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CITY OF SULPHUR, LA.  
Annual Financial Report and Independent Auditor's Report  
Year Ended June 30, 2013

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

Release Date 4/27/15

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## CITY OF SULPHUR, LA.

### Management's Discussion and Analysis

Within this section of the City of Sulphur, Louisiana's (City) annual financial report, the City's management is pleased to provide this narrative discussion and analysis of the financial activities of the City for the fiscal year ended June 30, 2008. The City's financial performance is discussed and analyzed within the context of the accompanying financial statements and disclosures following this section.

#### FINANCIAL HIGHLIGHTS

- The City's assets exceeded its liabilities by \$84,240,355 (net assets) for the fiscal year reported.
- Total revenues of \$28.3 million exceeded total expenditures of \$15.8 million, which resulted in a current year surplus of \$4.7 million.
- Total net assets are comprised of the following:
  - (1) Capital assets, net of related debt, of \$58,250,480 include property and equipment, net of accumulated depreciation, and related to outstanding debt issued to the purchase or construction of capital assets.
  - (2) Net assets of \$11,809,843 are restricted by constraints imposed from outside the City such as debt covenants, grantors, laws, or regulations.
  - (3) Unrestricted net assets of \$10,887,832 represent the portion available to maintain the City's continuing obligations to citizens and creditors.
- The City's governmental funds reported total ending fund balance of \$25,354,116 this year. This compares to the prior year ending fund balance of \$23,287,676, reflecting a slight decrease of \$2,466 during the current year.
- At the end of the current fiscal year, unreserved fund balance for the General Fund was \$10,811,823, or 110% of total General Fund expenditures and 189% of total General Fund revenues including transfers.
- Overall, the City continues to maintain a strong financial position and is continuing to work to improve its financial position.

The above financial highlights are explained in more detail in the "financial analysis" section of this document.

#### OVERVIEW OF FINANCIAL STATEMENTS

This Management's 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.

## CITY OF SULLY, IA.

### Management's Discussion and Analysis (Continued)

#### 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 balance 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 sales tax and from business-type activities that are intended to recover all or a significant portion of their costs through user fees and charges. Governmental activities include principally general government, public safety and streets. Business-type activities include the water and sewer systems.

The government-wide financial statements are presented on pages 16 and 17 of this report.

#### 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.

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.

## CITY OF SULPHUR, LA.

### Management's Discussion and Analysis (Continued)

The basic governmental fund financial statements are presented on pages 26 through 29 of this report.

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

Prietary funds are reported in the fund financial statements and generally report services for which the City charges customers a fee. The one City proprietary fund is classified as an enterprise fund. This enterprise fund essentially encompasses the same functions reported as business-type activities in the government-wide statements. Services are provided to customers external to the City organization for water and sewer utilities.

The basic enterprise fund financial statements are presented on pages 26 through 27 of this report.

#### NOTES TO THE 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. The notes to the financial statements begin on page 28 of this report.

#### OTHER INFORMATION

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplemental information concerning the City's budget presentations. Budgetary comparison statements are included as "required supplemental information" for the general fund and the major special revenue fund. These statements and schedules demonstrate compliance with the City's adopted and final revised budget. Required supplemental information can be found on pages 46 through 47 of this report.

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 beginning on page 48.

#### 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 June 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 SULPHUR, LA.

## Management's Discussion and Analysis (Continued)

The City's net assets at fiscal year-end are \$84,248,056. The following table provides a summary of the City's net assets:

## Summary of Net Assets

	Governmental Activities	Business-type Activities	Total	Percentage Total
<b>Assets:</b>				
Current assets and other assets	\$ 24,694,607	\$ 8,133,082	\$ 28,137,710	32%
Capital assets	38,171,198	30,274,126	68,445,324	80%
<b>Total assets</b>	<b>62,865,805</b>	<b>38,407,207</b>	<b>99,203,099</b>	<b>100%</b>
<b>Liabilities:</b>				
Current liabilities	3,298,191	507,665	3,805,856	4%
Long-term liabilities	5,365,061	-	5,365,061	5%
<b>Total liabilities</b>	<b>8,663,252</b>	<b>507,665</b>	<b>9,070,917</b>	<b>9%</b>
<b>Net assets:</b>				
Investment in capital assets, net of debt	32,875,345	30,274,126	63,149,471	67%
Restricted	11,808,043	-	11,808,043	14%
Unrestricted	11,332,865	4,766,157	16,099,022	19%
<b>Total net assets</b>	<b>55,916,253</b>	<b>35,040,302</b>	<b>84,248,056</b>	<b>100%</b>

The City continues to maintain a high current ratio. The current ratio compares current assets to current liabilities and is an indication of the ability to pay current obligations. The current ratio for governmental activities is 7.54 to 1 and 15.13 to 1 for business-type activities. For the City overall, the current ratio is 8.25 to 1. These ratios are strong.

The City reported positive balances in net assets for both governmental and business-type activities. Net assets increased \$3,344,631 for governmental activities and by \$1,367,481 for business-type activities. The City's overall financial position improved during the fiscal year 2003.

Note that approximately 80% of the governmental activities' net assets are tied up in capital (with 42% of the capital assets being infrastructure). The City uses these capital assets to provide services to its citizens. However, with business-type activities, the City has spent approximately 87% of its net assets on capital. Capital assets in the business-type activities also provide utility services, but they also generate revenues for this fund. 87% of the City's total net assets are included in capital assets.

## CITY OF SULPHUR, LA.

## Management's Discussion and Analysis (Continued)

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:

	Governmental Activities	Business-Type Activities	Total	Percentage Total
<b>Revenues:</b>				
<b>Program:</b>				
Charges for services/fees	\$ 1,640,427	\$ 3,378,118	\$ 5,018,545	25%
Operating grants	82,888	-	82,888	0
Capital grants	57,428	1,687,170	1,744,598	9
<b>General:</b>				
Sales taxes	9,223,584	-	9,223,584	46
Other taxes	2,748,604	-	2,748,604	14
Interest	508,177	68,741	576,918	3
Other	655,132	-	655,132	3
<b>Total Revenues</b>	<u>15,256,024</u>	<u>5,152,028</u>	<u>20,408,054</u>	<u>100%</u>
<b>Program expenses:</b>				
General government	1,814,088	-	1,814,088	9%
Public safety:				
Police	3,678,827	-	3,678,827	38
Fire	2,838,113	-	2,838,113	17
Streets	3,310,548	-	3,310,548	21
Inspection/animal control	360,572	-	360,572	2
Shop	258,283	-	258,283	2
Interest	350,478	-	350,478	2
Water and sewer	-	3,808,588	3,808,588	22
<b>Total Expenses</b>	<u>12,398,289</u>	<u>3,808,588</u>	<u>16,206,877</u>	<u>100%</u>
Excess (deficiency)	3,857,735	1,343,440	5,201,175	
Transfers	375,000	375,000	-	
Change in net assets	3,482,735	1,357,440	4,840,175	
Beginning net assets	42,852,852	36,871,881	79,724,733	
Ending net assets	<u>\$ 46,335,587</u>	<u>\$ 38,229,321</u>	<u>\$ 84,564,908</u>	

## CITY OF SULPHUR, LA.

### Management's Discussion and Analysis (Continued)

#### GOVERNMENTAL REVENUES

The City is heavily reliant on sales taxes to support governmental operations. Sales taxes provided 46% of the City's total revenues. Sales taxes equal 67% of the revenues for governmental activities. Because of the City's healthy financial position, we have been able to earn \$686,177 in interest earnings to support governmental activities. Also note that program revenues cover only 15% of governmental operating expenses. This means that the government's taxpayers and the City's other general revenues fund 85% of the governmental activities. As a result, the general economy and the local businesses have a major impact on the City's revenue streams.

#### GOVERNMENTAL FUNCTIONAL EXPENSES

Police services comprise 24% of the City's total expenses and 30% of the total governmental expenses. The total public safety makes up 40% of the total expenses and 52% of the total governmental expenses. The street expenses are 21% of total City expenses.

This table presents the cost of each of the City's programs, including the net costs (i.e., total cost less revenues generated by the activities). The net costs illustrate the financial burden that was placed on the City's taxpayers by each of these functions.

#### Governmental Activities

	Total Cost of Services	Net Cost of Services
General government	\$ 1,674,080	\$ 868,707
Public safety:		
Police	3,676,837	3,374,098
Fire	2,628,173	2,880,807
Streets	3,370,949	2,470,398
Inspection/Animal Control	280,272	280,872
Shop	228,285	228,285
Interest on long-term debt	281,470	250,478
Total	\$ 12,160,286	\$ 10,243,575

#### BUSINESS-TYPE ACTIVITIES

##### Revenues vs. Costs

The operating revenues for the utility funds were 10% more than 2002 and operating expenses 4% more than 2002. Within the total business type activities of the City, these activities reported a \$103,458 operating loss compared to an operating loss of \$225,662 for the prior year.

However, after contributed capital and transfers in and out, the fund reported a profit of \$1,267,401.

The City is not charging its users the full amount of operational costs for the water and sewer operations, as discussed above. In an effort to improve income, the City is increasing rates by 12% per year.



## CITY OF SLIPFORD, IA

### Management's Discussion and Analysis (Continued)

#### FINANCIAL ANALYSIS OF THE CITY'S FUNDS

##### Governmental Funds

As discussed, governmental funds are reported in the fund statements with a short-term, inflow and outflow of spendable resources focus. This information is useful in assessing resources available at the end of the year in comparison with upcoming financing requirements. Governmental funds reported ending fund balances of \$23,294,119. Of this year-end total, \$10,811,820 is unrestricted (available for continuing City service requirements). Legally restricted fund balances (i.e., the reserved fund balances) include: \$33,870 for prepaid items, \$6,071,739 committed to service debt and \$7,968,690 committed to capital projects.

The total ending fund balances of governmental funds show a decrease of \$1,466.

