

**COMBINING, INDIVIDUAL FUND AND ACCOUNT
GROUP STATEMENTS AND SCHEDULES**

GENERAL FUND

To account for resources traditionally associated with government which are not required legally or by sound financial management to be accounted for in another fund.

CITY OF SULPHUR
SULPHUR, LOUISIANA
Primary Government

General Fund
Comparative Balance Sheet
June 30, 1996 and 1995

	<u>1996</u>	<u>1995</u>
ASSETS		
Cash	\$ 466,135	\$ 17,147
Investments	9,043,760	7,762,090
Receivables	400,253	150,341
Inventory	7,020	5,207
Due from other funds	<u>161,991</u>	<u>142,009</u>
TOTAL ASSETS	<u>\$10,079,159</u>	<u>\$ 8,076,794</u>
 LIABILITIES AND FUND BALANCE		
LIABILITIES		
Accounts payable	\$ 46,928	\$ 22,336
Damage settlements payable	-	111,680
Accrued salaries and payroll taxes	71,665	181,283
Accrued vacation and comp time	105,379	107,268
Deferred charges	-	28,847
Total Liabilities	<u>223,972</u>	<u>451,414</u>
 FUND BALANCE		
Reserved for encumbrances	11,274	72,513
Designated for insurance	-	64,972
Designated for solid waste	351,709	326,043
Unreserved - undesignated	<u>9,492,204</u>	<u>7,161,852</u>
Total Fund Balance	<u>9,855,187</u>	<u>7,625,380</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$10,079,159</u>	<u>\$ 8,076,794</u>

See accompanying notes to financial statements.

CITY OF SULPHUR
SULPHUR, LOUISIANA
Primary Government

General Fund
Statement of Revenues, Expenditures, Encumbrances and Changes
in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis)
Year Ended June 30, 1996
(With Comparative Totals for June 30, 1995)

	1996			1995
	Budget	Actual on Budgetary Basis	Variance Favorable (Unfavorable)	Actual on Budgetary Basis
REVENUES				
Taxes				
Ad valorem	\$ 841,000	\$ 956,536	\$ 115,536	\$ 884,719
Public utility franchise	852,700	978,105	125,405	875,017
Licenses and permits				
Licenses	449,430	598,080	148,650	557,667
Permits	31,225	51,805	20,580	51,793
Intergovernmental				
Tobacco and beer	126,000	133,285	7,285	127,416
Fire insurance	26,000	35,212	9,212	35,715
Department of motor vehicles	30,000	30,343	343	35,441
Video poker	200,000	393,120	193,120	286,740
Charges for services				
Sanitation	491,000	503,130	12,130	489,818
Recycling	172,000	166,265	(5,735)	-
Fines				
Court fines	220,000	157,105	(62,895)	208,137
DWI and drug seizures	625,610	743,271	117,661	516,566
Other				
Interest	142,500	510,539	368,039	392,063
Rentals and leases	18,000	20,554	2,554	15,999
Alien and prisoner housing	76,000	113,617	37,617	105,815
Miscellaneous	80,110	169,965	89,855	119,743
Sale of fixed assets	3,500	135,230	131,730	29,025
Damages and settlements received	-	1,154	1,154	510
Federal and state grants and awards	-	75,000	75,000	35,786
Total Revenues	<u>4,385,075</u>	<u>5,772,316</u>	<u>1,387,241</u>	<u>4,767,970</u>
Expenditures				
General and administrative	966,544	885,388	81,156	924,537
Streets and parks	1,041,232	1,039,941	1,291	910,173
Fire	1,473,490	1,430,933	42,557	1,514,818
Police	1,610,985	1,552,641	58,344	1,549,018
Drug seizure	625,610	552,448	73,162	597,971
Inspection	36,596	36,515	81	34,383
Industrial development	50,000	2,199	47,801	4,208
Shop	134,240	135,645	(1,405)	125,740
Sanitation	725,000	670,285	54,715	482,080
Total Expenditures	<u>6,663,697</u>	<u>6,305,995</u>	<u>357,702</u>	<u>6,142,928</u>

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CITY OF SULPHUR
SULPHUR, LOUISIANA
Primary Government

General Fund
Statement of Departmental Expenditures -
Budget and Actual (Non-GAAP Budgetary Basis)
Year Ended June 30, 1996
(With Comparative Totals for June 30, 1995)

	1996			1995
	Budget	Actual on Budgetary Basis	Variance Favorable (Unfavorable)	Actual on Budgetary Basis
GENERAL AND				
ADMINISTRATIVE				
Acquisitions	\$ 38,500	\$ 26,599	\$ 11,901	\$ 33,066
Advertising	5,800	6,309	(509)	3,318
Automotive	2,300	2,462	(162)	2,010
Business and goodwill expense	18,000	17,744	256	14,927
Claims settlements	15,000	9,771	5,229	12,732
Coroner and pathology	10,000	7,965	2,035	6,750
Dues and subscriptions	10,250	7,210	3,040	5,985
Employee benefits	110,403	97,847	12,556	92,461
Insurance	29,991	31,050	(1,059)	24,574
Janitorial supplies	1,000	986	14	832
Legal and professional	40,000	33,695	6,305	37,931
Miscellaneous	8,150	3,408	4,742	3,284
Office supplies	8,850	5,618	3,232	5,177
Operating supplies	5,400	4,458	942	4,274
Printing	9,500	7,848	1,652	7,297
Repairs and maintenance	11,900	25,045	(13,145)	9,782
Rentals	6,250	7,087	(837)	7,137
Salaries	526,500	492,169	34,331	468,609
Special projects	18,000	13,867	4,133	14,859
Tax collector fees	30,750	28,077	2,673	5,577
Telephone and utilities	39,000	43,769	(4,769)	40,112
Training	2,000	1,573	427	1,500
Conferences and travel	19,000	10,831	8,169	10,663
Damage settlement	-	-	-	111,680
TOTAL GENERAL AND ADMINISTRATIVE	<u>\$ 966,544</u>	<u>\$ 885,388</u>	<u>\$ 81,156</u>	<u>\$ 924,537</u>

CITY OF SULPHUR
SULPHUR, LOUISIANA
Primary Government

General Fund
Statement of Departmental Expenditures - Budget
and Actual (Non-GAAP Budgetary Basis) (Continued)
Year Ended June 30, 1996
(With Comparative Totals for June 30, 1995)

	1996	Variance	1995	
	Actual on	Favorable	Actual on	
	Budgetary	(Unfavorable)	Budgetary	
	Basis		Basis	
	Budget			
POLICE				
Acquisitions	\$ 10,000	\$ 6,820	\$ 3,180	\$ 4,476
Advertising	360	233	127	430
Animal control	4,200	2,174	2,026	5,374
Automotive	38,000	47,667	(9,667)	44,405
Crime prevention	21,500	20,160	1,340	14,752
Dues and subscriptions	5,000	4,565	435	3,492
Employee benefits	195,400	186,803	8,597	184,213
Insurance	157,825	150,575	7,250	134,234
Janitorial supplies	1,800	2,006	(206)	1,580
Office supplies	6,150	4,800	1,350	4,745
Operating supplies	22,100	26,018	(3,918)	25,602
Repairs and maintenance	37,000	33,018	3,982	28,077
Salaries	1,056,000	1,027,437	28,563	1,048,857
Telephone and utilities	46,000	35,463	10,537	42,615
Training	5,000	1,163	3,837	3,361
Travel	2,700	1,656	1,044	1,133
Uniforms	1,950	2,083	(133)	1,672
TOTAL POLICE	\$ 1,610,985	\$ 1,552,641	\$ 58,344	\$ 1,549,018
DRUG SEIZURE				
Acquisitions	\$ 193,000	\$ 159,916	\$ 33,084	\$ 206,826
Advertising	500	165	335	58
Automotive	5,000	3,169	1,831	2,832
Crime prevention	22,000	16,750	5,250	23,013
Employee benefits	39,060	35,836	3,224	34,454
Insurance	29,450	29,477	(27)	26,726
Miscellaneous	1,500	1,381	119	1,447
Office supplies	3,500	3,404	96	2,664
Operating supplies	2,500	1,116	1,384	1,474
Professional service	5,000	3,074	1,926	2,190
Repairs and maintenance	52,000	47,909	4,091	46,760
Salaries	258,600	242,267	16,333	240,982
Telephone	5,000	4,850	150	4,831
Training	4,000	1,793	2,207	64
Travel	2,000	333	1,667	1,657
Uniforms	2,500	1,008	1,492	1,993
TOTAL DRUG SEIZURE	\$ 625,610	\$ 552,448	\$ 73,162	\$ 597,971

Continued

CITY OF SULPHUR
SULPHUR, LOUISIANA
Primary Government

General Fund
Statement of Departmental Expenditures - Budget
and Actual (Non-GAAP Budgetary Basis) (Continued)
Year Ended June 30, 1996
(With Comparative Totals for June 30, 1995)

	1996			1995
	Budget	Actual on Budgetary Basis	Variance Favorable (Unfavorable)	Actual on Budgetary Basis
INSPECTION				
Automotive	\$ 500	\$ 391	\$ 109	\$ 416
Employee benefits	4,428	4,431	(3)	4,127
Insurance	3,451	3,856	(405)	2,924
Office supplies	550	396	154	443
Repairs and maintenance	750	457	293	-
Telephone and utilities	500	606	(106)	481
Salaries	26,417	26,378	39	25,992
Total Inspection	<u>\$ 36,596</u>	<u>\$ 36,515</u>	<u>\$ 81</u>	<u>\$ 34,383</u>
INDUSTRIAL DEVELOPMENT				
Industrial improvements	<u>\$ 50,000</u>	<u>\$ 2,199</u>	<u>\$ 47,801</u>	<u>\$ 4,208</u>
SHOP				
Acquisitions	\$ 3,736	\$ 250	\$ 3,486	\$ 1,973
Automotive	800	719	81	765
Employee benefits	16,259	15,033	1,226	14,281
Insurance	7,800	8,578	(778)	6,404
Janitorial supplies	200	147	53	165
Miscellaneous	205	36	169	36
Operating supplies	4,840	4,227	613	4,110
Repairs and maintenance	1,100	2,090	(990)	931
Salaries	92,300	96,106	(3,806)	89,461
Telephone and utilities	5,000	5,871	(871)	5,302
Uniforms	2,000	2,588	(588)	2,312
Total Shop	<u>\$ 134,240</u>	<u>\$ 135,645</u>	<u>\$ (1,405)</u>	<u>\$ 125,740</u>
SANITATION				
Contractual and operational services	<u>\$ 725,000</u>	<u>\$ 670,285</u>	<u>\$ 54,715</u>	<u>\$ 482,080</u>

See accompanying notes to financial statements.

CITY OF SULPHUR
SULPHUR, LOUISIANA
Primary Government

Notes to Financial Statements (Continued)
June 30, 1996

Note 12- Contingencies (Continued)

The City is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, in 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 13- Reclassifications

Certain June 30, 1995 amounts have been restated to conform to the June 30, 1996 presentation.

Note 14- Prior Period Adjustment

Governmental Accounting Standards Board (GASB) Statement No. 22 "Accounting For Taxpayer Assessed Tax Revenues in Governmental Funds" requires that the revenues from taxpayer assessed taxes, generally sales and franchise taxes, be recognized using the modified accrual basis of accounting. Before the issuance of GASB-22, the cash basis was used to account for taxpayer assessed revenues (NCGA-1). GASB-22 is effective for financial statement periods beginning after June 15, 1994. A cumulative effect adjustment to beginning fund balance of \$239,127 has been made in the General Fund to record franchise taxes receivable at June 30, 1995. A cumulative effect adjustment to beginning fund balance of \$653,017 has also been made in the Special Revenue Fund to record sales taxes receivable at June 30, 1995. Restatement of prior year financial statements have not been made as these adjustments would make certain statements unduly complex and difficult to understand.

Note 15- Risk Management

The City is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for the 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, reinsurance premiums and administrative costs of the program.

