

CITY OF PATTERSON, LOUISIANA

Financial Report

Year Ended June 30, 2012

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KOLDER, CHAMPAGNE, SLAVEN & COMPANY, LLC

CERTIFIED PUBLIC ACCOUNTANTS

C. Burton Kolder, CPA*
Russell F. Champagne, CPA*
Victor R. Slaven, CPA*
P. Troy Courville, CPA*
Gerald A. Thibodeaux, Jr., CPA*
Robert S. Carter, CPA*
Arthur R. Mixon, CPA*

Penny Angelle Scroggins, CPA
Christine L. Cousin, CPA
Wanda F. Arcement, CPA,CVA
Allen J. LaBry, CPA
Albert R. Leger, CPA,PFS,CSA*
Marshall W. Guidry, CPA
Stephen R. Moore, Jr., CPA,PFS,CFP®,ChFC®
James R. Roy, CPA
Robert J. Metz, CPA
Alan M. Taylor, CPA
Kelly M. Doucet, CPA
Cheryl L. Bartley, CPA
Mandy B. Self, CPA
Paul L. Delcambre, Jr., CPA
Kristin B. Dauzat, CPA
Matthew E. Margaglio, CPA
Jane R. Hebert, CPA
Bryan K. Joubert, CPA
Stephen J. Anderson, CPA

Retired:
Conrad O. Chapman, CPA* 2006
Tynes E. Mixon, Jr., CPA 2011

* A Professional Accounting Corporation

OFFICES

183 South Beadle Rd.
Lafayette, LA 70508
Phone (337) 232-4141
Fax (337) 232-8660

450 East Main Street
New Iberia, LA 70560
Phone (337) 367-9204
Fax (337) 367-9208

113 East Bridge St.
Breaux Bridge, LA 70517
Phone (337) 332-4020
Fax (337) 332-2867

200 South Main Street
Abbeville, LA 70510
Phone (337) 893-7944
Fax (337) 893-7946

1234 David Dr. Ste 203
Morgan City, LA 70380
Phone (985) 384-2020
Fax (985) 384-3020

1013 Main Street
Franklin, LA 70538
Phone (337) 828-0272
Fax (337) 828-0290

408 West Cotton Street
Ville Platte, LA 70586
Phone (337) 363-2792
Fax (337) 363-3049

133 East Waddil St.
Marksville, LA 71351
Phone (318) 253-9252
Fax (318) 253-8681

332 West Sixth Avenue
Oberlin, LA 70655
Phone (337) 639-4737
Fax (337) 639-4568

1428 Metro Drive
Alexandria, LA 71301
Phone (318) 442-4421
Fax (318) 442-9833

WEB SITE
WWW.KCSRCPAS.COM

INDEPENDENT AUDITORS' REPORT

The Honorable Rodney Grogan, 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 (hereinafter "City"), as of and for the year ended June 30, 2012, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City as of June 30, 2012, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 31, 2012, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the budgetary comparison information on pages 43 through 46 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide an assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's financial statements. The other supplementary information as listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. The other supplementary information is the responsibility of the City's management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The other supplementary information on pages 48 through 60, 62 through 63, and 65 through 67 have been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole. The schedule of number of utility customers presented on page 61 and the schedule of insurance in force on page 64 have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on that information.

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

Morgan City, Louisiana
December 31, 2012

BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE FINANCIAL STATEMENTS

CITY OF PATTERSON, LOUISIANA

Statement of Net Assets
June 30, 2012

ASSETS	Governmental Activities	Business-Type Activities	Total
Current assets:			
Cash	\$ 2,465,108	\$ 284,255	\$ 2,749,363
Interest-bearing deposits	7,133,789	1,561,214	8,695,003
Investments, at fair value	912,164	324,880	1,237,044
Receivables, net	377,143	435,659	812,802
Due from other governmental units	48,827	81,089	129,916
Due from (to) other funds	2,044,214	(2,044,214)	-
Prepaid insurance	3,843	3,667	7,510
Total current assets	<u>12,985,088</u>	<u>646,550</u>	<u>13,631,638</u>
Noncurrent assets:			
Restricted assets	-	385,292	385,292
Capital assets:			
Nondepreciable	305,826	107,200	413,026
Depreciable, net of accumulated depreciation	<u>6,175,783</u>	<u>2,838,480</u>	<u>9,014,263</u>
Total noncurrent assets	<u>6,481,609</u>	<u>3,330,972</u>	<u>9,812,581</u>
Total assets	<u>19,466,697</u>	<u>3,977,522</u>	<u>23,444,219</u>
LIABILITIES			
Current liabilities:			
Bank overdraft	42,721	-	42,721
Accounts and other payables	345,888	291,760	637,648
Accrued interest payable	4,691	-	4,691
Capital lease obligation, current portion	20,904	1,161	22,065
Bonds payable, current portion	<u>122,693</u>	-	<u>122,693</u>
Total current liabilities	<u>536,897</u>	<u>292,921</u>	<u>829,818</u>
Noncurrent liabilities:			
Customers' deposits payable	-	385,292	385,292
Capital lease obligation, net of current portion	45,042	-	45,042
Bonds payable, net of current portion	<u>420,000</u>	-	<u>420,000</u>
Total noncurrent liabilities	<u>465,042</u>	<u>385,292</u>	<u>850,334</u>
Total liabilities	<u>1,001,939</u>	<u>678,213</u>	<u>1,680,152</u>
NET ASSETS			
Invested in capital assets, net of related debt	5,872,970	2,944,519	8,817,489
Restricted for:			
Debt service	124,185	-	124,185
Other purposes	640,018	-	640,018
Unrestricted	<u>11,827,585</u>	<u>354,790</u>	<u>12,182,375</u>
Total net assets	<u>\$ 18,464,758</u>	<u>\$ 3,299,309</u>	<u>\$21,764,067</u>

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

CITY OF PATTERSON, LOUISIANA

Statement of Activities
Year Ended June 30, 2012

Activities	Expenses	Program Revenues	
		Fees, Fines, and Charges for Services	Operating Grants and Contributions
Governmental activities			
General government	\$ 900,484	\$ 358,200	\$ 30,000
Public safety			
Police	1,942,745	548,655	8,400
Fire	100,610	-	70,737
Sanitation	584,864	467,138	-
Streets and drainage	879,296	64,279	13,570
Culture and recreation	135,350	4,185	-
Supporting services	32,712	-	32,712
Interest and fiscal charges on long-term debt	<u>39,743</u>	<u>-</u>	<u>-</u>
Total governmental activities	4,615,804	1,442,457	155,419
Business-type activities:			
Utility Fund	<u>2,479,280</u>	<u>1,943,914</u>	<u>-</u>
Total	<u>\$ 7,095,084</u>	<u>\$ 3,386,371</u>	<u>\$ 155,419</u>

General revenues:

Taxes -

 Property taxes

 Sales and use taxes

 Other taxes

Grants and contributions not restricted to specific programs

 Local sources

Interest and investment earnings

Miscellaneous

Transfers

Total general revenues and transfers

Change in net assets

Net assets - July 1, 2011

Net assets - June 30, 2012

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

Net (Expense) Revenues and Changes in Net Assets		
<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
\$ (512,284)	\$ -	\$ (512,284)
(1,385,690)	-	(1,385,690)
(29,873)	-	(29,873)
(117,726)	-	(117,726)
(801,447)	-	(801,447)
(131,165)	-	(131,165)
-	-	-
<u>(39,743)</u>	<u>-</u>	<u>(39,743)</u>
(3,017,928)	-	(3,017,928)
<u>-</u>	<u>(535,366)</u>	<u>(535,366)</u>
<u>(3,017,928)</u>	<u>(535,366)</u>	<u>(3,553,294)</u>
202,627	-	202,627
2,210,727	-	2,210,727
560,013	-	560,013
34,000	-	34,000
18,837	-	18,837
97,870	3,032	100,902
<u>128,991</u>	<u>(128,991)</u>	<u>-</u>
<u>3,253,065</u>	<u>(125,959)</u>	<u>3,127,106</u>
235,137	(661,325)	(426,188)
<u>18,229,621</u>	<u>3,960,634</u>	<u>22,190,255</u>
<u>\$ 18,464,758</u>	<u>\$ 3,299,309</u>	<u>\$ 21,764,067</u>

FUND FINANCIAL STATEMENTS

MAJOR FUNDS' DESCRIPTIONS

GENERAL FUND

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

SPECIAL REVENUE FUNDS

Sewerage and Solid Waste Sales Tax Fund

To account for the receipt and use of proceeds of the City's $\frac{3}{4}\%$ sales and use tax. These taxes are dedicated to the construction, acquisition, extension, improvement, operation and maintenance of solid waste collection and disposal facilities.

Ad Valorem Tax Collection Fund

To account for the receipt of the City's general alimony and debt service ad valorem tax millages. Taxes collected under the general alimony millage of 8.29 mills are transferred to the General Fund and available for use in general governmental operations. Taxes collected under the debt service millage of 12.41 mills are transferred to the Public Improvement Bond Fund and are restricted for use in retirement of the City's general obligation debt.

ENTERPRISE FUND

Utility Fund

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

CITY OF PATTERSON, LOUISIANA

Balance Sheet
Governmental Funds
June 30, 2012

	General	Sewerage and Solid Waste Sales Tax	Ad Valorem Tax Collection
ASSETS			
Cash	\$ 202,517	\$ 1,872,272	\$ 123,196
Interest-bearing deposits	2,415,748	3,362,854	16,605
Investments, at fair value	-	912,164	-
Receivables -			
Taxes	126,057	71,040	5,606
Property assessments	-	-	-
Other	61,437	184	147
Due from other funds	645,270	75,000	331,713
Due from other governmental units	48,827	-	-
Advances to other funds	1,500,000	-	-
Total assets	<u>\$ 4,999,856</u>	<u>\$ 6,293,514</u>	<u>\$ 477,267</u>
LIABILITIES AND FUND BALANCES			
Liabilities			
Cash overdraft	\$ 42,721	\$ -	\$ -
Accounts payable	190,825	11,582	2,919
Accrued liabilities	140,562	-	-
Due to other funds	348,440	42,098	474,348
Deferred revenue	-	-	-
Total liabilities	<u>722,548</u>	<u>53,680</u>	<u>477,267</u>
Fund balances			
Nonspendable	1,500,000	-	-
Restricted	665,227	-	-
Assigned	260,508	6,239,834	-
Unassigned	1,851,573	-	-
Total fund balances	<u>4,277,308</u>	<u>6,239,834</u>	<u>-</u>
Total liabilities and fund balances	<u>\$ 4,999,856</u>	<u>\$ 6,293,514</u>	<u>\$ 477,267</u>

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

Other Governmental Funds	Total Governmental Funds
\$ 267,123	\$ 2,465,108
1,338,582	7,133,789
-	912,164
-	202,703
90,424	90,424
22,248	84,016
728,704	1,780,687
-	48,827
-	<u>1,500,000</u>
<u>\$ 2,447,081</u>	<u>\$ 14,217,718</u>

