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CITY OF RAYNE, LOUISIANA

Financial Report

Year Ended September 30, 2003

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Release Date 4-21-04

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Brupbacher & Associates

A PROFESSIONAL ACCOUNTING CORPORATION
CERTIFIED PUBLIC ACCOUNTANTS

P. O. Box 34 • 801 The Boulevard Suite B • Rayne, Louisiana 70578 • (318) 334-7251 FAX (318) 334-7002

INDEPENDENT AUDITOR'S REPORT

The Honorable James J. Petitjean, Mayor
And the Board of Alderman
City of Rayne, 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 for the City of Rayne, Louisiana, as of and for the year ended September 30, 2003, 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, and the provisions of Office Management and Budget Circular A-133, "Audits of States, Local Governments and Nonprofit Organizations." Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Rayne, Louisiana, as of September 30, 2003, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note 2 to the basic financial statements, the City adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – For State and Local Governments*, Statement No. 33, *Accounting and Financial Reporting for Non-exchange Transactions*, Statement No. 37, *Basic Financial Statements – And Management's Discussion and Analysis – For State and Local Governments: Omnibus*, Statement No. 38, *Certain Financial Statement Note Disclosures*, and Interpretation No. 6, *Recognition and Measurement of Certain Liabilities and Expenditures in Governmental Fund Financial Statements*. This results in a change in the format and content of the basic financial statements.

MEMBER OF
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CERTIFIED PUBLIC ACCOUNTANTS

The Honorable James J. Petitjean, Mayor
And the Board of Alderman
City of Rayne, Louisiana

In accordance with *Government Auditing Standards*, we have also issued a report dated January 3, 2003 on our consideration of the City of Rayne's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

The management's discussion and analysis and the required supplementary information on pages 4 through 12 and 45 through 49 are not a required part of the basic financial statements but are supplementary information required by the Governmental Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Rayne's basic financial statements. The other supplementary information on pages 50 through 63 is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the financial statements of the City of Rayne, Louisiana. Such information, except for the portion marked "unaudited" (page 58) on which we express no opinion, has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly presented in all material respects in relation to the basic financial statements taken as a whole.

The financial information for the preceding year, which is included for comparative purposes, was taken from the financial report for that year in which we expressed an unqualified opinion on the general purpose financial statements of the City of Rayne, Louisiana.


Brupbacher & Associates
A Professional Accounting Corporation

Rayne, Louisiana
February 19, 2003

Required Supplemental Information

CITY OF RAYNE, LOUISIANA
Management's Discussion and Analysis
September 30, 2003

The Management Discussion and Analysis (MD&A) offers the readers of the City of Rayne's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended September 30, 2003. This management discussion and analysis (MD&A) is designed to provide an objective and easy to read analysis of the City's financial activities based on currently known facts, decisions, or conditions. It is intended to provide readers with a broad overview of City finances. It is also intended to provide readers with an analysis of the City's short-term and long-term activities based on information presented in the financial report and fiscal policies that have been adopted by the City. The City's financial performance is discussed and analyzed within the context of the accompanying financial statements and disclosures following this section.

Overview of the Financial Statements

This Management Discussion and Analysis document introduces the City's basic financial statements. The basic financial statements include: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the basic financial statements. The City also includes in this report additional information to supplement the basic financial statements. Comparative data is presented when available. All applicable tables will present comparative data in fiscal year 2004.

Government-Wide Financial Statements

The City's annual report includes two government-wide financial statements. These statements provide both long-term and short-term information about the City's overall financial status. Financial reporting at this level uses a perspective similar to that found in the private sector with its basis in accrual accounting and elimination or reclassification of activities between funds.

The first of these government-wide statements is the Statement of Net Assets. This is the government-wide statement of position presenting information that includes all of the City's assets and liabilities, with the difference reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the City as a whole is improving or deteriorating. Evaluation of the overall health of the City would extend to other nonfinancial factors such as diversification of the taxpayer base or the condition of City infrastructure, in addition to the financial information provided in this report.

The second government-wide statement is the Statement of Activities, which reports how the City's net assets changed during the current fiscal year. All current year revenues and expenses are included regardless of when cash is received or paid. An important purpose of the design of the statement of activities is to show the financial reliance of the City's distinct activities or functions on revenues provided by the City's taxpayers.

Both government-wide financial statements distinguish governmental activities of the City that are principally supported by taxes and intergovernmental revenues and business-type activities that are intended to recover all or a significant portion of their costs through user fees and charges. Governmental activities include general government, public safety, public works, community development and culture and recreation. Business-type activities include the electric, water and sewer systems.

Fund Financial Statements

A fund is an accountability unit used to maintain control over resources segregated for specific activities or objectives. The City uses funds to ensure and demonstrate compliance with finance-related laws and regulations. Within the basic financial statements, fund financial statements focus on the City's most significant funds rather than the City as a whole. Major funds are separately reported while all others are combined into a single, aggregated presentation. Individual fund data for non-major funds is provided in the form of combining statements in a later section of this report.

CITY OF RAYNE, LOUISIANA
Management's Discussion and Analysis
September 30, 2003

The City has two kinds of funds:

Governmental funds are reported in the fund financial statements and encompass the same functions reported as governmental activities in the government-wide financial statements. However, the focus is very different with fund statements providing a distinctive view of the City's governmental funds. These statements report short-term fiscal accountability focusing on the use of spendable resources and balances of spendable resources available at the end of the year. They are useful in evaluating annual financing requirements of governmental programs and the commitment of spendable resources for the near-term.

Since the government-wide focus includes the long-term view, comparisons between these two perspectives may provide insight into the long-term impact of short-term financing decisions. Both the governmental fund balance sheet and the governmental fund operating statement provide a reconciliation to assist in understanding the differences between these two perspectives.

Individual fund information for non-major governmental funds is found in combining statements in a later section of this report.

Proprietary funds are reported in the fund financial statements and generally report services for which the City charges customers a fee. The City uses enterprise funds to account for its utility and sewer departments. The enterprise fund essentially provides the same information reported as business-type activities in the government-wide statements, only in more detail. The propriety fund financial statements provide separate information for the utility and sewer departments, which are considered major funds of the City.

Notes to basic financial statements

The accompanying notes to the financial statements provide information essential to a full understanding of the government-wide and fund financial statements.

Other information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the City's budget presentations. Budgetary comparison statements are included as "required supplementary information" for the general fund and the two major special revenue funds. Budgetary comparison schedules for all other governmental funds can be found in a later section of this report. These statements and schedules demonstrate compliance with the City's adopted and final revised budget.

As discussed, the City reports major funds in the basic financial statements. Combining and individual statements and schedules for non-major funds are presented in a subsequent section of this report.

Financial analysis of the City as a whole

The City implemented the new financial reporting model used in this report beginning with the current fiscal year ended September 30, 2003. Over time, as year-to-year financial information is accumulated on a consistent basis, changes in net assets may be observed and used to discuss the changing financial position of the City as a whole.

CITY OF RAYNE, LOUISIANA
Management's Discussion and Analysis
September 30, 2003

The City's net assets at fiscal year-end are \$13,218,697. The following table provides a summary of the City's net assets:

Summary of Net Assets

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>	<u>% Total</u>
Assets:				
Current assets and other assets	\$ 1,125,858	\$ 1,510,950	\$ 2,636,775	12%
Restricted assets	-	790,861	790,861	3%
Capital assets	8,084,802	11,244,910	19,329,712	85%
Total assets	\$ 9,210,660	\$ 13,546,721	\$ 22,757,348	100%
Liabilities:				
Current liabilities	\$ 943,946	\$ 938,165	\$ 1,882,111	20%
Long-term liabilities	2,775,000	4,881,573	7,656,573	80%
Total liabilities	\$ 3,718,946	\$ 5,819,738	\$ 9,538,684	100%
Net assets:				
Investment in capital assets, net of debt	\$ 4,827,444	\$ 6,344,910	\$ 11,172,354	84%
Restricted	352,358	786,750	1,139,108	9%
Unrestricted	311,912	595,323	907,235	7%
Total net assets	\$ 5,491,714	\$ 7,726,983	\$ 13,218,697	100%

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. The City's assets exceeded its liabilities at the close of the most recent fiscal year by \$13,218,697 (net assets). Of the total amount, \$907,235 is unrestricted net assets. The City's net assets are comprised of \$5,491,714 from governmental activities and \$7,726,983 from business-type activities.

The largest portion of the City of Rayne's net assets (84%) reflects its investment in capital assets (e.g. land, buildings, machinery and equipment, vehicles, City infrastructure, etc.), less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to its citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the City's net assets (9%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$907,235 unrestricted net assets may be used to meet the government's ongoing obligations to its citizens and creditors.

At the end of the current fiscal year, the City is able to report positive balances in all three categories of net assets, both for government as a whole, as well as for its separate governmental and business-type activities.

CITY OF RAYNE, LOUISIANA
Management's Discussion and Analysis
September 30, 2003

Since this is the first year in which government-wide information is available, comparative data is not presented. However, comparative data will be accumulated and presented to assist analysis in future years. The following table provides a summary of the City's changes in net assets:

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>	<u>% Total</u>
Revenues:				
Program:				
Charges for Services/Fines	\$ 482,257	\$ 7,638,014	\$ 8,120,271	61%
Operating Grants	702,372	882,221	1,584,593	12%
Capital Grants	801,092	-	801,092	6%
General:				
Sales Taxes	1,483,354	-	1,483,354	11%
Other Taxes	360,943	-	360,943	3%
Unrestricted Grants & Revenues	265,561	-	265,561	2%
Interest	12,729	-	12,729	0%
Other	58,512	671,525	730,037	5%
Total revenues	\$ 4,166,820	\$ 9,191,760	\$ 13,358,580	100%
Program expenses:				
General Government	\$ 1,041,997	\$ -	\$ 1,041,997	9%
Public Safety	1,050,945	-	1,050,945	8%
Public Works	900,513	-	900,513	7%
Public Works - Hurricane	461,267	-	461,267	4%
Culture & Recreation	515,004	-	515,004	4%
Community Development	233,637	-	233,637	2%
Interest	151,917	-	151,917	1%
Water, Lights and Sewer	-	7,887,415	7,887,415	65%
Total expenses	\$ 4,355,280	\$ 7,887,415	\$ 12,242,695	100%
Excess (deficiency)	\$ (188,460)	\$ 1,304,345	\$ 1,115,885	
Transfers	1,096,139	(1,096,139)	-	
Change in net assets	\$ 907,679	\$ 208,206	\$ 1,115,885	
Beginning net assets	4,584,035	7,518,777	12,102,812	
Ending net assets	\$ 5,491,714	\$ 7,726,983	\$ 13,218,697	

Governmental Activities

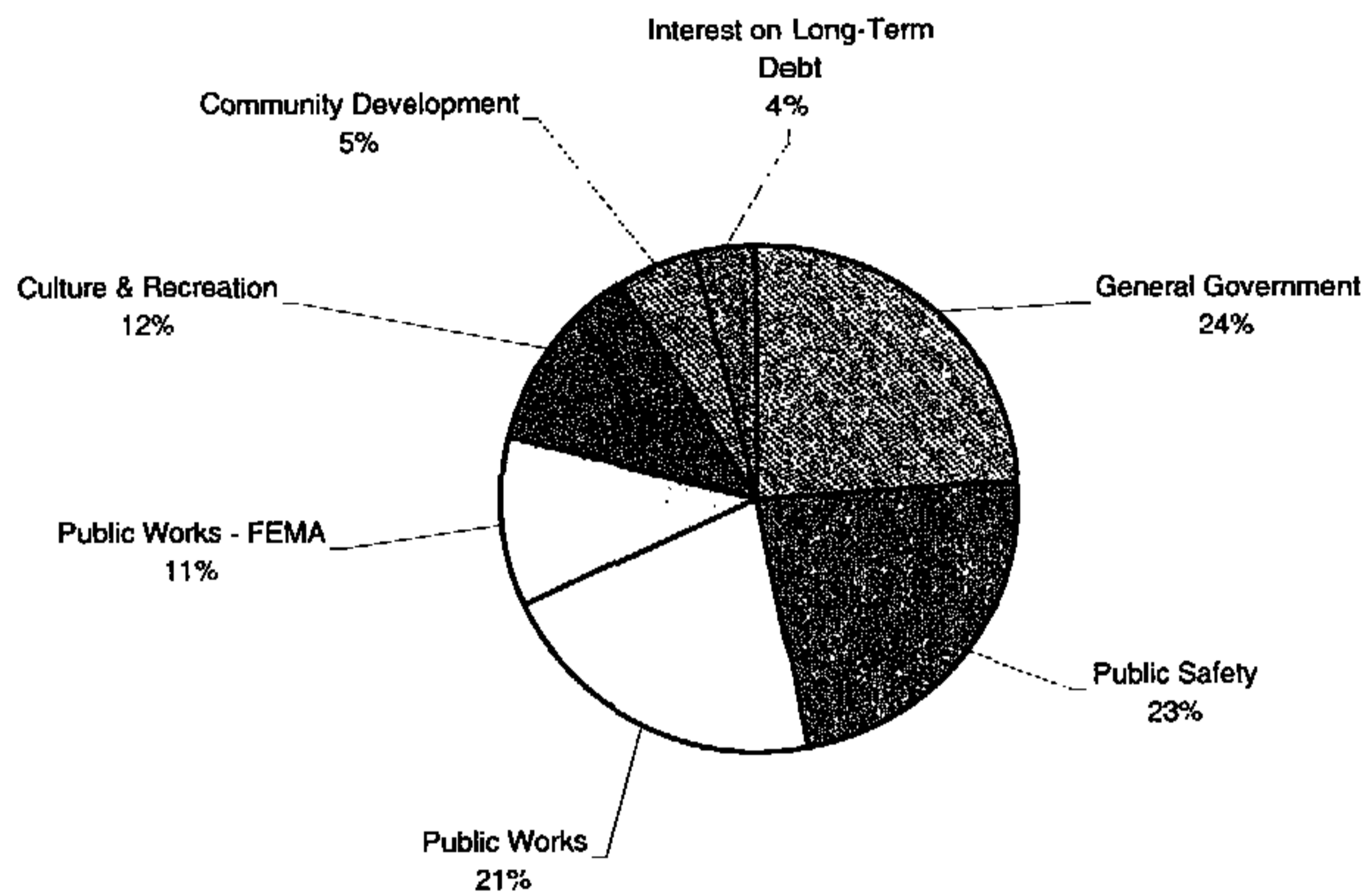
The governmental activities of the City include general government, public safety, public works, culture and recreation, and community development. Sales taxes, property taxes, intergovernmental revenues as well as licenses, permits and fines are used to fund these governmental activities.

CITY OF RAYNE, LOUISIANA
Management's Discussion and Analysis
September 30, 2003

The following chart shows the City of Rayne's expenditures related to those functions typically associated with governments. In the chart, general government includes the following departments:

Legislative (City Council), judicial, executive, financial, and other general administration. Public safety consists of the police, fire, permits, and civil defense. Public works is made up of the street department. Culture and recreation contain the City's parks, the museum, and the community center activities. Community development consists of the Section 8 program and the LCDBG fund.