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. 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 pay-outs and other economic and social factors. The liability 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 balances of claims liabilities during the past year are as follows:

Unpaid claims, beginning of fiscal year	\$	-
Incurred claims (including IBNRs)		1,671
Claim payments		875
Unpaid claims, end of fiscal year	\$	<u>796</u>

CITY OF SULPHUR
SULPHUR, LOUISIANA
Primary Government

Special Revenue Fund
Comparative Balance Sheet
June 30, 1996 and 1995

	<u>1996</u>	<u>1995</u>
ASSETS		
Sales tax receivable	\$ <u>691,459</u>	\$ <u>-</u>
TOTAL ASSETS	\$ <u>691,459</u>	\$ <u>-</u>
LIABILITIES AND FUND BALANCE		
Fund balance		
Reserved (Note 6)	\$ <u>691,459</u>	\$ <u>-</u>
TOTAL LIABILITIES AND FUND BALANCE	\$ <u>691,459</u>	\$ <u>-</u>

See accompanying notes to financial statements.

CITY OF SULPHUR
SULPHUR, LOUISIANA
Primary Government

Notes to Financial Statements (Continued)
June 30, 1996

Note 4 - Fixed Assets (Continued)

	Fixed Assets				End of Year
	Beginning of Year	Additions	Disposals	Adjustments /Transfers	
Wells, storage tanks, lines	\$ 9,981,918	\$ -	\$ -	\$ 1,329,481	\$11,311,399
Treatment plant	21,907,739	-	-	4,918,621	26,826,360
Auto and trucks	84,035	-	-	-	84,035
Other equipment	355,773	69,145	56,574	-	368,344
	<u>32,329,465</u>	<u>\$ 69,145</u>	<u>\$ 56,574</u>	<u>\$ 6,248,102</u>	<u>38,590,138</u>
Less allowance for accumulated depreciation	<u>7,830,337</u>				<u>8,488,240</u>
Totals	<u>\$24,499,128</u>				<u>\$30,101,898</u>

Depreciation expense was \$714,478 for the year ended June 30, 1996.

Note 5 - Long-Term Debt

A. Debt Outstanding

The following is a summary of debt transactions of the City for the year ended June 30, 1996:

	Beginning of Year	Issued	Retired	End of Year
Bonds payable				
General Obligation	\$15,320,000	\$ -	\$ 1,540,000	\$13,780,000
Special Assessments	435,948	-	44,284	391,664
Total	<u>\$15,755,948</u>	<u>\$ -</u>	<u>\$ 1,584,284</u>	<u>\$14,171,664</u>

Bonds payable at June 30, 1996 are comprised of the following individual issues:

General Obligation Bonds

\$13,150,000 Public improvement refunding bonds dated 02/10/93; due in varying annual installments of \$915,000 - \$1,655,000 through October 1, 2004; interest at varying rates from 3.45% - 5.65% (This issue secured by a pledge of the City's 2% sales and use tax) \$11,120,000

\$4,500,000 Public improvement bonds dated 03/01/91; due in varying annual installments of \$315,000 - \$615,000 commencing on March 1, 1992 through March 1, 2001; interest at varying rates from 5% - 9%. (This issue secured by a pledge of the City's ½% sales and use tax) 2,660,000

SPECIAL REVENUE FUND

To account for specific revenues that are legally restricted to expenditure for particular purposes.

Sales Tax Fund - To account for the receipt and use of proceeds of the City's 2½% sales and use tax.

CITY OF SULPHUR
SULPHUR, LOUISIANA
Primary Government

Notes to Financial Statements (Continued)
June 30, 1996

Note 9 - Retirement Commitments (Continued)

Ten year historical trend information designed to provide information about the Municipal Employee's Retirement System's fund progress is presented in the System's June 30, 1994 annual financial report.

Municipal Police Employees' Retirement System

Membership is mandatory for any full time police officer, employed by municipality of the State of Louisiana and engaged in law enforcement, empowered to make arrests, providing they do not have to pay social security and providing they meet the statutory criteria. Any member is eligible for normal retirement after he has been a member of the system for one year, if he has 20 years of creditable service and is age 55. Benefit rates are three and one-third percent of final compensation (average monthly earnings during the highest 36 consecutive months or joined months if service was interrupted) per number of years creditable service not to exceed 100%. The system also provides death and disability benefits. Benefits are established by State statute.

Members are required to contribute 7.5% of earnable compensation (for any month, includes state supplemental pay, but excludes overtime pay) to the plan. The City is required to contribute 9% of earnable compensation. The contribution requirement for the year ended June 30, 1996 was \$163,204, which consisted of \$89,020 from the City and \$74,184 from employees.

The 'pension benefit obligation' is a standardized disclosure measure of the present value of pension benefits, adjusted for the effects of projected salary increases and step-rate benefits, estimated to be payable in the future as a result of employee service to date. The measure, which is the actuarial present value of credited projected benefits, is intended to help users assess the system's funding status on a going-concern basis, assess progress made in accumulating sufficient assets to pay benefits when due, and make comparisons among PERS and employers. The system does not separate measurements of assets and pension benefit obligation for individual employers. The pension benefit obligation at June 30, 1995, the latest information available, for the system as a whole, determined through an actuarial valuation performed as of that date, was \$772,983,748. The system's net assets available for benefits on that date were \$766,365,130, leaving an unfunded pension benefit obligation of \$6,168,618.

Note 11- Fund Deficit

At June 30, 1996, Paving Assessment 1993-2 reflects an unreserved accumulated deficit in the amount of \$(19,585). The City will eliminate the deficit, if needed, with transfers from the General Fund.

Note 12- Contingencies

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.

CITY OF SULPHUR
SULPHUR, LOUISIANA
Primary Government

Notes to Financial Statements (Continued)
June 30, 1996

Note 9 - Retirement Commitments

Substantially all full time employees of the City, except police officers, are eligible to participate in Municipal Employees' Retirement System, a multiple-employer public employee retirement system. Police officers are eligible to participate in the Municipal and State Police Retirement System of Louisiana, a multiple-employer public employee retirement system. The payroll for employees covered by each system for the year ended June 30, 1996, was \$2,866,854 and \$989,113; the City's total payroll was \$4,126,961.

Municipal Employees' Retirement System

Membership is mandatory as a condition of employment beginning on date employed if the employee is working on a permanent regularly scheduled basis of at least 35 hours per week, not participating or eligible for membership in another public funded retirement system and under age 60 at date of employment. Elected officials are considered full time employees and must be enrolled if they meet eligibility requirements. Members are eligible for retirement benefits when they meet one of the following: (1) Any age with thirty or more years of creditable service; (2) Age 55 with twenty-five years of creditable service; (3) Age 60 with a minimum of ten years of creditable service; (4) Disability requires five years of creditable service, or (5) Survivors benefits require five years creditable service at death of member. The monthly amount of the retirement allowance for any member shall consist of an amount equal to three percent of the member's final compensation multiplied by his years of creditable service.

Covered employees are required to contribute 9.25% of the total monthly earnings, excluding bonuses or fees in excess of regular salary or retainer, overtime pay, or payments relative to termination of employment. The City is required to contribute 6.75% of each and every member's earnings. The contribution requirement for the year ended June 30, 1996 was \$458,694, which consisted of \$193,510 from the City and \$265,184 from employees.

The pension benefit obligation is a standardized disclosure measure of the present value of pension benefits, adjusted for the effects of projected salary increases and step-rate benefits, estimated to be payable in the future as a result of employee service to date. The measure, which is the actuarial present value of credited projected benefits, is intended to help users assess the system's funding status on a going-concern basis, assess progress made in accumulating sufficient assets to pay benefits when due, and make comparisons among PERS and employers. The system does not separate measurements of assets and pension benefit obligation for individual employers. The pension benefit obligation at June 30, 1995, the latest information available, for the system as a whole, determined through an actuarial valuation performed as of that date, was \$415,833,426. The system's net assets available for benefits on that date were \$349,758,644, leaving an unfunded pension benefit obligation of \$66,074,782.

CITY OF SULPHUR
SULPHUR, LOUISIANA
Primary Government

Notes to Financial Statements (Continued)
June 30, 1996

Note 6 - Dedication of Sales Tax Proceeds (Continued)

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 issue or bond indenture requirements have been satisfied, any excess funds to be used as 'matching money' for any state and federal grant program or for any lawful corporate purpose at the discretion of the City of Sulphur, Louisiana.

Note 7 - Contributed Capital

During the year, contributed capital changed by the following amounts:

<u>Source</u>	
Depreciation of fixed assets acquired by funds externally restricted for capital expenditures	\$(314,277)
Contributed Capital, Local Government	6,248,102
Contributed Capital, Beginning	<u>26,808,606</u>
Contributed Capital, Ending	<u>\$32,742,431</u>

Note 8 - Expenditures on Budgetary Basis

All budgets are adopted on the cash and expenditure/encumbrance basis (see summary of significant accounting policies). The following is a summary of GAAP expenditure adjustments to include encumbrances outstanding at year end.

	<u>Actual</u>	<u>Adjustment to Budgetary Basis</u>	<u>Actual on Budgetary Basis</u>
General Fund			
General and administrative	\$ 884,696	\$ 692	\$ 885,388
Streets and parks	1,045,598	(5,657)	1,039,941
Fire	1,431,775	(842)	1,430,933
Police	1,557,457	(4,816)	1,552,641
Drug seizure	566,063	(13,615)	552,448
Inspection	36,631	(116)	36,515
Industrial development	2,199	-	2,199
Shop	135,645	-	135,645
Sanitation	670,285	-	670,285
	<u>\$ 6,330,349</u>	<u>\$(24,354)</u>	<u>\$ 6,305,995</u>

CITY OF SULPHUR
SULPHUR, LOUISIANA
Primary Government

Special Revenue Fund
Statement of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual
Year Ended June 30, 1996
(With Comparative Totals for June 30, 1995)

	1996		Variance Favorable (Unfavorable)	1995
	Budget	Actual		Actual
REVENUE				
Sales tax	\$ 6,200,000	\$ 7,807,288	\$ 1,607,288	\$ 6,681,354
EXPENDITURES				
Professional fees	25,000	31,993	(6,993)	25,668
Excess of Revenues Over Expenditures	6,175,000	7,775,295	1,600,295	6,655,686
Other Financing (Uses) <i>Transfers to other funds</i>	(6,175,000)	(7,736,853)	(1,561,853)	(6,655,686)
Excess of Revenues Over (Under) Expenditures and Other Uses	\$ -	38,442	\$ 38,442	-
FUND BALANCE, BEGINNING OF YEAR - as previously stated		-		-
CUMULATIVE EFFECT FOR APPLICATION OF GASB-22		653,017		-
FUND BALANCE, BEGINNING OF YEAR, as restated		653,017		-
FUND BALANCE, END OF YEAR		\$ 691,459		\$ -

See accompanying notes to financial statements.

CITY OF SULPHUR
SULPHUR, LOUISIANA
Primary Government

Notes to Financial Statements (Continued)
June 30, 1996

Note 5 - Long-Term Debt (Continued)

Special Assessment Bonds

\$142,839 Paving Project 1992-1 dated 08/01/92; due in annual installments of \$14,284 through August 1, 2002; interest at 5.85%	\$ 99,987
\$346,677 Paving Project 1993-1 dated 08/01/93; due in annual installments of \$34,667 through August 1, 1002, interest at 6%	<u>291,677</u>
Total Debt Outstanding	<u>\$14,171,664</u>

B. Debt Service Requirements to Maturity

The annual requirements to amortize all debt outstanding, including interest of \$3,463,342 are as follows:

Year	General Obligation Bonds	Special Assessment Bonds	Total
1997	\$ 2,359,737	\$ 67,284	\$ 2,427,021
1998	2,374,404	64,768	2,439,172
1999	2,376,638	62,253	2,438,891
2000	2,386,138	64,708	2,450,846
2001	2,397,926	61,843	2,459,769
Thereafter	<u>5,240,172</u>	<u>179,135</u>	<u>5,419,307</u>
	<u>\$17,135,015</u>	<u>\$ 499,991</u>	<u>\$17,635,006</u>

C. Prior Year's Debt Defeasance

In the year ended June 30, 1986, the City defeased two bond issues by creating an irrevocable trust fund. New debt was issued and the proceeds were placed in the trust fund. The investment and earnings are sufficient to fully service the defeased debt until the debt is called or matures. For financial statement purposes, the debt has been considered defeased and therefore, removed as a liability from the City's general long-term debt account group. As of June 30, 1996, the amount of defeased debt outstanding but removed is \$1,992,456.