##### MAJOR GOVERNMENTAL FUNDS

The General Fund is the City's primary spending fund and the largest source of day-to-day service delivery. The General Fund's fund balance decreased by \$312,098. In fiscal year 2002, the fund balance decreased by \$263,763. However, the reader needs to remember that the City controls these differences by the amount of resources it transfers in from the Sales Tax Fund.

The revenues show a decrease of \$131,357 or 2% over the prior year. The expenditures side shows an increase of \$156,733 or 2% over the prior year. This increase related primarily to greater amounts of capital assets purchased in 2003 as compared to 2002. Finally, transfers in from the sales tax fund were \$25,469 less than the prior year.

Although the General Fund's ending fund balance was less than the prior year, it is considered very adequate, representing the equivalent of 387% of annual expenditures.

The sales tax fund continues to accumulate strong fund balances with revenues in 2003 2% more than 2002.

In 2003, the major Public Improvement Fund resources were spent for street overlay projects and water system rehabilitation projects.

##### THE PROPRIETARY FUND

The proprietary fund statements share the same focus as the government-wide statements, reporting both short-term information about financial status.

##### BUDGETARY HIGHLIGHTS

The General Fund - Both the revenue and the expenditure side of the original budget for the General Fund was revised by \$168,153 or 3% this year. The primary change in the general fund's revenue budget relates to the excess proceeds from a prior bond refunding. The expenditure budget was increased for special projects and professional services.

The actual revenues exceeded the final budget by \$630,810 or 10% and the actual expenditures were less than the final budget by \$608,657 or 9%.

The Sales Tax Fund - The actual sales taxes for the sales tax fund exceeded the original budget by approximately 3%.

## CITY OF SULPHUR, LA

## Management's Discussion and Analysis (Continued)

## CAPITAL ASSETS AND DEBT ADMINISTRATION

## Capital assets

The City's investment in capital assets, net of accumulated depreciation, for governmental and business-type activities as of June 30, 2003, was \$20,101,748 and \$33,374,128 respectively. The overall increase was 10% for the City as a whole. See Note E for additional information about changes in capital assets during the fiscal year and outstanding at the end of the year. The following table provides a summary of capital asset activity.

	DOLLAR AMOUNT					
	Governmental Activities		Business-Type Activities		Total	
	2003	2002	2003	2002	2003	2002
<b>Non-depreciable asset:</b>						
Land	\$ 2,170,088	\$ 2,076,688	\$ -	\$ -	\$ 2,170,088	\$ 2,076,688
Construction in progress	11,490,238	8,288,848	-	-	11,490,238	8,288,848
<b>Total non-depreciable</b>	<b>13,660,326</b>	<b>10,365,536</b>	<b>-</b>	<b>-</b>	<b>13,660,326</b>	<b>10,365,536</b>
<b>Depreciable assets:</b>						
Buildings	2,458,747	2,458,747	47,594,890	45,243,894	49,598,037	47,008,428
Furniture & equipment	2,883,838	2,936,457	1,241,660	1,278,895	4,125,500	3,980,287
Transportation equipment	2,411,394	2,241,158	208,888	208,888	2,620,282	2,450,046
Infrastructure	38,370,460	38,268,820	-	-	38,370,460	38,268,820
<b>Total depreciable assets</b>	<b>43,124,439</b>	<b>43,905,182</b>	<b>48,045,438</b>	<b>46,731,677</b>	<b>91,169,877</b>	<b>88,068,374</b>
<b>Less accumulated depreciation</b>	<b>22,782,610</b>	<b>22,488,648</b>	<b>22,254,800</b>	<b>24,282,719</b>	<b>45,037,410</b>	<b>42,005,987</b>
<b>Book value-depreciable assets</b>	<b>\$ 20,341,829</b>	<b>\$ 21,416,534</b>	<b>\$ 25,790,638</b>	<b>\$ 22,448,958</b>	<b>\$ 45,834,467</b>	<b>\$ 46,062,387</b>
<b>Percentage depreciated</b>	<b>57%</b>	<b>57%</b>	<b>21%</b>	<b>26%</b>	<b>57%</b>	<b>47%</b>
<b>Book value of assets</b>	<b>\$ 30,002,155</b>	<b>\$ 23,782,070</b>	<b>\$ 25,790,638</b>	<b>\$ 22,448,958</b>	<b>\$ 55,792,793</b>	<b>\$ 52,124,774</b>

At June 30, 2003, the depreciable capital assets for governmental activities were 57% depreciated. This compares approximately to the June 30, 2002 percentage. This comparison indicates that the City is replacing its assets at approximately the same rate as they are depreciating which is a positive indicator.

The major addition to construction in progress is the wastewater plant rehabilitation at \$1,570,408. The increase in infrastructures is for street paving projects.

With the City's business type activities, 31% of the asset values were depreciated at June 30, 2003 compared to 30% at June 30, 2002.

## Long-term debt

At the end of the fiscal year, the City had total bonded debt outstanding of \$7,222,895. All of this amount is backed by the full faith and credit of the City (general obligation bonds) with debt service funded by sales taxes and paving assessments.

During the year, the City issued additional \$3,710,706 of obligations to fund the wastewater plant rehabilitation project and retired \$1,748,851 of the outstanding debt balances. See Note F for additional information regarding long-term debt.

**CITY OF SULPHUR, LA.**

**Management's Discussion and Analysis (Continued)**

**ECONOMIC CONDITIONS AFFECTING THE CITY**

Since the primary revenue stream for the City is sales taxes, the City's sales tax revenues are subject to changes in the economy. Since sales are considered an "elastic" revenue stream, tax collections are higher in a flourishing economy and are lower in a depressed economy.

**Contacting the City's Financial Management**

This financial report is designed to provide a general overview of the City's finances, comply with finance-related laws and regulations, and demonstrate the City's commitment to public accountability. If you have any questions about this report or would like to request additional information, contact the City's Director of Finance, Perce Prejean, P.O. Box 1308, Sulphur, LA 70684-1308.



**INDEPENDENT AUDITORS' REPORT**

December 4, 2003

To the Members of the City Council  
City of Sulphur, Louisiana

We have audited the accompanying basic financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of the City of Sulphur, LA, as of and for the year ended June 30, 2003, as listed in the table of contents. These basic financial statements are the responsibility of the City of Sulphur, LA. Our responsibility is to express an opinion on these basic financial statements based on our audit.

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

In our opinion, the basic 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 Sulphur, LA, as of June 30, 2003, and the respective changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated December 4, 2003, on our consideration of the City of Sulphur, LA's internal control over financial reporting and our level 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.

As described in Note B to the basic financial statements, the City of Sulphur, LA, 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. 37, Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments, Statement No. 38 Certain Financial Statement Note Disclosures, and Interpretation No. 6, Description 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.

City of Sulphur, LA  
December 4, 2003

The Management's Discussion and Analysis and the required supplemental information on pages 5 through 12 and page 4-1, respectively, are not a required part of the basic financial statements but are supplemental information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplemental 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 basic financial statements that collectively comprise the City's basic financial statements. The other supplemental information on pages 41 through 48 is presented for purposes of additional analysis and is not a required part of the basic financial statements of the City of Sulphur, LA. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

*Gregory, Curran & Gregory, P.A.*

**BASIC FINANCIAL STATEMENTS**

**GOVERNMENT-WIDE  
FINANCIAL STATEMENTS**

**CITY OF SULPHUR, LA.**  
**STATEMENT OF NET ASSETS**  
**June 30, 2005**

	Governmental Activities	Business-Type Activities	Total
<b>ASSETS</b>			
Cash	\$ 25,143,870	\$ 4,988,281	\$ 28,712,013
Investments	1,781,338	-	1,781,338
Receivables	1,675,888	348,740	2,024,628
Inventory	33,670	58,254	91,924
Restricted cash	-	131,882	131,882
Capital assets:			
Land	2,178,085	-	2,178,085
Capital assets, net	<u>28,028,783</u>	<u>33,274,135</u>	<u>61,294,898</u>
Total assets	<u>54,828,378</u>	<u>38,377,221</u>	<u>93,205,599</u>
<b>LIABILITIES</b>			
Accounts and other accrued payables	1,358,588	85,583	1,444,171
Accrued salaries and benefits	-	83,888	83,888
Accrued compensated absences	-	91,812	91,812
Customer meter deposits	-	131,882	131,882
Interest payable	45,008	-	45,008
Long-term liabilities:			
Due within one year	1,871,854	-	1,871,854
Due after one year	<u>3,251,081</u>	<u>-</u>	<u>3,251,081</u>
Total liabilities	<u>6,818,142</u>	<u>332,885</u>	<u>7,151,047</u>
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt	22,879,345	33,274,135	56,153,480
Restricted for:			
Debt service	5,071,778	-	5,071,778
Capital projects	8,503,585	-	8,503,585
Inventory	33,670	-	33,670
Unrestricted	<u>11,321,588</u>	<u>4,788,187</u>	<u>16,109,775</u>
Total net assets	<u>\$ 48,237,223</u>	<u>\$ 38,062,322</u>	<u>\$ 86,299,545</u>

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



CITY OF SUWANEE, LA.  
 9743346017 OF ACTIVITIES  
 Year Ended June 30, 2003

Activities	Expenses		Private Revenue		Total	
		Fees, Fines and Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-Type Activities	
Administrative activities	\$ 4,044,058	\$ 328,362	\$ -	\$ 4,372,420	\$ -	\$ 4,372,420
General and administrative	2,123,248	848,288	-	2,971,536	-	2,971,536
Street and park	1,088,112	-	-	1,088,112	-	1,088,112
Police	3,678,607	374,442	52,806	4,105,855	-	4,105,855
Recreation/leisure activities	382,272	-	-	382,272	-	382,272
Library	292,283	-	-	292,283	-	292,283
Interest on long term debt	280,172	-	-	280,172	-	280,172
Total Governmental Activities	12,882,562	1,688,447	52,806	14,623,815	-	14,623,815
Business-type activities	3,585,558	3,578,118	\$ 82,885	7,163,571	103,483	7,267,054
Water and sewer	3,585,558	3,578,118	82,885	7,166,561	103,483	7,270,044
Total	16,468,120	5,266,565	135,691	21,780,376	103,483	21,883,859
Government revenues:						
Taxes -						
Property taxes, limited for general purposes				1,721,282	-	1,721,282
Sales and use taxes, local for general purposes				9,223,584	-	9,223,584
Franchise taxes				1,789,387	-	1,789,387
State revenue sharing				488,828	-	488,828
Grants and contributions not restricted to specific programs				-	-	-
Federal and State sources				87,426	1,887,125	1,974,551
Miscellaneous				588,927	68,241	657,168
Interest and investment earnings				883,237	-	883,237
Miscellaneous				25,528	875,883	901,411
Total				13,987,284	2,831,249	16,818,533
Total general revenues				3,244,987	1,287,483	4,532,470
Change in net assets				42,862,653	38,071,981	80,934,634
Net assets - Beginning				8,462,207,233	8,28,028,523	16,740,235,756
Net assets - Ending				8,505,069,886	8,326,100,504	16,831,170,390

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

## FUND FINANCIAL STATEMENTS

## FUND DESCRIPTIONS

### General Fund

The General Fund is used to account for resources traditionally associated with governments which are not required to be accounted for in another fund.

