

CITY OF PATTERSON, LOUISIANA

FINANCIAL REPORT

Year Ended June 30, 2024

TABLE OF CONTENTS

	Page
INDEPENDENT AUDITOR'S REPORT	1-4
 BASIC FINANCIAL STATEMENTS	
Government-Wide Financial Statements	
Statement of Net Position	7
Statement of Activities	8
Fund Financial Statements	
Major Funds' Descriptions	10
Governmental Funds	
Balance Sheet	11
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position	12
Statement of Revenues, Expenditures, and Changes in Fund Balances	13
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	14
Proprietary Fund	
Statement of Net Position	15-16
Statement of Revenues, Expenses, and Changes in Net Position	17
Statement of Cash Flows	18-19
Notes to Financial Statements	20-63
 REQUIRED SUPPLEMENTARY INFORMATION	
Budgetary Comparison Schedule	
General Fund	65
Sewerage and Solid Waste Sales Tax Fund	66
Ad Valorem Tax Collection Fund	67
Schedule of Changes in Total OPEB Liability and Related Ratios	68
Schedule of Employer's Share of Net Pension Liability	69
Schedule of Employer Contributions	70
Notes to Required Supplementary Information	71-72
 OTHER SUPPLEMENTARY INFORMATION	
Justice System Funding Schedule - Collecting/Disbursing Entity	74
Budgetary Comparison Schedule	
General Fund	
Revenues	75-76
Expenditures	77-80

(continued)

TABLE OF CONTENTS (Continued)

	<u>Page</u>
OTHER SUPPLEMENTARY INFORMATION (Continued)	
Combining Financial Statements	
Nonmajor Governmental Funds	
Balance Sheets	81-84
Statements of Revenues, Expenditures, and Changes in Fund Balances	85-88
Schedule of Number of Utility Customers	89
Comparative Departmental Analysis of Revenues and Expenses	
Utility Fund	90-91
Schedule of Insurance in Force	92
Schedule of Interest-Bearing Deposits	93-95
INTERNAL CONTROL, COMPLIANCE, AND OTHER INFORMATION	
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 <i>Government Auditing Standards</i>	97-98
Summary Schedule of Prior Year Findings	99-100
Schedule of Findings and Responses	101-106
Management's Corrective Action Plan for Current Year Findings	107-108



INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Financial Statements

Opinions

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, 2024, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Patterson, Louisiana, as of June 30, 2024, 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.

Basis for Opinions

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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the budgetary comparison information on pages 65 through 67, schedule of changes in total OPEB liability and related ratios on page 68, schedule of employer's share of net pension liability on page 69, schedule of employer contributions on page 70, and notes to required supplementary information on pages 71 through 72 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the

basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Management has omitted the 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 are not affected by this missing information.

Supplementary 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 justice system funding schedule is presented for purposes of additional analysis and is not a required part of the basic financial statements. The schedule is the responsibility of the City's management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The schedule has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the justice system funding schedule on page 74 is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the remaining supplementary information as listed in the table of contents on pages 75 through 95. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 28, 2025, 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.

Darnall, Sikes & Frederick

(A Corporation of Certified Public Accountants)

Morgan City, Louisiana

March 28, 2025

BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE FINANCIAL STATEMENTS

CITY OF PATTERSON, LOUISIANA

Statement of Net Position June 30, 2024

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Current Assets:			
Cash	\$ 944,125	\$ 78,908	\$ 1,023,033
Interest-Bearing Deposits	1,950,709	146,404	2,097,113
Investments, at Fair Value	1,019,375	363,067	1,382,442
Receivables, Net	289,128	546,822	835,950
Due from Other Governmental Units	92,209	-	92,209
Internal Balances	2,239,687	(2,239,687)	-
Prepaid Insurance	<u>30,276</u>	<u>27,267</u>	<u>57,543</u>
Total Current Assets	6,565,509	(1,077,219)	5,488,290
Noncurrent Assets:			
Restricted Assets	-	503,278	503,278
Capital Assets:			
Land and Construction in Progress	472,266	737,076	1,209,342
Depreciable Capital Assets, Net of Accumulated Depreciation and Amortization	<u>8,158,189</u>	<u>7,225,935</u>	<u>15,384,124</u>
Total Noncurrent Assets	<u>8,630,455</u>	<u>8,466,289</u>	<u>17,096,744</u>
Total Assets	15,195,964	7,389,070	22,585,034
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Outflows of Resources Related to Pensions	910,162	286,345	1,196,507
LIABILITIES			
Current Liabilities:			
Cash Deficit	429,921	-	429,921
Accounts and Other Payables	465,528	429,469	894,997
Accrued Interest Payable	23,518	-	23,518
Lease Liability, Current Portion	50,734	12,221	62,955
Financed Purchase Obligation, Current Portion	65,770	-	65,770
Bonds Payable, Current Portion	<u>470,000</u>	<u>-</u>	<u>470,000</u>
Total Current Liabilities	1,505,471	441,690	1,947,161
Current Liabilities (Payable from Restricted Assets):			
Customers' Meter Deposits Payable	-	503,278	503,278
Noncurrent Liabilities:			
Net Pension Liability	1,763,617	870,316	2,633,933
OPEB Liability	692,905	323,356	1,016,261
Lease Liability, Net of Current Portion	151,961	19,989	171,950
Financed Purchase Obligation, Net of Current Portion	23,777	-	23,777
Bonds Payable, Net of Current Portion	<u>3,215,000</u>	<u>-</u>	<u>3,215,000</u>
Total Noncurrent Liabilities	<u>5,847,260</u>	<u>1,213,661</u>	<u>7,060,921</u>
Total Liabilities	7,352,731	2,158,629	9,511,360
DEFERRED INFLOWS OF RESOURCES			
Deferred Inflows of Resources Related to Pensions	113,891	21,521	135,412
Deferred Inflows of Resources Related to Leases	<u>9,171</u>	<u>-</u>	<u>9,171</u>
Total Deferred Inflows of Resources	123,062	21,521	144,583
NET POSITION			
Net Investment in Capital Assets	4,653,213	7,930,801	12,584,014
Restricted for:			
Debt Service	1,336,470	-	1,336,470
Other Purposes	2,291,390	503,278	2,794,668
Unrestricted (Deficit)	<u>349,260</u>	<u>(2,938,814)</u>	<u>(2,589,554)</u>
Total Net Position	<u>\$ 8,630,333</u>	<u>\$ 5,495,265</u>	<u>\$ 14,125,598</u>

The accompanying notes are an integral part of this statement.

CITY OF PATTERSON, LOUISIANA

Statement of Activities For the Year Ended June 30, 2024

Activities	Expenses	Program Revenues		Net (Expense) Revenues and Changes in Net Position		Total
		Fees, Fines, and Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-Type Activities	
Governmental Activities						
General Government	\$ 1,196,072	\$ 350,244	\$ 9,322	\$ (836,506)	\$ -	\$ (836,506)
Public Safety						
Police	2,398,420	599,143	38,605	(1,760,672)	-	(1,760,672)
Fire	132,755	-	55,500	(77,255)	-	(77,255)
Sanitation	615,368	58,409	-	(556,959)	-	(556,959)
Streets and Drainage	1,104,998	601,031	52,400	(451,567)	-	(451,567)
Culture and Recreation	294,407	-	57,000	(237,407)	-	(237,407)
Interest and Fiscal Charges on Long Term Debt	120,864	-	-	(120,864)	-	(120,864)
Total Governmental Activities	5,862,884	1,608,827	212,827	(4,041,230)	-	(4,041,230)
Business-Type Activities:						
Utility Fund	3,857,425	3,272,059	-	-	(585,366)	(585,366)
Total	9,720,309	4,880,886	212,827	(4,041,230)	(585,366)	(4,626,596)
General Revenues:						
Taxes -						
Property Taxes				569,307	-	569,307
Sales and Use Taxes				2,682,595	-	2,682,595
Other taxes				260,574	-	260,574
Grants and Contributions Not Restricted to Specific Programs						
Federal Sources				30,551	-	30,551
Local Sources				8,647	-	8,647
Interest and Investment Earnings				107,546	-	107,546
Miscellaneous				195,271	40,866	236,137
Loss on Disposal of Capital Assets				(687)	-	(687)
Transfers				(321,529)	321,529	-
Total General Revenues, Losses and Transfers				3,532,275	362,395	3,894,670
Change in Net Position				(508,955)	(222,971)	(731,926)
Net Position (as restated) - June 30, 2023				9,139,288	5,718,236	14,857,524
Net Position - June 30, 2024				<u>\$ 8,630,333</u>	<u>\$ 5,495,265</u>	<u>\$ 14,125,598</u>

The accompanying notes are an integral part of this statement.

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 $\frac{3}{4}\%$ 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 8.30 mills are transferred to the General Fund and available for use in general governmental operations. Taxes collected under the debt service millage of 12.20 mills are transferred to the Public Improvement Bond Fund and are restricted for use in retirement of the City's general obligation debt.

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, 2024

	General	Sewerage and Solid Waste Sales Tax	Ad Valorem Tax Collection	Other Governmental Funds	Total Governmental Funds
ASSETS					
Cash	\$ -	\$ 324,666	\$ 436,308	\$ 183,151	\$ 944,125
Interest-Bearing Deposits	866,634	190,423	8,114	885,538	1,950,709
Investments, at Fair Value	-	1,019,375	-	-	1,019,375
Receivables -					
Taxes	138,304	80,063	4,679	-	223,046
Property Assessments	-	-	-	6,628	6,628
Other	49,598	184	262	239	50,283
Due from Other Governmental Units	92,209	-	-	-	92,209
Due from Other Funds	1,488,587	58,394	262,567	990,568	2,800,116
Advances to Other Funds	<u>1,500,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,500,000</u>
Total Assets	<u>\$4,135,332</u>	<u>\$ 1,673,105</u>	<u>\$ 711,930</u>	<u>\$ 2,066,124</u>	<u>\$ 8,586,491</u>
LIABILITIES AND FUND BALANCES					
Liabilities					
Cash Deficit	\$ 429,921	\$ -	\$ -	\$ -	\$ 429,921
Accounts Payable	131,587	-	4,839	(800)	135,626
Accrued Liabilities	329,902	-	-	-	329,902
Unearned Revenues	-	-	-	6,628	6,628
Due to Other Funds	<u>912,208</u>	<u>24,139</u>	<u>707,091</u>	<u>416,991</u>	<u>2,060,429</u>
Total Liabilities	1,803,618	24,139	711,930	422,819	2,962,506
Fund Balances					
Nonspendable	1,500,000	-	-	-	1,500,000
Restricted	-	1,648,966	-	1,978,894	3,627,860
Unassigned (Deficit)	<u>831,714</u>	<u>-</u>	<u>-</u>	<u>(335,589)</u>	<u>496,125</u>
Total Fund Balances	<u>2,331,714</u>	<u>1,648,966</u>	<u>-</u>	<u>1,643,305</u>	<u>5,623,985</u>
Total Liabilities and Fund Balances	<u>\$4,135,332</u>	<u>\$ 1,673,105</u>	<u>\$ 711,930</u>	<u>\$ 2,066,124</u>	<u>\$ 8,586,491</u>

The accompanying notes are an integral part of this statement.

CITY OF PATTERSON, LOUISIANA

Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position June 30, 2024

Total fund balances for governmental funds at June 30, 2024		\$ 5,623,985
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.		30,276
Deferred outflows of resources related to net pension liability are not available resources and, therefore are not reported in the funds.		910,162
Capital assets used in governmental activities are not financial resources and therefore, are not reported in the funds.		
Cost of capital assets	15,957,385	
Less: Accumulated depreciation and amortization	<u>(7,326,930)</u>	8,630,455
Receivables from the lease of certain property are not available to pay for current year expenditures and are deferred in the fund financial statements.		9,171
Long-term liabilities, including bonds and certificates payable in the current period, are not reported as liabilities in the funds.		
Net pension liability	(1,763,617)	
OPEB liability	(692,905)	
Lease liability	(202,695)	
Financed purchase obligation	(89,547)	
Bonds payable	(3,685,000)	
Accrued interest payable	<u>(23,518)</u>	(6,457,282)
Deferred inflows of resources related to net pension liability and leases receivable are not payable from current expendable resources and, therefore, are not reported in the funds		<u>(123,062)</u>
Total net position of governmental activities at June 30, 2024		<u>\$ 8,630,333</u>

The accompanying notes are an integral part of this statement.

CITY OF PATTERSON, LOUISIANA

Statement of Revenues, Expenditures, and Changes in Fund Balances Governmental Funds For the Year Ended June 30, 2024

	General	Sewerage and Solid Waste Sales Tax	Ad Valorem Tax Collection	Other Governmental Funds	Total Governmental Funds
Revenues:					
Taxes	\$1,932,932	\$ 1,010,237	\$ 569,307	\$ -	\$ 3,512,476
Licenses and Permits	201,840	-	-	-	201,840
Intergovernmental	263,701	-	-	55,500	319,201
Charges for Services	807,843	-	-	-	807,843
Fines and Forfeits	426,046	-	-	-	426,046
Investment Earnings	21,136	52,715	-	-	73,851
Miscellaneous	<u>245,927</u>	<u>-</u>	<u>23,468</u>	<u>16,389</u>	<u>285,784</u>
Total Revenues	3,899,425	1,062,952	592,775	71,889	5,627,041
Expenditures:					
Current -					
General Government	1,169,848	-	8,222	350	1,178,420
Public Safety:					
Police	2,315,354	-	-	-	2,315,354
Fire	63,308	-	-	11,294	74,602
Sanitation	615,368	-	-	-	615,368
Culture and Recreation	215,425	-	-	-	215,425
Streets and Drainage	926,502	-	-	-	926,502
Capital Outlay	180,678	-	-	-	180,678
Debt Service -					
Principal Retirement	151,666	-	-	455,000	606,666
Interest and Fiscal Charges	<u>41,909</u>	<u>-</u>	<u>-</u>	<u>86,060</u>	<u>127,969</u>
Total Expenditures	<u>5,680,058</u>	<u>-</u>	<u>8,222</u>	<u>552,704</u>	<u>6,240,984</u>
Excess (Deficiency) of Revenues Over Expenditures	(1,780,633)	1,062,952	584,553	(480,815)	(613,943)
Other Financing Sources (Uses):					
Proceeds from Capital Lease	107,983	-	-	-	107,983
Operating Transfers In	1,424,191	-	-	800,864	2,225,055
Operating Transfers Out	<u>(151,489)</u>	<u>(1,224,098)</u>	<u>(889,180)</u>	<u>(281,817)</u>	<u>(2,546,584)</u>
Total Other Financing Sources (Uses)	<u>1,380,685</u>	<u>(1,224,098)</u>	<u>(889,180)</u>	<u>519,047</u>	<u>(213,546)</u>
Net Change in Fund Balances	(399,948)	(161,146)	(304,627)	38,232	(827,489)
Fund Balances, Beginning (as restated)	<u>2,731,662</u>	<u>1,810,112</u>	<u>304,627</u>	<u>1,605,073</u>	<u>6,451,474</u>
Fund Balances, Ending	<u>\$2,331,714</u>	<u>\$ 1,648,966</u>	<u>\$ -</u>	<u>\$ 1,643,305</u>	<u>\$ 5,623,985</u>

The accompanying notes are an integral part of this statement.

CITY OF PATTERSON, LOUISIANA

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities For the Year Ended June 30, 2024

Total net changes in fund balances at June 30, 2024, per Statement of Revenues, Expenditures, and Changes in Fund Balances	\$ (827,489)
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	182,184
Depreciation and amortization expense for the year ended June 30, 2024	(494,350)
Proceeds from capital leases are considered as an other financing source on the fund statements	(107,983)
Some revenues reported in the Statement of Activities, such as interest on lease receivable, do not provide current financial resources and are not reported as revenues in governmental funds.	183
Governmental funds do not report loss on disposition of capital assets.	(687)
Bond principal repayments and capital lease payments are considered as an expenditure on the fund statement	606,666
Effect of recording OPEB expense	245,677
Effects of recording net pension liability and deferred inflows and outflows of resources related to net pension liability	
Decrease in pension expense	(182,527)
Nonemployer pension contribution revenue	48,921
Some expenses reported in the Statement of Activities, such as accrued interest expense, do not require the use of current financial resources and are not reported as expenditures in governmental funds.	<u>20,450</u>
Total changes in net position at June 30, 2024 per statement of activities	<u>\$ (508,955)</u>

The accompanying notes are an integral part of this statement.

CITY OF PATTERSON, LOUISIANA

Statement of Net Position
Proprietary Fund
June 30, 2024

	Utility Fund
ASSETS	
Current assets:	
Cash	\$ 78,908
Interest-Bearing Deposits	146,404
Investments	363,067
Receivables	
Customer Accounts Receivable, Net	540,783
Accrued Interest Receivable	76
Other	5,963
Due from Other Funds	92,442
Prepaid Insurance	<u>27,267</u>
Total Current Assets	1,254,910
Noncurrent Assets:	
Restricted Assets -	
Cash	363,003
Interest-bearing Deposits	140,275
Capital Assets, Net of Accumulated Depreciation and Amortization	<u>7,963,011</u>
Total Noncurrent Assets	<u>8,466,289</u>
Total Assets	9,721,199
Deferred Outflows of Resources From Pensions	286,345

(Continued)

The accompanying notes are an integral part of this statement.

CITY OF PATTERSON, LOUISIANA

Statement of Net Position (Continued)
Proprietary Fund
June 30, 2024

	Utility Fund
LIABILITIES	
Current Liabilities:	
Accounts Payable	\$ 236,196
Accrued Liabilities	193,273
Lease Liability, Current Portion	12,221
Due to Other Funds	<u>832,129</u>
Total Current Liabilities	1,273,819
Current Liabilities (Payable from Restricted Assets):	
Customers' Meter Deposits Payable	503,278
Noncurrent Liabilities:	
Lease Liability, Net of Current Portion	19,989
Advances From Other Funds	1,500,000
OPEB Liability	323,356
Net Pension Liability	<u>870,316</u>
Total Noncurrent Liabilities	<u>2,713,661</u>
Total Liabilities	4,490,758
Deferred Inflows of Resources From Pensions	21,521
NET POSITION	
Net Investment in Capital Assets	7,930,801
Restricted	503,278
Unrestricted (Deficit)	<u>(2,938,814)</u>
Total Net Position	<u>\$ 5,495,265</u>

The accompanying notes are an integral part of this statement.