CITY OF SULPHUR
SULPHUR, LOUISIANA
Primary Government

Capital Projects Funds
Combining Balance Sheet
June 30, 1996
(With Comparative Totals for June 30, 1995)

	1984/1985 Public <u>Improvement</u>	1992 Public <u>Improvement</u>
ASSETS		
Cash	\$ 800	\$ -
Investments	397,818	2,949,579
Grants receivable	90,024	-
Assessments receivable:		
Current	-	-
Delinquent	-	-
Deferred	-	-
Interest receivable	-	-
TOTAL ASSETS	\$ <u>488,642</u>	\$ <u>2,949,579</u>
 LIABILITIES AND FUND BALANCE		
LIABILITIES		
Accounts and contracts payable	\$ 226,184	\$ 397,105
Due to other funds	-	-
Deferred revenue	-	-
Total Liabilities	<u>226,184</u>	<u>397,105</u>
 FUND BALANCE		
Reserved for debt service	-	-
Unreserved - undesignated	<u>262,458</u>	<u>2,552,474</u>
Total Fund Balance	<u>262,458</u>	<u>2,552,474</u>
TOTAL LIABILITIES AND FUND BALANCE	\$ <u>488,642</u>	\$ <u>2,949,579</u>

See accompanying notes to financial statements.

CITY OF SULPHUR
SULPHUR, LOUISIANA
Primary Government

Notes to Financial Statements (Continued)
June 30, 1996

Note 3 - Property Taxes (Continued)

General purposes	6.51 mills
Streets - maintenance	4.91 mills
Fire - maintenance	4.91 mills

Total taxes levied were \$949,649.

Property tax millage rates are adopted in July for the calendar year in which the taxes are levied and recorded. All taxes are due and collectible when the assessment rolls are filed on or before November 15th of the current year, and become delinquent after December 31st. Property taxes not paid by the end of February are subject to lien.

Note 4 - Fixed Assets

A. General Fixed Assets

A summary of changes in general fixed assets for the year ended June 30, 1996 is as follows:

	Fixed Assets				End of Year
	Beginning of Year	Additions	Disposals	Adjustments /Transfers	
Land	\$ 2,209,599	\$ 21,050	\$ 57,424	\$ -	\$ 2,173,225
Buildings	1,744,522	61,690	24,165	(197,406)	1,584,641
Furniture and equipment	2,201,345	155,798	42,118	(61,630)	2,253,395
Transportation equipment	927,895	80,040	24,526	(106,630)	876,779
Construction in progress	6,596,564	2,121,575	-	(6,309,792)	2,408,347
Total	<u>\$13,679,925</u>	<u>\$ 2,440,153</u>	<u>\$ 148,233</u>	<u>\$(6,675,458)</u>	<u>\$ 9,296,387</u>

Adjustments reflect corrections of prior years errors related to asset disposals not removed from General Fixed Assets and prior year acquisitions not reflected on the Schedule of General Fixed Assets. Transfers are related to the completion of treatment plant and distribution lines of the enterprise fund.

The construction in progress consists of the following projects:

	Budget	Construction in Progress
Water Distribution Extension	\$ 1,222,953	\$ 1,187,543
Manhole/Wastewater Rehab	1,247,259	1,191,246
N. Beglis Sewer Line Extension	30,816	29,558
Total	<u>\$ 2,501,028</u>	<u>\$ 2,408,347</u>

B. Proprietary Fund Fixed Assets

A summary of changes in proprietary fund fixed assets for the year ended June 30, 1996 is as follows:

CITY OF SULPHUR
SULPHUR, LOUISIANA
Primary Government

Notes to Financial Statements (Continued)
June 30, 1996

Note 2 - Deposits and Investments (Continued)

Investments

The City's investments are categorized in accordance with GASB Statement No. 3 to give an indication of the level of risk assumed at year end. Category 1, which represents the lowest level of risk, includes investments that are insured or registered or securities held by the governmental entity or its agent in the government's name. Category 2 includes uninsured and unregistered investments with securities held by the counter party's trust department or agent in the government's name. Category 3, which represents the greatest level of risk, includes uninsured and unregistered investments with securities held by the counter party or by its trust department or agent, but not in the government's name.

The City's deposits and investments, in aggregate, excluding treasury obligations and mutual funds, were secured by \$300,000 of FDIC Insurance and \$3,724,273 of pledged collateral. The City's carrying amounts of above deposits and investments totaled \$3,873,747. Pledged collateral as of June 30, 1996 for the City is classified as follows:

Category 1	\$	-
Category 2		-
Category 3		3,873,747

The City's treasury obligations and mutual funds are classified as follows:

	<u>U.S. Government Securities</u>	<u>Open Ended Mutual Funds</u>
Category 1	\$ 4,947,648	
Category 2	-	
Category 3	-	
	<u>\$ 4,947,648</u>	
Carrying amount	<u>\$ 4,947,648</u>	<u>\$14,186,622</u>
Market value	<u>\$ 5,005,715</u>	<u>\$14,186,622</u>

Even though the pledged securities are considered uncollateralized (Category 3) under the provisions of GASB Statement 3, Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the City that the fiscal agent has failed to pay deposited funds upon demand.

Refer to the Independent Auditor's Report on Compliance based on a financial statement audit performed in accordance with Government Auditing Standards for additional disclosure of pledged security on an individual financial institution basis.

Note 3 - Property Taxes

For the year ended June 30, 1996, taxes of 16.33 mills were levied on property with net assessed valuations totaling \$58,153,640, and were dedicated as follows:

CITY OF SULPHUR
SULPHUR, LOUISIANA
Primary Government

Combining Statement of General Long-Term Debt
June 30, 1996
(With Comparative Totals for June 30, 1995)

	Paving Project <u>1993-1</u>
AMOUNT AVAILABLE AND TO BE PROVIDED FOR THE RETIREMENT OF GENERAL LONG-TERM DEBT	
Amount available in debt service fund for debt retirement	\$ 182,047
Amount to be provided for retirement of general long-term debt	109,630
Amount to be provided from general govern- ment resources	<u> -</u>
TOTAL AVAILABLE AND TO BE PROVIDED	\$ <u>291,677</u>
 GENERAL LONG-TERM DEBT PAYABLE	
Special assessment debt	\$ 291,677
Bonds payable	-
Accrued compensated absences	<u> -</u>
	\$ <u>291,677</u>

See accompanying notes to financial statements.

CITY OF SULPHUR
SULPHUR, LOUISIANA
Primary Government

Notes to Financial Statements (Continued)
June 30, 1996

Note 1 - Summary of Significant Accounting Policies (Continued)

L. Comparative Data

Comparative total data for the prior year have been presented in the accompanying financial statements in order to provide an understanding of changes in the government's financial position and operations. However, comparative data have not been presented in all statements because their inclusion would make certain statements unduly complex and difficult to understand.

Note 2 - Deposits and Investments

The City's deposits at June 30, 1996, which are invested in "overnight" repurchase agreements involving U.S. government securities, were entirely covered by federal depository insurance or by collateral held by a third party custodial bank, as required by Louisiana Revised Statute 39:1225.

Investments are stated at cost or amortized cost, which approximate market. Investments permitted by statute include obligations issued, insured or guaranteed by the U.S. government, including certificates or other evidences of ownership interest in such obligations and/or investments in registered mutual or trust funds consisting solely of U.S. government securities. The City's investment program is limited to purchases of U.S. Treasury and government agency obligations.

Deposits

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 governmental entity or by its agent in the name of the governmental entity.

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

Category 3 - Uncollateralized (which would include 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).

CITY OF SULPHUR
SULPHUR, LOUISIANA
Primary Government

Notes to Financial Statements (Continued)
June 30, 1996

Note 1 - Summary of Significant Accounting Policies (Continued)

I. Compensated Absences

Vested or accumulated vacation leave and sick pay that is expected to be liquidated with expendable available financial resources is reported as an expenditure and a fund liability of the governmental fund that will pay it. Amounts of vested or accumulated vacation leave and sick pay that are not expected to be liquidated with expendable available financial resources are reported in the general long-term debt account group, if any. No expenditure is reported for these amounts. Vested or accumulated vacation leave of proprietary funds is recorded as an expense and liability of those funds as the benefits accrue to employees.

Sick leave accrues to full time, permanent employees to specified maximums. Generally, employees are entitled to a percentage of their sick leave balance upon termination if the retirement criteria of the City's municipal retirement system are satisfied.

The estimated portion of the liability for vested sick leave benefits attributable to the City's governmental funds is recorded as an expenditure and liability in the respective funds.

The long-term portion is recorded in the General Long-Term Debt Account Group. The amounts attributable to proprietary funds are charged to expense and a corresponding liability in the applicable fund. The estimated liabilities include wage related payments.

J. Fund Equity

Contributed capital is recorded in proprietary funds that have received capital grants or contributions from developers, customers or other funds. Reserves represent those portions of fund equity not appropriable for expenditure or legally segregated for a specific future use. Designated fund balances represent tentative plans for future use of financial resources.

K. Total Columns (Memorandum Only)

Total columns on the combined financial statements are captioned "memorandum only" to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position, results of operations or cash flows in conformity with generally accepted accounting principles. Neither are such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

CITY OF SULPHUR
SULPHUR, LOUISIANA
Primary Government

Notes to Financial Statements (Continued)
June 30, 1996

Note 1 - Summary of Significant Accounting Policies (Continued)

Investments are stated at cost or amortized cost.

F. Accounts Receivable

Uncollectible amounts due for ad valorem taxes and other receivables of governmental funds are recognized as bad debts at the time information becomes available which would indicate that the particular receivable is not collectible. This method does not result in a charge to bad debts that is materially different from the amount that would be charged if the reserve method were used.

The City utilizes the allowance method for proprietary funds to recognize doubtful accounts. The allowance for doubtful accounts at June 30, 1996 was \$8,402.

G. Fixed Assets

General Fixed Assets Account Group:

Fixed assets used in governmental fund type operations are accounted for in the General Fixed Assets Group of Accounts, rather than in governmental funds.

Public domain ("infrastructure") general fixed assets including roads, bridges, curbs and gutters, streets and sidewalks, drainage systems and lighting systems are not capitalized, as these assets are immovable and of value only to the City.

Proprietary Funds:

Additions to the utility plant in service are recorded at cost or, if contributed property, at their estimated fair value at time of contribution. Repairs and maintenance are recorded as expenses; renewals and betterments are capitalized. The sale or disposal of fixed assets is recorded by removing cost and accumulated depreciation from the accounts and charging the resulting gain or loss to income.

Depreciation has been calculated on each class of depreciable property using the straight-line method. Estimated useful lives are as follows:

Treatment plant	50 years
Wells, storage tanks, lines	50 years
Auto and truck	3 - 5 years
Other equipment	5 - 10 years

H. Statement of Cash Flows

For the purpose 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 SULPHUR
SULPHUR, LOUISIANA
Primary Government

Notes to Financial Statements (Continued)
June 30, 1996

Note 6 - Dedication of Sales Tax Proceeds

Proceeds of the 2½% sales and use tax levied by the City of Sulphur are dedicated to the following purposes:

After distribution of ½% to 1991-B Public Improvement Bonds and 1991 capital improvement paygo fund 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 secured 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 sewerage 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.

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.

LIABILITIES AND FUND EQUITY

	<u>1996</u>	<u>1995</u>
LIABILITIES		
Current liabilities		
Accrued payroll and taxes	\$ 14,879	\$ 24,383
Accrued vacation and comp time	27,541	21,324
Other accrued compensated absences	40,564	32,298
Due to other funds	115,999	81,088
Sales tax payable	<u>3,497</u>	<u>3,197</u>
	<u>202,480</u>	<u>162,290</u>
Current liabilities (payable from restricted assets)		
Customer deposits	<u>109,117</u>	<u>103,553</u>
Long-term liabilities		
Deferred charges	<u>-</u>	<u>18,896</u>
Total Liabilities	<u>311,597</u>	<u>284,739</u>
FUND EQUITY		
Contributions		
From municipality	19,018,341	12,770,239
From state and federal grants	<u>13,724,090</u>	<u>14,038,367</u>
Total Contributions	<u>32,742,431</u>	<u>26,808,606</u>
RETAINED EARNINGS		
Designated for insurance	-	20,918
Designated for depreciation	850,000	-
Unreserved - undesignated	<u>476,582</u>	<u>1,130,605</u>
Total Retained Earnings	<u>1,326,582</u>	<u>1,151,523</u>
Total Fund Equity	<u>34,069,013</u>	<u>27,960,129</u>
TOTAL LIABILITIES AND FUND EQUITY	<u>\$34,380,610</u>	<u>\$28,244,868</u>

GENERAL LONG-TERM DEBT ACCOUNT GROUP

CITY OF SULPHUR
SULPHUR, LOUISIANA
Primary Government

Comparative Schedule of General Fixed Assets - By Source
June 30, 1996 and 1995

	1996	1995
GENERAL FIXED ASSETS		
Land	\$ 2,173,225	\$ 2,209,599
Building	1,584,641	1,744,522
Furniture and equipment	2,253,395	2,201,345
Transportation equipment	876,779	927,895
Construction in progress	2,408,347	6,596,564
Total General Fixed Assets	\$ 9,296,387	\$13,679,925
 INVESTMENT IN GENERAL FIXED ASSETS BY SOURCE		
General and special revenue funds	\$ 9,296,387	\$13,679,925
Total Investment in General Fixed Assets	\$ 9,296,387	\$13,679,925

See accompanying notes to financial statements.