### Special Revenue Funds

Special revenue funds are used to account for specific revenues that are legally restricted to expenditures for particular purposes.

#### Sales Tax Fund

To account for the receipt and use of proceeds of the City's 2.10 % sales and use tax. See Note G for the deduction and purpose of these taxes.

### Capital Projects Fund

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

#### 5902 Public Improvements

To account for the acquisition, construction and improvements of major capital facilities.

### Enterprise Fund

#### Utility Fund

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

**CITY OF SULPHUR, LA.**  
**BALANCE SHEET - GOVERNMENTAL FUNDS**  
 June 30, 2003

	General	Sales Tax	Total Public Improvements	Other Governmental	Total
<b>ASSETS</b>					
Cash	\$ 40,862,304	-	\$ 8,877,267	\$ 4,800,888	\$ 54,540,459
Investments	-	-	-	1,381,328	1,381,328
Receivables	953,658	783,258	-	348,068	1,084,984
Inventory	33,878	783,258	-	-	1,147,394
<b>Total Assets</b>	<u>\$ 41,850,640</u>	<u>\$ 1,566,516</u>	<u>\$ 8,877,267</u>	<u>\$ 6,529,264</u>	<u>\$ 58,823,687</u>
<b>LIABILITIES</b>					
Accounts payable and accrued liabilities	\$ 814,028	-	\$ 806,428	-	\$ 1,620,456
<b>FUND BALANCES</b>					
Reserve for Inventory	33,878	-	-	-	33,878
Unreserved, undesignated					
Approved in:					
General fund	10,811,028	-	-	-	10,811,028
Special reserves funds	-	783,258	-	-	783,258
Debt service funds	-	-	-	5,051,176	5,051,176
Capital projects funds	-	-	5,070,839	-	5,070,839
Total fund balances	<u>10,811,028</u>	<u>783,258</u>	<u>5,070,839</u>	<u>5,051,176</u>	<u>21,716,301</u>
<b>Total Liabilities and Fund Balances</b>	<u>\$ 11,650,924</u>	<u>\$ 783,258</u>	<u>\$ 8,877,267</u>	<u>\$ 5,580,456</u>	<u>\$ 26,991,905</u>

Garrison, Carter & Goolsby, L.L.C.  
 Certified Public Accountants

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

CITY OF SULPHUR, LA.  
 RECONCILIATION OF THE BALANCE SHEET – GOVERNMENTAL FUNDS  
 TO THE STATEMENT OF NET ASSETS  
 June 30, 2003

Total fund balances for governmental funds at June 30, 2003: \$ 25,364,118

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

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

Land	\$ 2,170,865	
Capital assets, net of \$30,762,842 accumulated depreciation	<u>28,020,763</u>	30,191,748

Long-term liabilities at June 30, 2003:

Special assessment debt	(420,150)	
Bonds payable	(6,785,200)	
Capital lease obligations	(1,850)	
Assured internal payables	(40,838)	
Compensated absences payable	<u>(5,730)</u>	<u>(7,258,630)</u>

Total net assets of governmental activities at June 30, 2003 \$ 46,332,336

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

**CITY OF SLOAN, CA**  
**STATEMENT OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS**  
 Year Ended June 30, 2003

	General	Sales Tax	1993 Public Transportation	Other Governmental	Total
<b>REVENUES</b>					
Taxes	\$ 2,281,888	\$ 8,023,064	\$ -	\$ -	\$ 11,304,952
Licenses and permits	178,382	-	-	-	178,382
Intergovernmental	545,870	-	48,584	8,405	602,859
Charges for services	540,500	-	-	-	540,500
Fees	274,492	-	-	-	274,492
Interest	373,488	-	118,792	178,407	670,687
Other	823,848	-	-	81,269	905,117
<b>Total revenues</b>	<b>\$ 3,998,758</b>	<b>\$ 8,023,064</b>	<b>\$ 118,792</b>	<b>\$ 81,269</b>	<b>\$ 12,221,883</b>
<b>EXPENDITURES</b>					
Current:					
General and administrative	1,485,124	89,843	8,300	-	1,583,267
Streets and parks	2,088,807	-	-	-	2,088,807
Pier	2,481,733	-	-	-	2,481,733
Parks	2,003,576	-	-	-	2,003,576
Imprecedential bonded	573,821	-	-	-	573,821
Shop	254,854	-	-	-	254,854
Capital outlay	154,887	-	8,872,448	818,842	9,846,177
Debt Service	-	-	-	-	-
Financial	1,216	-	-	1,725,885	1,727,101
Interest	882	-	-	289,479	290,361
<b>Total expenditures</b>	<b>\$ 6,078,832</b>	<b>\$ 89,843</b>	<b>\$ 8,880,748</b>	<b>\$ 2,825,111</b>	<b>\$ 17,874,534</b>

Continued

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

CITY OF SULPHUR, LA.  
 STATEMENT OF REVENUES, EXPENDITURES, AND  
 CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS (CONTINUED)  
 Year Ended June 30, 2003

	General	Sales Tax	State Public Assistance	Other Governmental	Total
EXCESS (DEFICIENCY) OF REVENUES OVER COMMITMENTS	\$ 14,027,864	\$ 6,128,771	\$ 6,418,583	\$ 1,887,864	\$ 2,663,264
OTHER FINANCING SOURCES (USES)					
Operating transfers in	\$ 192,750	-	3,658,095	3,241,263	11,026,479
Operating transfers out	(1,580,804)	-	-	-	(1,580,474)
Proprietary fund borrowings	-	-	3,175,706	-	3,175,706
Total other financing resources (uses)	\$ 3,888,750	\$ 0,000,000	\$ 6,833,801	\$ 3,241,263	\$ 13,964,050
NET CHANGES IN FUND BALANCE	\$ 18,916,614	\$ 65,369	\$ 11,152,386	\$ 5,129,127	\$ 31,263,536
FUND BALANCE - BEGINNING	\$ 11,507,569	\$ 877,563	\$ 5,151,582	\$ 6,466,512	\$ 23,903,226
FUND BALANCE - ENDING	\$ 13,424,183	\$ 942,932	\$ 16,303,968	\$ 11,635,639	\$ 45,306,722

Gibson, Center & Ellis LLP  
 Chartered Public Accountants

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

CITY OF SULPHUR, LA.  
 RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND  
 CHANGES IN FUND BALANCES-GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES  
 Year Ended June 30, 2003

Total net changes in fund balances at June 30, 2003 per  
 Statement of Revenues, Expenditures and Changes in Fund Balances \$ (3,468)

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

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 Changes in Fund Balances \$ 7,603,044  
 Depreciation expense for the year ended June 30, 2003 (2,321,184) 5,281,860

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 on  
 the statement of net assets. 1,743,108

Governmental funds report debt proceeds as revenues. However,  
 this revenue does not appear in the statement of activities since  
 the debt is reported on the statement of net assets. (1,719,706)

Difference between interest on long-term debt on modified accrual  
 basis versus interest on long-term debt on accrual basis 10,801

Governmental funds do not report compensated absences as expenditures.  
 However, this payable does appear in the Statement of Activities since  
 the payable is reported on the Statement of Net Assets 15,488

Total changes in net assets at June 30, 2003 per Statement of Activities \$ 3,244,630

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



CITY OF SULPHUR, LA.  
STATEMENT OF NET ASSETS – PROPRIETARY FUND  
June 30, 2021

	Business Type Activities Enterprise Fund	Governmental Activities Internal Service Fund
<b>ASSETS</b>		
<b>Current assets</b>		
Cash and cash equivalents	\$ 4,608,201	\$ 1,681,768
Receivables	268,740	-
Inventories	58,254	-
Prepaid expenses	-	11,347
Total current assets	<u>4,935,195</u>	<u>1,693,115</u>
Restricted cash and cash equivalents	131,892	-
Fixed assets, net of accumulated depreciation	53,274,130	-
Total assets	<u>\$ 50,377,221</u>	<u>\$ 1,693,115</u>
<b>LIABILITIES</b>		
<b>Current liabilities</b>		
Accounts payable	\$ 80,500	\$ 22,178
Accrued salaries and benefits	83,888	-
Accrued compensated absences	91,812	-
Customer meter deposits	<u>131,892</u>	<u>-</u>
Total current liabilities	387,892	22,178
<b>NET ASSETS</b>		
Invested capital assets	33,274,130	-
Unrestricted	<u>4,789,387</u>	<u>1,693,115</u>
Total net assets	<u>38,063,517</u>	<u>1,693,115</u>
Total Liabilities and Net Assets	<u>\$ 50,377,221</u>	<u>\$ 1,693,115</u>

