/meals	5,798
	<u>\$ 62,260</u>

(18) Joint Venture

The City is a participant in a joint venture with the Parish of St. Mary, St. Mary Parish Water and Sewer Commission No. 3, and the Town of Berwick for operating and maintaining a sewerage disposal system. The system is operated by a five-member board of commissioners, appointed one each by the City, St. Mary Parish Water and Sewer Commission No. 3, and the Town of Berwick, and two appointed by the St. Mary Parish Council (one each from Ward 5 and Ward 8 of St. Mary Parish).

The costs of constructing the system, which amounted to approximately \$10,300,000, were paid by the participants in the following percentages:

City of Patterson	27.75%
Town of Berwick	27.05%
St. Mary Parish	45.20%
	<u>100.00%</u>

The board operates and maintains the system as the "St. Mary Parish Wards 5 and 8 Joint Sewerage Commission". Operating expenses are paid from revenues generated by charging the participants a monthly fee based on a percentage of water consumption by residents of participating units. The City finances its share of the fees paid from the Utility Fund and has not included its 27.75% share of the system in these financial statements.

CITY OF PATTERSON, LOUISIANA

Notes to Financial Statements (continued)

Following is a summary of the financial statements issued by the St. Mary Parish Wards 5 and 8 Joint Sewerage Commission as of September 30, 2019 which includes only the assets and liabilities required in operating and maintaining the system and does not include the original \$10,300,000 construction cost paid by the participants.

The balance sheet reflected the following:

Total assets and deferred outflows of resources	\$ 1,744,186
Total liabilities and deferred inflows of resources	<u>297,711</u>
Total net position	<u>\$ 1,446,475</u>

The statement of revenues and expenses for the fiscal year ended September 30, 2019 reflected the following:

Operating revenues	\$ 974,479
Nonoperating revenues	17,725
Operating expenses	<u>(1,021,466)</u>
Change in net position	<u>\$ (29,262)</u>

Additional information may be obtained from the separately issued financial statements of the St. Mary Parish Wards 5 and 8 Joint Sewerage Commission for the year ended September 30, 2019.

(19) Deficit Fund Balances

The following nonmajor funds reported deficit unassigned fund balances at June 30, 2020:

Debt Service Fund	
Public Improvement Sales Tax Bonds Fund	\$ 197,055
1990 Paving Assessments Fund	107,829
Capital Projects Fund	
2002 Paving Project Construction Fund	30,558
Limited Tax Bond Construction Fund	313
Water Plant Construction Fund	101

The deficits resulted from the expenditure of funds obligated to repay interfund loans. Management anticipates eliminating these deficits through transfers from other funds.

CITY OF PATTERSON, LOUISIANA

Notes to Financial Statements (continued)

(20) Accounting Standards Scheduled to be Implemented

Following is a summary of accounting standards adopted by the Governmental Accounting Standards Board (GASB) that are scheduled to be implemented in the future that may affect the City's financial report:

GASB Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*. The Statement postpones effective dates of certain provisions in Statements and Implementation Guides that first became effective or are scheduled to become effective for periods beginning after June 15, 2018, and later.

GASB Statement 83, *Certain Asset Retirement Obligations (ARO)*. This standard establishes criteria for determining the timing and pattern of recognition of an ARO liability and a corresponding deferred outflow of resources. An ARO is a legally enforceable liability associated with the sale, recycling, retirement, abandonment or disposal in some other manner of a tangible capital asset permanently removed from service. The standard is effective for annual reporting periods beginning after June 15, 2018. GASBS No. 95 postponed this statement by 1 year. The City will include the requirements of this standard, as applicable, in its June 30, 2021 financial statements. The effect of this standard or its applicability to the City are unknown at this time.

GASB Statement 84, *Fiduciary Activities*. This standard defines and establishes criteria for identifying and reporting fiduciary activities. The focus of the criteria is on (1) whether the City controls the assets in a fiduciary activity and (2) there are separate identifiable beneficiaries with whom a fiduciary relationship exists. The standard is effective for annual reporting periods beginning after December 15, 2018. GASBS No. 95 postponed this statement by 1 year. The City will include the requirements of this standard, as applicable, in its June 30, 2021 financial statements. The effect of this standard or its applicability to the City are unknown at this time.

GASB Statement 87, *Leases*. This standard will require all leases to be reported on the statement of net position under a single accounting model for both lessors and lessees. The statement will require the recognition of lease assets or liabilities for leases previously reported as operating leases. Both operating and capital leases will be reported under this single accounting method and reported by lessees as in intangible right to use asset and by lessors as a receivable with both reporting a deferred inflow of resources. The standard is effective for annual reporting periods beginning after December 15, 2019. GASBS No. 95 postponed this statement by 18 months. The City will include the requirements of this standard, as applicable, in its June 30, 2022 financial statements. All of the City's lease agreements will need to be evaluated to determine the impact of implementing this standard; however, the effect of this standard or its applicability to the City are unknown at this time.

CITY OF PATTERSON, LOUISIANA

Notes to Financial Statements (continued)

(21) Prior Period Adjustment

During the year ended June 30, 2020, the following adjustment was required to restate net position/fund balance to correct understated accrued wages in governmental activities and the General Fund.

	As Previously Reported	Adjustment	As Restated
Government-wide financial statements			
Governmental activities	<u>\$ 14,552,985</u>	<u>\$ (38,772)</u>	<u>\$ 14,514,213</u>
General Fund			
Beginning balance, before restatement	\$ 2,803,846		
Correction of accrued wages	<u>(38,772)</u>		
Beginning balance, as restated	<u>\$ 2,765,074</u>		

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF PATTERSON, LOUISIANA
General Fund

Budgetary Comparison Schedule
Year Ended June 30, 2020

	Budget		Actual	Variance With Final Budget Favorable (Unfavorable)
	Original	Final		
Revenues:				
Taxes	\$ 1,519,500	\$ 1,537,243	\$ 1,562,449	\$ 25,206
Licenses and permits	179,600	171,500	198,645	27,145
Intergovernmental	349,306	299,936	280,915	(19,021)
Charges for services	594,454	608,018	660,352	52,334
Fines and forfeits	325,000	375,000	335,032	(39,968)
Miscellaneous	71,500	186,500	185,792	(708)
Total revenues	<u>3,039,360</u>	<u>3,178,197</u>	<u>3,223,185</u>	<u>44,988</u>
Expenditures:				
Current -				
General government:				
Administrative	756,350	737,771	795,759	(57,988)
Mechanic shop	111,000	125,818	122,760	3,058
Public safety:				
Police	1,804,080	2,012,947	2,066,561	(53,614)
Fire	64,607	39,664	44,545	(4,881)
Streets and drainage	519,590	573,519	751,645	(178,126)
Culture and recreation	201,690	244,903	123,075	121,828
Sanitation	553,000	553,910	539,504	14,406
Capital outlay	315,910	343,980	262,734	81,246
Debt service	-	-	54,353	(54,353)
Total expenditures	<u>4,326,227</u>	<u>4,632,512</u>	<u>4,760,936</u>	<u>(128,424)</u>
Deficiency of revenues over expenditures	<u>(1,286,867)</u>	<u>(1,454,315)</u>	<u>(1,537,751)</u>	<u>(83,436)</u>
Other financing sources (uses):				
Operating transfers out	-	-	(49,754)	(49,754)
Operating transfers in	988,818	1,389,321	1,557,909	168,588
Total other financing sources (uses)	<u>988,818</u>	<u>1,389,321</u>	<u>1,508,155</u>	<u>118,834</u>
Net change in fund balance	(298,049)	(64,994)	(29,596)	35,398
Fund balance, beginning	<u>2,856,799</u>	<u>2,765,074</u>	<u>2,765,074</u>	<u>-</u>
Fund balance, ending	<u>\$ 2,558,750</u>	<u>\$ 2,700,080</u>	<u>\$ 2,735,478</u>	<u>\$ 35,398</u>

See accompanying notes to required supplementary information.