GENERAL FIXED ASSETS ACCOUNT GROUP

CITY OF SULPHUR
SULPHUR, LOUISIANA
Primary Government

Fiduciary Fund - (Agency Fund)
Comparative Statement of Changes in
Assets and Liabilities
June 30, 1996 and 1995

	<u>1996</u>	<u>1995</u>
ASSETS		
Cash	\$ 1,000	\$ -
Investments	<u>420,171</u>	<u>214,548</u>
TOTAL ASSETS	<u>\$ 421,171</u>	<u>\$ 214,548</u>
LIABILITIES		
Due to West Calcasieu Community Center	\$ <u>421,171</u>	\$ <u>214,548</u>
TOTAL LIABILITIES	<u>\$ 421,171</u>	<u>\$ 214,548</u>

See accompanying notes to financial statements.

FIDUCIARY FUND - (AGENCY FUND)

Fiduciary funds account for assets held by the City in a trustee or agency capacity. Agency funds are custodial in nature and do not involve measurement of results of operations.

CITY OF SULPHUR
SULPHUR, LOUISIANA
Primary Government

Internal Service Fund
Comparative Statement of Cash Flows
Years Ended June 30, 1996 and 1995

	1996	1995
CASH FLOWS FROM OPERATING ACTIVITIES		
Operating income	\$ 126,344	\$ -
Adjustments to reconcile net operating income to net cash provided by operating activities		
Miscellaneous income	24,866	-
(Increase) in prepaid expenses	(18,816)	-
Increase in payables	796	-
Net Cash From Operating Activities	133,190	-
CASH FLOWS FROM NON CAPITAL FINANCING ACTIVITIES		
Operating transfers in	133,632	-
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest on investments	3,518	-
NET INCREASE IN CASH AND CASH EQUIVALENTS	270,340	-
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	-	-
CASH AND CASH EQUIVALENTS AT END OF YEAR	\$ 270,340	\$ -

See accompanying notes to financial statements.

CITY OF SULPHUR
SULPHUR, LOUISIANA
Primary Government

Internal Service Fund
Comparative Statement of Revenues, Expenses
and Changes in Retained Earnings
Years Ended June 30, 1996 and 1995

	<u>1996</u>	<u>1995</u>
OPERATING REVENUES		
Charges and fees	\$ <u>146,890</u>	\$ <u>-</u>
OPERATING EXPENSES		
General and administrative		
Insurance	15,525	-
Claims paid	1,671	-
Administrative costs	3,291	-
Other	59	-
Total Operating Expenses	<u>20,546</u>	<u>-</u>
OPERATING INCOME	<u>126,344</u>	<u>-</u>
NON-OPERATING REVENUES (EXPENSES)		
Miscellaneous income	24,865	-
Interest income	<u>3,518</u>	<u>-</u>
Total Non-Operating Revenues (Expenses)	<u>28,383</u>	<u>-</u>
INCOME BEFORE OPERATING TRANSFERS	154,727	-
OTHER FINANCING SOURCES (USES)		
Operating transfers in	<u>133,633</u>	<u>-</u>
NET INCOME	288,360	-
RETAINED EARNINGS - BEGINNING OF YEAR	<u>-</u>	<u>-</u>
RETAINED EARNINGS - END OF YEAR	<u>\$ 288,360</u>	<u>\$ -</u>

See accompanying notes to financial statements.

CITY OF SULPHUR
SULPHUR, LOUISIANA
Primary Government

Internal Service Fund
Comparative Balance Sheet
June 30, 1996 and 1995

ASSETS

	<u>1996</u>	<u>1995</u>
ASSETS		
Cash	\$ 27,178	\$ -
Investments	243,162	-
Prepaid expenses	<u>18,816</u>	<u>-</u>
TOTAL ASSETS	<u>\$ 289,156</u>	<u>\$ -</u>

LIABILITIES AND RETAINED EARNINGS

LIABILITIES		
Claims payable	\$ <u>796</u>	\$ <u>-</u>
RETAINED EARNINGS		
Unreserved	<u>288,360</u>	<u>-</u>
TOTAL LIABILITIES AND RETAINED EARNINGS	<u>\$ 289,156</u>	<u>\$ -</u>

See accompanying notes to financial statements.

CITY OF SULPHUR
SULPHUR, LOUISIANA
Primary Government

Enterprise Fund
Schedule of Operating Expenses (Continued)
Year Ended June 30, 1996
(With Comparative Totals for June 30, 1995)

	1996		Variance Favorable (Unfavorable)	1995
	Budget	Actual		Actual
SEWER DEPARTMENT				
Acquisitions	\$ 64,790	\$ -	\$ 64,790	\$ -
Automotive	6,750	6,031	719	4,937
Damage to others	8,000	-	8,000	5,295
Employee benefits	64,900	58,288	6,612	58,242
Insurance	58,100	52,735	5,365	45,346
Janitorial	1,400	1,334	66	895
Legal and professional	20,000	11,199	8,801	11,495
Miscellaneous	-	-	-	411
Office supplies	1,000	548	452	364
Plant maintenance	232,000	154,968	77,032	138,146
Permits	8,000	7,508	492	7,608
Rental	-	326	(326)	136
Salaries	365,000	344,157	20,843	344,423
Plant supplies	75,000	48,370	26,630	45,686
Telephone and utilities	205,000	190,905	14,095	179,601
Training	1,700	669	1,031	688
Travel	300	72	228	44
Uniforms	7,800	6,005	1,795	5,565
Total	<u>\$ 1,119,740</u>	<u>\$ 883,115</u>	<u>\$ 236,625</u>	<u>\$ 848,882</u>

See accompanying notes to financial statements.

CITY OF SULPHUR
SULPHUR, LOUISIANA
Primary Government

Enterprise Fund
Schedule of Operating Expenses
Year Ended June 30, 1996
(With Comparative Totals for June 30, 1995)

	1996		Variance Favorable (Unfavorable)	1995
	Budget	Actual		Actual
GENERAL AND ADMINISTRATIVE				
Acquisitions	\$ 4,087	\$ -	\$ 4,087	\$ -
Automotive	2,000	2,952	(952)	2,232
Employee benefits	28,260	29,515	(1,255)	26,395
Insurance	12,675	13,048	(373)	11,934
Legal and professional	12,821	12,909	(88)	32,178
Office supplies	20,500	20,626	(126)	19,428
Plant maintenance	3,000	3,107	(107)	417
Salaries	135,250	128,567	6,683	132,794
Supplies	2,192	714	1,478	906
Telephone and utilities	2,450	2,827	(377)	2,622
Travel	400	465	(65)	64
Uniforms	1,200	1,193	7	1,284
Total	<u>\$ 224,835</u>	<u>\$ 215,923</u>	<u>\$ 8,912</u>	<u>\$ 230,254</u>
WATER DEPARTMENT				
Acquisitions	\$ 18,700	\$ -	\$ 18,700	\$ -
Automotive	6,500	6,432	68	5,119
Damage to others	5,000	6,521	(1,521)	840
Employee benefits	61,000	58,610	2,390	51,159
Insurance	47,360	50,574	(3,214)	38,845
Janitorial	500	442	58	225
Legal and professional	1,500	118	1,382	130
Miscellaneous	1,500	296	1,204	605
Office supplies	100	74	26	46
Plant maintenance	80,500	91,268	(10,768)	86,705
Salaries	296,000	319,772	(23,772)	289,393
Plant supplies	66,850	65,317	1,533	41,570
Telephone and utilities	191,000	188,162	2,838	183,813
Training	1,100	347	753	446
Travel	200	-	200	-
Uniforms	6,540	6,039	501	4,490
Total	<u>\$ 784,350</u>	<u>\$ 793,972</u>	<u>\$ (9,622)</u>	<u>\$ 703,386</u>

CITY OF SULPHUR
SULPHUR, LOUISIANA
Primary Government

Enterprise Fund
Comparative Statement of Cash Flows
Years Ended June 30, 1996 and 1995

	<u>1996</u>	<u>1995</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Operating income	\$ 439,129	\$ 451,824
Adjustments to reconcile net operating income to net cash provided by operating activities		
Miscellaneous income	23,930	42,702
(Increase) decrease in accounts receivable	6,078	21,776
Increase (decrease) in accounts payable and accrued expenses	26,858	8,265
Increase (decrease) in bad debt allowance	<u>(8,973)</u>	<u>17,375</u>
Net Cash From Operating Activities	<u>487,022</u>	<u>541,942</u>
CASH FLOWS FROM NON CAPITAL FINANCING ACTIVITIES:		
Operating transfers - in	300,000	300,000
Operating transfers - out	<u>(399,814)</u>	<u>(356,000)</u>
Net Cash From Non Capital Financing Activities	<u>(99,814)</u>	<u>(56,000)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Acquisition of capital assets	<u>(69,145)</u>	<u>(95,593)</u>
Net Cash From Capital and Related Financing Activities	<u>(69,145)</u>	<u>(95,593)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Interest on investments	<u>212,015</u>	<u>198,414</u>
Net Cash Flows From Investing Activities	<u>212,015</u>	<u>198,414</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	530,078	588,763
CASH AND EQUIVALENTS AT BEGINNING OF YEAR	<u>3,533,836</u>	<u>2,945,073</u>
CASH AND EQUIVALENTS AT END OF YEAR	<u>\$ 4,063,914</u>	<u>\$ 3,533,836</u>
Cash and Equivalents - Unrestricted	\$ 3,879,073	\$ 3,353,880
Cash and Equivalents - Restricted	184,841	179,956

See accompanying notes to financial statements.

<u>Paving Project 1993-1</u>	<u>Paving Project 1992-1</u>	<u>Public Improvement 1993</u>	<u>Public Improvement 1991-B</u>	<u>Total 1996</u>	<u>Comparative Total 1995</u>
\$ 36,119	\$ 19,608	\$ -	\$ -	\$ 55,727	\$ 56,341
6,641	2,768	138,742	65,935	217,685	121,486
<u>11,242</u>	<u>3,951</u>	<u>-</u>	<u>-</u>	<u>15,193</u>	<u>19,457</u>
<u>54,002</u>	<u>26,327</u>	<u>138,742</u>	<u>65,935</u>	<u>288,605</u>	<u>197,284</u>
-	-	-	-	-	2,907
30,000	14,284	1,115,000	425,000	1,584,284	1,353,385
<u>19,207</u>	<u>7,035</u>	<u>634,150</u>	<u>190,012</u>	<u>850,404</u>	<u>927,439</u>
<u>49,207</u>	<u>21,319</u>	<u>1,749,150</u>	<u>615,012</u>	<u>2,434,688</u>	<u>2,283,731</u>
<u>4,795</u>	<u>5,008</u>	<u>(1,610,408)</u>	<u>(549,077)</u>	<u>(2,146,083)</u>	<u>(2,086,447)</u>
<u>-</u>	<u>-</u>	<u>1,746,950</u>	<u>614,630</u>	<u>2,361,580</u>	<u>1,695,177</u>
4,795	5,008	136,542	65,553	215,497	(391,270)
<u>177,252</u>	<u>75,423</u>	<u>1,639,484</u>	<u>1,078,852</u>	<u>3,040,232</u>	<u>3,431,502</u>
<u>\$ 182,047</u>	<u>\$ 80,431</u>	<u>\$ 1,776,026</u>	<u>\$ 1,144,405</u>	<u>\$ 3,255,729</u>	<u>\$ 3,040,232</u>