Governmental Activities Expenditures

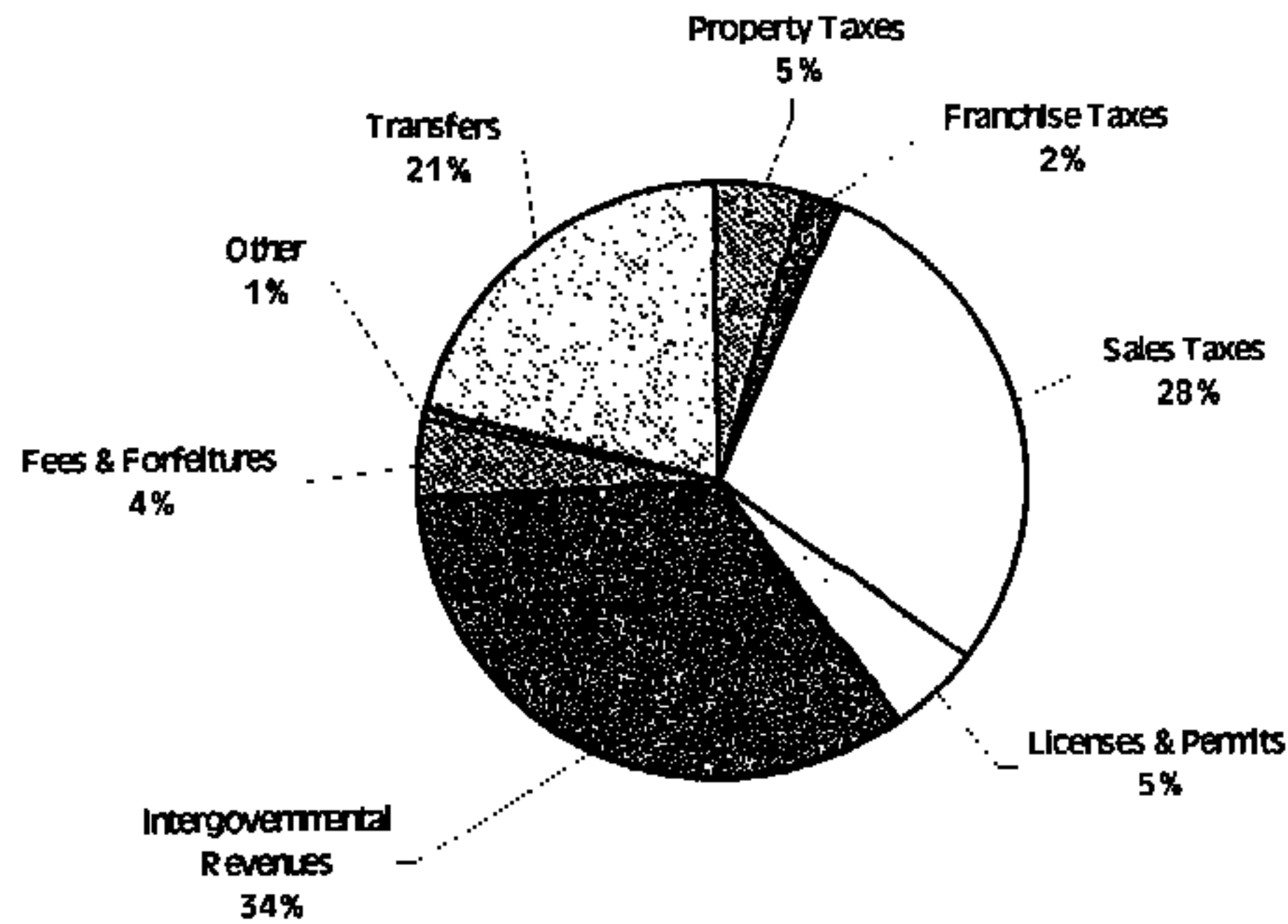


Following is a list of the Governmental Activities Expenditures:

	Amount	% Total
General Government	\$ 1,041,997	24%
Public Safety	1,050,945	24%
Public Works	900,513	21%
Public Works - FEMA	461,267	11%
Culture & Recreation	515,004	12%
Community Development	233,637	5%
Interest on Long-Term Debt	151,917	3%
Total Governmental Activities	\$ 4,355,280	100%

CITY OF RAYNE, LOUISIANA
 Management's Discussion and Analysis
 September 30, 2003

General Revenues and Transfers



General revenues are those available for the City to use to pay for governmental activities described above. Following is a list of the General Revenues and Transfers:

	Amount	% Total
Taxes:		
Property Taxes	\$ 234,768	5%
Franchise Taxes	126,175	2%
Sales Taxes	1,483,354	28%
Licenses & Permits	274,040	5%
Intergovernmental Revenues	1,768,747	34%
Fees & Forfeitures	208,217	4%
Other	71,241	1%
Transfers	<u>1,096,139</u>	<u>21%</u>
Total General Revenues and Transfers	<u>\$ 5,262,681</u>	<u>100%</u>

CITY OF RAYNE, LOUISIANA
Management's Discussion and Analysis
September 30, 2003

Intergovernmental revenues are the largest revenue source for the City as of September 30, 2003. It accounts for 34% of total governmental revenues. The intergovernmental revenues consisted of LCDBG grant money received in the amount of \$801,092 for the replacement of the West Rayne Sewer Collection System, which is shown as construction in progress on the statement of net assets. The Section 8 program received revenues of \$237,547 for the administration of the housing assistance program. The City also received grant revenue from FEMA for disaster recovery efforts totaling \$411,608. Gaming revenues accounted for \$208,932 of intergovernmental revenues and the remaining \$109,568 represents various grants and other taxes.

The second largest revenue source is sales taxes comprising 28% of the governmental revenue at \$1,483,354. The sales tax revenues increased \$110,438 from the prior year.

On October 3, 2002, Hurricane Lili caused extensive damage to the City of Rayne's electrical distribution system and other assets. In addition, high winds uprooted trees and felled limbs within the City, requiring a tremendous effort of the public works department to remove debris and reopen streets to allow access for emergency personnel and to enable electrical crews to begin the extreme clean up and repair work. As noted earlier, the City has recognized FEMA grant revenues of \$411,608 and expenditures of \$461,267 for the governmental activities portion of the Hurricane damages and reimbursement.

Business-Type Activities

The business-type activities of the City are those that the City charges a fee to customers to help it cover all or most of the cost of certain services it provides. The City's utility and sewer departments reported \$8,022,115 of operating revenues and \$7,881,399 of operating expenses. The operating expenses consist mainly of charges for electricity, sewer and water services. The operating expenses include the costs for generation, distribution, treatment and the overhead cost of providing utility and sewer services.

Financial Analysis of the Governmental Funds

As of the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$413,113, a decrease of \$337,029 from September 30, 2002. The main reasons for the decrease in fund balance is the use of cash for Hurricane Lili expenses not covered by FEMA, the increase in general insurance premiums, the increase in the cost of the City's share of the employee retirement and the transfer of equity from the refinancing of the bonds payable.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance related legal requirements.

Budgetary Highlights

General Fund - The general funds original budgeted amount for revenue was budgeted at a 4% increase over the prior year actual amount received, while the budgeted expenditures were at a 3% increase. The primary change from the general funds original budget to the amended budget was the grant funds and expenses associated with Hurricane Lili.

Sales Tax Fund - The sales taxes for the fiscal year were budgeted at approximately a 7% increase. The sales taxes received were approximately 7% more than the prior year. The revenues, expenditures and other sources (uses) were within budgeted amounts.

CITY OF RAYNE, LOUISIANA
Management's Discussion and Analysis
September 30, 2003

LCDBG – The LCDBG fund budgeted for the completion of the West Rayne Sewer Collection System Replacement. It was anticipated that the contract would be completed by year end. The project was not completed at year end, therefore it caused a negative budget variance of approximately 20% in the revenues and a positive budget variance of approximately 16%.

Series 2003 Debt Service Fund – In the Series 2003 debt service fund, the appropriation from the general fund exceeded the budget by 44%. This was due to an error in the budget appropriation as a result of the bond refinancing.

Capital Asset and Debt Administration

The City's investment in capital assets, net of accumulated depreciation, as of September 30, 2003 in its governmental activities is \$8,055,398 and in business-type activities is \$11,244,910 which totals \$19,300,308 for the City. This investment in capital assets includes land, buildings and systems, improvements, machinery and equipment, park facilities and infrastructure.

Major capital asset additions during the current fiscal year included the following:

- (4) Police units at a cost of \$39,468.
- (2) Trucks for the street department for \$21,929.
- Improvements to Kennedy Park totaling \$25,000 for which a grant was received.
- Kitchen equipment for the Civic Center at a total cost of \$7,095.
- Park improvements including lighting, canopies and windscreens totaling \$33,323.
- Truck for the permit department at a cost of \$9,929.
- Construction of Sewer Collection System replacement totaling \$835,914 for which grant proceeds were received.
- Construction in Progress of \$358,015 for RV Park improvements and construction of meeting rooms.
- Cooling towers for utility plant at \$54,000.
- Electric line improvement cost of \$16,762.
- Water line improvement cost of \$10,176.
- Ford Expedition at a cost of \$24,424.
- Meter reading equipment and color printer totaling \$21,578.
- Eatel phone equipment at \$8,848.
- Sewer line improvements of \$2,857,981 transferred from the general fixed assets account group.

CITY OF RAYNE, LOUISIANA
Management's Discussion and Analysis
September 30, 2003

Long-Term Debt

On January 13, 2003 the City of Rayne adopted a resolution for an ordinance in order to provide for the issuance of \$3,255,000 of Refunding Certificates of Indebtness, Series 2003 for the purpose of advance refunding the (1) \$130,000 of 1996 certificates, (2) \$180,000 of the 1995 Certificates and (3) \$2,905,000 of the 2000 certificates. The refunding and refinancing of these certificates was financially advantageous to the City and resulted in a lower effective interest rate. The net savings that resulted from the refunding is \$305,252.

Economic Factors and Next Year's Budget

Since sales tax is a primary revenue stream for the City of Rayne, it is subject to the changes in the economy. Sales tax revenues continued to show an upward trend this fiscal year, therefore a modest increase is projected. The City is also anticipating \$730,000 of economic development funds for improvements to the R.V. park and festival grounds. A special election was held January 2004 to determine the continuation of the 5-mill property tax for constructing, maintaining and operating playgrounds and recreation centers for the City. The proposition was carried by a majority of votes cast and the 5-mill property tax will remain in effect for 10 years ending with the year 2013.

Request for Information

This financial report is designed to provide a general overview of the City of Rayne's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information, contact the City's Clerk, Mr. Robert Hebert, P.O. Box 69, Rayne, LA 70578.

Basic Financial Statements

**Government - Wide
Financial Statements (GWFS)**

CITY OF RAYNE, LOUISIANA

STATEMENT OF NET ASSETS

September 30, 2003

	PRIMARY GOVERNMENT			COMPONENT	
	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL	UNITS	TOTAL
ASSETS					
Current Assets					
Cash and interest bearing deposits	\$ 708,110	\$ 370,092	\$ 1,078,202	\$ 90,899	\$ 1,169,101
Receivables	293,468	1,064,176	1,357,644	4,552	1,362,196
Internal balances	124,280	(124,280)	-	-	-
Prepaid items	-	1,093	1,093	-	1,093
Inventory	-	199,836	199,836	-	199,836
Total Current Assets	\$ 1,125,858	\$ 1,510,917	\$ 2,636,775	\$ 95,451	\$ 2,732,226
Noncurrent Assets					
Restricted assets	\$ -	\$ 790,861	\$ 790,861	\$ -	\$ 790,861
Capital assets (net)	8,084,802	11,244,910	19,329,712	-	19,329,712
Total Noncurrent Assets	\$ 8,084,802	\$ 12,035,771	\$ 20,120,573	\$ -	\$ 20,120,573
TOTAL ASSETS	\$ 9,210,660	\$ 13,546,688	\$ 22,757,348	\$ 95,451	\$ 22,852,799
LIABILITIES					
Current Liabilities					
Accounts, salaries, and other payments	\$ 358,496	\$ 629,248	\$ 987,744	\$ 34,984	\$ 1,022,728
Bonds payable	480,000	300,000	780,000	-	780,000
Due to other governments	21,118	-	21,118	-	21,118
Deferred revenues	3,312	-	3,312	-	3,312
Other current liabilities	81,020	8,917	89,937	-	89,937
Total Current Liabilities	\$ 943,946	\$ 938,165	\$ 1,882,111	\$ 34,984	\$ 1,917,095
Noncurrent Liabilities					
Customer deposits	\$ -	\$ 281,573	\$ 281,573	\$ -	\$ 281,573
Bonds payable	2,775,000	4,600,000	7,375,000	-	7,375,000
Total Noncurrent Liabilities	\$ 2,775,000	\$ 4,881,573	\$ 7,656,573	\$ -	\$ 7,656,573
TOTAL LIABILITIES	\$ 3,718,946	\$ 5,819,738	\$ 9,538,684	\$ 34,984	\$ 9,573,668
NET ASSETS					
Invested in capital assets, net of related debt	\$ 4,827,444	\$ 6,344,910	\$ 11,172,354	\$ -	\$ 11,172,354
Restricted for:					
Debt service	352,358	786,750	1,139,108	-	1,139,108
Unrestricted	311,912	595,323	907,235	60,467	967,702
TOTAL NET ASSETS	\$ 5,491,714	\$ 7,726,983	\$ 13,218,697	\$ 60,467	\$ 13,279,164

The accompanying notes are an integral part of this statement.

CITY OF RAYNE, LOUISIANA
STATEMENT OF ACTIVITIES
Year Ended September 30, 2003

	Program Revenues			Net (Expenses) Revenues and Changes of Primary Government			Component Units	Total
	Expenses	Operating		Governmental Activities	Business-type Activities	Total		
		Charges for Services	Grants and Contributions					
Functions/Programs								
Governmental Activities:								
General government	\$ 1,041,997	\$ 274,040	\$ 23,000	\$ (744,957)	\$ -	\$ (744,957)	\$ -	\$ (744,957)
Public safety	1,050,945	132,027	4,939	(913,979)	-	(913,979)	-	(913,979)
Public works	900,513	-	-	(900,513)	-	(900,513)	-	(900,513)
Public works - FEMA	461,267	-	411,608	(49,659)	-	(49,659)	-	(49,659)
Cultural and recreation	515,004	76,190	25,000	(413,814)	-	(413,814)	-	(413,814)
Community development	233,637	-	237,825	805,280	-	805,280	-	805,280
Payments to component units	-	-	-	-	-	-	-	-
Interest on long-term debt	151,917	-	-	(151,917)	-	(151,917)	-	(151,917)
Total government activities	\$ 4,355,280	\$ 482,257	\$ 702,372	\$ (2,369,559)	\$ -	\$ (2,369,559)	\$ -	\$ (2,369,559)
Business-type activities								
City water and lights	\$ 7,072,042	\$ 6,860,716	\$ 882,221	\$ -	\$ 670,895	\$ 670,895	\$ -	\$ 670,895
Sewerage	815,373	777,298	-	-	(38,075)	(38,075)	-	(38,075)
Total Business-type activities	\$ 7,887,415	\$ 7,638,014	\$ 882,221	\$ -	\$ 632,820	\$ 632,820	\$ -	\$ 632,820
Total Primary Government	\$ 12,242,695	\$ 8,120,271	\$ 1,584,593	\$ (2,369,559)	\$ 632,820	\$ (1,736,739)	\$ -	\$ (1,736,739)
Component units:								
City Court	\$ 111,388	\$ 114,468	\$ -	\$ -	\$ -	\$ -	\$ 3,080	\$ 3,080
City Marshal	13,925	11,882	-	-	-	-	(2,043)	(2,043)
Total component units	\$ 125,313	\$ 126,350	\$ -	\$ -	\$ -	\$ -	\$ 1,037	\$ 1,037
General Revenues and Transfers:								
Property taxes levied for general purpose	\$ -	\$ -	\$ -	\$ 136,949	\$ -	\$ 136,949	\$ -	\$ 136,949
Property taxes levied for youth recreation	-	-	-	97,819	-	97,819	-	97,819
Sales taxes levied for general purposes	-	-	-	1,483,354	-	1,483,354	-	1,483,354
Franchise taxes	-	-	-	126,175	-	126,175	-	126,175
Insurance claims	-	-	-	-	223,398	223,398	-	223,398
Gaming revenues	-	-	-	208,932	-	208,932	-	208,932
Grants and contributions not restricted to specific programs	-	-	-	56,629	-	56,629	-	56,629
Investment earnings	-	-	-	12,729	26,765	39,494	-	39,494
Other general revenues	-	-	-	58,512	421,362	479,874	-	479,874
Transfers	-	-	-	1,096,139	(1,096,139)	-	-	-
Total General Revenues and Transfers	\$ 3,277,238	\$ (424,614)	\$ 2,852,624	\$ 2,852,624	\$ -	\$ 2,852,624	\$ -	\$ 2,852,624
Change in Net Assets								
Net assets-beginning								
Net assets-ending								
Change in Net Assets				907,679	208,206	1,115,885	1,037	1,116,922
Net assets-beginning				4,584,035	7,518,777	12,102,812	59,430	12,162,242
Net assets-ending				\$ 5,491,714	\$ 7,726,983	\$ 13,218,697	\$ 60,467	\$ 13,279,164

The accompanying notes are an integral part of this statement.