CITY OF PATTERSON, LOUISIANA

Statement of Revenues, Expenses, and Changes in Net Position
Proprietary Fund
For the Year Ended June 30, 2024

	Utility Fund
Operating Revenues:	
Charges for Services -	
Gas Sales and Services	\$ 817,819
Water Sales and Services	1,358,377
Sewerage Service	840,555
Delinquent Charges	84,161
Commissions, Transfers and Reconnections	34,034
Miscellaneous	<u>137,113</u>
Total Operating Revenues	3,272,059
Operating Expenses:	
Administrative	894,532
Gas Department	942,730
Water Department	1,200,163
Sewerage Department	542,319
Depreciation and Amortization	<u>277,681</u>
Total Operating Expenses	<u>3,857,425</u>
Operating Loss	(585,366)
Nonoperating Revenues (Expenses):	
Interest Income	29,487
Nonemployer Contributions to Pension Plan	30,593
Miscellaneous Expense	(4,753)
Interest and Fiscal Charges	<u>(14,461)</u>
Total Nonoperating Revenues (Expenses)	<u>40,866</u>
Loss Before Transfers	(544,500)
Transfers Out	(126,584)
Transfers In	<u>448,113</u>
Change in Net Position	(222,971)
Net Position, Beginning (as restated)	<u>5,718,236</u>
Net Position, Ending	<u><u>\$ 5,495,265</u></u>

The accompanying notes are an integral part of this statement.

CITY OF PATTERSON, LOUISIANA

Statement of Cash Flows
Proprietary Fund
For the Year Ended June 30, 2024

	<u>Utility Fund</u>
Cash Flows from Operating Activities:	
Receipts from Customers	\$ 3,337,163
Payments to Suppliers	(2,468,273)
Payments to Employees	<u>(1,057,367)</u>
Net Cash Used by Operating Activities	(188,477)
Cash Flows from Noncapital Financing Activities:	
Payments from Other Funds	<u>192,368</u>
Net Cash Provided by Noncapital Financing Activities	192,368
Cash Flows from Capital and Related Financing Activities:	
Acquisition of Construction in Progress	(623,265)
Payments on Lease Liability	(11,525)
Interest on Lease Liability	(2,649)
Payments on Financed Purchase Obligations	(6,297)
Interest on Financed Purchase Obligations	<u>(11,812)</u>
Net Cash Used by Capital and Related Financing Activities	(655,548)
Cash Flows from Investing Activities:	
Maturities of Investments and Interest-Bearing Deposits	687,129
Purchase of Investments and Interest-Bearing Deposits	(188,068)
Interest on Investments	<u>12,501</u>
Net Cash Provided by Investing Activities	<u>511,562</u>
Net Decrease in Cash and Equivalents	(140,095)
Cash and Equivalents, Beginning	<u>680,617</u>
Cash and Equivalents, Ending	<u><u>\$ 540,522</u></u>

(Continued)

The accompanying notes are an integral part of this statement.

CITY OF PATTERSON, LOUISIANA

Statement of Cash Flows (Continued)
Proprietary Fund
For the Year Ended June 30, 2024

	<u>Utility Fund</u>
Reconciliation of Operating Loss to Net Cash Used by Operating Activities:	
Operating Loss	\$ (585,366)
Adjustments to Reconcile Operating Loss to Net Cash Used by Operating Activities:	
Depreciation and Amortization	277,681
Pension Expense	27,720
OPEB Expense	(116,604)
Changes in Assets and Liabilities:	
Accounts Receivable	20,021
Other Receivables	786
Prepaid Insurance	(12,797)
Accounts Payable	110,846
Accrued Liabilities	75,532
Customer Meter Deposits	<u>13,704</u>
Net Cash Used by Operating Activities	<u>\$ (188,477)</u>
Reconciliation of Cash and Equivalents to the Statement of Net Position:	
Cash and Equivalents, Beginning	
Cash and Interest-Bearing Deposits - Unrestricted	\$ 878,172
Less: Interest-Bearing Deposits that are Not Cash Equivalents	(546,854)
Cash - Restricted	<u>349,299</u>
Total Cash and Equivalents	680,617
Cash and Equivalents, Ending	
Cash and Interest-Bearing Deposits - Unrestricted	225,312
Less: Interest-Bearing Deposits that are Not Cash Equivalents	(47,793)
Cash - Restricted	<u>363,003</u>
Total Cash and Equivalents	<u>540,522</u>
Net Decrease in Cash and Equivalents	<u>\$ (140,095)</u>

The accompanying notes are an integral part of this statement.

CITY OF PATTERSON, LOUISIANA

Notes to Financial Statements

INTRODUCTION

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.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of The City of Patterson ("City") have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles.

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 of the City.

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.

CITY OF PATTERSON, LOUISIANA

Notes to Financial Statements

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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:

- *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.

Basis of Presentation

Government-Wide Financial Statements (GWFS)

The statement of net position and statement of activities display information about the City 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.

CITY OF PATTERSON, LOUISIANA

Notes to Financial Statements

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fund Financial Statements

The accounts of the City are organized and operated on the basis of funds. A fund is an independent fiscal and accounting entity with a separate set of self-balancing accounts that constitute its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund equity, revenues, and expenditures. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds is maintained consistent with legal and managerial requirements.

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

- a. Total assets and deferred outflows of resources, liabilities and deferred inflows of resources, 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 and deferred outflows of resources, liabilities and deferred inflows of resources, revenues, or expenditures/expenses of the individual governmental or enterprise fund are at least 5 percent of the corresponding total for all governmental and enterprise funds combined.

The major funds of the City are described below:

Governmental Funds:

General Fund

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

Sewerage and Solid Waste Sales Tax Fund

This fund is used to account for the receipt and use of proceeds of the City's $\frac{3}{4}\%$ 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 (8.30) and debt service (12.20) millages.

CITY OF PATTERSON, LOUISIANA

Notes to Financial Statements

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Proprietary Funds:

Enterprise Fund

The enterprise fund is 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) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes. The enterprise fund reported as a major fund in the fund financial statement is the 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.

Measurement Focus and Basis of Accounting

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

Measurement Focus

On the government-wide statement of net position and the 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.

CITY OF PATTERSON, LOUISIANA

Notes to Financial Statements

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Measurement Focus and Basis of Accounting (Continued)

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. Accordingly, all assets, deferred outflows of resources, liabilities (whether current or noncurrent), and deferred inflows of resources are included on the Statement of Net Position. The Statement of Activities present increases (revenues) and decreases (expenses) in total net position. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred, regardless of the timing of related cash flows. The accounts of the City are in conformity with generally accepted accounting principles (GAAP).

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. The City considers property tax revenue as available in the year following the assessment when the majority of the taxes are actually collected. Other major revenues susceptible to accrual are earned grant revenues, other intergovernmental revenues and interest revenue. The City reports unearned revenue on its balance sheet. Unearned revenues arise when potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period.

Unearned revenues also arise when resources are received by the City prior to the City incurring qualified expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the City has a legal claim to the resources, the liability for unearned revenue is removed from the balance sheet and revenue is recognized. Expenditures are recorded when the related fund liability is incurred. 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.

Cash and Cash Equivalents

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

For purposes of the statement of cash flows, the proprietary fund considers all highly liquid investments with an original maturity of three months or less when purchased to be cash equivalents.

CITY OF PATTERSON, LOUISIANA

Notes to Financial Statements

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Investments

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 principal 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, 2024, 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. These receivables and payables related to goods and services type transactions are classified as "due from other funds" or "due to other funds" on the balance sheet. Short-term interfund loans are reported as "interfund receivables and payables." Long-term interfund loans 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 collectability of the particular receivable. The allowance for uncollectible customers' utility receivables was \$209,696 at June 30, 2024. 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, 2024 was \$46,434.

CITY OF PATTERSON, LOUISIANA

Notes to Financial Statements

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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 cost if historical is not available. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation. The City maintains a threshold level of \$1,000 or more for capitalizing capital assets.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets 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 position. 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
Infrastructure	20-50 years
Utility system and improvements	25 years
Equipment	5-7 years

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

Long-term Debt

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund statement of fund net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount. Long-term debt consists of general obligation bonds payable, net pension liabilities and compensated absences payable.

CITY OF PATTERSON, LOUISIANA

Notes to Financial Statements

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Long-term Debt (Continued)

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

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.

Pensions

The City applies the provisions of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*. This pronouncement requires the City to calculate and recognize a net pension liability at June 30, 2024. 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 changes in the retirement systems' fiduciary 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. See Note 13 for further details.

Net Other Post-Employment Benefit Obligations

The City applies GASB Statement No. 75, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions*. This pronouncement requires the City to calculate and recognize a net other post-employment benefit (OPEB) obligation at June 30, 2024. See Note 14 for further details.

Leases

The City applies the provisions of GASB Statement No. 87, *Leases*. GASB Statement No. 87 enhances the relevance and consistency of information of the government's leasing activities. It establishes requirements for lease accounting based on the principle that leases are financings of the right to use an underlying asset. A lessee is required to recognize a lease liability and an intangible right to use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. See Note 10 for further details.

CITY OF PATTERSON, LOUISIANA

Notes to Financial Statements

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Subscription-Based Information Technology Arrangements

The City applies the provisions of GASB Statement No. 96, *Subscription-Based Information Technology Arrangements (SBITAs)*. The objective of this Statement is to better meet the information needs of financial statement users by establishing uniform accounting and financial reporting requirements for SBITAs, improving the comparability of financial statements among governments that have entered into SBITAs, and enhancing the understandability, reliability, relevance, and consistency of information about SBITAs.

Deferred Inflows and Outflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City reported deferred outflows of resources related to pensions.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until then. The City reported deferred inflows of resources related to pensions and leases receivable.

See Note 13 for additional information related to deferred outflows of resources and deferred inflows of resources related to pensions.

Government-wide and Proprietary Fund Net Position

Government-wide Financial Statements

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.”

CITY OF PATTERSON, LOUISIANA

Notes to Financial Statements

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Government-wide and Proprietary Fund Net Position (Continued)

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.

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.

Revenues, Expenditures, and Expenses

Operating Revenues and Expenses

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

CITY OF PATTERSON, LOUISIANA

Notes to Financial Statements

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenues, Expenditures, and Expenses (Continued)

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.

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.

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.

Subsequent Events

The City has evaluated subsequent events through March 28, 2025, the date the financial statements were available to be issued.

NOTE 2 CASH, INTEREST-BEARING DEPOSITS, AND INVESTMENTS

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.

CITY OF PATTERSON, LOUISIANA

Notes to Financial Statements

NOTE 2 CASH, INTEREST-BEARING DEPOSITS, AND INVESTMENTS (CONTINUED)

Cash and Interest-bearing Deposits (Continued)

At June 30, 2024, the City has cash and interest-bearing deposits (book balances) totaling \$3,193,503, as follows:

Demand deposits	\$ 956,115
Money market accounts and time deposits	<u>2,237,388</u>
Total	<u>\$ 3,193,503</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, 2024, were secured as follows:

Bank balances	\$ 4,213,856
Federal deposit insurance	500,000
Pledged securities	<u>6,283,984</u>
Total federal deposit insurance and pledged securities	<u>6,783,984</u>
Excess	<u>\$ 2,570,128</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, 2024, deposits in the amount of \$3,713,856 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.

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.

CITY OF PATTERSON, LOUISIANA

Notes to Financial Statements

NOTE 2 CASH, INTEREST-BEARING DEPOSITS, AND INVESTMENTS (CONTINUED)

Investments (Continued)

At June 30, 2024, the City had the following investments and maturities (in years):

<u>Description</u>	<u>Category</u>	<u>Interest Rate</u>	<u>Fair Value</u>	<u>Less Than 1 Year</u>
Governmental Activities:				
United States Government- Securities Fund	N/A	Various	\$ 1,019,375	\$ 1,019,375
Business-Type Activities:				
United States Government- Securities Fund	N/A	Various	<u>363,067</u>	<u>363,067</u>
			<u>\$ 1,382,442</u>	<u>\$ 1,382,442</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, 2024, 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.

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, 2024, the fair value of the City's investments increased \$64,685. This amount takes into account all changes in fair value (including purchases and sales) that occurred during the year.

CITY OF PATTERSON, LOUISIANA

Notes to Financial Statements

NOTE 2 CASH, INTEREST-BEARING DEPOSITS, AND INVESTMENTS (CONTINUED)

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.

NOTE 3 AD VALOREM TAXES

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

For the year ended June 30, 2024, taxes of 20.50 mills were levied on property with assessed valuations totaling \$28,834,287 and were dedicated as follows:

General corporate purposes	8.30 mills
Debt service	12.20 mills

Total taxes levied were \$591,103. The amount of taxes receivable (net of allowance for uncollectible taxes of \$25,275) at June 30, 2024, was \$4,679.

NOTE 4 RECEIVABLES

Receivable balances at June 30, 2024, are as follows:

	Governmental Activities				Total Governmental Funds
	General	Sewerage and Solid Waste Sales Tax	Ad Valorem Tax Collection	Other Governmental Funds	
Taxes	\$ 138,304	\$ 80,063	\$ 4,679	\$ -	\$ 223,046
Property assessments	-	-	-	6,628	6,628
Other					
Franchise fees	49,157	-	-	-	49,157
Lease receivable	9,171	-	-	-	9,171
Accrued interest	91	184	-	239	514
Other	350	-	262	-	612
Total receivable	<u>\$ 197,073</u>	<u>\$ 80,247</u>	<u>\$ 4,941</u>	<u>\$ 6,867</u>	<u>\$ 289,128</u>

CITY OF PATTERSON, LOUISIANA

Notes to Financial Statements

NOTE 4 RECEIVABLES (CONTINUED)

	Business-Type Activities <u>Utility Fund</u>
Customer accounts	\$ 750,479
Less: allowance for uncollectibles	<u>(209,696)</u>
Net customer accounts receivable	540,783
Other receivables	<u>6,039</u>
Receivables, net	<u><u>\$ 546,822</u></u>

NOTE 5 DUE FROM OTHER GOVERNMENTAL UNITS

Amounts due from other governmental units at June 30, 2024, consisted of the following:

Governmental Activities -

Prisoner maintenance fees due from the St. Mary Parish Government	\$ 46,928
Occupational licenses fees due from state and parish governments	22,249
Annual PILOT payment due from the Patterson Housing Authority	14,031
Prisoner maintenance fees due from the State of Louisiana	7,078
Beer taxes due from the State of Louisiana	878
Video poker receipts due from the State of Louisiana	517
Other miscellaneous fees due from various governments	<u>528</u>
	<u><u>\$ 92,209</u></u>

NOTE 6 INTERFUND TRANSACTIONS

Receivables and Payables

Interfund receivables and payables at June 30, 2024, consisted of the following:

	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
Governmental Activities:		
General Fund	\$ 1,488,587	\$ 912,208
Sewerage and Solid Waste Sales Tax Fund	58,394	24,139
Ad Valorem Tax Collection Fund	262,567	707,091
Other nonmajor governmental funds	990,568	416,991
Business-type Activities:		
Utility Fund	<u>92,442</u>	<u>832,129</u>
Total	<u><u>\$ 2,892,558</u></u>	<u><u>\$ 2,892,558</u></u>
Advances to/from other funds:		
General Fund	\$ 1,500,000	\$ -
Utility Fund	<u>-</u>	<u>1,500,000</u>
Total advances to/from other funds	<u><u>\$ 1,500,000</u></u>	<u><u>\$ 1,500,000</u></u>

CITY OF PATTERSON, LOUISIANA

Notes to Financial Statements

NOTE 6 INTERFUND TRANSACTIONS (CONTINUED)

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.

Operating transfers

Transfers between funds for the year ended June 30, 2024, were:

	<u>Transfers In</u>	<u>Transfers Out</u>
Governmental Activities:		
General Fund	\$ 1,424,191	\$ 151,489
Sewerage and Solid Waste Sales Tax Fund	-	1,224,098
Ad Valorem Tax Collection Fund	-	889,180
Other nonmajor governmental funds	800,864	281,817
Business-type Activities:		
Utility Fund	<u>448,113</u>	<u>126,584</u>
Total	<u>\$ 2,673,168</u>	<u>\$ 2,673,168</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.

NOTE 7 RESTRICTED ASSETS

Restricted assets consisted of the following at June 30, 2024.

Customers' deposits	<u>\$ 503,278</u>
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CITY OF PATTERSON, LOUISIANA

Notes to Financial Statements

NOTE 8 CAPITAL ASSETS

Capital asset activity for the governmental activities for the year ended June 30, 2024, was as follows:

	Balance 6/30/2023	Additions	Deletions	Balance 6/30/2024
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 462,326	\$ 9,940	\$ -	\$ 472,266
Construction in progress	-	-	-	-
Total capital assets not being depreciated	462,326	9,940	-	472,266
Capital assets being depreciated:				
Buildings	3,216,792	-	-	3,216,792
Improvements other than buildings	382,434	50,090	8,320	424,204
Equipment, furniture & fixtures	4,176,816	14,171	26,429	4,164,558
Infrastructure	7,420,745	-	-	7,420,745
Total capital assets being depreciated	15,196,787	64,261	34,749	15,226,299
Less accumulated depreciation for:				
Buildings	(1,681,120)	(80,626)	-	(1,761,746)
Improvements other than buildings	(57,875)	(19,537)	(8,320)	(69,092)
Equipment, furniture & fixtures	(3,242,086)	(162,289)	(25,742)	(3,378,633)
Infrastructure	(1,861,277)	(189,805)	-	(2,051,082)
Total accumulated depreciation	(6,842,358)	(452,257)	(34,062)	(7,260,553)
Total capital assets being depreciated, net	8,354,429	(387,996)	687	7,965,746
Lease assets being amortized:				
Vehicles	150,837	107,983	-	258,820
Less accumulated amortization for:				
Vehicles	(24,284)	(42,093)	-	(66,377)
Total lease assets being amortized, net	126,553	65,890	-	192,443
Governmental activities, capital assets, net	\$ 8,943,308	\$ (312,166)	\$ 687	\$ 8,630,455

Depreciation expense in the amount of \$452,257 and amortization expense of \$42,093 was charged to governmental activities, of which \$83,395 relates to the City's financed purchases.

Depreciation expense was charged to governmental activities as follows:

General government	\$ 62,561
Police	58,307
Fire	51,440
Streets and drainage	200,967
Culture and recreation	78,982
Total Depreciation Expense	<u>\$ 452,257</u>

CITY OF PATTERSON, LOUISIANA

Notes to Financial Statements

NOTE 8 CAPITAL ASSETS (CONTINUED)

Capital assets activity for the business-type activities for the year ended June 30, 2024, was as follows:

	Balance 6/30/2023	Additions	Deletions	Balance 6/30/2024
Business-type activities:				
Capital assets not being depreciated:				
Land	\$ 107,200	\$ -	\$ -	\$ 107,200
Construction in progress	6,611	623,265	-	629,876
Total capital assets not being depreciated	113,811	623,265	-	737,076
Capital assets being depreciated:				
Gas distribution system	2,070,950	-	-	2,070,950
Water distribution system	9,588,422	-	-	9,588,422
Sewer treatment system	5,921,485	-	-	5,921,485
Machinery and equipment	231,355	-	14,200	217,155
Total capital assets being depreciated	17,812,212	-	14,200	17,798,012
Less accumulated depreciation for:				
Gas distribution system	(2,025,449)	(14,535)	-	(2,039,984)
Water distribution system	(3,383,740)	(173,397)	-	(3,557,137)
Sewer treatment system	(4,724,544)	(76,689)	-	(4,801,233)
Machinery and equipment	(217,381)	(974)	(14,200)	(204,155)
Total accumulated depreciation	(10,351,114)	(265,595)	(14,200)	(10,602,509)
Total capital assets being depreciated, net	7,461,098	(265,595)	-	7,195,503
Lease assets being amortized:				
Vehicles	54,605	-	-	54,605
Less accumulated amortization for:				
Vehicles	(12,087)	(12,086)	-	(24,173)
Total lease assets being amortized, net	42,518	(12,086)	-	30,432
Business-type activities, capital assets, net	\$ 7,617,427	\$ 345,584	\$ -	\$ 7,963,011

Depreciation expense in the amount of \$265,595 and amortization expense in the amount of \$12,086 was charged to business type activities, of which \$3,815 relates to the City's financed purchases.