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

Budgetary Comparison Schedule
Year Ended June 30, 2020

	Budget		Actual	Variance With Final Budget Favorable (Unfavorable)
	Original	Final		
Revenues:				
Taxes	\$ 735,500	\$ 741,500	\$ 768,731	\$ 27,231
Interest on deposits	<u>8,400</u>	<u>6,100</u>	<u>18,518</u>	<u>12,418</u>
Total revenues	743,900	747,600	787,249	39,649
Other financing sources (uses):				
Operating transfers out	<u>(981,000)</u>	<u>(1,481,503)</u>	<u>(1,747,115)</u>	<u>(265,612)</u>
Net change in fund balance	(237,100)	(733,903)	(959,866)	(225,963)
Fund balance, beginning	<u>5,342,173</u>	<u>3,515,354</u>	<u>3,515,354</u>	<u>-</u>
Fund balance, ending	<u>\$ 5,105,073</u>	<u>\$ 2,781,451</u>	<u>\$ 2,555,488</u>	<u>\$ (225,963)</u>

See accompanying notes to required supplementary information.

CITY OF PATTERSON, LOUISIANA
Ad Valorem Tax Collection Fund

Budgetary Comparison Schedule
Year Ended June 30, 2020

	Budget		Actual	Variance With Final Budget Favorable (Unfavorable)
	Original	Final		
Revenues:				
Taxes	\$ 586,618	\$ 586,618	\$ 558,798	\$ (27,820)
Interest on deposits	-	15	17	2
Miscellaneous	-	711	13,172	12,461
Total revenues	586,618	587,344	571,987	(15,357)
Expenditures:				
Current -				
General government	15,200	7,802	11,141	(3,339)
Excess of revenues over expenditures	571,418	579,542	560,846	(18,696)
Other financing sources (uses):				
Operating transfers out	(580,848)	(580,848)	(561,045)	19,803
Operating transfers in	-	-	199	199
Total other financing sources (uses)	(580,848)	(580,848)	(560,846)	20,002
Net change in fund balance	(9,430)	(1,306)	-	1,306
Fund balance, beginning	-	-	-	-
Fund balance, ending	<u>\$ (9,430)</u>	<u>\$ (1,306)</u>	<u>\$ -</u>	<u>\$ 1,306</u>

See accompanying notes to required supplementary information.

CITY OF PATTERSON, LOUISIANA

Schedule of Changes in Total OPEB Liability and Related Ratios
Year Ended June 30, 2020

	<u>2018</u>	<u>2019</u>	<u>2020</u>
Total OPEB Liability			
Service Cost	\$ 44,561	\$ 48,172	\$ 50,370
Interest	25,958	29,395	28,284
Effect of economic gains and losses	-	(99,350)	104,167
Differences between expected and actual experience	<u>24,053</u>	<u>(6,717)</u>	<u>73,303</u>
Net change in total OPEB liability	94,572	(28,500)	256,124
Total OPEB liability, beginning	<u>697,110</u>	<u>791,682</u>	<u>763,182</u>
Total OPEB liability, ending	<u>\$ 791,682</u>	<u>\$ 763,182</u>	<u>\$ 1,019,306</u>
Covered employee payroll	<u>\$ 1,151,467</u>	<u>\$ 1,186,798</u>	<u>\$ 1,210,534</u>
Total OPEB liability as a percentage of covered employee payroll	<u>68.8%</u>	<u>64.3%</u>	<u>84.2%</u>

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

CITY OF PATTERSON, LOUISIANA

Schedule of Employer's Share of Net Pension Liability
Year Ended June 30, 2020

Year ended June 30,	Employer Proportion of the Net Pension Liability (Asset)	Employer Proportionate Share of the Net Pension Liability (Asset)	Employer's Covered Payroll	Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Employee Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
Municipal Employees' Retirement System					
2014	1.646384%	\$ 772,971	\$ 1,206,100	64.1%	76.94%
2015	1.518223%	\$ 1,031,856	\$ 1,050,232	98.3%	68.71%
2016	1.495290%	\$ 1,239,459	\$ 1,098,595	112.8%	62.11%
2017	1.440633%	\$ 1,246,483	\$ 1,070,609	116.4%	63.49%
2018	1.477940%	\$ 1,250,089	\$ 1,087,923	114.9%	65.60%
2019	1.377163%	\$ 1,204,761	\$ 1,052,795	114.4%	66.14%
Municipal Police Employees' Retirement System					
2014	0.105901%	\$ 662,535	\$ 297,210	222.9%	75.10%
2015	0.108207%	\$ 847,689	\$ 289,873	292.4%	70.73%
2016	0.100478%	\$ 941,762	\$ 281,321	334.8%	66.04%
2017	0.116587%	\$ 1,017,854	\$ 351,997	289.2%	70.08%
2018	0.094905%	\$ 802,333	\$ 280,078	286.5%	71.89%
2019	0.065463%	\$ 594,514	\$ 204,434	290.8%	71.01%

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

CITY OF PATTERSON, LOUISIANA

Schedule of Employer Contributions
Year Ended June 30, 2020

<u>Year ended June 30,</u>	<u>Contractually Required Contribution</u>	<u>Contributions in Relation to Contractual Required Contribution</u>	<u>Contribution Deficiency (Excess)</u>	<u>Employer's Covered Payroll</u>	<u>Contributions as a % of Covered Employee Payroll</u>
Municipal Employees' Retirement System					
2015	\$ 99,772	\$ 99,772	-	\$ 1,050,232	9.50%
2016	\$ 104,161	\$ 104,161	-	\$ 1,098,595	9.48%
2017	\$ 117,767	\$ 117,767	-	\$ 1,070,609	11.00%
2018	\$ 144,150	\$ 144,150	-	\$ 1,087,923	13.25%
2019	\$ 147,391	\$ 147,391	-	\$ 1,052,795	14.00%
2020	\$ 149,817	\$ 149,817	-	\$ 1,070,122	14.00%
Municipal Police Employees' Retirement System					
2015	\$ 91,310	\$ 91,310	-	\$ 289,873	31.50%
2016	\$ 83,307	\$ 83,307	-	\$ 281,321	29.61%
2017	\$ 110,878	\$ 110,878	-	\$ 351,997	31.50%
2018	\$ 86,124	\$ 86,124	-	\$ 280,078	30.75%
2019	\$ 65,930	\$ 65,930	-	\$ 204,434	32.25%
2020	\$ 96,897	\$ 96,897	-	\$ 298,147	32.50%

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

CITY OF PATTERSON, LOUISIANA

Notes to Required Supplementary Information

(1) Budgetary Basis of Accounting

The budgets for the General Fund, Sewerage and Solid Waste Sales Tax Fund, and the Ad Valorem Tax Collection Fund are adopted on the modified accrual basis of accounting consistent with generally accepted accounting principles (GAAP). Budgeted amounts are as originally adopted or as amended by the City Council.