Fund Financial Statements (FFS)

Major Fund Descriptions

General Fund

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

Sales Tax Fund

To account for the collection and disbursement of the City's two percent (2%) sales and use tax.

LCDBG Fund

To account for grant funds received from the State of Louisiana for the West Rayne Sewer Collection System Replacement.

City, Water and Light Plant Fund (Utility Fund)

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

Sewer Fund

To account for the provision of wastewater treatment services to the residents of the City and some residents of the Parish. All activities necessary to provide such services are accounted for in this fund, including, but not limited to, administrative maintenance, financing and related debt service, and billing and collection.

CITY OF RAYNE, LOUISIANA

BALANCE SHEET
September 30, 2003

	GENERAL FUND	SALES TAX FUNDS	LCDBG FUNDS	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
ASSETS					
Cash and cash equivalents	\$ 118,466	\$ 104,493	\$ -	\$ 85,438	\$ 308,397
Investments	-	-	-	408,948	408,948
Due from other funds	170,357	-	-	-	170,357
Other Receivables	39,430	-	209,025	45,013	293,468
TOTAL ASSETS	\$ 328,253	\$ 104,493	\$ 209,025	\$ 539,399	\$ 1,181,170
LIABILITIES & FUND BALANCES					
Liabilities					
Accounts Payable	\$ 133,666	\$ 7	\$ 209,025	\$ 2,450	\$ 345,148
Accrued liabilities	54,720	689	-	1,162	56,571
Due to other funds	4,385	-	-	-	4,385
Due to other governments	-	-	-	21,118	21,118
Deferred revenues	1,932	-	-	1,380	3,312
Other liabilities	46,198	-	34,822	-	81,020
TOTAL LIABILITIES	\$ 240,901	\$ 696	\$ 243,847	\$ 26,110	\$ 511,554
Fund Balance					
Reserved for debt service	\$ -	\$ -	\$ -	\$ 352,358	\$ 352,358
Unreserved	87,352	103,797	(34,822)	160,931	317,258
TOTAL FUND BALANCE	\$ 87,352	\$ 103,797	\$ (34,822)	\$ 513,289	\$ 669,616
TOTAL LIABILITIES AND FUND BALANCES	\$ 328,253	\$ 104,493	\$ 209,025	\$ 539,399	\$ 1,181,170

The accompanying notes are an integral part of this statement.

CITY OF RAYNE, LOUISIANA

Reconciliation of The Governmental Funds Balance Sheet
to the Government-Wide Financial Statement of Net Assets
SEPTEMBER 30, 2003

Total Fund Balances for governmental funds at September 30, 2003		\$	669,616
Capital assets used in governmental activities that are not financial resources and, therefore, are not reported in the governmental funds. Those assets consist of:			
Construction in Progress	\$	835,914	
Buildings, net of \$911,096 accumulated depreciation		716,399	
Improvements other than Buildings, net of \$517,539 accumulated depreciation		280,540	
Vehicles, net of \$446,179 accumulated depreciation		186,336	
Equipment, net of \$425,369 accumulated depreciation		229,874	
Infrastructure, net of \$1,641,937 accumulated depreciation		<u>5,835,739</u>	
			8,084,802
Long-term liabilities including bonds payable are not due and payable in the current period and, therefore, are not reported in the governmental funds.			
Bonds, notes, and loans payable	\$	(3,255,000)	
Accrued interest payable		<u>(7,704)</u>	
			<u>(3,262,704)</u>
Net Assets of Governmental Activities at September 30, 2003		\$	<u><u>5,491,714</u></u>

The accompanying notes are an integral part of this statement.

CITY OF RAYNE, LOUISIANA

STATEMENT OF REVENUES EXPENDITURES, AND
CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Year Ended September 30, 2003

	GENERAL FUND	SALES TAX FUNDS	LCDBG FUNDS	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
REVENUES					
Taxes					
Ad valorem	\$ 136,947	\$ -	\$ -	\$ 97,819	\$ 234,766
Sales and use	-	1,483,354	-	-	1,483,354
Other taxes	126,175	-	-	-	126,175
Licenses and permits	274,040	-	-	-	274,040
Intergovernmental revenues	353,789	-	801,092	237,825	1,392,706
Federal grants					
FEMA	411,608	-	-	-	411,608
State funds:					
Grant	29,939	-	-	-	29,939
Charges for services	40,310	-	-	35,880	76,190
Fines and forfeitures	66,799	-	-	-	66,799
Investment earnings	1,156	2,871	-	8,702	12,729
Other revenues	42,831	2,071	-	270,113	315,015
Total Revenues	\$ 1,483,594	\$ 1,488,296	\$ 801,092	\$ 650,339	\$ 4,423,321
EXPENDITURES					
General government	\$ 961,527	\$ 54,769	\$ -	\$ 1,211	\$ 1,017,507
Public safety	1,057,743	-	-	-	1,057,743
Public works	715,543	-	-	-	715,543
Public works - Hurricane	461,267	-	-	-	461,267
Cultural and recreation	401,742	-	-	121,128	522,870
Urban Redevelopment and housing	-	-	835,914	231,567	1,067,481
Debt service	-	-	-	-	-
Principle Retirement	-	-	-	695,000	695,000
Interest and fiscal charges	-	-	-	151,917	151,917
Total Expenditures	\$ 3,597,822	\$ 54,769	\$ 835,914	\$ 1,200,823	\$ 5,689,328
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ (2,114,228)	\$ 1,433,527	\$ (34,822)	\$ (550,484)	\$ (1,266,007)
OTHER FINANCING SOURCES (USES)					
Proceeds from Issuance of debt	\$ -	\$ -	\$ -	\$ 3,255,000	\$ 3,255,000
Transfers in	2,300,000	-	-	526,413	2,826,413
Transfers out	(230,497)	(1,395,916)	-	(103,860)	(1,730,273)
Payment to refunded debt	-	-	-	-	-
Service agent	-	-	-	(3,220,035)	(3,220,035)
Total Other Financing Sources and Uses	\$ 2,069,503	\$ (1,395,916)	\$ -	\$ 457,518	\$ 1,131,105
Net Change in Fund Balance	\$ (44,725)	\$ 37,611	\$ (34,822)	\$ (92,966)	\$ (134,902)
Fund balances - beginning	132,077	66,186	-	606,255	804,518
Fund balances - ending	\$ 87,352	\$ 103,797	\$ (34,822)	\$ 513,289	\$ 669,616

The accompanying notes are an integral part of this statement.

CITY OF RAYNE, LOUISIANA

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

For the Year Ended September 30, 2003

Total net changes in fund balances at September 30, 2003 for statement of revenues, expenditures and changes in fund balances		\$ (134,902)
Governmental funds report capital outlays 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 charges in fund balances.	\$ 982,294	
Depreciation expense for the period ended September 30, 2003	<u>(343,245)</u>	639,049
Revenue in the statement of activities that does not provide current resources are not reported as revenues in the funds.		(256,503)
Governmental funds report bonded debt repayments as expenditures. However, this expenditure does not appear in the statement of activities since the payment is applied against the bond payable balance on the statement of net assets.		3,915,035
Proceeds from issuance of general obligation debt		<u>(3,255,000)</u>
Total changes in net assets at September 30, 2003 for statement of activities		<u>\$ 907,679</u>

The accompanying notes are an integral part of this statement.

CITY OF RAYNE, LOUISIANA

STATEMENT OF NET ASSETS
 PROPRIETARY FUND
 September 30, 2003

	BUSINESS-TYPE ACTIVITIES		Total	
	Enterprise Funds		(Memorandum Only)	
	UTILITY FUND	SEWER FUNDS	2003	2002
ASSETS				
Current Assets				
Cash and cash equivalents	\$ 196,453	\$ -	\$ 196,453	\$ 311,971
Investments	-	173,639	173,639	326,684
Receivables (net of allowances for uncollectables)	958,305	105,871	1,064,176	951,803
Due from other funds	4,607	-	4,607	2,071
Inventory	198,008	1,861	199,869	171,541
Prepaid items	1,093	-	1,093	-
Other Assets	-	41,692	41,692	51,896
Total Current Assets	\$ 1,358,466	\$ 323,063	\$ 1,681,529	\$ 1,815,966
Non-Current Assets				
Restricted Assets				
Cash	\$ 3,824	\$ -	\$ 3,824	\$ 8
Customer Deposits	281,860	-	281,860	286,322
Investments at cost	-	430,177	430,177	430,177
Bond Reserve account	-	75,000	75,000	75,000
Capital Assets net of accumulated depreciation	4,314,238	6,930,672	11,244,910	10,509,918
Total Non-Current Assets	\$ 4,599,922	\$ 7,435,849	\$ 12,035,771	\$ 11,301,425
TOTAL ASSETS	\$ 5,958,388	\$ 7,758,912	\$ 13,717,300	\$ 13,117,390
LIABILITIES				
Current Liabilities				
Accounts Payable	\$ 522,334	\$ 55,651	\$ 577,985	\$ 479,953
Accrued liabilities	40,915	10,348	51,263	70,963
Due to other funds	50,357	120,222	170,579	-
Other liabilities	8,917	-	8,917	26,962
Payable from restricted assets				
Customer Deposits	281,573	-	281,573	282,757
Revenue Bonds	-	300,000	300,000	355,000
Total Current Liabilities	\$ 904,096	\$ 486,221	\$ 1,390,317	\$ 1,215,635
Non Current Liabilities				
General obligation bonds	\$ -	\$ -	\$ -	\$ 361,503
Revenue bonds	-	-	-	4,880,000
Total Non-Current Liabilities	\$ -	\$ -	\$ -	\$ 5,241,503
TOTAL LIABILITIES	\$ 904,096	\$ 486,221	\$ 1,390,317	\$ 6,457,138
NET ASSETS				
Invested in capital assets , net of related debt	\$ 4,314,238	\$ 2,030,672	\$ 6,344,910	\$ 4,913,415
Restricted for debt service	-	505,177	505,177	505,177
Restricted for customer deposits	281,573	-	281,573	286,330
Unrestricted	458,481	136,842	595,323	955,330
TOTAL NET ASSETS	\$ 5,054,292	\$ 2,672,691	\$ 7,726,983	\$ 6,660,252

The accompanying notes are an integral part of this statement.

CITY OF RAYNE, LOUISIANA
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS
PROPRIETARY FUNDS
For the Year Ended September 30, 2003

	BUSINESS-TYPE ACTIVITIES		Total	
	Enterprise Funds		(Memorandum Only)	
	UTILITY FUND	SEWER FUNDS	2003	2002
Operating Revenues				
Charges for services:				
Electricity sales	\$ 6,467,394	\$ -	\$ 6,467,394	\$ 5,688,676
Sewer charges	-	777,298	777,298	771,108
Water sales	393,322	-	393,322	388,347
Other Services	384,101	-	384,101	350,161
Total Operating Revenues	\$ 7,244,817	\$ 777,298	\$ 8,022,115	\$ 7,198,292
Operating Expenses				
Electric Generating expense	\$ 4,340,400	\$ -	\$ 4,340,400	\$ 3,498,596
Electric Distribution expense	364,931	-	364,931	262,758
Water Department expense	312,245	-	312,245	281,621
Water Treatment Plant expense	132,765	-	132,765	140,918
Overhead expense	1,241,977	-	1,241,977	1,139,965
Warehouse expense	39,652	-	39,652	36,098
Sewer Department expense	-	645,427	645,427	523,259
Hurricane Lili expense	634,056	14,510	648,566	-
Total Operating Expenses	\$ 7,066,026	\$ 659,937	\$ 7,725,963	\$ 5,883,215
Operating Income	\$ 178,791	\$ 117,361	\$ 296,152	\$ 1,315,077
Nonoperating Revenues (Expenses)				
Intergovernmental				
FEMA	\$ 553,267	\$ -	\$ 553,267	\$ -
State	328,954	-	328,954	-
Interest earnings	10,903	15,862	26,765	54,031
Interest expense	(6,016)	(155,436)	(161,452)	(182,917)
Insurance claims	217,826	5,572	223,398	5,958
Miscellaneous	10,764	26,497	37,261	17,898
Total Nonoperating Revenues (Expenses)	\$ 1,115,698	\$ (107,505)	\$ 1,008,193	\$ (105,030)
Income Before Contributions and Transfers	\$ 1,294,489	\$ 9,856	\$ 1,304,345	\$ 1,210,047
Capital Contributions	\$ -	\$ 858,525	\$ 858,525	\$ -
Transfers In	99,692	10,000	109,692	-
Transfers Out	(1,210,000)	-	(1,210,000)	(1,200,000)
Total transfers Cost	\$ (1,110,308)	\$ 868,525	\$ (241,783)	\$ (1,200,000)
Change in Net Assets	\$ 184,181	\$ 878,381	\$ 1,062,562	\$ 10,047
Transfer of equity	4,169	-	4,169	-
Total Net Assets - Beginning	4,865,942	1,794,310	6,660,252	6,626,880
Prior Period Adjustment	-	-	-	23,325
Total Net Assets - Ending	\$ 5,054,292	\$ 2,672,691	\$ 7,726,983	\$ 6,660,252

The accompanying notes are an integral part of this statement.