\$ -	\$ 42,721
-	205,326
-	140,562
371,587	1,236,473
90,424	90,424
<u>462,011</u>	<u>1,715,506</u>

-	1,500,000
147,062	812,289
1,838,008	8,338,350
-	<u>1,851,573</u>
<u>1,985,070</u>	<u>12,502,212</u>
<u>\$ 2,447,081</u>	<u>\$ 14,217,718</u>

(continued)

CITY OF PATTERSON, LOUISIANA

Balance Sheet (continued)

Governmental Funds

June 30, 2012

Reconciliation of the governmental funds balance sheet to the statement of net assets:

Total fund balances for governmental funds at June 30, 2012 \$ 12,502,212

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. 90,424

Expenses paid during the year but attributable to periods after the current year (primarily insurance) are recorded as prepaid expenses in the statement of net assets. 3,843

Land 305,826
Buildings, net of \$942,506 accumulated depreciation 1,924,113
Equipment, furniture & fixtures, net of \$1,693,759 accumulated depreciation 855,896
Infrastructure, net of \$461,557 accumulated depreciation 3,395,774

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 (542,693)
Accrued interest payable (4,691)
Capital lease obligation payable (65,946)

Total net assets of governmental activities at June 30, 2012 \$ 18,464,758

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

CITY OF PATTERSON, LOUISIANA

Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
Year Ended June 30, 2012

	General	Sewerage and Solid Waste Sales Tax	Ad Valorem Tax Collection
Revenues:			
Taxes	\$ 1,878,058	\$ 822,342	\$ 202,627
Licenses and permits	222,730	-	-
Intergovernmental	284,186	-	-
Charges for services	671,072	-	-
Fines and forfeits	453,341	-	-
Miscellaneous	63,532	6,795	6,566
Total revenues	3,572,919	829,137	209,193
Expenditures:			
Current -			
General government	819,373	-	6,636
Public safety:			
Police	1,820,880	-	-
Fire	44,773	-	-
Sanitation	754,012	-	-
Culture and recreation	133,190	-	-
Streets and drainage	575,868	-	-
Supporting services	-	-	-
Capital outlay	537,378	-	-
Debt service -			
Principal retirement	-	-	-
Interest and fiscal charges	-	-	-
Total expenditures	4,685,474	-	6,636
Excess (deficiency) of revenues over expenditures	(1,112,555)	829,137	202,557
Other financing sources (uses):			
Operating transfers in	1,172,358	-	-
Operating transfers out	(59,662)	(840,810)	(202,557)
Total other financing sources (uses)	1,112,696	(840,810)	(202,557)
Net change in fund balances	141	(11,673)	-
Fund balances, beginning	4,277,167	6,251,507	-
Fund balances, ending	\$ 4,277,308	\$ 6,239,834	\$ -

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

Other Governmental Funds	Total Governmental Funds
\$ 23,426	\$ 2,926,453
-	222,730
80,023	364,209
-	671,072
-	453,341
<u>42,576</u>	<u>119,469</u>
<u>146,025</u>	<u>4,757,274</u>
-	826,009
-	1,820,880
14,200	58,973
-	754,012
-	133,190
-	575,868
32,712	32,712
-	537,378
142,590	142,590
<u>42,424</u>	<u>42,424</u>
<u>231,926</u>	<u>4,924,036</u>
<u>(85,901)</u>	<u>(166,762)</u>
146,057	1,318,415
<u>(86,395)</u>	<u>(1,189,424)</u>
<u>59,662</u>	<u>128,991</u>
(26,239)	(37,771)
<u>2,011,309</u>	<u>12,539,983</u>
<u>\$ 1,985,070</u>	<u>\$ 12,502,212</u>

(continued)

CITY OF PATTERSON, LOUISIANA

Statement of Revenues, Expenditures, and Changes in Fund Balances (continued)
 Governmental Fund
 Year Ended June 30, 2012

Reconciliation of the statement of revenues, expenditures, and changes in fund balances of governmental funds to the statement of activities:

Total net changes in fund balances at June 30, 2012 per statement of revenues expenditures and changes in fund balances \$ (37,771)

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	537,378
Depreciation expense for the year ended June 30, 2012	(374,417)

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

142,590

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.

(35,324)

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.

2,681

Total changes in net assets at June 30, 2012 per statement of activities \$ 235,137

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

CITY OF PATTERSON, LOUISIANA

Statement of Net Assets
 Proprietary Fund
 June 30, 2012

ASSETS

Current assets:	
Cash	\$ 284,255
Interest-bearing deposits	1,561,214
Investments	324,880
Receivables	
Customer accounts receivable, net	433,138
Accrued interest receivable	76
Other	2,445
Due from other governments	81,089
Due from other funds	92,242
Prepaid insurance	3,667
Total current assets	<u>2,783,006</u>
Noncurrent assets:	
Restricted assets -	
Cash	245,017
Interest-bearing deposits	140,275
Capital assets, net of accumulated depreciation	2,945,680
Total noncurrent assets	<u>3,330,972</u>
Total assets	<u>6,113,978</u>

LIABILITIES

Current liabilities:	
Accounts payable	276,657
Accrued liabilities	15,103
Capital lease obligation, current portion	1,161
Due to other funds	636,456
Total current liabilities	<u>929,377</u>
Noncurrent liabilities:	
Advances from other funds	1,500,000
Payable from restricted assets -	
Customers' meter deposits payable	<u>385,292</u>
Total liabilities	<u>2,814,669</u>

NET ASSETS

Invested in capital assets, net of related debt	2,944,519
Unrestricted	<u>354,790</u>
Total net assets	<u>\$ 3,299,309</u>

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

CITY OF PATTERSON, LOUISIANA

Statement of Revenues, Expenses, and Changes in Net Assets
 Proprietary Fund
 Year Ended June 30, 2012

Operating revenues:	
Charges for services -	
Gas sales and services	\$ 681,994
Water sales and services	783,517
Sewerage service	377,540
Delinquent charges	56,543
Commissions, transfers and reconnections	32,611
Miscellaneous	11,709
Total operating revenues	<u>1,943,914</u>
Operating expenses:	
Administrative	723,277
Gas department	688,261
Water department	525,052
Sewerage department	305,849
Depreciation	236,368
Total operating expenses	<u>2,478,807</u>
Operating loss	<u>(534,893)</u>
Nonoperating revenues (expenses):	
Interest income	3,032
Interest and fiscal charges	(473)
Total nonoperating revenues (expenses)	<u>2,559</u>
Loss before transfers	(532,334)
Transfers in	39,905
Transfers out	<u>(168,896)</u>
Change in net assets	(661,325)
Net assets, beginning	<u>3,960,634</u>
Net assets, ending	<u>\$ 3,299,309</u>

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

CITY OF PATTERSON, LOUISIANA

Statement of Cash Flows
 Proprietary Fund
 Year Ended June 30, 2012

Cash flows from operating activities:	
Receipts from customers	\$ 1,910,694
Payments to suppliers	(1,589,054)
Payments to employees	<u>(542,336)</u>
Net cash used by operating activities	<u>(220,696)</u>
Cash flows from noncapital financing activities:	
Payments from other funds	633,056
Payments to other funds	<u>(168,896)</u>
Net cash provided by noncapital financing activities	<u>464,160</u>
Cash flows from capital and related financing activities:	
Acquisition of property, plant and equipment	(100,917)
Proceeds from capital outlay grant	(81,089)
Payments on capital lease obligations	(13,524)
Interest on capital lease obligations	<u>(473)</u>
Net cash used by capital and related financing activities	<u>(196,003)</u>
Cash flows from investing activities:	
Maturities of investments and interest-bearing deposits	686,768
Purchase of investments and interest-bearing deposits	(686,828)
Interest on investments	<u>3,032</u>
Net cash provided by investing activities	<u>2,972</u>
Net increase in cash and equivalents	50,433
Cash and equivalents, beginning of period	<u>1,493,537</u>
Cash and equivalents, end of period	<u>\$ 1,543,970</u>
	(continued)

CITY OF PATTERSON, LOUISIANA

Statement of Cash Flows (continued)
 Proprietary Fund
 Year Ended June 30, 2012

Reconciliation of operating loss to net cash used by operating activities:	
Operating loss	\$ (534,893)
Adjustments to reconcile operating loss to net cash used by operating activities	
Depreciation	236,368
Changes in current assets and liabilities:	
Increase in accounts receivable	(50,806)
Decrease in other receivables	3,952
Increase in accounts payable	143,977
Decrease in accrued liabilities	(32,929)
Increase in customer meter deposits	<u>13,635</u>
Net cash used by operating activities	<u>\$ (220,696)</u>
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	\$ 1,262,155
Cash and interest-bearing deposits - restricted	<u>231,382</u>
Total cash and equivalents	<u>1,493,537</u>
Cash and equivalents, end of period -	
Cash and interest-bearing deposits - unrestricted	1,298,953
Cash and interest-bearing deposits - restricted	<u>245,017</u>
Total cash and equivalents	<u>1,543,970</u>
Net increase	<u>\$ 50,433</u>

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

CITY OF PATTERSON, LOUISIANA

Notes to Financial Statements

(1) Summary of Significant Accounting Policies

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

The accompanying financial statements of the 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) opinions 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 24:513 and to the guidance set forth in the *Louisiana Governmental Audit 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.

A. Financial Reporting Entity

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

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

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

CITY OF PATTERSON, LOUISIANA

Notes to Financial Statements (continued)

Related Organizations –

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

Housing Authority of the City of Patterson –

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

Patterson Volunteer Fire Department –

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

Joint Ventures –

A joint venture is a legal entity or other organization that results from a contractual arrangement and that is owned, operated, or governed by two or more participants as a separate and specific activity subject to joint control in which the participants retain (a) an ongoing financial interest or (b) an ongoing financial responsibility. The City has entered into joint venture arrangements with other governmental entities for the operation of the Wards 5 and 8 Joint Sewer Commission. See Note 17 for further discussion of the City's relationship with the Wards 5 and 8 Joint Sewer Commission.

B. Basis of Presentation

Government-Wide Financial Statements

The statement of net 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.

CITY OF PATTERSON, LOUISIANA

Notes to Financial Statements (continued)

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

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

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

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

The major funds of the City are described below:

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.

CITY OF PATTERSON, LOUISIANA

Notes to Financial Statements (continued)

Ad Valorem Tax Collection Fund

This fund is used to account for the receipt and distribution of the City's ad valorem taxes collected under its general alimony (8.29 mills) millage.

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's enterprise fund is the Utility Fund.

C. Measurement Focus/Basis of Accounting

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

Measurement Focus

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

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

- a. All governmental funds utilize a “current financial resources” measurement focus. Only current financial assets and liabilities are generally included on their balance sheets. Their operating statements present sources and uses of available spendable financial resources during a given period. These funds use fund balance as their measure of available spendable financial resources at the end of the period.
- b. The proprietary fund utilizes an “economic resources” measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net assets (or cost recovery), financial position, and cash flows. All assets and liabilities (whether current or noncurrent) associated with their activities are reported. Proprietary fund equity is classified as net assets.