(2) Budget Adoption

The City follows these procedures in establishing the budgetary data reflected in the supplementary information:

1. The City Accountant 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 an ordinance 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.

(3) Actual Expenditures in Excess of Budgeted Appropriations

Actual expenditures and transfers exceeded budgeted appropriations in the General Fund and the Sewerage and Solid Waste Sales Tax Fund by \$178,178 and \$265,612, respectively.

CITY OF PATTERSON, LOUISIANA

Notes to Required Supplementary Information (continued)

(4) Retirement Systems

A. Municipal Employees' Retirement System

Changes of benefit terms – There were no changes of benefit terms.

Changes of assumptions – Changes of assumptions –

*					
Year ended June 30,	Discount Rate	Investment Rate of Return	Inflation Rate	Expected Remaining Service Lives	Projected Salary Increase
2015	7.750%	7.750%	3.000%	4	5.750%
2016	7.500%	7.500%	2.875%	4	5.000%
2017	7.500%	7.500%	2.875%	4	5.000%
2018	7.400%	7.400%	2.775%	4	5.000%
2019	7.275%	7.275%	2.600%	3	5.000%
2020	7.000%	7.000%	2.500%	3	4.9% - 7.4%

B. Municipal Police Employees' Retirement System

Changes of benefit terms – There were no changes of benefit terms.

Changes of assumptions – Changes of assumptions –

*					
Year ended June 30,	Discount Rate	Investment Rate of Return	Inflation Rate	Expected Remaining Service Lives	Projected Salary Increase
2015	7.500%	7.500%	3.000%	4	4.00% - 10.00%
2016	7.500%	7.500%	2.875%	4	4.25% - 9.75%
2017	7.500%	7.500%	2.875%	4	4.25% - 9.75%
2018	7.325%	7.325%	2.700%	4	4.25% - 9.75%
2019	7.200%	7.200%	2.600%	4	4.25% - 9.75%
2020	7.125%	7.125%	2.500%	4	4.25% - 9.75%

* The amounts presented have a measurement date of the previous fiscal year end.

(5) Post Employment Benefits

A. Changes of benefits terms – None

B. Changes of Assumptions – None

OTHER SUPPLEMENTARY INFORMATION

CITY OF PATTERSON, LOUISIANA
General Fund

Budgetary Comparison Schedule-Revenues
Year Ended June 30, 2020

	Budget		Actual	Variance With Final Budget Favorable (Unfavorable)
	Original	Final		
Taxes -				
Sales	\$ 1,209,000	\$ 1,238,790	\$ 1,313,017	\$ 74,227
Utility franchise	289,000	280,000	230,889	(49,111)
Housing authority payment in lieu of taxes	21,500	18,453	18,543	90
	<u>1,519,500</u>	<u>1,537,243</u>	<u>1,562,449</u>	<u>25,206</u>
Licenses and permits -				
Occupational licenses	169,000	163,000	194,081	31,081
Culvert permits	600	500	200	(300)
Building permits	10,000	8,000	4,364	(3,636)
	<u>179,600</u>	<u>171,500</u>	<u>198,645</u>	<u>27,145</u>
Intergovernmental -				
State of Louisiana -				
Beer taxes	7,036	6,036	4,709	(1,327)
Video poker	77,000	43,000	4,893	(38,107)
Prisoner maintenance	81,000	65,900	77,347	11,447
Other state grants	-	-	50,000	50,000
St. Mary Parish Government -				
Road royalty allocation	7,270	18,000	18,000	-
Riverboat gaming allocation	34,000	34,000	34,000	-
Prisoner maintenance	125,000	115,000	91,966	(23,034)
St. Mary Parish School Board -				
In-school suspension	18,000	18,000	-	(18,000)
	<u>349,306</u>	<u>299,936</u>	<u>280,915</u>	<u>(19,021)</u>
Charges for services:				
Garbage fees	481,000	481,000	486,134	5,134
Mosquito abatement	-	-	48,804	48,804
Mechanic shop fees	111,024	127,018	125,414	(1,604)
Summer recreation fees	2,430	-	-	-
	<u>594,454</u>	<u>608,018</u>	<u>660,352</u>	<u>52,334</u>
Fines and forfeits	<u>325,000</u>	<u>375,000</u>	<u>335,032</u>	<u>(39,968)</u>

(continued)

CITY OF PATTERSON, LOUISIANA
General Fund

Budgetary Comparison Schedule-Revenues (continued)
Year Ended June 30, 2020

	Budget		Actual	Variance With Final Budget Favorable (Unfavorable)
	Original	Final		
Miscellaneous:				
Interest	1,750	1,750	2,641	891
Oil and gas royalties	250	250	86	(164)
Other sources	<u>69,500</u>	<u>184,500</u>	<u>183,065</u>	<u>(1,435)</u>
	<u>71,500</u>	<u>186,500</u>	<u>185,792</u>	<u>(708)</u>
 Total revenues	 <u>\$ 3,039,360</u>	 <u>\$ 3,178,197</u>	 <u>\$ 3,223,185</u>	 <u>\$ 44,988</u>

CITY OF PATTERSON, LOUISIANA
General Fund

Budgetary Comparison Schedule-Expenditures
Year Ended June 30, 2020

	Budget		Actual	Variance With
	Original	Final		Final Budget
				Favorable (Unfavorable)
General government:				
Administrative -				
Salaries	\$ 253,000	\$ 257,409	\$ 254,678	\$ 2,731
Payroll taxes	17,000	19,609	16,679	2,930
Retirement contributions	31,000	28,846	27,137	1,709
Group insurance	26,500	24,269	26,338	(2,069)
Magistrate fees	6,000	12,000	12,000	-
Uniforms	1,000	500	328	172
Travel and employee expense	12,500	15,445	12,025	3,420
Telephone and utilities	13,100	10,994	7,668	3,326
Office supplies	2,500	1,500	571	929
Operating supplies	6,000	8,381	10,061	(1,680)
Repairs and maintenance	11,800	26,628	26,976	(348)
Training and seminars	5,250	2,198	2,198	-
Professional fees	65,000	58,000	53,969	4,031
Office equipment rentals	3,200	1,860	2,398	(538)
Dues and subscriptions	2,000	2,200	2,182	18
Donations and grants	8,000	9,605	(822)	10,427
Advertising and publishing	15,000	13,000	13,172	(172)
General insurance	265,000	225,000	309,252	(84,252)
Miscellaneous	12,500	20,327	18,949	1,378
Total administrative	<u>756,350</u>	<u>737,771</u>	<u>795,759</u>	<u>(57,988)</u>