CITY OF RAYNE, LOUISIANA

STATEMENT OF CASH FLOWS
 PROPRIETARY FUNDS
 Year Ended September 30, 2003

	Business-Type Activities Enterprise Funds		Total (Memorandum Only)	
	UTILITY	SANITATION	2003	2002
Cash flows from operating activities:				
Cash received from customers	\$ 6,841,297	\$ 753,966	\$ 7,595,263	\$ 6,896,938
Cash payment to suppliers for goods and services	(5,793,888)	(186,913)	(5,980,801)	(4,338,160)
Cash payments to employees for services	(812,364)	(163,249)	(975,613)	(902,903)
Other operating revenues	251,017	-	251,017	236,162
Net cash provided by operating activities	<u>\$ 486,062</u>	<u>\$ 403,804</u>	<u>\$ 889,866</u>	<u>\$ 1,892,037</u>
Cash flows from non-capital financing activities:				
Operating transfers-out to other funds	\$ (1,210,000)	\$ -	\$ (1,210,000)	\$ (1,200,000)
Operating transfers-in from other funds	99,692	10,000	109,692	-
Other non-operating revenue	228,590	32,069	260,659	23,856
Grants	882,221	-	882,221	-
Amounts (to) from other funds	4,169	-	4,169	-
Net receipts (payments) of customers' deposits	(1,184)	-	(1,184)	(3,046)
Net cash used for non-capital financing activities	<u>\$ 3,488</u>	<u>\$ 42,069</u>	<u>\$ 45,557</u>	<u>\$ (1,179,190)</u>
Cash flows from capital and related financing activities:				
Certificate of Indebtedness principal paid	\$ (181,503)	\$ (60,000)	\$ (241,503)	\$ (123,400)
Bond proceeds	-	-	-	-
Acquisition and construction of capital assets	(500,381)	(3,294)	(503,675)	(360,729)
Principal paid on revenue bonds	-	(280,000)	(280,000)	(290,000)
Interest paid on revenue bonds	6,016	(155,736)	(149,720)	(182,917)
Net cash used for capital and related financing activities	<u>\$ (675,868)</u>	<u>\$ (498,730)</u>	<u>\$ (1,174,598)</u>	<u>\$ (957,046)</u>

The accompanying notes are an integral part of this statement.

CITY OF RAYNE, LOUISIANA

STATEMENT OF CASH FLOWS
 PROPRIETARY FUNDS
 Year Ended September 30, 2003

	Business-Type Activities		Total	
	Enterprise Funds		(Memorandum Only)	
	UTILITY	SANITATION	2003	2002
Cash flows from investing activities				
Net Investment Activity	\$ 65,195	\$ 27,986	\$ 93,181	\$ (5,097)
Interest on investments	10,093	15,862	25,955	54,031
Net cash provided (used) by investing activities	\$ 75,288	\$ 43,848	\$ 119,136	\$ 48,934
Net increase (decrease) in cash	\$ (111,030)	\$ (9,009)	\$ (120,039)	\$ (195,265)
Cash, beginning of year	307,483	4,496	311,979	507,244
Cash, end of year	\$ 196,453	\$ (4,513)	\$ 191,940	\$ 311,979
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:				
Operating income	\$ 178,791	\$ (38,075)	\$ 140,716	\$ 1,315,077
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation	\$ 327,701	\$ 299,506	\$ 627,207	\$ 574,724
Interest on bonds	-	155,436	155,436	-
Net provision for uncollectible accounts	55,189	8,273	63,462	-
Changes in assets and liabilities:				
Decrease (Increase) in receivables	(152,503)	(23,332)	(175,835)	(65,192)
Decrease (Increase) in inventory	(26,468)	(1,861)	(28,329)	6,861
Decrease (Increase) in prepaid expenses	(1,093)	-	(1,093)	6,194
Decrease (Increase) in other assets	(2,536)	-	(2,536)	-
(Decrease) Increase in accounts payable	88,712	9,320	98,032	47,844
(Decrease) Increase in sales tax payable	(17,851)	(5,463)	(23,314)	927
(Decrease) Increase in other payables	36,120	-	36,120	5,602
Total adjustments	\$ 307,271	\$ 441,879	\$ 749,150	\$ 576,960
Net cash provided by operating activities	\$ 486,062	\$ 403,804	\$ 889,866	\$ 1,892,037

The accompanying notes are an integral part of this statement.

CITY OF RAYNE, LOUISIANA

Notes to the Basic Financial Statements

Note 1. Summary of Significant Accounting Policies

The accompanying financial statements of the City of Rayne, Louisiana have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. GAAP includes all relevant Governmental Accounting Standards 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 on or before November 30, 1989, have been applied unless those pronouncements conflict with or contradict GASB pronouncements, in which case, GASB prevails. The accounting and reporting framework and the more significant accounting policies are discussed in subsequent subsections of this note.

A. Financial Reporting Entity

The City of Rayne was incorporated on May 2, 1883, under the provisions of the Lawrason Act. The City operates under a Mayor-Board of Alderman form of government and provides the following services as authorized by its charter: public safety (police and fire), highways and streets, sanitation, health and social services, culture-recreation, public improvements, planning and zoning, and general administrative services.

As the municipal governing authority for financial reporting purposes, the City of Rayne is considered a separate financial reporting entity. The financial reporting entity consists of (a) the primary government (municipality), (b) organizations for which the primary government is financially accountable, and (c) other organizations for which nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

Governmental Accounting Standards Board (GASB) Statement No. 14 established criteria for determining which component units should be considered part of the City of Rayne for financial reporting purposes. The basic criteria for including a potential component unit within the reporting entity is financial accountability. The GASB has set forth criteria to be considered in determining financial accountability. This criteria includes:

1. Appointing a voting majority for an organization's governing body, and
 - a. The ability of the municipality 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 municipality.
2. Organizations for which the municipality does not appoint a voting majority but are fiscally dependent on the municipality.
3. Organizations for which the reporting entity's financial statements would be misleading if data of the organization is not included because of the nature of significance of the relationship.

As required by generally accepted accounting principles, these financial statements present the City of Rayne (the primary government) and its component units. The component units included in the accompanying financial statements are discretely presented.

CITY OF RAYNE, LOUISIANA

Notes to the Basic Financial Statements

Discretely Presented Component Units

Component units that are legally separate from the municipality but are financially accountable to the municipality, or whose relationship with the municipality are such that exclusion would cause the municipality's financial statements to be *misleading or incomplete* are discretely presented. The Component Units column of the combined financial statements includes the financial data of these discretely presented component units. They are reported in a separate column to emphasize that they are legally separate from the municipality.

The following component units are discretely presented in the accompanying financial statements:

1. Rayne City Court is fiscally dependent on the City for office space and courtrooms. The city also has authority over its budget. The Rayne City Court's fiscal year end is September 30, 2002. A copy of the Rayne City Court's audit can be obtained by sending a request to Rayne City Court, Post Office Box 61, Rayne, LA 70578.
2. Rayne Marshal's Fund is fiscally dependent on the City for office space. The Marshal's Fund year end is September 30, 2003 and a copy of the report can be obtained by sending a request to Rayne Marshal's Fund, Post Office Box 61, Rayne, LA 70578.

The City of Rayne Housing Authority was chartered by the City and is a related organization since the Mayor appoints a voting majority of the Housing Authority's governing board. The City of Rayne is not financially accountable for the Housing Authority, it cannot impose its will on the Housing Authority, and there is no potential for the Housing Authority to provide financial benefit or impose financial burdens on the City of Rayne. Therefore, the Housing Authority is not reported as a component unit of the City of Rayne. In prior years, the Housing Authority was included as a component unit in error and has since been corrected.

B. Basis of Presentation

Government-Wide Financial Statements (GWFS)

The government-wide financial statements, the statement of net assets and the statement of changes in net assets, report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. The statements distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services. The primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

The statement of activities presents a comparison between direct expenses and program revenues for the business-type activities of the City and for each function of the City's governmental activities. Direct expenses are those that are specifically associated with a program or function. Program revenues include (1) fees, fines, and charges paid by the recipients of goods or services offered by the programs, and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

CITY OF RAYNE, LOUISIANA

Notes to the Basic Financial Statements

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

Fund Financial Statements (FFS)

The accounts of the City of Rayne are organized and operated on the basis of funds. A fund is an independent fiscal and accounting entity with a separate set of self-balancing accounts. 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 -

Sales Tax Fund

To account for the collection and disbursement of the City's two percent (2%) sales and use tax.

LCDBG Fund

To account for the grant received from the State of Louisiana for the purpose of the West Rayne sewer collection system replacement.

CITY OF RAYNE, LOUISIANA

Notes to the Basic Financial Statements

Proprietary Funds

Enterprise Fund

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

C. Measurement Focus/Basis of Accounting

Measurement Focus

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet in the funds statements. Long-term assets and long-term liabilities are included in the government-wide statements. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in the net current assets.

On the government-wide statements of net assets and statements of activities, both the governmental and business type activities are presented using the economic resources measurement focus. With this measurement focus, all assets and liabilities associated with the operation of these activities are included on the balance sheet. Proprietary fund-type operating statements present increases (e.g., revenues) and decreases (e.g., expenses) in net total assets.

Basis of Accounting

The statements of net assets, statements of activities, and financial statements of the proprietary funds are presented on the accrual basis of accounting. Under this method of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred without regard to receipt or disbursement of cash. Revenues, expenses, gains, losses, assets and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when they become 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 when payment is due.

D. Assets, Liabilities and Equity

Cash and Interest bearing deposits

The City of Rayne's cash and cash equivalents consist of cash on hand and amounts in demand deposit accounts and interest bearing demand deposits. Investments consist of passbook savings accounts, and certificates of deposit of the City.

CITY OF RAYNE, LOUISIANA

Notes to the Basic Financial Statements

Interfund receivables and payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). Interfund receivables and payables between funds within governmental activities are eliminated in the statement of net assets. Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances".

Receivables

In the government wide statements, receivables consist of revenues earned but not yet received at year end. For governmental activities the major receivable balances at year end are receivables from governmental units. Business type activities report customer's utility and sewer service receivables as the major receivables. Uncollectible amounts due for customers' utility receivables are recognized as bad debts at the time information becomes available which would indicate the uncollectibility of the particular receivable. The allowance for uncollectibles for customers' utility and sewer receivables was \$ 211,513 and \$ 148,051 at September 30, 2003 and 2002, respectively.

Inventory and Prepaid Items

Inventories in the proprietary fund are valued at cost, which approximates market using the first-in/first-out (FIFO) method. The costs of governmental fund type inventories are recorded as expenditures when purchased rather than when consumed. Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

Restricted Assets

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

Capital Assets

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

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

Depreciation of all exhaustible capital assets is recorded as an allocated expense in the statement of activities, with accumulated depreciation reflected in the statement of net 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	5-20 years
Utility System & Improvements	20-40 years
Infrastructure	20-40 years

CITY OF RAYNE, LOUISIANA

Notes to the Basic Financial Statements

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

Long-term debt

In the government-wide statements, all long-term debt is reported as liabilities and is repaid from governmental and business-type resources. The long-term debt consists mainly of general obligation bonds, revenue bonds, and utility meter deposits.

In the fund financial statements, the long-term debt for governmental funds is not reported as liabilities. The debt proceeds are reported as other financing sources and payment of principal and interest is 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

City employees are entitled to certain compensated absences based upon their length of service. Annual leave shall be earned by regular employees based on continuous service as indicated by the following:

- a. Less than seven months, no credit.
- b. Seven months but less than twelve months, ½ day per month.
- c. One year but less than seven years, twelve days per year.
- d. Seven years but less than fourteen years, fifteen days per year.
- e. Fourteen years or more of service, eighteen days per year.

No annual leave shall be earned while an employee is on leave of absence without pay or during a period of suspension. The maximum amount of annual leave that is allowed to be carried forward is one year's earned leave plus one-third of earned annual leave.

Sick leave is accumulated based on continuous employment in the amount of one day per month beginning with the seventh month of employment. Upon termination, employees are paid for all annual leave. Sick leave is forfeited upon termination of employment. A retiring employee, at his election, may use accrued sick leave towards extension of his retirement date.

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 place on the use by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.

CITY OF RAYNE, LOUISIANA

Notes to the Basic Financial Statements

- c. Unrestricted net assets – All other net assets that do not meet the definition of “restricted” or “invested in capital assets, net of related debt.”

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

E. Revenues, Expenditures, and Expenses

Operating Revenues and Expenses

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

Expenditures/Expenses

In the government-wide financial statements, expenses are classified by function for both governmental and business-type activities. In the fund financial statements, the governmental funds expenditures are classified by function and the proprietary fund expenditures are classified by operating and nonoperating.

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

Interfund Transfers

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

F. Budget and Budgetary Accounting

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

1. Prior to September 1, the City Clerk prepares a proposed budget and submits this budget to the Mayor and the Board of Aldermen no later than 15 days prior to the beginning of each fiscal year. The proposed budget for the year ended September 30, 2003 was submitted to the City Council on August 12, 2002.
2. A summary of the proposed budget is published and the public is notified that the proposed budget is available for inspection. At the same time, a public hearing is called. A public hearing is held on the proposed budget at least ten days after publication of the call for the hearing.
3. After the holding of 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. The proposed budget for the year ended September 30, 2003 was adopted as Ordinance No. 978 on September 9, 2002.

CITY OF RAYNE, LOUISIANA

Notes to the Basic Financial Statements

4. Budgetary amendments involving the transfer 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 Board of Aldermen. The budget for the year ended September 30, 2003 was amended on September 8, 2003 by the adoption of Ordinance No. 993.
5. All budgetary appropriations lapse at the end of each fiscal year.
6. Budgets for all funds are adopted on a basis consistent with generally accepted accounting principles (GAAP). Budgeted amounts are as originally adopted or as amended by the Board of Aldermen.

G. Use of Estimates

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

Note 2. Changes in Accounting Principles

For the year ended September 30, 2003, the City of Rayne has implemented GASB Statement No. 34, Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments. GASB Statement No. 34 creates new basic financial statements for reporting on the City’s financial activities. The financial statements now include government-wide financial statements prepared on the accrual basis of accounting, and fund financial statements which present information for individual major funds rather than by fund type which has been the mode of presentation in previously issued financial statements. The City also implemented GASB Statement No. 33, Accounting and Financial Reporting for Non-exchange transactions, No. 37, Basic Financial Statements – And Management’s Discussion and Analysis – For State and Local Governments: Omnibus, No. 38, Certain Financial Statement Note Disclosures, and Interpretation No. 6, Recognition and Measurement of Certain Liabilities and Expenditures in Governmental Fund Financial Statements. At September 30, 2002, there was no effect on fund balance as a result of implementation of GASB Statement No. 33.

The implementation of GASB Statement No. 34 caused the opening fund balance at September 30, 2003 to be restated in terms of “net assets” as follows:

Total fund balances – Governmental Funds at September 30, 2002		\$ 804,947
Add: Cost of capital assets at September 30, 2002	\$ 11,044,496	
Less: Accumulated Depreciation at September 30, 2002	<u>(3,598,873)</u>	7,445,623
Less: Bond Principal at September 30, 2002		(3,653,475)
Accrued interest payable		<u>(13,060)</u>
Net Assets At September 30, 2002		<u>\$ 4,584,035</u>

CITY OF RAYNE, LOUISIANA

Notes to the Basic Financial Statements

Note 3. 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 the state banks organized under Louisiana law and national banks having principal offices in Louisiana. At September 30, 2003, the City had cash and interest-bearing deposits (book balances) as follows:

Demand Deposits and Interest Bearing	
Demand Deposits	\$ 718,296
Passbook savings, Money	
Market accounts and	
Time Deposits	1,369,642
Total Bank Balances	<u>\$ 2,087,938</u>
Securities pledged and held	
by the custodial bank in the	
name of the City	\$ 5,166,494
FDIC Insurance	300,000
Total Pledged Securities and FDIC Insurance	<u>\$ 5,466,494</u>
Excess of pledged securities and FDIC Insurance	
over cash and cash equivalents	<u>\$ 3,378,556</u>

These deposits are stated at cost, which approximates market. Under state law, these deposits (or 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. 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.

