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**CITY OF PATTERSON, LOUISIANA**

**Financial Report**

**Year Ended June 30, 2004**

*Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.*

Release Date 2-2-05

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**Independent Auditor's Report**

**The Honorable James L. Bernauer, Mayor  
and Members of the City Council  
City of Patterson, Louisiana**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Patterson, Louisiana, as of and for the year ended June 30, 2004, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to in the first paragraph 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, 2004, and the respective changes in financial position and cash flows where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated December 27, 2004, on our consideration of the City of Patterson's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

The required supplementary information on pages 40 through 43 is not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

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

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

- (1) information as to the number of utility customers presents on page 58 is based on unaudited data obtained from the City's records, on which we express no opinion, and
- (2) the insurance coverage data presented on page 61 has not been audited by us and we express no opinion on it.

*Guidry, Chauvin & Taylor*  
A Corporation of Certified Public Accountants

Franklin, Louisiana  
December 27, 2004

**BASIC FINANCIAL STATEMENTS**

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

CITY OF PATTERSON, LOUISIANA

Statement of Net Assets  
June 30, 2004

	Governmental Activities	Business-Type Activities	Total
<b>ASSETS</b>			
<b>Current assets:</b>			
Cash	\$ 1,614,008	\$ 222,121	\$ 1,836,129
Interest-bearing deposits	4,986,577	621,635	5,608,212
Investments, at fair value	811,502	289,028	1,100,530
Receivables, net	772,990	305,435	1,078,425
Due from other governmental units	48,805	-	48,805
Due from (to) other funds	(50,547)	50,547	-
Prepaid insurance	-	2,732	2,732
Total current assets	8,183,335	1,491,498	9,674,833
<b>Noncurrent assets:</b>			
Restricted assets	-	1,898,469	1,898,469
Capital assets, net	4,512,780	4,418,161	8,930,941
Total noncurrent assets	4,512,780	6,316,630	10,829,410
Total assets	12,696,115	7,808,128	20,504,243
<b>LIABILITIES</b>			
<b>Current liabilities:</b>			
Accounts and other payables	70,749	120,292	191,041
Accrued interest payable	59,285	3,468	62,753
Capital lease obligation, current portion	25,438	-	25,438
Bonds payable, current portion	337,694	81,418	419,112
Total current liabilities	493,166	205,178	698,344
<b>Noncurrent liabilities:</b>			
Customers' deposits payable	-	263,780	263,780
Capital lease obligation, net of current portion	111,821	-	111,821
Bonds payable, net of current portion	2,656,548	450,196	3,106,744
Total noncurrent liabilities	2,768,369	713,976	3,482,345
Total liabilities	3,261,535	919,154	4,180,689
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt	1,321,994	3,883,079	5,205,073
<b>Restricted for:</b>			
Debt service	1,072,919	1,646,953	2,719,872
Other purposes	649,613	-	649,613
Unrestricted	6,390,054	1,358,942	7,748,996
Total net assets	\$ 9,434,580	\$ 6,888,974	\$ 16,323,554

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

CITY OF PATTERSON, LOUISIANA

Statement of Activities  
For the Year Ended June 30, 2004

Activities	Expenses	Program Revenues		
		Fees, Fines, and Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>Governmental activities</b>				
General government	\$ 495,855	\$ 128,192	\$ -	\$ -
Public safety				
Police	967,519	557,518	10,000	-
Fire	69,031	-	-	113,763
Sanitation	319,842	271,988	-	-
Streets and drainage	321,212	-	15,000	100,000
Culture and recreation	30,756	480	850	-
Housing rehabilitation	454,007	-	454,007	-
Interest and fiscal charges on long-term debt	<u>222,404</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total governmental activities</b>	<b><u>2,880,626</u></b>	<b><u>958,178</u></b>	<b><u>479,857</u></b>	<b><u>213,763</u></b>
<b>Business-type activities:</b>				
Utility Fund	<u>2,136,092</u>	<u>1,957,516</u>	<u>-</u>	<u>-</u>
<b>Total</b>				

General revenues:

Taxes -

  Property taxes

  Sales and use taxes

  Other taxes

Grants and contributions not restricted to specific programs

  State sources

Interest and investment earnings

Miscellaneous

**Total general revenues and transfers**

Change in net assets

Net assets - July 1, 2003 as restated

Net assets - June 30, 2004

Net (Expense) Revenues and Changes in Net Assets		
<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
\$ (367,663)	\$ -	\$ (367,663)
(400,001)	-	(400,001)
44,732	-	44,732
(47,854)	-	(47,854)
(206,212)	-	(206,212)
(29,426)	-	(29,426)
-	-	-
<u>(222,404)</u>	<u>-</u>	<u>(222,404)</u>
<u>(1,228,828)</u>	<u>-</u>	<u>(1,228,828)</u>
<u>-</u>	<u>(178,576)</u>	<u>(178,576)</u>
330,823	-	330,823
1,337,216	-	1,337,216
208,232	-	208,232
61,667	-	61,667
85,551	12,539	98,090
25,727	-	25,727
<u>2,049,216</u>	<u>12,539</u>	<u>2,061,755</u>
820,388	(166,037)	654,351
<u>8,614,192</u>	<u>7,055,011</u>	<u>15,669,203</u>
<u>\$ 9,434,580</u>	<u>\$ 6,888,974</u>	<u>\$ 16,323,554</u>

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

**FUND FINANCIAL STATEMENTS (FFS)**

## **MAJOR FUNDS' DESCRIPTIONS**

### **GENERAL FUND**

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

### **SPECIAL REVENUE FUND**

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

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

#### **LCDBG Grant Fund**

To account for the receipt of federal monies to be expended for housing rehabilitation in targeted areas around the City.

### **DEBT SERVICE FUNDS**

#### **1990 Paving Assessment Fund**

To accumulate monies for the payment of the 1990 Paving Assessment Certificates. Final payment on these certificates was in 2000.

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

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

### **ENTERPRISE FUND**

#### **Utility Fund**

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

CITY OF PATTERSON, LOUISIANA

Balance Sheet  
Governmental Funds  
June 30, 2004

ASSETS	General	Sewerage & Solid Waste Sales Tax	LCDBG	1990 Paving Assessments
Cash	\$ 50,489	\$ 900,169	\$ 233	\$ 29,405
Interest-bearing deposits	2,230,947	1,114,225	-	81,777
Investments, at fair value	-	811,502	-	-
Receivables -				
Taxes	118,690	39,791	-	-
Property assessments	-	-	-	5,362
Other	1,844	17	-	-
Due from other funds	426,719	-	-	15,555
Due from other governmental units	48,805	-	-	-
Total assets	<u>\$ 2,877,494</u>	<u>\$ 2,865,704</u>	<u>\$ 233</u>	<u>\$ 132,099</u>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>Liabilities</b>				
Accounts payable	\$ 48,228	\$ 1,745	\$ -	\$ -
Accrued liabilities	-	-	-	-
Due to other funds	295,117	24,139	-	123,590
Deferred revenue	-	-	-	5,362
Total liabilities	<u>343,345</u>	<u>25,884</u>	<u>-</u>	<u>128,952</u>
<b>Fund balances:</b>				
Reserved for debt service	-	-	-	3,147
Reserved for capital improvements	-	-	233	-
Unreserved, reported in				
General fund	2,534,149	-	-	-
Special revenue fund	-	2,839,820	-	-
Total fund balances	<u>2,534,149</u>	<u>2,839,820</u>	<u>233</u>	<u>3,147</u>
Total liabilities and fund balances	<u>\$ 2,877,494</u>	<u>\$ 2,865,704</u>	<u>\$ 233</u>	<u>\$ 132,099</u>

<u>2002 Paving Assessments</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
\$ 37,700	\$ 437,086	\$ 1,455,082
-	1,559,628	4,986,577
-	-	811,502
-	23,621	182,102
571,193	11,633	588,188
-	839	2,700
-	211,606	653,880
-	-	48,805
<u>\$ 608,893</u>	<u>\$ 2,244,413</u>	<u>\$ 8,728,836</u>
\$ -	\$ -	\$ 49,973
-	-	-
-	123,431	566,277
571,193	11,633	588,188
<u>571,193</u>	<u>135,064</u>	<u>1,204,438</u>
37,700	1,032,072	1,072,919
-	649,380	649,613
-	-	2,534,149
-	427,897	3,267,717
<u>37,700</u>	<u>2,109,349</u>	<u>7,524,398</u>
<u>\$ 608,893</u>	<u>\$ 2,244,413</u>	<u>\$ 8,728,836</u>

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

CITY OF PATTERSON, LOUISIANA

Reconciliation of the Governmental Funds Balance Sheet  
to the Statement of Net Assets  
June 30, 2004

Total fund balances for governmental funds at June 30, 2004 \$ 7,524,398

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

Property assessments, in governmental activities, are not considered financial resources until collected. Therefore, a corresponding deferred revenue is recorded in the governmental fund until the assessment is collected. 588,188

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. Those assets consist of:

Land	223,326
Buildings, net of \$397,593 accumulated depreciation	2,160,308
Equipment, furniture & fixtures, net of \$787,309 accumulated depreciation	674,708
Infrastructure, net of \$24,652 accumulated depreciaton	1,454,438

Long-term liabilities, including bonds and certificates payable in the current period and, therefore, are not reported as liabilities in the funds

Bonds and certificates payable	(2,994,242)
Accrued interest payable	(59,285)
Capital lease obligation payable	(137,259)
Compensated absences payable	-

Total net assets of governmental activities at June 30, 2004 \$ 9,434,580

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

CITY OF PATTERSON, LOUISIANA

Statement of Revenues, Expenditures, and Changes in Fund Balances  
 Governmental Funds  
 For the Year Ended June 30, 2004

	General	Sewerage & Solid Waste Sales Tax	LCDBG
<b>Revenues:</b>			
Taxes	\$ 1,034,502	\$ 494,325	\$ -
Licenses and permits	128,192	-	-
Intergovernmental	128,583	-	454,007
Charges for services	326,250	-	-
Fines and forfeits	516,452	-	-
Miscellaneous	42,815	7,837	-
Total revenues	<u>2,176,794</u>	<u>502,162</u>	<u>454,007</u>
<b>Expenditures:</b>			
Current -			
General government	480,082	-	-
Public safety:			
Police	906,354	-	-
Fire	44,598	-	-
Sanitation	316,297	-	-
Culture and recreation	27,406	-	-
Streets and drainage	269,431	-	-
Housing rehabilitation	-	-	454,007
Capital outlay	92,025	-	-
Debt service -			
Principal retirement	-	-	-
Interest and fiscal charges	-	-	-
Total expenditures	<u>2,136,193</u>	<u>-</u>	<u>454,007</u>
Excess (deficiency) of revenues over expenditures	<u>40,601</u>	<u>502,162</u>	<u>-</u>
<b>Other financing sources (uses):</b>			
Operating transfers in	175,651	-	-
Proceeds from capital lease	-	-	-
Operating transfers out	<u>(108,601)</u>	<u>(246,397)</u>	<u>-</u>
Total other financing sources (uses)	<u>67,050</u>	<u>(246,397)</u>	<u>-</u>
Net change in fund balances	107,651	255,765	-
Fund balances, beginning	<u>2,426,498</u>	<u>2,584,055</u>	<u>233</u>
Fund balances, ending	<u>\$ 2,534,149</u>	<u>\$ 2,839,820</u>	<u>\$ 233</u>