CITY OF PATTERSON, LOUISIANA

Notes to Financial Statements (continued)

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

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

D. 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 deposit 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.”

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.

CITY OF PATTERSON, LOUISIANA

Notes to Financial Statements (continued)

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 uncollectible customers' utility receivables was \$75,454 at June 30, 2012. 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, 2012 was \$28,403.

Capital Assets

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

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

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

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

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

Restricted Assets

Restricted assets include cash and interest-bearing deposits that are legally restricted as to their use. The City's restricted assets are related to its utility customer meter deposits.

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 is reported as liabilities in the government-wide statements. The long-term debt consists primarily of bonds and certificates payable, capital lease obligations, 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 5-22 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.”

CITY OF PATTERSON, LOUISIANA

Notes to Financial Statements (continued)

Proprietary fund equity is classified the same as in the government-wide statements. In the fund statements, governmental fund equity is classified as fund balance. Fund balance is further classified in accordance with GASB Statement 54 as follows:

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

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

E. Revenues, Expenditures, and Expenses

Operating Revenues and Expenses

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

Expenditures/Expenses

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

CITY OF PATTERSON, LOUISIANA

Notes to Financial Statements (continued)

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

Governmental Funds – By Character
Proprietary Fund – By Operating and Non-operating

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

Interfund Transfers

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

F. Capitalization of Interest Expense

It is the policy of the City to capitalize material amounts of interest resulting from borrowings in the course of the construction of capital assets. At June 30, 2012, there were no borrowings for assets under construction and no capitalized interest expense was recorded on the books.

G. Use of Estimates

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

(2) Cash, Interest-bearing deposits and investments

A. Cash and Interest-bearing Deposits

Under state law, the City may deposit funds within a fiscal agent bank organized under the laws of the State of Louisiana, the laws of any other state in the Union, or the laws of the United States. The City may invest in certificates and time deposits of state banks organized under Louisiana law and national banks having principal offices in Louisiana. At June 30, 2012, the City has cash and interest-bearing deposits (book balances) totaling \$11,829,658, as follows:

Demand deposits	\$ 2,994,380
Money market accounts and time deposits	<u>8,835,278</u>
Total	<u>\$ 11,829,658</u>

CITY OF PATTERSON, LOUISIANA

Notes to Financial Statements (continued)

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, 2012, were secured as follows:

Bank balances	<u>\$ 11,954,016</u>
Federal deposit insurance	\$ 3,637,286
Pledged securities	<u>9,296,120</u>
Total federal deposit insurance and pledged securities	<u>12,933,406</u>
Excess	<u>\$ 979,390</u>

Custodial credit risk for deposits is the risk that in the event of the failure of a depository financial institution, the City's deposits may not be recovered or the City will not be able to recover collateral securities that are in the possession of an outside party. As of June 30, 2012, the City's total bank balances were fully insured and collateralized with securities held in the name of the City by the pledging financial institution's agent and therefore not exposed to custodial credit risk.

B. Investments

At June 30, 2012, the City's investments totaled \$1,237,044 as follows:

<u>Description</u>	<u>Category</u>	<u>Interest Rate</u>	<u>Carrying Amount</u>	<u>Fair Value</u>
Governmental Activities:				
United States Government-Securities Fund	N/A	Various	\$ 912,164	\$ 912,164
Business-Type Activities:				
United States Government-Securities Fund	N/A	Various	<u>324,880</u>	<u>324,880</u>
			<u>\$ 1,237,044</u>	<u>\$ 1,237,044</u>

State law allows the investment in direct United States Treasury obligations, bonds, debentures, notes or other evidence of indebtedness issued or guaranteed by federal agencies or U.S. Government instrumentalities, which are federally sponsored; direct security repurchase agreements of any federal book entry only securities guaranteed by the U.S. Government; time certificates of deposit of any bank domiciled or having a branch office in the State of Louisiana; savings account or shares of certain savings and loan associations and savings banks; certain accounts of federally or state chartered credit unions; certain mutual or trust fund institutions; certain guaranteed investment contracts; and investment grade commercial paper of domestic United States corporations.

CITY OF PATTERSON, LOUISIANA

Notes to Financial Statements (continued)

Custodial credit risk is defined as the risk that, in the event of failure of the counterparty, the City will not be able to recover the value of its investment. The City's investment policy conforms to state law, as described above, which has no provision for custodial credit risk.

Concentration of credit risk relates to the amount of investments in any one entity. At June 30, 2012, the City had no investments in any entity which exceeded 5% of total investments.

Interest rate risk is defined as the risk that changes in interest rates will adversely affect the fair value of an investment. The City's investment policy conforms to state law, which does not include a policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. At June 30, 2012, the City had no investments with future maturities in excess of one year.

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

In accordance with GASB Statement No. 31, the City recognizes the net increase (decrease) in the fair value of its investments. For the year ended June 30, 2012, the fair value of the City's investments increased \$103. This amount takes into account all changes in fair value (including purchases and sales) that occurred during the year.

(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, 2012, taxes of 8.29 mills were levied on property with assessed valuations totaling \$23,654,899 and were dedicated as follows:

General corporate purposes 8.29 mills

Total taxes levied were \$196,099. The amount of taxes receivable at June 30, 2012 was \$5,606.

CITY OF PATTERSON, LOUISIANA

Notes to Financial Statements (continued)

(4) Interfund Transactions

A. Receivables and Payables

Interfund receivables and payables at June 30, 2012 consisted of the following:

	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
Governmental Activities:		
General Fund	\$ 645,270	\$ 348,440
Sewerage and Solid Waste Sales Tax Fund	75,000	42,098
Ad Valorem Tax Collection Fund	331,713	474,348
Other nonmajor governmental funds	728,704	371,587
Business-type Activities:		
Utility Fund	92,242	636,456
Total	<u>\$ 1,872,929</u>	<u>\$ 1,872,929</u>
Advances to/from other funds:		
General Fund	\$ 1,500,000	\$ -
Utility Fund	-	1,500,000
Total advances to/from other funds	<u>\$ 1,500,000</u>	<u>\$ 1,500,000</u>

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

B. Operating transfers

Transfers between funds for the year ended June 30, 2012 were:

	<u>Transfers In</u>	<u>Transfers Out</u>
Governmental Activities:		
General Fund	\$ 1,172,358	\$ 59,662
Sewerage and Solid Waste Sales Tax Fund	-	840,810
Ad Valorem Tax Collection Fund	-	202,557
Other nonmajor governmental funds	146,057	86,395
Business-type Activities:		
Utility Fund	39,905	168,896
	<u>\$ 1,358,320</u>	<u>\$ 1,358,320</u>

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

CITY OF PATTERSON, LOUISIANA

Notes to Financial Statements (continued)

(6) Due from other Governmental Units

Amounts due from other governmental units at June 30, 2012 consisted of the following:

Governmental Activities -	
Beer and tobacco taxes due from the State of Louisiana	\$ 1,988
Video poker receipts due from the State of Louisiana	28,101
Highway maintenance fees due from the State of Louisiana	3,150
Prisoner maintenance fees due from the State of Louisiana	4,780
Prisoner maintenance fees due from the St. Mary Parish Government	10,808
Business-type Activities -	
Federal Highway Administration passed through Louisiana Department of Transportation and Development for sidewalk construction	81,089
	<u>\$ 129,916</u>

(7) Restricted Assets

Restricted assets consisted of the following at June 30, 2012:

Customers' deposits	<u>\$ 385,292</u>
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(8) Capital Assets

Capital asset activity for the year ended June 30, 2012 was as follows:

	Balance 6/30/2011	Additions	Deletions	Balance 6/30/2012
Governmental activities:				
Capital assets not being depreciated				
Land	\$ 305,826	\$ -	\$ -	\$ 305,826
Other capital assets:				
Buildings	2,637,901	184,636	-	2,822,537
Improvements other than buildings	6,940	37,142	-	44,082
Equipment, furniture & fixtures	2,234,055	315,600	-	2,549,655
Infrastructure assets	3,857,331	-	-	3,857,331
Totals	<u>9,042,053</u>	<u>537,378</u>	<u>-</u>	<u>9,579,431</u>
Less accumulated depreciation				
Buildings	(867,180)	(75,326)	-	(942,506)
Equipment, furniture & fixtures	(1,493,943)	(199,816)	-	(1,693,759)
Infrastructure assets	(362,282)	(99,275)	-	(461,557)
Total accumulated depreciation	<u>(2,723,405)</u>	<u>(374,417)</u>	<u>-</u>	<u>(3,097,822)</u>
Governmental activities, capital assets, net	<u>\$6,318,648</u>	<u>\$ 162,961</u>	<u>\$ -</u>	<u>\$6,481,609</u>

CITY OF PATTERSON, LOUISIANA

Notes to Financial Statements (continued)

	Balance 6/30/2011	Additions	Deletions	Balance 6/30/2012
Business-type activities:				
Capital assets not being depreciated				
Land	\$ 107,200	\$ -	\$ -	\$ 107,200
Other capital assets:				
Gas distribution system	2,082,380	16,747	-	2,099,127
Water distribution system	2,818,019	46,753	-	2,864,772
Sewer treatment system	5,605,761	-	-	5,605,761
Machinery and equipment	216,897	37,417	-	254,314
Totals	<u>10,830,257</u>	<u>100,917</u>	<u>-</u>	<u>10,931,174</u>
Less accumulated depreciation				
Gas distribution system	(1,579,974)	(62,341)	-	(1,642,315)
Water distribution system	(2,558,366)	(40,584)	-	(2,598,950)
Sewer treatment system	(3,440,670)	(119,229)	-	(3,559,899)
Machinery and equipment	(170,116)	(14,214)	-	(184,330)
Total accumulated depreciation	<u>(7,749,126)</u>	<u>(236,368)</u>	<u>-</u>	<u>(7,985,494)</u>
Business-type activities, capital assets, net	<u>\$ 3,081,131</u>	<u>\$(135,451)</u>	<u>\$ -</u>	<u>\$ 2,945,680</u>

Depreciation expense was charged to governmental activities as follows:

General government	\$ 74,475
Police	121,865
Fire	41,637
Sanitation	8,996
Streets and drainage	125,284
Culture and recreation	2,160
Total depreciation expense	<u>\$ 374,417</u>

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

Administrative	\$ 10,997
Gas	62,341
Water	40,584
Sewer	122,446
Total depreciation expense	<u>\$ 236,368</u>

CITY OF PATTERSON, LOUISIANA

Notes to Financial Statements (continued)

(9) Changes in Long-Term Debt

The following is a summary of long-term debt transactions of the City for the year ended June 30, 2012:

	Public Improvement Sales Tax Bonds and Certificates
Bonds and certificates payable, July 1, 2011	\$ 665,387
Bonds and certificates retired	<u>(122,694)</u>
Bonds and certificates payable, June 30, 2012	<u>\$ 542,693</u>