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

CITY OF SULPHUR, LA  
**STATEMENT OF REVENUES, EXPENSES  
 AND CHANGES IN NET ASSETS - PROPRIETARY FUNDS**  
 Year Ended June 30, 2009

	Business Type Activities Enterprise Fund	Governmental Activities Internal Service Fund
<b>OPERATING REVENUES</b>		
Charges for services	\$ 3,376,118	\$ 348,456
<b>OPERATING EXPENSES</b>		
General and administration	308,348	58,180
Water department	873,517	-
Sanitary department	1,207,058	-
Depreciation	1,118,848	-
Health claims	-	291,287
Total operating expenses	<u>3,507,771</u>	<u>349,467</u>
Operating income (loss)	(131,653)	(1,011)
Non-operating revenues		
Interest	<u>68,781</u>	<u>46,537</u>
Income before contributions and operating transfers	(62,872)	(54,478)
Contributed capital	1,687,178	-
Operating transfers in	300,000	-
Operating transfers out	<u>(875,000)</u>	<u>-</u>
Change in Net Assets	1,367,406	(54,478)
<b>NET ASSETS BEGINNING</b>	<u>30,671,081</u>	<u>1,051,280</u>
<b>NET ASSETS ENDING</b>	<b>\$ 32,038,487</b>	<b>\$ 996,802</b>

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

CITY OF BELLEVUE, WA  
 STATEMENT OF CASH FLOWS – PROPRIETARY FUND  
 Year Ended June 30, 2000

	Business Type Activities Enterprise Fund	Governmental Activities Internal Service Fund
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Receipts from customers	\$ 3,289,818	\$ 348,488
Payments to suppliers	(1,423,344)	(88,188)
Payments to employees	(878,412)	-
Claims paid	-	(284,883)
Net cash from operating activities	<u>608,062</u>	<u>(124,583)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Interest earnings	<u>68,341</u>	<u>48,537</u>
<b>CASH FLOWS FROM CAPITAL ACTIVITIES:</b>		
Capital contributions	1,887,178	-
Purchase of fixed assets	(1,708,870)	-
Net cash from capital activities	<u>178,308</u>	<u>-</u>
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:</b>		
Operating transfers in	300,000	-
Operating transfers out	(875,000)	-
Net cash from non-capital financing activities	<u>(575,000)</u>	<u>-</u>
<b>NET INCREASE (DECREASE) IN CASH</b>	<b>211,370</b>	<b>(86,046)</b>
<b>CASH – BEGINNING</b>	<b>2,844,028</b>	<b>1,073,464</b>
<b>CASH – ENDING</b>	<b>\$ 3,055,398</b>	<b>\$ 987,418</b>
<b>Reconciliation of operating income (loss) to net cash from operating activities:</b>		
Operating income (loss)	\$ (132,484)	\$ (88,188)
Adjustment to reconcile net income (loss) to net cash provided (used) by operating activities:		
Depreciation	1,118,548	-
(increase) decrease in receivables	(23,758)	-
(increase) decrease in inventory	(4,174)	-
(increase) decrease in accounts payable and accrued expenses	3,087	83,238
Net cash from operating activities	<u>\$ 688,787</u>	<u>\$ (124,583)</u>

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

CITY OF SULPHUR, LA.  
Notes to Financial Statements  
June 30, 2000

**Note A - Summary of Significant Accounting Policies**

The City of Sulphur, LA, was incorporated under the provisions of the State of Louisiana LA R.S. 33:521-481. The City operates under a home rule charter.

The City's more significant accounting policies are described below.

**1. Reporting Entity**

GAISS Statement No. 14 established criteria for determining the governmental reporting entity and component units that should be included within the reporting entity. For financial reporting purposes, in conformance with GAISS Standards No. 14, the City of Sulphur, LA is the financial reporting entity. The financial reporting entity consists of (a) the primary government, (b) organizations for which the primary government is financially accountable, and (c) other organizations for which the 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.

The basic criteria for including a potential component unit within the reporting entity is financial accountability. The GAISS has set forth criteria to be considered in determining financial accountability. This criteria includes:

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

Based upon the application of these criteria, the following component units are to be included in the City's reporting entity:

The City Court of Sulphur for Ward 4  
The City Marshal of Sulphur for Ward 4

The West-Cadillac Airport Managing Board, a joint service agreement, and the Housing Authority of the City of Sulphur, a related organization, is also to be included in the City's reporting entity.

Only the primary government's financial information is included in these financial statements. Information on how to obtain component unit financial statements can be obtained by contacting the Director of Finance for the City of Sulphur, LA.

CITY OF SULPHUR, LA.  
Notes to Financial Statements  
June 30, 2003

Note A - Summary of Significant Accounting Policies - Continued

2. Basis of Presentation

The accompanying basic financial statements of the City of Sulphur, LA, have been prepared in conformity with governmental accounting principles generally accepted in the United States of America. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The accompanying basic financial statements have been prepared in conformity with GASB Statement 24, "Basic Financial Statements and Management Discussion and Analysis for State and Local Governments", issued in June 1999. As a result, an entirely new financial presentation format has been implemented.

Government-Wide Financial Statements

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

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

Fund Financial Statements

The City uses funds to maintain its financial records during the year. Fund accounting is designed to demonstrate legal compliance and to aid management by segregating transactions related to certain City functions and activities. A fund is defined as a separate fiscal and accounting entity with a self-balancing set of accounts. The various funds of the City are classified into three categories: governmental, proprietary, and fiduciary. The emphasis on fund financial statements is on major funds, each displayed on a separate column. A fund is considered major if it is the primary operating fund of the City or its total assets, liabilities, revenues, or expenditures of the individual governmental and enterprise funds is at least 10 percent of the corresponding total for all governmental and enterprise funds of that category or type, and 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 City reports the following major funds:

The General Fund is the primary operating fund of the City. It accounts for all financial resources except those that are required to be accounted for in other funds.

The Special Revenue Fund is used to account for specific revenues that are legally restricted to expenditures for particular purposes. This fund accounts for the receipt and use of proceeds of the City's 2 1/2% sales and use tax.

The 1992 Public Improvement Capital Projects Fund is used to account for the acquisition and construction of major capital facilities other than those financed by the Enterprise Fund.

CITY OF SULPHUR, LA.  
Notes to Financial Statements  
June 30, 2000

Note A – Summary of Significant Accounting Policies (Continued)

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

3. Measurement Focus/Basis of Accounting

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

Measurement Focus

On the government-wide statement of net assets and the statement of activities, both governmental and business-type activities are presented using the economic resources measurement focus as defined in Item 5, below. In the fund financial statements, the "current financial resources" measurement focus or the "economic resources" measurement focus is used as appropriate:

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

Basis of Accounting

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

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

The proprietary fund utilizes the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used. The City applies all applicable GASB pronouncements in measuring and reporting for its proprietary fund.

**CITY OF SULPHUR, LA.**  
**Notes to Financial Statements**  
**June 30, 2009**

**Note A – Summary of Significant Accounting Policies (Continued)**

**4. Budgets and Budgetary Accounting**

The City annually adopts and implements an operating and capital budget in accordance with requirements of state law for the General Fund and all Special Revenue and Proprietary Funds. The Capital Projects Fund's budget is a project based capital budget. Policies and procedures with respect to budgetary control are as follows.

No later than sixty days prior to the beginning of each fiscal year, the Mayor submits a budget to the City Council. The budget is prepared by fund, function and activity and includes information on: the past year, current year estimates and requested appropriations for the next fiscal year.

The council holds public hearings and may add to, subtract from or change appropriations, but may not change the form of the budget. Any changes in the budget must be within the revenues and reserves estimated or the revenue estimates must be changed by an affirmative vote of a majority of the City's council. The budget presented is as amended by the City Council.

**5. Encumbrances**

Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditures of money are recorded in order to ensure that portion of the applicable appropriation, is employed as an extension of formal budgetary integration in the General Fund, Special Revenue Funds, and Capital Projects Funds.

In accordance with accounting principles generally accepted in the United States of America, outstanding encumbrances at year end for unfulfilled goods or services are retained and reclassified to expenditures and accounts payable. All other encumbrances in the annual budgeted funds are reversed at year end and are either cancelled or are included as reappropriations at last balance for the subsequent year. Encumbrances at year end in funds that are budgeted on a project basis, including Enterprise Fund construction projects, are carried forward along with their related appropriations and are not subject to an annual cancellation and reappropriation.

**6. Deposits and Investments**

**Deposits**

Deposits include amounts in demand deposits as well as short-term investments with a maturity date within three months of the date acquired by the City.

State statutes authorize the City to invest in obligations of the U.S. Treasury, U.S. Government Agencies, or time certificates of deposit of state banks organized under the laws of Louisiana and national banks having the principal office in the State of Louisiana, as stipulated in R.S. 58:1771, or any other federally insured investment. In addition, local governments in Louisiana are authorized to invest in the Louisiana Asset Management Pool, Inc. (LAMP), a non-profit corporation formed by an initiative of the State Treasurer and organized under the laws of the State of Louisiana which generates a local government investment pool.

CITY OF BILBOUR, LA.  
Notes to Financial Statements  
June 30, 2003

Note A – Summary of Significant Accounting Policies (Continued)

Governmental Accounting Standards Board Statement 3 (GASB-3) concludes that deposits with financial institutions should be evaluated for risk and classified in one of the three following categories:

Category 1 – Insured or collateralized with securities held by the government entity or by the agent in the name of the governmental entity.

Category 2 – Collateralized with securities held by the pledging institution's trust department or agent in the governmental entity's name.

Category 3 – Uncollateralized, including any deposits collateralized with securities held by the pledging financial institutions, or by its trust department or agent but not in the governmental entity's name.

These deposits are stated at cost, which approximates market. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. 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 June 30, 2003, the City has \$28,257,658 in deposits collected bank balances. These deposits are secured from risk by \$185,000 of federal deposit insurance and \$26,877,658 of pledged securities held by the custodial bank in the name of the fiscal agent bank (Category 1).