1990 Paving Assessments	2002 Paving Assessments	Other Governmental Funds	Total Governmental Funds
\$ -	\$ -	\$ 347,444	\$ 1,876,271
-	-	-	128,192
-	-	213,763	796,353
-	-	-	326,250
-	-	-	516,452
<u>461</u>	<u>152,040</u>	<u>24,861</u>	<u>228,014</u>
<u>461</u>	<u>152,040</u>	<u>586,068</u>	<u>3,871,532</u>
24	26	136	480,268
-	-	-	906,354
-	-	6,270	50,868
-	-	-	316,297
-	-	-	27,406
-	-	-	269,431
-	-	-	454,007
-	-	361,399	453,424
-	77,694	245,000	322,694
-	36,620	126,499	163,119
<u>24</u>	<u>114,340</u>	<u>739,304</u>	<u>3,443,868</u>
<u>437</u>	<u>37,700</u>	<u>(153,236)</u>	<u>427,664</u>
-	-	512,503	688,154
-	-	137,259	137,259
<u>-</u>	<u>-</u>	<u>(333,156)</u>	<u>(688,154)</u>
<u>-</u>	<u>-</u>	<u>316,606</u>	<u>137,259</u>
437	37,700	163,370	564,923
<u>2,710</u>	<u>-</u>	<u>1,945,979</u>	<u>6,959,475</u>
<u>\$ 3,147</u>	<u>\$ 37,700</u>	<u>\$ 2,109,349</u>	<u>\$ 7,524,398</u>

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

CITY OF PATTERSON, LOUISIANA

Reconciliation of the Statement of Revenues, Expenditures, and  
Changes in Fund Balances of Governmental Funds  
to the Statement of Activities  
For the Year Ended June 30, 2004

Total net changes in fund balances at June 30, 2004 per Statement  
of Revenues, Expenditures and Changes in Fund Balances \$ 564,923

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

Governmental funds report capital outlay as expenditures. However,  
in the statement of activities the cost of those assets is allocated over  
their estimated useful lives and reported as depreciation expense.

Capital outlay which is considered expenditures on Statement  
of Revenues, Expenditures and Changes in Fund Balances 453,424  
Depreciation expense for the year ended June 30, 2004 (207,373)

Governmental funds report bonded debt repayments and capital lease  
payments, including interest, as expenditures. However, principal  
repayments do not appear in the statement of activities since the  
payment is applied against the bond payable balance on the statement  
of net assets 322,694

Governmental funds report collections of assessments for paving and  
other projects as revenues when they are collected. However, under  
full accrual accounting, the revenues would be recognized when earned.  
The fact that the debtor is repaying the debt over time does not preclude  
the recognition of the entire assessment as revenue at the time it is  
earned. The City collected \$116,736 of assessments during the year. (116,736)

Governmental funds report bond proceeds and the financed portion of  
long-term capital leases as an income. However, the proceeds do not  
appear in the statement of activities since the debt is recorded as a  
bond or capital lease obligation payable on the statement of net assets (137,259)

Some expenses reported in the statement of activities, such as  
compensated absences and accrued interest expense, do not require  
the use of current financial resources and are not reported as  
expenditures in governmental funds (59,285)

Total changes in net assets at June 30, 2004 per Statement of Activities \$ 820,388

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

CITY OF PATTERSON, LOUISIANA

Statement of Net Assets  
Proprietary Fund  
June 30, 2004

ASSETS

Current assets:

Cash	\$ 141,105
Interest-bearing deposits	621,635
Investments	289,028
Receivables	
Customer accounts receivable, net	304,912
Other	523
Due from other funds	479,845
Prepaid insurance	<u>2,732</u>
Total current assets	<u>1,839,780</u>

Noncurrent assets:

Restricted assets -	
Cash and interest-bearing deposits	237,438
Interest-bearing deposits	1,660,835
Accrued interest receivable	196
Capital assets, net of accumulated depreciation	<u>4,418,161</u>
Total noncurrent assets	<u>6,316,630</u>
Total assets	<u>8,156,410</u>

LIABILITIES

Current liabilities (payable from current assets):

Accounts payable	103,332
Accrued liabilities	16,960
Due to other funds	<u>348,282</u>
Total current liabilities	<u>468,574</u>

Current liabilities (payable from restricted assets):

Revenue bonds payable, current portion	81,418
Accrued interest payable	<u>3,468</u>
Total current liabilities	<u>84,886</u>

CITY OF PATTERSON, LOUISIANA

Statement of Net Assets  
Proprietary Fund (Continued)  
June 30, 2004

Noncurrent liabilities:	
Accrued liabilities	-
Payable from restricted assets -	
Revenue bonds payable, net of current portion	450,196
Customers' meter deposits payable	<u>263,780</u>
Total noncurrent liabilities	<u>713,976</u>
Total liabilities	<u>1,267,436</u>
NET ASSETS	
Invested in capital assets, net of related debt	3,883,079
Restricted per revenue bond covenant	1,646,953
Unrestricted	<u>1,358,942</u>
Total net assets	<u>\$ 6,888,974</u>

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

CITY OF PATTERSON, LOUISIANA

Statement of Revenues, Expenses, and Changes in Net Assets  
 Proprietary Fund  
 For the Year Ended June 30, 2004

Operating revenues:	
Charges for services -	
Gas sales and services	\$ 1,133,395
Water sales and services	409,479
Sewerage service	330,361
Delinquent charges	41,799
Commissions, transfers and reconnections	6,562
Miscellaneous	35,920
Total operating revenues	<u>1,957,516</u>
Operating expenses:	
Administrative	320,455
Gas department	1,000,290
Water department	344,229
Sewerage department	190,088
Depreciation	255,437
Total operating expenses	<u>2,110,499</u>
Operating income (loss)	<u>(152,983)</u>
Nonoperating revenues (expenses):	
Interest income	12,539
Interest and fiscal charges	(25,593)
Total nonoperating revenues (expenses)	<u>(13,054)</u>
Income (loss) before contributions and transfers	(166,037)
Capital contributions	-
Transfers in	-
Transfers out	-
Change in net assets	<u>(166,037)</u>
Net assets, beginning	<u>7,055,011</u>
Net assets, ending	<u><u>\$ 6,888,974</u></u>

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

CITY OF PATTERSON, LOUISIANA

Statement of Cash Flows  
Proprietary Fund  
For the Year Ended June 30, 2004

Cash flows from operating activities:	
Receipts from customers	\$ 1,979,334
Payments to suppliers	(1,432,750)
Payments to employees	<u>(398,230)</u>
Net cash provided by operating activities	<u>148,354</u>
Cash flows from noncapital financing activities:	
Payments from other funds	331,224
Payments to other funds	<u>(299,829)</u>
Net cash provided by noncapital financing activities	<u>31,395</u>
Cash flows from capital and related financing activities:	
Acquisition of property, plant and equipment	(39,742)
Increase in customer meter deposits	24,367
Principal repayments on revenue bonds	(65,000)
Revenue bond interest payments	<u>(19,827)</u>
Net cash used by capital and related financing activities	<u>(100,202)</u>
Cash flows from investing activities:	
Maturities of investments and interest-bearing deposits	182,212
Purchase of investments and interest-bearing deposits	(182,652)
Interest on investments	<u>12,607</u>
Net cash provided by investing activities	<u>12,167</u>
Net increase (decrease) in cash and equivalents	91,714
Cash and equivalents, beginning of period	<u>2,675,675</u>
Cash and equivalents, end of period	<u>\$ 2,767,389</u>

CITY OF PATTERSON, LOUISIANA

Statement of Cash Flows  
Proprietary Fund (Continued)  
For the Year Ended June 30, 2004

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

Operating loss \$ (152,983)

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

Depreciation 255,437  
Changes in current assets and liabilities:  
(Increase) decrease in accounts receivable 21,818  
(Increase) decrease in prepaid insurance 8,437  
Increase (decrease) in accounts payable 17,110  
Increase (decrease) in accrued liabilities (1,465)

Net cash provided by operating activities \$ 148,354

Reconciliation of cash and equivalents per statement of cash  
flows to the statement of net assets

Cash and equivalents, beginning of period -  
Cash and interest-bearing deposits - unrestricted \$ 1,129,903  
Cash and interest-bearing deposits - restricted 1,545,772  
Total cash and equivalents 2,675,675

Cash and equivalents, end of period -  
Cash and interest-bearing deposits - unrestricted 1,051,768  
Cash and interest-bearing deposits - restricted 1,715,621  
Total cash and equivalents 2,767,389

Net increase (decrease) \$ 91,714

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

## CITY OF PATTERSON, LOUISIANA

### Notes to Financial Statements

#### NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

#### Financial Reporting Entity

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

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

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

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

CITY OF PATTERSON, LOUISIANA

Notes to Financial Statements (Continued)

Housing Authority of the City of Patterson –

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

Patterson Volunteer Fire Department –

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

Basis of Presentation

Government-Wide Financial Statements (GWFS)

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

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

Fund Financial Statements (FFS)

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

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

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

CITY OF PATTERSON, LOUISIANA  
Notes to Financial Statements (Continued)

The major funds of the City are described below:

Governmental Funds -

General Fund

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

Special Revenue Funds -

Sewerage and Solid Waste Sales Tax Fund

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

LCDBG Fund

The LCDBG Fund is used to account for the receipt of federal monies to be expended for housing rehabilitation in targeted areas throughout the City.

Proprietary Fund –

Enterprise Fund

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

Measurement Focus/Basis of Accounting

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

Measurement Focus

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

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

- a. All governmental funds utilize a “current financial resources” measurement focus. Only current financial assets and liabilities are generally included on their balance sheets.

## CITY OF PATTERSON, LOUISIANA

### Notes to Financial Statements (Continued)

Their operating statements present sources and uses of available spendable financial resources during a given period. These funds use fund balance as their measure of available spendable financial resources at the end of the period.

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

#### Basis of Accounting

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

*Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures (including capital outlay) generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures are recorded only when payment is due.*

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

#### Assets, Liabilities and Equity

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

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

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

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

##### Interfund receivables and payables

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

CITY OF PATTERSON, LOUISIANA

Notes to Financial Statements (Continued)

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

Receivables

In the government-wide statements, receivables consist of all revenues earned at year-end and not yet received. Major receivable balances for the governmental activities include sales and use taxes. Business-type activities report customer’s utility service receivables as their major receivables. Uncollectible utility service receivables are recognized as bad debts through the establishment of an allowance account at the time information becomes available which would indicate the uncollectibility of the particular receivable. The allowance for uncollectibles for customers’ utility receivables was \$34,470 at June 30, 2004. 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, 2004 was \$15,359.