(continued)

CITY OF PATTERSON, LOUISIANA
General Fund

Budgetary Comparison Schedule-Expenditures (continued)
Year Ended June 30, 2020

	Budget		Actual	Variance With Final Budget Favorable (Unfavorable)
	Original	Final		
Mechanic shop -				
Salaries	\$ 61,800	\$ 72,585	\$ 70,812	\$ 1,773
Payroll taxes	4,400	4,800	4,240	560
Retirement contribution	8,300	8,300	7,881	419
Group insurance	20,500	20,200	17,225	2,975
Operating supplies	4,500	6,500	8,228	(1,728)
Repairs and maintenance	2,000	1,800	1,596	204
Miscellaneous	9,500	11,633	12,778	(1,145)
Total mechanic shop	<u>111,000</u>	<u>125,818</u>	<u>122,760</u>	<u>3,058</u>
Total general government	<u>867,350</u>	<u>863,589</u>	<u>918,519</u>	<u>(54,930)</u>
Public safety:				
Police -				
Salaries	999,000	1,084,315	1,056,845	27,470
Payroll taxes	66,500	79,755	70,990	8,765
Retirement contributions	75,000	87,927	98,709	(10,782)
Group insurance	341,000	336,000	295,708	40,292
Uniform allowances	8,600	8,600	13,834	(5,234)
Prisoner expense	84,000	84,000	86,514	(2,514)
Telephone and utilities	55,500	41,500	38,019	3,481
Office supplies	2,500	3,900	3,731	169
Operating supplies	15,000	30,985	43,815	(12,830)
Repairs and maintenance	71,800	83,653	77,963	5,690
Equipment rentals	5,000	14,000	18,011	(4,011)
Vehicle expense	40,000	53,980	99,499	(45,519)
Training seminars	5,500	4,564	5,261	(697)
Travel and employee expense	5,500	4,315	4,315	-
Miscellaneous	29,180	95,453	153,347	(57,894)
Total police	<u>1,804,080</u>	<u>2,012,947</u>	<u>2,066,561</u>	<u>(53,614)</u>

(continued)

CITY OF PATTERSON, LOUISIANA
General Fund

Budgetary Comparison Schedule-Expenditures (continued)
Year Ended June 30, 2020

	Budget		Actual	Variance With Final Budget Favorable (Unfavorable)
	Original	Final		
Fire:				
Salaries	\$ 18,000	\$ 975	\$ 900	\$ 75
Payroll taxes	1,440	75	(85)	160
Telephone & utilities	4,200	7,200	7,375	(175)
Operating supplies	18,000	11,000	10,803	197
Repairs and maintenance	7,000	4,450	4,959	(509)
Vehicle expenses	6,800	10,097	12,626	(2,529)
Miscellaneous	9,167	5,867	7,967	(2,100)
Total fire	<u>64,607</u>	<u>39,664</u>	<u>44,545</u>	<u>(4,881)</u>
Total public safety	<u>1,868,687</u>	<u>2,052,611</u>	<u>2,111,106</u>	<u>(58,495)</u>
Streets and drainage:				
Salaries	265,250	289,056	298,875	(9,819)
Payroll taxes	19,100	20,500	19,391	1,109
Retirement contributions	28,500	28,700	29,511	(811)
Group insurance	49,000	46,000	35,522	10,478
Uniform allowance	3,800	3,100	3,129	(29)
Travel and employee expenses	500	550	550	-
Utilities	54,000	43,000	48,959	(5,959)
Chemicals and agents	1,500	1,000	-	1,000
Operating supplies	8,000	21,000	23,997	(2,997)
Repairs and maintenance	46,500	48,500	98,561	(50,061)
Vehicle expenses	31,000	24,000	78,681	(54,681)
Mosquito abatement	-	-	58,800	(58,800)
Miscellaneous	12,440	19,980	21,822	(1,842)
Total streets and drainage	<u>519,590</u>	<u>573,519</u>	<u>751,645</u>	<u>(178,126)</u>

(continued)

CITY OF PATTERSON, LOUISIANA
General Fund

Budgetary Comparison Schedule-Expenditures (continued)
Year Ended June 30, 2020

	Budget		Actual	Variance With Final Budget Favorable (Unfavorable)
	Original	Final		
Culture and recreation:				
Salaries	\$ 59,000	\$ 59,000	\$ 53,543	\$ 5,457
Payroll taxes	4,700	4,590	3,586	1,004
Telephone and utilities	23,800	37,000	33,521	3,479
Operating supplies	76,900	104,710	10,375	94,335
Referee and umpire fees	3,350	3,250	3,250	-
Rental fees	2,040	2,040	2,280	(240)
Miscellaneous	<u>31,900</u>	<u>34,313</u>	<u>16,520</u>	<u>17,793</u>
Total culture and recreation	<u>201,690</u>	<u>244,903</u>	<u>123,075</u>	<u>121,828</u>
Sanitation:				
Equipment repairs & maintenance	-	910	1,073	(163)
Garbage services rendered	552,000	552,000	538,431	13,569
Miscellaneous	<u>1,000</u>	<u>1,000</u>	<u>-</u>	<u>1,000</u>
Total sanitation	<u>553,000</u>	<u>553,910</u>	<u>539,504</u>	<u>14,406</u>

(continued)

CITY OF PATTERSON, LOUISIANA
General Fund

Budgetary Comparison Schedule-Expenditures (continued)
Year Ended June 30, 2020

	Budget		Actual	Variance With Final Budget Favorable (Unfavorable)
	Original	Final		
Capital outlay:				
Police equipment and improvements	\$ 60,910	\$ 102,180	\$ 52,095	\$ 50,085
Mechanic shop equipment	60,000	-	-	-
Street department equipment	135,000	136,800	-	136,800
Culture and recreation	60,000	105,000	210,639	(105,639)
Total capital outlay	<u>315,910</u>	<u>343,980</u>	<u>262,734</u>	<u>81,246</u>
Debt service:				
Principal paid	-	-	45,136	(45,136)
Interest and fiscal charges	-	-	9,217	(9,217)
Total debt service	<u>-</u>	<u>-</u>	<u>54,353</u>	<u>(54,353)</u>
Total expenditures	<u>\$ 4,326,227</u>	<u>\$ 4,632,512</u>	<u>\$ 4,760,936</u>	<u>\$ (128,424)</u>

CITY OF PATTERSON, LOUISIANA
Nonmajor Governmental Funds

Combining Balance Sheet
Year Ended June 30, 2020

	Special Revenue Fund			
	Fire Department Equipment	2002 Paving Assessments	Sales Tax Refunding Bonds	1973 Paving Assessments
ASSETS				
Cash	\$ -	\$ 152,840	\$ -	\$ 4,277
Interest-bearing deposits	249,914	-	411,757	-
Receivables				
Assessments	-	6,628	-	-
Other	133	-	90	-
Due from other governments	22,978	-	-	-
Due from other funds	-	1,256	26,554	-
Total assets	\$ 273,025	\$ 160,724	\$ 438,401	\$ 4,277
LIABILITIES AND FUND BALANCES				
Liabilities:				
Due to other funds	\$ -	\$ 1,868	\$ 4,426	\$ -
Unearned revenues	-	6,628	-	-
Total liabilities	-	8,496	4,426	-
Fund balances -				
Restricted	273,025	152,228	433,975	4,277
Unassigned (deficit)	-	-	-	-
Total fund balances	273,025	152,228	433,975	4,277
Total liabilities and fund balances	\$ 273,025	\$ 160,724	\$ 438,401	\$ 4,277