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

Administrative	\$ 974
Gas	14,535
Water	173,397
Sewer	76,689
Total Depreciation Expense	<u>\$ 265,595</u>

CITY OF PATTERSON, LOUISIANA

Notes to Financial Statements

NOTE 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, 2024.

	Balance at July 1, 2023	Additions	Reductions	Balance at June 30, 2024	Due Within One Year
Governmental Activities:					
General Obligation and					
Limited Tax Bonds	\$ 4,140,000	\$ -	\$ 455,000	\$ 3,685,000	\$ 470,000
Financed purchase obligations	206,913	-	117,366	89,547	65,770
Other postemployment benefits	938,582	-	245,677	692,905	-
Net pension liability	<u>1,349,764</u>	<u>482,763</u>	<u>68,910</u>	<u>1,763,617</u>	<u>-</u>
Total	<u>\$ 6,635,259</u>	<u>\$ 482,763</u>	<u>\$ 886,953</u>	<u>\$ 6,231,069</u>	<u>\$ 535,770</u>
Business-Type Activities:					
Financed purchase obligations	\$ 6,297	\$ -	\$ 6,297	\$ -	\$ -
Other postemployment benefits	439,960	-	116,604	323,356	-
Net pension liability	<u>985,658</u>	<u>-</u>	<u>115,342</u>	<u>870,316</u>	<u>-</u>
Total	<u>\$ 1,431,915</u>	<u>\$ -</u>	<u>\$ 238,243</u>	<u>\$ 1,193,672</u>	<u>\$ -</u>

Bonds Payable

Bonds payable outstanding at June 30, 2024, is comprised of the following individual issues:

General obligation and public improvement sales tax bonds

\$5,000,000 General Obligation Bonds, Series 2020, due in annual installments of \$255,000 to \$340,000 through March 1, 2032; interest at 1.90 percent per annum, secured by levy and collection of ad valorem tax	\$2,415,000
\$1,000,000 Limited Tax Bonds, Series 2015, due in annual installments of \$85,000 to \$95,000 through March 1, 2027; interest at 1.925 to 2.35 percent; secured by levy and collection of ad valorem taxes	280,000
\$1,000,000 Limited Tax Bonds, Series 2018, due in annual installments of \$100,000 to \$115,000 through May 1, 2028; interest at 3.02 percent; secured by levy and collection of ad valorem taxes	435,000
\$570,000 Limited Tax Bonds, Series 2021, due in annual installments of \$5,000 to \$90,000 through March 1, 2033; interest at 2.0 percent; secured by levy and collection of ad valorem taxes	<u>555,000</u>
Total general obligation and public improvement sales tax bonds	<u>\$3,685,000</u>

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CITY OF PATTERSON, LOUISIANA

Notes to Financial Statements

NOTE 9 CHANGES IN LONG-TERM DEBT (CONTINUED)

Bonds Payable (Continued)

The annual requirements to amortize bonds payable outstanding are as follows as of June 30, 2024:

Year Ending June 30,	General Obligation Bonds		Limited Tax Bonds		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2025	\$ 270,000	\$ 45,885	\$ 200,000	\$ 30,175	\$ 470,000	\$ 76,060
2026	275,000	40,755	205,000	24,927	480,000	65,682
2027	285,000	35,530	210,000	19,546	495,000	55,076
2028	295,000	30,115	205,000	13,895	500,000	44,010
2029	305,000	24,510	90,000	8,685	395,000	33,195
2030-2033	<u>985,000</u>	<u>37,905</u>	<u>360,000</u>	<u>17,370</u>	<u>1,345,000</u>	<u>55,275</u>
	<u>\$2,415,000</u>	<u>\$214,700</u>	<u>\$1,270,000</u>	<u>\$ 114,598</u>	<u>\$3,685,000</u>	<u>\$329,298</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, 2024.

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.

Financed Purchases

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

Police Vehicles:

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. The final payment towards this agreement was made during the year ended June 30, 2024.

Street Equipment:

In 2021, the City entered into a financing agreement for the acquisition of an excavator. The acquisition cost was \$58,190 and was financed with forty-eight monthly payments of principal and interest totaling \$16,068 per year.

CITY OF PATTERSON, LOUISIANA

Notes to Financial Statements

NOTE 9 CHANGES IN LONG-TERM DEBT (CONTINUED)

Financed Purchases (Continued)

Other Equipment:

In 2021, the City entered into a financing agreement for the acquisition of a mower for the streets department, in-car cameras and laptops for the police department, and desktop computers for its administrative department. The acquisition cost was \$63,655 and was financed with eight semi-annual payments of principal and interest totaling \$17,118 per year.

In 2022, the City entered into a financing agreement for the acquisition of a backhoe, video surveillance systems installed at various City properties, computers and printers for the administrative and police departments, and radio equipment for the police, fire and utility departments. The acquisition was \$180,335 and was financed with eight semi-annual payments of principal and interest totaling \$48,291 per year.

Utility Vehicles:

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. The final payment towards this agreement was made during the year ended June 30, 2024.

Future maturities of the City's financed purchase obligations are as follows:

<u>Fiscal Year End</u>	<u>Governmental Activities</u>	
	<u>Street Equipment</u>	<u>Other Equipment</u>
2025	\$ 2,678	\$ 65,409
2026	-	24,146
Less: Amount representing interest	(78)	(2,608)
Present value of future minimum payments	<u>\$ 2,600</u>	<u>\$ 86,947</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

NOTE 9 CHANGES IN LONG-TERM DEBT (CONTINUED)

Financed Purchases (Continued)

At June 30, 2024, assets and related amortization under financed purchase obligations are as follows:

	Governmental Activities	Business-Type Activities
Vehicles - fire truck	\$ 348,329	\$ -
Vehicles - police vehicles	241,652	-
Vehicles - utility vehicles	-	57,230
Equipment - excavator	58,191	-
Equipment - backhoe	82,806	-
Equipment - lawn mower	12,150	-
Equipment - police in-car cameras	46,215	-
Equipment - video surveillance systems	22,092	-
Equipment - computer equipment	11,283	-
Equipment - radio equipment	64,154	-
Less: accumulated amortization	<u>(719,228)</u>	<u>(57,230)</u>
	<u>\$ 167,644</u>	<u>\$ -</u>

Amortization of capital assets under financed purchase obligations are included with depreciation expense. Additionally, the City at times rents various equipment on a short-term basis.

NOTE 10 LEASES

Lease Obligations

The City's current lease agreements as lessee are summarized as follows:

	Commencement Date	Payment Terms	Payment Amount	Interest Rate	Total Lease Liability	Balance at June 30, 2024
Governmental Activities:						
Vehicles	Various	5 years	\$ 60,949	Various	\$ 250,486	\$ 196,262
Office Equipment	7/1/2023	51 months	<u>2,062</u>	1.93%	<u>8,334</u>	<u>6,433</u>
Total			<u>\$ 63,011</u>		<u>\$ 258,820</u>	<u>\$ 202,695</u>
Business-Type Activities:						
Vehicles	7/1/2022	5 years	\$ 14,174	Various	\$ 54,604	\$ 32,210

Lease agreements with Enterprise Fleet Management for eight vehicles (six related to governmental activities and two related to business-type activities). The varying agreements began July 1, 2022 through January 1, 2024 for terms of 5 years and are cancellable, by any party, at any time. The City will not acquire the equipment at the end of the term.

Lease agreement with Pitney Bowes for digital mailing system. The agreement began July 1, 2023 for a term of 51 months and is cancellable, by any party, at any time. The City will not acquire the equipment at the end of the term.

CITY OF PATTERSON, LOUISIANA

Notes to Financial Statements

NOTE 10 LEASES (CONTINUED)

Annual requirements to amortize long-term obligations and related interest are as follows:

Governmental Activities:

Year Ending June 30,	Principal	Interest	Total
2025	\$ 50,734	\$ 12,278	\$ 63,012
2026	53,808	6,663	60,471
2027	57,080	4,706	61,786
2028	29,590	2,621	32,211
2029	11,483	457	11,940
	<u>\$ 202,695</u>	<u>\$ 26,725</u>	<u>\$ 229,420</u>

Business-Type Activities:

Year Ending June 30,	Principal	Interest	Total
2025	\$ 12,221	\$ 1,953	\$ 14,174
2026	12,960	1,215	14,175
2027	7,029	429	7,458
	<u>\$ 32,210</u>	<u>\$ 3,597</u>	<u>\$ 35,807</u>

Lease Receivable

The City's current lease agreement as lessor is summarized as follows

	Commencement Date	Payment Terms	Payment Amount	Interest Rate	Total Lease Receivable	Balance at June 30, 2024
Governmental Activities: Old City Hall Building	12/1/2023	31 months	\$ 400	3.106%	\$ 11,610	\$ 9,171

Lease agreement with Acadian Ambulance for use of the Old City Hall Building. The agreement began December 1, 2023 for a term of 31 months ending May 31, 2026, and is cancellable, by any party, at any time. The lessee has the option to extend the term of the lease for an additional one year term. The asset will remain with the City at the end of the term.

Future payments to the City under the lease agreement and related interest payments are as follows:

Governmental Activities:

Year Ending June 30,	Principal	Interest	Total
2025	\$ 4,515	\$ 285	\$ 4,800
2026	4,656	144	4,800
	<u>\$ 9,171</u>	<u>\$ 429</u>	<u>\$ 9,600</u>

CITY OF PATTERSON, LOUISIANA

Notes to Financial Statements

NOTE 11 GOVERNMENTAL FUND BALANCES

As of June 30, 2024, governmental fund balances are comprised of the following:

	General Fund	Sewerage and Solid Waste Sales Tax	Ad Valorem Tax Collection	Other Governmental Funds	Total Governmental Funds
Nonspendable					
Interfund advances	\$ 1,500,000	\$ -	\$ -	\$ -	\$ 1,500,000
Restricted					
Debt retirement	-	-	-	1,191,968	1,191,968
Capital expenditures	-	-	-	604,357	604,357
Sewerage and solid waste	-	1,648,966	-	-	1,648,966
Street repairs	-	-	-	182,569	182,569
Unassigned (deficit)	<u>831,714</u>	<u>-</u>	<u>-</u>	<u>(335,589)</u>	<u>496,125</u>
	<u>\$2,331,714</u>	<u>\$ 1,648,966</u>	<u>\$ -</u>	<u>\$ 1,643,305</u>	<u>\$ 5,623,985</u>

NOTE 12 DEDICATION OF PROCEEDS AND FLOW OF FUNDS SALES AND USE TAXES

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

Proceeds of a 1% parish wide sales and use tax levied in 1966 (2024 collections \$1,012,547; 2023, \$979,782; 2022, \$904,649). 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.

Proceeds of a ¾% sales and use tax originally levied in 1974 (2024 collections \$1,010,237; 2023, \$975,278; 2022, \$892,592). 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.

CITY OF PATTERSON, LOUISIANA

Notes to Financial Statements

NOTE 12 DEDICATION OF PROCEEDS AND FLOW OF FUNDS SALES AND USE TAXES (CONTINUED)

Proceeds of a 3/10% sales and use tax levied in 1982 (2024 collections \$325,316; 2023, \$339,475; 2022, \$308,341). 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.

Proceeds of a ½% parish wide sales and use tax levied in 2000 (2024 collections \$334,495; 2023, \$325,100; 2022, \$299,179). Tax is collected by the St. Mary Parish Sales and Use Tax Department and is remitted to the St. Mary Parish Sheriff, the Parish of St. Mary and each participating municipality on a monthly basis. Proceeds of this tax may be used by the municipalities for any lawful law enforcement purpose.

NOTE 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:

Municipal Employees' Retirement System (MERS)

Plan Description: MERS was established by Act 356 of the 1954 regular session of the Legislature of the State of Louisiana to provide 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.

CITY OF PATTERSON, LOUISIANA

Notes to Financial Statements

NOTE 13 EMPLOYEE RETIREMENT (CONTINUED)

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 final compensation multiplied by his years of creditable service. Final 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.

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 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.

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 to retire 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.

CITY OF PATTERSON, LOUISIANA

Notes to Financial Statements

NOTE 13 EMPLOYEE RETIREMENT (CONTINUED)

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 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, contributions for all employers are actuarially determined each year. For the year ended June 30, 2023, the employer contribution rate for Plan B was 15.50%.

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.

CITY OF PATTERSON, LOUISIANA

Notes to Financial Statements

NOTE 13 EMPLOYEE RETIREMENT (CONTINUED)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources: At June 30, 2024, The City reported liabilities in its government-wide financial statements of \$359,913 and \$870,316 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, 2023 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, 2023, the City's proportional share of MERS was 1.534216%, which was a decrease of 0.076840% from its proportion measured as of June 30, 2022.

For the year ended June 30, 2024, the City recognized a pension expense of \$92,032 and \$151,084 in its governmental activities and its business-type activities, respectively, related to its participation in MERS.

At June 30, 2024, 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	\$ 5,303	\$ -	\$ 12,375	\$ 431
Changes of assumptions	-	-	-	-
Net difference between projected and actual earnings on pension plan investments	47,875	-	111,709	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	8,722	15,705	39,424	21,090
Employer contributions subsequent to the measurement date	<u>73,321</u>	<u>-</u>	<u>122,837</u>	<u>-</u>
	<u>\$ 135,221</u>	<u>\$ 15,705</u>	<u>\$ 286,345</u>	<u>\$ 21,521</u>

CITY OF PATTERSON, LOUISIANA

Notes to Financial Statements

NOTE 13 EMPLOYEE RETIREMENT (CONTINUED)

The \$196,158 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:

Year	Governmental Activities	Business-Type Activities	Total
2025	\$ 24,240	\$ 56,560	\$ 80,800
2026	2,939	6,857	9,796
2027	31,304	73,044	104,348
2028	<u>(12,288)</u>	<u>5,526</u>	<u>(6,762)</u>
	<u>\$ 46,195</u>	<u>\$ 141,987</u>	<u>\$ 188,182</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, 2023 valuation were based on the results of an actuarial experience study for the period July 1, 2013 through June 30, 2018.

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CITY OF PATTERSON, LOUISIANA

Notes to Financial Statements

NOTE 13 EMPLOYEE RETIREMENT (CONTINUED)

Information on the actuarial valuation and assumptions is as follows:

	Municipal Employees' Retirement System (MERS) Plan B
Valuation Date	June 30, 2023
Actuarial cost method	Entry Age Normal
Expected remaining service lives	3 years
Investment rate of return	6.85%, net of pension plan investment expense, including inflation
Inflation rate	2.5%
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 6.85%, which was no change from the rate used as of June 30, 2022. 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.

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CITY OF PATTERSON, LOUISIANA

Notes to Financial Statements

NOTE 13 EMPLOYEE RETIREMENT (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, 2024, are summarized in the following table:

Asset Class	Target Asset Allocation	Long-Term Expected Portfolio Real Rate of Return
Public Equity	56%	2.44%
Public fixed income	29%	1.26%
Alternatives	15%	0.65%
Totals	<u>100%</u>	<u>4.35%</u>
Inflation		2.50%
Expected Arithmetic Nominal Return		<u>6.85%</u>

Discount Rate: The discount rate used to measure the total pension liability was 6.85%, which was no change from the rate used as of June 30, 2022. 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:

	1% Decrease 5.850%	Discount Rate 6.850%	1% Increase 7.850%
Net Pension Liability	<u>\$ 1,738,323</u>	<u>\$ 1,230,229</u>	<u>\$ 800,462</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, 2024, the City recognized revenue as a result of support received from non-employer contributing entities of \$48,871 for its participation in MERS.

CITY OF PATTERSON, LOUISIANA

Notes to Financial Statements

NOTE 13 EMPLOYEE RETIREMENT (CONTINUED)

Payables to the Pension Plan: The City recorded accrued liabilities to MERS for the year ended June 30, 2024, 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, 2024 is \$13,769.

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.

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 40% to 60% of the member's average final compensation for the surviving spouse. In addition, each child under age 18 receives benefits equal to 10% of the member's average final compensation or \$200 per month, whichever is greater.

CITY OF PATTERSON, LOUISIANA

Notes to Financial Statements

NOTE 13 EMPLOYEE RETIREMENT (CONTINUED)

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 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% (generally) 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 25% to 55% of the member's average final compensation for the surviving spouse. In addition, each child under age 18 receives benefits equal to 10% 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

CITY OF PATTERSON, LOUISIANA

Notes to Financial Statements

NOTE 13 EMPLOYEE RETIREMENT (CONTINUED)

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 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, 2023, 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 31.25% and 10%, respectively. The employer and employee contribution rates for all Non-Hazardous Duty members hired after January 1, 2013 were 31.25% 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 33.75% 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, 2024, the City reported liabilities in its government-wide financial statements of \$1,403,704 in its governmental activities for its proportionate share of the net pension liabilities of MPERS. The net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension obligation was determined by actuarial valuation performed on the retirement system as of that date. Under the 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, 2023, the City's proportional share of MPERS was 0.132864%, which was an increase of 0.042768% from its proportion measured as of June 30, 2022.

CITY OF PATTERSON, LOUISIANA

Notes to Financial Statements

NOTE 13 EMPLOYEE RETIREMENT (CONTINUED)

For the year ended June 30, 2024, the City recognized a pension expense of \$362,472 in its governmental activities related to its participation in MPERS.

At June 30, 2024, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	MPERS	
	Governmental Activities	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 98,877	\$ 588
Changes of assumptions	23,424	-
Net difference between projected and actual earnings on pension plan investments	151,538	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	302,863	97,781
Employer contributions subsequent to the measurement date	<u>198,239</u>	<u>-</u>
	<u>\$ 774,941</u>	<u>\$ 98,369</u>

The \$198,239 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>	
2025	\$ 169,914
2026	77,667
2027	238,284
2028	<u>(7,532)</u>
	<u>\$ 478,333</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 employee's past periods of service, less the amount of the pension plan's fiduciary net position.