Capital Assets

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

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

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

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

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

Restricted Assets

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

## CITY OF PATTERSON, LOUISIANA

### Notes to Financial Statements (Continued)

#### Long-term debt

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

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

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

#### Compensated Absences

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

#### Equity Classifications

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

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

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

#### Revenues, Expenditures, and Expenses

##### Operating Revenues and Expenses

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

CITY OF PATTERSON, LOUISIANA

Notes to Financial Statements (Continued)

**Expenditures/Expenses**

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

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

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

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

**Interfund Transfers**

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

**Budget and Budgetary Accounting**

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

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

**Capital of Interest Expense**

It is the policy of the City to capitalize material amounts of interest resulting from borrowings in the course of the construction of capital assets. At June 30, 2004, there were no borrowings for assets under construction and no capitalized interest expense was recorded on the books.

CITY OF PATTERSON, LOUISIANA  
Notes to Financial Statements (Continued)

Use of Estimates

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

NOTE 2 CASH, INTEREST-BEARING DEPOSITS AND INVESTMENTS

A. Cash and Interest-bearing Deposits

Under state law, the City may deposit funds within a fiscal agent bank organized under the laws of the State of Louisiana, the laws of any other state in the Union, or the laws of the United States. The City may invest in certificates and time deposits of state banks organized under Louisiana law and national banks having principal offices in Louisiana. At June 30, 2004, the City has cash and interest-bearing deposits (book balances) totaling \$9,342,614, as follows:

Demand deposits	\$ 2,073,567
Money market accounts and time deposits	<u>7,269,047</u>
Total	<u>\$ 9,342,614</u>

The deposits are stated at cost, which approximates market. Under state law, these deposits, (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent bank. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties. Deposit balances (bank balances) at June 30, 2004, were secured as follows:

Bank balances	<u>\$ 9,440,355</u>
Federal deposit insurance	\$ 400,000
Pledged securities (Category 3)	<u>11,654,052</u>
Total federal deposit insurance and pledged securities	<u>12,054,052</u>
Excess	<u>\$ 2,613,697</u>

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

CITY OF PATTERSON, LOUISIANA

Notes to Financial Statements (Continued)

B. Investments

The City can invest in direct debt securities of the United States unless such an investment is expressly prohibited by law. The City's investments are categorized to give an indication of the level of risk assumed by it at year end. Category 1 includes investments that are insured or registered or for which the securities are held by the City or its agent in the City's name. Category 2 includes uninsured or unregistered investments with securities held by the counterparty's trust department or agent in the City's name. Category 3 includes uninsured and unregistered investments with securities held by the counterparty, or by its trust department, but not in the City's name.

In accordance with GASB Codification Section 150.165, the investment in LAMP is not categorized in the three risk categories provided by GASB Codification Section 150.164 because the investment is in the pool of funds and thereby not evidenced by securities that exist in physical or book entry form. LAMP is administered by LAMP, Inc.; a non-profit corporation organized under the laws of the State of Louisiana, and is governed by a board of directors comprised of representatives from various local governments and statewide professional organizations. Only local governments having contracted to participate in LAMP have an investment interest in its pool of assets. While LAMP is not required to be a registered investment company under the Investment Company Act of 1940, its investment policies are similar to those established by Rule 2-a7, which governs registered money market funds. The primary objective of LAMP is to provide a safe environment for the placement of public funds in short-term, high quality investments.

The LAMP portfolio includes only securities and other obligations in which local governments in Louisiana are authorized to invest. Accordingly, LAMP investments are restricted to securities issued, guaranteed, or backed by the U.S. Treasury, the U.S. government, or one of its agencies, enterprises, or instrumentalities, as well repurchase agreements collateralized by those securities. The dollar weighted average portfolio maturity of LAMP assets is restricted to not more than 90 days, and consists of no securities with a maturity in excess of 397 days. The fair market value of investments is determined on a weekly basis to monitor any variances between amortized cost and market value. For purposes of determining participants' shares, investments are valued at amortized cost. GASB Statement No. 31 requires that investments that fall within the definitions of said statement be recorded at fair value. However, Statement No. 31 also states that investments in an external investment pool can be reported at amortized cost if the external investment pool operates in a manner consistent with the Security Exchange Commission's (SEC's) Rule 2-a7. LAMP is an external investment pool that operates in a manner consistent with SEC Rule 2-a7.

At June 30, 2004, the City's investments totaled \$1,100,530 as follows:

Description	Category	Interest Rate	Carrying Amount	Fair Value
Governmental Activities:				
Louisiana Asset Management Pool (LAMP)	N/A	1.23%	\$ 811,502	\$ 811,502
Business-Type Activities:				
Louisiana Asset Management Pool (LAMP)	N/A	1.23%	289,028	289,028
			<u>\$ 1,100,530</u>	<u>\$ 1,100,530</u>

CITY OF PATTERSON, LOUISIANA

Notes to Financial Statements (Continued)

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, 2004, taxes of 22.27 mills were levied on property with assessed valuations totaling \$14,986,245 and were dedicated as follows:

General corporate purposes	9.86 mills
Debt service	12.41 mills

Total taxes levied were \$333,744. The amount of taxes receivable at June 30, 2004 was \$7,000.

NOTE 4 INTERFUND TRANSACTIONS

A. Receivables and Payables

Interfund receivables and payables at June 30, 2004 consisted of the following:

	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
Due to/from other funds:		
General Fund	\$ 426,719	\$ 170,117
Special revenue funds -		
Ad Valorem Tax Collection Fund	472	62,014
Sewerage and Solid Waste Sales Tax Fund	-	24,139
Debt service funds -		
Public Improvement Bonds Fund	158,196	54,697
Sales Tax Refunding Bonds	26,554	4,426
1990 Paving Assessment Fund	15,555	123,590
Public Improvement Sales Tax Bonds	-	201
Capital projects funds -		
City Hall & Jail Complex Project Fund	768	-
Drainage and Relocation Fund	21,443	1,701
Regional Sewerage Facility Project Fund	573	-
Murphy St. Paving Fund	-	392
2002 Paving Construction Fund	3,600	-
Utility Fund	354,845	348,282
Agency Funds -		
Disbursement Fund	16,586	25,024
Payroll Fund	-	210,728
Total due to/from other funds	<u>\$ 1,025,311</u>	<u>\$ 1,025,311</u>

CITY OF PATTERSON, LOUISIANA

Notes to Financial Statements (Continued)

B. Operating transfers

Transfers between funds for the year ended June 30, 2004 were:

	<u>Transfers In</u>	<u>Transfers Out</u>
<i>Transfers to/from other funds</i>		
General Fund	\$ 175,651	\$ 108,601
Special Revenue Funds -		
<i>Ad Valorem Tax Collection Fund</i>	-	333,156
Sewerage and Solid Waste Sales Tax Fund	-	246,397
Debt Service Funds -		
Public Improvement Bonds Fund	185,652	-
Sales Tax Refunding Bonds Fund	218,250	-
Public Improvement Sales Tax Bonds Fund	108,601	-
	<u>\$ 688,154</u>	<u>\$ 688,154</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 5 DUE FROM OTHER GOVERNMENTAL UNITS

Amounts due from other governmental units at June 30, 2004 consisted of the following:

Fire insurance rebate due from the St. Mary Parish Council	16,621
Reimbursement of in-school suspension salaries from the St. Mary Parish School Board	36,341
Beer and tobacco taxes due from the State of Louisiana	2,027
Video poker receipts due from the State of Louisiana	4,187
Indian gaming revenue due from the State of Louisiana	6,250
	<u>\$ 65,426</u>

NOTE 6 RESTRICTED ASSETS

Restricted assets consisted of the following at June 30, 2004:

Revenue bond and interest sinking fund	\$ 154,303
Revenue bond reserve fund	62,000
Revenue bond capital additions and contingencies fund	1,284,178
Revenue bond construction fund	134,146
Customers' deposits	263,842
	<u>\$ 1,898,469</u>

CITY OF PATTERSON, LOUISIANA

Notes to Financial Statements (Continued)

NOTE 7 CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2004 was at follows:

	Balance 7/1/2003	Additions	Deletions	Balance 6/30/2004
<b>Governmental activities:</b>				
Capital assets not being depreciated				
Land	\$ 223,326	\$ -	\$ -	\$ 223,326
Construction in progress	1,364,245	114,845	1,479,090	-
Other capital assets:				
Buildings	2,506,114	51,787	-	2,557,901
Improvements other than buildings	-	-	-	-
Equipment, furniture & fixtures	1,175,225	286,792	-	1,462,017
Infrastructure assets	-	1,479,090	-	1,479,090
Totals	<u>5,268,910</u>	<u>1,932,514</u>	<u>1,479,090</u>	<u>5,722,334</u>
Less accumulated depreciation				
Buildings	(333,385)	(64,208)	-	(397,593)
Improvements other than buildings	-	-	-	-
Equipment, furniture & fixtures	(668,796)	(118,513)	-	(787,309)
Infrastructure assets	-	(24,652)	-	(24,652)
Total accumulated depreciation	<u>(1,002,181)</u>	<u>(207,373)</u>	<u>-</u>	<u>(1,209,554)</u>
Governmental activities, capital assets, net	<u>\$ 4,266,729</u>	<u>\$ 1,725,141</u>	<u>\$ 1,479,090</u>	<u>\$ 4,512,780</u>
<b>Business-type activities:</b>				
Capital assets not being depreciated				
Land	\$ 107,200	\$ -	\$ -	\$ 107,200
Construction in progress	-	-	-	-
Other capital assets:				
Gas distribution system	1,945,799	39,742	-	1,985,541
Water distribution system	2,647,217	-	-	2,647,217
Sewer treatment system	5,583,261	-	-	5,583,261
Machinery and equipment	163,368	-	-	163,368
Totals	<u>10,446,845</u>	<u>39,742</u>	<u>-</u>	<u>10,486,587</u>
Less accumulated depreciation				
Gas distribution system	(1,148,131)	(54,131)	-	(1,202,262)
Water distribution system	(2,093,562)	(68,046)	-	(2,161,608)
Sewer treatment system	(2,420,724)	(129,847)	-	(2,550,571)
Machinery and equipment	(150,572)	(3,413)	-	(153,985)
Total accumulated depreciation	<u>(5,812,989)</u>	<u>(255,437)</u>	<u>-</u>	<u>(6,068,426)</u>
Business-type activities, capital assets, net	<u>\$ 4,633,856</u>	<u>\$ (215,695)</u>	<u>\$ -</u>	<u>\$ 4,418,161</u>

CITY OF PATTERSON, LOUISIANA  
Notes to Financial Statements (Continued)

Depreciation expense was charged to governmental activities as follows:

General government	\$ 69,369
Police	61,165
Fire	18,163
Sanitation	3,545
Streets and drainage	51,781
Culture and recreation	3,350
Total depreciation expense	<u>\$ 207,373</u>

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

Administrative	\$ 3,413
Gas	54,131
Water	68,046
Sewer	129,847
Total depreciation expense	<u>\$ 255,437</u>

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

The following is a summary of long-term debt transactions of the City of Patterson for the year ended June 30, 2004:

	General Obligation	Revenue	Total
Bonds and certificates, payable July 1, 2003	\$ 3,316,936	\$ 620,000	\$ 3,936,936
Bonds and certificates issued	-	-	-
Bonds and certificates called	-	-	-
Bonds and certificates retired	<u>(322,694)</u>	<u>(65,000)</u>	<u>(387,694)</u>
Bonds and certificates, payable June 30, 2004	<u>\$ 2,994,242</u>	<u>\$ 555,000</u>	<u>\$ 3,549,242</u>