CITY OF SULPHUR
SULPHUR, LOUISIANA
Primary Government

Enterprise Fund
Statement of Revenues, Expenses
and Changes in Retained Earnings
Year Ended June 30, 1996
(With Comparative Totals for June 30, 1995)

	1996		Variance Favorable (Unfavorable)	1995
	Budget	Actual		Actual
OPERATING REVENUES				
Water	\$ 940,000	\$ 1,025,082	\$ 85,082	\$ 980,483
Sewer	1,119,000	1,253,336	134,336	1,200,641
Water and sewer taps	21,000	27,836	6,836	39,708
Penalties	22,000	34,287	12,287	30,889
Total Operating Revenues	<u>2,102,000</u>	<u>2,340,541</u>	<u>238,541</u>	<u>2,251,721</u>
OPERATING EXPENSES				
General and administrative	224,835	215,923	8,912	230,254
Water department	784,350	793,972	(9,622)	703,386
Sewer department	1,119,740	883,115	236,625	848,882
Bad debts	-	8,402	(8,402)	17,375
Total Operating Expenses	<u>2,128,925</u>	<u>1,901,412</u>	<u>227,513</u>	<u>1,799,897</u>
OPERATING INCOME	<u>(26,925)</u>	<u>439,129</u>	<u>466,054</u>	<u>451,824</u>
NON-OPERATING REVENUES (EXPENSES)				
Interest income	70,000	212,015	142,015	198,414
Miscellaneous income	3,900	23,930	20,030	11,551
Federal and state grant revenue	-	-	-	31,151
Depreciation	-	(714,478)	(714,478)	(667,160)
Total Non-Operating Revenues (Expenses)	<u>73,900</u>	<u>(478,533)</u>	<u>(552,433)</u>	<u>(426,044)</u>
INCOME (LOSS) BEFORE OPERATING TRANSFERS	46,975	(39,404)	(86,379)	25,780
OTHER FINANCING SOURCES (USES)				
Operating transfers - in	300,000	300,000	-	300,000
Operating transfers - out	(360,000)	(399,814)	(39,814)	(356,000)
Other	(150,000)	-	150,000	-
Total Other Financing Sources (Uses)	<u>(210,000)</u>	<u>(99,814)</u>	<u>110,186</u>	<u>(56,000)</u>
NET INCOME (LOSS)	<u>\$ (163,025)</u>	<u>(139,218)</u>	<u>\$ 23,807</u>	<u>(30,220)</u>

Continued
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DEBT SERVICE FUNDS

To account for the accumulation of resources and payment of general obligation bond principal and interest from governmental resources and special assessment bond principal and interest from special assessment levies when the government is obligated in some manner for the payment.

CITY OF SULPHUR
SULPHUR, LOUISIANA
Primary Government

Enterprise Fund
Comparative Balance Sheet
June 30, 1996 and 1995

	<u>1996</u>	<u>1995</u>
ASSETS		
CURRENT ASSETS		
Cash	\$ 7,854	\$ 5,134
Investments	3,871,219	3,348,746
Receivables (net of allowance for doubtful accounts of \$8,402 and \$17,375 for years ending June 30, 1996 and 1995)		
Accounts	189,791	170,506
Other	<u>25,007</u>	<u>41,398</u>
Total Current Assets	<u>4,093,871</u>	<u>3,565,784</u>
RESTRICTED ASSETS		
Investments - customer meter deposits	<u>184,841</u>	<u>179,956</u>
FIXED ASSETS, at cost, net of accumulated depreciation (1996 - \$8,488,240; 1995 - \$7,830,337)	<u>30,101,898</u>	<u>24,499,128</u>
 TOTAL ASSETS	 <u>\$34,380,610</u>	 <u>\$28,244,868</u>

See accompanying notes to financial statements.

PROPRIETARY FUNDS

To account for operations that are financed and operated in a manner similar to private business enterprises - where the intent of the council is that the costs of providing goods or services to the general public and interfunds on a continuing basis be financed or recovered primarily through user charges or interfund charges; or where the council has decided that periodic determination of net income is appropriate for accountability purposes.

<u>Street Pavings</u>	<u>1994/1995 Public Improvement</u>	<u>1995/1996 Public Improvement</u>	<u>Total 1996</u>	<u>Comparative Total 1995</u>
\$ -	\$ -	\$ -	\$ 1,049,514	\$ 1,099,020
9,222	-	-	9,222	7,511
3,925	79,503	17,921	258,871	187,101
-	25,000	-	74,647	-
<u>13,147</u>	<u>104,503</u>	<u>17,921</u>	<u>1,392,254</u>	<u>1,293,632</u>
-	8,495	301	32,800	23,084
-	1,757,561	249,967	4,173,414	2,255,147
-	67,811	25,042	492,157	1,386,991
-	<u>1,833,867</u>	<u>275,310</u>	<u>4,698,371</u>	<u>3,665,222</u>
<u>13,147</u>	<u>(1,729,364)</u>	<u>(257,389)</u>	<u>(3,306,117)</u>	<u>(2,371,590)</u>
<u>-</u>	<u>415,000</u>	<u>760,000</u>	<u>2,792,741</u>	<u>3,066,957</u>
13,147	(1,314,364)	502,611	(513,376)	695,367
<u>(32,732)</u>	<u>2,134,821</u>	<u>-</u>	<u>4,631,791</u>	<u>3,936,424</u>
<u>\$ (19,585)</u>	<u>\$ 820,457</u>	<u>\$ 502,611</u>	<u>\$ 4,118,415</u>	<u>\$ 4,631,791</u>

CITY OF SULPHUR
SULPHUR, LOUISIANA
Primary Government

Capital Projects Funds
Combining Statement of Revenues, Expenditures
and Changes in Fund Balances
Year Ended June 30, 1996
(With Comparative Totals for June 30, 1995)

	<u>1984/1985 Public Improvement</u>	<u>1992 Public Improvement</u>
REVENUES		
Federal and state grants	\$ 1,049,514	\$ -
Assessment levies	-	-
Interest	33,267	124,255
Other	-	49,647
Total Revenues	<u>1,082,781</u>	<u>173,902</u>
EXPENDITURES		
Administration	5,605	18,399
Construction contracts	1,280,738	885,148
Engineering and other	234,874	164,430
Total Expenditures	<u>1,521,217</u>	<u>1,067,977</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(438,436)</u>	<u>(894,075)</u>
Other Financial Sources (Uses) Operating transfers	<u>-</u>	<u>1,617,741</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses	<u>(438,436)</u>	<u>723,666</u>
FUND BALANCE - BEGINNING OF YEAR	<u>700,894</u>	<u>1,828,808</u>
FUND BALANCE - END OF YEAR	<u>\$ 262,458</u>	<u>\$ 2,552,474</u>

See accompanying notes to financial statements.

<u>Street Pavings</u>	<u>1994/1995 Public Improvement</u>	<u>1995/1996 Public Improvement</u>	<u>Total 1996</u>	<u>Comparative Total 1995</u>
\$ 100	\$ -	\$ -	\$ 900	\$ 600,800
10,160	905,557	511,541	4,774,655	4,363,259
-	-	-	90,024	-
7,215	-	-	7,215	7,502
4,864	-	-	4,864	3,144
43,280	-	-	43,280	52,501
<u>2,651</u>	<u>-</u>	<u>-</u>	<u>2,651</u>	<u>1,536</u>
\$ <u>68,270</u>	\$ <u>905,557</u>	\$ <u>511,541</u>	\$ <u>4,923,589</u>	\$ <u>5,028,742</u>
\$ -	\$ 85,100	\$ 8,930	\$ 717,319	\$ 285,674
44,576	-	-	44,576	58,776
43,279	-	-	43,279	52,501
<u>87,855</u>	<u>85,100</u>	<u>8,930</u>	<u>805,174</u>	<u>396,951</u>
(19,585)	-	-	(19,585)	(32,732)
-	820,457	502,611	4,138,000	4,664,523
<u>(19,585)</u>	<u>820,457</u>	<u>502,611</u>	<u>4,118,415</u>	<u>4,631,791</u>
\$ <u>68,270</u>	\$ <u>905,557</u>	\$ <u>511,541</u>	\$ <u>4,923,589</u>	\$ <u>5,028,742</u>

CITY OF SULPHUR
SULPHUR, LOUISIANA
Primary Government

General Fund
Statement of Revenues, Expenditures, Encumbrances and Changes in Fund
Balance - Budget and Actual (Non-GAAP Budgetary Basis) (Continued)
Year Ended June 30, 1996
(With Comparative Totals for June 30, 1995)

	1996	1995		
Budget	Actual on Budgetary Basis	Variance Favorable (Unfavorable)	Actual on Budgetary Basis	
Excess (Deficiency) of Revenues Over Expenditures	\$(2,278,622)	\$(533,679)	\$ 1,744,943	\$(1,374,958)
OTHER FINANCING SOURCES (USES)				
Operating transfers - in	2,893,050	4,142,532	1,249,482	3,953,253
Operating transfers - out	(1,500,000)	(1,593,819)	(93,819)	(2,003,701)
Other	(250,000)	-	250,000	-
Total Other Financing Sources (Uses)	<u>1,143,050</u>	<u>2,548,713</u>	<u>1,405,663</u>	<u>1,949,552</u>
Excess (Deficiency) of Revenues and Other Sources Over Expen- ditures and Other Uses	\$(1,135,572)	<u>2,015,034</u>	<u>\$ 3,150,606</u>	<u>\$ 574,594</u>
FUND BALANCE, BEGINNING OF YEAR - as previously stated		7,625,380		
CUMULATIVE EFFECT FOR APPLICATION OF GASB-22		<u>239,127</u>		
FUND BALANCE, BEGINNING OF YEAR, as restated		7,864,507		
Increase (Decrease) in Reserve for Encumbrance		<u>(24,354)</u>		
FUND BALANCE, END OF YEAR		<u>\$ 9,855,187</u>		

See accompanying notes to financial statements.

CAPITAL PROJECTS FUNDS

To account for the acquisition and construction of major capital facilities other than those financed by proprietary funds.

CITY OF SULPHUR
SULPHUR, LOUISIANA
Primary Government

Notes to Financial Statements (Continued)
June 30, 1996

Note 1 - Summary of Significant Accounting Policies (Continued)

The accrual basis of accounting is utilized by proprietary fund types. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred.

The City reports deferred revenue on its combined balance sheet. Deferred revenues arise when a potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period. Deferred revenues also arise when resources are received by the City before it has a legal claim to them. In subsequent periods, when both revenue recognition criteria are met, or when the government has a legal claim to the resources, the liability for deferred revenue is removed from the combined balance sheet and revenue is recognized.

D. Budget Policies and Budgetary Accounting

The budgets for the operating funds and proprietary fund operations are prepared on the cash and expenditure/encumbrances basis. Revenues are budgeted in the year receipt is expected, and expenditures, which includes encumbrances, are budgeted in the year that the applicable purchase orders are expected to be issued. Unencumbered appropriations for annually budgeted funds lapse at fiscal year end.

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 government's council.

Encumbrance accounting is used for the General Fund, the Special Revenue Fund and Capital Projects Funds. Encumbrances are recorded when purchase orders are issued, but are not considered expenditures until liabilities for payments are incurred. Encumbrances are reported as a reservation of fund balance on the balance sheet. Encumbrances do not lapse at the close of the fiscal year, but are carried forward as reserved fund balance until liquidated.

E. Cash and Investments

Cash includes amounts in demand deposits as well as short-term investments with a maturity date within three months of the date acquired by the government.

State statutes authorize the government to invest in obligations of the U.S. Treasury 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, investment as stipulated in R.S. 39:1271, or any other federally insured investment.

CITY OF SULPHUR
SULPHUR, LOUISIANA
Primary Government

Debt Service Funds
Combining Statement of Revenues, Expenditures
and Changes in Fund Balances
Year Ended June 30, 1996
(With Comparative Totals for June 30, 1995)

	<u>Paving Project 1980-4</u>	<u>Paving Project 1984-1</u>
REVENUES		
Assessment levies	\$ -	\$ -
Interest on investments	-	3,599
Interest on assessments	-	-
Total Revenues	<u>-</u>	<u>3,599</u>
EXPENDITURES		
Miscellaneous	-	-
Debt service		
Principal retirement	-	-
Interest and fiscal charges	-	-
Total Expenditures	<u>-</u>	<u>-</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>-</u>	<u>3,599</u>
OTHER FINANCING SOURCES (USES)		
Operating transfers - in (out)	<u>-</u>	<u>-</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses	-	3,599
FUND BALANCE - BEGINNING OF YEAR	<u>289</u>	<u>68,932</u>
FUND BALANCE - END OF YEAR	<u>\$ 289</u>	<u>\$ 72,531</u>

See accompanying notes to financial statements.