CITY OF PATTERSON, LOUISIANA

Notes to Financial Statements

NOTE 13 EMPLOYEE RETIREMENT (CONTINUED)

The actuarial assumptions used in the June 30, 2023 valuation were based on the assumptions used in the June 30, 2023 actuarial funding valuation and were based on the results of an actuarial experience study for the period of July 1, 2014 through June 30, 2019. In cases where benefit structures were changed after the study period, assumptions were based on the estimates of future experience.

A summary of the actuarial methods and assumptions used in determining the total pension liability as of June 30, 2024 are as follows:

	Municipal Police Employees' Retirement System (MPERS)	
Valuation Date	June 30, 2023	
Actuarial cost method	Entry Age Normal Cost	
Expected remaining service lives	4 years	
Investment rate of return	6.750%, net of investment expense	
Inflation rate	2.50%	
Salary increases, including inflation and merit	Yrs of Service	Salary Growth
	1-2	12.30%
	Above 2	4.70%
Mortality	<p>For annuitants and beneficiaries, the Pub-2010 Public Retirement Plan Mortality Table for Safety Below-Median Healthy Retirees multiplied by 115% for males and 125% for females, each with full generational projection using the MP2019 scale.</p> <p>For disabled lives, the Pub-2010 Public Retirement Plans Mortality Table for Safety Disable Retirees multiplied by 105% for males and 115% for females, each with full generational projection using the MP2019 scale.</p> <p>For employees, the Pub-2010 Public Retirement Plans Mortality Table for Safety Below-Median Employees multiplied by 115% for males and 125% for females, each with full generational projection using the MP2019 scale.</p>	
Cost of Living Adjustments	<p>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.</p>	

The investment rate of return was 6.75%, which was no change from the rate used as of June 30, 2022.

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, 2014 through June 30, 2019, and review of similar law enforcement mortality. A change was made to full generational mortality which combines the use of a base mortality table with appropriate mortality improvement scales. In order to set the base mortality table, actual plan mortality experience was assigned a credibility weighting and combined with a standard table to produce current levels of mortality.

CITY OF PATTERSON, LOUISIANA

Notes to Financial Statements

NOTE 13 EMPLOYEE RETIREMENT (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, 2024 are summarized in the following table:

Asset Class	June 30, 2024	
	Target Allocation	Long Term Expected Portfolio Real Rate of Return
Equity	52.00%	3.29%
Fixed Income	34.00%	1.12%
Alternative	14.00%	0.95%
Totals	<u>100.00%</u>	<u>5.36%</u>
Inflation		<u>2.54%</u>
Expected Arithmetic Return		<u>7.90%</u>

The discount rate used to measure the total pension liability was 6.75%, which was no change from the rate used as of June 30, 2022. 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 5.750%	Current Discount Rate 6.750%	1% Increase 7.750%
Net Pension Liability	<u>\$ 1,975,122</u>	<u>\$ 1,403,704</u>	<u>\$ 926,359</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, 2024, the City recognized revenue as a result of support received from non-employer contributing entities of \$30,643 for its participation in MPERS.

CITY OF PATTERSON, LOUISIANA

Notes to Financial Statements

NOTE 13 EMPLOYEE RETIREMENT (CONTINUED)

Payables to the Pension Plan: The City recorded accrued liabilities to MPERS for the year ended June 30, 2024, 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, 2024 is \$15,453.

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.

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:

	MERS	MPERS	Aggregate
Governmental Activities	\$ 359,913	\$1,403,704	\$1,763,617
Business-Type Activities	870,316	-	870,316
Total	<u>\$ 1,230,229</u>	<u>\$1,403,704</u>	<u>\$2,633,933</u>

Deferred Outflows of Resources:

	MERS	MPERS	Aggregate
Governmental Activities	\$ 135,221	\$ 774,941	\$ 910,162
Business-Type Activities	286,345	-	286,345
Total	<u>\$ 421,566</u>	<u>\$ 774,941</u>	<u>\$1,196,507</u>

Deferred Inflows of Resources:

	MERS	MPERS	Aggregate
Governmental Activities	\$ 15,705	\$ 98,369	\$ 114,074
Business-Type Activities	21,521	-	21,521
Total	<u>\$ 37,226</u>	<u>\$ 98,369</u>	<u>\$ 135,595</u>

Pension Expense:

	MERS	MPERS	Aggregate
Governmental Activities	\$ 92,032	\$ 362,472	\$ 454,504
Business-Type Activities	151,084	-	151,084
Total	<u>\$ 243,116</u>	<u>\$ 362,472</u>	<u>\$ 605,588</u>

CITY OF PATTERSON, LOUISIANA

Notes to Financial Statements

NOTE 14 OTHER POSTEMPLOYMENT 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, 2024, there were a total of 48 employees covered by the benefit terms. Of these 48 employees, 45 were active employees and 3 were inactive employees currently receiving benefits payments.

The City's total OPEB liability of \$1,016,261 was measured as of June 30, 2024 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.

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CITY OF PATTERSON, LOUISIANA

Notes to Financial Statements

NOTE 14 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

Key Assumptions and Other Inputs

The total OPEB liability as of June 30, 2024 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	4.60%
Percentage participation	100.00%
Healthcare cost trend rates	
Medical	Initially 5.8%, decreasing 0.1% in year 2 and year 3, then decreasing 0.2% per year to year 9, then decreasing to 4.1% in 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, 2024 Fidelity General Obligation AA 20-Year Yield.

Mortality rates for active employees were based on the Pub-2010 Public Retirement Plans Mortality Tables, with mortality improvement projected for ten years.

Changes in Total OPEB Liability

	Governmental Funds	Business-Type Funds	Total OPEB Liability
Balance at 6/30/2023	\$ 938,582	\$ 439,960	\$ 1,378,542
Charges for the year:			
Service cost	42,595	19,962	62,557
Interest on OPEB liability	40,137	18,810	58,947
Effect of economic gains and losses	(281,249)	(131,806)	(413,055)
Differences between expected and actual experience	(47,160)	(23,570)	(70,730)
Net changes	(245,677)	(116,604)	(362,281)
Balance at 6/30/2024	<u>\$ 692,905</u>	<u>\$ 323,356</u>	<u>\$ 1,016,261</u>

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CITY OF PATTERSON, LOUISIANA

Notes to Financial Statements

NOTE 14 OTHER POSTEMPLOYMENT BENEFITS (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 is 1-percentage-point lower (3.60 percent) or 1-percentage-point higher (5.60 percent) than the current discount rate:

	<u>1% Decrease</u> <u>(3.60%)</u>	<u>Discount Rate</u> <u>(4.60%)</u>	<u>1% Increase</u> <u>(5.60%)</u>
Total OPEB Liability	<u>\$ 1,110,734</u>	<u>\$ 1,016,261</u>	<u>\$ 933,389</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>\$ 930,509</u>	<u>\$ 1,016,261</u>	<u>\$ 1,112,406</u>

NOTE 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, 2024 was \$204,620.

NOTE 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, 2024. Settled claims have not exceeded the commercial coverages in any of the previous three fiscal years.

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CITY OF PATTERSON, LOUISIANA

Notes to Financial Statements

NOTE 17 COMPENSATION OF CITY OFFICIALS

A detail of compensation paid to the City Council for the year ended June 30, 2024 follows:

Mayor:

Rodney Grogan	\$ <u>54,000</u>
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Council:

Lee Condolle	\$ 6,000
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Ray Dewey, Sr.	6,000
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Miranda Weinbach	6,000
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Mamie Perry	6,000
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R. Demale Bowden, Jr.	<u>6,000</u>
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\$ <u>30,000</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, 2024 are as follows:

Salary	\$ 54,000
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Benefits - insurance	8,711
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Benefits - retirement	7,560
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Reimbursements for supplies	737
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Conference travel/lodging/meals	<u>4,861</u>
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\$ <u>75,869</u>

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CITY OF PATTERSON, LOUISIANA

Notes to Financial Statements

NOTE 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	<u>45.20%</u>
	<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.

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, 2023 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	\$ 1,857,066
Total liabilities and deferred inflows of resources	<u>72,100</u>
Total net position	<u>\$ 1,784,966</u>

The statement of revenues and expenses for the fiscal year ended September 30, 2022, reflected the following:

Operating revenues	\$ 1,270,420
Nonoperating revenues	9,228
Operating expenses	<u>(995,503)</u>
Change in net position	<u>\$ 284,145</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, 2023.

CITY OF PATTERSON, LOUISIANA

Notes to Financial Statements

NOTE 19 DEFICIT FUND BALANCES

The following nonmajor funds reported deficit unassigned fund balances at June 30, 2024:

Debt Service Fund		
Public Improvement Sales Tax Bonds Fund	\$	197,055
1990 Paving Assessments Fund		107,875
Capital Projects Fund		
2002 Paving Project Construction Fund		30,558
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.

NOTE 20 PAYROLL TAX PENALTIES ASSESSED

The Internal Revenue Service has assessed failure-to-file and failure-to-pay penalties on the City as a result of the City's previous delinquency in remitting payroll tax payments and submitting Forms 941 to the federal tax authorities. The penalties assessed as of June 30, 2024 in the approximate amount of \$341,000 were not accrued as a contingency, however, since it is more than probable that the penalties will ultimately be waived by the IRS.

NOTE 21 PRIOR PERIOD ADJUSTMENT

During the fiscal year ended June 30, 2024, the City made adjustments to the General Fund beginning fund balance, government-wide beginning net position for Governmental Activities, and the Utility Fund beginning net position to correct accounting errors. Accrued liabilities related to unpaid payroll taxes and interest assessed on unpaid taxes to the IRS were understated by \$71,817. Effects of the prior period adjustment on net position are as follows:

	Government-Wide Financial Statements	
	Governmental Activities	Business- Type Activities
Beginning balance, before restatement	\$ 9,184,533	\$5,744,808
Adjustment for payroll liabilities and interest	(45,245)	(26,572)
Beginning balance, as restated	<u>\$ 9,139,288</u>	<u>\$5,718,236</u>

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF PATTERSON, LOUISIANA
General Fund
Budgetary Comparison Schedule
For the Year Ended June 30, 2024

	Budget		Actual	Variance With Final Budget Favorable (Unfavorable)
	Original	Final		
Revenues:				
Taxes	\$ 1,985,000	\$ 2,055,172	\$ 1,932,932	\$ (122,240)
Licenses and Permits	226,400	218,828	201,840	(16,988)
Intergovernmental	216,170	263,048	263,701	653
Charges for Services	711,000	746,000	807,843	61,843
Fines and Forfeits	420,000	420,000	426,046	6,046
Miscellaneous	<u>140,452</u>	<u>149,008</u>	<u>267,063</u>	<u>118,055</u>
Total Revenues	<u>3,699,022</u>	<u>3,852,056</u>	<u>3,899,425</u>	<u>47,369</u>
Expenditures:				
Current -				
General Government:				
Administrative	743,790	734,551	1,016,992	(282,441)
Mechanic Shop	143,950	138,378	152,856	(14,478)
Public Safety:				
Police	1,959,650	2,128,916	2,315,354	(186,438)
Fire	85,400	85,242	63,308	21,934
Streets and Drainage	606,150	615,184	926,502	(311,318)
Culture and Recreation	234,100	291,497	215,425	76,072
Sanitation	553,000	603,009	615,368	(12,359)
Capital Outlay	231,460	303,768	180,678	123,090
Debt Service	<u>-</u>	<u>-</u>	<u>193,575</u>	<u>(193,575)</u>
Total Expenditures	<u>4,557,500</u>	<u>4,900,545</u>	<u>5,680,058</u>	<u>(779,513)</u>
Deficiency of Revenues Over Expenditures	(858,478)	(1,048,489)	(1,780,633)	(732,144)
Other Financing Sources (Uses):				
Proceeds from capital lease	-	-	107,983	107,983
Operating Transfers Out	-	-	(151,489)	(151,489)
Operating Transfers In	<u>967,278</u>	<u>967,278</u>	<u>1,424,191</u>	<u>456,913</u>
Total other financing sources (uses)	<u>967,278</u>	<u>967,278</u>	<u>1,380,685</u>	<u>413,407</u>
Net Change in Fund Balance	108,800	(81,211)	(399,948)	(318,737)
Fund Balance, Beginning	<u>3,359,386</u>	<u>3,359,386</u>	<u>2,731,662</u>	<u>(627,724)</u>
Fund Balance, Ending	<u>\$ 3,468,186</u>	<u>\$ 3,278,175</u>	<u>\$ 2,331,714</u>	<u>\$ (946,461)</u>

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

CITY OF PATTERSON, LOUISIANA
Sewerage and Solid Waste Sales Tax Fund
Budgetary Comparison Schedule
For the Year Ended June 30, 2024

	Budget		Actual	Variance With Final Budget Favorable (Unfavorable)
	Original	Final		
Revenues:				
Taxes	\$ 1,013,000	\$ 1,013,000	\$ 1,010,237	\$ (2,763)
Interest on Deposits	<u>3,500</u>	<u>4,205</u>	<u>52,715</u>	<u>48,510</u>
Total Revenues	1,016,500	1,017,205	1,062,952	45,747
Expenditures:				
Current -				
Regional Sewerage	27,000	27,000	-	27,000
Capital outlay	<u>4,200</u>	<u>4,200</u>	<u>-</u>	<u>4,200</u>
Total expenditures	<u>31,200</u>	<u>31,200</u>	<u>-</u>	<u>31,200</u>
Excess of Revenues Over Expenditures	985,300	986,005	1,062,952	76,947
Other Financing Sources (Uses):				
Operating Transfers Out	<u>(981,000)</u>	<u>(981,000)</u>	<u>(1,224,098)</u>	<u>(243,098)</u>
Total other financing sources (uses)	<u>(981,000)</u>	<u>(981,000)</u>	<u>(1,224,098)</u>	<u>(243,098)</u>
Net Change in Fund Balance	4,300	5,005	(161,146)	(166,151)
Fund Balance, Beginning	<u>543,436</u>	<u>543,436</u>	<u>1,810,112</u>	<u>1,266,676</u>
Fund Balance, Ending	<u>\$ 547,736</u>	<u>\$ 548,441</u>	<u>\$ 1,648,966</u>	<u>\$ 1,100,525</u>

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

CITY OF PATTERSON, LOUISIANA
Ad Valorem Tax Collection Fund
Budgetary Comparison Schedule
For the Year Ended June 30, 2024

	Budget		Actual	Variance With Final Budget Favorable (Unfavorable)
	Original	Final		
Revenues:				
Taxes	\$ 537,000	\$ 537,000	\$ 569,307	\$ 32,307
Interest on Deposits	17	17	-	(17)
Miscellaneous	<u>600</u>	<u>600</u>	<u>23,468</u>	<u>22,868</u>
Total Revenues	537,617	537,617	592,775	55,158
Expenditures:				
Current -				
General Government	<u>4,000</u>	<u>4,000</u>	<u>8,222</u>	<u>(4,222)</u>
Total expenditures	<u>4,000</u>	<u>4,000</u>	<u>8,222</u>	<u>(4,222)</u>
Excess of Revenues Over Expenditures	533,617	533,617	584,553	50,936
Other Financing Sources (Uses):				
Operating Transfers Out	<u>(531,339)</u>	<u>(531,339)</u>	<u>(889,180)</u>	<u>(357,841)</u>
Total other financing sources (uses)	<u>(531,339)</u>	<u>(531,339)</u>	<u>(889,180)</u>	<u>(357,841)</u>
Net Change in Fund Balance	2,278	2,278	(304,627)	(306,905)
Fund Balance, Beginning	<u>337,900</u>	<u>337,900</u>	<u>304,627</u>	<u>(33,273)</u>
Fund Balance, Ending	<u>\$ 340,178</u>	<u>\$ 340,178</u>	<u>\$ -</u>	<u>\$ (340,178)</u>

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

CITY OF PATTERSON, LOUISIANA
Schedule of Changes in Total OPEB
Liability and Related Ratios
For the Year Ended June 30, 2024

	2018	2019	2020	2021	2022	2023	2024
Total OPEB Liability							
Service Cost	\$ 44,561	\$ 48,172	\$ 50,370	\$ 62,557	\$ 62,557	\$ 62,557	\$ 62,557
Interest	25,958	29,395	28,284	26,369	26,061	26,162	58,947
Effect of economic gains and losses	-	(99,350)	104,167	19,860	(482,001)	711,205	(413,055)
Differences between expected and actual experience	<u>24,053</u>	<u>(6,717)</u>	<u>73,303</u>	<u>13,579</u>	<u>(95,022)</u>	<u>(74,648)</u>	<u>(70,730)</u>
Net change in total OPEB liability	94,572	(28,500)	256,124	122,365	(488,405)	725,276	(362,281)
Total OPEB liability, beginning	<u>697,110</u>	<u>791,682</u>	<u>763,182</u>	<u>1,019,306</u>	<u>1,141,671</u>	<u>653,266</u>	<u>1,378,542</u>
Total OPEB liability, ending	<u>\$ 791,682</u>	<u>\$ 763,182</u>	<u>\$ 1,019,306</u>	<u>\$ 1,141,671</u>	<u>\$ 653,266</u>	<u>\$ 1,378,542</u>	<u>\$ 1,016,261</u>
Covered employee payroll	<u>\$ 1,151,467</u>	<u>\$ 1,186,798</u>	<u>\$ 1,210,534</u>	<u>\$ 1,271,061</u>	<u>\$ 1,472,744</u>	<u>\$ 2,414,139</u>	<u>\$ 2,755,982</u>
Total OPEB liability as a percentage of covered employee payroll	<u>68.8%</u>	<u>64.3%</u>	<u>84.2%</u>	<u>89.8%</u>	<u>44.4%</u>	<u>57.1%</u>	<u>36.9%</u>

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

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

CITY OF PATTERSON, LOUISIANA
Schedule of Employer's Share
Of Net Pension Liability
For the Year Ended June 30, 2024

Plan 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	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%
2020	1.380852%	\$ 1,251,364	\$ 1,070,122	116.9%	66.26%
2021	1.410540%	\$ 817,138	\$ 1,084,035	75.4%	79.14%
2022	1.611056%	\$ 1,414,481	\$ 1,300,368	108.8%	69.56%
2023	1.534216%	\$ 1,230,229	\$ 1,318,123	93.3%	73.25%
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%
2020	0.096528%	\$ 892,144	\$ 298,147	299.2%	70.94%
2021	0.116014%	\$ 618,418	\$ 355,683	173.9%	84.09%
2022	0.090096%	\$ 920,941	\$ 278,136	331.1%	70.80%
2023	0.132864%	\$ 1,403,704	\$ 450,096	311.9%	71.30%

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

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

CITY OF PATTERSON, LOUISIANA
Schedule of Employer Contributions
For the Year Ended June 30, 2024

<u>Fiscal 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%
2021	\$ 168,025	\$ 168,025	\$ -	\$ 1,084,035	15.50%
2022	\$ 201,557	\$ 201,557	\$ -	\$ 1,300,368	15.50%
2023	\$ 204,310	\$ 204,310	\$ -	\$ 1,318,123	15.50%
2024	\$ 198,621	\$ 198,621	\$ -	\$ 1,281,420	15.50%
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%
2021	\$ 119,454	\$ 119,454	\$ -	\$ 355,683	33.58%
2022	\$ 82,746	\$ 82,746	\$ -	\$ 278,136	29.75%
2023	\$ 140,655	\$ 140,655	\$ -	\$ 450,096	31.25%
2024	\$ 188,661	\$ 188,661	\$ -	\$ 556,094	33.93%

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

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

CITY OF PATTERSON, LOUISIANA

Notes to Required Supplementary Information Year Ended June 30, 2024

NOTE 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.