Certificates of indebtedness and general obligation bonds at June 30, 2004 are comprised of the following individual issues:

General obligation bonds and certificates:

\$830,000 1997 Public Improvement Sewer Refunding Bonds, due in annual installments of \$115,000 to \$125,000 through December 1, 2005; interest at 5 percent; secured by levy and collection of 3/4 percent sales tax revenue	\$ 250,000
\$930,000 1998 General Obligation Refunding Bonds, due in annual installments of \$65,000 to \$95,000 through March 1, 2010, interest at 4.75 to 5.20 percent; secured by levy and collection of ad valorem taxes	495,000

CITY OF PATTERSON, LOUISIANA

Notes to Financial Statements (Continued)

\$850,000 Public Improvement Sales Tax Bonds, Series 2000, due in annual installments of \$25,000 to \$70,000 through January 1, 2020; interest at 5.75 percent, secured by levy and collection of 1 percent sales tax revenue	750,000
\$776,936 Paving Certificates, Series 2003, due in annual installments of \$77,694 plus interest at 5.6 percent on the outstanding balance through February 1, 2013, secured by levy and collection of special assessments	699,242
\$850,000 Public Improvement Sales Tax Bonds, Series 2002, due in annual installments of \$25,000 to \$65,000 through March 1, 2022; interest at 4.0 to 6.0 percent; secured by levy and collection of 1 percent sales tax revenue	<u>800,000</u>
Total general obligation bonds and certificates payable	<u>\$ 2,994,242</u>
Revenue bonds:	
\$620,000 Utilities Revenue Refunding Bonds, Series 2003, due in annual installments of \$65,000 to \$100,000 through May 1, 2010; interest at 3.75 percent	\$ 555,000
Less: Deferred amount on refunding	<u>23,386</u>
Net utility revenue bonds	<u>\$ 531,614</u>

The annual requirements to amortize all long-term debt outstanding as of June 30, 2004, including interest payments of \$1,176,856 are as follows:

Year Ending June 30,	General Obligation	Revenue	Total
2005	\$ 490,446	\$ 105,812	\$ 596,258
2006	472,645	107,625	580,270
2007	338,113	104,250	442,363
2008	336,537	105,875	442,412
2009	329,410	102,313	431,723
2010-2014	1,142,668	103,750	1,246,418
2015-2019	705,074	-	705,074
2020-2022	281,580	-	281,580
	<u>\$ 4,096,473</u>	<u>\$ 629,625</u>	<u>\$ 4,726,098</u>

Covenants/Restrictions:

Property assessment bonds:

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

CITY OF PATTERSON, LOUISIANA

Notes to Financial Statements (Continued)

Utility revenue bonds:

The various bond indentures contain significant limitations and restrictions as to the annual debt service requirements, maintenance of and flow of monies through various restricted accounts, minimum amounts to be maintained in various sinking funds, and minimum revenue bond coverage (see Note 9). The City is in compliance with all such significant limitations and restrictions.

Sales tax sewer public improvement bonds:

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

NOTE 9

FLOW OF FUNDS; RESTRICTIONS ON USE – UTILITIES REVENUES

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

Revenue Bond Sinking Fund

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

Revenue Bond Reserve Fund

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

Capital Additions and Contingencies Fund

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

CITY OF PATTERSON, LOUISIANA

Notes to Financial Statements (Continued)

NOTE 10 DEDICATION OF PROCEEDS AND FLOW OF FUNDS – SALES AND USE TAXES

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

- A. Proceeds of a 1% parish wide sales and use tax levied in 1966 (2004 collections \$487,987; 2003, \$483,298; 2002, \$471,504). Tax is collected by the St. Mary Parish Sales and Use Tax Department and is remitted to each participating municipality on a monthly basis. The City of Patterson's allocation is 4.7818% of the first \$1,500,000 of net taxes collected. Fifty percent of any collection in excess of \$1,500,000 is divided proportionately among the participating municipalities according to their respective populations as reflected by the most recent federal census or most recent special census. Proceeds of this tax shall be used for the following purposes: construction, acquisition, improvement, maintenance and repairs of streets, capital improvements, public works and buildings (including the acquisition of sites and necessary fixtures, equipment, furnishings and appurtenances, and the payment of obligations and refunding obligations which have been or may be issued for the purpose of acquiring and improving public works and buildings); for payment or supplementing salaries of all municipal employees; for the operation of recreational facilities; for the acquisition, maintenance, repairs and payment of operating expenses of equipment, vehicles, and other machinery owned by the municipality; and for any other public purpose authorized by state law.
- B. Proceeds of a ¾% sales and use tax levied in 1974 (2004 collections \$494,325; 2003, \$490,046; 2002, \$476,363). Tax is collected by the St. Mary Parish Sales and Use Tax Department and is allocated and distributed monthly among the participating municipalities according to their respective populations as reflected by the most recent federal census or the most recent special census. Proceeds are to be used for the construction, acquisition, extension, improvement, operation and maintenance of solid waste collection and disposal facilities, sewers and sewerage disposal works, and other facilities for pollution control and abatement; and to pay debt service requirements on bonds issued for any of the above-mentioned purposes. This tax is to be collected until all bonds payable shall have been paid in full in principal and interest or 1/1/99, whichever is later.
- C. Proceeds of a 3/10% sales and use tax levied in 1982 (2004 collections \$190,639; 2003, \$192,295; 2002, \$190,249). Tax is collected by the St. Mary Parish Sales and Use Tax Department and is allocated and distributed monthly among the participating municipalities according to their respective populations as reflected by the most recent federal census or the most recent special census. Proceeds are dedicated to the following purposes: operating and maintaining the police department, including the acquisition and maintenance of equipment and supplies; paying or supplementing the salaries of municipal employees; and purchasing, constructing, acquiring, extending and/or improving all or any portion of public works or capital improvements, including but not limited to the construction, improvement and maintenance of drainage, water, and flood control extensions and improvements and the acquisition, construction, improvement, maintenance and repair of streets, roads, and bridges.
- D. Proceeds of a ½% parish wide sales and use tax levied in 2000 (2004 collections \$164,266; 2003, \$160,793; 2002, \$157,922). Tax is collected by the St. Mary Parish Sales and Use Tax Department and is remitted to the St. Mary Parish Sheriff, the Parish of St. Mary and each participating municipality on a monthly basis. Proceeds of this tax may be used by the municipalities for any lawful law enforcement purpose.

CITY OF PATTERSON, LOUISIANA

Notes to Financial Statements (Continued)

NOTE 11 EMPLOYEE RETIREMENT

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

Municipal Employees' Retirement System

Plan members are required to contribute 5.0 percent of their annual covered salary to the system while the City is required to contribute the statutory rate of 7.75 percent of the total annual covered salary. The City's contributions to the system for the years ended June 30, 2004, 2003 and 2002 were \$38,892, \$31,015, and \$22,295, respectively, equal to the required contribution for each year.

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

Municipal and State Police Retirement System of Louisiana

Plan members are required to contribute 7.5 percent of their annual covered salary to the system while the City is required to contribute the statutory rate of 15.25 percent of the total annual covered salary. The City's contributions to the system for the years ended June 30, 2004, 2003, and 2002 were \$32,477, \$16,765 and \$15,684, respectively, equal to the required contribution for each year.

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

NOTE 12 SOCIAL SECURITY SYSTEM

All employees of the City of Patterson participate in the Social Security System. The City and its employees contribute a percentage of each employee's salary to the System (7.65% contributed by the City and 7.65% by the employee). The City's contribution during the year ended June 30, 2004 amounted to \$81,627.

NOTE 13 RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City has elected to purchase insurance coverage through the commercial insurance market to cover its exposure to loss. The City is insured up to policy limits for each of the above risks. There were no significant changes in coverages, retentions, or limits during the year ended June 30, 2004. Settled claims have not exceeded the commercial coverages in any of the previous three fiscal years.

CITY OF PATTERSON, LOUISIANA

Notes to Financial Statements (Continued)

NOTE 14      PENDING LITIGATION

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

NOTE 15      SEGMENT INFORMATION FOR THE ENTERPRISE FUND

The City of Patterson maintains one enterprise fund with three departments which provide gas, water and sewerage services. Segment information for the year ended June 30, 2004 was as follows:

	Gas Department	Water Department	Sewerage Department	Total Enterprise Fund
Operating revenues	\$ 1,171,134	\$ 434,722	\$ 351,660	\$ 1,957,516
Operating expenses	<u>(1,250,376)</u>	<u>(483,071)</u>	<u>(377,052)</u>	<u>(2,110,499)</u>
Operating income (loss)	<u>\$ (79,242)</u>	<u>\$ (48,349)</u>	<u>\$ (25,392)</u>	<u>\$ (152,983)</u>

NOTE 16      COMPENSATION OF CITY OFFICIALS

A detail of compensation paid to the Mayor and City Council for the year ended June 30, 2004 follows:

Mayor:		
James L. Bernauer	\$	20,261
Council:		
Michael Accardo		3,420
Leroy Johnson		3,420
Larry Mendoza		3,420
C.A. "Gus" Lipari		3,420
Joseph C. Russo, III		<u>3,420</u>
	<u>\$</u>	<u>37,361</u>

NOTE 18      COMMITMENTS

In October 2001, voters in the City passed a resolution allowing the City to issue \$75,000 of twenty-year general obligation bonds for the purpose of constructing and acquiring waterworks extensions and improvements to be repaid with ad valorem taxes. The bonds interest rate cannot exceed nine percent per annum. The bonds were sold and the related proceeds were delivered to the City in December 2002. As of June 30, 2004, the proceeds had not yet been expended.