Certificates of indebtedness and public improvement bonds at June 30, 2012 are comprised of the following individual issues:

\$850,000 Public Improvement Sales Tax Bonds, Series 2000, due in annual installments of \$45,000 to \$70,000 through January 1, 2020; interest at 5.75 percent, secured by levy and collection of 1 percent sales tax revenue	\$ 465,000
\$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	<u>77,693</u>
Total public improvement sales tax bonds and certificates payable	<u>\$ 542,693</u>

The annual requirements to amortize all long-term debt outstanding as of June 30, 2012,

Year Ending June 30,	Public Improvement Sales Tax Bonds		Paving Certificates		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2013	\$ 45,000	\$ 26,737	\$ 77,693	\$ 4,351	\$ 122,693	\$ 31,088
2014	50,000	24,150	-	-	50,000	24,150
2015	55,000	21,275	-	-	55,000	21,275
2016	55,000	18,113	-	-	55,000	18,113
2017	60,000	14,950	-	-	60,000	14,950
2018-2020	<u>200,000</u>	<u>23,287</u>	<u>-</u>	<u>-</u>	<u>200,000</u>	<u>23,287</u>
	<u>\$465,000</u>	<u>\$ 128,512</u>	<u>\$ 77,693</u>	<u>\$ 4,351</u>	<u>\$ 542,693</u>	<u>\$ 132,863</u>

CITY OF PATTERSON, LOUISIANA

Notes to Financial Statements (continued)

Covenants/Restrictions:

Property assessment bonds:

Assets in assessment certificates funds are restricted for the retirement of any outstanding principal and interest remaining on the certificates obligations. Assets remaining in these funds after the retirement of the outstanding obligations may be used only for the repair and maintenance of the streets improved from the proceeds of the original certificate issue.

Sales tax public improvement bonds:

The resolution concerning the dedication of the proceeds of the 1% sales tax specifies restrictions as to how the funds may be expended (see Note 12). The City is in compliance with all such significant limitations.

Bonds authorized but not issued:

In April 2011, voters in the City authorized the issuance of up to \$5,000,000 of 30-year general obligation bonds with the proceeds to be used to partially finance the construction of a new water treatment facility with said bonds to payable from ad valorem taxes. The bonds were issued in August 2012.

(10) Governmental Fund Balances

As of June 30, 2012, governmental fund balances are comprised of the following:

	General Fund	Sewerage & Solid Waste Sales Tax	Other Governmental Funds	Total Governmental Funds
Nonspendable				
Interfund receivables	\$ 1,500,000	\$ -	\$ -	\$ 1,500,000
Restricted				
Debt retirement	-	-	147,062	147,062
Law enforcement	665,227	-	-	665,227
Assigned				
Street repairs	260,508	-	201,721	462,229
Sewerage and solid waste	-	6,239,834	-	6,239,834
Capital expenditures	-	-	586,165	586,165
Debt retirement	-	-	1,050,122	1,050,122
Unassigned	<u>1,851,573</u>	<u>-</u>	<u>-</u>	<u>1,851,573</u>
	<u>\$ 4,277,308</u>	<u>\$ 6,239,834</u>	<u>\$ 1,985,070</u>	<u>\$ 12,502,212</u>

CITY OF PATTERSON, LOUISIANA

Notes to Financial Statements (continued)

(11) Leases

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

(1) Firefighting Equipment

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

(2) Utility Department Equipment

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

The annual requirements to satisfy the obligations under the capital lease obligations as of June 30, 2012, including interest of \$6,803 are as follows:

	Governmental Activities	Business- Type Activities	
	Firefighting Equipment	Utility Equipment	Totals
2013	\$ 24,248	\$ 1,166	\$ 25,414
2014	24,248	-	24,248
2015	24,248	-	24,248
	<u>72,744</u>	1,166	<u>73,910</u>
Less: Amount representing interest	<u>6,798</u>	<u>5</u>	<u>6,803</u>
Present value of future minimum lease payments	<u>\$ 65,946</u>	<u>\$ 1,161</u>	<u>\$ 67,107</u>

CITY OF PATTERSON, LOUISIANA

Notes to Financial Statements (continued)

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

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

- A. Proceeds of a 1% parish wide sales and use tax levied in 1966 (2012 collections \$827,708; 2011, \$748,524; 2010, \$626,098). Tax is collected by the St. Mary Parish Sales and Use Tax Department and is remitted to each participating municipality on a monthly basis. The City's allocation is 4.7818% of the first \$1,500,000 of net taxes collected. Fifty percent of any collection in excess of \$1,500,000 is divided proportionately among the participating municipalities according to their respective populations as reflected by the most recent federal census or most recent special census. Proceeds of this tax shall be used for the following purposes: construction, acquisition, improvement, maintenance and repairs of streets, capital improvements, public works and buildings (including the acquisition of sites and necessary fixtures, equipment, furnishings and appurtenances, and the payment of obligations and refunding obligations which have been or may be issued for the purpose of acquiring and improving public works and buildings); for payment or supplementing salaries of all municipal employees; for the operation of recreational facilities; for the acquisition, maintenance, repairs and payment of operating expenses of equipment, vehicles, and other machinery owned by the municipality; and for any other public purpose authorized by state law.
- B. Proceeds of a ¾% sales and use tax originally levied in 1974 (2012 collections \$822,342; 2011, \$735,702; 2010, \$622,535). Tax is collected by the St. Mary Parish Sales and Use Tax Department and is allocated and distributed monthly among the participating municipalities according to their respective populations as reflected by the most recent federal census or the most recent special census. Proceeds are to be used for the construction, acquisition, extension, improvement, operation and maintenance of solid waste collection and disposal facilities, sewers and sewerage disposal works, and other facilities for pollution control and abatement; and to pay debt service requirements on bonds issued for any of the above-mentioned purposes. The tax was reapproved for levy in 1987. At the time of reauthorization, voters approved a provision authorizing that the proceeds could also be used for law enforcement and fire protection costs.
- C. Proceeds of a 3/10% sales and use tax levied in 1982 (2012 collections \$286,633; 2011, \$304,357; 2010, \$262,366). 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 (2012 collections \$274,044; 2011, \$245,173; 2010, \$207,461). Tax is collected by the St. Mary Parish Sales and Use Tax Department and is remitted to the St. Mary Parish Sheriff, the Parish of St. Mary and each participating municipality on a monthly basis. Proceeds of this tax may be used by the municipalities for any lawful law enforcement purpose.

CITY OF PATTERSON, LOUISIANA

Notes to Financial Statements (continued)

(13) Employee Retirement

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

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 8.0 percent of the total annual covered salary. The City's contributions to the system for the years ended June 30, 2012, 2011 and 2010 were \$57,364, \$44,742, and \$47,447, 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 26.5 percent of the total annual covered salary. The City's contributions to the system for the years ended June 30, 2012, 2011, and 2010 were \$68,290, \$48,941 and \$18,775, 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.

(14) Social Security System

All employees of the City participate in the Social Security System. The City and its employees contribute a percentage of each employee's salary to the System (7.65% contributed by the City and 5.65% by the employee). The City's contribution during the year ended June 30, 2012 amounted to \$167,880.

(15) 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, 2012. 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)

(16) Compensation of City Officials

A detail of compensation paid to the Mayor and City Council for the year ended June 30, 2012 follows:

Mayor:	
Rodney Grogan	\$ 20,261
Council:	
Larry Mendoza	6,000
John Rentrop	6,000
Joseph C. Russo, III	6,000
Charles Sawyer	500
Claire Sawyer	5,000
Sandra Turner	6,000
	<u>\$ 49,761</u>

(17) Joint Venture

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

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

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

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

Following is a summary of the financial statements issued by the St. Mary Wards 5 and 8 Joint Sewerage Commission as of September 30, 2011 which includes only the assets and liabilities required in operating and maintaining the system, and does not include the original \$10,300,000 construction cost paid by the participants.

CITY OF PATTERSON, LOUISIANA

Notes to Financial Statements (continued)

The balance sheet reflected the following:

Total assets	\$ 1,908,120
Total liabilities	<u>187,452</u>
Total net assets	<u>\$ 1,720,668</u>

The statement of revenues and expenses for the fiscal year ended September 30, 2011 reflected the following:

Operating revenues	\$ 931,078
Nonoperating revenues	492
Operating expenses	<u>(922,884)</u>
Change in net assets	<u>\$ 8,686</u>

Additional information may be obtained from the separately issued financial statements of the St. Mary Parish Wards 5 and 8 Joint Sewerage Commission for the year ended September 30, 2011.

(18) Deficit Fund Balances

The following funds reported deficit unassigned fund balances at June 30, 2012:

Debt Service Fund	
Public Improvement Sales Tax Bonds	\$ 4,648
Capital Projects Fund	
2002 Paving Project Construction Fund	30,558

The deficits resulted from the expenditure of funds obligated to repay interfund loans.

(19) New Accounting Pronouncements

In June 2011, the Governmental Accounting Standards Board (GASB) approved Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources and Net Position*. The statement changes how governments will organize their statements of financial position (such as the current government-wide statement of net assets and the governmental funds balance sheet.) Under this standard, financial statements will include deferred outflows of resources and deferred inflows of resources, in addition to assets and liabilities, and will report net position instead of net assets. The provisions of GASB No. 63 must be implemented by the City for the year ending June 30, 2013. The effect of implementation on the City's financial statements has not yet been determined.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF PATTERSON, LOUISIANA
General Fund

Budgetary Comparison Schedule
Year Ended June 30, 2012

	Budget		Actual	Variance With Final Budget Favorable (Unfavorable)
	Original	Final		
Revenues:				
Taxes	\$ 1,640,585	\$ 1,970,552	\$ 1,878,058	\$ (92,494)
Licenses and permits	156,528	188,626	222,730	34,104
Intergovernmental	253,556	284,747	284,186	(561)
Charges for services	551,131	622,627	671,072	48,445
Fines and forfeits	323,878	431,671	453,341	21,670
Miscellaneous	72,069	53,288	63,532	10,244
Total revenues	<u>2,997,747</u>	<u>3,551,511</u>	<u>3,572,919</u>	<u>21,408</u>
Expenditures:				
Current -				
General government:				
Administrative	527,568	714,179	683,902	30,277
Mechanic shop	83,092	151,886	135,471	16,415
Public safety:				
Police	1,483,465	1,759,059	1,820,880	(61,821)
Fire	45,353	46,316	44,773	1,543
Streets and drainage	504,839	735,778	754,012	(18,234)
Culture and recreation	29,873	99,157	133,190	(34,033)
Sanitation	520,626	546,345	575,868	(29,523)
Capital outlay	210,000	446,630	537,378	(90,748)
Total expenditures	<u>3,404,816</u>	<u>4,499,350</u>	<u>4,685,474</u>	<u>(186,124)</u>
Deficiency of revenues over expenditures	<u>(407,069)</u>	<u>(947,839)</u>	<u>(1,112,555)</u>	<u>(164,716)</u>
Other financing sources (uses):				
Operating transfers out	\$ (74,325)	\$ (74,325)	\$ (59,662)	\$ 14,663
Operating transfers in	<u>672,786</u>	<u>922,369</u>	<u>1,172,358</u>	<u>249,989</u>
Total other financing sources (uses)	<u>598,461</u>	<u>848,044</u>	<u>1,112,696</u>	<u>264,652</u>
Net change in fund balance	191,392	(99,795)	141	99,936
Fund balance, beginning	<u>4,231,919</u>	<u>4,277,167</u>	<u>4,277,167</u>	<u>-</u>
Fund balance, ending	<u>\$ 4,423,311</u>	<u>\$ 4,177,372</u>	<u>\$ 4,277,308</u>	<u>\$ 99,936</u>

See accompanying notes to budgetary comparison schedules.