NOTE 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.

NOTE 3 ACTUAL EXPENDITURES IN EXCESS OF BUDGETED APPROPRIATIONS

Actual expenditures and transfers exceeded budgeted appropriations in the General Fund, the Sewerage and Solid Waste Sales Tax Fund, and the Ad Valorem Tax Collection Fund by \$931,002, \$243,098, and \$362,063 respectively.

NOTE 4 RETIREMENT SYSTEMS

Municipal Employees' Retirement System

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

CITY OF PATTERSON, LOUISIANA

Notes to Required Supplementary Information
Year Ended June 30, 2024

NOTE 4 RETIREMENT SYSTEMS (CONTINUED)

Municipal Employees' Retirement System (Continued)

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%
2021	6.950%	6.950%	2.500%	3	4.9% - 7.4%
2022	6.850%	6.850%	2.500%	3	4.9% - 7.4%
2023	6.850%	6.850%	2.500%	3	4.9% - 7.4%
2024	6.850%	6.850%	2.500%	3	4.9% - 7.4%

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

Municipal Police Employees' Retirement System

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

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%
2021	6.950%	6.950%	2.500%	4	4.7% - 12.3%
2022	6.750%	6.750%	2.500%	4	4.7% - 12.3%
2023	6.750%	6.750%	2.500%	4	4.7% - 12.3%
2024	6.750%	6.750%	2.500%	4	4.7% - 12.3%

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

NOTE 5 OTHER POSTEMPLOYMENT BENEFITS

Changes of benefits terms – None

Changes of assumptions – None

OTHER SUPPLEMENTARY INFORMATION

CITY OF PATTERSON, LOUISIANA
Justice System Funding Schedule – Collecting/Disbursing Entity
For the Year Ended June 30, 2024

	First Six Month Period Ended <u>12/31/2023</u>	Second Six Month Period Ended <u>6/30/2024</u>
Beginning Balance of Amounts Collected	\$ 22,054	\$ 23,036
Add: Collections		
Criminal Fines and Costs	<u>194,807</u>	<u>233,023</u>
Subtotal Collections	194,807	233,023
Less: Disbursements to Governments and Nonprofits		
Louisiana Supreme Court - Criminal Fines	112	204
St. Mary Parish Sheriff - Criminal Fines	2,696	2,445
Indigent Defender Board - Criminal Fines	8,088	14,527
Acadiana Criminalistics Lab - Criminal Fines	7,067	9,880
Louisiana Commission on Law Enforcement - Criminal Fines	2,284	4,019
Louisiana State Treasurer CMIS - Criminal Fines	726	1,269
LA Dept of Health & Hospitals THI/SCI - Criminal Fines	465	849
DISA Solutions, Inc. - Criminal Fees	3,662	5,640
Less: Amounts Retained by Collecting Agency		
Amounts "Self-disbursed" to Collecting Agency - Criminal Fines	168,304	177,544
Less: Disbursements to Individuals/3rd Party Collection or Processing Agencies		
Bond Fee Refunds	<u>421</u>	<u>404</u>
Subtotal Disbursements/Retainage	<u>193,825</u>	<u>216,781</u>
Ending Balance of Amounts Collected but not Disbursed/Retained	<u><u>\$ 23,036</u></u>	<u><u>\$ 39,278</u></u>

See independent auditor's report.

CITY OF PATTERSON, LOUISIANA
General Fund
Budgetary Comparison Schedule - Revenues
For the Year Ended June 30, 2024

	Budget		Actual	Variance With Final Budget Favorable (Unfavorable)
	Original	Final		
Taxes:				
Sales	\$ 1,685,000	\$ 1,751,867	\$1,672,358	\$ (79,509)
Utility Franchise	280,000	283,305	246,543	(36,762)
Housing Authority Payment in Lieu of Taxes	<u>20,000</u>	<u>20,000</u>	<u>14,031</u>	<u>(5,969)</u>
	1,985,000	2,055,172	1,932,932	(122,240)
Licenses and Permits:				
Occupational Licenses	220,000	210,000	193,533	(16,467)
Culvert Permits	400	275	175	(100)
Building Permits	<u>6,000</u>	<u>8,553</u>	<u>8,132</u>	<u>(421)</u>
	226,400	218,828	201,840	(16,988)
Intergovernmental:				
State of Louisiana -				
Beer Taxes	4,200	4,200	3,157	(1,043)
Video Poker	6,500	6,458	5,490	(968)
Prisoner Maintenance	55,000	58,676	32,066	(26,610)
Capital Outlay Grant	-	43,444	43,444	-
Other state grants	1,200	1,000	-	(1,000)
St. Mary Parish Government -				
Appropriation from Parish Council	7,270	7,270	-	(7,270)
Prisoner Maintenance	97,000	97,000	120,816	23,816
St. Mary Parish School Board -				
In-school Suspension	45,000	45,000	20,215	(24,785)
Federal Grants -				
Bullet Proof Vest Grant	-	-	7,962	7,962
Federal Emergency Management Agency	<u>-</u>	<u>-</u>	<u>30,551</u>	<u>30,551</u>
	216,170	263,048	263,701	653

(continued)

See independent auditor's report.

CITY OF PATTERSON, LOUISIANA
General Fund
Budgetary Comparison Schedule – Revenues (Continued)
For the Year Ended June 30, 2024

	Budget		Actual	Variance With Final Budget Favorable (Unfavorable)
	Original	Final		
Charges for services:				
Garbage Fees	565,000	600,000	601,031	1,031
Mosquito Abatement	-	-	58,409	58,409
Mechanic Shop Fees	145,000	145,000	148,403	3,403
Summer Recreation Fees	<u>1,000</u>	<u>1,000</u>	<u>-</u>	<u>(1,000)</u>
	711,000	746,000	807,843	61,843
Fines and Forfeits	420,000	420,000	426,046	6,046
Miscellaneous:				
Interest	7,500	16,056	21,136	5,080
Lease on Property	11,202	11,202	9,602	(1,600)
Oil and Gas Royalties	250	250	75	(175)
Private Donations - Community Center	-	-	19,356	19,356
Private Donations - Main Street	6,500	6,500	7,800	1,300
Other Sources	<u>115,000</u>	<u>115,000</u>	<u>209,094</u>	<u>94,094</u>
	<u>140,452</u>	<u>149,008</u>	<u>267,063</u>	<u>118,055</u>
Total Revenues	<u>\$ 3,699,022</u>	<u>\$ 3,852,056</u>	<u>\$3,899,425</u>	<u>\$ 47,369</u>

See independent auditor's report.

CITY OF PATTERSON, LOUISIANA
General Fund
Budgetary Comparison Schedule –Expenditures
For the Year Ended June 30, 2024

	Budget			Variance With Final Budget Favorable (Unfavorable)
	Original	Final	Actual	
General Government:				
Administrative -				
Salaries	\$ 206,000	\$ 230,175	\$ 233,278	\$ (3,103)
Payroll Taxes	21,500	18,510	41,838	(23,328)
Retirement Contributions	29,000	26,706	26,164	542
Group Insurance	68,000	47,015	39,873	7,142
Magistrate Fees	12,000	11,500	11,500	-
Uniforms	600	450	-	450
Travel and Employee Expense	10,500	23,727	25,263	(1,536)
Telephone and Utilities	12,600	11,184	11,942	(758)
Office Supplies	2,000	2,119	2,125	(6)
Operating Supplies	5,500	4,491	29,360	(24,869)
Repairs and Maintenance	3,000	4,488	15,107	(10,619)
Training and Seminars	5,000	5,135	7,341	(2,206)
Professional Fees	61,500	53,655	154,162	(100,507)
Office Equipment Rentals	2,500	2,488	2,013	475
Dues and Subscriptions	1,500	1,075	2,194	(1,119)
Donations and Grants	8,000	7,000	1,329	5,671
Advertising and Publishing	21,000	17,023	13,974	3,049
General Insurance	225,000	205,565	383,676	(178,111)
Miscellaneous	<u>48,590</u>	<u>62,245</u>	<u>15,853</u>	<u>46,392</u>
Total Administrative	743,790	734,551	1,016,992	(282,441)

(continued)

See independent auditor's report.

CITY OF PATTERSON, LOUISIANA
General Fund
Budgetary Comparison Schedule –Expenditures (Continued)
For the Year Ended June 30, 2024

	Budget		Actual	Variance With Final Budget Favorable (Unfavorable)
	Original	Final		
Mechanic shop -				
Salaries	\$ 73,300	\$ 78,106	\$ 81,261	\$ (3,155)
Payroll Taxes	8,400	5,814	14,737	(8,923)
Retirement Contribution	10,500	10,562	11,111	(549)
Group Insurance	28,000	22,982	21,031	1,951
Telephone and Utilities	6,400	6,946	5,230	1,716
Operating Supplies	8,000	7,109	8,424	(1,315)
Repairs and Maintenance	8,000	5,905	9,144	(3,239)
Equipment Rentals	500	583	685	(102)
Miscellaneous	850	371	1,233	(862)
Total Mechanic Shop	<u>143,950</u>	<u>138,378</u>	<u>152,856</u>	<u>(14,478)</u>
Total General Government	887,740	872,929	1,169,848	(296,919)
Public Safety:				
Police -				
Salaries	1,050,000	1,159,240	1,133,359	25,881
Payroll Taxes	75,000	89,647	206,812	(117,165)
Retirement Contributions	145,000	189,454	198,239	(8,785)
Group Insurance	365,000	332,931	258,036	74,895
Uniform Allowances	1,500	6,467	1,311	5,156
Prisoner Expense	75,000	79,390	83,258	(3,868)
Telephone and Utilities	48,000	48,532	51,612	(3,080)
Office Supplies	3,500	5,568	8,482	(2,914)
Operating Supplies	24,000	18,023	48,900	(30,877)
Repairs and Maintenance	8,500	9,916	15,798	(5,882)
Equipment Rentals	12,000	23,002	22,480	522
Vehicle Expense	60,000	68,875	116,094	(47,219)
Training Seminars	4,250	5,900	5,836	64
Travel and Employee Expense	6,500	11,328	13,210	(1,882)
Crime Lab	15,000	23,879	26,666	(2,787)
Legal Expense	5,000	6,505	60,974	(54,469)
Computer Software	50,000	38,936	41,746	(2,810)
Miscellaneous	<u>11,400</u>	<u>11,323</u>	<u>22,541</u>	<u>(11,218)</u>
Total Police	1,959,650	2,128,916	2,315,354	(186,438)

(continued)

See independent auditor's report.

CITY OF PATTERSON, LOUISIANA
General Fund
Budgetary Comparison Schedule –Expenditures (Continued)
For the Year Ended June 30, 2024

	Budget		Actual	Variance With Final Budget Favorable (Unfavorable)
	Original	Final		
Fire -				
Salaries	\$ 18,000	\$ 13,647	\$ 11,558	\$ 2,089
Payroll taxes	1,400	1,000	2,641	(1,641)
Telephone & Utilities	9,900	9,980	8,738	1,242
Operating Supplies	7,000	3,500	2,507	993
Repairs and Maintenance	20,000	18,043	7,026	11,017
Vehicle Expenses	10,100	23,791	30,800	(7,009)
Training and Seminars	1,500	700	-	700
Payment on Fire Truck	8,500	7,800	-	7,800
Miscellaneous	9,000	6,781	38	6,743
Total Fire	<u>85,400</u>	<u>85,242</u>	<u>63,308</u>	<u>21,934</u>
Total Public Safety	2,045,050	2,214,158	2,378,662	(164,504)
Streets and Drainage:				
Salaries	284,500	272,323	273,883	(1,560)
Payroll Taxes	23,600	19,970	47,701	(27,731)
Retirement Contributions	36,500	36,994	36,046	948
Group Insurance	65,000	52,847	54,831	(1,984)
Uniform Allowance	900	1,539	1,601	(62)
Engineering costs	25,000	12,000	-	12,000
Travel and Employee Expenses	250	2,239	4,083	(1,844)
Utilities	75,000	100,438	123,892	(23,454)
Chemicals and Agents	1,500	2,595	1,845	750
Operating Supplies	15,000	16,802	18,105	(1,303)
Repairs and Maintenance	37,700	25,372	177,813	(152,441)
Equipment Rental	4,000	13,977	14,874	(897)
Vehicle Expenses	29,500	39,280	105,923	(66,643)
Mosquito Abatement	-	-	54,507	(54,507)
Miscellaneous	7,700	18,808	11,398	7,410
Total Streets and Drainage	606,150	615,184	926,502	(311,318)

(continued)

See independent auditor's report.

CITY OF PATTERSON, LOUISIANA
General Fund
Budgetary Comparison Schedule –Expenditures (Continued)
For the Year Ended June 30, 2024

	Budget			Variance With Final Budget Favorable (Unfavorable)
	Original	Final	Actual	
Culture and Recreation:				
Salaries	\$ 55,000	\$ 50,696	\$ 53,994	\$ (3,298)
Payroll Taxes	6,000	3,733	9,925	(6,192)
Telephone and Utilities	65,200	67,433	57,663	9,770
Office Supplies and Furnishings	1,500	2,168	1,382	786
Operating Supplies	1,500	1,782	2,721	(939)
Referee and Umpire Fees	3,250	3,250	3,250	-
Rental Fees	6,500	57,915	2,284	55,631
Repairs & Maintenance	71,500	77,683	18,437	59,246
Miscellaneous	<u>23,650</u>	<u>26,837</u>	<u>65,769</u>	<u>(38,932)</u>
Total Culture and Recreation	234,100	291,497	215,425	76,072
Sanitation:				
Garbage Services Rendered	552,000	602,009	615,368	(13,359)
Miscellaneous	<u>1,000</u>	<u>1,000</u>	<u>-</u>	<u>1,000</u>
Total Sanitation	553,000	603,009	615,368	(12,359)
Capital Outlay:				
Police Equipment and Vehicles	76,713	62,266	18,865	43,401
Street Department Equipment	51,384	55,190	-	55,190
Administrative Equipment and Improvements	4,000	3,367	107,983	(104,616)
Various Equipment	24,363	-	-	-
Park Improvements	-	-	53,830	(53,830)
Street Improvements	<u>75,000</u>	<u>182,945</u>	<u>-</u>	<u>182,945</u>
Total Capital Outlay	231,460	303,768	180,678	123,090
Debt Service:				
Principal Paid	-	-	151,666	(151,666)
Interest and Fiscal Charges	<u>-</u>	<u>-</u>	<u>41,909</u>	<u>(41,909)</u>
Total Debt Service	<u>-</u>	<u>-</u>	<u>193,575</u>	<u>(193,575)</u>
Total Expenditures	<u>\$ 4,557,500</u>	<u>\$ 4,900,545</u>	<u>\$5,680,058</u>	<u>\$ (779,513)</u>

See independent auditor's report.

CITY OF PATTERSON, LOUISIANA
Nonmajor Governmental Funds
Combining Balance Sheet
June 30, 2024

	Special Revenue Funds		Debt Service Funds			
	2020 LCDBG Fund	Fire Department Equipment	2002 Paving Assessments	Sales Tax Refunding Bonds	1973 Paving Assessments	Various Paving Assessments
ASSETS						
Cash	\$ 1,272	\$ -	\$ 152,840	\$ -	\$ 4,277	\$ 4,498
Interest-Bearing Deposits	-	342,259	-	143,721	-	135,714
Receivables						
Assessments	-	-	6,628	-	-	-
Other	-	133	-	90	-	13
Due from Other Funds	-	-	1,256	26,554	-	-
Total Assets	<u>\$ 1,272</u>	<u>\$ 342,392</u>	<u>\$ 160,724</u>	<u>\$ 170,365</u>	<u>\$ 4,277</u>	<u>\$ 140,225</u>
LIABILITIES AND FUND BALANCES						
Liabilities:						
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due to Other Funds	-	-	1,868	4,426	-	-
Unearned Revenues	-	-	6,628	-	-	-
Total Liabilities	-	-	8,496	4,426	-	-
Fund Balances:						
Restricted	1,272	342,392	152,228	165,939	4,277	140,225
Unassigned (Deficit)	-	-	-	-	-	-
Total Fund Balances	<u>1,272</u>	<u>342,392</u>	<u>152,228</u>	<u>165,939</u>	<u>4,277</u>	<u>140,225</u>
Total Liabilities and Fund Balances	<u>\$ 1,272</u>	<u>\$ 342,392</u>	<u>\$ 160,724</u>	<u>\$ 170,365</u>	<u>\$ 4,277</u>	<u>\$ 140,225</u>

(continued)

See independent auditor's report.

CITY OF PATTERSON, LOUISIANA
Nonmajor Governmental Funds
Combining Balance Sheet (Continued)
June 30, 2024

	Debt Service Funds (continued)					
	2015 Limited Tax Bonds	Public Improvement Sales Tax Bonds	Public Improvement Bonds	1990 Paving Assessments	2018 Excess Revenue Bonds	2021 Limited Tax Bonds
ASSETS						
Cash	\$ 90	77	\$ -	\$ 160	\$ -	\$ 71
Interest-Bearing Deposits	-	-	3,918	-	-	-
Receivables						
Assessments	-	-	-	-	-	-
Other	-	-	-	-	-	-
Due from Other Funds	-	-	924,419	15,555	-	-
Total Assets	<u>\$ 90</u>	<u>\$ 77</u>	<u>\$ 928,337</u>	<u>\$ 15,715</u>	<u>\$ -</u>	<u>\$ 71</u>
LIABILITIES AND FUND BALANCES						
Liabilities:						
Accounts payable	\$ -	\$ (800)	\$ -	\$ -	\$ -	-
Due to Other Funds	-	197,932	54,697	123,590	-	-
Unearned Revenues	-	-	-	-	-	-
Total Liabilities	-	197,132	54,697	123,590	-	-
Fund Balances:						
Restricted	90	-	873,640	-	-	71
Unassigned (Deficit)	-	(197,055)	-	(107,875)	-	-
Total Fund Balances	<u>90</u>	<u>(197,055)</u>	<u>873,640</u>	<u>(107,875)</u>	<u>-</u>	<u>71</u>
Total Liabilities and Fund Balances	<u>\$ 90</u>	<u>\$ 77</u>	<u>\$ 928,337</u>	<u>\$ 15,715</u>	<u>\$ -</u>	<u>\$ 71</u>

(continued)

See independent auditor's report.