Investments

The City's investments are categorized above in accordance with GASB Statement No. 3 to give an indication of the level of risk assumed at year end. The City's investment program is limited to purchases of securities issued or guaranteed by the U.S. government and its agencies.

Carrying amounts at June 30, 2003 were as follows:

	Carrying Amount	Fair Value
U.S. Treasury and agency obligations held by the City or the City's agent in the City's name (Category 1)	\$1,281,328	\$1,281,328

T. Cash Flow Statement

For purposes of the statement of cash flows, the City considers all highly liquid investments (including restricted assets) with a maturity of three months or less when purchased to be cash equivalents.



CITY OF SLIDER, LA.  
Notes to Financial Statements  
June 30, 2003

Note 4 – Summary of Significant Accounting Policies (Continued)

ii. Accounts Receivable

Uncollectible amounts due for ad valorem taxes and other receivables of governmental funds are recognized as lost debts at the time information becomes available which would indicate that the particular receivable is not collectible.

The City utilizes the allowance method for proprietary funds to recognize doubtful accounts. The allowance for doubtful accounts at June 30, 2003 was \$12,565.

There appears to be concentration of credit risk with regard to general accounts receivable and more specifically accounts receivable for water and sewer user fees in the Enterprise Fund. The City's ability to collect the amounts due from the users of the City water and sewer system and others (as reflected on the financial statements) may be affected by significant economic fluctuations, natural disaster or other causes in this one concentrated geographic location.

iii. Inventory

Inventory is valued at cost using the first-in/first-out (FIFO) method. The costs of governmental fund-type inventories are recorded as expenditures when consumed rather than when purchased.

iv. Capital Assets

Capital assets, which include property, plant and equipment are reported in the applicable governmental or business-type activities column 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 costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's lives are not capitalized. Depreciation of all depreciable 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:

Property and plant	15-50 years
Equipment	5-15 years
Transportation equipment	5 years

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

CITY OF SLEIPHER, LA.  
Notes to Financial Statements  
June 30, 2000

Note A- Summary of Significant Accounting Policies (Continued)

11. Compensated Absences

All permanent, full-time employees earn from 10 to 30 days of vacation leave each year, depending upon length of service. Vacation leave is available for use by employees in the fiscal year outstanding the year it was earned and can be accumulated indefinitely. Upon resignation, termination, or retirement, unused vacation leave is paid to the employee at the employee's current rate of pay.

Sick leave is earned at the rate of 13 days per year by permanent, full-time employees. Unused sick leave may be accumulated from year to year. However, unused sick leave is paid up to a maximum of 90 days upon termination.

At June 30, 2000, employees of the City have accumulated \$9,104 in leave privileges, computed in accordance with GASB Statement No. 35.

12. Long-Term Debt

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

All long-term debt to be repaid from governmental and business-type resources are reported as liabilities in the government-wide statements. The long-term debt consists primarily of bonds and special assessment payables.

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

13. Equity Classification

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

In the fund statements, governmental fund equity is classified as fund balances. Fund balances 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.

**CITY OF SULPHUR, LA.**  
**Notes to Financial Statements**  
**June 30, 2000**

**Note 4. Summary of Significant Accounting Policies (Continued):**

**14. Use of Estimates**

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**15. Revenues, Expenditures, and Expenses**

**Program Revenues**

Program revenues included in the Statement of Activities are derived directly from the program itself or from parties outside the City's taxpayer or citizenry. As a whole, program revenues reduce the cost of the function to be financed from the City's general revenues.

**Revenues**

All valuation taxes and the related state revenue sharing are recorded in the year taxes are due and payable. Ad valorem taxes are assessed on a calendar year basis, become due on November 15 of each year, and become delinquent on December 31. The taxes are generally collected in December, January and February of the fiscal year. Sales taxes are considered as "incidental" when in the hands of sales tax collector and are recognized as revenue at that time. Interest on interest-bearing deposits is recorded or accrued as revenues when earned. Substantially all other revenues are recorded when received.

**Expenditures**

The City primary expenditures include salaries and insurance, which are recorded when the liability is incurred. Capital expenditures and purchases of various operating supplies are reported as expenditures at the time purchased.

**Other Financing Sources**

Transfers between funds that are not expected to be repaid are accounted for as other financing sources (uses) when the transfer is authorized by the City.

**Note 6 – Changes in Accounting Principles**

For the year ended June 30, 2003, the City has implemented GASB Standard No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*. GASB Statement No. 34 issues 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 Standard No. 38, *Costs of Financial Statement Note Disclosures*, and Interpretation No. 5, *Recognition and Measurement of Certain Liabilities and Expenditures in Governmental Fund Financial Statements*.

CITY OF SULPHUR, LA.  
Notes to Financial Statements  
June 30, 2003

**Note B - Changes In Accounting Principles - Continued**

The implementation of GASB Statement No. 34 caused the opening fund balance at June 30, 2000 to be restated in terms of "net assets" as follows:

Total fund balances - Governmental Funds at June 30, 2000	\$ 23,287,816
Add: Cost of capital assets at June 30, 2000	\$ 53,347,365
Less: Accumulated depreciation at June 30, 2000	24,880,838
Less: Capital lease obligations at June 30, 2000	(8,777)
Compensated absences payable at June 30, 2000	(8,882)
Special assessment debt at June 30, 2000	(28,882)
Bonds payable at June 30, 2000	(4,080,199)
Assessed interest payable at June 30, 2000	(82,829)
<b>Net assets at June 30, 2000</b>	<b>\$ 45,882,002</b>

**Note C - Property Taxes**

For the year ended June 30, 2003, taxes of 14.46 mills were levied on property with net assessed valuations totaling \$79,418,510, and were allocated as follows:

General purpose	5.70 mills
Street - maintenance	4.38 mills
Fire - maintenance	4.38 mills
<b>Total taxes levied were</b>	<b>14.46 mills</b>

The City is permitted by ordinance to levy taxes up to 18.0 mills of assessed valuation for general governmental services. The general purpose millage is perpetual, while the street and fire maintenance millages are for a ten year duration and expire in 2005. Property tax millage rates are adopted in July for the calendar year in which the taxes are levied and received. All taxes are due and collectible when the assessment rolls are filed on or before November 10th of the current year, and become delinquent after December 31st. Property taxes not paid by the end of February are subject to lien.

**Note D - Receivables**

The receivables of \$2,022,551 at June 30, 2003, are as follows:

	Governmental Activities	Business-Type Activities	Total
Taxes - sales	\$ 783,298	\$ -	\$ 783,298
Taxes - ad valorem	28,141	-	28,141
Intergovernmental	143,409	-	143,409
Charges for services, net of allowance for bad debt of \$ 10,380	79,728	345,745	425,473
Other	881,224	-	881,224
<b>Total</b>	<b>\$ 1,815,800</b>	<b>\$ 345,745</b>	<b>\$ 2,022,551</b>

CITY OF SULPHUR, LA.  
Notes to Financial Statements  
June 30, 2003

**Note E – Capital Assets**

A summary of changes in capital assets for the year ended June 30, 2003 follows:

	Beginning of Year	Additions	Deletions	End of Year
<b>Governmental activities:</b>				
Land	\$ 2,178,995	\$ -	\$ -	\$ 2,178,995
Buildings	2,488,747	-	-	2,488,747
Furniture and Equipment	1,786,627	2,073,216	(7,212)	3,852,631
Transportation Equipment	2,292,155	155,850	(8,950)	2,439,055
Infrastructure	28,588,627	2,203,838	-	30,792,465
Construction In Progress	9,298,642	7,495,889	(8,271,612)	11,522,919
<b>Totals at historical cost</b>	<b>53,383,593</b>	<b>12,928,642</b>	<b>(9,289,774)</b>	<b>67,022,461</b>
<b>Less accumulated depreciation for:</b>				
Buildings	1,813,688	88,127	-	1,901,815
Furniture and Equipment	2,248,290	242,179	-	2,490,469
Transportation Equipment	1,313,218	178,898	-	1,492,116
Infrastructure	23,889,679	1,862,232	-	25,751,911
<b>Total accumulated depreciation</b>	<b>29,264,875</b>	<b>2,371,436</b>	<b>-</b>	<b>31,636,311</b>
<b>Governmental activities capital assets, net</b>	<b>\$ 24,118,718</b>	<b>\$ 10,557,206</b>	<b>\$ (9,289,774)</b>	<b>\$ 35,386,153</b>
<b>Business-Type Activities:</b>				
Land	\$ -	\$ -	\$ -	\$ -
Buildings and plant	45,945,584	1,687,179	-	47,632,763
Furniture and equipment	1,278,028	18,744	(2,187)	1,294,585
Transportation equipment	205,000	-	-	205,000
<b>Totals at historical cost</b>	<b>47,433,612</b>	<b>1,705,923</b>	<b>(2,187)</b>	<b>49,137,348</b>
<b>Less accumulated depreciation for:</b>				
Buildings and plant	13,280,288	888,921	-	14,169,209
Furniture and equipment	857,678	181,578	(2,187)	1,037,069
Transportation equipment	152,242	18,711	-	170,953
<b>Total accumulated depreciation</b>	<b>14,289,968</b>	<b>1,089,210</b>	<b>(2,187)</b>	<b>15,377,991</b>
<b>Business-type activities capital assets, net</b>	<b>\$ 33,143,644</b>	<b>\$ 616,713</b>	<b>\$ -</b>	<b>\$ 33,760,357</b>
Depreciation expense was charged to governmental activities as follows:				
General and administrative				\$ 138,214
Streets and parks				1,014,414
Fire				78,588
Police				177,288
Inspection/civil control				2,551
Shop				4,289
<b>Total</b>				<b>\$ 2,215,344</b>

**CITY OF SULPHUR, LA.**  
**Notes to Financial Statements**  
**June 30, 2003**

**Note E – Capital Assets- Continued**

The construction in progress consists of the following projects:

	Total Budgeted	Construction in Progress
Wireless communication system	\$ 223,000	\$ 200,000
Mechanics Shop	148,492	12,410
Water Distribution	3,791,000	188,580
Manayak/Ferrie Main	500,000	414,201
Wastewater Plant Expansion	20,000,000	1,510,000
Ground Storage Tank	300,000	20,040
City Hall Renovations	383,720	244,040
Prater Road waterline relocation	20,000	10,387
Wastewater Rehab	300,000	230,000
North Plant Pressure Filter	100,000	22,741
Waterline Valves	150,000	15,031
Pump Station Upgrade	220,000	109,711
South I-10 Waterline Relocation	100,000	50,037
Prater Road Reconstruction	200,000	5,119
Street Overlay Projects	3,004,730	1,412,001
Sidewalk Projects	570,000	80,544
Electric and Piping Projects	800,000	200,134
Miscellaneous Projects – 2003	100,000	81,873
<b>Total</b>	<b>\$30,480,230</b>	<b>\$11,680,250</b>

**Note F – Long-Term Liabilities**

The following is a summary of changes in long-term liabilities for the year ended June 30, 2003:

	Beginning of Year	(Bkwd)	(Bkwd)	End of Year	Amount Due Within One Year
<b>Governmental Activities</b>					
<b>Bonds Payable:</b>					
General Obligation	\$ 4,550,000	\$ 3,718,700	\$ (1,878,700)	\$ 6,700,000	\$ 1,740,000
Special Assessments	539,452	-	(318,384)	628,398	120,282
	<u>5,089,452</u>	<u>3,718,700</u>	<u>(2,197,084)</u>	<u>7,219,402</u>	<u>1,860,282</u>
<b>Other Liabilities:</b>					
Accrued Leave Benefits	8,400	-	(5,733)	5,700	-
Capital Lease Obligations	8,777	-	(2,214)	3,000	1,000
	<u>17,177</u>	<u>-</u>	<u>(7,947)</u>	<u>8,700</u>	<u>1,000</u>
<b>Governmental Activities Long-Term Liabilities</b>	<b>\$ 5,228,122</b>	<b>\$ 3,718,700</b>	<b>\$ 2,790,811</b>	<b>\$ 7,228,102</b>	<b>\$ 1,861,282</b>

The payments on the bonds payable are made by the debt service funds. The accrued leave benefits liability will be paid by the General Fund. The capital lease obligations liability will be paid by the General Fund.

**CITY OF SULPHUR, LA.**  
**Notes to Financial Statements**  
**June 30, 2003**

**Note 7 - Long-Term Liabilities - Continued**

Long-term liabilities at June 30, 2003 are comprised of the following individual issues:

**General Obligation Bonds:**

\$13,450,000 Public Improvement refunding bonds dated 02/19/99, due in varying annual installments of \$918,000 - \$1,800,000 through October 1, 2004; interest at varying rates from 5.40% - 6.50% (This issue secured by a pledge of the City's 3% sales and use tax) \$ 1,800,000

\$12,000,000 payable to the Louisiana Local Government Environmental Facilities and Community Development Authority (LCEFA) dated October 24, 2001, due in varying monthly installments through January 1, 2006, interest at varying rates. Through June 30, 2003, a total of \$5,140,200 has advanced against this loan. 5,140,200

**Special Assessment Bonds**

\$248,577 Paving Project 1983-1 dated 05/01/80; due in annual installments of \$34,887 through August 1, 2002, interest at 8% 40,877

\$105,000 Paving Project 1985-1 dated 11/10/80; due in annual installments of \$11,650 through December 1, 2006, interest 5.87% 45,840

\$127,581 Paving Project 1987-1 dated 10/01/87; due in varying annual installments of \$13,418 - \$18,078 through December 1, 2007, interest 4.7% 65,761

\$72,000 Paving Project 1988-1 dated 04/01/88; due in annual installments of \$7,200 through April 1, 2000, interest at 5% 43,202

\$100,240 Paving Project 2000-1 dated 10/01/00, due in annual installments of \$12,534 through December 1, 2015, interest at 4.60% 55,102

\$140,480 Paving Project 2001-1 dated November 28, 2001, due in annual installments of \$14,048 through November 1, 2011, interest at 4.75% 128,448

**Other Long-Term Debt**

Accrued Leases Payable 5,139

Capital Lease Obligations 1,862

**Total Long-Term Liabilities** **\$ 7,332,660**

**CITY OF SULPHUR, LA.**  
**Notes to Financial Statements**  
**June 30, 2003**

**Note F - Long-Term Liabilities - Continued**

The annual requirements to amortize all bonds are as follows:

Year Ending June 30,	Governmental Activities	
	Principal	Interest
2004	\$ 1,079,000	\$ 307,818
2005	154,000	260,382
2006	158,000	258,195
2007	188,200	242,742
2008	215,242	234,872
2008-2013	798,607	1,050,594
2014-2018	892,788	888,282
2019-2023	1,147,023	800,800
2024-2028	1,472,042	179,807
2029-2030	201,000	8,200
	<b>\$ 7,273,402</b>	<b>\$ 4,173,702</b>

The City has entered into two lease agreements as lessee for financing the acquisition of two phone systems. The economic substance of the lease is that the City is financing the acquisition of the asset through the lease, and accordingly, it is recorded in the City's assets and liabilities. The original cost of the equipment was \$281,94.

The following is a schedule by years of future minimum payments required under the lease together with their present value as of June 30, 2003:

Year Ending June 30, 2004	General Long-Term Debt
Less amount representing interest	\$ 1,352
Present value of minimum lease payments	628
	<b>\$ 1,352</b>

**Note G - Dedication of Sales Tax Proceeds**

Proceeds of the 2.5% sales and use tax levied by the City of Sulphur, LA, are dedicated to the following purposes:

After distribution of 10% to 1998 Public Improvement Bonds and 1991 Capital Improvement Payoff Bond and payment of all costs of levy and collection:

Fifty percent (50%), but not to exceed the total annual debt service on any and all bonds issued by pledge of proceeds of this fund to the City, which proceeds shall be dedicated and used for any of the following capital improvements: opening, construction, paving and improving streets, sidewalks, roads and alleys; constructing bridges; purchasing or constructing water works; sewerage and wastewater disposal works; drains, drainage canals, pumping plants, and waste disposal facilities; facilities for pollution control and abatement; water and waste water systems; halls; courthouses; auditoriums; jails, public parks and recreation facilities; other public works and/or buildings; title to which said works, buildings and improvements shall be in the public.



**CITY OF SULPHUR, LA.**  
**Notes to Financial Statements**  
**June 30, 2000**

**Note G - Deduction of Sales Tax Proceeds - Continued**

*After payment of above costs:*

1. Twenty percent (20%), but not to exceed \$300,000 annually, without subsequent approval of the Council of the City of Sulphur, Louisiana, to the Streets and Parks Department for any lawful purpose.
2. Twenty percent (20%), but not to exceed \$300,000 annually, without subsequent approval of the Council of the City of Sulphur, Louisiana, to the Public Utilities Department for any lawful purpose.
3. Fourteen percent (14%), to the General Fund of the City of Sulphur, Louisiana for operating expenses of the City and for any other lawful purpose.
4. Twenty percent (20%), but not to exceed \$300,000 annually, without subsequent approval of the Council of the City of Sulphur, Louisiana to the General Fund of the City of Sulphur, Louisiana, for salaries and salary increases to employees of the City of Sulphur, Louisiana, based on a merit and cost-of-living evaluation system.
5. Six percent (6%), but not to exceed \$90,000 annually, without subsequent approval of the Council of the City of Sulphur, Louisiana, to the Fire Department for any lawful purpose.
6. Twenty percent (20%), together with any excess portion of any of the foregoing allocations, to a reserve and match money fund, which fund shall be used first to satisfy any bond issue or bond indenture requirements, and after said bond indenture requirements have been satisfied, any excess funds to be used as "matching money" for any state and federal grant programs or for any lawful corporate purpose at the discretion of the City of Sulphur, Louisiana.

**Note H - Retirement Commitments**

The City participates in three state-administered cost-sharing multiple employer retirement systems, which together cover substantially all of the City's full-time employees: Municipal Employees Retirement System, Municipal Police Employees' Retirement System and Firefighters' Retirement System of the State of Louisiana. Although separately administered by their respective boards of trustees, these systems are established and regulated by acts of the Louisiana Legislature with respect to membership and contribution requirements, plan benefits, and actuarial determination of funding requirements as provided by the state constitution. Additional disclosures with respect to the City's participation in these systems are provided below.

**Municipal Employees' Retirement System**

The System is composed of two district plans, Plan A and Plan B, with separate assets and benefit provisions. Employees of the City are members of Plan A. Membership is mandatory as a condition of employment beginning on the date employed if the employee is on a permanent basis existing at least thirty-five hours per week, not participating in another public funded retirement system and under age sixty (60) at date of employment. Those individuals qualify jointly by a participating employer and the parties are not eligible for membership in the System. Under Plan A, employees who retire at or after age 60 with at least 10 years of credited service, at or after age 55 with 35 years of credited service, or at any age with 30 or more years of creditable service are entitled to a retirement benefit, payable monthly for life, equal to 1 percent of their final compensation multiplied by the employee's years of credited service. Final compensation is the employee's monthly earnings during the 36 consecutive or jointed months that produce the highest average.

CITY OF SLUPHON, LA.  
Notes to Financial Statements  
June 30, 2003

Note H - Retirement Commitments - Continued

The System also provides death and disability benefits. Benefits are established by state statute.

The Municipal Employees' Retirement System of Louisiana issues a publicly available financial report that includes financial statements and required supplemental information. That report may be obtained by writing to Municipal Employees' Retirement System of Louisiana, 8337 Office Park Boulevard, Baton Rouge, LA 70806.