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

Budgetary Comparison Schedule
Year Ended June 30, 2012

	Budget		Actual	Variance With Final Budget Favorable (Unfavorable)
	Original	Final		
Revenues:				
Taxes	\$ 665,729	\$ 683,557	\$ 822,342	\$ 138,785
Interest on Deposits	16,575	6,689	6,795	106
Total revenues	682,304	690,246	829,137	138,891
Other financing sources (uses):				
Operating transfers out	(627,000)	(845,480)	(840,810)	4,670
Net change in fund balance	55,304	(155,234)	(11,673)	143,561
Fund balance, beginning	6,146,502	6,251,507	6,251,507	-
Fund balance, ending	<u>\$ 6,201,806</u>	<u>\$ 6,096,273</u>	<u>\$ 6,239,834</u>	<u>\$ 143,561</u>

See accompanying notes to budgetary comparison schedule.

CITY OF PATTERSON, LOUISIANA
Ad Valorem Tax Collection Fund

Budgetary Comparison Schedule
Year Ended June 30, 2012

	Budget		Actual	Variance With
	Original	Final		Final Budget Favorable (Unfavorable)
Revenues:				
Taxes	\$ 488,875	\$ 194,645	\$ 202,627	\$ 7,982
Miscellaneous	-	503	6,566	6,063
Total revenues	<u>488,875</u>	<u>195,148</u>	<u>209,193</u>	<u>14,045</u>
Expenditures:				
Current -				
General government	-	7,779	6,636	1,143
Total expenditures	<u>-</u>	<u>7,779</u>	<u>6,636</u>	<u>1,143</u>
Excess of revenues over expenditures	488,875	187,369	202,557	15,188
Other financing sources (uses):				
Operating transfers out	<u>(488,875)</u>	<u>(187,369)</u>	<u>(202,557)</u>	<u>(15,188)</u>
Net change in fund balance	-	-	-	-
Fund balance, beginning	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance, ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See accompanying notes to budgetary comparison schedules.

CITY OF PATTERSON, LOUISIANA

Notes to Budgetary Comparison Schedules

(1) Basis of Accounting

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

(2) Budget Adoption

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

1. The City 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 an ordinance prior to the commencement of the fiscal year for which the budget is being adopted.
5. Budgetary amendments involving the transfers of funds from one department, program, or function to another or involving increases in expenditures resulting from revenues exceeding amounts estimated require the approval of the City Council.
6. All budgetary appropriations lapse at the end of each year, except for capital expenditures.

(3) Actual Expenditures in Excess of Budgeted Appropriations

Actual expenditures and transfers exceeded budgeted appropriations in the General Fund by \$171,461.

OTHER SUPPLEMENTARY INFORMATION

CITY OF PATTERSON, LOUISIANA
General Fund

Budgetary Comparison Schedule-Revenues
Year Ended June 30, 2012

	Budget		Actual	Variance With Final Budget Favorable (Unfavorable)
	Original	Final		
Taxes -				
Sales	\$ 1,371,997	\$ 1,386,325	\$ 1,388,385	\$ 2,060
Utility franchise	268,588	551,665	457,111	(94,554)
Housing authority payment in lieu of taxes	-	32,562	32,562	-
	<u>1,640,585</u>	<u>1,970,552</u>	<u>1,878,058</u>	<u>(92,494)</u>
Licenses and permits -				
Occupational licenses	<u>156,528</u>	<u>188,626</u>	<u>222,730</u>	<u>34,104</u>
Intergovernmental -				
State of Louisiana -				
Beer taxes	8,874	7,895	5,763	(2,132)
Video Poker	104,473	102,474	97,139	(5,335)
Prisoner maintenance	54,755	63,886	54,753	(9,133)
Highway maintenance	6,300	6,300	6,300	-
Other state grants	-	-	5,000	5,000
St. Mary Parish Government -				
Software maintenance agreement	-	-	8,400	8,400
Road royalty allocation	7,270	7,270	7,270	-
Riverboat gaming allocation	34,000	34,000	34,000	-
Prisoner maintenance	37,884	37,922	40,561	2,639
Federal Grants-				
US Conference of Mayors	-	25,000	25,000	-
	<u>253,556</u>	<u>284,747</u>	<u>284,186</u>	<u>(561)</u>
Charges for services:				
Garbage fees	468,039	468,039	467,138	(901)
Mosquito abatement	-	-	64,279	64,279
Mechanic shop fees	83,092	152,158	135,470	(16,688)
Summer recreation fees	-	2,430	4,185	1,755
	<u>551,131</u>	<u>622,627</u>	<u>671,072</u>	<u>48,445</u>
Fines and forfeits	<u>323,878</u>	<u>431,671</u>	<u>453,341</u>	<u>21,670</u>
Miscellaneous:				
Interest	5,675	3,159	3,605	446
Oil and gas royalties	186	379	348	(31)
Other sources	66,208	49,750	59,579	9,829
	<u>72,069</u>	<u>53,288</u>	<u>63,532</u>	<u>10,244</u>
Total revenues	<u>\$ 2,997,747</u>	<u>\$ 3,551,511</u>	<u>\$ 3,572,919</u>	<u>\$ 21,408</u>

CITY OF PATTERSON, LOUISIANA
General Fund

Budgetary Comparison Schedule-Expenditures
Year Ended June 30, 2012

	Budget		Actual	Variance With
	Original	Final		Final Budget Favorable (Unfavorable)
General government:				
Administrative -				
Salaries:				
Office	\$ 130,809	\$ 163,978	\$ 165,732	\$ (1,754)
Mayor	20,261	20,261	20,261	-
Council	30,000	30,000	29,500	500
Payroll taxes	13,695	16,160	15,885	275
Retirement contributions	10,891	13,816	15,187	(1,371)
Group insurance	22,350	26,181	20,835	5,346
Magistrate fees	6,000	6,000	6,000	-
Travel and employee expense	10,134	20,897	21,516	(619)
Telephone	2,926	4,300	3,958	342
Utilities	7,587	7,499	6,477	1,022
Office supplies	5,844	4,275	4,637	(362)
Operating supplies	4,580	8,588	8,836	(248)
Office equipment maintenance	700	384	384	-
City Hall maintenance	7,293	7,535	7,032	503
Community center improvements	7,962	16,644	16,906	(262)
Training and seminars	2,244	4,900	4,585	315
Professional fees	20,487	18,927	18,350	577
Legal fees	10,000	12,162	13,375	(1,213)
Research and surveys	5,310	5,610	5,075	535
Employee physicals	100	60	60	-
Planning Commission	100	331	331	-
Small animal control	6,804	6,652	5,939	713
Office equipment rentals	2,744	2,778	2,152	626
Dues and subscriptions	4,385	810	810	-
Donations and grants	3,500	8,770	4,270	4,500
Advertising and publishing	7,364	9,996	9,844	152
General insurance	158,935	170,616	179,427	(8,811)
Public activities and awards	16,775	2,428	2,509	(81)
Miscellaneous	7,788	123,621	94,029	29,592
Total administrative	<u>527,568</u>	<u>714,179</u>	<u>683,902</u>	<u>30,277</u>

CITY OF PATTERSON, LOUISIANA
General Fund

Budgetary Comparison Schedule-Expenditures (continued)
Year Ended June 30, 2012

	Budget		Actual	Variance With
	Original	Final		Final Budget Favorable (Unfavorable)
Mechanic shop -				
Salaries	\$ 39,534	\$ 81,783	\$ 80,279	\$ 1,504
Payroll taxes	2,817	6,021	5,831	190
Retirement contribution	2,504	4,430	4,907	(477)
Group insurance	13,570	16,049	12,244	3,805
Operating supplies	13,178	9,096	11,249	(2,153)
Equipment rental and maintenance	2,111	2,317	2,625	(308)
Parts purchased	888	-	-	-
Vehicle maintenance	7,581	11,586	11,455	131
Miscellaneous	909	20,604	6,881	13,723
Total mechanic	<u>83,092</u>	<u>151,886</u>	<u>135,471</u>	<u>16,415</u>
Total general government	<u>610,660</u>	<u>866,065</u>	<u>819,373</u>	<u>46,692</u>
Public safety:				
Police -				
Salaries	808,193	892,078	950,314	(58,236)
Payroll taxes	67,481	75,720	78,578	(2,858)
Retirement contributions	48,361	63,288	63,958	(670)
Group insurance	235,340	280,748	222,419	58,329
Uniform allowances	10,308	12,268	11,559	709
Prisoner expense	63,700	72,856	76,582	(3,726)
Telephone	21,638	24,690	23,283	1,407
Utilities	26,169	26,940	24,139	2,801
Office supplies	15,430	31,559	29,904	1,655
Operating supplies	23,522	49,928	40,772	9,156
Police station maintenance & improvements	13,173	39,944	29,956	9,988
Equipment maintenance	6,046	11,613	11,648	(35)
Equipment rentals	5,291	7,057	7,621	(564)
Vehicle oil and gas	61,482	95,186	93,108	2,078
Vehicle maintenance	35,542	35,332	111,153	(75,821)
Training seminars	10,229	6,988	5,356	1,632
Travel and employee expense	18,528	11,616	14,542	(2,926)
Narcotics and investigative expenses	5,000	4,486	8,460	(3,974)
Miscellaneous	8,032	16,762	17,528	(766)
Total police	<u>1,483,465</u>	<u>1,759,059</u>	<u>1,820,880</u>	<u>(61,821)</u>