<u>Paving Project 1993-1</u>	<u>Paving Project 1992-1</u>	<u>Public Improvement 1993</u>	<u>Public Improvement 1991-B</u>	<u>Total 1996</u>	<u>Comparative Total 1995</u>
\$ -	\$ 100	\$ -	\$ -	\$ 100	\$ 200
161,878	70,794	1,776,026	1,144,405	3,223,090	3,002,051
20,169	6,493	-	-	26,662	30,978
-	2,209	-	-	5,878	7,016
141,245	32,462	-	-	173,707	229,435
-	835	-	-	1,415	2,132
<u>\$ 323,292</u>	<u>\$ 112,893</u>	<u>\$ 1,776,026</u>	<u>\$ 1,144,405</u>	<u>\$ 3,430,852</u>	<u>\$ 3,271,812</u>
\$ -	\$ -	\$ -	\$ -	\$ 1,416	\$ 2,145
141,245	32,462	-	-	173,707	229,435
<u>141,245</u>	<u>32,462</u>	<u>-</u>	<u>-</u>	<u>175,123</u>	<u>231,580</u>
182,047	80,431	1,776,026	1,144,405	3,183,198	2,971,300
-	-	-	-	72,531	68,932
<u>182,047</u>	<u>80,431</u>	<u>1,776,026</u>	<u>1,144,405</u>	<u>3,255,729</u>	<u>3,040,232</u>
<u>\$ 323,292</u>	<u>\$ 112,893</u>	<u>\$ 1,776,026</u>	<u>\$ 1,144,405</u>	<u>\$ 3,430,852</u>	<u>\$ 3,271,812</u>

CITY OF SULPHUR
SULPHUR, LOUISIANA
Primary Government

Debt Service Funds
Combining Balance Sheet
June 30, 1996
(With Comparative Totals for June 30, 1995)

	<u>Paving Project 1980-4</u>	<u>Paving Project 1984-1</u>
ASSETS		
Cash	\$ -	\$ -
Investments	-	69,987
Assessments receivable		
Current	-	-
Delinquent	1,705	1,964
Deferred	-	-
Interest receivable	<u>-</u>	<u>580</u>
TOTAL ASSETS	\$ <u>1,705</u>	\$ <u>72,531</u>
 LIABILITIES AND FUND BALANCE		
LIABILITIES		
Due to other funds	\$ 1,416	\$ -
Deferred revenue	<u>-</u>	<u>-</u>
Total Liabilities	<u>1,416</u>	<u>-</u>
 FUND BALANCE		
Reserve for debt service	289	-
Unreserved	<u>-</u>	<u>72,531</u>
Total Fund Balance	<u>289</u>	<u>72,531</u>
TOTAL LIABILITIES AND FUND BALANCE	\$ <u>1,705</u>	\$ <u>72,531</u>

See accompanying notes to financial statements.

CITY OF SULPHUR
SULPHUR, LOUISIANA
Primary Government

Enterprise Fund
Statement of Revenues, Expenses and Changes
in Retained Earnings (Continued)
Year Ended June 30, 1996
(With Comparative Totals for June 30, 1995)

	1996		Variance Favorable (Unfavorable)	1995
	Budget	Actual		Actual
Add current year's depreciation on fixed assets acquired by funds externally restricted for capital expenditures that reduce contributed capital		\$ <u>314,277</u>		\$ <u>314,277</u>
Increase (Decrease) in Retained Earnings		175,059		284,057
RETAINED EARNINGS - BEGINNING OF YEAR		<u>1,151,523</u>		<u>867,466</u>
RETAINED EARNINGS - END OF YEAR		<u>\$ 1,326,582</u>		<u>\$ 1,151,523</u>

See accompanying notes to financial statements.

CITY OF SULPHUR
SULPHUR, LOUISIANA
Primary Government

Combined Balance Sheet -
All Fund Types and Account Groups
June 30, 1996
(With Comparative Totals for June 30, 1995)

	Governmental Fund Types			
	General	Special Revenue	Debt Service	Capital Project
ASSETS				
Cash	\$ 466,135	\$ -	\$ 100	\$ 900
Investments	9,043,760	-	3,223,090	4,774,655
Receivables:				
Accounts	400,253	-	-	-
Special assessments	-	-	206,247	55,359
Grants	-	-	-	90,024
Interest	-	-	1,415	2,651
Sales tax	-	691,459	-	-
Inventory	7,020	-	-	-
Prepaid expenses	-	-	-	-
Due from other funds	161,991	-	-	-
Restricted assets:				
Cash and investments	-	-	-	-
General fixed assets	-	-	-	-
Fixed assets - net	-	-	-	-
Amount available in debt service fund	-	-	-	-
Amount to be provided for retirement of long-term debt	-	-	-	-
Amount to be provided from general govern- ment resources	-	-	-	-
TOTAL ASSETS	<u>\$10,079,159</u>	<u>\$ 691,459</u>	<u>\$ 3,430,852</u>	<u>\$ 4,923,589</u>
LIABILITIES				
Accounts payable	\$ 46,928	\$ -	\$ -	\$ 717,319
Accrued liabilities	177,044	-	-	-
Damage settlements payable	-	-	-	-
Deferred charges	-	-	-	-
Due to other funds	-	-	1,416	44,576
Due to West Calcasieu Community Center	-	-	-	-
Accrued compensated absences	-	-	-	-
Payable from restricted assets:				
Meter deposits	-	-	-	-
Deferred revenue	-	-	173,707	43,279
General obligation bonds payable	-	-	-	-
Special assessment bonds payable	-	-	-	-
Total Liabilities	<u>223,972</u>	<u>-</u>	<u>175,123</u>	<u>805,174</u>

The notes to the financial statements are an
integral part of this statement.

CITY OF SULPHUR
SULPHUR, LOUISIANA
Primary Government

Notes to Financial Statements (Continued)
June 30, 1996

Note 1 - Summary of Significant Accounting Policies (Continued)

General Fixed Assets and General Long-Term Debt Account Groups:

General Fixed Assets -

The General Fixed Assets Account Group is used to account for fixed assets used in governmental fund type operations for control purposes. All fixed assets are valued at historical cost or estimated historical cost if actual historical cost is not available. No depreciation is recorded on general fixed assets.

General Long-Term Debt Account Group -

The General Long-Term Debt Account Group is used to account for long-term liabilities to be financed from government funds.

C. Basis of Accounting

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

All proprietary funds are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the balance sheet. Fund equity is segregated into contributed capital and retained earnings components. Proprietary fund-type operating statements present increases and decreases in net total assets.

The modified accrual basis of accounting is used by all governmental fund types and the fiduciary fund. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). Measurable means the amount can be determined. Available means collectible within the current period or soon enough thereafter to pay liabilities of the current period. Expenditures are recorded when the related fund liability is incurred. Principal and interest on general long-term debt are recorded as fund liabilities when due or when amounts have been accumulated in the debt service fund for payments to be made early in the following year.

Major revenue sources susceptible to accrual include: sales and use taxes, franchise taxes, property taxes, special assessments and investments income.

CITY OF SULPHUR
SULPHUR, LOUISIANA
Primary Government

General Fund
Statement of Departmental Expenditures - Budget
and Actual (Non-GAAP Budgetary Basis) (Continued)
Year Ended June 30, 1996
(With Comparative Totals for June 30, 1995)

	1996	Variance	1995
Budget	Actual on Budgetary Basis	Favorable (Unfavorable)	Actual on Budgetary Basis
STREETS AND PARKS			
Acquisitions	\$ 12,000	\$ 9,209	\$ 2,791
Automotive	16,000	16,940	(940)
Damage to others	5,000	6,359	(1,359)
Employee benefits	101,500	94,538	6,962
Insurance	84,682	86,846	(2,164)
Janitorial supplies	750	714	36
Office supplies	1,900	693	1,207
Operating supplies	69,100	70,846	(1,746)
Repair and maintenance	77,000	75,373	1,627
Salaries	443,000	448,244	(5,244)
Special projects	7,000	3,410	3,590
Telephone and utilities	215,000	219,576	(4,576)
Training	500	500	-
Travel	300	24	276
Uniforms	7,500	6,669	831
TOTAL STREETS AND PARKS	<u>\$ 1,041,232</u>	<u>\$ 1,039,941</u>	<u>\$ 1,291</u>
FIRE			
Acquisitions	\$ 44,900	\$ 24,149	\$ 20,751
Advertising	100	240	(140)
Automotive	10,000	9,449	551
Dues and subscriptions	550	416	134
Employee benefits	154,000	149,294	4,706
Insurance	102,640	110,146	(7,506)
Janitorial supplies	1,300	1,038	262
Miscellaneous	550	170	380
Office supplies	1,050	909	141
Operating supplies	2,400	3,651	(1,251)
Repair and maintenance	38,000	52,471	(14,471)
Salaries	1,054,500	1,022,028	32,472
Special projects	8,000	4,189	3,811
Telephone and utilities	30,000	30,097	(97)
Training	7,000	7,161	(161)
Travel	5,000	2,977	2,023
Uniforms	13,500	12,548	952
TOTAL FIRE	<u>\$ 1,473,490</u>	<u>\$ 1,430,933</u>	<u>\$ 42,557</u>

CITY OF SULPHUR
SULPHUR, LOUISIANA
Primary Government

Combined Statement of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual
(Non-GAAP Budgetary Basis) -
General and Special Revenue Funds
Year Ended June 30, 1996

	General Fund		
	Budget	Actual on Budgetary Basis	Variance Favorable (Unfavorable)
REVENUES			
Taxes	\$ 1,693,700	\$ 1,934,641	\$ 240,941
Licenses and permits	480,655	649,885	169,230
Intergovernmental	382,000	591,960	209,960
Charges for services	663,000	669,395	6,395
Fines and forfeitures	845,610	900,376	54,766
Other:			
Interest	142,500	510,539	368,039
Miscellaneous	177,610	515,520	337,910
Total Revenues	<u>4,385,075</u>	<u>5,772,316</u>	<u>1,387,241</u>
EXPENDITURES			
Current:			
General government	966,544	885,388	81,156
Streets and parks	1,041,232	1,039,941	1,291
Fire	1,473,490	1,430,933	42,557
Police	2,236,595	2,105,089	131,506
Inspection	36,596	36,515	81
Industrial park	50,000	2,199	47,801
Shop	134,240	135,645	(1,405)
Sanitation	725,000	670,285	54,715
Total Expenditures	<u>6,663,697</u>	<u>6,305,995</u>	<u>357,702</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(2,278,622)</u>	<u>(533,679)</u>	<u>1,744,943</u>
OTHER FINANCING SOURCES (USES)			
Operating transfers - in	2,893,050	4,142,532	1,249,482
Operating transfers - out	(1,500,000)	(1,593,819)	(93,819)
Other	(250,000)	-	250,000
Total Other Financing Sources (Uses)	<u>1,143,050</u>	<u>2,548,713</u>	<u>1,405,663</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES	<u>\$(1,135,572)</u>	<u>2,015,034</u>	<u>\$ 3,150,606</u>
FUND BALANCE - BEGINNING OF YEAR, as previously stated		7,625,380	
CUMULATIVE EFFECT FOR APPLICATION OF GASB-22		<u>239,127</u>	
FUND BALANCE - BEGINNING OF YEAR, as restated		7,864,507	
INCREASE (DECREASE) IN RESERVE FOR ENCUMBRANCES		<u>(24,354)</u>	
FUND BALANCE - END OF YEAR		<u>\$ 9,855,187</u>	

The notes to the financial statements are an
integral part of this statement.