**REQUIRED  
SUPPLEMENTARY INFORMATION**

**CITY OF PATTERSON, LOUISIANA**  
**General Fund**

**Budgetary Comparison Schedule**  
**For the Year Ended June 30, 2004**

	<u>Budget</u>		<u>Actual</u>	<u>Variance With Final Budget Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
Taxes	\$ 1,003,040	\$ 1,031,000	\$ 1,034,502	\$ 3,502
Licenses and permits	95,000	109,800	128,192	18,392
Intergovernmental	86,964	72,468	128,583	56,115
Charges for services	311,250	338,091	326,250	(11,841)
Fines and forfeits	176,000	475,000	516,452	41,452
Miscellaneous	70,456	39,918	42,815	2,897
Total revenues	<u>1,742,710</u>	<u>2,066,277</u>	<u>2,176,794</u>	<u>110,517</u>
<b>Expenditures:</b>				
<b>Current -</b>				
<b>General government:</b>				
Administrative	425,160	449,310	426,300	23,010
Mechanic shop	58,462	54,454	53,782	672
<b>Public safety:</b>				
Police	786,391	900,350	906,354	(6,004)
Fire	43,855	61,576	44,598	16,978
Streets and drainage	255,358	302,502	316,297	(13,795)
Culture and recreation	29,884	29,659	27,406	2,253
Sanitation	271,639	299,978	269,431	30,547
Capital outlay	24,000	30,611	92,025	(61,414)
Debt service	-	-	-	-
Total expenditures	<u>1,894,749</u>	<u>2,128,440</u>	<u>2,136,193</u>	<u>(7,753)</u>
Excess of revenues over expenditures	<u>(152,039)</u>	<u>(62,163)</u>	<u>40,601</u>	<u>102,764</u>

CITY OF PATTERSON, LOUISIANA  
General Fund

Budgetary Comparison Schedule (Continued)  
For the Year Ended June 30, 2004

	Budget		Actual	Variance With Final Budget Favorable (Unfavorable)
	Original	Final		
Other financing sources (uses):				
Operating transfers out	\$ (70,481)	\$ (71,344)	\$ (108,601)	\$ (37,257)
Operating transfers in	<u>160,118</u>	<u>169,985</u>	<u>175,651</u>	<u>5,666</u>
Total other financing sources (uses)	<u>89,637</u>	<u>98,641</u>	<u>67,050</u>	<u>(31,591)</u>
 Excess (deficiency) of revenues and other financing sources over expenditures and other financing sources	 (62,402)	 36,478	 107,651	 71,173
 Fund balance, beginning	 <u>2,426,498</u>	 <u>2,426,498</u>	 <u>2,426,498</u>	 <u>2,682,126</u>
 Fund balance, ending	 <u>\$ 2,364,096</u>	 <u>\$ 2,462,976</u>	 <u>\$ 2,534,149</u>	 <u>\$ 2,753,299</u>

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

**Budgetary Comparison Schedule**  
**For the Year Ended June 30, 2004**

	Budget		Actual	Variance With Final Budget Favorable (Unfavorable)
	Original	Final		
<b>Revenues:</b>				
Taxes	\$ 485,413	\$ 477,352	\$ 494,325	\$ 16,973
Miscellaneous	<u>12,623</u>	<u>6,878</u>	<u>7,837</u>	<u>959</u>
<b>Total revenues</b>	<u>498,036</u>	<u>484,230</u>	<u>502,162</u>	<u>17,932</u>
<b>Expenditures:</b>				
Current -				
General government	-	-	-	-
<b>Total expenditures</b>	-	-	-	-
<b>Excess of revenues     over expenditures</b>	<u>498,036</u>	<u>484,230</u>	<u>502,162</u>	<u>17,932</u>
<b>Other financing sources (uses):</b>				
Operating transfers out	(167,022)	(134,093)	(246,397)	(112,304)
Operating transfers in	-	-	-	-
<b>Total other financing     sources (uses)</b>	<u>(167,022)</u>	<u>(134,093)</u>	<u>(246,397)</u>	<u>(112,304)</u>
<b>Excess (deficiency) of revenues     and other financing sources     over expenditures and other     financing sources</b>	331,014	350,137	255,765	(94,372)
<b>Fund balance, beginning</b>	<u>2,584,055</u>	<u>2,584,055</u>	<u>2,584,055</u>	<u>2,682,126</u>
<b>Fund balance, ending</b>	<u>\$ 2,915,069</u>	<u>\$ 2,934,192</u>	<u>\$ 2,839,820</u>	<u>\$ 2,587,754</u>

CITY OF PATTERSON, LOUISIANA  
LCDBG Fund

Budgetary Comparison Schedule  
For the Year Ended June 30, 2004

	Budget		Actual	Variance With Final Budget Favorable (Unfavorable)
	Original	Final		
<b>Revenues:</b>				
Intergovernmental - Federal grant	\$ -	\$ 490,000	\$ 454,007	\$ (35,993)
<b>Expenditures:</b>				
<b>Current -</b>				
Housing rehabilitation	-	490,000	454,007	35,993
<b>Total expenditures</b>	-	490,000	454,007	35,993
<b>Excess of revenues   over expenditures</b>	-	-	-	-
<b>Other financing sources (uses):</b>				
Operating transfers out	-	-	-	-
Operating transfers in	-	-	-	-
<b>Total other financing   sources (uses)</b>	-	-	-	-
<b>Excess (deficiency) of revenues   and other financing sources   over expenditures and other   financing sources</b>	-	-	-	-
Fund balance, beginning	233	233	233	-
Fund balance, ending	<u>\$ 233</u>	<u>\$ 233</u>	<u>\$ 233</u>	<u>\$ -</u>

**OTHER  
SUPPLEMENTARY INFORMATION**

CITY OF PATTERSON, LOUISIANA  
General Fund

Budgetary Comparison Schedule -- Revenues  
For the Year Ended June 30, 2004

	Budget		Actual	Variance With Final Budget Favorable (Unfavorable)
	Original	Final		
<b>Taxes -</b>				
Sales	\$ 836,000	\$ 849,000	\$ 842,891	\$ (6,109)
Utility franchise	162,040	182,000	191,611	9,611
Housing authority payment in lieu of taxes	<u>5,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>1,003,040</u>	<u>1,031,000</u>	<u>1,034,502</u>	<u>3,502</u>
<b>Licenses and permits -</b>				
Occupational licenses	<u>95,000</u>	<u>109,800</u>	<u>128,192</u>	<u>18,392</u>
<b>Intergovernmental -</b>				
State of Louisiana -				
Beer taxes	7,729	3,050	5,153	2,103
Video Poker	29,235	28,568	31,514	2,946
Indian gaming revenue	25,000	25,000	25,000	-
Rural Development Grant	-	-	10,000	-
Patterson Housing Authority	10,000	-	4,725	4,725
St. Mary Parish School Board	-	-	36,341	36,341
St. Mary Parish Council	<u>15,000</u>	<u>15,850</u>	<u>15,850</u>	<u>-</u>
	<u>86,964</u>	<u>72,468</u>	<u>128,583</u>	<u>107,994</u>
<b>Charges for services:</b>				
Garbage fees	252,348	283,437	271,988	(11,449)
Summer recreation fees	440	200	480	280
Mechanic shop fees	<u>58,462</u>	<u>54,454</u>	<u>53,782</u>	<u>(672)</u>
	<u>311,250</u>	<u>338,091</u>	<u>326,250</u>	<u>(11,841)</u>
<b>Fines and forfeits</b>	<u>176,000</u>	<u>475,000</u>	<u>516,452</u>	<u>41,452</u>
<b>Miscellaneous:</b>				
Interest	23,212	10,118	17,088	6,970
Oil and gas royalties	478	800	765	(35)
Other sources	<u>46,766</u>	<u>29,000</u>	<u>24,962</u>	<u>(4,038)</u>
	<u>70,456</u>	<u>39,918</u>	<u>42,815</u>	<u>2,897</u>
<b>Total revenues</b>	<u>\$ 1,742,710</u>	<u>\$ 2,066,277</u>	<u>\$ 2,176,794</u>	<u>\$ 162,396</u>

CITY OF PATTERSON, LOUISIANA  
General Fund

Budgetary Comparison Schedule – Expenditures  
For the Year Ended June 30, 2004

	Budget		Actual	Variance With
	Original	Final		Final Budget Favorable (Unfavorable)
General government:				
Administrative -				
Salaries:				
Office	\$ 60,407	\$ 58,564	\$ 58,679	\$ (115)
Mayor	20,261	20,261	20,261	-
Council	17,100	17,100	17,100	-
Payroll taxes	7,479	7,455	6,903	552
Retirement contributions	4,852	5,864	11,165	(5,301)
Group insurance	18,551	10,391	8,171	2,220
Magistrate fees	4,200	4,200	5,250	(1,050)
Travel and employee expense	2,500	5,500	5,425	75
Telephone	6,000	2,936	2,960	(24)
Utilities	6,000	8,636	5,757	2,879
Office supplies	5,000	6,894	6,427	467
Operating supplies	2,500	2,500	1,396	1,104
Office equipment maintenance	500	-	1,387	(1,387)
City Hall maintenance	5,000	1,000	493	507
Building improvements	5,000	5,000	810	4,190
Training and seminars	2,500	2,500	555	1,945
Professional fees	14,625	19,903	13,833	6,070
Legal fees	10,000	5,000	-	5,000
Litigation expenses	50,000	31,002	31,409	(407)
Research and surveys	2,000	9,500	12,449	(2,949)
Employee physicals	150	500	361	139
Planning Commission	400	303	383	(80)
Small animal control	2,500	1,600	1,368	232
Office equipment rentals	500	3,255	3,744	(489)
Dues and subscriptions	1,500	2,100	1,707	393
Council on Aging grants	3,500	3,500	3,500	-
Indigent Defenders Board	43,383	78,646	84,130	(5,484)
Donations and grants	3,000	1,447	2,658	(1,211)
Advertising and publishing	8,000	8,500	8,240	260
General insurance	102,752	113,940	89,757	24,183
Public activities and awards	13,000	8,744	9,209	(465)
Miscellaneous	2,000	2,569	10,813	(8,244)
Total administrative	<u>425,160</u>	<u>449,310</u>	<u>426,300</u>	<u>23,010</u>

CITY OF PATTERSON, LOUISIANA  
General Fund

Budgetary Comparison Schedule – Expenditures (Continued)  
For the Year Ended June 30, 2004

	Budget		Actual	Variance With
	Original	Final		Final Budget
				Favorable (Unfavorable)
<b>Mechanic shop -</b>				
Salaries	\$ 30,000	\$ 29,446	\$ 30,171	\$ (725)
Payroll taxes	2,355	2,312	2,074	238
Retirement contribution	2,265	2,282	2,307	(25)
Group insurance	10,842	11,065	8,404	2,661
Operating supplies	9,000	5,402	6,293	(891)
Parts purchased	3,000	3,247	1,803	1,444
Vehicle maintenance	800	600	482	118
Miscellaneous	200	100	2,248	(2,148)
<b>Total mechanic</b>	<u>58,462</u>	<u>54,454</u>	<u>53,782</u>	<u>672</u>
<b>Total general government</b>	<u>483,622</u>	<u>503,764</u>	<u>480,082</u>	<u>23,682</u>
<b>Public safety:</b>				
<b>Police -</b>				
Salaries	402,822	457,960	468,117	(10,157)
Payroll taxes	33,009	35,950	37,788	(1,838)
Retirement contributions	33,336	35,802	30,916	4,886
Group insurance	144,318	145,840	110,607	35,233
Uniform allowances	2,000	8,281	8,416	(135)
Prisoner expense	20,000	48,208	51,589	(3,381)
Telephone	5,500	3,171	3,686	(515)
Utilities	6,800	16,868	19,109	(2,241)
Office supplies	10,000	12,748	11,342	1,406
Operating supplies	8,000	7,463	11,494	(4,031)
Police station maintenance & improvements	3,000	3,000	4,366	(1,366)
Equipment maintenance	5,000	5,000	5,025	(25)
Equipment rentals	10,600	8,104	8,939	(835)
Vehicle oil and gas	25,000	30,354	36,931	(6,577)
Vehicle maintenance	50,000	52,547	45,290	7,257
Crime lab	18,500	18,597	29,524	(10,927)
Training seminars	2,500	2,660	2,630	30
Travel and employee expense	1,200	4,800	6,059	(1,259)
Narcotics expenses	306	350	554	(204)
Miscellaneous	4,500	2,647	13,972	(11,325)
<b>Total police</b>	<u>786,391</u>	<u>900,350</u>	<u>906,354</u>	<u>(6,004)</u>