CITY OF PATTERSON, LOUISIANA
Nonmajor Governmental Funds
Combining Balance Sheet (Continued)
June 30, 2024

	Capital Projects Funds					
	Catherine Street Paving Construction	Drainage and Relocation Project	Regional Sewerage Facility Project	Murphy Street Paving Project	City Hall/ Jail Complex Project	2002 Paving Project
ASSETS						
Cash	\$ -	\$ 1,473	\$ 16,080	\$ -	\$ 487	\$ 1,627
Interest-Bearing Deposits	-	121,865	100,857	37,204	-	-
Receivables						
Assessments	-	-	-	-	-	-
Other	-	-	3	-	-	-
Due from Other Funds	-	21,443	573	-	768	-
Total Assets	<u>\$ -</u>	<u>\$ 144,781</u>	<u>\$ 117,513</u>	<u>\$ 37,204</u>	<u>\$ 1,255</u>	<u>\$ 1,627</u>
LIABILITIES AND FUND BALANCES						
Liabilities:						
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due to Other Funds	-	1,701	-	392	-	32,185
Unearned Revenues	-	-	-	-	-	-
Total Liabilities	-	1,701	-	392	-	32,185
Fund Balances:						
Restricted	-	143,080	117,513	36,812	1,255	-
Unassigned (Deficit)	-	-	-	-	-	(30,558)
Total Fund Balances	-	143,080	117,513	36,812	1,255	(30,558)
Total Liabilities and Fund Balances	<u>\$ -</u>	<u>\$ 144,781</u>	<u>\$ 117,513</u>	<u>\$ 37,204</u>	<u>\$ 1,255</u>	<u>\$ 1,627</u>

(continued)

See independent auditor's report.

CITY OF PATTERSON, LOUISIANA
Nonmajor Governmental Funds
Combining Balance Sheet (Continued)
June 30, 2024

Capital Projects Funds (continued)

	2018 Street Improvements	Water Plant Construction	Total Governmental Funds
ASSETS			
Cash	\$ 100	\$ 99	\$ 183,151
Interest-Bearing Deposits	-	-	885,538
Receivables			
Assessments	-	-	6,628
Other	-	-	239
Due from Other Funds	-	-	990,568
Total Assets	<u>\$ 100</u>	<u>\$ 99</u>	<u>\$ 2,066,124</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ -	\$ -	\$ (800)
Due to Other Funds	-	200	416,991
Unearned Revenues	-	-	6,628
Total Liabilities	-	200	422,819
Fund Balances:			
Restricted	100	-	1,978,894
Unassigned (Deficit)	-	(101)	(335,589)
Total Fund Balances	<u>100</u>	<u>(101)</u>	<u>1,643,305</u>
Total Liabilities and Fund Balances	<u>\$ 100</u>	<u>\$ 99</u>	<u>\$ 2,066,124</u>

See independent auditor's report.

CITY OF PATTERSON, LOUISIANA
Nonmajor Governmental Funds
Combining Schedule of Revenues, Expenditures, and Changes in Fund Balance
For the Year Ended June 30, 2024

	Special Revenue Funds		Debt Service Funds			
	2020 LCDBG Fund	Fire Department Equipment	2002 Paving Assessments	Sales Tax Refunding Bonds	1973 Paving Assessments	Various Paving Assessments
Revenues:						
Intergovernmental	\$ -	\$ 55,500	\$ -	\$ -	\$ -	\$ -
Miscellaneous	-	4,036	-	8,647	-	1,593
Total Revenues	-	59,536	-	8,647	-	1,593
Expenditures:						
Current -						
General Government	-	-	-	-	-	-
Public Safety:						
Fire	-	11,294	-	-	-	-
Debt Service:						
Principal Retirement	-	-	-	-	-	-
Interest and Fiscal Charges	-	-	-	-	-	-
Total Expenditures	-	11,294	-	-	-	-
Excess (Deficiency) of Revenues Over Expenditures	-	48,242	-	8,647	-	1,593
Other Financing Sources (Uses):						
Transfers In	-	-	-	-	-	-
Transfers Out	-	-	-	(281,817)	-	-
Total Other Financing Sources (Uses)	-	-	-	(281,817)	-	-
Net Change in Fund Balance	-	48,242	-	(273,170)	-	1,593
Fund Balances, Beginning	1,272	294,150	152,228	439,109	4,277	138,632
Fund Balances, Ending	\$ 1,272	\$ 342,392	\$ 152,228	\$ 165,939	\$ 4,277	\$ 140,225

(continued)

See independent auditor's report.

CITY OF PATTERSON, LOUISIANA
Nonmajor Governmental Funds
Combining Schedule of Revenues, Expenditures, and Changes in Fund Balance (Continued)
For the Year Ended June 30, 2024

	Debt Service Funds (continued)					
	2015 Limited Tax Bonds	Public Improvement Sales Tax Bonds	Public Improvement Bonds	1990 Paving Assessments	2018 Excess Revenue Bonds	2021 Limited Tax Bonds
Revenues:						
Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Miscellaneous	-	-	83	-	-	-
Total Revenues	-	-	83	-	-	-
Expenditures:						
Current -						
General Government	350	-	-	-	-	-
Public Safety:						
Fire	-	-	-	-	-	-
Debt Service:						
Principal Retirement	85,000	-	265,000	-	100,000	5,000
Interest and Fiscal Charges	8,175	-	50,920	-	16,157	10,808
Total Expenditures	93,525	-	315,920	-	116,157	15,808
Excess (Deficiency) of Revenues Over Expenditures	(93,525)	-	(315,837)	-	(116,157)	(15,808)
Other Financing Sources (Uses):						
Transfers In	93,525	-	541,374	-	116,157	49,808
Transfers Out	-	-	-	-	-	-
Total Other Financing Sources (Uses)	93,525	-	541,374	-	116,157	49,808
Net Change in Fund Balance	-	-	225,537	-	-	34,000
Fund Balances, Beginning	90	(197,055)	648,103	(107,875)	-	(33,929)
Fund Balances, Ending	\$ 90	\$ (197,055)	\$ 873,640	\$ (107,875)	\$ -	\$ 71

(continued)

See independent auditor's report.

CITY OF PATTERSON, LOUISIANA
Nonmajor Governmental Funds
Combining Schedule of Revenues, Expenditures, and Changes in Fund Balance (Continued)
For the Year Ended June 30, 2024

	Capital Projects Funds					
	Catherine Street Paving Construction	Drainage and Relocation Project	Regional Sewerage Facility Project	Murphy Street Paving Project	City Hall/ Jail Complex Project	2002 Paving Project
Revenues:						
Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Miscellaneous	-	1,274	367	389	-	-
Total Revenues	-	1,274	367	389	-	-
Expenditures:						
Current -						
General Government	-	-	-	-	-	-
Public Safety:						
Fire	-	-	-	-	-	-
Debt Service:						
Principal Retirement	-	-	-	-	-	-
Interest and Fiscal Charges	-	-	-	-	-	-
Total Expenditures	-	-	-	-	-	-
Excess (Deficiency) of Revenues Over Expenditures	-	1,274	367	389	-	-
Other Financing Sources (Uses):						
Transfers In	-	-	-	-	-	-
Transfers Out	-	-	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-	-	-
Net Change in Fund Balance	-	1,274	367	389	-	-
Fund Balances, Beginning	-	141,806	117,146	36,423	1,255	(30,558)
Fund Balances, Ending	<u>\$ -</u>	<u>\$ 143,080</u>	<u>\$ 117,513</u>	<u>\$ 36,812</u>	<u>\$ 1,255</u>	<u>\$ (30,558)</u>

(continued)

See independent auditor's report.

CITY OF PATTERSON, LOUISIANA
Nonmajor Governmental Funds
Combining Schedule of Revenues, Expenditures, and Changes in Fund Balance (Continued)
For the Year Ended June 30, 2024

Capital Projects Funds (continued)

	2018 Street Improvements	Water Plant Construction	Total Governmental Funds
Revenues:			
Intergovernmental	\$ -	\$ -	\$ 55,500
Miscellaneous	<u>-</u>	<u>-</u>	<u>16,389</u>
Total Revenues	-	-	71,889
Expenditures:			
Current -			
General Government	-	-	350
Public Safety:			
Fire	-	-	11,294
Debt Service:			
Principal Retirement	-	-	455,000
Interest and Fiscal Charges	<u>-</u>	<u>-</u>	<u>86,060</u>
Total Expenditures	<u>-</u>	<u>-</u>	<u>552,704</u>
Excess (Deficiency) of Revenues Over Expenditures	-	-	(480,815)
Other Financing Sources (Uses):			
Transfers In	-	-	800,864
Transfers Out	<u>-</u>	<u>-</u>	<u>(281,817)</u>
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>519,047</u>
Net Change in Fund Balance	-	-	38,232
Fund Balances, Beginning	<u>100</u>	<u>(101)</u>	<u>1,605,073</u>
Fund Balances, Ending	<u>\$ 100</u>	<u>\$ (101)</u>	<u>\$ 1,643,305</u>

See independent auditor's report.

CITY OF PATTERSON, LOUISIANA
Enterprise Fund

Schedule of Number of Utility Customers
June 30, 2024

Records maintained by the City indicated the following customers were being served during the months of June 2024 and 2023:

<u>Department</u>	<u>2024</u>	<u>2023</u>
Gas (metered)	1,349	1,375
Water (metered)	2,598	2,583
Sewerage	2,224	2,220
Sanitation*	2,149	2,147

* Reported in General Fund

See independent auditor's report.

CITY OF PATTERSON, LOUISIANA
Enterprise Fund – Utility Fund
Comparative Departmental Analysis of Revenue and Expenses
For the Years Ended June 30, 2024 and 2023

	Totals		Gas	
	2024	2023	2024	2023
Operating Revenues:				
Charges for Services -				
Customers	\$3,016,751	\$2,934,710	\$ 817,819	\$ 920,482
Delinquent Charges	84,161	77,898	22,816	24,433
Commissions, Transfers, and Reconnections	34,034	32,720	9,226	10,263
Miscellaneous	<u>137,113</u>	<u>167,644</u>	<u>37,170</u>	<u>52,582</u>
Total Operating Revenue	3,272,059	3,212,972	887,031	1,007,760
Operating Expenses:				
Salaries	1,057,368	1,010,294	366,643	353,706
Payroll Taxes	177,323	73,315	61,643	26,361
Retirement Contributions	150,557	165,269	48,150	54,415
Group Insurance	86,767	417,577	27,475	112,625
Uncollectible Billings	20,781	8,904	5,556	2,775
Gas Purchases	306,608	295,848	306,608	295,848
Chemicals and Agents	252,636	286,116	-	1,819
Repairs and Maintenance	159,143	214,598	3,144	23,043
Vehicle Expenses	58,839	20,430	42,296	10,280
Meters, Hardware & Lines	120,504	79,929	16,175	19,922
Professional Fees	55,437	78,975	17,976	3,541
Depreciation and Amortization	277,681	286,568	26,621	35,506
Insurance	366,736	349,022	-	-
Office Expense	54,157	56,031	16,859	23,198
Sewerage Treatment	467,034	296,596	-	-
Other	245,854	267,595	30,206	25,036
Allocation of Administrative Expenses	<u>-</u>	<u>-</u>	<u>242,765</u>	<u>332,019</u>
Total Operating Expenses	<u>3,857,425</u>	<u>3,907,067</u>	<u>1,212,117</u>	<u>1,320,094</u>
Operating Income (Loss)	(585,366)	(694,095)	\$ (325,086)	\$ (312,334)
Nonoperating Revenues (Expenses):				
Interest Income	29,487	18,682		
Nonemployer Contributions to Pension Plan	30,593	27,996		
Miscellaneous Expense	(4,753)	(8,609)		
Interest and Fiscal Charges	<u>(14,461)</u>	<u>(3,989)</u>		
Total Nonoperating Revenues (Expenses)	<u>40,866</u>	<u>34,080</u>		
Loss Before Operating Transfers	(544,500)	(660,015)		
Operating Transfers In (Out)	<u>321,529</u>	<u>77,421</u>		
Change in Net Position	<u>\$ (222,971)</u>	<u>\$ (582,594)</u>		

(continued)

See independent auditor's report.

CITY OF PATTERSON, LOUISIANA
Enterprise Fund – Utility Fund
Comparative Departmental Analysis of Revenue and Expenses (Continued)
For the Years Ended June 30, 2024 and 2023

	Water		Sewerage		Administrative	
	2024	2023	2024	2023	2024	2023
Operating Revenues:						
Charges for Services -						
Customers	\$1,358,377	\$1,304,319	\$ 840,555	\$ 709,909	\$ -	\$ -
Delinquent Charges	37,895	34,621	23,450	18,844	-	-
Commissions, Transfers, and Reconnections	15,325	14,542	9,483	7,915	-	-
Miscellaneous	<u>61,739</u>	<u>74,509</u>	<u>38,204</u>	<u>40,553</u>	<u>-</u>	<u>-</u>
Total Operating Revenue	1,473,336	1,427,991	911,692	777,221	-	-
Operating Expenses:						
Salaries	436,200	385,743	-	-	254,525	270,845
Payroll Taxes	74,013	28,393	-	-	41,667	18,561
Retirement Contributions	62,382	58,713	-	-	40,025	52,141
Group Insurance	13,195	141,943	-	-	46,097	163,008
Uncollectible Billings	9,312	3,956	5,913	2,173	-	-
Gas Purchases	-	-	-	-	-	-
Chemicals and Agents	250,775	282,798	1,861	1,499	-	-
Repairs and Maintenance	121,564	137,401	33,396	53,145	1,039	1,009
Vehicle Expenses	9,641	6,167	4,244	381	2,658	3,602
Meters, Hardware & Lines	99,309	50,908	5,020	9,099	-	-
Professional Fees	(6,271)	17,416	12,242	5,518	31,490	52,500
Depreciation	173,397	173,398	76,689	76,690	974	974
Insurance	-	-	-	-	366,736	349,022
Office Expense	1,103	1,667	-	-	36,195	31,166
Sewerage Treatment	-	-	467,034	296,596	-	-
Other	128,939	108,676	12,609	18,160	74,100	115,723
Allocation of Administrative Expenses	<u>403,227</u>	<u>470,468</u>	<u>249,514</u>	<u>256,064</u>	<u>(895,506)</u>	<u>(1,058,551)</u>
Total Operating Expenses	<u>1,776,786</u>	<u>1,867,647</u>	<u>868,522</u>	<u>719,325</u>	<u>-</u>	<u>-</u>
Operating Income (Loss)	\$ (303,450)	\$ (439,656)	\$ 43,170	\$ 57,896	\$ -	\$ -

See independent auditor's report.

CITY OF PATTERSON, LOUISIANA

Schedule of Insurance in Force June 30, 2024

Description of Coverage	Amount of Limits	Expires	Company
Workmen's Compensation	Statutory Louisiana Benefits \$1,000,000 each accident \$1,000,000 each employee \$1,000,000 each limit	6/4/2025	Louisiana Workers Comp. Corp.
Surety Bond	\$25,000 - Clerk \$5,000 - Tax Collector \$5,000 - Public employees \$1,528 - Public right-of-way	2/9/2025 2/9/2025 8/21/2024 2/1/2025	CNA - Western Surety CNA - Western Surety CNA - Western Surety CNA - Western Surety
Policemen's Professional Liability	\$3,000,000	7/3/2024	Arthur J. Gallagher, RMS
Cyber & Privacy Liability	\$3,000,000	7/3/2024	Arthur J. Gallagher, RMS
Commercial General Liability	\$2,000,000	7/3/2024	Arthur J. Gallagher, RMS
Commercial Automobile Liability	\$1,000,000	7/3/2024	Arthur J. Gallagher, RMS
Public Officials Errors and Omissions	\$1,000,000	7/3/2024	Arthur J. Gallagher, RMS
Umbrella	\$2,000,000	7/3/2024	Arthur J. Gallagher, RMS
Flood	\$2,436,000 - Building and contents, limits vary per location	4/11/2025	American Bankers Insurance
Inland Marine	Various Coverages for Schedule D Property	8/3/2024	Frank's Agency, Inc.
Property - Excluding Wind & Hail	\$12,557,232	9/23/2024	Arthur J. Gallagher, RMS
Property - Wind & Hail Only	\$12,795,152	9/30/2024	Louisiana Citizen's Property Ins. Co.

See independent auditor's report.

CITY OF PATTERSON, LOUISIANA

Schedule of Interest-Bearing Deposits-All Funds
June 30, 2024

	Term	Maturity Date	Interest Rate	Total Amount
General Fund:				
Insured Money Market	N/A	N/A	1.050%	\$ 59,055
Insured Money Market	N/A	N/A	1.050%	61,024
Insured Money Market	N/A	N/A	1.050%	7,864
Insured Money Market	N/A	N/A	1.050%	26,096
Savings	N/A	N/A	0.200%	311
Certificate of Deposit - Patterson State Bank	31 days	7/19/2024	2.000%	45,000
Certificate of Deposit - Patterson State Bank	91 days	7/1/2024	2.000%	50,000
Certificate of Deposit - Patterson State Bank	91 days	8/14/2024	2.000%	30,000
Certificate of Deposit - Patterson State Bank	182 days	7/25/2024	2.000%	86,487
Certificate of Deposit - Patterson State Bank	31 days	7/31/2024	2.000%	<u>500,000</u>
Total General Fund				865,837
Special Revenue Funds:				
Sewerage and Solid Waste Sales Tax Fund:				
Insured Money Market	N/A	N/A	1.050%	35,423
Certificate of Deposit - Patterson State Bank	182 days	7/30/2024	2.000%	80,000
Certificate of Deposit - Patterson State Bank	182 days	7/30/2024	2.000%	<u>75,000</u>
				190,423
Ad Valorem Tax Collection Fund:				
Savings	N/A	N/A	0.200%	8,114
Fire Department Equipment Fund:				
Insured Money Market	N/A	N/A	1.050%	240,848
Certificate of Deposit - Patterson State Bank	90 days	7/7/2024	2.000%	25,000
Certificate of Deposit - Patterson State Bank	1 year	9/24/2024	0.0001%	<u>76,412</u>
				<u>342,260</u>
Total Special Revenue Funds				540,797

(continued)

See independent auditor's report.