<u>Special Revenue Fund</u>		
<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
\$ 6,200,000	\$ 7,807,288	\$ 1,607,288
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
<u>6,200,000</u>	<u>7,807,288</u>	<u>1,607,288</u>
25,000	31,993	(6,993)
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
<u>25,000</u>	<u>31,993</u>	<u>(6,993)</u>
<u>6,175,000</u>	<u>7,775,295</u>	<u>1,600,295</u>
(6,175,000)	(7,736,853)	(1,561,853)
-	-	-
<u>(6,175,000)</u>	<u>(7,736,853)</u>	<u>(1,561,853)</u>
<u>\$ -</u>	<u>38,442</u>	<u>\$ 38,442</u>
	-	
	<u>653,017</u>	
	653,017	
	-	
	<u>\$ 691,459</u>	

CITY OF SULPHUR
SULPHUR, LOUISIANA
Primary Government

Combined Statement of Revenues, Expenditures and
Changes in Fund Balances -
All Governmental Fund Types
Year Ended June 30, 1996
(With Comparative Totals for June 30, 1995)

	General	Special Revenue
REVENUES		
Taxes	\$ 1,934,641	\$ 7,807,288
Licenses and permits	649,885	-
Intergovernmental	591,960	-
Charges for services	669,395	-
Fines and forfeitures	900,376	-
Federal and state grants	75,000	-
Other:		
Special assessment	-	-
Interest	510,539	-
Miscellaneous	440,520	-
Total Revenues	5,772,316	7,807,288
EXPENDITURES		
Current:		
General government	884,696	31,993
Streets and parks	1,045,598	-
Fire	1,431,775	-
Police	2,123,520	-
Inspection	36,631	-
Industrial park	2,199	-
Shop	135,645	-
Sanitation	670,285	-
Capital outlay	-	-
Miscellaneous	-	-
Debt service:		
Principal retirement	-	-
Interest and fiscal charges	-	-
Total Expenditures	6,330,349	31,993
EXCESS (DEFICIENCY OF REVENUES OVER EXPENDITURES)	(558,033)	7,775,295
OTHER FINANCING SOURCES (USES)		
Sale of general fixed assets	-	-
Operating transfers - in	4,142,532	-
Operating transfers - out	(1,593,819)	(7,736,853)
Total Other Financing Sources (Uses)	2,548,713	(7,736,853)
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES	1,990,680	38,442
FUND BALANCE - BEGINNING OF YEAR, as previously stated	7,625,380	-
CUMULATIVE EFFECT FOR APPLICATION OF GASB-22	239,127	653,017
FUND BALANCE - BEGINNING OF YEAR, as restated	7,864,507	653,017
FUND BALANCE - END OF YEAR	\$ 9,855,187	\$ 691,459

The notes to the financial statements are an
integral part of this statement.

<u>Proprietary Fund Types</u>		<u>Fiduciary Fund Type Agency</u>	<u>Account Groups</u>		<u>Totals (Memorandum Only)</u>	
<u>Enterprise</u>	<u>Internal Service</u>		<u>General Fixed Assets</u>	<u>General Long-Term Debt</u>	<u>1996</u>	<u>1995</u>
\$32,742,431	\$ -	\$ -	\$ -	\$ -	\$32,742,431	\$26,808,606
-	-	-	9,296,387	-	9,296,387	13,679,925
-	-	-	-	-	-	20,918
476,582	288,360	-	-	-	764,942	1,130,605
850,000	-	-	-	-	850,000	-
-	-	-	-	-	3,163,613	2,938,568
-	-	-	-	-	11,274	72,513
-	-	-	-	-	691,459	-
-	-	-	-	-	-	64,972
-	-	-	-	-	351,709	326,043
-	-	-	-	-	13,702,735	11,895,307
<u>34,069,013</u>	<u>288,360</u>	<u>-</u>	<u>9,296,387</u>	<u>-</u>	<u>61,574,550</u>	<u>56,937,457</u>
<u>\$34,380,610</u>	<u>\$ 289,156</u>	<u>\$ 421,171</u>	<u>\$ 9,296,387</u>	<u>\$14,254,566</u>	<u>\$77,766,949</u>	<u>\$74,342,908</u>

<u>Proprietary</u> <u>Enterprise</u>	<u>Fund Types</u> <u>Internal</u> <u>Service</u>	<u>Fiduciary</u> <u>Fund Type</u> <u>Agency</u>	<u>Account Groups</u>		<u>Totals</u> <u>(Memorandum Only)</u>	
			<u>General</u> <u>Fixed</u> <u>Assets</u>	<u>General</u> <u>Long-Term</u> <u>Debt</u>	<u>1996</u>	<u>1995</u>
\$ 7,854	\$ 27,178	\$ 1,000	\$ -	\$ -	\$ 503,167	\$ 623,281
3,871,219	243,162	420,171	-	-	21,576,057	18,690,694
214,798	-	-	-	-	615,051	362,245
-	-	-	-	-	261,606	330,576
-	-	-	-	-	90,024	-
-	-	-	-	-	4,066	3,668
-	-	-	-	-	691,459	-
-	-	-	-	-	7,020	5,207
-	18,816	-	-	-	18,816	-
-	-	-	-	-	161,991	142,009
184,841	-	-	-	-	184,841	179,956
-	-	-	9,296,387	-	9,296,387	13,679,925
30,101,898	-	-	-	-	30,101,898	24,499,128
-	-	-	-	3,182,909	3,182,909	2,971,011
-	-	-	-	10,988,755	10,988,755	12,784,937
-	-	-	-	82,902	82,902	70,271
<u>\$34,380,610</u>	<u>\$ 289,156</u>	<u>\$ 421,171</u>	<u>\$ 9,296,387</u>	<u>\$14,254,566</u>	<u>\$77,766,949</u>	<u>\$74,342,908</u>
\$ -	\$ 796	\$ -	\$ -	\$ -	\$ 765,043	\$ 308,010
45,917	-	-	-	-	222,961	337,455
-	-	-	-	-	-	111,680
-	-	-	-	-	-	47,743
115,999	-	-	-	-	161,991	142,009
-	-	421,171	-	-	421,171	214,548
40,564	-	-	-	82,902	123,466	102,569
109,117	-	-	-	-	109,117	103,553
-	-	-	-	-	216,986	281,936
-	-	-	-	13,780,000	13,780,000	15,320,000
-	-	-	-	391,664	391,664	435,948
<u>311,597</u>	<u>796</u>	<u>421,171</u>	<u>-</u>	<u>14,254,566</u>	<u>16,192,399</u>	<u>17,405,451</u>

Debt Service	Capital Project	Totals (Memorandum Only)	
		1996	1995
\$ -	\$ -	\$ 9,741,929	\$ 8,441,090
-	-	649,885	609,460
-	-	591,960	485,312
-	-	669,395	489,818
-	-	900,376	700,382
-	1,049,514	1,124,514	1,134,806
55,727	9,222	64,949	63,852
232,878	258,871	1,002,288	720,107
-	74,647	515,167	295,413
<u>288,605</u>	<u>1,392,254</u>	<u>15,260,463</u>	<u>12,940,240</u>
-	32,800	949,489	975,880
-	-	1,045,598	912,286
-	-	1,431,775	1,515,105
-	-	2,123,520	2,095,267
-	-	36,631	34,383
-	-	2,199	4,208
-	-	135,645	125,740
-	-	670,285	482,080
-	4,665,571	4,665,571	3,642,138
-	-	-	2,907
1,584,284	-	1,584,284	1,353,385
850,404	-	850,404	927,439
<u>2,434,688</u>	<u>4,698,371</u>	<u>13,495,401</u>	<u>12,070,818</u>
(2,146,083)	(3,306,117)	1,765,062	869,422
-	-	-	-
2,361,580	2,792,741	9,296,853	8,715,387
-	-	(9,330,672)	(8,659,387)
<u>2,361,580</u>	<u>2,792,741</u>	<u>(33,819)</u>	<u>56,000</u>
215,497	(513,376)	1,731,243	925,422
3,040,232	4,631,791	15,297,403	14,371,981
-	-	892,144	-
<u>3,040,232</u>	<u>4,631,791</u>	<u>16,189,547</u>	<u>14,371,981</u>
<u>\$ 3,255,729</u>	<u>\$ 4,118,415</u>	<u>\$17,920,790</u>	<u>\$15,297,403</u>

PRIMARY GOVERNMENT FINANCIAL STATEMENTS

To the Members of the Sulphur City Council
Sulphur, Louisiana

In accordance with Government Auditing Standards, we have also issued a report dated September 23, 1996, on our consideration of City of Sulphur, Louisiana, internal control structure and a report dated September 23, 1996, on its compliance with laws and regulations.

Broussard & Company

Broussard & Company, CPA's, APC
September 23, 1996
/gho

CITY OF SULPHUR
SULPHUR, LOUISIANA
Primary Government

Combined Statement of Cash Flows -
Proprietary Fund Types
Year Ended June 30, 1996
(With Comparative Totals for June 30, 1995)

	<u>Proprietary Fund Types</u>		<u>Totals</u>	
	<u>Internal Service Fund</u>	<u>Enterprise Fund</u>	<u>(Memorandum Only)</u>	
			<u>1996</u>	<u>1995</u>
CASH FLOWS FROM OPERATING ACTIVITIES				
Operating income	\$ 126,344	\$ 439,129	\$ 565,473	\$ 366,013
Adjustments to reconcile net operating income to net cash provided by operating activities:				
Miscellaneous income	24,866	23,930	48,796	128,513
(Increase) decrease in accounts receivable	-	6,078	6,078	21,776
Increase (decrease) in accounts payable and accrued expenses	796	26,858	27,654	8,265
(Increase) in prepaid expenses	(18,816)	-	(18,816)	-
Increase in bad debt allowance	-	(8,973)	(8,973)	17,375
Net Cash From Operating Activities	<u>133,190</u>	<u>487,022</u>	<u>620,212</u>	<u>541,942</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES				
Operating transfers - in	133,632	300,000	433,632	300,000
Operating transfers - out	-	(399,814)	(399,814)	(356,000)
Net Cash From Non-Capital Financing Activities	<u>133,632</u>	<u>(99,814)</u>	<u>33,818</u>	<u>(56,000)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Acquisition of capital assets	-	(69,145)	(69,145)	(95,593)
Net Cash From Capital and Related Financing Activities	<u>-</u>	<u>(69,145)</u>	<u>(69,145)</u>	<u>(95,593)</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest on investments	3,518	212,015	215,533	198,414
Net Cash Flows From Investing Activities	<u>3,518</u>	<u>212,015</u>	<u>215,533</u>	<u>198,414</u>

CITY OF SULPHUR
SULPHUR, LOUISIANA
Primary Government

Notes to Financial Statements (Continued)
June 30, 1996

Note 1 - Summary of Significant Accounting Policies (Continued)

Governmental Fund Types:

General Fund -

The General Fund is the general operating fund of the City. All financial resources, except those required to be accounted for in another fund, are accounted for in the General Fund.

Special Revenue Funds -

Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than special assessments) that are legally restricted to expenditures for specific purposes.

Debt Service Fund -

Debt Service Funds are used to account for the accumulation of resources for, and the payment of, general long-term debt and interest, and special assessment debt.

Capital Projects Funds -

Capital Projects Funds account for financial resources to be used for the acquisition or construction of major capital facilities which are not financed by Proprietary Fund.

Fiduciary Fund:

Fiduciary Funds account for assets held by the City in a trustee or agency capacity. Agency Funds are custodial in nature and do not involve measurement of results of operations.

Proprietary Fund Types:

Enterprise Fund -

The Enterprise Fund is used to account for operations that are financed and operated in a manner similar to private business enterprises where the costs (expenses, including depreciation) of providing water and sewer services to the general public on a continuing basis is financed through user charges.

Internal Service Fund -

The Internal Service Fund is used to account for the financing of services provided by one department to the other departments of the City.

Continued

CITY OF SULPHUR
SULPHUR, LOUISIANA
Primary Government

Notes to Financial Statements
June 30, 1996

Note 1 - Summary of Significant Accounting Policies

The financial statements of the City of Sulphur, Louisiana have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the government's accounting policies are described below.

A. Reporting Entity

In evaluating how to define the government, for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria set forth in Governmental Accounting Standards Board Statement No. 14. The basic, but not the only, criterion for including a potential component unit within the reporting entity is the governing body's ability to exercise oversight responsibility. The most significant manifestation of this ability is financial interdependency. Other manifestations of the ability to exercise oversight responsibility include, but are not limited to, the selection of governing authority, the designation of management, the ability to significantly influence operations, and accountability for fiscal matters. A second criterion used in evaluating potential component units is the scope of public service. Application of this criterion involves considering whether the activity benefits the government and/or its citizens or whether the activity is conducted within the geographic boundaries of the government and is generally available to its citizens. A third criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financial relationships, regardless of whether the government is able to exercise oversight responsibilities. Based upon the application of these criteria, the following component units are to be included in the government's reporting entity:

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

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

Only the primary government's financial information is included in these financial statements.