At September 30, 2003 the carrying amount of the City's deposits was \$ 1,858,812 and the bank balance was \$ 2,087,937. The deposits are secured from risk by \$ 300,000 of federal deposit insurance and \$ 5,166,494 of pledged securities held in the name of the fiscal agent bank.

Note 4 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 on October 1 and payable on December 31. 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 Acadia Parish. City property taxes are budgeted in the year billed.

For the year ended September 30, 2003, taxes of 12 mills were levied on property with assessed valuations totaling \$19,680,900 and were dedicated as follows:

General corporate purposes	7.00 mills
Youth recreation	5.00 mills

Total taxes levied were \$234,766 and there were no taxes receivable at September 30, 2003.

CITY OF RAYNE, LOUISIANA

Notes to the Basic Financial Statements

Note 5 Receivables

Receivables at September 30, 2003 of \$1,282,658 consist of the following:

	General Fund	LCDBG	Enterprise Fund	Total
Accounts	\$ -	\$ -	\$ 1,275,689	\$ 1,275,689
Allowance for uncollectible amounts	-	-	(211,513)	(211,513)
Franchise tax	9,457	-	-	9,457
Grant funds	-	209,025	-	209,025
Totals	<u>\$ 9,457</u>	<u>\$ 209,025</u>	<u>\$ 1,064,176</u>	<u>\$ 1,282,658</u>

Note 6 Due from Other Governmental Units

Amounts due from governmental units at September 30, 2003 consisted of the following:

General Fund:

Amount due from the State of Louisiana for beer tax revenues earned during fiscal year ending September 30, 2003	\$ 4,907
Amount due from the State of Louisiana for video poker revenues earned during fiscal year ending September 30, 2003	13,350
Amount due from Acadia Parish Sheriff's Department for reimbursements prisoner care	<u>11,697</u>
Total due from other governmental units	<u>\$ 29,954</u>

Note 7 Restricted Assets – Proprietary Fund Type

Restricted assets consisted of the following at September 30, 2003:

Revenue bond reserve account	\$ 430,177
Revenue contingency account	75,000
Customers' deposits	<u>285,684</u>
Total restricted assets	<u>\$ 790,861</u>

CITY OF RAYNE, LOUISIANA

Notes to the Basic Financial Statements

Note 8

Capital Assets

Capital asset activity for the year ended September 30, 2003 was as follows:

	Balance 10/01/02	Additions	Deletions	Balance 09/30/03
Governmental activities:				
Capital assets not being depreciated:				
Construction in Progress	\$ -	\$ 835,914	\$ -	\$ 835,914
Other capital assets:				
Buildings	1,627,495	-	-	1,627,495
Improvement other than buildings	742,562	55,516	-	798,078
Infrastructure	8,336,201	-	858,525	7,477,676
Equipment, furniture and fixtures	634,434	20,809	-	655,243
Vehicles	562,329	70,186	-	632,515
Totals	<u>\$ 11,903,021</u>	<u>\$ 982,425</u>	<u>\$ 858,525</u>	<u>\$ 12,026,921</u>
Less accumulated depreciation				
Buildings	\$ 872,142	\$ 38,954	\$ -	\$ 911,096
Improvements other than buildings	498,988	18,551	-	517,539
Infrastructure	1,445,374	196,563	-	1,641,937
Equipment, furniture and fixtures	386,930	38,438	-	425,368
Vehicles	395,439	50,740	-	446,179
Total accumulated depreciation	<u>\$ 3,598,873</u>	<u>\$ 343,246</u>	<u>\$ -</u>	<u>\$ 3,942,119</u>
Governmental activities, Capital assets, net	<u>\$ 8,304,148</u>	<u>\$ 639,179</u>	<u>\$ 858,525</u>	<u>\$ 8,084,802</u>

CITY OF RAYNE, LOUISIANA

Notes to the Basic Financial Statements

Note 8

Capital Assets (Continued)

	Balance 10/01/02	Additions	Deletions	Balance 09/30/03
Business-Type activities:				
Capital assets not being depreciated:				
Land – CW&L	\$ 53,470	\$ -	\$ -	\$ 53,470
Land – Sewer	500,000	-	-	500,000
Construction in progress	11,700	346,315	-	358,015
Other capital assets:				
Buildings – CW&L	\$ 1,433,647	\$ 8,895	\$ -	\$ 1,442,542
Electric System & Imp	4,241,585	16,763	-	4,258,348
Idle Plant facility	3,286,151	-	-	3,286,151
Water System & Imp	2,600,562	65,555	-	2,666,117
Machinery & Equip – CW & L	1,654,724	62,854	-	1,717,578
Sewer System	6,638,283	861,819	-	7,500,102
Machinery & Equip - Sewer	194,263	-	-	194,263
Totals	<u>\$ 20,614,385</u>	<u>\$ 1,362,201</u>	<u>\$ -</u>	<u>\$ 21,976,586</u>
Less accumulated depreciation				
Building – CW&L	\$ 395,608	\$ 36,446	\$ -	\$ 432,054
Electric System & Imp	2,890,165	91,597	-	2,981,762
Idle Plant facility	2,989,763	40,185	-	3,029,948
Water System & Imp	1,653,169	68,960	-	1,722,129
Machinery & Equip – CW & L	1,211,575	90,514	-	1,302,089
Sewer System	870,132	276,442	-	1,146,574
Machinery & Equip - Sewer	94,057	23,064	-	117,121
	<u>\$ 10,104,469</u>	<u>\$ 627,208</u>	<u>\$ -</u>	<u>\$ 10,731,677</u>
Business-type activities,				
Capital assets, net	<u>\$ 10,509,916</u>	<u>\$ 734,993</u>	<u>\$ -</u>	<u>\$ 11,244,910</u>

Sewer Improvements were transferred from the general fixed assets account group to the Sewer Fund at \$858,525.

Depreciation expense was charged to governmental activities as follows:

General Government	\$ 29,288
Public Safety	41,459
Public Water	209,263
Cultural & recreation	61,166
Community development	2,070
Total depreciation expense	<u>\$ 343,246</u>

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

Utility	\$ 327,702
Sewer	299,506
Total depreciation expense	<u>\$ 627,208</u>

CITY OF RAYNE, LOUISIANA

Notes to the Basic Financial Statements

In May 1979, the City terminated its electricity generating operations. The City now purchases the majority of all electricity used from Louisiana Energy and Power Authority. The City is maintaining the engines and generators to be used only in an emergency.

Note 9 Accounts and Other Payables

The accounts and other payables consisted of the following at September 30, 2003:

	Governmental Activities	Business-type Activities	Total
Accounts	\$ 345,148	\$ 577,985	\$ 923,133
Other liabilities	56,571	51,263	107,834
Totals	<u>\$ 401,719</u>	<u>\$ 629,248</u>	<u>\$ 1,030,967</u>

Note 10 Changes in Long-Term Debt

The following is a summary of long-term debt transactions of the City for the year ended September 30, 2003:

	Governmental Activities	Business-type Activities	Total
Bonds Payable at 9-30-02	\$ 3,653,486	\$ 5,596,514	\$ 9,250,000
Bonds issued	3,255,000	-	3,255,000
Bonds retired	(3,653,486)	(696,514)	4,350,000
Totals	<u>\$ 3,255,000</u>	<u>\$ 4,900,000</u>	<u>\$ 8,155,000</u>

Long-term debt payable at September 30, 2003 is comprised of the following individual issues:

General Obligation Bonds:

\$3,255,000 Certificates of Indebtness, series 2003, due in annual installments of \$480,000 to \$ 505,000 through March 1, 2010; interest at 2.840% (to be retired by excess revenues	\$ 3,255,000
Less current portion	480,000
Long-term bond payable	<u>\$ 2,775,000</u>

On January 13, 2003 the City of Rayne adopted a resolution for a bond ordinance in order to provide for the issuance of \$3,255,000 principal amount of its Refunding Certificates of Indebtness, Series 2003 for the purpose of advance refunding the, (1) \$130,000 of the 1996 Certificates, (2) \$180,000 of the 1995 Certificates, and (3) \$2,905,000 of the 2000 certificates. The refunding and refinancing of these certificates would be financially advantageous to the issuer and would result in a lower effective interest rate on such refunded certificates and debt service savings to the issuer. The total net savings from refunding totaled \$305,252.

CITY OF RAYNE, LOUISIANA

Notes to the Basic Financial Statements

Revenue bonds: (All issues being serviced-principal and interest – by the Sewer Fund)

\$4,200,000 Series 1996 Sewer Revenue Bonds due in annual installments of \$155,000 to \$275,000 through March 1, 2017; interest at the rate of 2.95% and \$2,300,000 Series 1997 Sewer Revenue Bonds due to annual installments of \$85,000 to \$145,000 through March 1, 2017; interest at the rate of 2.95%	\$ 4,900,000
Less: Current Portion	300,000
Long-term revenue bonds payable	<u>\$ 4,600,000</u>

On May 1, 1996 the City of Rayne approved and authorized the issuance of Sewer Revenue Bonds in the aggregate principal amount not to exceed \$6,450,000. The bonds are issued in series from time to time and at this time specifically authorize sale, issuance and delivery of \$4,200,000 principal amount of the Sewer Revenue Bonds, Series 1996. The Series 1997 Sewer Revenue Bonds were authorized and issued in the principal amount of \$2,300,000. The bond proceeds are to be used for the purpose of constructing and acquiring the Wastewater Treatment Facility Project.

The bonds are due as follows:

Year ending September 30	<u>Governmental Activities</u>		<u>Business-type Activities</u>	
	<u>Principal Payments</u>	<u>Interest Payments</u>	<u>Principal Payments</u>	<u>Interest Payments</u>
2004	\$ 480,000	\$ 85,626	\$ 305,000	\$ 21,788
2005	505,000	71,639	310,000	20,250
2006	455,000	58,007	250,000	18,849
2007	430,000	45,440	325,000	17,413
2008	445,000	33,015	335,000	15,762
2009-2010	940,000	26,980	690,000	26,425
2011-2016	-	-	1,905,000	34,238
2017-2023	-	-	780,000	1,025
	<u>\$ 3,255,000</u>	<u>\$ 320,707</u>	<u>\$ 4,900,000</u>	<u>\$ 155,750</u>

Note 11

Flows of Funds; Restrictions on Use – Utilities Revenues

Revenue Bonds:

- A. Under the terms of the bond indentures on outstanding Sewer Utility Revenue Bonds dated May 1, 1996, all income and revenues (hereinafter referred to as revenue) of every nature, earned or derived from operation of the Sewerage System are pledged and dedicated to the retirement of said bonds, and are to be set aside into the following special funds:

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

CITY OF RAYNE, LOUISIANA

Notes to the Basic Financial Statements

There shall also be set aside into a "Bond Reserve Fund" an amount equal to 5% of the amount required to be paid into the Sinking Fund during the current fiscal year until there shall have been accumulated in the Reserve Account an amount equal to the maximum principal and interest requirements in any one maturity year. Such amounts may used only for the payment of maturing bonds and interest coupons for which sufficient funds are not on deposit in the Bond and Interest Sinking Fund and as to which there would otherwise be default.

Funds will also be set aside into a "Contingency Fund". Money in this fund may be used to care for depreciation, extensions, improvements, and replacements to the system, which are necessary to keep the system in operation condition. Money in this fund may also be used to pay principal or interest on the bonds falling due at any time there is not sufficient money for payment in the other bond funds.

- B. The City of Rayne was in compliance with all significant limitations and restrictions in the bond indentures at September 30, 2003.

Note 12

Pension Plan

Substantially all employees of the City of Rayne are members of the following statewide retirement systems: Municipal Employees Retirement System of Louisiana (MERS), and Municipal Police Employees Retirement System of Louisiana (MPERS). These systems are cost-sharing, multiple-employee defined benefit pension plans administered by separate boards of trustees.

The City of Rayne participates in Plan B of the MERS. All permanent employees working at least 35 hours per week who are not covered by another public funded retirement system and under age 60 at date of employment are eligible to participate in the System. The retirement criteria for Plan B participants is as follows:

1. Age 55 with thirty years of creditable service.
2. Age 60 with a minimum of ten or more years of creditable service.
3. Under age 60 with ten years of creditable service eligible for disability benefits.
4. Survivor's benefits require twenty years creditable service at death of member.

Generally, the monthly amount of the retirement allowance for any member of Plan B consists of an amount equal to two percent of the member's final compensation multiplied by his years of creditable service. However, under certain conditions as outlined in the statutes, the benefits are limited to specified amounts.

Members of Plan B are required to contribute five percent of their annual covered salary and the City of Rayne is required to contribute at an actuarially determined rate. The current rate is 7.75 % of annual covered payroll. The contribution requirement for the year ended September 30, 2003 was \$145,573 which consisted of \$92,212 from the City and \$55,361 from employees.

The system issues an annual publicly available financial report that includes financial statements and requested supplementary information. That report may be obtained by writing to the Municipal Employees Retirement System of Louisiana, 7937 Office Park Boulevard, Baton Rouge, Louisiana 70809.

All full-time police department employees engaged in law enforcement are required to participate in the System. Employees who retire at or after age 50 with at least 20 years of creditable service or at or after age 55 with at least 12 years of creditable service are entitled to a retirement benefit, payable monthly for life,

CITY OF RAYNE, LOUISIANA

Notes to the Basic Financial Statements

equal to 3 1/3 percent of their final-average salary for each year of creditable service. Employees who terminate with at least the amount of creditable service stated above, and do not withdraw their employee contributions, may retire at ages specified previously and receive the benefit accrued to their date of termination. The System also provides death and disability benefits.

Plan members are required by state statute to contribute 7.5 percent of their annual covered salary and the City of Rayne is required to contribute at an actuarially determined rate. The current rate is 15.25 percent of annual covered payroll. The contribution requirement for the year ended September 30, 2003 was \$78,210, which consisted of \$47,026 from the City and \$31,184 from employees.

The system issues an annual publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the Municipal Police Employees Retirement System of Louisiana, 8401 United Plaza Boulevard, Baton Rouge, Louisiana 70809-2250.

Note 13 Post Employment Benefits

The City of Rayne handles Cobra participants by notifying Risk Management, Inc. in writing of the Cobra qualifying event. The RMI notifies the qualified beneficiary of his Cobra rights in application form. The City is responsible for Cobra payments and termination for non-payment. The qualified beneficiary is responsible for the signed application to be returned. Upon payment to the City and return of the signed application, qualified beneficiary is re-instated by RMI and tracked until Cobra benefits have been fulfilled.

Note 14 Police Supplement Pay

The City received state supplemental pay for qualified police officers totaling \$67,707. The supplemental pay was forwarded directly to the officers.