Debt Service Funds

Various Paving Assessments	Public Improvement Sales Tax Bonds	Public Improvement Bonds	1990 Paving Assessments
\$ 3,808	\$ -	\$ -	\$ 160
134,430	877	28,763	46
-	-	-	-
14	-	-	-
-	-	-	-
-	-	833,327	15,555
<u>\$ 138,252</u>	<u>\$ 877</u>	<u>\$ 862,090</u>	<u>\$ 15,761</u>
\$ -	\$ 197,932	\$ 54,697	\$ 123,590
-	-	-	-
-	197,932	54,697	123,590
138,252	-	807,393	-
-	(197,055)	-	(107,829)
<u>138,252</u>	<u>(197,055)</u>	<u>807,393</u>	<u>(107,829)</u>
<u>\$ 138,252</u>	<u>\$ 877</u>	<u>\$ 862,090</u>	<u>\$ 15,761</u>

(continued)

CITY OF PATTERSON, LOUISIANA
Nonmajor Governmental Funds

Combining Balance Sheet (continued)
Year Ended June 30, 2020

	Catherine Street Paving Construction	Drainage and Relocation Project	Regional Sewerage Facility Project	Third Street Paving Project
ASSETS				
Cash	\$ 25,290	\$ 1,473	\$ -	\$ -
Interest-bearing deposits	-	119,326	116,339	2
Receivables				
Assessments	-	-	-	-
Other	-	-	3	-
Due from other governments	-	-	-	-
Due from other funds	-	21,443	573	-
Total assets	\$ 25,290	\$ 142,242	\$ 116,915	\$ 2
LIABILITIES AND FUND BALANCES				
Liabilities:				
Due to other funds	\$ 25,290	\$ 1,701	\$ -	\$ -
Unearned revenues	-	-	-	-
Total liabilities	25,290	1,701	-	-
Fund balances -				
Restricted	-	140,541	116,915	2
Unassigned (deficit)	-	-	-	-
Total fund balances	-	140,541	116,915	2
Total liabilities and fund balances	\$ 25,290	\$ 142,242	\$ 116,915	\$ 2

Capital Projects Fund

Murphy Street Paving Project	City Hall/ Jail Complex Project	Limited Tax Bonds Construction	2002 Paving Project	Water Plant Construction	Total Governmental Funds
\$ -	\$ 100	\$ (313)	\$ 1,627	\$ 99	\$ 189,361
36,430	387	-	-	-	1,098,271
-	-	-	-	-	6,628
-	-	-	-	-	240
-	-	-	-	-	22,978
-	768	-	-	-	899,476
<u>\$ 36,430</u>	<u>\$ 1,255</u>	<u>\$ (313)</u>	<u>\$ 1,627</u>	<u>\$ 99</u>	<u>\$ 2,216,954</u>
\$ 392	\$ -	\$ -	\$ 32,185	\$ 200	\$ 442,281
-	-	-	-	-	6,628
<u>392</u>	<u>-</u>	<u>-</u>	<u>32,185</u>	<u>200</u>	<u>448,909</u>
36,038	1,255	-	-	-	2,103,901
-	-	(313)	(30,558)	(101)	(335,856)
<u>36,038</u>	<u>1,255</u>	<u>(313)</u>	<u>(30,558)</u>	<u>(101)</u>	<u>1,768,045</u>
<u>\$ 36,430</u>	<u>\$ 1,255</u>	<u>\$ (313)</u>	<u>\$ 1,627</u>	<u>\$ 99</u>	<u>\$ 2,216,954</u>

CITY OF PATTERSON, LOUISIANA
Nonmajor Governmental Funds

Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances
Year Ended June 30, 2020

	Special Revenue Fund			
	Fire Department Equipment	2002 Paving Assessments	Sales Tax Refunding Bonds	1973 Paving Assessments
Revenues:				
Intergovernmental	\$ 37,966	\$ -	\$ -	\$ -
Miscellaneous	<u>1,101</u>	<u>-</u>	<u>1,426</u>	<u>-</u>
Total revenues	<u>39,067</u>	<u>-</u>	<u>1,426</u>	<u>-</u>
Expenditures:				
Current -				
General government	-	-	-	-
Public safety:				
Fire	52,668	-	-	-
Capital outlay	-	-	-	-
Debt service -				
Principal retirement	28,568	-	-	-
Interest and fiscal charges	<u>4,558</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>85,794</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	(46,727)	-	1,426	-
Other financing sources (uses):				
Transfers in	-	-	-	-
Transfers out	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	(46,727)	-	1,426	-
Fund balances, beginning	<u>319,752</u>	<u>152,228</u>	<u>432,549</u>	<u>4,277</u>
Fund balances, ending	<u>\$ 273,025</u>	<u>\$ 152,228</u>	<u>\$ 433,975</u>	<u>\$ 4,277</u>

Debt Service Funds

Various Paving Assessments	2015 Limited Tax Bonds	Public Improvement Sales Tax Bonds	Public Improvement Bonds	1990 Paving Assessments	2018 Excess revenue Bonds
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
78	-	-	164	-	-
<u>78</u>	<u>-</u>	<u>-</u>	<u>164</u>	<u>-</u>	<u>-</u>
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	80,000	-	230,000	-	90,000
<u>-</u>	<u>15,230</u>	<u>-</u>	<u>127,750</u>	<u>-</u>	<u>27,633</u>
<u>-</u>	<u>95,230</u>	<u>-</u>	<u>357,750</u>	<u>-</u>	<u>117,633</u>
78	(95,230)	-	(357,586)	-	(117,633)
-	95,230	800	348,056	-	117,633
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>-</u>	<u>95,230</u>	<u>800</u>	<u>348,056</u>	<u>-</u>	<u>117,633</u>
78	-	800	(9,530)	-	-
<u>138,174</u>	<u>-</u>	<u>(197,855)</u>	<u>816,923</u>	<u>(107,829)</u>	<u>-</u>
<u>\$ 138,252</u>	<u>\$ -</u>	<u>\$ (197,055)</u>	<u>\$ 807,393</u>	<u>\$ (107,829)</u>	<u>\$ -</u>

(continued)

CITY OF PATTERSON, LOUISIANA
Nonmajor Governmental Funds

Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances (continued)
Year Ended June 30, 2020