CITY OF PATTERSON, LOUISIANA
General Fund

Budgetary Comparison Schedule-Expenditures (continued)
Year Ended June 30, 2012

	Budget		Actual	Variance With
	Original	Final		Final Budget Favorable (Unfavorable)
Fire:				
Salaries	\$ 1,800	\$ 900	\$ 900	\$ -
Payroll taxes	137	69	69	-
Telephone	1,689	4,300	4,186	114
Utilities	5,382	5,733	5,112	621
Operating supplies	11,214	15,260	14,449	811
Equipment maintenance	9,513	10,321	10,228	93
Fire station maintenance	8,649	5,365	5,365	-
Travel and employee expense	1,500	-	-	-
Training and seminars	2,500	-	-	-
Vehicle maintenance	1,821	4,152	4,248	(96)
Miscellaneous	1,148	216	216	-
Total fire	<u>45,353</u>	<u>46,316</u>	<u>44,773</u>	<u>1,543</u>
Total public safety	<u>1,528,818</u>	<u>1,805,375</u>	<u>1,865,653</u>	<u>(60,278)</u>
Streets and drainage:				
Salaries	198,918	304,998	323,203	(18,205)
Payroll taxes	14,252	22,387	23,501	(1,114)
Retirement contributions	8,977	15,277	17,397	(2,120)
Group insurance	64,364	71,271	61,181	10,090
Casual labor	6,365	-	-	-
Uniform allowance	2,419	3,898	4,020	(122)
Utilities	50,436	56,444	52,301	4,143
Chemicals and agents	6,733	7,171	5,851	1,320
Operating supplies	28,473	16,051	17,177	(1,126)
Surfacing materials	30,364	55,050	59,541	(4,491)
Equipment maintenance	30,351	34,548	23,551	10,997
Vehicle oil and gas	41,300	51,695	51,837	(142)
Vehicle maintenance	4,740	4,251	12,632	(8,381)
Railroad rental/maintenance	2,400	347	346	1
Employee physicals	546	1,694	1,670	24
Drainage maintenance	267	-	8,479	(8,479)
Mosquito abatement	-	58,800	58,800	-
Miscellaneous	13,934	31,896	32,525	(629)
Total streets and drainage	<u>504,839</u>	<u>735,778</u>	<u>754,012</u>	<u>(18,234)</u>

CITY OF PATTERSON, LOUISIANA
General Fund

Budgetary Comparison Schedule-Expenditures (continued)
Year Ended June 30, 2012

	Budget		Actual	Variance With Final Budget Favorable (Unfavorable)
	Original	Final		
Culture and recreation:				
Community Center				
Salaries	\$ -	\$ 28,785	\$ 29,225	\$ (440)
Payroll taxes	-	2,248	2,363	(115)
Uniforms	-	-	755	(755)
Telephone	-	2,949	2,607	342
Utilities	-	844	808	36
Office supplies	-	1,024	2,348	(1,324)
Office furnishings	-	665	1,464	(799)
Other	-	25,773	59,517	(33,744)
Referee and umpire fees	3,000	3,000	3,000	-
Utilities	5,294	4,161	3,732	429
Operating supplies	-	3,115	2,119	996
Facilities maintenance	79	2,583	3,852	(1,269)
Civic Center Complex- Appropriation	12,500	12,500	12,500	-
Appropriation to Civic Center	8,900	8,900	8,900	-
Miscellaneous	100	2,610	-	2,610
Total culture and recreation	<u>29,873</u>	<u>99,157</u>	<u>133,190</u>	<u>(34,033)</u>
Sanitation:				
Salaries	22,465	26,532	25,970	562
Payroll taxes	1,709	2,012	1,946	66
Retirement contributions	1,512	2,033	2,172	(139)
Group insurance	5,039	2,691	2,274	417
Garbage services rendered	457,005	479,908	485,761	(5,853)
Regional facility fee	32,896	32,896	57,426	(24,530)
Miscellaneous	-	273	319	(46)
Total sanitation	<u>520,626</u>	<u>546,345</u>	<u>575,868</u>	<u>(29,523)</u>
Capital outlay:				
Police equipment and improvements	210,000	137,928	171,630	(33,702)
Mechanic shop building	-	168,896	184,636	(15,740)
Mechanic shop equipment	-	6,215	6,215	-
Street department equipment	-	95,394	108,059	(12,665)
Community Center equipment and improvements	-	-	21,800	(21,800)
Administrative equipment and improvements	-	38,197	45,038	(6,841)
Total capital outlay	<u>210,000</u>	<u>446,630</u>	<u>537,378</u>	<u>(90,748)</u>
Total expenditures	<u>\$ 3,404,816</u>	<u>\$ 4,499,350</u>	<u>\$ 4,685,474</u>	<u>\$ (186,124)</u>

CITY OF PATTERSON, LOUISIANA
Nonmajor Governmental Funds

Combining Balance Sheet
June 30, 2012

	Special Revenue Funds			
	LCDBG Fund	Fire Department Equipment	Emergency Management	2002 Paving Assessments
ASSETS				
Cash	\$ 268	\$ -	\$ 24,591	\$ 152,322
Interest-bearing deposits	-	257,134	25,172	-
Receivables				
Assessments	-	-	-	75,216
Other	-	22,143	-	-
Due from other governments	-	-	-	-
Due from other funds	-	-	-	1,256
Total assets	\$ 268	\$ 279,277	\$ 49,763	\$ 228,794
LIABILITIES AND FUND BALANCES				
Liabilities:				
Due to other funds	\$ -	\$ -	\$ -	\$ 1,868
Accounts payable	-	-	-	-
Deferred property assessments	-	-	-	75,216
Total liabilities	-	-	-	77,084
Fund balances -				
Nonspendable	-	-	-	-
Restricted	-	-	-	151,710
Assigned	268	279,277	49,763	-
Unassigned	-	-	-	-
Total fund balances	268	279,277	49,763	151,710
Total liabilities and fund balances	\$ 268	\$ 279,277	\$ 49,763	\$ 228,794

Debt Service Funds

Sales Tax Refunding Bonds	1973 Paving Assessments	Various Paving Assessments	Public Improvement Sales Tax Bonds
\$ -	\$ 4,277	\$ 25,983	\$ -
404,094	-	134,160	122,790
-	6	11,627	-
89	-	13	-
-	-	-	-
26,554	-	-	-
<u>\$ 430,737</u>	<u>\$ 4,283</u>	<u>\$ 171,783</u>	<u>\$ 122,790</u>
\$ 4,426	\$ -	\$ -	\$ 127,438
-	-	-	-
-	6	11,627	-
<u>4,426</u>	<u>6</u>	<u>11,627</u>	<u>127,438</u>
-	-	-	-
-	-	-	(4,648)
426,311	4,277	160,156	-
-	-	-	-
<u>426,311</u>	<u>4,277</u>	<u>160,156</u>	<u>(4,648)</u>
<u>\$ 430,737</u>	<u>\$ 4,283</u>	<u>\$ 171,783</u>	<u>\$ 122,790</u>

CITY OF PATTERSON, LOUISIANA
Nonmajor Governmental Funds

Combining Balance Sheet (continued)
June 30, 2012

	Public Improvement Bonds	1990 Paving Assessments	Catherine Street Paving Construction	Drainage and Relocation Project
ASSETS				
Cash	\$ -	\$ 31,192	\$ 25,290	\$ 1,473
Interest-bearing deposits	15,953	85,448	-	117,549
Receivables				
Assessments	-	3,575	-	-
Other	-	-	-	-
Due from other governments	-	-	-	-
Due from other funds	<u>662,555</u>	<u>15,555</u>	<u>-</u>	<u>21,443</u>
Total assets	<u>\$ 678,508</u>	<u>\$ 135,770</u>	<u>\$ 25,290</u>	<u>\$140,465</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Due to other funds	\$ 54,697	\$ 123,590	\$ 25,290	\$ 1,701
Accounts payable	-	-	-	-
Deferred property assessments	<u>-</u>	<u>3,575</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>54,697</u>	<u>127,165</u>	<u>25,290</u>	<u>1,701</u>
Fund balances -				
Nonspendable	-	-	-	-
Restricted	-	-	-	-
Assigned	623,811	8,605	-	138,764
Unassigned	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total fund balances	<u>623,811</u>	<u>8,605</u>	<u>-</u>	<u>138,764</u>
 Total liabilities and fund balances	 <u>\$ 678,508</u>	 <u>\$ 135,770</u>	 <u>\$ 25,290</u>	 <u>\$140,465</u>

Capital Projects Fund

Regional Sewerage Facility Project	Third Street Paving Project	Murphy Street Paving Project	City Hall/Jail Complex Project	2002 Paving Project	Total Governmental Funds
\$ -	\$ -	\$ -	\$ 100	\$ 1,627	\$ 267,123
116,262	23,746	35,887	387	-	1,338,582
-	-	-	-	-	90,424
3	-	-	-	-	22,248
-	-	-	-	-	-
573	-	-	768	-	728,704
<u>\$116,838</u>	<u>\$ 23,746</u>	<u>\$ 35,887</u>	<u>\$ 1,255</u>	<u>\$ 1,627</u>	<u>\$ 2,447,081</u>
\$ -	\$ -	\$ 392	\$ -	\$ 32,185	\$ 371,587
-	-	-	-	-	-
-	-	-	-	-	90,424
-	-	392	-	32,185	462,011
-	-	-	-	-	-
-	-	-	-	-	147,062
116,838	23,746	35,495	1,255	(30,558)	1,838,008
-	-	-	-	-	-
<u>116,838</u>	<u>23,746</u>	<u>35,495</u>	<u>1,255</u>	<u>(30,558)</u>	<u>1,985,070</u>
<u>\$116,838</u>	<u>\$ 23,746</u>	<u>\$ 35,887</u>	<u>\$ 1,255</u>	<u>\$ 1,627</u>	<u>\$ 2,447,081</u>

CITY OF PATTERSON, LOUISIANA
Nonmajor Governmental Funds

Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances
Year Ended June 30, 2012

	Special Revenue Funds			
	LCDBG Fund	Fire Department Equipment	Emergency Management	2002 Paving Assessments
Revenues:				
Taxes	\$ -	\$ 23,426	\$ -	\$ -
Intergovernmental	32,712	47,311	-	-
Miscellaneous	-	1,873	34	37,418
Total revenues	32,712	72,610	34	37,418
Expenditures:				
Current -				
Public safety:				
Fire	-	14,200	-	-
Supporting services	32,712	-	-	-
Debt service -				
Principal retirement	-	19,896	-	77,694
Interest and fiscal charges	-	4,352	-	8,747
Total expenditures	32,712	38,448	-	86,441
Excess (deficiency) of revenues over expenditures	-	34,162	34	(49,023)
Other financing sources (uses):				
Transfers in	-	-	-	86,395
Transfers out	-	-	-	-
Total other financing sources (uses)	-	-	-	86,395
Net change in fund balance	-	34,162	34	37,372
Fund balances, beginning	268	245,115	49,729	114,338
Fund balances, ending	\$ 268	\$ 279,277	\$ 49,763	\$ 151,710

Debt Service Funds

Sales Tax Refunding Bonds	1973 Paving Assessments	Various Paving Assessments	Public Improvement Sales Tax Bonds
\$ -	\$ -	\$ -	\$ -
-	-	-	-
866	-	39	168
<u>866</u>	<u>-</u>	<u>39</u>	<u>168</u>
-	-	-	-
-	-	-	-
-	-	-	45,000
-	-	-	29,325
<u>-</u>	<u>-</u>	<u>-</u>	<u>74,325</u>
<u>866</u>	<u>-</u>	<u>39</u>	<u>(74,157)</u>
-	-	-	59,662
-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>59,662</u>
866	-	39	(14,495)
<u>425,445</u>	<u>4,277</u>	<u>160,117</u>	<u>9,847</u>
<u>\$ 426,311</u>	<u>\$ 4,277</u>	<u>\$ 160,156</u>	<u>\$ (4,648)</u>