Note 15 Segment Information for the Enterprise Fund

The City of Rayne maintains two enterprise funds which provide utility and sewerages services. Segment information for the year ended September 30, 2003 was as follows:

	Utilities	Sewerage	Total Enterprise Fund
Charges for services and other revenues	\$ 7,244,817	\$ 777,298	\$ 8,022,115
Operating expenses			
Depreciation	\$ 327,701	\$ 299,506	\$ 627,207
Hurricane Expenses	634,056	14,510	648,566
Other expenses	6,104,269	501,357	6,605,626
Total operating expenses	<u>\$ 7,066,026</u>	<u>\$ 815,373</u>	<u>\$ 7,881,399</u>
Operating income (loss)	<u>\$ 178,791</u>	<u>\$ (38,075)</u>	<u>\$ 140,716</u>

CITY OF RAYNE, LOUISIANA

Notes to the Basic Financial Statements

Note 16 Compensation of Town Officials

A detail of compensation paid to the Mayor and Board of Alderman for the year ended September 30, 2003 follows:

James J. Petitjean, Mayor	\$ 54,115
Paul Molbert, Mayor Pro-tem	4,985
Aldermen:	
Gerald Foreman	6,000
Gerard Arceneaux	6,000
Jude Abshire	6,000
Ann Domingue Washington	6,000

Note 17 Interfund Transactions

Interfund receivables and payables consisted of the following at September 30, 2003:

	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
Major Funds		
Governmental Funds		
General Fund	\$ 170,357	\$ 4,385
Proprietary Funds		
Utility Fund	4,607	50,357
Sewer Fund	-	120,222
Non-Major Funds/account group	-	-
Total	<u>\$ 174,964</u>	<u>\$ 174,964</u>

Interfund transfers consisted the following at September 30, 2003:

	<u>Interfund Transfers in</u>	<u>Interfund Transfers out</u>
Major Funds		
Governmental Funds		
General Fund	\$ 2,300,000	\$ 230,497
Sales Tax		1,395,916
Other Non-major governmental funds	526,413	99,692
Proprietary Fund		
Utility Fund	99,692	1,210,000
Sewer Fund	10,000	-
Total	<u>\$ 2,936,105</u>	<u>\$ 2,936,105</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 expand them and to (b) use unrestricted revenues in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

There was one individual fund that reported a deficit fund balances at September 30, 2003. The LCDBG fund deficit was \$34,822.

CITY OF RAYNE, LOUISIANA

Notes to the Basic Financial Statements

Note 18 Hurricane Lili

On October 3, 2002, Hurricane Lili caused extensive damage to the City of Rayne's electrical distribution system and other assets. The high winds caused the downing of many trees and limbs within the City, which required a tremendous effort to remove debris and reopen streets for emergency personnel and electrical crews.

The City filed several claims with the Federal Emergency Management Agency (FEMA) seeking disaster assistance funds for the anticipated cost of damages incurred as a result of the storm. The total claims submitted were \$1,107,678. Generally, claims are reimbursed 75% from federal funds and 10% from state funds. Of the total amount submitted, the federal reimbursement was \$852,835 and the state portion was \$110,768 with the balance being the responsibility of the City. The revenue received from FEMA is shown in the non-operating revenue section as grants and the related costs are recorded as an expense/expenditure in the fund that incurred and/or paid part of the cost.

Note 19 Contingencies

A suit was filed in regard to an accident where an individual pursued by the parish sheriff's department in the City of Rayne ran a red light collided with another individual causing her substantial and serious injury. Risk Management has been advised of the suit and has undertaken the defense. Due to the seriousness of the injuries and because of the potential for sympathy involved in this case could face some expense over the \$500,000 coverage provided by Risk Management.

The City of Rayne may have a potential liability in reference to questioned costs in regard to the Acadia Council on Aging Section 5311 transportation costs. As of September 30, 2003, no decision has been made as to the amount of repayment to be made by the Acadia Council on Aging and/or the City of Rayne.

Required Supplemental Information

CITY OF RAYNE, LOUISIANA
GENERAL FUND

BUDGETARY COMPARISON SCHEDULE
Year Ended September 30, 2003

With Comparative Actual Amounts for Year Ended September 30, 2002

	2003			Variance-- Positive (Negative)	2002
	Budget		Actual		Actual
	Original	Final			
Revenues:					
Taxes--					
Ad valorem	\$ 136,000	\$ 137,877	\$ 136,947	(930)	\$ 132,801
Franchise	145,000	134,006	126,175	(7,831)	139,750
	<u>\$ 281,000</u>	<u>\$ 271,883</u>	<u>\$ 263,122</u>	<u>\$ (8,761)</u>	<u>\$ 272,551</u>
Intergovernmental revenue--					
Beer tax	\$ 17,000	\$ 15,400	\$ 25,574	10,174	\$ 24,865
Grants					
FEMA	-	411,608	411,608	-	-
State	50,000	25,000	29,939	4,939	34,506
Housing authority payment in lieu of taxes	30,000	30,000	31,055	1,055	30,173
Video poker revenue	170,000	175,000	208,932	33,932	170,016
	<u>\$ 267,000</u>	<u>\$ 657,008</u>	<u>\$ 707,108</u>	<u>\$ 50,100</u>	<u>\$ 259,560</u>
Licenses and permits--					
Occupational licenses	\$ 250,000	\$ 248,500	\$ 249,711	\$ 1,211	\$ 245,685
Permits	20,000	23,000	24,329	1,329	18,020
	<u>\$ 270,000</u>	<u>\$ 271,500</u>	<u>274,040</u>	<u>\$ 2,540</u>	<u>263,705</u>
Charges for services					
Community center rent	\$ 40,000	\$ 40,000	\$ 40,310	\$ 310	\$ 37,440
Fines and forfeits	\$ 81,000	\$ 63,500	\$ 66,799	\$ 3,299	\$ 58,512
Interest on investments	\$ 3,000	\$ 1,200	\$ 1,156	\$ (44)	\$ 3,917
Miscellaneous revenue--					
Museum Income	\$ 1,000	\$ 300	\$ 280	\$ (20)	\$ 488
Police Jury	24,000	23,000	23,000	-	22,000
Sale of land	-	10,000	12,650	2,650	-
Sale of abandoned equipment	1,000	-	-	-	633
Prisoner reimbursements	85,000	65,000	65,228	228	86,646
Other	24,800	101,079	29,901	(71,178)	29,146
	<u>\$ 135,800</u>	<u>\$ 199,379</u>	<u>131,059</u>	<u>\$ (68,320)</u>	<u>138,913</u>
Total Revenues	<u>\$ 1,077,800</u>	<u>\$ 1,504,470</u>	<u>\$ 1,483,594</u>	<u>\$ (20,876)</u>	<u>\$ 1,034,598</u>

The accompanying notes are an integral part of this statement.

CITY OF RAYNE, LOUISIANA
GENERAL FUND

BUDGETARY COMPARISON SCHEDULE
Year Ended September 30, 2003

With Comparative Actual Amounts for Year Ended September 30, 2002

	2003			Variance-- Positive (Negative)	2002
	Budget		Actual		Actual
	Original	Final			
Expenditures:					
Current--					
General government	\$ 917,700	\$ 951,457	\$ 961,527	\$ (10,070)	\$ 768,924
Public safety	979,000	1,007,117	1,057,743	(50,626)	979,898
Public works	594,800	764,250	715,543	48,707	622,328
Public works - FEMA	-	375,000	461,267	(86,267)	-
Culture and recreation	297,000	363,900	401,742	(37,842)	342,616
Total expenditures	<u>\$ 2,788,500</u>	<u>\$ 3,461,724</u>	<u>\$ 3,597,822</u>	<u>\$ (136,098)</u>	<u>\$ 2,713,766</u>
Excess (deficiency) of revenues over expenditures	<u>\$ (1,710,700)</u>	<u>\$ (1,957,254)</u>	<u>\$ (2,114,228)</u>	<u>\$ (156,974)</u>	<u>\$ (1,679,168)</u>
Other sources (uses):					
Operating transfers in--					
Sales tax fund	\$ 1,000,000	\$ 1,100,000	\$ 1,100,000	\$ -	\$ 900,000
Utility	1,200,000	1,200,000	1,200,000	-	1,200,000
Sewer Maintenance	-	180,000	-	(180,000)	-
Operating transfers out--					
Certificate of Indebtedness					
Series 2003	-	-	(58,497)	(58,497)	-
Series 2000	(516,000)	(516,000)	(172,000)	344,000	(516,000)
Street Construction Fund	-	-	-	-	(30,000)
Total other sources	<u>\$ 1,684,000</u>	<u>\$ 1,964,000</u>	<u>\$ 2,069,503</u>	<u>\$ 105,503</u>	<u>\$ 1,554,000</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	<u>\$ (26,700)</u>	<u>\$ 6,746</u>	<u>\$ (44,725)</u>	<u>\$ (51,471)</u>	<u>\$ (125,168)</u>
Fund balance, beginning of year	<u>132,077</u>	<u>132,077</u>	<u>132,077</u>	<u>-</u>	<u>257,245</u>
Fund balance, end of year	<u><u>\$ 105,377</u></u>	<u><u>\$ 138,823</u></u>	<u><u>\$ 87,352</u></u>	<u><u>\$ (51,471)</u></u>	<u><u>\$ 132,077</u></u>

The accompanying notes are an integral part of this statement.

CITY OF RAYNE, LOUISIANA
SPECIAL REVENUE FUNDS
SALES TAX FUND

BUDGETARY COMPARISON SCHEDULE
Year Ended September 30, 2003

With Comparative Actual Amounts for Year Ended September 30, 2002

	2003			Variance-- Positive (Negative)	2002
	Budget		Actual		Actual
	Original	Final			
Revenues:					
Taxes--					
Sales tax collections	\$ 1,450,000	\$ 1,444,500	\$ 1,483,354	\$ 38,854	\$ 1,372,916
Less fees and adjustments	-	-	(22,434)	(22,434)	(20,274)
Interest on investments	6,000	2,500	2,871	371	6,260
Miscellaneous income	-	-	2,071	2,071	-
Total revenues	\$ 1,456,000	\$ 1,447,000	\$ 1,465,862	\$ 18,862	\$ 1,358,902
Expenditures:					
Current--					
General government--					
Salaries	\$ 25,000	\$ 23,000	\$ 22,759	\$ 241	\$ 22,486
Insurance	4,600	5,000	5,217	(217)	4,487
Payroll taxes	1,800	2,400	1,627	773	1,653
Administrative charge-- retirement system	1,100	1,000	1,576	(576)	1,077
Miscellaneous	1,100	1,000	1,156	(156)	1,207
Total expenditures	\$ 33,600	\$ 32,400	\$ 32,335	\$ 65	\$ 30,910
Excess of revenues over expenditures	\$ 1,422,400	\$ 1,414,600	\$ 1,433,527	\$ 18,927	\$ 1,327,992
Other sources (uses):					
Operating transfer (out)--					
General Fund	\$ (1,000,000)	\$ (1,100,000)	\$ (1,100,000)	\$ -	\$ (900,000)
Refunding Bonds	(376,860)	(291,900)	(291,774)	126	(373,200)
Sewer Bonds	(26,150)	(4,142)	(4,142)	-	(24,852)
Total other sources (uses)	\$ (1,403,010)	\$ (1,396,042)	\$ (1,395,916)	\$ 126	\$ (1,298,052)
Excess (deficiency) of revenues and other sources over expenditures and other uses	\$ 19,390	\$ 18,558	\$ 37,611	\$ 19,053	\$ 29,940
Fund balance, beginning of year	66,186	66,186	66,186	-	36,246
Fund balance, end of year	\$ 85,576	\$ 84,744	\$ 103,797	\$ 19,053	\$ 66,186

The following notes are an integral part of this statement.

CITY OF RAYNE, LOUISIANA
SPECIAL REVENUE FUNDS
LCDBG FUND

BUDGETARY COMPARISON SCHEDULE
Year Ended September 30, 2003

With Comparative Actual Amounts for Year Ended September 30, 2002

	2003			Variance-- Positive (Negative)	2002
	Budget		Actual		Actual
	Original	Final			
Revenues:					
Intergovernmental revenues--					
Grant from State Government	\$ 1,000,000	\$ 1,000,000	\$ 801,092	\$ (198,908)	F
Total Revenues	<u>\$ 1,000,000</u>	<u>\$ 1,000,000</u>	<u>\$ 801,092</u>	<u>\$ (198,908)</u>	U
Expenditures:					
Current--					
Urban redevelopment and housing--					C
Administrative fees	\$ -	\$ -	\$ 16,650	\$ (16,650)	L
Engineering Fees	-	-	122,824	\$ (122,824)	O
Construction	1,000,000	1,000,000	696,440	\$ 303,560	S
Total Expenditures	<u>\$ 1,000,000</u>	<u>\$ 1,000,000</u>	<u>\$ 835,914</u>	<u>\$ 164,086</u>	E
Excess (deficiency) of revenues over expenditures	\$ -	\$ -	\$ (34,822)	\$ (34,822)	D
Fund balance, beginning of year	-	-	-	\$ -	
Fund balance, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (34,822)</u>	<u>\$ (34,822)</u>	

The accompanying notes are an integral part of this statement.

Other Supplemental Schedules

CITY OF RAYNE, LOUISIANA
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE - EXPENDITURES
Year Ended September 30, 2003

With Comparative Actual Amounts for Year Ended September 30, 2002

	2003			Variance-- Positive (Negative)	2002
	Budget		Actual		Actual
	Original	Final			
General government:					
Administration--					
Salaries	\$ 128,200	\$ 132,500	\$ 133,433	\$ (933)	\$ 119,152
Car expense	7,000	5,500	4,783	717	5,007
Payroll taxes	80,000	99,000	86,682	12,318	78,261
Group insurance	225,000	225,000	179,590	45,410	172,472
General insurance	120,000	120,000	151,537	(31,537)	74,633
Publishing and recording	10,000	13,000	12,394	606	8,395
Administrative expense--	-	-	-	-	-
Retirement system	18,000	21,000	35,536	(14,536)	22,581
Legal and professional	30,000	65,000	67,122	(2,122)	26,184
City promotion	100	2,000	2,389	(389)	227
Convention expense	4,000	6,000	6,129	(129)	4,645
Uniform	1,500	1,000	1,000	-	1,091
Tax roll	6,000	5,772	5,772	-	3,622
Utilities & telephone	30,000	35,600	39,668	(4,068)	29,975
Dues and subscriptions	18,200	16,900	16,019	881	16,637
City Hall and ground maintenance	5,000	-	-	-	6,818
Supplies	3,200	5,600	6,997	(1,397)	2,556
Capital outlay	50,000	15,000	4,245	10,755	-
Festival expense	600	700	2,556	(1,856)	1,872
Miscellaneous	26,500	14,185	12,558	1,627	32,725
Equipment rental	200	3,000	2,850	150	175
Civil engineering	20,000	36,000	58,710	(22,710)	27,860
	<u>\$ 783,500</u>	<u>\$ 822,757</u>	<u>\$ 829,970</u>	<u>\$ (7,213)</u>	<u>\$ 634,888</u>
City Court--					
Salaries	\$ 64,500	\$ 64,000	63,142	\$ 858	63,254
Extra labor	2,000	1,600	1,920	(320)	1,920
Supplies & Postage	19,000	12,000	14,582	(2,582)	19,520
Professional fees	15,000	16,000	16,924	(924)	15,684
Building and grounds maintenance	2,400	1,700	1,562	138	2,990
Driver improvement program	5,400	5,400	5,400	-	5,400
Uniforms	2,200	2,400	-	2,400	-
Retirement	1,800	1,500	1,812	(312)	1,591
Utilities	7,500	10,500	11,243	(743)	7,973
Miscellaneous	11,400	13,000	14,419	(1,419)	10,513
Capital outlay	3,000	600	553	47	5,192
	<u>\$ 134,200</u>	<u>\$ 128,700</u>	<u>\$ 131,557</u>	<u>\$ (2,857)</u>	<u>\$ 134,036</u>
Total general government	<u>\$ 917,700</u>	<u>\$ 951,457</u>	<u>\$ 961,527</u>	<u>\$ (10,070)</u>	<u>\$ 768,924</u>

The accompanying notes are an integral part of this statement.