CITY OF PATTERSON, LOUISIANA  
General Fund

Budgetary Comparison Schedule – Expenditures (Continued)  
For the Year Ended June 30, 2004

	Budget		Actual	Variance With Final Budget Favorable (Unfavorable)
	Original	Final		
Fire:				
Salaries	\$ 5,460	\$ 5,355	\$ 5,460	\$ (105)
Payroll taxes	418	420	422	(2)
Telephone	3,797	2,307	2,771	(464)
Utilities	5,800	5,657	5,393	264
Operating supplies	6,780	6,780	4,965	1,815
Equipment maintenance	3,500	9,044	7,741	1,303
Fire station maintenance	2,500	20,995	8,394	12,601
Fire hydrant rentals	8,000	6,000	6,000	-
Travel and employee expense	300	1,500	1,638	(138)
Training and seminars	300	-	-	-
Vehicle maintenance	4,000	2,499	1,006	1,493
Miscellaneous	<u>3,000</u>	<u>1,019</u>	<u>808</u>	<u>211</u>
Total fire	<u>43,855</u>	<u>61,576</u>	<u>44,598</u>	<u>16,978</u>
Total public safety	<u>830,246</u>	<u>961,926</u>	<u>950,952</u>	<u>10,974</u>
Streets and drainage:				
Salaries	87,157	102,581	103,886	(1,305)
Payroll taxes	7,012	8,053	7,034	1,019
Retirement contributions	7,132	7,742	8,727	(985)
Group insurance	19,588	27,706	20,743	6,963
Casual labor	2,000	2,000	2,929	(929)
Uniform allowance	919	593	403	190
Utilities	33,000	36,735	34,648	2,087
Chemicals and agents	1,000	4,066	3,815	251
Operating supplies	13,000	9,903	10,293	(390)
Surfacing materials	35,000	35,000	43,117	(8,117)
Equipment maintenance	19,000	13,202	24,187	(10,985)
Vehicle oil and gas	12,500	12,500	14,805	(2,305)
Vehicle maintenance	15,000	33,521	27,609	5,912
Railroad rental/maintenance	200	4,800	-	4,800
Employee physicals	500	500	337	163
Drainage maintenance	350	3,500	6,662	(3,162)
Miscellaneous	<u>2,000</u>	<u>100</u>	<u>7,102</u>	<u>(7,002)</u>
Total streets and drainage	<u>255,358</u>	<u>302,502</u>	<u>316,297</u>	<u>(13,795)</u>

CITY OF PATTERSON, LOUISIANA  
General Fund

Budgetary Comparison Schedule – Expenditures (Continued)  
For the Year Ended June 30, 2004

	Budget		Actual	Variance With Final Budget Favorable (Unfavorable)
	Original	Final		
<b>Culture and recreation:</b>				
Referee and umpire fees	\$ 4,852	\$ 4,852	\$ 1,575	\$ 3,277
Insurance	1,000	1,000	1,649	(649)
Utilities	550	375	402	(27)
Activities and awards	1,282	4,032	1,374	2,658
Operating supplies	3,000	400	640	(240)
Facilities maintenance	-	-	2,750	(2,750)
Rental fee	-	-	-	-
Civic Center Complex- Appropriation	12,500	12,500	12,500	-
Appropriation to Civic Center	6,500	6,500	6,500	-
Miscellaneous	200	-	16	(16)
<b>Total culture and recreation</b>	<u>29,884</u>	<u>29,659</u>	<u>27,406</u>	<u>2,253</u>
<b>Sanitation:</b>				
Salaries	-	5,824	840	4,984
Payroll taxes	-	457	62	395
Retirement contributions	-	451	-	451
Group insurance	-	1,484	-	1,484
Garbage services rendered	250,117	267,294	244,844	22,450
Regional facility fee	21,522	24,468	23,685	783
Miscellaneous	-	-	-	-
<b>Total sanitation</b>	<u>271,639</u>	<u>299,978</u>	<u>269,431</u>	<u>30,547</u>
<b>Capital outlay:</b>				
Police equipment and improvements	24,000	30,611	36,721	(6,110)
Fire department improvements	-	-	17,899	(17,899)
Administrative equipment and improvements	-	-	37,405	(37,405)
Culture and recreation	-	-	-	-
<b>Total capital outlay</b>	<u>24,000</u>	<u>30,611</u>	<u>92,025</u>	<u>(61,414)</u>
<b>Debt service:</b>				
Principal paid	-	-	-	-
Interest and fiscal charges	-	-	-	-
<b>Total debt service</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total expenditures</b>	<u>\$ 1,894,749</u>	<u>\$ 2,128,440</u>	<u>\$ 2,136,193</u>	<u>\$ (7,753)</u>

CITY OF PATTERSON, LOUISIANA  
Nonmajor Governmental Funds

Combining Balance Sheet  
June 30, 2004

	<u>Special Revenue Funds</u>			
	<u>Ad Valorem Tax Collection</u>	<u>Fire Department Equipment</u>	<u>Emergency Management</u>	<u>Public Improvement Bonds</u>
<b>ASSETS</b>				
Cash	\$ 6,684	\$ -	\$ 24,592	\$ -
Interest-bearing deposits	47,858	204,972	23,633	361,214
Receivables				
Taxes	7,000	16,621	-	-
Assessments	-	-	-	-
Other	-	530	-	-
Due from other funds	472	-	-	158,196
<b>Total assets</b>	<b><u>\$ 62,014</u></b>	<b><u>\$ 222,123</u></b>	<b><u>\$ 48,225</u></b>	<b><u>\$ 519,410</u></b>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>Liabilities:</b>				
Accrued liabilities	\$ 62,014	\$ -	\$ -	\$ 54,697
Deferred property assessments	-	-	-	-
<b>Total liabilities</b>	<b><u>62,014</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>54,697</u></b>
<b>Fund balances -</b>				
Reserved for debt service	-	-	-	464,713
Reserved for capital improvements	-	-	-	-
Unreserved, undesignated	-	<u>222,123</u>	<u>48,225</u>	-
<b>Total fund balances</b>	<b><u>-</u></b>	<b><u>222,123</u></b>	<b><u>48,225</u></b>	<b><u>464,713</u></b>
<b>Total liabilities and fund balances</b>	<b><u>\$ 62,014</u></b>	<b><u>\$ 222,123</u></b>	<b><u>\$ 48,225</u></b>	<b><u>\$ 519,410</u></b>

**Debt Service Funds**

<b>Sales Tax Refunding Bonds</b>	<b>1973 Paving Assessments</b>	<b>Various Paving Assessments</b>	<b>Public Improvement Sales Tax Bonds</b>
\$ -	\$ 4,277	\$ 23,952	\$ -
415,244	-	129,128	130,106
-	-	-	-
-	6	11,627	-
82	-	192	-
26,554	-	-	-
<u>\$ 441,880</u>	<u>\$ 4,283</u>	<u>\$ 164,899</u>	<u>\$ 130,106</u>
\$ 4,426	\$ -	\$ -	\$ 201
-	6	11,627	-
<u>4,426</u>	<u>6</u>	<u>11,627</u>	<u>201</u>
437,454	-	-	129,905
-	-	-	-
-	4,277	153,272	-
<u>437,454</u>	<u>4,277</u>	<u>153,272</u>	<u>129,905</u>
<u>\$ 441,880</u>	<u>\$ 4,283</u>	<u>\$ 164,899</u>	<u>\$ 130,106</u>

CITY OF PATTERSON, LOUISIANA  
Nonmajor Governmental Funds

Combining Balance Sheet (Continued)  
June 30, 2004

	Capital Projects Funds				
	Drainage and Relocation Project	Regional Sewerage Facility Project	Third Street Paving Project	Murphy Street Paving Project	City Hall/ Jail Complex Project
<b>ASSETS</b>					
Cash	\$ 1,473	\$ -	\$ -	\$ 33,728	\$ 100
Interest-bearing deposits	110,364	114,446	22,278	-	385
Receivables					
Taxes	-	-	-	-	-
Assessments	-	-	-	-	-
Other	-	35	-	-	-
Due from other funds	21,443	573	-	-	768
<b>Total assets</b>	<b><u>\$ 133,280</u></b>	<b><u>\$ 115,054</u></b>	<b><u>\$ 22,278</u></b>	<b><u>\$ 33,728</u></b>	<b><u>\$ 1,253</u></b>
<b>LIABILITIES AND FUND BALANCES</b>					
<b>Liabilities:</b>					
Accrued liabilities	\$ 1,701	\$ -	\$ -	\$ 392	\$ -
Deferred property assessments	-	-	-	-	-
<b>Total liabilities</b>	<b><u>1,701</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>392</u></b>	<b><u>-</u></b>
<b>Fund balances -</b>					
Reserved for debt service	-	-	-	-	-
Reserved for capital improvements	131,579	115,054	22,278	33,336	1,253
Unreserved, undesignated	-	-	-	-	-
<b>Total fund balances</b>	<b><u>131,579</u></b>	<b><u>115,054</u></b>	<b><u>22,278</u></b>	<b><u>33,336</u></b>	<b><u>1,253</u></b>
<b>Total liabilities and fund balances</b>	<b><u>\$ 133,280</u></b>	<b><u>\$ 115,054</u></b>	<b><u>\$ 22,278</u></b>	<b><u>\$ 33,728</u></b>	<b><u>\$ 1,253</u></b>

<u>2002 Paving Project</u>	<u>Total Governmental Funds</u>
\$ 342,280	\$ 437,086
-	1,559,628
-	23,621
-	11,633
-	839
<u>3,600</u>	<u>211,606</u>
<u>\$ 345,880</u>	<u>\$ 2,244,413</u>
\$ -	\$ 123,431
-	<u>11,633</u>
-	<u>135,064</u>
-	1,032,072
345,880	649,380
-	<u>427,897</u>
<u>345,880</u>	<u>2,109,349</u>
<u>\$ 345,880</u>	<u>\$ 2,244,413</u>

CITY OF PATTERSON, LOUISIANA  
Nonmajor Governmental Funds

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances  
For the Year Ended June 30, 2004

	Special Revenue Funds		
	Ad Valorem Tax Collection	Fire Department Equipment	Emergency Management
<b>Revenues:</b>			
Taxes	\$ 330,823	\$ 16,621	\$ -
Intergovernmental	-	113,763	-
Miscellaneous	2,359	1,724	133
Total revenues	333,182	132,108	133
<b>Expenditures:</b>			
Current -			
General government	26	-	-
Public safety:			
Fire	-	6,270	-
Debt service -			
Principal retirement	-	-	-
Interest and fiscal charges	-	-	-
Capital outlay	-	246,554	-
Total expenditures	26	252,824	-
Excess (deficiency) of revenues over expenditures	333,156	(120,716)	133
<b>Other financing sources (uses):</b>			
Transfers in	-	-	-
Proceeds from capital lease	-	137,259	-
Transfers out	(333,156)	-	-
Total other financing sources (uses)	(333,156)	137,259	-
Excess (deficiency) of revenues and other sources over expenditures and other uses	-	16,543	133
<b>Fund balances, beginning</b>	-	205,580	48,092
<b>Fund balances, ending</b>	\$ -	\$ 222,123	\$ 48,225