	Catherine Street Paving Construction	Drainage and Relocation Project	Regional Sewerage Facility Project	Third Street Paving Project
Revenues:				
Intergovernmental	\$ -	\$ -	\$ -	\$ -
Miscellaneous	-	603	18	-
Total revenues	<u>-</u>	<u>603</u>	<u>18</u>	<u>-</u>
Expenditures:				
Current -				
General government	-	-	-	-
Public safety:				
Fire	-	-	-	-
Capital outlay	-	-	-	-
Debt service -				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	-	603	18	-
Other financing sources (uses):				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	-	603	18	-
Fund balances, beginning	<u>-</u>	<u>139,938</u>	<u>116,897</u>	<u>2</u>
Fund balances, ending	<u>\$ -</u>	<u>\$ 140,541</u>	<u>\$ 116,915</u>	<u>\$ 2</u>

Capital Projects Funds

Murphy Street Paving Project	City Hall/ Jail Complex Project	Limited Tax Bonds Construction	2002 Paving Project	Water Plant Construction	Total Governmental Funds
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 37,966
<u>184</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,574</u>
<u>184</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>41,540</u>
-	-	-	-	8,779	8,779
-	-	-	-	-	52,668
-	-	-	-	6,825	6,825
-	-	-	-	-	428,568
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>175,171</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>15,604</u>	<u>672,011</u>
184	-	-	-	(15,604)	(630,471)
-	-	-	-	13,581	575,300
<u>-</u>	<u>-</u>	<u>(350)</u>	<u>-</u>	<u>-</u>	<u>(350)</u>
<u>-</u>	<u>-</u>	<u>(350)</u>	<u>-</u>	<u>13,581</u>	<u>574,950</u>
184	-	(350)	-	(2,023)	(55,521)
<u>35,854</u>	<u>1,255</u>	<u>37</u>	<u>(30,558)</u>	<u>1,922</u>	<u>1,823,566</u>
<u>\$ 36,038</u>	<u>\$ 1,255</u>	<u>\$ (313)</u>	<u>\$ (30,558)</u>	<u>\$ (101)</u>	<u>\$ 1,768,045</u>

CITY OF PATTERSON, LOUISIANA
Enterprise Fund

Schedule of Number of Utility Customers
June 30, 2020

Records maintained by the City indicated the following customers were being served during the months of June 2020 and 2019:

<u>Department</u>	<u>2020</u>	<u>2019</u>
Gas (metered)	1,405	1,406
Water (metered)	2,608	2,554
Sewerage	2,245	2,192
Sanitation*	2,417	2,361

* Reported in General Fund

CITY OF PATTERSON, LOUISIANA
Enterprise Fund
Utility Fund

Comparative Departmental Analysis of Revenues and Expenses
Years Ended June 30, 2020 and 2019

	Totals		Gas	
	2020	2019	2020	2019
Operating revenues:				
Charges for services -				
Customers	\$ 2,345,901	\$ 2,408,967	\$ 675,218	\$ 759,136
Delinquent charges	53,419	69,161	15,376	21,795
Commissions, transfers, and reconnections	27,055	31,158	7,787	9,819
Miscellaneous	<u>217,263</u>	<u>84,000</u>	<u>67,600</u>	<u>30,985</u>
Total operating revenue	<u>2,643,638</u>	<u>2,593,286</u>	<u>765,981</u>	<u>821,735</u>
Operating expenses:				
Salaries	748,156	701,650	227,719	194,799
Payroll taxes	52,992	49,082	16,418	14,002
Retirement contributions	126,384	125,839	38,250	38,585
Group insurance	261,140	149,588	63,251	34,340
Uncollectible billings	11,111	7,531	3,162	2,353
Gas purchases	155,193	308,305	155,193	308,305
Chemicals and agents	227,014	207,146	2,446	-
Repairs and maintenance	122,630	155,730	26,681	8,230
Vehicle expenses	47,584	43,726	33,231	31,302
Meters, hardware & lines	157,733	72,184	134,820	35,230
Professional fees	39,441	59,771	2,881	21,787
Depreciation	234,784	184,494	54,566	54,668
Insurance	310,698	304,562	-	-
Office expense	69,809	45,818	12,353	10,722
Sewerage treatment	305,871	284,857	-	-
Other	263,267	212,562	21,444	22,966
Allocation of administrative expenses	<u>-</u>	<u>-</u>	<u>240,016</u>	<u>242,494</u>
Total operating expenses	<u>3,133,807</u>	<u>2,912,845</u>	<u>1,032,431</u>	<u>1,019,783</u>
Operating loss	(490,169)	(319,559)	<u>\$ (266,450)</u>	<u>\$ (198,048)</u>
Nonoperating revenues (expenses):				
Interest income	5,897	8,569		
Interest and fiscal charges	<u>(2,182)</u>	<u>-</u>		
Total nonoperating revenues (expenses)	<u>3,715</u>	<u>8,569</u>		
Loss before operating transfers	(486,454)	(310,990)		
Operating transfers in (out)	<u>181,678</u>	<u>(75,480)</u>		
Net income (loss)	<u>\$ (304,776)</u>	<u>\$ (386,470)</u>		

Water		Sewerage		Administrative	
2020	2019	2020	2019	2020	2019
\$ 1,138,319	\$ 1,148,273	\$ 532,364	\$ 501,558	\$ -	\$ -
25,921	32,967	12,123	14,400	-	-
13,128	14,852	6,140	6,487	-	-
104,479	39,259	45,184	13,755	-	-
<u>1,281,847</u>	<u>1,235,351</u>	<u>595,811</u>	<u>536,199</u>	-	-
330,233	302,572	-	-	190,204	204,279
24,439	21,761	-	-	12,135	13,319
52,688	51,862	-	-	35,446	35,392
67,739	36,349	-	-	130,150	78,899
5,395	3,580	2,554	1,598	-	-
-	-	-	-	-	-
224,238	207,146	330	-	-	-
44,926	103,843	49,823	42,565	1,200	1,092
10,591	8,238	3,638	3,409	124	777
18,451	31,940	517	4,459	3,945	555
-	-	443	-	36,117	37,984
80,622	28,415	98,704	99,209	892	2,202
-	-	-	-	310,698	304,562
40,131	25,363	-	-	17,325	9,733
-	-	305,871	284,857	-	-
127,182	94,500	18,993	14,385	95,648	80,711
404,632	366,797	189,236	160,214	(833,884)	(769,505)
<u>1,431,267</u>	<u>1,282,366</u>	<u>670,109</u>	<u>610,696</u>	-	-
<u>\$ (149,420)</u>	<u>\$ (47,015)</u>	<u>\$ (74,299)</u>	<u>\$ (74,497)</u>	<u>\$ -</u>	<u>\$ -</u>

CITY OF PATTERSON, LOUISIANA

Schedule of Insurance in Force
June 30, 2020

Description of Coverage	Coverage Amounts
Workmen's Compensation - Employer's liability	Statutory \$ 1,000,000
Surety Bonds -	
Ms. Angela Shilling-Boyles	25,000
Ms. Kim Dardeau	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	1,000,000
Comprehensive Automobile Liability	1,000,000
Fire, Lightning, and Extended Coverage - Buildings and contents, all risks except flood and earthquake	6,593,490
Flood	
Building and contents, limits vary per location	2,400,000
Excess flood coverage, City Hall/Jail Complex	1,474,900
Summer Recreation Program -	
Death and dismemberment	3,000
Medical expense	10,000
Public officials errors and omissions	3,000,000