CITY OF RAYNE, LOUISIANA
GENERAL FUND
STATEMENT OF EXPENDITURES, COMPARED TO BUDGET (GAAP BASIS)
Year Ended September 30, 2003

With Comparative Actual Amounts for Year Ended September 30, 2002

	2003			Variance-- Positive (Negative)	2002
	Budget		Actual		Actual
	Original	Final			
Public Safety:					
Police Department--					
Salaries	\$ 622,500	\$ 624,700	\$ 659,747	\$ (35,047)	\$ 613,097
Prisoner care	40,000	35,000	36,303	(1,303)	40,726
Professional fees	3,000	500	813	(313)	4,062
Car maintenance and operations	65,000	86,000	77,410	8,590	72,162
Miscellaneous	21,200	22,225	33,574	(11,349)	29,560
Equipment maintenance	1,000	2,000	957	1,043	1,521
Uniforms	9,000	8,000	9,357	(1,357)	9,006
Utilities	15,000	18,000	19,009	(1,009)	15,209
Supplies	26,000	25,000	26,097	(1,097)	34,564
Building and ground maintenance	14,200	16,800	8,789	8,011	6,226
Police pension expense	4,150	345	345	-	4,137
Contributions to state police pension fund	44,000	45,000	47,026	(2,026)	41,008
Capital outlay	30,000	30,000	38,328	(8,328)	29,867
	<u>\$ 895,050</u>	<u>\$ 913,570</u>	<u>\$ 957,755</u>	<u>\$ (44,185)</u>	<u>\$ 901,145</u>
Fire Department--					
Fire attendance	\$ 17,000	\$ 20,807	\$ 20,807	\$ -	\$ 16,890
Miscellaneous	-	-	-	-	500
Rentals on fire hydrants	16,000	16,000	16,000	-	15,000
	<u>\$ 33,000</u>	<u>\$ 36,807</u>	<u>\$ 36,807</u>	<u>\$ -</u>	<u>\$ 32,390</u>
Permit Department--					
Salaries	\$ 40,400	\$ 42,000	\$ 42,649	\$ (649)	\$ 38,587
Office supplies	600	1,700	1,275	425	998
Utilities	700	600	532	68	582
Capital outlay	-	-	9,929	(9,929)	-
Miscellaneous	4,250	6,440	4,646	1,794	1,887
	<u>\$ 45,950</u>	<u>\$ 50,740</u>	<u>\$ 59,031</u>	<u>\$ (8,291)</u>	<u>\$ 42,054</u>

The accompanying notes are an integral part of this statement.

CITY OF RAYNE, LOUISIANA
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE - EXPENDITURES
Year Ended September 30, 2003

With Comparative Actual Amounts for Year Ended September 30, 2002

	2003			Variance-- Positive (Negative)	2002
	Budget		Actual		Actual
	Original	Final			
Public Safety: (Continued)					
Civil Defense	\$ 5,000	\$ 6,000	\$ 4,150	\$ 1,850	\$ 4,310
Total Public Safety	<u>\$ 979,000</u>	<u>\$ 1,007,117</u>	<u>\$ 1,057,743</u>	<u>\$ (50,626)</u>	<u>\$ 979,898</u>
Public Works:					
Salaries	\$ 367,000	\$ 423,000	\$ 426,079	\$ (3,079)	\$ 370,643
Street maintenance materials	17,000	27,000	36,670	(9,670)	16,397
Chemicals and supplies	10,500	8,000	5,517	2,483	8,821
Pest Control	10,000	19,000	23,082	(4,082)	25,804
Building and ground maintenance	8,400	19,000	12,929	6,071	10,404
Truck and tractor maintenance	82,000	109,000	106,595	2,405	85,599
Street lighting	36,000	36,000	36,000	-	35,000
Uniforms	11,500	12,500	12,358	142	11,797
Engineering Fees	5,000	-	-	-	5,087
Utilities	6,000	7,600	8,395	(795)	5,851
Miscellaneous	6,400	13,150	7,268	5,882	5,670
Equipment rentals	10,000	18,000	16,357	1,643	16,206
Capital outlay	25,000	72,000	24,293	47,707	25,049
Total Public Works	<u>\$ 594,800</u>	<u>\$ 764,250</u>	<u>\$ 715,543</u>	<u>\$ 48,707</u>	<u>\$ 622,328</u>
Public Works - FEMA:					
Hurricane Lili expense	\$ -	\$ 375,000	\$ 461,267	\$ (86,267)	\$ 24,003
Culture and Recreation:					
Parks & Center -					
Salaries	\$ 128,000	\$ 148,550	\$ 149,663	\$ 1,113	\$ 128,217
Miscellaneous	8,100	10,950	10,077	873	7,530
Engineering Fee	500	-	-	-	393
Upkeep of building and grounds	11,700	33,800	39,142	(5,342)	25,760
Utilities	59,000	63,800	75,044	(11,244)	61,933
Janitorial supplies	12,000	12,000	10,977	1,023	11,326
Capital outlay	20,000	17,000	46,904	(29,904)	37,535
Vehicle Maintenance	2,000	6,000	5,605	395	2,544
Equipment maintenance & Rental	15,000	18,000	15,659	2,341	24,003
Total Parks and Center	<u>\$ 256,300</u>	<u>\$ 310,100</u>	<u>\$ 353,071</u>	<u>\$ (42,971)</u>	<u>\$ 299,241</u>

The accompanying notes are an integral part of this statement.

CITY OF RAYNE, LOUISIANA
 BUDGETARY COMPARISON SCHEDULES - EXPENDITURES
 Year Ended September 30, 2003

With Comparative Actual Amounts for Year Ended September 30, 2002

	2003			Variance-- Positive (Negative)	2002
	Budget		Actual		Actual
	Original	Budget			
Culture and Recreation					
Museum:					
Salaries	\$ 29,900	\$ 36,000	\$ 33,090	\$ 2,910	\$ 30,078
Supplies	3,000	2,400	2,153	247	2,673
Building and ground upkeep	900	1,300	980	320	722
Capital Outlay	-	-	-	-	-
Utilities	4,500	7,850	6,950	900	4,674
Miscellaneous	2,400	6,250	5,498	752	5,228
Total Museum	\$ 40,700	\$ 53,800	\$ 48,671	\$ 5,129	\$ 43,375
Total Culture and Recreation	\$ 297,000	\$ 363,900	\$ 401,742	\$ (37,842)	\$ 342,616
Total Expenditures	\$ 2,788,500	\$ 3,461,724	\$ 3,597,822	\$ (136,098)	\$ 2,713,766

The accompanying notes are an integral part of this statement.

CITY OF RAYNE, LOUISIANA
 Combining Balance Sheet
 Nonmajor Governmental Funds

September 30, 2003

	Special Revenue				Debt Service				Total Nonmajor Governmental Funds	
	Youth Recreation		Section 8 Unemployment Compensation		Series 1997		Series 2000			Total
	Fund	Fund	Fund	Fund	Series 1998	Series 1997	Series 2000	Series 2003		
ASSETS										
Cash and cash equivalents	\$ 7,725	\$ 57,450	\$ 20,263	\$ 85,438	\$ -	\$ -	\$ -	\$ -	\$ 85,438	
Investments	-	-	47,355	47,355	-	-	307,358	307,358	354,713	
Receivables	54,235	-	-	54,235	-	-	-	-	54,235	
Due from other funds	-	-	-	-	-	-	45,000	45,000	45,000	
Due from component units	-	-	-	-	-	-	-	-	-	
Inventory	-	-	-	-	-	-	-	-	-	
Restricted assets	-	-	-	-	-	-	-	-	-	
Other Assets	13	-	-	13	-	-	-	-	13	
TOTAL ASSETS	\$ 61,973	\$ 57,450	\$ 67,618	\$ 187,041	\$ -	\$ -	\$ 352,358	\$ 352,358	\$ 539,399	

LIABILITIES AND FUND BALANCES

Liabilities:									
Accounts Payable	\$ 2,077	\$ 373	\$ -	\$ 2,450	\$ -	\$ -	\$ -	\$ -	\$ 2,450
Accrued Payroll liabilities	-	1,162	-	1,162	-	-	-	-	1,162
Payable from restricted assets	-	-	-	-	-	-	-	-	-
Due to other governments	-	21,118	-	21,118	-	-	-	-	21,118
Matured bonds and interest payable	-	-	-	-	-	-	-	-	-
Deferred revenues	1,380	-	-	1,380	-	-	-	-	1,380
Other liabilities	-	-	-	-	-	-	-	-	-
Matured bonds and interest payable	-	-	-	-	-	-	-	-	-
Total Liabilities	\$ 3,457	\$ 22,653	\$ -	\$ 26,110	\$ -	\$ -	\$ -	\$ -	\$ 26,110
Fund balances:									
Reserved for:									
Debt Service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 352,358	\$ 352,358	\$ 352,358
Unreserved, undesignated	58,516	34,797	67,618	160,931	-	-	-	-	160,931
Total Fund Balances	\$ 58,516	\$ 34,797	\$ 67,618	\$ 160,931	\$ -	\$ -	\$ 352,358	\$ 352,358	\$ 513,289
Total Liabilities and Fund Balances	\$ 61,973	\$ 57,450	\$ 67,618	\$ 187,041	\$ -	\$ -	\$ 352,358	\$ 352,358	\$ 539,399

The accompanying notes are an integral part of this statement.

CITY OF RAYNE, LOUISIANA
Nonmajor Governmental Funds

Combining Statement of Revenues, Expenditures and
Changes in Fund Balance
For the Year Ended September 30, 2003

	Special Revenue		Debt Service				Total Nonmajor Governmental Funds		
	Youth Recreation	Section 8	Unemployment Compensation	Total	Sales Tax	Certificate of Series 1997		Certificate of Series 2000	Series 2003
REVENUES									
Ad valorem	\$ 97,819	\$ -	\$ -	\$ 97,819	\$ -	\$ -	\$ -	\$ -	\$ 97,819
Charges for services	35,880	-	-	35,880	-	-	-	-	35,880
Intergovernmental revenues	-	237,825	-	237,825	-	-	-	-	237,825
Federal grants	751	-	793	1,544	2,176	-	1,548	3,434	7,158
Investment earnings	379	-	13,231	13,610	-	-	-	256,503	270,113
Other revenues	\$ 134,829	\$ 237,825	\$ 14,024	\$ 386,678	\$ 2,176	\$ -	\$ 1,548	\$ 259,937	\$ 263,661
Total Revenues									
	\$ 121,128	\$ 231,567	\$ 1,211	\$ 353,906	\$ 376,920	\$ -	\$ 423,776	\$ 46,221	\$ 846,917
	\$ 13,701	\$ 6,258	\$ 12,813	\$ 32,772	\$ (374,744)	\$ -	\$ (422,228)	\$ 213,716	\$ (583,256)
EXPENDITURES									
General Government	-	-	1,211	1,211	-	-	-	-	1,211
Cultural and recreation	121,128	-	-	121,128	-	-	-	-	121,128
Urban Redevelopment and housing	-	231,567	-	231,567	-	-	-	-	231,567
Debt service	-	-	-	-	-	-	-	-	-
Principle retirement	-	-	-	-	360,000	-	335,000	-	695,000
Interest & Fiscal charges	-	-	-	-	16,920	-	88,776	46,221	151,917
Total Expenditures									
	\$ 121,128	\$ 231,567	\$ 1,211	\$ 353,906	\$ 376,920	\$ -	\$ 423,776	\$ 46,221	\$ 846,917
Excess (Deficiency) of Revenues Over Expenditures									
	\$ 13,701	\$ 6,258	\$ 12,813	\$ 32,772	\$ (374,744)	\$ -	\$ (422,228)	\$ 213,716	\$ (583,256)
OTHER FINANCING SOURCES (USES)									
Bond proceeds	-	-	-	-	-	-	-	\$ 3,255,000	\$ 3,255,000
Transfers in	-	-	-	-	291,774	4,142	172,000	58,497	526,413
Transfers out	-	-	-	-	(99,691)	(4,169)	-	-	(103,860)
Capital leases	-	-	-	-	-	-	-	-	-
Payment to refunded debt	-	-	-	-	-	-	-	-	-
Service agent	-	-	-	-	-	-	-	(3,220,035)	(3,220,035)
Total Other Financing Sources and Uses									
	\$ -	\$ -	\$ -	\$ -	\$ 192,083	\$ (27)	\$ 172,000	\$ 93,462	\$ 457,518
Net Change in Fund Balance									
	\$ 13,701	\$ 6,258	\$ 12,813	\$ 32,772	\$ (182,661)	\$ (27)	\$ (250,228)	\$ 307,178	\$ (92,966)
Fund balances - beginning									
	44,815	28,539	54,805	128,159	182,661	27	295,408	-	478,096
Transfer of equity									
	-	-	-	-	-	-	(45,180)	45,180	-
Fund balances - ending									
	\$ 58,516	\$ 34,797	\$ 67,618	\$ 160,931	\$ -	\$ -	\$ 352,358	\$ 352,358	\$ 513,289

The accompanying notes are an integral part of this statement.

CITY OF RAYNE, LOUISIANA

Combined Schedule of Long-Term Debt
September 30, 2003

	Issue Date	Final Maturity Date	Interest Rates	Payment Dates	Bonds		
					Issued	Retired	Outstanding
Public Improvement Bonds Certificate of Indebtedness 2003	1/13/03	3/1/10	2.84%	3/1	\$ 3,255,000	\$ -	\$ 3,255,000
Utility Revenue Bonds - Utility Revenue Bonds, Series 1996 - Sewer	5/1/96	3/1/17	2.95%	3/1	\$ 6,250,000	\$ 1,350,000	\$ 4,900,000

The accompanying notes are an integral part of this statement.

CITY OF RAYNE, LOUISIANA
Schedule of Insurance in Force
(Unaudited)
September 30, 2003

Insurance / Agent	Risks Covered	Limits of Coverage	Expiration Date
Hartford Steam Boilers	Equipment Breakdown	7,000,000	
	Property Damage	6,000,000	
	Extra Expense	50,000	
	Computer Equipment	250,000	
	Demolition & ICC	100,000	
	Expediting Expense	100,000	
	Hazardous Substances	100,000	
	Newly Acquired Locations	1,000,000	1/1/04
Western Surety	Bond -		3/8/04
National	Blanket Acc		8/21/04
Allstate	Blanket Property		1/1/04
Trinity Insurance	Bonds - Police Officers		Various
	City Court & City Clerk	125,000	1/13/04 to 12/3/07
	Blanket - City Employees	50,000	6/24/04
National Casualty Ins.	Rayne Auxillary Police	10,000	1/17/04
American Inter. Ins.	Rayne Museum	50,900	11/7/03
Francis Dean & Assoc.	Baseball	5,000	10/21/03
Risk Management, Inc.	Liability	500,000	10/2/03
	Health	500,000	4/25/04
	Workmen's Compensation	500,000	1/1/04

The accompanying notes are an integral part of this statement.