**Debt Service Funds**

Public Improvement Bonds	Sales Tax Refunding Bonds	1973 Paving Assessments	Various Paving Assessments	Public Improvement Sales Tax Bonds
\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-
<u>1,883</u>	<u>3,589</u>	-	<u>821</u>	<u>677</u>
<u>1,883</u>	<u>3,589</u>	-	<u>821</u>	<u>677</u>
23	-	-	-	24
-	-	-	-	-
95,000	125,000	-	-	25,000
66,405	16,250	-	-	43,844
-	-	-	-	-
<u>161,428</u>	<u>141,250</u>	-	-	<u>68,868</u>
<u>(159,545)</u>	<u>(137,661)</u>	-	<u>821</u>	<u>(68,191)</u>
185,652	218,250	-	-	108,601
-	-	-	-	-
-	-	-	-	-
<u>185,652</u>	<u>218,250</u>	-	-	<u>108,601</u>
26,107	80,589	-	821	40,410
<u>438,606</u>	<u>356,865</u>	<u>4,277</u>	<u>152,451</u>	<u>89,495</u>
<u>\$ 464,713</u>	<u>\$ 437,454</u>	<u>\$ 4,277</u>	<u>\$ 153,272</u>	<u>\$ 129,905</u>

CITY OF PATTERSON, LOUISIANA  
Nonmajor Governmental Funds

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances (Continued)  
For the Year Ended June 30, 2004

	Capital Projects		
	Drainage and Relocation Project	Regional Sewerage Facility Project	Third Street Paving Project
<b>Revenues:</b>			
Taxes	\$ -	\$ -	\$ -
Intergovernmental	-	-	-
Miscellaneous	622	189	126
Total revenues	622	189	126
<b>Expenditures:</b>			
Current -			
General government	-	-	24
Public safety:			
Fire	-	-	-
Debt service -			
Principal retirement	-	-	-
Interest and fiscal charges	-	-	-
Capital outlay	-	-	-
Total expenditures	-	-	24
Excess (deficiency) of revenues over expenditures	622	189	102
<b>Other financing sources (uses):</b>			
Transfers in	-	-	-
Proceeds from capital lease	-	-	-
Transfers out	-	-	-
Total other financing sources (uses)	-	-	-
Excess (deficiency) of revenues and other sources over expenditures and other uses	622	189	102
<b>Fund balances, beginning</b>	<b>130,957</b>	<b>114,865</b>	<b>22,176</b>
<b>Fund balances, ending</b>	<b>\$ 131,579</b>	<b>\$ 115,054</b>	<b>\$ 22,278</b>

<u>Funds</u>			
<u>Murphy Street Paving Project</u>	<u>City Hall/ Jail Complex Project</u>	<u>2002 Paving Project</u>	<u>Total Governmental Funds</u>
\$ -	\$ -	\$ -	\$ 347,444
-	-	100,000	213,763
<u>190</u>	<u>1</u>	<u>12,547</u>	<u>24,861</u>
<u>190</u>	<u>1</u>	<u>112,547</u>	<u>586,068</u>
24	15	-	136
-	-	-	6,270
-	-	-	245,000
-	-	-	126,499
-	-	<u>114,845</u>	<u>361,399</u>
<u>24</u>	<u>15</u>	<u>114,845</u>	<u>739,304</u>
<u>166</u>	<u>(14)</u>	<u>(2,298)</u>	<u>(153,236)</u>
-	-	-	512,503
-	-	-	137,259
-	-	-	<u>(333,156)</u>
-	-	-	<u>316,606</u>
166	(14)	(2,298)	163,370
<u>33,170</u>	<u>1,267</u>	<u>348,178</u>	<u>1,945,979</u>
<u>\$ 33,336</u>	<u>\$ 1,253</u>	<u>\$ 345,880</u>	<u>\$ 2,109,349</u>

CITY OF PATTERSON, LOUISIANA  
Enterprise Fund

Schedule of Number of Utility Customers  
(Unaudited)  
June 30, 2004

Records maintained by the City indicated the following number of customers were being served during the months of June 2004 and 2003:

<u>Department</u>	<u>2004</u>	<u>2003</u>
Gas (metered)	1,835	1,890
Water (metered)	2,374	2,326
Sewerage	2,053	2,005
Sanitation*	2,267	2,112

CITY OF PATTERSON, LOUISIANA  
Enterprise Fund  
Utility Fund

Comparative Departmental Analysis of Revenues and Expenses  
For the Years Ended June 30, 2004 and 2003

	Totals		Gas	
	2004	2003	2004	2003
<b>Operating revenues:</b>				
Charges for services -				
Customers	\$ 1,873,235	\$ 1,943,892	\$ 1,133,395	\$ 1,200,256
Delinquent charges	41,799	41,269	25,290	25,482
Commissions, transfers, and reconnections	6,562	6,840	1,923	2,004
Miscellaneous	<u>35,920</u>	<u>18,560</u>	<u>10,526</u>	<u>5,439</u>
Total operating revenue	<u>1,957,516</u>	<u>2,010,561</u>	<u>1,171,134</u>	<u>1,233,181</u>
<b>Operating expenses:</b>				
Salaries	398,230	392,806	150,127	150,303
Payroll taxes	28,037	25,897	10,287	9,853
Retirement contributions	20,041	16,315	4,823	5,629
Group insurance	77,892	74,274	39,404	33,835
Gas purchases	724,745	743,517	724,745	743,517
Chemicals and agents	57,954	39,443	-	-
Equipment repairs and maintenance	42,313	32,964	10,387	12,056
Distribution system repairs and maintenance	15,940	10,076	5,541	3,566
Vehicle oil and gas	10,972	9,299	5,427	4,649
Vehicle repairs and maintenance	18,279	17,470	15,133	15,390
Meters, hardware and lines	29,722	30,895	8,297	13,144
Professional fees	27,596	24,975	6,200	-
Depreciation	255,437	264,823	54,131	54,651
Insurance	98,094	101,839	-	-
Office expense	24,411	26,973	1,574	3,342
Sewerage treatment	155,209	137,661	-	-
Other	125,627	144,410	18,345	27,737
Allocation of administrative expenses	-	-	195,955	209,361
Total operating expenses	<u>2,110,499</u>	<u>2,093,637</u>	<u>1,250,376</u>	<u>1,287,033</u>
Operating income (loss)	<u>(152,983)</u>	<u>(83,076)</u>	<u>\$ (79,242)</u>	<u>\$ (53,852)</u>
<b>Nonoperating revenues (expenses):</b>				
Interest income	12,539	24,465		
Proceeds from sale of assets	-	-		
Interest and fiscal charges	<u>(25,593)</u>	<u>(54,308)</u>		
Total nonoperating revenues (expenses)	<u>(13,054)</u>	<u>(29,843)</u>		
Income (loss) before operating transfers	(166,037)	(112,919)		
Operating transfers in (out)	-	-		
Net income (loss)	<u>\$ (166,037)</u>	<u>\$ (112,919)</u>		

Water		Sewerage		Administrative	
2004	2003	2004	2003	2004	2003
\$ 409,479	\$ 411,936	\$ 330,361	\$ 331,700	\$ -	\$ -
9,137	8,745	7,372	7,042	-	-
2,488	2,593	2,151	2,242	-	-
<u>13,618</u>	<u>7,036</u>	<u>11,776</u>	<u>6,085</u>	-	-
<u>434,721</u>	<u>430,310</u>	<u>351,660</u>	<u>347,069</u>	-	-
137,995	132,392	-	-	110,108	110,111
9,904	8,787	-	-	7,846	7,257
8,488	4,501	-	-	6,730	6,185
21,736	22,336	-	-	16,752	18,103
-	-	-	-	-	-
57,954	39,443	-	-	-	-
22,670	12,187	5,900	5,235	3,356	3,486
1,768	1,136	8,631	5,374	-	-
5,410	4,650	135	-	-	-
1,640	1,474	1,506	-	-	606
21,425	17,751	-	-	-	-
1,046	3,804	-	2,546	20,350	18,625
68,046	72,525	129,847	133,437	3,413	4,210
-	-	-	-	98,094	101,839
5,348	3,564	-	-	17,489	20,067
-	-	155,209	137,661	-	-
48,845	55,764	18,707	12,324	39,730	48,585
<u>70,796</u>	<u>71,854</u>	<u>57,117</u>	<u>57,859</u>	<u>(323,868)</u>	<u>(339,074)</u>
<u>483,071</u>	<u>452,168</u>	<u>377,052</u>	<u>354,436</u>	-	-
\$ <u>(48,349)</u>	\$ <u>(21,858)</u>	\$ <u>(25,392)</u>	\$ <u>(7,367)</u>	\$ -	\$ -

CITY OF PATTERSON, LOUISIANA

Schedule of Insurance in Force  
(Unaudited)  
June 30, 2004

Description of Coverage	Coverage Amounts
Workmen's Compensation - Employer's liability	Statutory \$ 1,000,000
Surety Bonds -	
Mrs. Pamela Washington	25,000
Ms. Angela Shilling	5,000
Public employees	5,000
Public right-of-way	1,528
Policemen's Professional Liability	1,000,000
Comprehensive General Liability, Bodily Injury, and Property Damage	500,000
Comprehensive Automobile Liability	500,000
Fire, Lightning, and Extended Coverage - Buildings and contents, all risks except flood and earthquake	3,858,500
Summer Recreation Program -	
Death and dismemberment	3,000
Medical expense	10,000
Public officials errors and omissions	500,000

CITY OF PATTERSON, LOUISIANA

Schedule of Interest-Bearing Deposits -- All Funds  
June 30, 2004

	<u>Term</u>	<u>Maturity Date</u>	<u>Interest Rate</u>	<u>Total Amount</u>
<b>General Fund:</b>				
Insured Money Market	N/A	N/A	0.500%	\$ 167,254
Insured Money Market	N/A	N/A	0.500%	884,984
Insured Money Market	N/A	N/A	0.500%	47,613
Insured Money Market	N/A	N/A	0.500%	354,674
Insured Money Market	N/A	N/A	0.500%	45,045
Savings	N/A	N/A	0.300%	309,588
Savings	N/A	N/A	0.300%	2,259
Certificate of deposit	31 days	7/8/2004	0.750%	45,000
Certificate of deposit - Patterson State Bank	91 days	7/26/2004	0.750%	50,000
Certificate of deposit - Patterson State Bank	91 days	9/8/2004	0.750%	30,000
Certificate of deposit - Patterson State Bank	182 days	8/19/2004	0.900%	796
Certificate of deposit - Patterson State Bank	181 days	12/23/2004	0.900%	207,247
Certificate of deposit - Patterson State Bank	182 days	8/19/2004	0.900%	<u>86,487</u>
				<u>2,230,947</u>
<b>Special Revenue Fund:</b>				
Sewerage and Solid Waste Sales Tax Fund -				
Insured Money Market	N/A	N/A	0.500%	959,225
Certificate of deposit - Patterson State Bank	182 days	8/24/2004	0.900%	155,000
Treasury Fund	N/A	N/A	Various	<u>811,502</u>
				<u>1,925,727</u>
<b>Ad Valorem Tax Collection Fund -</b>				
Savings	N/A	N/A	0.500%	<u>47,858</u>
<b>Fire Department Equipment Fund -</b>				
Insured Money Market	N/A	N/A	0.500%	117,589
Certificate of Deposit - Patterson State Bank	90 days	4/19/2004	0.750%	25,000
Certificate of Deposit - Patterson State Bank	1 year	9/24/2004	1.100%	<u>62,383</u>
				<u>204,972</u>
<b>Emergency Management Fund -</b>				
Insured Money Market	N/A	N/A	0.500%	<u>23,633</u>
<b>Total special revenue funds</b>				<u>2,202,190</u>