CITY OF PATTERSON, LOUISIANA
Nonmajor Governmental Funds

Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances (continued)
Year Ended June 30, 2012

	Public Improvement Bonds	1990 Paving Assessments	Catherine Street Paving Construction	Drainage and Relocation Project
Revenues:				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	-
Miscellaneous	22	1,904	-	161
Total revenues	<u>22</u>	<u>1,904</u>	<u>-</u>	<u>161</u>
Expenditures:				
Current -				
Public safety:				
Fire	-	-	-	-
Supporting services	-	-	-	-
Debt service -				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>22</u>	<u>1,904</u>	<u>-</u>	<u>161</u>
Other financing sources (uses):				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	22	1,904	-	161
Fund balances, beginning	<u>623,789</u>	<u>6,701</u>	<u>-</u>	<u>138,603</u>
Fund balances, ending	<u>\$ 623,811</u>	<u>\$ 8,605</u>	<u>\$ -</u>	<u>\$ 138,764</u>

Capital Projects Funds					
Regional Sewerage Facility Project	Third Street Paving Project	Murphy Street Paving Project	City Hall/Jail Complex Project	2002 Paving Project	Total Governmental Funds
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 23,426
-	-	-	-	-	80,023
10	32	49	-	-	42,576
<u>10</u>	<u>32</u>	<u>49</u>	<u>-</u>	<u>-</u>	<u>146,025</u>
-	-	-	-	-	14,200
-	-	-	-	-	32,712
-	-	-	-	-	142,590
-	-	-	-	-	42,424
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>231,926</u>
10	32	49	-	-	(85,901)
-	-	-	-	-	146,057
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(86,395)</u>	<u>(86,395)</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(86,395)</u>	<u>59,662</u>
10	32	49	-	(86,395)	(26,239)
<u>116,828</u>	<u>23,714</u>	<u>35,446</u>	<u>1,255</u>	<u>55,837</u>	<u>2,011,309</u>
<u>\$ 116,838</u>	<u>\$ 23,746</u>	<u>\$ 35,495</u>	<u>\$ 1,255</u>	<u>\$ (30,558)</u>	<u>\$ 1,985,070</u>

CITY OF PATTERSON, LOUISIANA
Enterprise Fund

Schedule of Number of Utility Customers
(Unaudited)
June 30, 2012

Records maintained by the City indicated the following number of customers were being served during the months of June 2012 and 2011:

<u>Department</u>	<u>2012</u>	<u>2011</u>
Gas (metered)	1,508	1,519
Water (metered)	2,612	2,580
Sewerage	2,226	2,201
Sanitation*	2,389	2,364

* Reported in General Fund

CITY OF PATTERSON, LOUISIANA
Enterprise Fund
Utility Fund

Comparative Departmental Analysis of Revenues and Expenses
Years Ended June 30, 2012 and 2011

	Totals		Gas	
	2012	2011	2012	2011
Operating revenues:				
Charges for services -				
Customers	\$ 1,843,051	\$ 2,025,128	\$ 681,994	\$ 930,360
Delinquent charges	56,543	55,662	21,012	25,237
Commissions, transfers, and reconnections	32,611	16,895	7,749	4,074
Miscellaneous	11,709	11,867	2,783	2,861
Total operating revenue	<u>1,943,914</u>	<u>2,109,552</u>	<u>713,538</u>	<u>962,532</u>
Operating expenses:				
Salaries	542,336	495,256	162,152	108,834
Payroll taxes	40,000	37,007	11,906	7,997
Retirement contributions	25,694	25,443	9,153	5,210
Group insurance	80,744	84,702	25,191	19,530
Uncollectible billings	2,869	6,746	1,094	3,059
Gas purchases	373,668	625,101	373,668	625,101
Chemicals and agents	122,683	136,121	1,627	663
Equipment repairs and maintenance	74,492	50,731	5,360	8,315
Distribution system repairs and maintenance	7,467	13,011	3,338	9,891
Vehicle oil and gas	18,893	13,947	8,356	6,170
Vehicle repairs and maintenance	10,157	24,861	7,377	18,780
Meters, hardware and lines	16,667	15,797	9,210	3,419
Professional fees	66,401	124,608	24,688	26,508
Depreciation	236,368	239,787	62,341	57,725
Insurance	179,206	151,907	-	-
Office expense	70,954	58,649	21,454	29,192
Sewerage treatment	259,961	271,906	-	-
Other	350,247	155,672	23,687	18,387
Allocation of administrative expenses	-	-	272,868	217,730
Total operating expenses	<u>2,478,807</u>	<u>2,531,252</u>	<u>1,023,470</u>	<u>1,166,511</u>
Operating loss	<u>(534,893)</u>	<u>(421,700)</u>	<u>\$ (309,932)</u>	<u>\$ (203,979)</u>
Nonoperating revenues (expenses):				
Interest income	3,032	5,554		
Interest and fiscal charges	(473)	(1,275)		
Total nonoperating revenues (expenses)	<u>2,559</u>	<u>4,279</u>		
Loss before operating transfers	(532,334)	(417,421)		
Operating transfers in (out)	(128,991)	167,549		
Net loss	<u>\$ (661,325)</u>	<u>\$ (249,872)</u>		

Water		Sewerage		Administrative	
2012	2011	2012	2011	2012	2011
\$ 783,517	\$ 716,243	\$ 377,540	\$ 378,525	\$ -	\$ -
23,618	19,483	11,913	10,942	-	-
13,423	6,919	11,439	5,902	-	-
4,819	4,860	4,107	4,146	-	-
<u>825,377</u>	<u>747,505</u>	<u>404,999</u>	<u>399,515</u>	<u>-</u>	<u>-</u>
184,971	221,320	-	-	195,213	165,102
13,513	16,789	-	-	14,581	12,221
9,392	11,910	-	-	7,149	8,323
19,571	34,081	-	-	35,982	31,091
1,186	2,361	589	1,326	-	-
-	-	-	-	-	-
121,056	135,458	-	-	-	-
45,482	22,059	18,884	15,647	4,766	4,710
3,971	1,015	158	2,105	-	-
7,441	5,554	-	-	3,096	2,223
1,414	3,066	1,366	3,015	-	-
7,259	9,634	198	2,744	-	-
22,888	84,150	-	-	18,825	13,950
40,584	43,218	122,446	123,506	10,997	15,338
-	-	-	-	179,206	151,907
35,882	20,149	-	-	13,618	9,308
-	-	259,961	271,906	-	-
51,026	57,531	24,693	13,717	250,841	66,037
306,704	168,087	154,702	94,393	(734,274)	(480,210)
<u>872,340</u>	<u>836,382</u>	<u>582,997</u>	<u>528,359</u>	<u>-</u>	<u>-</u>
<u>\$ (46,963)</u>	<u>\$ (88,877)</u>	<u>\$ (177,998)</u>	<u>\$ (128,844)</u>	<u>\$ -</u>	<u>\$ -</u>

CITY OF PATTERSON, LOUISIANA

Schedule of Insurance in Force
(Unaudited)
June 30, 2012

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	1,000,000
Comprehensive Automobile Liability	1,000,000
Fire, Lightning, and Extended Coverage - Buildings and contents, all risks except flood and earthquake	5,047,400
Summer Recreation Program -	
Death and dismemberment	3,000
Medical expense	10,000
Public officials errors and omissions	1,000,000

CITY OF PATTERSON, LOUISIANA

Schedule of Interest-Bearing Deposits-All Funds
June 30, 2012

	<u>Term</u>	<u>Maturity Date</u>	<u>Interest Rate</u>	<u>Total Amount</u>
General Fund:				
Insured Money Market	N/A	N/A	0.180%	\$ 128,255
Insured Money Market	N/A	N/A	0.180%	104,626
Insured Money Market	N/A	N/A	0.180%	47,977
Insured Money Market	N/A	N/A	0.180%	665,227
Insured Money Market	N/A	N/A	0.180%	55,009
Insured Money Market	N/A	N/A	0.180%	69,164
Savings	N/A	N/A	0.050%	391,237
Savings	N/A	N/A	0.050%	8,415
Certificate of deposit - Patterson State Bank	31 days	7/31/2012	0.050%	45,000
Certificate of deposit - Patterson State Bank	91 days	7/16/2012	0.050%	50,000
Certificate of deposit - Patterson State Bank	91 days	8/29/2012	0.050%	30,000
Certificate of deposit - Patterson State Bank	182 days	8/9/2012	0.050%	796
Certificate of deposit - Patterson State Bank	181 days	11/27/2012	0.240%	233,555
Certificate of deposit - Patterson State Bank	182 days	8/9/2012	0.050%	86,487
Certificate of deposit - Patterson State Bank	1 year	3/19/2013	0.170%	500,000
				<u>2,415,748</u>
Special Revenue Fund:				
Sewerage and Solid Waste Sales Tax Fund -				
Insured Money Market	N/A	N/A	0.180%	1,207,854
Certificate of deposit - Patterson State Bank	182 days	8/14/2012	0.050%	155,000
Certificate of deposit - Patterson State Bank	1 year	3/19/2012	0.170%	2,000,000
				<u>3,362,854</u>
Ad Valorem Tax Collection Fund -				
Savings	N/A	N/A	0.050%	<u>16,605</u>
Fire Department Equipment Fund -				
Insured Money Market	N/A	N/A	0.180%	159,543
Certificate of Deposit - Patterson State Bank	90 days	9/4/2012	0.050%	25,000
Certificate of Deposit - Patterson State Bank	1 year	9/24/2012	0.240%	72,591
				<u>257,134</u>
Emergency Management Fund -				
Insured Money Market	N/A	N/A	0.180%	<u>25,172</u>
				<u>3,661,765</u>