CITY OF RAYNE, LOUISIANA
 Combined Schedule of Investments - All Funds

	<u>Financial Institution</u>	<u>Interest Rate</u>	<u>Maturity</u>	<u>Amount</u>
Utility				
Money Market Account	Rayne Bldg & Loan	2.48%		\$ 100,000
Passbook	Bank of Commerce	1%		181,889
				<u>\$ 281,889</u>
Sewer				
Money Market Account	Rayne Bldg & Loan	2.96%		\$ 430,177
Money Market	Rayne Bldg & Loan	2.48%		75,000
Passbook	Rayne State Bank	1%		173,625
				<u>\$ 678,802</u>
Unemployment Compensation				
Passbook	Bank of Commerce	1%		<u>\$ 47,356</u>
Youth Recreation				
Passbook	Rayne State Bank	1%		<u>\$ 54,235</u>
Series 2003 Bond Fund				
Passbook	Rayne State Bank	1%		<u>\$ 307,359</u>
				<u>\$ 1,369,641</u>

The accompanying notes are an integral part of this statement.

Statistical Section

CITY OF RAYNE, LOUISIANA
STATISTICAL INFORMATION

Table 1

PROPERTY TAX LEVIES AND COLLECTION
FOR THE LAST TEN FISCAL YEARS

<u>Year</u>	<u>Valuation</u>	<u>Millage</u>	<u>Taxes</u>
1992-93	13,475,810	19.34	260,622
1993-94	13,843,530	19.34	267,735
1994-95	13,856,640	20.36	282,121
1995-96	13,976,060	12.00	167,713
1996-97	15,498,190	12.00	185,978
1997-98	16,246,560	12.00	194,959
1998-99	16,624,210	12.00	199,490
1999-2000	17,629,690	12.00	211,556
2000-2001	18,204,100	12.00	217,961
2001-2002	19,091,660	12.00	229,016
2002-2003	19,680,900	12.00	234,766

Table 2

GENERAL REVENUES BY SOURCE*
FOR THE LAST FOUR FISCAL YEARS

	<u>2003</u>	<u>2002</u>	<u>2001</u>	<u>2000</u>
Taxes	\$ 1,844,295	\$ 1,720,051	\$ 1,643,357	\$ 1,543,405
Licenses and permits	274,040	263,705	234,590	260,628
Intergovernmental	1,804,036	507,395	455,953	745,869
Charges for services	76,190	64,870	55,619	56,317
Fines	66,799	58,512	92,435	63,181
Miscellaneous	87,434	159,534	273,115	269,431
Totals	<u>\$ 4,152,794</u>	<u>\$ 2,774,067</u>	<u>\$ 2,755,069</u>	<u>\$ 2,938,831</u>

*Includes General, Special Revenue, and Debt Service Funds.

CITY OF RAYNE, LOUISIANA
STATISTICAL INFORMATION

Table 3

GENERAL GOVERNMENTAL EXPENDITURES BY FUNCTION*
FOR THE LAST FOUR FISCAL YEARS

	2003	2002	2001	2000
General governments	\$ 1,016,296	\$ 799,834	\$ 789,245	\$ 786,090
Public safety	1,028,857	979,898	984,219	953,770
Public works	715,543	662,808 **	4,259,921	855,484
Culture and recreation	522,870	445,476	494,998	432,154
Public works - hurricane	461,267	-	-	-
Urban and housing redevelopment	1,067,481 ***	240,771	230,813	509,124
Debt service	846,917	898,973	844,566	472,149
Totals	<u>\$ 5,659,231</u>	<u>\$ 4,027,760</u>	<u>\$ 7,603,762</u>	<u>\$ 4,008,771</u>

* Includes General, Special Revenue, and Debt Service Funds and Capital Project Funds.

** Includes Capital Project Street Improvements.

*** Includes LCDBG Project for Sewer Collection System Rehabilitation

Table 4

RATIO OF ANNUAL DEBT SERVICE EXPENDITURES
FOR GENERAL BONDED DEBT TO TOTAL EXPENDITURES

	2003	2002	2001	2000
Principal	\$ 695,000	\$ 676,600	\$ 590,484	\$ 334,346
Interest	151,917	222,373	254,082	137,803
Total Debt Service	<u>\$ 846,917</u>	<u>\$ 898,973</u>	<u>\$ 844,566</u>	<u>\$ 472,149</u>
Total general expenditures	<u>\$ 5,659,231</u>	<u>\$ 4,027,760</u>	<u>\$ 7,603,762</u>	<u>\$ 4,008,801</u>
Ratio of debt service to total general expenditures	<u>14.9%</u>	<u>22.3%</u>	<u>11.1%</u>	<u>11.7%</u>

*Includes General, Special Revenue, and Debt Service Funds.

CITY OF RAYNE, LOUISIANA
STATISTICAL INFORMATION

Table 5

UTILITY REVENUE BOND COVERAGE
FOR THE LAST FOUR FISCAL YEARS

	2003	2002	2001	2000
Gross revenues*	\$ 8,022,115	\$ 7,238,990	\$ 8,068,291	\$ 7,850,925
Operating expenditures**	6,450,190	5,308,491	6,040,954	6,158,515
Net available for debt service	<u>\$ 1,571,925</u>	<u>\$ 1,930,499</u>	<u>\$ 2,027,337</u>	<u>\$ 1,692,410</u>
Debt service requirements:				
Principal	\$ 696,914	\$ 413,400	\$ 381,587	\$ 379,516
Interest	161,452	182,917	192,256	203,614
Total	<u>\$ 858,366</u>	<u>\$ 596,317</u>	<u>\$ 573,843</u>	<u>\$ 583,130</u>
Coverage	<u>1.8</u>	<u>3.2</u>	<u>3.5</u>	<u>2.9</u>

* Includes revenue from all sources.

** Includes all expenditures except debt service interest and depreciation and Hurricane Lile expenses for 2003.

Table 6

GROSS SALARIES BY FUNCTION
FOR LAST FOUR FISCAL YEARS

	2003	2002	2001	2000
General government	\$ 219,344	\$ 204,892	\$ 204,372	\$ 187,796
Public safety	673,510	651,684	620,895	575,869
Public works	426,079	370,643	348,019	350,980
Culture and recreations	187,128	162,477	116,226	111,868
Urban redevelopment and housing	21,481	21,652	20,305	18,740
Enterprise	<u>975,613</u>	<u>902,903</u>	<u>910,557</u>	<u>880,029</u>
Totals	<u>\$ 2,503,155</u>	<u>\$ 2,314,251</u>	<u>\$ 2,220,374</u>	<u>\$ 2,125,282</u>

**Compliance, Internal Control
and Other Information**

Brupbacher & Associates

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

The Honorable James J. Petitjean
And the Board of Alderman
City of Rayne, Louisiana

We have audited the financial statements of City of Rayne, Rayne, Louisiana, as of and for the year ended September 30, 2003, and have issued our report thereon dated February 19, 2004. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by Comptroller of the United States.

Compliance

As part of obtaining reasonable assurance about whether City of Rayne's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance that is required to be reported under *Government Auditing Standards* which is described in the schedule of findings and questioned costs as item 03-1.

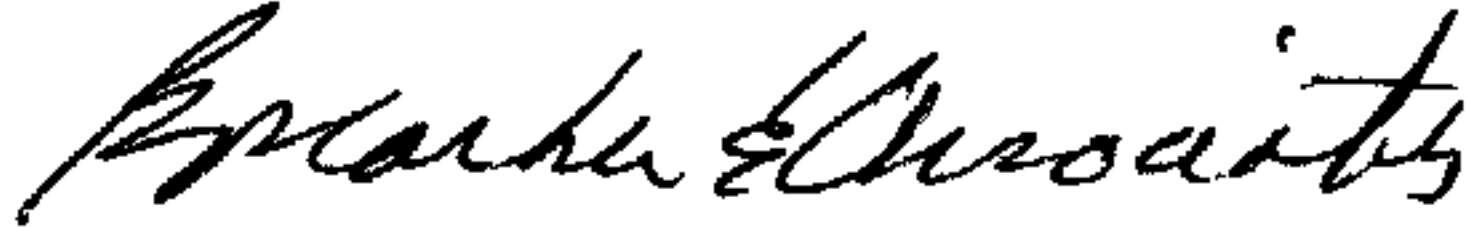
Internal Control Over Financial Reporting

In planning and performing our audit, we considered City of Rayne's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be a material weakness. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that we have reported to management of the City of Rayne, Louisiana, in a separate letter dated February 19, 2004.

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The Honorable James J. Petitjean
And the Board of Alderman
City of Rayne, Louisiana

This report is intended solely for the information and use of the audit committee, management and others within the organization, City Council, federal awarding agencies, pass-through entities, and the office of the Legislative Auditor and is not intended to be and should not be used by anyone other than those specified parties.



Brupbacher & Associates
A Professional Accounting Corporation

Rayne, Louisiana
February 19, 2004

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REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

The Honorable James J. Petitjean, Mayor
And the Board of Alderman
City of Rayne, Louisiana

Compliance

We have audited the compliance of the City of Rayne, Rayne, Louisiana, with types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended September 30, 2003. City of Rayne's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of City of Rayne's management. Our responsibility is to express an opinion on City of Rayne's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*. Those standards are OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about City of Rayne's compliance with those requirements and performing such other procedures, as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on City of Rayne's compliance with those requirements.

In our opinion, City of Rayne complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended September 30, 2003.

Internal Control Over Compliance

The management of City of Rayne, Rayne, Louisiana, is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered City of Rayne's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

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The Honorable James J. Petitjean, Mayor
And the Board of Alderman
City of Rayne, Louisiana

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts, and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of the audit committee, management, others within the organization, City Council, federal awarding agencies, pass-through entities, and the Office of the Legislative Auditor and is not intended to be and should not be used by anyone other than those specified parties.


Brupbacher & Associates
A Professional Accounting Corporation

Rayne, Louisiana
February 19, 2004

CITY OF RAYNE, LOUISIANA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 Year Ended September 30, 2003

Federal Grantor Program Title	Federal CFDA Number	Expenditures	Amounts to Subrecipients
U.S. Department of Housing and Urban Development Direct programs: Low income housing assistance-- Section 8 existing housing	14.156	\$ 231,567	\$ -
Passed through Louisiana Division of Administration Community Development Block Grants-- Small Cities Program	14.228	\$ 592,067	\$ -
Federal Emergency Management Agency-- Passed through Louisiana Military Department-- Office of Emergency Preparedness Public Assistance Grant	83.544	\$ 963,603	\$ -

City of Rayne, Louisiana

Schedule of Corrective Action Taken on Prior Year Findings
Year Ended September 30, 2003

Part 1 Reportable Condition - Financial Reporting

There were no reportable conditions in internal control over financial reporting required to be disclosed during the audit for the period ended September 30, 2002.

Part 2 Non-Compliance - Financial Reporting

02-1 The City of Rayne's Enterprise Fund and Street Improvement Fund exceeded budget amounts by more than 5%.

This matter has been addressed by the City's management.

Part 3 Findings and questioned costs relating to federal programs.

There were no findings or questioned costs relating to federal programs.

Part 4 Management Letter

There was no management letter issued for September 30, 2002.

City of Rayne, Louisiana

Schedule of Findings and Questioned Cost
Year Ended September 30, 2003

Part 1 Summary of Auditor's Results

Financial Statements

Auditor's Report

An unqualified opinion has been issued on the City of Rayne's basic financial statements as of and for the year ended September 30, 2003.

Reportable Conditions

There were no reportable conditions in internal control over financial reporting required to be disclosed during the audit of the financial statements.

Noncompliance - Financial Reporting

Issue of noncompliance was disclosed during the audit of the financial statements for the period ended September 30, 2003 and is shown as item 03-1 in Part 2.

Federal Awards

Major Program - Identification

The City of Rayne, Louisiana, at September 30, 2003, had the following federal programs which were audited as a major program: FEMA - Public Assistance Grant which received funds from the Federal Emergency Management Agency and the U.S. Department of Housing and Urban Development LCDBG.

Major Program - Threshold

The dollar threshold to distinguish Type A and Type B programs is \$300,000 for the fiscal year ended September 30, 2003.

Low-Risk Auditee

The City of Rayne is not considered a low-risk auditee for the fiscal year ended September 30, 2003.

Auditor's Report - Major Programs

An unqualified opinion has been issued on the City of Rayne's compliance for major programs as of September 30, 2003.

City of Rayne, Louisiana

Schedule of Findings and Questioned Cost
Year Ended September 30, 2003

Part 2 Findings Relating to an audit in accordance with Government Auditing Standards

- 03-1 The City of Rayne's Series 2003 operating fund transfers, the LCDBG revenues and the Section 8 revenues exceeded budget amounts by more than 5%. The Series 2003 operating transfers exceeded budget amounts by 44% primarily due to an error. The LCDBG revenues exceeded budget by 8% due to the project not being completed by year end as expected. Revenues for Section 8 program had a budget variance of 8% due to an understatement of the HUD repayment.

Recommendation

The City of Rayne's management should continue to utilize the budget and make revisions as they become necessary.

Part 3 Findings and Questioned Costs Relating to Federal Programs

There were no findings or questioned costs relating to federal programs as defined in OMB Circular A-133 Section 510.

City of Rayne, Louisiana

Corrective Action Plan
Year Ended September 30, 2003

Response to findings:

- 03-1 The City does monitor its budget on a regular basis, but in some instances unexpected matters occur after budget revision. The LCDBG revenues exceeded budget amounts due to the anticipated completion of the project by year end. The project was not completed by year end which caused the variance of approximately 20%. The 44% variance in the Series 2003 debt service fund is due to an error in the budget appropriation as the result of the bond refinancing. The Section 8 revenues exceeded budget amount by 8% which is due to an oversight in the consideration of the HUD repayment. In the future, matters such as these will be monitored more closely and thoroughly and appropriate action taken.

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February 19, 2004

Honorable James J. Petitjean, Mayor
and the Board of Aldermen,
City of Rayne
Rayne, Louisiana

We have completed our audit of the financial statements of the City of Rayne, Louisiana, for the period ended September 30, 2003, and submit the following for consideration.

Finding

The Fixed Asset System needs improvement. The City maintains a tracking system and detailed records of the fixed assets, but identification tags were not affixed to all equipment

Recommendation

Identification tags need to be affixed to the equipment to improve the existing internal controls over fixed assets.

Management's Response

The City will improve its fixed asset system by attaching identification tags on all fixed assets.

Finding

There is no formal written policy in regard to the accumulation of police department compensated time.

Recommendation

The City needs a formal written policy in reference to the police department's compensated time.

Management's Response

The City of Rayne will adopt a formal policy for the police department's compensated time.

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CERTIFIED PUBLIC ACCOUNTANTS

Honorable James J. Petitjean, Mayor
and the Board of Aldermen,
City of Rayne
Rayne, Louisiana

In closing, we would like to express our appreciation to you and your staff for the courteous assistance rendered to us during the performance of our audit. If you have any questions or need additional information, please contact us.

Sincerely,

Brupbacher & Associates
A Professional Accounting Corporation