CITY OF PATTERSON, LOUISIANA

Schedule of Interest-Bearing Deposits-All Funds (Continued)
June 30, 2024

	<u>Term</u>	<u>Maturity Date</u>	<u>Interest Rate</u>	<u>Total Amount</u>
Debt Service Funds:				
Public Improvement Bonds Fund -				
Insured Money Market	N/A	N/A	1.050%	3,918
Sales Tax Revenue Refunding Bonds Series -				
Insured Money Market	N/A	N/A	1.050%	143,721
1966, 1967, 1969, 1980 and 1982 Paving Assessment Funds -				
Savings	N/A	N/A	0.200%	107
Certificate of Deposit - Patterson State Bank	182 days	7/25/2024	2.000%	55,713
Certificate of Deposit - Patterson State Bank	182 days	7/22/2024	2.000%	58,090
Certificate of Deposit - Patterson State Bank	182 days	7/22/2024	2.000%	<u>22,600</u>
				136,510
Total Debt Service Funds				284,149
Capital Projects Funds:				
1980 Drainage Project Fund -				
Insured Money Market	N/A	N/A	1.050%	121,865
Regional Sewerage Facility Project Fund -				
Certificate of Deposit - Patterson State Bank	182 days	7/30/2024	2.000%	20,000
Certificate of Deposit - Patterson State Bank	182 days	7/22/2024	2.000%	<u>80,857</u>
				100,857
Murphy Street Paving Project Fund -				
Insured Money Market	N/A	N/A	1.050%	<u>37,204</u>
Total Capital Projects Funds				259,926
				(continued)

See independent auditor's report.

CITY OF PATTERSON, LOUISIANA

Schedule of Interest-Bearing Deposits-All Funds (Continued)
June 30, 2024

	<u>Term</u>	<u>Maturity Date</u>	<u>Interest Rate</u>	<u>Total Amount</u>
Utility Fund:				
Insured Money Market	N/A	N/A	1.050%	34,007
Insured Money Market	N/A	N/A	1.050%	56,876
Savings	N/A	N/A	0.200%	7,497
Savings	N/A	N/A	0.200%	231
Certificate of Deposit - Patterson State Bank	182 days	10/18/2024	2.000%	140,275
Certificate of Deposit - Patterson State Bank	182 days	7/27/2024	2.000%	<u>47,793</u>
Total Utility Fund				<u>286,679</u>
Total - All Funds				<u><u>\$2,237,388</u></u>

See independent auditor's report.

**INTERNAL CONTROL, COMPLIANCE,
AND
OTHER INFORMATION**



**DARNALL SIKES
& FREDERICK**

A CORPORATION OF CERTIFIED
PUBLIC ACCOUNTANTS

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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

To 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, 2024, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated March 28, 2025.

Report on 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 entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified a deficiency in internal control, described in the accompanying schedule of findings and responses as item 2024-001, that we consider to be a material weakness.

Report on 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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and responses as items 2024-002 through 2024-007.

City of Patterson, Louisiana's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the City's response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. The City's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

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 entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the Louisiana Legislative Auditor as a public document.

Darnall, Sikes & Frederick

(A Corporation of Certified Public Accountants)

Morgan City, Louisiana

March 28, 2025

CITY OF PATTERSON, LOUISIANA

Summary Schedule of Prior Year Findings
For the Year Ended June 30, 2024

Section I Internal Control and Compliance Material to the Financial Statements

2023-001: 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.

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.

Status: This finding is unresolved. See current year finding 2024-001.

2023-002: Noncompliance with the Louisiana Local Government Budget Act

Condition: Expenditures and other financing uses in the General Fund exceeded budgeted appropriations by greater than five percent.

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

Status: This finding is unresolved. See current year finding 2024-002.

2023-003: Late Submission of Audit Report

Condition: The City's audit report was not completed and submitted to the Office of the Legislative Auditor within six months of the City's fiscal year end.

Recommendation: The City should institute policies and procedures to ensure that its audit report is completed and submitted to the Office of the Legislative Auditor within six months of year end.

Status: This finding is unresolved. See current year finding 2024-003.

2023-004: Late Payment of Payroll Tax Deposits

Condition: The City was delinquent in remitting payroll tax payments to federal tax authorities.

Recommendation: The City should remit its payroll tax payments prior to required due dates to avoid unnecessary penalties and interest.

Status: This finding is unresolved. See current year finding 2024-004.

CITY OF PATTERSON, LOUISIANA

Summary Schedule of Prior Year Findings (Continued)
For the Year Ended June 30, 2024

Section I Internal Control and Compliance Material to the Financial Statements (Continued)

2023-005: Late Payment of Financed Purchase Obligations

Condition: The City remitted financed purchase obligation payments after the due date resulting in additional interest charges.

Recommendation: The City should remit payments toward its contracted obligations prior to required due dates to avoid unnecessary penalties and interest.

Status: This finding is unresolved. See current year finding 2024-005.

2023-006: Donation of Public Funds

Condition: The City appears to have recorded expenditures that do not meet the three-prong *Cabela's* Test for determining proper expensing or transferring of public funds or property.

Recommendation: The City should apply the *Cabela's* Test to all potential expenditures prior to spending or transferring public funds or property.

Status: This finding is unresolved. See current year finding 2024-006.

2023-007: Accounting Records Not Properly Maintained

Condition: The City could not produce support for all expenditures selected by auditors for testing.

Recommendation: The City should implement procedures to ensure that adequate support is maintained for all accounting transactions.

Status: This finding is unresolved. See current year finding 2024-007.

Section II Internal Control and Compliance Material to Federal Awards

At June 30, 2023, the City did not meet the requirements to have a single audit in accordance with *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*; therefore, this section is not applicable.

Section III Internal Control and Compliance Findings in Accordance with the Requirements for an Alternative Compliance Examination

There were no findings noted during the prior year audit related to the Alternative Compliance Examination.

Section IV Management Letter

No management letter was issued during the prior year audit.

CITY OF PATTERSON, LOUISIANA

Schedule of Findings and Responses For the Year Ended June 30, 2024

Part 1: Summary of Auditor's Results

FINANCIAL STATEMENTS

Auditor's Report – Financial Statements

An unmodified opinion has been issued on the City of Patterson, Louisiana's financial statements as of and for the year ended June 30, 2024.

Deficiencies in Internal Control – Financial Reporting

Our consideration of internal control over financial reporting disclosed one instance of a deficiency in internal control which is required to be reported under *Government Auditing Standards* and is listed as item 2024-001 in Part 2. We consider the deficiency to be a material weakness.

Material Noncompliance and Other Matters – Financial Reporting

The results of our tests disclosed six instances of noncompliance which are required to be reported under *Government Auditing Standards* and are listed as items 2024-002 through 2024-007 in Part 2.

FEDERAL AWARDS

This section is not applicable for the fiscal year ended June 30, 2024.

MANAGEMENT LETTER

This section is not applicable for the fiscal year ended June 30, 2024.

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

2024-001 Material Adjustments to the Financial Statements

Year Initially Occurring: 2012

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 Findings and Responses (Continued)
For the Year Ended June 30, 2024

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

2024-001 Material Adjustments to the Financial Statements (Continued)

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.

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.

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.

Views of Responsible Officials and Planned Corrective Actions: This information is in the City's separate Management's Corrective Action Plan for Current Year Findings.

2024-002 Noncompliance with the Louisiana Local Government Budget Act

Year Initially Occurring: 2020

Criteria: Louisiana R.S. 39:1311 requires that budgets be amended when actual receipts plus projected revenue collections for the year fail to meet budgeted revenues by five percent or more, or when actual expenditures plus projected expenditures to year end exceed budgeted expenditures by five percent or more.

Condition: Expenditures and other financing uses in the General Fund, Sewerage and Solid Waste Sales Tax Fund, and Ad Valorem Tax Collection Fund exceeded budgeted appropriations by greater than five percent, in each fund respectively.

Cause: The condition results from the failure to amend the operating budget for expenditures and transfers when they exceed budgeted appropriations by greater than five percent.

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

CITY OF PATTERSON, LOUISIANA

Schedule of Findings and Responses (Continued)
For the Year Ended June 30, 2024

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

2024-002 Noncompliance with the Louisiana Local Government Budget Act (Continued)

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

Views of Responsible Officials and Planned Corrective Actions: This information is in the City's separate Management's Corrective Action Plan for Current Year Findings.

2024-003 Late Submission of Audit Report

Year Initially Occurring: 2022

Criteria: Louisiana R.S. 24:513 et seq. provides for the following: "Such audits shall be completed within six months of the close of the entity's fiscal year."

Condition: The City's audit report was not completed and submitted to the Office of the Legislative Auditor within six months of the City's fiscal year end.

Cause: The condition results from a failure to comply with state statutes.

Effect: The City is not in compliance with R.S. 24:513 et seq.

Recommendation: The City should institute policies and procedures to ensure that its audit report is completed and submitted to the Office of the Legislative Auditor within six months of year end.

Views of Responsible Officials and Planned Corrective Actions: This information is in the City's separate Management's Corrective Action Plan for Current Year Findings.

2024-004 Late Payment of Payroll Tax Deposits

Year Initially Occurring: 2023

Criteria: Regulation 31.6071(a)-1 of the Internal Revenue Code provides "each return required to be made under §31.6011(a)-1, in respect of the taxes imposed by the Federal Insurance Contributions Act (26 U.S.C. 3101-3128), or required to be made under §31.6011(a)-4, in respect of income tax withheld, shall be filed on or before the last day of the first calendar month following the period for which it is made."

Condition: The City was delinquent in remitting payroll tax payments to federal tax authorities.

Cause: The condition results from the failure to remit payroll tax deposits timely in accordance with applicable regulations.

CITY OF PATTERSON, LOUISIANA

Schedule of Findings and Responses (Continued)
For the Year Ended June 30, 2024

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

2024-004 Late Payment of Payroll Tax Deposits (Continued)

Effect: The City has been assessed penalties and interest for the failure to timely file and remit payroll taxes.

Recommendation: The City should remit its payroll tax payments prior to required due dates to avoid unnecessary penalties and interest.

Views of Responsible Officials and Planned Corrective Actions: This information is in the City's separate Management's Corrective Action Plan for Current Year Findings.

2024-005 Late Payment of Financed Purchase Obligations

Year Initially Occurring: 2023

Criteria: Louisiana R.S. 38:2191(A) states "All public entities must pay all obligations...arising under public contracts when the obligations become due and payable under the contract."

Condition: The City remitted financed purchase obligation payments after the due date resulting in additional interest charges.

Cause: The condition results from the failure to remit financed purchase obligation payments timely in accordance with the terms of the purchase agreement.

Effect: The City has been assessed penalties and interest for the failure to timely remit payments under contracted obligations.

Recommendation: The City should remit payments toward its contracted obligations prior to required due dates to avoid unnecessary penalties and interest.

Views of Responsible Officials and Planned Corrective Actions: This information is in the City's separate Management's Corrective Action Plan for Current Year Findings.

2024-006 Donation of Public Funds

Year Initially Occurring: 2023

Criteria: Article VII, Section 14(A) of the Louisiana Constitution states "Except as otherwise provided by this constitution, the funds, credit, property, or things of value of the state or of any political subdivision shall not be loaned, pledged, or donated to or for any person, association, or corporation, public or private."

CITY OF PATTERSON, LOUISIANA

Schedule of Findings and Responses (Continued)
For the Year Ended June 30, 2024

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

2024-006 Donation of Public Funds (Continued)

The Attorney General has developed a three-prong test to follow the Court's interpretation of Article VII, Section 14(A), which is known as the *Cabela's* Test. Per the *Cabela's* Test, all three of the following elements must be met for a public entity to properly expend or transfer public funds or property:

1. The expenditure or transfer must be for a public purpose that comports with the governmental purpose which the entity has legal authority to pursue;
2. The expenditure or transfer of public funds or property, taken as a whole, does not appear to be gratuitous; and,
3. Evidence must demonstrate that the public entity has a demonstrable, objective, and reasonable expectation of receiving a benefit or value at least equivalent to the amount expended or transferred.

Condition: The City appears to have recorded expenditures that do not meet the three-prong *Cabela's* Test for determining proper expensing or transferring of public funds or property.

Cause: The condition results from the failure to determine whether certain expenditures met the three-prong *Cabela's* Test before entering into those transactions, specifically that the entity did not appear to have a demonstrable, objective, and reasonable expectation of receiving a benefit or value at least equivalent to the amount expended.

Effect: The City may not be in compliance with Article VII, Section 14(A) of the Louisiana Constitution.

Recommendation: The City should apply the *Cabela's* Test to all potential expenditures prior to spending or transferring public funds or property.

Views of Responsible Officials and Planned Corrective Actions: This information is in the City's separate Management's Corrective Action Plan for Current Year Findings.

CITY OF PATTERSON, LOUISIANA

Schedule of Findings and Responses (Continued)
For the Year Ended June 30, 2024

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

2024-007 Accounting Records Not Properly Maintained

Year Initially Occurring: 2023

Criteria: Louisiana R.S. 24:515 A states "All auditees shall designate or provide an office for their secretary, treasurer, or principal finance officer where their books and records must be kept. All accounts of such public funds shall be kept in the form prescribed by the legislative auditor and he shall have the authority to install a system of accounting in any office which he is authorized to examine and audit. Any failure of any auditee to furnish the legislative auditor with any information requested shall be immediately reported to the Legislative Audit Advisory Council which shall take such action as it may deem proper."

Condition: The City could not produce support for certain revenues and expenditures selected by auditors for testing.

Cause: The condition results from the failure to maintain appropriate accounting records to support certain transactions which were selected by auditors for testing.

Effect: The City may not be in compliance with Louisiana R.S. 24:515 A.

Recommendation: The City should implement procedures to ensure that adequate support is maintained for all accounting transactions.

Views of Responsible Officials and Planned Corrective Actions: This information is in the City's separate Management's Corrective Action Plan for Current Year Findings.

Part 3: Findings and Questioned Costs Relating to Federal Awards

At June 30, 2024, the City did not meet the requirements to have a single audit in accordance with *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*; therefore, this section is not applicable.

CITY OF PATTERSON, LOUISIANA

Management's Corrective Action Plan for Current Year Findings
For the Year Ended June 30, 2024

2024-001 Material Adjustments to the Financial Statements

Management's Response and Planned Corrective Action: The City is working to ensure that all necessary adjustments are captured and included in its financial statements prior to the commencement of audit procedures. Bank statements are being printed and bank reconciliations are being done on a monthly basis.

Name and Title of Contact Person: Rodney Grogan, Mayor

2024-002 Noncompliance with the Louisiana Local Government Budget Act

Management's Response and Planned Corrective Action: The City has been closely monitoring the budget and has been making necessary amendments as required. The budget will be amended several times throughout the fiscal year.

Name and Title of Contact Person: Rodney Grogan, Mayor

2024-003 Late Submission of Audit Report

Management's Response and Planned Corrective Action: The City is working to ensure that its books and records are complete in sufficient time for its independent auditors to perform their audit procedures and complete the audit engagement to allow for the submission of the completed audit report to be submitted in a timely manner. The City has contracted with an external accounting firm to assist with closing its books, making necessary accruals and reclassification adjustments, and ensuring that necessary documentation is gathered to support the underlying account balances in the financial statements.

Name and Title of Contact Person: Rodney Grogan, Mayor

2024-004 Late Payment of Payroll Tax Deposits

Management's Response and Planned Corrective Action: The City is aware of its obligations for the timely payment of payroll taxes. The City has filed a tax abatement. The City has been paying payroll taxes on time since the change in employment.

Name and Title of Contact Person: Rodney Grogan, Mayor

2024-005 Late Payment of Financed Purchase Obligations

Management's Response and Planned Corrective Action: The City is aware of its responsibilities for the timely payment of its obligations to its creditors and the negative results of failing to remit lease payments in a timely manner. The City Clerk and City Accountant are working together daily to get payments mailed out in a timely manner.

Name and Title of Contact Person: Rodney Grogan, Mayor

CITY OF PATTERSON, LOUISIANA

Management's Corrective Action Plan for Current Year Findings (Continued)
For the Year Ended June 30, 2024

2024-006 Donation of Public Funds

Management's Response and Planned Corrective Action: The City will ensure that its expenditures are for a valid public purpose. The City will apply the Cabela's test prior to spending or transferring public funds or property.

Name and Title of Contact Person: Rodney Grogan, Mayor

2024-007 Accounting Records Not Properly Maintained

Management's Response and Planned Corrective Action: The City is implementing procedures to ensure that adequate support is maintained for all accounting transactions. The City will ensure that all expenditures are adequately supported by valid documentation and that the documentation is readily available for review by its auditors.

Name and Title of Contact Person: Rodney Grogan, Mayor



INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

To the Honorable Mayor Grogan and members of the City Council of the City of Patterson, Louisiana (the "City") and the Louisiana Legislative Auditor:

We have performed the procedures enumerated below on the control and compliance (C/C) areas identified in the Louisiana Legislative Auditor's (LLA's) Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period July 1, 2023 through June 30, 2024. The City's management is responsible for those C/C areas identified in the SAUPs.

The City has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of the engagement, which is to perform specified procedures on the C/C areas identified in LLA's SAUPs for the fiscal period July 1, 2023 to June 30, 2024. Additionally, LLA has agreed to and acknowledged that the procedures performed are appropriate for its purposes. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures and associated findings are as follows:

1) Written Policies and Procedures

A. Obtain and inspect the entity's written policies and procedures and observe whether they address each of the following categories and subcategories if applicable to public funds and the entity's operations.

- i. **Budgeting**, including preparing, adopting, monitoring, and amending the budget.

Written policies and procedures were obtained and address the functions noted above.

- ii. **Purchasing**, including (1) how purchases are initiated; (2) how vendors are added to the vendor list; (3) the preparation and approval process of purchase requisitions and purchase orders; (4) controls to ensure compliance with the Public Bid Law; and (5) documentation required to be maintained for all bids and price quotes.

Written policies and procedures were obtained and address the functions noted above.

- iii. **Disbursements**, including processing, reviewing, and approving.

Written policies and procedures were obtained and address the functions noted above.

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

Written policies and procedures were obtained and address the functions noted above.

- v. **Payroll/Personnel**, including (1) payroll processing, and (2) reviewing and approving time and attendance records, including leave and overtime worked, and (3) approval process for employee rates of pay or approval and maintenance of pay rate schedules.
Written policies and procedures were obtained and address the functions noted above with the exception of (3) approval process for employee rates of pay or approval and maintenance of pay rate schedules.
- vi. **Contracting**, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process.
Written policies and procedures were obtained and address the functions noted above.
- vii. **Travel and Expense Reimbursement**, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers.
Written policies and procedures were obtained and address the functions noted above.
- viii. **Credit Cards (and debit cards, fuel cards, purchase cards, if applicable)**, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers of statements, and (5) monitoring card usage (e.g., determining the reasonableness of fuel card purchases).
Written policies and procedures were obtained and address the functions noted above.
- ix. **Ethics**, including (1) the prohibitions as defined in Louisiana Revised Statute 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) a requirement that documentation is maintained to demonstrate that all employees and officials were notified of any changes to the entity's ethics policy.
Written policies and procedures were obtained and address the functions noted above with the exception of (4) a requirement that documentation is maintained to demonstrate that all employees and officials were notified of any changes to the entity's ethics policy.
- x. **Debt Service**, including (1) debt issuance approval, (2) continuing disclosure/EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.
Written policies and procedures were obtained and address the functions noted above with the exception of (2) continuing disclosure/EMMA reporting requirements.
- xi. **Information Technology Disaster Recovery/ Business Continuity**, including (1) identification of critical data and frequency of data backups, (2) storage of backups in a separate physical location isolated from the network, (3) periodic testing/verification that backups can be restored, (4) use of antivirus software on all systems, (5) timely application of all available system and software patches/updates, and (6) identification of personnel, processes, and tools needed to recover operations after a critical event.
Written policies and procedures were obtained and address the functions noted above.
- xii. **Prevention of Sexual Harassment**, including R.S. 42:342-344 requirements for (1) agency responsibilities and prohibitions, (2) annual employee training, and (3) annual reporting.
Written policies and procedures were obtained and address the functions noted above with the exception of (2) annual employee training.