CITY OF PATTERSON, LOUISIANA

Schedule of Interest-Bearing Deposits-All Funds
June 30, 2020

	<u>Term</u>	<u>Maturity Date</u>	<u>Interest Rate</u>	<u>Total Amount</u>
General Fund:				
Insured Money Market	N/A	N/A	0.100%	\$ 37,430
Insured Money Market	N/A	N/A	0.100%	8
Insured Money Market	N/A	N/A	0.100%	1,603
Insured Money Market	N/A	N/A	0.100%	11,564
Insured Money Market	N/A	N/A	0.000%	112
Insured Money Market	N/A	N/A	0.100%	12,697
Insured Money Market	N/A	N/A	0.100%	25,552
Savings	N/A	N/A	0.050%	313
Savings	N/A	N/A	0.050%	5,380
Certificate of deposit - Patterson State Bank	31 days	7/23/2020	0.100%	45,000
Certificate of deposit - Patterson State Bank	31 days	7/6/2020	0.100%	50,000
Certificate of deposit - Patterson State Bank	91 days	8/19/2020	0.100%	30,000
Certificate of deposit - Patterson State Bank	182 days	7/30/2020	0.100%	796
Certificate of deposit - Patterson State Bank	181 days	11/1/2020	0.240%	238,040
Certificate of deposit - Patterson State Bank	182 days	7/30/2020	0.100%	86,487
Certificate of deposit - Patterson State Bank	31 days	8/3/2020	0.100%	500,000
				<u>1,044,982</u>
Special Revenue Fund:				
Sewerage and Solid Waste Sales Tax Fund -				
Insured Money Market	N/A	N/A	0.100%	927,972
Certificate of deposit - Patterson State Bank	182 days	8/4/2020	0.100%	155,000
				<u>1,082,972</u>
Ad Valorem Tax Collection Fund -				
Savings	N/A	N/A	0.050%	<u>16,664</u>
Fire Department Equipment Fund -				
Insured Money Market	N/A	N/A	0.100%	150,933
Certificate of Deposit - Patterson State Bank	90 days	7/24/2020	0.100%	25,000
Certificate of Deposit - Patterson State Bank	1 year	9/24/2020	1.100%	73,981
				<u>249,914</u>
Total special revenue funds				<u>1,349,550</u>

(continued)

CITY OF PATTERSON, LOUISIANA

Schedule of Interest-Bearing Deposits-All Funds (continued)
June 30, 2020

	<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	0.100%	<u>28,763</u>
Sales Tax Revenue Refunding Bonds Series -				
Insured Money Market	N/A	N/A	0.100%	138,316
Certificate of Deposit - Patterson State Bank	182 days	10/26/2020	0.240%	<u>273,441</u>
				<u>411,757</u>
Sales Tax Sinking Fund -				
Insured Money Market	N/A	N/A	0.100%	<u>877</u>
				<u>877</u>
1966, 1967, 1969, 1980 AND 1982 Paving Assessment Funds -				
Savings	N/A	N/A	0.050%	106
Certificate of Deposit - Patterson State Bank	182 days	7/30/2020	0.100%	54,917
Certificate of Deposit - Patterson State Bank	182 days	7/27/2020	0.100%	56,807
Certificate of Deposit - Patterson State Bank	182 days	7/27/2020	0.100%	<u>22,600</u>
				<u>134,430</u>
1990 Street Paving Project -				
Insured Money Market	N/A	N/A	0.100%	<u>46</u>
Total debt service funds				<u>575,873</u>
Capital Projects Funds:				
1980 Drainage Project Fund -				
Insured Money Market	N/A	N/A	0.100%	<u>119,326</u>
Regional Sewerage Facility Project Fund -				
Insured Money Market	N/A	N/A	0.000%	15,482
Certificate of Deposit - Patterson State Bank	182 days	8/4/2020	0.100%	20,000
Certificate of Deposit - Patterson State Bank	182 days	7/27/2020	0.100%	<u>80,857</u>
				<u>116,339</u>
Third Street Paving Project Fund -				
Insured Money Market	N/A	N/A	0.100%	<u>2</u>
Murphy Street Paving Project Fund -				
Insured Money Market	N/A	N/A	0.100%	<u>36,430</u>

(continued)

CITY OF PATTERSON, LOUISIANA

Schedule of Interest-Bearing Deposits-All Funds (continued)
June 30, 2020

	<u>Term</u>	<u>Maturity Date</u>	<u>Interest Rate</u>	<u>Total Amount</u>
Sales Tax Bond Construction Fund - Insured Money Market	N/A	N/A	0.000%	<u>387</u>
Total capital projects funds				<u>272,484</u>
Utility Funds:				
Insured Money Market	N/A	N/A	0.100%	80,795
Insured Money Market	N/A	N/A	0.100%	35,206
Insured Money Market	N/A	N/A	0.100%	98,891
Savings	N/A	N/A	0.050%	7,449
Savings	N/A	N/A	0.050%	36,040
Certificate of Deposit - Patterson State Bank	182 days	10/23/2020	0.240%	140,275
Certificate of Deposit - Patterson State Bank	182 days	8/1/2020	0.100%	46,737
Certificate of Deposit - Patterson State Bank	90 days	7/3/2020	0.200%	<u>500,000</u>
				<u>945,393</u>
Total - all funds				<u>\$ 4,188,282</u>

INTERNAL CONTROL, COMPLIANCE AND OTHER MATTERS

KOLDER, SLAVEN & COMPANY, LLC

CERTIFIED PUBLIC ACCOUNTANTS

C. Burton Kolder, CPA*
Brad E. Kolder, CPA, JD*
Gerald A. Thibodeaux, Jr., CPA*
Robert S. Carter, CPA*
Arthur R. Mixon, CPA*
Stephen J. Anderson, CPA*
Christine C. Doucet, CPA
Wanda F. Arcement, CPA, CVA
Bryan K. Joubert, CPA
Matthew E. Margaglio, CPA
Casey L. Ardoin, CPA, CFE

Victor R. Slaven, CPA* - retired 2020

* A Professional Accounting Corporation

183 S. Beadle Rd. 11929 Bricksome Ave.
Lafayette, LA 70508 Baton Rouge, LA 70816
Phone (337) 232-4141 Phone (225) 293-8300

1428 Metro Dr. 450 E. Main St.
Alexandria, LA 71301 New Iberia, LA 70560
Phone (318) 442-4421 Phone (337) 367-9204

200 S. Main St. 1201 David Dr.
Abbeville, LA 70510 Morgan City, LA 70380
Phone (337) 893-7944 Phone (985) 384-2020

434 E. Main St. 332 W. Sixth Ave.
Ville Platte, LA 70586 Oberlin, LA 70655
Phone (337) 363-2792 Phone (337) 639-4737

WWW.KCSRCPAS.COM

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

The Honorable Rodney Grogan, Mayor
and Members of the City Council
City of Patterson, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Patterson, Louisiana (hereinafter "City"), as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated January 21, 2021.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances 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. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. However, we identified a certain deficiency in internal control that we consider to be a material weakness and is described in the accompanying schedule of audit results and findings as item 2020-001.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. 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 an instance of noncompliance or other matter that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of audit results and findings as item 2020-002.