Plan members are required to contribute 0.25% of their annual covered salary and the City is required to contribute at an actuarially determined rate. The current rate is 0.6% of annual covered payroll. The contribution requirements of plan members and the City are established and may be amended by the System's Board of Trustees. The City's contributions to the System for the year ended June 30, 2003 totaled \$27,910.

Municipal Police Employees' Retirement System

Membership is mandatory for any full-time police officer employed by a municipality of the State of Louisiana and engaged in law-enforcement employment to make arrest, providing they do not have to pay social security and providing they meet the statutory criteria. Employees who retire at or after age 50 with at least 30 years of credited service, or at or after age 55 with at least 12 years of credited service are entitled to a retirement benefit payable monthly for life, equal to 3-65 percent of their average final compensation multiplied by the employee's years of credited service. Final compensation is the employee's monthly earnings during the 36 consecutive or joined months that produce the highest average. The System also provides death and disability benefits. Benefits are established by state statute.

The Municipal Police Employee's Retirement System issues a publicly available report that includes financial statements and required supplemental information. That report may be obtained by writing to Municipal Police Employee's Retirement System, 8401 United Plaza Blvd., Suite 270, Baton Rouge, LA 70808-7033.

Plan members are required to contribute 7.5% of their annual covered salary and the City is required to contribute 0.6% as established by the state statute. The City's contributions to the System for the year ended June 30, 2003 totaled \$158,130.

Freighters' Retirement System

Membership is mandatory as a condition of employment beginning on date employed if the employee is on a permanent basis as a freighter, not participating in another publicly funded retirement system and under age fifty (50) at date of employment. Employees who retire at or after age 50 with at least 20 years of credited service, or at or after age 55 with at least 10 years of credited service are entitled to a retirement benefit payable monthly for life, equal to 3-1/3 percent of their average final compensation multiplied by the employee's years of credited service. Final compensation is the employee's monthly earnings during the 36 consecutive or joined months that produce the highest average. The System also provides death and disability benefits. Benefits are established by state statute.

The Freighters' Retirement System issues a publicly available financial report that includes financial statements and required supplemental information. That report may be obtained by writing to Freighters' Retirement System, P.O. Box 94082 Capital Station, Baton Rouge, LA 70824-0882.

CITY OF SLIPFORD, IA.  
Notes to Financial Statements  
June 30, 2003

Note (i) - Retirement Commitments - Continued

Plan members are required to contribute 8.0% of their annual covered salary and the City is required to contribute at an actuarially determined rate. The current rate is 18.28% of annual covered payroll. The contribution requirements of Plan members are established and may be amended by the System's Board of Trustees. The City's contributions to the System for the year ending June 30, 2003 totaled \$148,859.

Note j - Contingencies and Commitments

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures, which may be disallowed by the grantor, cannot be determined at this time.

The City is a defendant in various lawsuits. Although the outcome of those lawsuits is not presently determinable, it is the opinion of the City's legal counsel that the resolution of these matters will not have a material adverse effect on the financial condition of the City.

Note k - Risk Management Obligations

The City is exposed to various risks of loss related to fire, theft of, damage to, and destruction of assets; errors and omissions; and natural disasters for which the City carries commercial insurance. The City established a limited risk management program for workers' compensation in fiscal year 1996. Premiums are paid into the Internal Service Fund by the general and public utility funds and are available to pay claims, claim reserves, retroactive premiums and administrative costs of the program. The surplus retained earnings resulting from charges for anticipated future catastrophic losses have been designated.

Liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. An excess coverage insurance policy covers individual claims in excess of \$250,000 with an aggregate claim limit of \$1,000,000. Liabilities include an amount for claims that have been incurred but not reported (IBNRs). Claim liabilities are calculated considering recent claims settlement trends including frequency and amount of payouts and other economic and social factors.

The liability (current) for claims and judgments is reported in the Internal Service Fund because it is expected to be liquidated with expendable available financial resources. Changes in the balance of claims liabilities during the past year are as follows:

Unpaid claims, beginning of fiscal year	\$ 75,011
Incurred claims (including IBNRs)	347,387
Claim payments	<u>(294,583)</u>
Unpaid claims, end of fiscal year	\$ 27,815

CITY OF SULPHUR, LA.  
Notes to Financial Statements  
June 30, 2003

**Note H- Council Members Compensation**

Each council member receives monthly compensation. The following is a list of council members and their compensation for the fiscal year ended June 30, 2003:

<b>District 1</b> Valmer Dupas	\$ 4,200
<b>District 2</b> Bill Simmons	4,200
<b>District 3</b> David Poole	4,200
<b>District 4</b> Don Simmons	4,200
<b>District 5</b> Patrick Herpfort	4,200

The compensation paid to the Mayor for the year end June 30, 2003, is as follows:

Ron LeLew, Mayor	\$ 60,480
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**Note L- Service Agreement**

The City entered into an agreement with the State Vehicle Commissioner of the State of Louisiana to provide financial support for the cost of operating the local Department of Motor Vehicles (DMV) field office. The DMV subsidizes the cost of field operations by certifying to an amount, a fee dollar per service transaction fee. The City provides an annual accounting to the DMV of income and reimbursable expenses. Funds in excess of reimbursement may be utilized for fixed asset acquisitions or offset for revenue operating costs previously funded by the DMV. The accumulated funds available for asset acquisitions or cost recovery totaled \$66,897 at June 30, 2003.

**Note M- Future Commitment**

An administrative report has been received from the Environmental Protection Agency which indicates that the City upgrade its wastewater system. This will be done in three phases with an expected completion date of January 2004. The total estimated costs for this project is \$20,800,000. A \$12,000,000 loan has been obtained from LCOA to fund this project, of which \$5,140,285 has been drawn through June 30, 2003. A total of \$7,819,680 has been incurred on the upgrading of the wastewater system through June 30, 2003.

REQUIRED SUPPLEMENTAL INFORMATION

**CITY OF SULPHUR, LA**  
**Auditory Companion Schedule – General Fund**  
**Year Ended June 30, 2020**

	Budget		Actual	Variance Favorable (Unfavorable)
	Original	Total		
<b>REVENUES</b>				
Taxes	\$ 2,288,700	\$ 2,288,700	\$ 2,207,668	\$ (81,032)
Licenses and permits	655,800	655,800	775,762	119,962
Intergovernmental	488,800	488,800	448,800	(40,000)
Charges for services	750,800	750,800	640,500	(110,300)
Fees	375,800	375,800	374,482	(1,318)
Interest	400,000	400,000	173,488	(226,512)
Other	50,000	50,000	623,648	573,648
<b>Total Revenues</b>	<b>4,011,700</b>	<b>4,011,700</b>	<b>3,628,758</b>	<b>(382,942)</b>
<b>EXPENDITURES</b>				
<b>Current</b>				
General and administrative	1,628,878	1,719,871	1,450,952	268,919
Streets and parks	2,254,805	2,306,805	2,075,079	231,726
Fire	2,875,200	2,875,200	2,575,360	299,840
Police	2,575,835	2,575,835	2,698,815	(123,000)
Inspection/maintenance	388,831	388,831	373,820	15,011
Shop	258,548	258,548	254,094	4,454
<b>State services</b>				
Principal	-	-	7,214	(7,214)
Interest	-	-	652	(652)
<b>Total expenditures</b>	<b>10,201,397</b>	<b>10,201,397</b>	<b>9,818,631</b>	<b>382,766</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>(6,189,697)</b>	<b>(6,189,697)</b>	<b>(1,989,873)</b>	<b>4,200,824</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Operating transfers in	5,008,655	5,008,655	5,198,779	190,124
Operating transfers out	(1,808,800)	(1,808,800)	(1,008,000)	800,800
Total other financing sources (uses)	<b>3,199,855</b>	<b>3,199,855</b>	<b>4,190,779</b>	<b>992,924</b>
<b>EXCESS (DEFICIENCY) OF REVENUE AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES</b>	<b>(2,989,842)</b>	<b>(2,989,842)</b>	<b>(579,094)</b>	<b>2,410,748</b>
<b>FUND BALANCE-BEGINNING</b>	<b>10,887,588</b>	<b>10,887,588</b>	<b>10,887,588</b>	<b>-</b>
<b>FUND BALANCE-ENDING</b>	<b>\$ 7,897,746</b>	<b>\$ 7,897,746</b>	<b>\$ 10,308,494</b>	<b>\$ 2,410,748</b>

**CITY OF SULPHUR, LA**  
**Expenditure Comparison Schedule - Sales Tax Fund**  
**Year Ended June 30, 2003**

	<u>Budget</u>		<u>Actual</u>	<u>Variance Favorable (\$/Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Sales taxes	\$ 1,000,000	\$ 1,000,000	\$ 1,023,504	\$ 23,504
<b>EXPENDITURES</b>				
Current				
General and administrative	79,000	79,000	86,642	(8,642)
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>920,999</b>	<b>920,999</b>	<b>936,862</b>	<b>208,721</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Operating transfers out	(9,000,000)	(9,000,000)	(9,000,418)	(2,418)
<b>EXCESS (DEFICIENCY) OF REVENUE AND OTHER SOURCES OVER EXPENDITURES</b>	<b>-</b>	<b>-</b>	<b>65,362</b>	<b>65,362</b>
<b>FUND BALANCE-BEGINNING</b>	<b>677,853</b>	<b>677,853</b>	<b>677,853</b>	<b>-</b>
<b>FUND BALANCE-ENDING</b>	<b>\$ 677,853</b>	<b>\$ 677,853</b>	<b>\$ 743,215</b>	<b>\$ 65,362</b>