CITY OF PATTERSON, LOUISIANA

Schedule of Interest-Bearing Deposits-All Funds (continued)
June 30, 2012

	<u>Term</u>	<u>Maturity Date</u>	<u>Interest Rate</u>	<u>Total Amount</u>
Debt Service Funds:				
Public Improvement Bonds Fund - Insured Money Market	N/A	N/A	0.180%	\$ 15,953
Sales Tax Revenue Refunding Bonds Series -				
Insured Money Market	N/A	N/A	0.180%	135,833
Certificate of Deposit - Patterson State Bank	182 days	11/5/2012	0.240%	268,261
				<u>404,094</u>
Sales Tax Sinking Fund -				
Insured Money Market	N/A	N/A	0.180%	35,503
Insured Money Market - Reserve	N/A	N/A	0.180%	87,287
				<u>122,790</u>
1966, 1967, 1969, 1980 AND 1982 Paving Assessment Funds -				
Savings	N/A	N/A	0.050%	105
Certificate of Deposit - Patterson State Bank	182 days	8/9/2012	0.050%	54,917
Certificate of Deposit - Patterson State Bank	182 days	8/6/2012	0.050%	56,538
Certificate of Deposit - Patterson State Bank	182 days	8/6/2012	0.050%	22,600
				<u>134,160</u>
1990 Street Paving Project -				
Insured Money Market	N/A	N/A	0.180%	85,448
				<u>85,448</u>
				<u>762,445</u>
Capital Projects Funds:				
1980 Drainage Project Fund -				
Insured Money Market	N/A	N/A	0.180%	117,549
Regional Sewerage Facility Project Fund -				
Insured Money Market	N/A	N/A	0.000%	15,404
Certificate of Deposit - Patterson State Bank	182 days	8/14/2012	0.050%	20,000
Certificate of Deposit - Patterson State Bank	182 days	8/6/2012	0.050%	80,858
				<u>116,262</u>
Third Street Paving Project Fund -				
Insured Money Market	N/A	N/A	0.180%	23,746
				<u>23,746</u>
Murphy Street Paving Project Fund -				
Insured Money Market	N/A	N/A	0.180%	35,887
				<u>35,887</u>

CITY OF PATTERSON, LOUISIANA

Schedule of Interest-Bearing Deposits-All Funds (continued)

June 30, 2012

	<u>Term</u>	<u>Maturity Date</u>	<u>Interest Rate</u>	<u>Total Amount</u>
Sales Tax Bond Construction Fund - Insured Money Market	N/A	N/A	0.000%	\$ 387
Total capital projects funds				<u>293,831</u>
Utility Funds:				
Insured Money Market	N/A	N/A	0.180%	615,797
Insured Money Market	N/A	N/A	0.180%	258,216
Insured Money Market	N/A	N/A	0.180%	97,394
Savings	N/A	N/A	0.050%	7,418
Savings	N/A	N/A	0.050%	35,873
Certificate of Deposit - Patterson State Bank	182 days	11/2/2012	0.240%	140,275
Certificate of Deposit - Patterson State Bank	182 days	8/11/2012	0.050%	46,516
Certificate of Deposit - Patterson State Bank	1 year	3/19/2013	0.170%	500,000
				<u>1,701,489</u>
Total - all funds				<u>\$ 8,835,278</u>

INTERNAL CONTROL, COMPLIANCE AND OTHER MATTERS

KOLDER, CHAMPAGNE, SLAVEN & COMPANY, LLC

CERTIFIED PUBLIC ACCOUNTANTS

C. Burton Kolder, CPA*
Russell F. Champagne, CPA*
Victor R. Slaven, CPA*
P. Troy Courville, CPA*
Gerald A. Thibodeaux, Jr., CPA*
Robert S. Carter, CPA*
Arthur R. Mixon, CPA*

Penny Angelle Scruggins, CPA
Christine L. Cousin, CPA
Wanda F. Arcement, CPA,CVA
Allen J. LaBry, CPA
Albert R. Leger, CPA,PFS,CSA*
Marshall W. Guidry, CPA
Stephen R. Moore, Jr., CPA,PFS,CFP®,ChFC®
James R. Roy, CPA
Robert J. Metz, CPA
Alan M. Taylor, CPA
Kelly M. Doucet, CPA
Cheryl L. Bartley, CPA
Mandy B. Self, CPA
Paul L. Delcambre, Jr., CPA
Kristin B. Dauzat, CPA
Matthew E. Margaglio, CPA
Jane R. Hebert, CPA
Bryan K. Joubert, CPA
Stephen J. Anderson, CPA

Retired:
Conrad O. Chapman, CPA* 2006
Tynes E. Mixon, Jr., CPA 2011

* A Professional Accounting Corporation

OFFICES

183 South Beadle Rd.
Lafayette, LA 70508
Phone (337) 232-4141
Fax (337) 232-8660

450 East Main Street
New Iberia, LA 70560
Phone (337) 367-9204
Fax (337) 367-9208

113 East Bridge St.
Breaux Bridge, LA 70517
Phone (337) 332-4020
Fax (337) 332-2867

200 South Main Street
Abbeville, LA 70510
Phone (337) 893-7944
Fax (337) 893-7946

1234 David Dr. Ste 203
Morgan City, LA 70380
Phone (985) 384-2020
Fax (985) 384-3020

1013 Main Street
Franklin, LA 70538
Phone (337) 828-0272
Fax (337) 828-0290

408 West Cotton Street
Ville Platte, LA 70586
Phone (337) 363-2792
Fax (337) 363-3049

133 East Waddil St.
Marksville, LA 71351
Phone (318) 253-9252
Fax (318) 253-8681

332 West Sixth Avenue
Oberlin, LA 70655
Phone (337) 639-4737
Fax (337) 639-4568

1428 Metro Drive
Alexandria, LA 71301
Phone (318) 442-4421
Fax (318) 442-9833

WEB SITE
WWW.KCSRCPAS.COM

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

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

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Patterson, Louisiana (hereinafter "City"), as of and for the year ended June 30, 2012, which collectively comprise the City's basic financial statements and have issued our report thereon dated December 31, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control over Financial Reporting

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

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the accompanying schedule of audit results and findings, we identified a deficiency in internal control over financial reporting that we consider to be a material weakness.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the City's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiency described in the accompanying schedule of audit results and findings as item 2012-04 to be a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material 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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of audit results and findings as item 2012-01, 2012-02, and 2012-03.

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

This report is intended solely for the information and use of the City Council, management and others within the organization, and the Louisiana Legislative Auditor and is not intended to be and should not be used by anyone other than these specified parties. Although the intended use of this report may be limited, under the provisions of Louisiana Revised Statute 24:513, this report is distributed by the Louisiana Legislative Auditor as a public document in accordance with Louisiana Revised Statute 44:6.

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

Morgan City, Louisiana
December 31, 2012

CITY OF PATTERSON, LOUISIANA

Summary Schedule of Prior Audit Findings
Year Ended June 30, 2012

2011-01

CONDITION: Annual Finance Report Not Submitted to Council

CURRENT STATUS: This finding was not resolved and will be reiterated in 2012.

2011-02

CONDITION: Incomplete Bank Reconciliation

CURRENT STATUS: This finding has been resolved.

2011-03

CONDITION: Accounting Errors

CURRENT CONDITION: This finding has been resolved.

2011-04

CONDITION: Submission of Annual Operating Budget

CURRENT STATUS: This finding was not resolved and will be reiterated in 2012.

CITY OF PATTERSON, LOUISIANA

Schedule of Audit Results and Findings
Year Ended June 30, 2012

Part 1: Summary of Auditor's Results

An unqualified opinion has been issued on the City of Patterson, Louisiana's financial statements as of and for the year ended June 30, 2012.

One deficiency in internal control over financial reporting was disclosed during the audit of the financial statements. The deficiency is considered to be a material weakness.

There were three material instances of noncompliance disclosed during the audit of the financial statements.

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

2012-01 - Annual Finance Report Not Submitted to Council

CONDITION: The City's administration did not present the annual financial report to the Council within the required time frame set forth by the City's Home Rule Charter.

CRITERIA: The City's Home Rule Charter requires that forty-five days after the end of the fiscal year the City's administration provide a complete report on the financial and administrative activities of the City to the Council.

CAUSE: The cause of this finding is the failure to provide this report to the Council.

EFFECT: The effect of this finding is that the City administration is in violation of the provisions of its Home Rule Charter.

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

2012-02 - Submission of Annual Operating Budget

CONDITION: The City's management did not submit its proposed annual operating budget to the Council within the time frame set forth by the City's Home Rule Charter.

CRITERIA: The City's Home Rule Charter requires that the annual operating budget be submitted to the Council no later than forty-five days prior to the beginning of the fiscal year.

CAUSE: The cause of this finding is the failure of management to submit its proposed annual operating budget in accordance with the provisions of the City's Home Rule Charter.

EFFECT: The effect of this finding is the City is in violation of provisions of its Home Rule Charter.

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

CITY OF PATTERSON, LOUISIANA

Schedule of Audit Results and Findings (continued)
Year Ended June 30, 2012

2012-03 - Failure to Make Written Minutes Available

CONDITION: During the performance of audit procedures, it was noted that the City had not made written minutes for its public meetings available to the public.

CRITERIA: Louisiana Revised Statute 42:20, *Written Minutes*, states that all public bodies shall keep written minutes of all open meetings. It further states that the minutes shall be public records and shall be available within a reasonable time after the meeting and published in the public body's official journal.

CAUSE: The cause of this finding is a failure by responsible parties to prepare the official minutes from the transcripts of open meetings and to have those minutes published in the official journal and made available as public records.

EFFECT: The failure to make written minutes available as public records within a reasonable period of time after the open meeting is a violation of Louisiana Revised Statute 42:20.

RECOMMENDATION: The City should prepare written minutes for its open meetings and publish these minutes in its official journal within the time period prescribed by law and make those minutes available as public records.

2011-04 - Material Adjustments to the Financial Statements

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

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

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

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

CITY OF PATTERSON, LOUISIANA

Schedule of Audit Results and Findings (continued)
Year Ended June 30, 2012

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

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

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

Part 3: Findings and Questioned Costs Relating to Federal Programs

At June 30, 2012, 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, 2012

Response to Finding 2012-01:

The City's financial staff is aware of and is working toward generating reliable financial statement data in a timely fashion in order to comply with the annual report requirement in the City Charter. The City has hired an accounting assistant to work with the City Clerk to assist in reconciling the City's bank statements to the general ledger. Management hopes that this assistance will allow for the timely preparation of accurate financial data for use by the City's administration in planning and decision making. The uncertainty of the reliability of accounting data has been one of management's concerns that prevented the Mayor from delivering the annual financial report to the City Council as required by the City Charter. With timely, accurate, and reliable data, management anticipates that the annual report to the City Council can be delivered in accordance with the provisions of the City Charter.

Response to Finding 2012-02:

The City's management has consistently submitted the proposed operating budget to the Council for consideration prior to the beginning of the fiscal year. However, the forty-five day time requirement set by the City's Home Rule Charter was not met. City financial personnel are working toward eliminating the accounting errors that delay the generation of reliable financial information. In achieving this goal, management anticipates that future budget submissions will be made in compliance with City Charter requirements.

Response to Finding 2012-03:

The City's management is aware of the requirement to make minutes publicly available. The City Clerk has the detailed notes and the supporting documents from the council meetings. She is working to develop the official minutes for those meetings and will publish the minutes upon completion.

Response to Finding 2012-04:

The City has hired an accounting assistant to work with the City Clerk in reconciling bank statements and preparing the general ledger. It is anticipated by the City's financial management that these efforts will result in the capture of most transactions for inclusion in the general ledger and, ultimately, in the financial statements. The City's auditors provide assistance in the conversion of the City's books from the cash basis to the accrual basis.