City's Response to Findings

The City's responses to the findings identified in our audit are described in the accompanying corrective action plan for current audit findings. The City's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the responses.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. Although the intended use of this report may be limited under Louisiana Revised Statute 24:513, this report is distributed by the Louisiana Legislative Auditor as a public document in accordance with Louisiana Revised Statute 44:6.

Kolder, Slaven & Company, LLC
Certified Public Accountants

Morgan City, Louisiana
January 21, 2021

CITY OF PATTERSON, LOUISIANA

Summary Schedule of Prior Audit Findings
Year Ended June 30, 2020

2019-001 – Material Adjustments to the Financial Statements

CONDITION: During the performance of audit procedures, audit adjustments were proposed to correct misstatements that, individually and in the aggregate, were material to the City's financial statements.

CURRENT STATUS: This finding was not resolved and will be reiterated in the year ended June 30, 2020.

2019-002 – Potential Violation of Public Bid Law

CONDITION: Due to the significance of amounts paid to contractors for street repairs and the similarity and continuous nature of the expenditures, the City may have been subject to the public bid law.

CURRENT STATUS: This finding was only applicable to the year ended June 30, 2019.

2019-003 – Potential Violation of Public Bid Law

CONDITION: The City awarded a contract to provide a new pumper for its volunteer fire department to a bidder who was not the low bidder and failed to document its reasoning in awarding the bid to someone who was not the apparent low bidder.

CURRENT STATUS: This finding was only applicable to the year ended June 30, 2019.

2019-004 – Misappropriation of Assets

CONDITION: A member of the City's volunteer fire department is believed to have made personal purchases and atm withdrawals using a debit card linked to the volunteer fire department's checking account. Additionally, other purchases were made for which it could not be determined if the expenditure was for fire department operations purposes.

CURRENT STATUS: This finding was only applicable to the year ended June 30, 2019. The individual was charged by law enforcement with misappropriation. The case is still pending in the 16th Judicial District Court.

CITY OF PATTERSON, LOUISIANA

Schedule of Audit Results and Findings
Year Ended June 30, 2020

Part 1: Summary of Auditor's Results

Financial Statements

1. Type of auditor's report issued on financial statements:

<u>Opinion Unit</u>	<u>Type of Opinion</u>
Governmental activities	Unmodified
Business-type activities	Unmodified
Major funds:	
General	Unmodified
Sewerage and Solid Waste Sales Tax	Unmodified
Ad Valorem Tax Collection	Unmodified
2018 Street Improvements	Unmodified
Utility	Unmodified
Aggregate remaining fund information	Unmodified

2. Internal control over financial reporting:

Material weakness(es) identified?	<u>✓</u> yes	<u> </u> no
Significant deficiency(ies) identified?	<u> </u> yes	<u>✓</u> none reported

3. Noncompliance material to the financial statements? ✓ yes no

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

2020-001 - Material Adjustments to the Financial Statements

YEAR INITIALLY OCCURRING: 2012

CONDITION: During the performance of audit procedures, audit adjustments were proposed to correct misstatements that, individually and in the aggregate, were material to the City's financial statements.

CRITERIA: Internal control is a process – effected by those charged with governance, management, and other personnel – designed to provide reasonable assurance about the achievement of the entity's objectives with regard to the reliability of financial reporting, effectiveness and efficiency of operations, and compliance with applicable laws and regulations.

A deficiency in internal control is defined as a condition where the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. It defines a material weakness as a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements may not be prevented, or detected and corrected, on a timely basis.

CITY OF PATTERSON, LOUISIANA

Schedule of Audit Results and Findings (continued)
Year Ended June 30, 2020

The identification by the auditor of a material misstatement of the financial statements under audit in circumstances that indicate that the misstatement would not have been detected by the City's internal control is an indicator of a material weakness in internal control.

CAUSE: The cause of the condition is failure by management to design and implement effective internal controls such that there is a reasonable possibility that a material misstatement will be prevented or detected and corrected on a timely basis by management or employees, in the normal course of performing their assigned functions.

EFFECT: The effect of the condition is that financial statements may contain a material misstatement that is not detected and corrected.

RECOMMENDATION: The City should develop and implement procedures to ensure that material misstatements in the financial statements are identified and corrected in a timely manner.

2020-002 – Local Government Budget Act

YEAR INITIALLY OCCURRING: 2020

CONDITION: Expenditures in the Sewerage and Solid Waste Sales Tax Fund exceeded budgeted appropriations by greater than five percent.

CRITERIA: R.S. 39:1311 et seq. Budgetary Authority and Control, provides for the following:

“A. The adopted budget and any duly authorized amendments shall form the framework from which the chief executive or administrative officers and members of the governing authority of the political subdivision shall monitor revenues and control expenditures. The chief executive or administrative officer shall advise the governing authority or independently elected official in writing when:

- (1) Revenue collections plus projected revenue collections for the remainder of the year, within a fund, fail to meet estimated annual revenues by five percent or more.
- (2) Actual expenditures plus projected expenditures for the remainder of the year, within a fund, are exceeding estimated budgeted expenditures by five percent or more.
- (3) Actual beginning fund balance, within a fund, fails to meet estimated beginning fund balance by five percent or more and beginning fund balance is being used to fund current expenditures.”

CAUSE: The condition results from the failure to amend the operating budget for transfers made to other funds in excess of budgeted transfers.

EFFECT: The City is not in compliance with the Local Government Budget Act.

RECOMMENDATION: The City should implement procedures to ensure that budgets are amended when required.

CITY OF PATTERSON, LOUISIANA

Schedule of Audit Results and Findings (continued)
Year Ended June 30, 2020

Part 3: Findings and Questioned Costs Relating to Federal Programs

At June 30, 2020, the City of Patterson, Louisiana did not meet the requirements to have a single audit in accordance with Uniform Guidance, therefore this section is not applicable.

CORRECTIVE ACTION PLAN FOR CURRENT AUDIT FINDINGS

APPENDIX A

CITY OF PATTERSON

PATTERSON, LOUISIANA
70392

1314 Main Street P. O. Box 367

Phone (985) 395-5205

Fax (985) 395-8305

MAYOR

Rodney A. Grogan

CITY CLERK

Angela Shilling-Boyles

COUNCIL

Lee A. Condolle

Travis Darnell

John Rentrop

Joe Russo, III

Sandra K. Turner

2020 AUDIT RESPONSES

Response to Finding 2020-001: Material Adjustments to the Financial Statements

Accounting activities are being performed on a timely basis and errors have been reduced. The financial staff tries to capture all transactions prior to closing its books and uses the City's independent auditors for assistance in conversion of its books from cash basis to the accrual basis.

Response to Finding 2020-002: Local Government Budget Act

In the future, the City's Financial Staff will monitor expenditures in its major funds to ensure that the budget amendments adopted will cause the City to be in compliance with the budget laws.