CITY OF PATTERSON, LOUISIANA

Schedule of Interest-Bearing Deposits – All Funds (Continued)  
June 30, 2004

	<u>Term</u>	<u>Maturity Date</u>	<u>Interest Rate</u>	<u>Total Amount</u>
<b>Debt Service Funds:</b>				
<b>Public Improvement Bonds Fund -</b>				
Insured Money Market	N/A	N/A	0.500%	<u>\$ 361,214</u>
<b>Sales Tax Revenue Refunding Bonds Series -</b>				
Insured Money Market	N/A	N/A	0.500%	178,080
Certificate of Deposit - Patterson State Bank	182 days	11/15/2004	0.900%	<u>237,164</u>
				<u>415,244</u>
<b>Sales Tax Sinking Fund -</b>				
Insured Money Market	N/A	N/A	0.500%	48,119
Insured Money Market - Reserve	N/A	N/A	0.500%	<u>81,987</u>
				<u>130,106</u>
<b>1966, 1967, 1969, 1980 AND 1982 Paving Assessment Funds -</b>				
Savings	N/A	N/A	0.300%	104
Certificate of Deposit - Patterson State Bank	182 days	8/19/2004	0.900%	54,917
Certificate of Deposit - Patterson State Bank	182 days	8/16/2004	0.900%	51,507
Certificate of Deposit - Patterson State Bank	182 days	8/16/2004	0.900%	<u>22,600</u>
				<u>129,128</u>
<b>1990 Street Paving Project -</b>				
Insured Money Market	N/A	N/A	0.500%	<u>81,777</u>
				<u>1,117,469</u>
<b>Capital Projects Funds:</b>				
<b>1980 Drainage Project Fund -</b>				
Insured Money Market	N/A	N/A	0.500%	<u>110,364</u>
<b>Regional Sewerage Facility Project Fund -</b>				
Insured Money Market	N/A	N/A	0.500%	13,588
Certificate of Deposit - Patterson State Bank	182 days	8/24/2004	0.900%	20,000
Certificate of Deposit - Patterson State Bank	182 days	8/16/2004	0.900%	<u>80,858</u>
				<u>114,446</u>
<b>Third Street Paving Project Fund -</b>				
Insured Money Market	N/A	N/A	0.500%	<u>22,278</u>
<b>Murphy Street Paving Project Fund -</b>				
Insured Money Market	N/A	N/A	0.500%	<u>33,728</u>

CITY OF PATTERSON, LOUISIANA

Schedule of Interest-Bearing Deposits – All Funds (Continued)  
June 30, 2004

	<u>Term</u>	<u>Maturity Date</u>	<u>Interest Rate</u>	<u>Total Amount</u>
Sales Tax Bond Construction Fund - Insured Money Market	N/A	N/A	0.300%	\$ <u>385</u>
Total capital projects funds				<u>281,201</u>
Utility Funds:				
Insured Money Market	N/A	N/A	0.500%	683,635
Insured Money Market	N/A	N/A	0.500%	1,175,903
Insured Money Market	N/A	N/A	0.500%	93,241
Savings	N/A	N/A	0.300%	35,247
Savings	N/A	N/A	0.300%	111,792
Certificate of Deposit - Patterson State Bank	182 days	11/12/2004	0.900%	140,275
Certificate of Deposit - Patterson State Bank	182 days	8/21/2004	0.900%	42,377
Treasury Fund	N/A	N/A	Various	<u>289,028</u>
				<u>2,571,498</u>
Total - all funds				\$ <u>8,403,305</u>

**COMPLIANCE  
AND  
INTERNAL CONTROL**

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

The Honorable James L. Bernauer, Mayor  
and Members of the City Council  
City of Patterson, Louisiana

We have audited the financial statements of the governmental activities, business-type activities, each major fund, and the aggregate fund information of the City of Patterson, Louisiana (City), as of and for the year ended June 30, 2003, which collectively comprise the City's basic financial statements and have issued our report thereon dated December 27, 2004. 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.

**Compliance**

As part of obtaining reasonable assurance about whether the City's basic financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed two instances of noncompliance that are required to be reported under *Government Auditing Standards*. These instances of noncompliance are reported as items 2004-01, 2004-02, 2004-04 and 2004-05 on Part 2 of the Schedule of Findings and Questioned Costs.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the City's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the basic financial statements and not to provide assurance on the internal control over financial reporting. However, we noted one matter involving the internal control over reporting and its operations that we consider to be a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the City of Patterson, Louisiana's ability to record, process, summarize and report financial data consistent with assertions of management in the general purpose financial statements. The reportable condition is described in the accompanying schedule of findings and questioned costs as item 2004-03.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control

structure over financial reporting, would not necessarily disclose all matters in the internal control that might be reportable conditions and accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. We believe that the reportable condition described at 2004-03 in the accompanying schedule of findings and questioned costs is a material weakness.

This report is intended for the information and use of the City Council, management and others within the organization and is not intended to be and should not be used by anyone other than those specified parties. However, under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

*Guidry, Chauvin & Taylor*  
A Corporation of Certified Public Accountants

Franklin, Louisiana  
December 27, 2004

CITY OF PATTERSON, LOUISIANA

Summary Schedule of Prior Year Findings  
Year Ended June 30, 2004

2003-01	Finding:	<u>Monthly financial statements compared to budget not submitted to Council</u>
	Status:	This finding has not been resolved and will be restated in 2004.
2003-02	Finding:	<u>Annual finance report not submitted to Council</u>
	Status:	This finding was not resolved and will be restated in 2004.
2003-03	Finding:	<u>Computerized accounting system</u>
	Status:	This finding has been partially resolved. However, it will be restated in 2004 as finding 2004-03 to emphasize the importance of obtaining reliable accounting data.

CITY OF PATTERSON, LOUISIANA

Schedule of Findings and Questioned Costs  
Year Ended June 30, 2004

Part 1: Summary of Auditor's Results

FINANCIAL STATEMENTS

Auditor's Report – Financial Statements

An unqualified opinion has been issued on the City of Patterson, Louisiana's financial statements as of and for the year ended June 30, 2004

Reportable Conditions – Financial Statements

There was one reportable condition in internal control over financial reporting disclosed during the audit of the financial statements.

Material Noncompliance – Financial Reporting

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

FEDERAL AWARDS

This section is not applicable for the fiscal year ended June 30, 2004

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

2004-01 Monthly financial statement compared to budget

Finding:

Monthly financial statements with budget comparisons are not being submitted to the council as required by the Home Rule Charter no later than fifteen days after the end of the month.

Recommendation:

Timely financial statements should be given to the council.

2004-02 Finance report to the Council

Finding:

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

Recommendation:

Timely reports should be given to the council.

CITY OF PATTERSON, LOUISIANA

Schedule of Findings and Questioned Costs (Continued)  
Year Ended June 30, 2004

2004-03 Computerized Accounting System

Finding:

The City has been having problems generating reliable accounting data to provide to the council and for use of management for at least two years. The accounting package is generating unreliable budget to actual comparisons since the system was implemented. In addition, several other conditions within the program make obtaining reliable accounting information difficult and cumbersome to obtain.

Recommendation:

The City should consult with its software providers to seek its assistance in resolving these problems. Should the software provider be unable or unwilling to correct these problems and limitations, the City should seriously explore the costs versus the benefits of changing accounting software to a system that can more readily generate and supply usable data.

2004-04 Misuse of City Equipment

Finding:

During the year, the Mayor allowed a private contractor to use a piece of City equipment (trencher) on a private job. This is a violation of Article 7, Section 14 of the Louisiana Constitution which prohibits the granting, loaning or donation of governmental funds or property.

Recommendation:

The City should immediately institute policies and procedures to ensure that no City property can be utilized for personal gain. Management should create a culture of openness to allow employees who may become aware of improper actions by City employees or others to bring the actions to the attention of management.

2004-05 Personal Purchases on City Accounts

Finding:

We noted several instances during the year where City personnel had made personal purchases on accounts of the City and then reimbursed the City with a personal check for the costs of the items. Although, the City has been reimbursed and has suffered no economic loss, this practice could still be characterized as a violation of Article 7, Section 14 of the Louisiana Constitution prohibiting the grant, loan or donation of public property. In this case, the "public property" is the City's credit standing with the supplier. The employee has, in effect, made a short-term "loan" to themselves by making the purchase but not paying for the purchased items with their personal funds.

**CITY OF PATTERSON, LOUISIANA**

**Schedule of Findings and Questioned Costs (Continued)  
Year Ended June 30, 2004**

**Recommendation:**

**The City should institute policies and procedures to stop this practice immediately. While it appears the City has been reimbursed fully, there is a risk that some personal purchases may go unnoticed (intentionally or unintentionally) and be paid for by the City.**

**Part 3: Findings and Questioned Costs Relating to Federal Programs**

**At June 30, 2004, the City of Patterson, Louisiana did not meet the requirements to have a single audit in accordance with OMB Circular A-133, therefore this section is not applicable.**

CITY OF PATTERSON, LOUISIANA

Management's Corrective Action Plan For Current Year Findings  
Year Ended June 30, 2004

Response to Finding 2004-01:

The City continued experiencing difficulty with its computer system through mid 2004. These difficulties caused delays in producing timely financial information. Due to these delays, the City was unable to generate reliable financial information in order to prepare reasonable budget projections and comparisons of the budget with actual results. As a result, the City's management made the decision to end its relationship with its current software provider and purchase a new accounting software package. The City's office staff have worked with the new software provider and the City's general ledger and financial reporting began on the new computer system at the beginning of the fiscal year immediately after the audit year (year ending June 30, 2005). We are hopeful that this new package will meet the City's needs for some time and that current and timely financial data can be provided to the Council and management.

Response to Finding 2004-02:

See response to 2004-01.

Response to Finding 2004-03:

See response to 2004-01.

Response to Finding 2004-04:

We realize the act of allowing a private citizen to use City owned property is clearly improper. However, it was not done with the intent for the Mayor to receive personal gain. He merely was attempting to assist someone who, in his opinion, had rendered free assistance to the City in the past at a time of need. All employees and others within the City have been made aware that it is improper to allow anyone, including themselves, to use City property for personal use.

Response to Finding 2004-05:

The actions whereby City employees have purchased personal items on accounts of the City and then reimbursed the City for the costs of the items were done as a matter of convenience to the individuals. In most cases, the individual was at an out-of-town store (Sam's Club, Lowe's, etc) picking up supplies for the City. Hindsight would say that the individual should have run two separate transactions – one for the City and a second transaction (on their own account) for their personal purchases. This practice of purchasing on the City's account has been stopped. All City employees and others within the City who have purchasing authority have been made aware that this practice must stop immediately.