2) Board or Finance Committee

- A. Obtain and inspect the board/finance committee minutes for the fiscal period, as well as the board's enabling legislation, charter, bylaws, or equivalent document in effect during the fiscal period, and:
- i. Observe that the board/finance committee met with a quorum at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, bylaws, or other equivalent document.
No exceptions noted.
 - ii. For those entities reporting on the governmental accounting model, observe whether the minutes referenced or included monthly budget-to-actual comparisons on the general fund, quarter budget-to-actual, at a minimum, on proprietary funds, and semi-annual budget-to-actual, at a minimum, on all special revenue funds.
Observed that the minutes for two monthly meetings did not include budget-to actual comparisons.
 - iii. For governmental entities, obtain the prior year audit report and observe the unrestricted fund balance in the general fund. If the general fund had a negative ending unrestricted fund balance in the prior year audit report, observe that the minutes for at least one meeting during the fiscal period referenced or included a formal plan to eliminate the negative unrestricted fund balance in the general fund.
Obtained the prior year's audit report and observed that the unrestricted fund balance was positive in the general fund.
 - iv. Observe whether the board/finance committee received written updates of the progress of resolving audit finding(s), according to management's corrective action plan at each meeting until the findings are considered fully resolved.
Observed that the minutes did not reference or include written updates of the progress of resolving audit findings.

3) Bank Reconciliations

- A. Obtain a listing of client bank accounts for the fiscal period from management and management's representation that the listing is complete. Ask management to identify the entity's main operating account. Select the entity's main operating account and randomly select 4 additional accounts (or all accounts if less than 5). Randomly select one month from the fiscal period, obtain and inspect the corresponding bank statement and reconciliation for each account selected, and observe that:
- Obtained listing of bank accounts from management and management's representation that the listing is complete.*
- i. Bank reconciliations include evidence that they were prepared within 2 months of the related statement closing date (e.g., initialed and dated, electronically logged);
No exceptions noted.
 - ii. Bank reconciliations include written evidence that a member of management or a board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation within 1 month of the date the reconciliation was prepared (e.g., initialed and dated, electronically logged); and
Bank reconciliations do not include written evidence that a member of management or a board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation.

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

For four of five bank accounts tested, management does not have documentation reflecting that it has researched reconciling items that have been outstanding for more than 12 months from the statement closing date. For one of five banks accounts tested, there are no reconciling items outstanding for more than 12 months.

4) Collections (excluding electronic fund transfers)

- A. Obtain a listing of deposit sites for the fiscal period where deposits for cash/checks/money orders (cash) are prepared and management's representation that the listing is complete. Randomly select 5 deposit sites (or all deposit sites if less than 5).

Obtained listing of deposit sites and management's representation that the listing is complete.

- B. For each deposit site selected, obtain a listing of collection locations and management's representation that the listing is complete. Randomly select one collection location for each deposit site (i.e. 5 collection locations for 5 deposit sites), obtain and inspect written policies and procedures relating to employee job duties (if no written policies or procedures, inquire of employees about their job duties) at each collection location, and observe that job duties are properly segregated at each collection location such that:

Obtained listing of collection locations and management's representation that the listing is complete.

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

No exceptions noted.

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

Employees responsible for collecting cash are responsible for preparing/making bank deposits.

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

No exceptions noted.

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

No exceptions noted.

- C. Obtain from management a copy of the bond or insurance policy for theft covering all employees who have access to cash. Observe the bond or insurance policy for theft was enforced during the fiscal period.

No exceptions noted.

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

- i. Observe that receipts are sequentially pre-numbered.
No exceptions noted.
- ii. Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.
No exceptions noted.
- iii. Trace the deposit slip total to the actual deposit per the bank statement.
No exceptions noted.
- iv. Observe that the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than 10 miles from the collection location or the deposit is less than \$100 and the cash is stored securely in a locked safe or drawer).
No exceptions noted.
- v. Trace the actual deposit per the bank statement to the general ledger.
No exceptions noted.

5) Non-Payroll Disbursements (excluding card purchases, travel reimbursements, and petty cash purchases)

- A. Obtain a listing of locations that process payments for the fiscal period and management's representation that the listing is complete. Randomly select 5 locations (or all locations if less than 5).
Obtained listing of locations that process payments and management's representation that the listing is complete.
- B. For each location selected under #5A above, obtain a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures relating to employee job duties (if the agency has no written policies and procedures, inquire of employees about their job duties), and observe that job duties are properly segregated such that:
 - i. At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order/making the purchase;
No exceptions noted.
 - ii. At least two employees are involved in processing and approving payments to vendors;
No exceptions noted.
 - iii. The employee responsible for processing payments is prohibited from adding/modifying vendor files, unless another employee is responsible for periodically reviewing changes to vendor files;
Employees responsible for processing payments are not prohibited from adding/modifying vendor files.
 - iv. Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments; and
Employees responsible for processing payments are also responsible for mailing signed checks.
 - v. Only employee/officials authorized to sign checks approve the electronic disbursement (release) of funds, whether through automated clearinghouse (ACH), electronic transfer (EFT), wire transfer, or some other electronic means.
No exceptions noted.

- C. For each location selected under procedure #5A above, obtain the entity's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtain management's representation that the population is complete. Randomly select 5 disbursements for each location, obtain supporting documentation for each transaction, and:
- Observe that the disbursement whether by paper or electronic means, matched the related original itemized invoice and supporting documentation indicates deliverables included on the invoice were received by the entity, and
No exceptions noted.
 - Observe that the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under #5B above, as applicable.
In one instance, we observed the same employee requested and approved, and subsequently signed the check for, the disbursement. In another instance, we observed a completed purchase order which did not contain a signature of approval.
- D. Using the entity's main operating account and the month selected in Bank Reconciliations procedure #3A, randomly select 5 non-payroll-related electronic disbursements (or all electronic disbursements if less than 5) and observe that each electronic disbursement was (a) approved by only those persons authorized to disburse funds (e.g., sign checks) per the entity's policy, and (b) approved by the required number of authorized signers per the entity's policy. *Note: If no electronic payments were made from the main operating account during the month selected, the practitioner should select an alternative month and/or account for testing that does include electronic disbursements.*
In three electronic disbursements out of five tested, it was found that only one signer, rather than the required two signers, approved the electronic disbursements.

6) Credit Cards/Debit Cards/Fuel Cards/Purchase Cards (Cards)

- A. Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and purchase cards (cards) for the fiscal period, including the card numbers and the names of the persons who maintained possession of the cards. Obtain management's representation that the listing is complete.
Obtained listing of active credit cards, bank debit cards, fuel cards, and P-cards, including the card numbers and the names of the persons who maintained possession of the cards, and management's representation that the listing is complete.
- B. Using the listing prepared by management, randomly select 5 cards (or all cards if less than 5) that were used during the fiscal period. Randomly select one monthly statement or combined statement for each card (for a debit card, randomly select one monthly bank statement), obtain supporting documentation, and:
- Observe whether there is evidence that the monthly statement or combined statement and supporting documentation (e.g., original receipts for credit/debit card purchases, exception reports for excessive fuel card usage) were reviewed and approved, in writing (or electronically approved) by someone other than the authorized card holder (those instances requiring such approval that may constrain the legal authority of certain public officials, such as the mayor of a Lawrason Act municipality, should not be reported); and
Three cards tested did not have evidence that the statements were reviewed and approved in writing by someone other than the authorized card holder.

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

Observed that one card tested had late fee charges assessed on the selected statement. No exceptions noted on the other cards tested.

- C. Using the monthly statements or combined statements selected under procedure #6B above, excluding fuel cards, randomly select 10 transactions (or all transactions if less than 10) from each statement, and obtain supporting documentation for the transactions (e.g., each card should have 10 transactions subject to inspection). For each transaction, observe that it is supported by (1) an original itemized receipt that identifies precisely what was purchased, (2) written documentation of the business/public purpose, and (3) documentation of the individuals participating in meals (for meal charges only). For missing receipts, the practitioner should describe the nature of the transaction and observe whether management had a compensating control to address missing receipts, such as a “missing receipt statement” that is subject to increased scrutiny.

For seven transactions tested on one credit card, documentation could not be provided by the client that identified precisely what was purchased or written documentation of the business/public purpose of the purchase. In another transaction on the same credit card, sales tax was noted as being charged on the purchase. On a different credit card, for one transaction tested, public purpose of the purchase was not documented.

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

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

Obtained listing of all travel and travel-related expense reimbursements, and management’s representation that the listing is complete.

- i. If reimbursed using a per diem, observe that the approved reimbursement rate is no more than those rates established either by the State of Louisiana or the U.S. General Services Administration (www.gsa.gov).

No exceptions noted.

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

Original itemized receipt for one individual showed sales tax charge was reimbursed. No exceptions noted on other reimbursements.

- iii. Observe that each reimbursement is supported by documentation of the business/public purpose (for meal charges, observe that the documentation includes the names of those individuals participating) and other documentation required by Written Policies and Procedures procedure #1A(vii); and

No exceptions noted.

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

No exceptions noted.

8) Contracts

- A. Obtain from management a listing of all agreements/contracts for professional services, materials and supplies, leases, and construction activities that were initiated or renewed during the fiscal period. *Alternately, the practitioner may use an equivalent selection source, such as an active vendor list.* Obtain management's representation that the listing is complete. Randomly select 5 contracts (or all contracts if less than 5) from the listing, excluding the practitioner's contract, and:

Obtained listing of all agreements/contracts that were initiated or renewed and management's representation that the listing is complete.

- i. Observe that the contract was bid in accordance with the Louisiana Public Bid Law (e.g., solicited quotes or bids, advertised), if required by law.
No exceptions noted.
- ii. Observe that the contract was approved by the governing body/board, if required by policy or law (e.g. Lawrason Act, Home Rule Charter).
No exceptions noted.
- iii. If the contract was amended (e.g. change order), observe that the original contract terms provided for such an amendment and that amendments were made in compliance with the contract terms (e.g., if approval is required for any amendment, was approval documented.)
No contracts were amended.
- iv. Randomly select one payment from the fiscal period for each of the 5 contracts, obtain the supporting invoice, agree the invoice to the contract terms, and observe that the invoice and related payment agreed to the terms and conditions of the contract.

No exceptions noted.

9) Payroll and Personnel

- A. Obtain a listing of employees and officials employed during the fiscal period and management's representation that the listing is complete. Randomly select 5 employees/officials, obtain related paid salaries and personnel files, and agree paid salaries to authorized salaries/pay rates in the personnel files.

Obtained a listing of employees and management's representation that the listing is complete. Agreed authorized pay rates to related paid salaries without exception.

- B. Randomly select one pay period during the fiscal period. For the 5 employees/officials selected under #9A above, obtain attendance records and leave documentation for the pay period, and:

- i. Observe that all selected employees/officials documented their daily attendance and leave (e.g., vacation, sick, compensatory);
No exceptions noted.
- ii. Observe that supervisors approved the attendance and leave of the selected employees/officials;
No exceptions noted.
- iii. Observe that any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records; and

There was no leave accrued or taken during the pay period tested.

- iv. Observe the rate paid to the employees or officials agree to the authorized salary/pay rate found within the personnel file.

No exceptions noted.

- C. Obtain a listing of those employees or officials that received termination payments during the fiscal period and management's representation that the list is complete. Randomly select two employees or officials, obtain related documentation of the hours and pay rates used in management's termination payment calculations and the entity's policy on termination payments. Agree the hours to the employee's or official's cumulative leave records, agree the pay rates to the employee's or official's authorized pay rates in the employee's or official's personnel files, and agree the termination payment to entity policy

No exceptions noted.

- D. Obtain management's representation that employer and employee portions of third party payroll related amounts (e.g., payroll taxes, retirement contributions, health insurance premiums, garnishments, workers' compensation premiums, etc.) have been paid, and associated forms have been filed, by required deadlines.

Per management, there are payroll tax liabilities from prior periods that are payable to the IRS as of the end of the fiscal year. Also, Forms 941 for two out of four quarters during the fiscal period were not filed by required deadlines.

10) Ethics

- A. Using the 5 randomly selected employees/officials from Payroll and Personnel procedure #9A obtain ethics documentation from management, and

- i. Observe whether the documentation demonstrates each employee/official completed one hour of ethics training during the calendar year are required by R.S. 42:1170; and

No exception noted.

- ii. Observe whether the entity maintains documentation which demonstrates each employee and official were notified of any changes to the entity's ethics policy during the fiscal period, as applicable.

No exception noted.

- B. Inquire and/or observe whether the agency has appointed an ethics designee as required by R.S. 42:1170.

No exception noted.

11) Debt Service

- A. Obtain a listing of bonds/notes and other debt instruments issued during the fiscal period and management's representation that the listing is complete. Select all debt instruments on the listing, obtain supporting documentation, and observe that State Bond Commission approval was obtained for each debt instrument issued as required by Article VII, Section 8 of the Louisiana Constitution.

Management asserted that there were no bonds/notes and other debt instruments issued during the fiscal period.

- B. Obtain a listing of bonds/notes outstanding at the end of the fiscal period and management's representation that the listing is complete. Randomly select one bond/note, inspect debt covenants, obtain supporting documentation for the reserve balance and payments, and agree actual reserve balances and payments to those required by debt covenants (including contingency funds, short-lived asset funds, or other funds required by the debt covenants).

Obtained a listing of bonds/notes outstanding at the end of the fiscal period, and management's representation that the listing is complete. No exceptions noted.

12) Fraud Notice

- A. Obtain a listing of misappropriations of public funds and assets during the fiscal period and management's representation that the listing is complete. Select all misappropriations on the listing, obtain supporting documentation, and observe that the entity reported the misappropriation(s) to the legislative auditor and the district attorney of the parish in which the entity is domiciled as required by R.S. 24:523.

Management asserted that there no misappropriations of public funds and assets during the fiscal period.

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

No exceptions noted.

13) Information Technology Disaster Recovery/Business Continuity

- A. Perform the following procedures, **verbally discuss the results with management, and report "We performed the procedure and discussed the results with management."**

- i. Obtain and inspect the entity's most recent documentation that it has backed up its critical data (if there is no written documentation, then inquire of personnel responsible for backing up critical data) and observe evidence that such backup (a) occurred within the past week, (b) was not stored on the government's local server or network, and (c) was encrypted

We performed the procedure and discussed the results with management.

- ii. Obtain and inspect the entity's most recent documentation that it has tested/verified that its backups can be restored (if no written documentation, inquire of personnel responsible for testing/verifying backup restoration) and observe evidence that the test/verification was successfully performed within the past 3 months.

We performed the procedure and discussed the results with management.

- iii. Obtain a listing of the entity's computers currently in use and their related locations, and management's representation that the listing is complete. Randomly select 5 computers and observe while management demonstrates that the selected computers have current and active antivirus software and that the operating system and accounting system software in use are currently supported by the vendor.

We performed the procedure and discussed the results with management.

- B. Randomly select 5 terminated employees (or all terminated employees if less than 5) using the list of terminated employees obtained in procedure #9C. Observe evidence that the selected terminated employees have been removed or disabled from the network.

No exceptions noted.

- C. Using the 5 randomly selected employees/officials from Payroll and Personnel procedure #9A, obtain cybersecurity training documentation from management, and observe that the documentation demonstrates that the following employees/officials with access to the agency's information technology assets have completed cybersecurity training as required by R.S. 42:1267.

No exceptions noted.

14) Sexual Harassment

- A. Using the 5 randomly selected employees/officials from Payroll and Personnel procedure #9A, obtain sexual harassment training documentation from management, and observe that the documentation demonstrates each employee/official completed at least one hour of sexual harassment training during the calendar year as required by R.S. 42:343.

No exceptions noted.

- B. Observe the entity has posted its sexual harassment policy and complaint procedure on its website (or in a conspicuous location on the entity's premises if the entity does not have a website).

No exceptions noted.

- C. Obtain the entity's annual sexual harassment report for the current fiscal period, observe that the report was dated on or before February 1, and observe it includes the applicable requirements of R.S. 42:344:

- i. Number and percentage of public servants in the agency who have completed the training requirements;

Observed 80% of public servants in the agency have completed training requirements.

- ii. Number of sexual harassment complaints received by the agency;

No sexual harassment complaints were received by the City.

- iii. Number of complaints which resulted in a finding that sexual harassment occurred;

Not applicable.

- iv. Number of complaints in which the finding of sexual harassment resulted in discipline or corrective action; and

Not applicable.

- v. Amount of time it took to resolve each complaint.

Not applicable.

We were engaged by the City to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. We were not engaged to and did not conduct an examination or review engagement, the objective of which would be the expression of an opinion or conclusion, respectively, on those C/C areas identified in the SAUPs. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

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

Darnall, Sikes & Frederick

(A Corporation of Certified Public Accountants)

Morgan City, Louisiana

March 28, 2025

CITY OF PATTERSON

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MAYOR

Rodney A. Grogan

CITY CLERK

Midge Bourgeois

COUNCIL

DeMale Bowden Jr
Lee A. Condolle
Ray Dewey Sr.
Mamie Perry
Miranda Weinbach

Responses to Exceptions Identified in the SAUP Report

WRITTEN POLICIES AND PROCEDURES

1. A. v), ix), x), and xii) – Management is in the process of reviewing and revising all current policies and procedures and making modifications as determined to be necessary.

BOARD OR FINANCE COMMITTEE

2. A. ii) and iv) – Management will address and determine the necessary mitigating controls for these exceptions.

BANK RECONCILIATIONS

3. A. ii) and iii) – Management will address and determine the necessary mitigating controls for these exceptions.

COLLECTIONS

4. B. ii) – Management will address and determine the necessary mitigating controls for this exception.

NON-PAYROLL DISBURSEMENTS

5. B. iii) and iv) – Management will address and determine the necessary mitigating controls for these exceptions.
C. ii) – Management will address and determine the necessary mitigating controls for these exceptions.
D. a) and b) – Management will address and determine the necessary mitigating controls for these exceptions.

CREDIT CARDS

6. B. i) and ii) – Management will address and determine the necessary mitigating controls for these exceptions.
C. 1), 2), and 3) – Management will address and determine the necessary mitigating controls for these exceptions.

TRAVEL

7. A. ii) – Management will address and determine the necessary mitigating controls for these exceptions.

PAYROLL

9. D.) – Management will address and determine the necessary mitigating controls for this exception.