**OTHER SUPPLEMENTAL INFORMATION**



**CITY OF SULPHUR, LA**  
**Combining Balance Sheet - Nonmajor Governmental Funds**  
**June 30, 2003**

	<u>Debt Service</u>		
	<u>Parish Project 1999</u>	<u>Parish Project 1999</u>	<u>Public Improvement 1999</u>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 583	\$ 68,987	\$ 888,028
Investments	-	-	1,781,338
Accounts receivable	-	-	-
Assessments receivable:			
Current	-	-	-
Delinquent	3,948	28,317	-
Deferred	-	-	-
Interest receivable	-	-	40,413
<b>TOTAL ASSETS</b>	<b>\$ 4,532</b>	<b>\$ 98,304</b>	<b>\$ 2,717,781</b>
<b>LIABILITIES AND FUND BALANCE</b>			
<b>LIABILITIES</b>			
Accounts payable	\$ -	\$ -	\$ -
Deferred revenue	-	-	-
<b>Total Liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>FUND BALANCE</b>			
Reserve for debt service	-	48,817	1,658,080
Unreserved - undesignated	4,532	49,547	1,059,701
<b>Total Fund Balance</b>	<b>4,532</b>	<b>98,364</b>	<b>2,717,781</b>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<b>\$ 4,532</b>	<b>\$ 98,364</b>	<b>\$ 2,717,781</b>

Funds			
Parking Projects 1985/1986	Parking Projects 2000	Wastewater Plant	Total
\$ 184,351	\$ 84,753	\$ 1,088,040	\$ 3,135,987
-	-	-	1,781,330
-	-	-	-
17,243	19,207	-	36,550
26,862	14,289	-	74,189
37,910	122,828	-	183,944
-	-	-	46,413
<u>\$ 266,372</u>	<u>\$ 244,279</u>	<u>\$ 1,088,040</u>	<u>\$ 3,225,672</u>
\$ 290	\$ -	\$ -	\$ 290
37,879	122,828	-	181,851
38,169	122,828	-	184,281
100,800	115,200	1,088,040	3,005,900
57,823	-	-	1,212,875
<u>267,828</u>	<u>115,200</u>	<u>1,088,040</u>	<u>3,021,275</u>
<u>\$ 268,472</u>	<u>\$ 244,279</u>	<u>\$ 1,088,040</u>	<u>\$ 3,286,872</u>

Continued

CITY OF SULPHUR, LA.  
 Containing Balance Sheet – Nonmajor Governmental Funds  
 June 30, 2005

	Capital Projects Funds			Nonmajor Governmental Funds Total
	1994/1995 Funding Project	1995/1997 Public Investment	Total	
<b>ASSETS</b>				
Cash and cash equivalents	\$ 26,082	\$ 1,734,181	\$ 1,760,263	\$ 4,800,660
Investments	-	-	-	1,781,338
Accounts receivable	-	14,000	14,000	14,000
Receivables available:				
Current	-	-	-	30,900
Delinquent	-	-	-	34,108
Deferred	-	-	-	180,614
Interest receivable	-	-	-	43,413
<b>TOTAL ASSETS</b>	<b>\$ 26,082</b>	<b>\$ 1,752,181</b>	<b>\$ 1,778,263</b>	<b>\$ 2,824,022</b>
<b>LIABILITIES AND FUND BALANCE</b>				
<b>LIABILITIES</b>				
Accounts payable	\$ -	\$ 47,440	\$ 47,440	\$ 47,080
Deferred revenue	-	-	-	100,664
Total liabilities	-	47,440	47,440	217,744
<b>FUND BALANCE</b>				
Reserve for debt service	-	-	-	3,858,000
Unreserved – undesignated	26,082	1,704,681	1,730,763	2,843,521
Total Fund Balance	26,082	1,704,681	1,730,763	6,801,521
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<b>\$ 26,082</b>	<b>\$ 1,752,181</b>	<b>\$ 1,778,263</b>	<b>\$ 2,749,000</b>

**CITY OF SULPHUR, LA.**  
**Combining Statement of Revenues, Expenditures**  
**and Changes in Fund Balances – Nonmajor Governmental Funds**  
**Year Ended June 30, 2015**

	Debt Service		
	Paving Project 1992	Paving Project 1993	Public Improvement 1993
<b>REVENUES</b>			
Federal and state grants	\$ -	\$ -	\$ -
Assessment levies	-	-	-
Interest on investments	15	723	110,719
Interest on assessments	-	2,621	-
<b>Total Revenues</b>	<u>15</u>	<u>3,344</u>	<u>110,719</u>
<b>EXPENDITURES</b>			
Debt service:			
Principal retirement	14,264	45,008	1,085,080
Interest and fiscal charges	1,189	5,925	180,779
Capital outlays	-	-	-
<b>Total Expenditures</b>	<u>15,453</u>	<u>50,933</u>	<u>1,265,859</u>
Excess (Deficiency) of Revenues Over Expenditures	(15,438)	(47,589)	(1,155,140)
<b>OTHER FINANCING SOURCES (USES)</b>			
Operating transfers in	-	-	1,148,585
Excess (Deficiency) of Revenues and Other Sources Over Expenditures	(15,438)	(47,589)	11,245
<b>FUND BALANCE-BEGINNING OF YEAR</b>	<u>39,862</u>	<u>142,769</u>	<u>2,812,484</u>
<b>FUND BALANCE- END OF YEAR</b>	<u>\$ 24,424</u>	<u>\$ 95,180</u>	<u>\$ 2,823,729</u>

Paving Projects 1999-1999	Funds		
	Fading Projects 2000	Wastewater Fees	Total
\$ -	\$ -	\$ -	\$ -
22,857	28,001	-	50,858
1,878	1,001	17,817	19,696
8,980	18,281	-	27,261
<u>33,715</u>	<u>55,283</u>	<u>17,817</u>	<u>106,815</u>
50,627	25,074	54,700	1,786,800
9,973	12,308	80,208	289,479
-	<u>13,288</u>	-	<u>10,288</u>
<u>60,600</u>	<u>40,670</u>	<u>143,908</u>	<u>2,086,567</u>
(13,428)	1,588	(106,438)	(1,815,278)
-	-	<u>1,800,000</u>	<u>2,245,300</u>
(13,428)	1,588	873,961	811,999
<u>218,300</u>	<u>118,704</u>	<u>1,814,479</u>	<u>4,159,700</u>
\$ <u>307,900</u>	\$ <u>118,700</u>	\$ <u>1,808,040</u>	\$ <u>5,011,770</u>

Continued

**CITY OF SULPHUR, LA.**  
**Combining Statement of Revenues, Expenditures**  
**and Changes in Fund Balances - Nonmajor Governmental Funds - Continued**  
**Year Ended June 30, 2000**

	<u>Capital Projects Funds</u>			Nonmajor Governmental Funds Total
	1999-2000 Public Improvements	1999-2000 Public Improvements	Total	
<b>REVENUES</b>				
Federal and state grants	\$ -	\$ 8,458	\$ 8,458	\$ 8,458
Assessment levies	-	-	-	(1,588)
Interest on investments	297	23,268	23,565	152,554
Interest on assessments	-	-	-	18,873
<b>Total Revenues</b>	<u>297</u>	<u>31,726</u>	<u>32,023</u>	<u>244,481</u>
<b>EXPENDITURES</b>				
Debt service:				
Principal retirement	-	-	-	1,738,988
Interest and fiscal charges	-	-	-	298,478
Capital outlays	-	800,708	800,708	811,942
<b>Total Expenditures</b>	<u>-</u>	<u>800,708</u>	<u>800,708</u>	<u>2,850,408</u>
Excess (Deficiency) of Revenues Over Expenditures	297	(774,418)	(774,118)	(2,607,525)
<b>OTHER FINANCIAL SOURCES (USES)</b>				
Operating transfers in	-	198,788	198,788	2,841,883
Excess (Deficiency) of Revenues and Other Sources Over Expenditures	297	(577,901)	(577,901)	331,968
<b>FUND BALANCE - BEGINNING OF YEAR</b>	<u>35,355</u>	<u>1,282,848</u>	<u>1,308,734</u>	<u>5,458,523</u>
<b>FUND BALANCE - END OF YEAR</b>	<u>\$ 35,652</u>	<u>\$ 1,704,947</u>	<u>\$ 1,730,143</u>	<u>\$ 5,802,521</u>

See accompanying notes.



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

December 4, 2009

To the Members of the City Council  
City of Sulphur, Louisiana

We have audited the primary government financial statements of City of Sulphur, Louisiana, as of and for the year ended June 30, 2009, and have issued our report thereon dated December 4, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

**Compliance**

As part of obtaining reasonable assurance about whether City of Sulphur, Louisiana's primary government 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 accompanying schedule of findings and questioned costs as item 2009-01.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered City of Sulphur, Louisiana'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 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 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.

This report is intended solely for the information and use of the City's management, city council and the Legislative Auditor and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

*Gragson Casiday & Guillory*

**CITY OF SULPHUR, LA.**  
**Schedule of Findings and Questioned Costs**  
**Year Ended June 30, 2003**

We have audited the primary government financial statements of City of Sulphur, LA, as of and for the year ended June 30, 2003, and have issued our report thereon dated December 4, 2003. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Our audit of the financial statements as of June 30, 2003 resulted in an unqualified opinion.

**I. Summary of Auditor's Reports**

Internal control over financial reporting:		
Material weakness(es) identified?	___ YES	_X_ NO
Reportable condition(s) identified that are not considered to be material weakness(es)?	___ YES	_X_ none reported
Noncompliance material to financial statements noted?	___ YES	_X_ NO

**II. FINANCIAL STATEMENT FINDINGS**

Item 2003-01:

**Description:** The June 30, 2003 financial statements were not filed with the Legislative Auditor's office by December 31, 2003 as required by LSA-RS 38:514. The reason for the late filing was due to additional unforeseen time needed to compile financial statements that complied with the requirements of GASB-34 as described in Note 2 to the financial statements.

**Corrective Action Planned:** This finding was an isolated occurrence that applied only to the June 30, 2003 financial statement filing. Future filing of the annual financial statements will be filed within the required timeline.

**Contact Person:** Renee Pejean, Director of Finance

**III. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS**

NA

**IV. PRIOR YEAR AUDIT FINDINGS**

None