B. Fund Accounting

The accounts of the City are organized on the basis of funds and account groups, each of which is considered to be a separate accounting entity. The operations of each fund or account group are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenses or expenditures. The following funds and groups of accounts are used by the City:

CITY OF SULPHUR
SULPHUR, LOUISIANA
Primary Government

Combined Balance Sheet -
All Fund Types and Account Groups (Continued)
June 30, 1996
(With Comparative Totals for June 30, 1995)

	Governmental Fund Types			
	General	Special Revenue	Debt Service	Capital Project
FUND EQUITY				
Contributed capital	\$ -	\$ -	\$ -	\$ -
Investment in general fixed assets	-	-	-	-
Retained earnings:				
Designated for insurance	-	-	-	-
Unreserved	-	-	-	-
Designated for depreciation	-	-	-	-
Fund balances:				
Reserve for debt service	-	-	3,183,198	(19,585)
Reserve for encum- brances	11,274	-	-	-
Reserved (Note 6)	-	691,459	-	-
Designated for insurance	-	-	-	-
Designated for solid waste	351,709	-	-	-
Unreserved - undesignated - as restated	9,492,204	-	72,531	4,138,000
Total Fund Equity	<u>9,855,187</u>	<u>691,459</u>	<u>3,255,729</u>	<u>4,118,415</u>
TOTAL LIABILITIES AND FUND EQUITY	<u>\$10,079,159</u>	<u>\$ 691,459</u>	<u>\$ 3,430,852</u>	<u>\$ 4,923,589</u>

The notes to the financial statements are an
integral part of this statement.

CITY OF SULPHUR
SULPHUR, LOUISIANA
Primary Government

Combined Statement of Cash Flows -
Proprietary Fund Types (Continued)
Year Ended June 30, 1996
(With Comparative Totals for June 30, 1995)

	<u>Proprietary Fund Types</u>		<u>Totals</u>	
	<u>Internal Service Fund</u>	<u>Enterprise Fund</u>	<u>(Memorandum Only)</u>	
			<u>1996</u>	<u>1995</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	\$ 270,340	\$ 530,078	\$ 800,418	\$ 588,763
CASH AND EQUIVALENTS AT BEGINNING OF YEAR	<u>-</u>	<u>3,533,836</u>	<u>3,533,836</u>	<u>2,945,073</u>
CASH AND EQUIVALENTS AT END OF YEAR	<u>\$ 270,340</u>	<u>\$ 4,063,914</u>	<u>\$ 4,334,254</u>	<u>\$ 3,533,836</u>
Cash and Equivalents - Unrestricted	\$ 270,340	\$ 3,879,073	\$ 4,149,413	\$ 3,353,880
Cash and Equivalents - Restricted	-	184,841	184,841	179,956

The notes to the financial statements are an
integral part of this statement.



BROUSSARD & COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

A Professional Corporation

(318) 527-0010
FAX (318) 527-0014

704 FIRST AVENUE

SULPHUR, LA 70663

INDEPENDENT AUDITOR'S REPORT

To the Members of the Sulphur City Council
Sulphur, Louisiana

We have audited the accompanying primary government financial statements of City of Sulphur, Louisiana, as of and for the year ended June 30, 1996, as listed in the table of contents. These financial statements are the responsibility of City of Sulphur, Louisiana management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards, Government Auditing Standards issued by the Comptroller General of the United States and the provisions of Office of Management and Budget Circular A-128, "Audits of State and Local Governments". Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

A primary government is a legal entity or body politic and includes all funds, organizations, institutions, agencies, departments and offices that are not legally separate. Such legally separate entities are referred to as component units. In our opinion, the primary government financial statements present fairly, in all material respects, the financial position of the primary government of City of Sulphur, Louisiana, as of June 30, 1996, and the results of its operations and cash flows of its proprietary funds for the year then ended in conformity with generally accepted accounting principles.

However, the primary government financial statements, because they do not include the financial data of component units of City of Sulphur, Louisiana, do not purport to, and do not, present fairly the financial position of City of Sulphur, Louisiana, as of June 30, 1996, and the results of its operations and cash flows of its proprietary funds for the year then ended in conformity with generally accepted accounting principles.

Our audit was made for the purpose of forming an opinion on the financial statements taken as a whole. The combining and individual fund and account group financial statements for the year ended June 30, 1996, and the combined fund financial statements for the year ended June 30, 1995, listed in the table of contents, including schedules and additional information, are presented for purposes of additional analysis and are not a required part of the financial statements of City of Sulphur, Louisiana. Such information, except for that portion marked "unaudited" on which we express no opinion, has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, the information is fairly stated in all material respects in relation to the financial statements taken as a whole.

CITY OF SULPHUR
SULPHUR, LOUISIANA
Primary Government

Combined Statement of Revenues, Expenses and
Changes in Retained Earnings -
Proprietary Fund Types (Continued)
Year Ended June 30, 1996
(With Comparative Totals for June 30, 1995)

	<u>Proprietary Fund Types</u>		<u>Totals</u>	
	<u>Internal Service Fund</u>	<u>Enterprise Fund</u>	<u>(Memorandum Only)</u>	
			<u>1996</u>	<u>1995</u>
Add current year's depreciation on fixed assets acquired by funds externally restricted for capital expenditures that reduce contributed capital	\$ -	\$ 314,277	\$ 314,277	\$ 314,277
INCREASE IN RETAINED EARNINGS	288,360	175,059	463,419	284,057
RETAINED EARNINGS - BEGINNING OF YEAR	-	1,151,523	1,151,523	867,466
RETAINED EARNINGS - END OF YEAR	<u>\$ 288,360</u>	<u>\$ 1,326,582</u>	<u>\$ 1,614,942</u>	<u>\$ 1,151,523</u>

The notes to the financial statements are an
integral part of this statement.

CITY OF SULPHUR
SULPHUR, LOUISIANA
Primary Government

Combined Statement of Revenues, Expenses and
Changes in Retained Earnings -
Proprietary Fund Types
Year Ended June 30, 1996
(With Comparative Totals for June 30, 1995)

	<u>Proprietary Fund Types</u>		<u>Totals</u>	
	<u>Internal Service Fund</u>	<u>Enterprise Fund</u>	<u>(Memorandum Only)</u>	
			<u>1996</u>	<u>1995</u>
OPERATING REVENUES				
Water	\$ -	\$ 1,025,082	\$ 1,025,082	\$ 980,483
Sewer	-	1,253,336	1,253,336	1,200,641
Water and sewer taps	-	27,836	27,836	39,708
Penalties	-	34,287	34,287	30,889
Charges and fees	<u>146,890</u>	<u>-</u>	<u>146,890</u>	<u>-</u>
Total Operating Revenues	<u>146,890</u>	<u>2,340,541</u>	<u>2,487,431</u>	<u>2,251,721</u>
OPERATING EXPENSES				
General and administrative	20,546	215,923	236,469	230,254
Water department	-	793,972	793,972	703,386
Sewer department	-	883,115	883,115	848,882
Bad debts	-	8,402	8,402	17,375
Total Operating Expenses	<u>20,546</u>	<u>1,901,412</u>	<u>1,921,958</u>	<u>1,799,897</u>
OPERATING INCOME	<u>126,344</u>	<u>439,129</u>	<u>565,473</u>	<u>451,824</u>
NON-OPERATING REVENUES (EXPENSES)				
Interest income	3,518	212,015	215,533	198,414
Miscellaneous income	24,865	23,930	48,795	11,551
Federal and state grants	-	-	-	31,151
Interest and paying agent fees	-	-	-	-
Depreciation	<u>-</u>	<u>(714,478)</u>	<u>(714,478)</u>	<u>(667,160)</u>
Total Non-Operating Revenues (Expenses)	<u>28,383</u>	<u>(478,533)</u>	<u>(450,150)</u>	<u>(426,044)</u>
INCOME (LOSS) BEFORE OPERATING TRANSFERS	154,727	(39,404)	115,323	25,780
OTHER FINANCING SOURCES (USES)				
Operating transfers - in	133,633	300,000	433,633	300,000
Operating transfers - out	<u>-</u>	<u>(399,814)</u>	<u>(399,814)</u>	<u>(356,000)</u>
Total Other Financing Sources (Uses)	<u>133,633</u>	<u>(99,814)</u>	<u>33,819</u>	<u>(56,000)</u>
NET INCOME (LOSS)	288,360	(139,218)	149,142	(30,220)

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CITY OF SULPHUR
SULPHUR, LOUISIANA
Primary Government

Annual Financial Report
For the Fiscal Year Ended
June 30, 1996

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

Release Date DEC 04 1996

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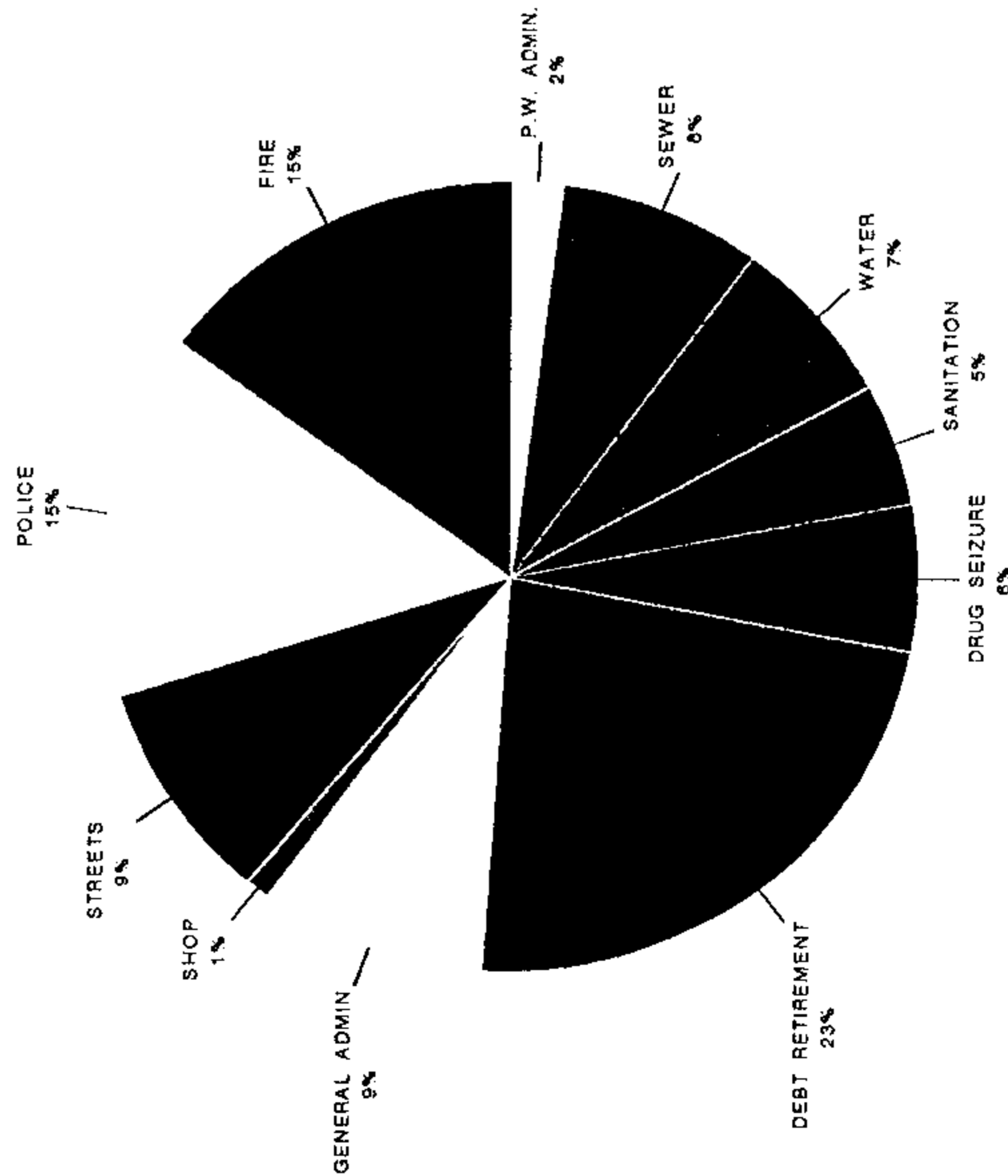
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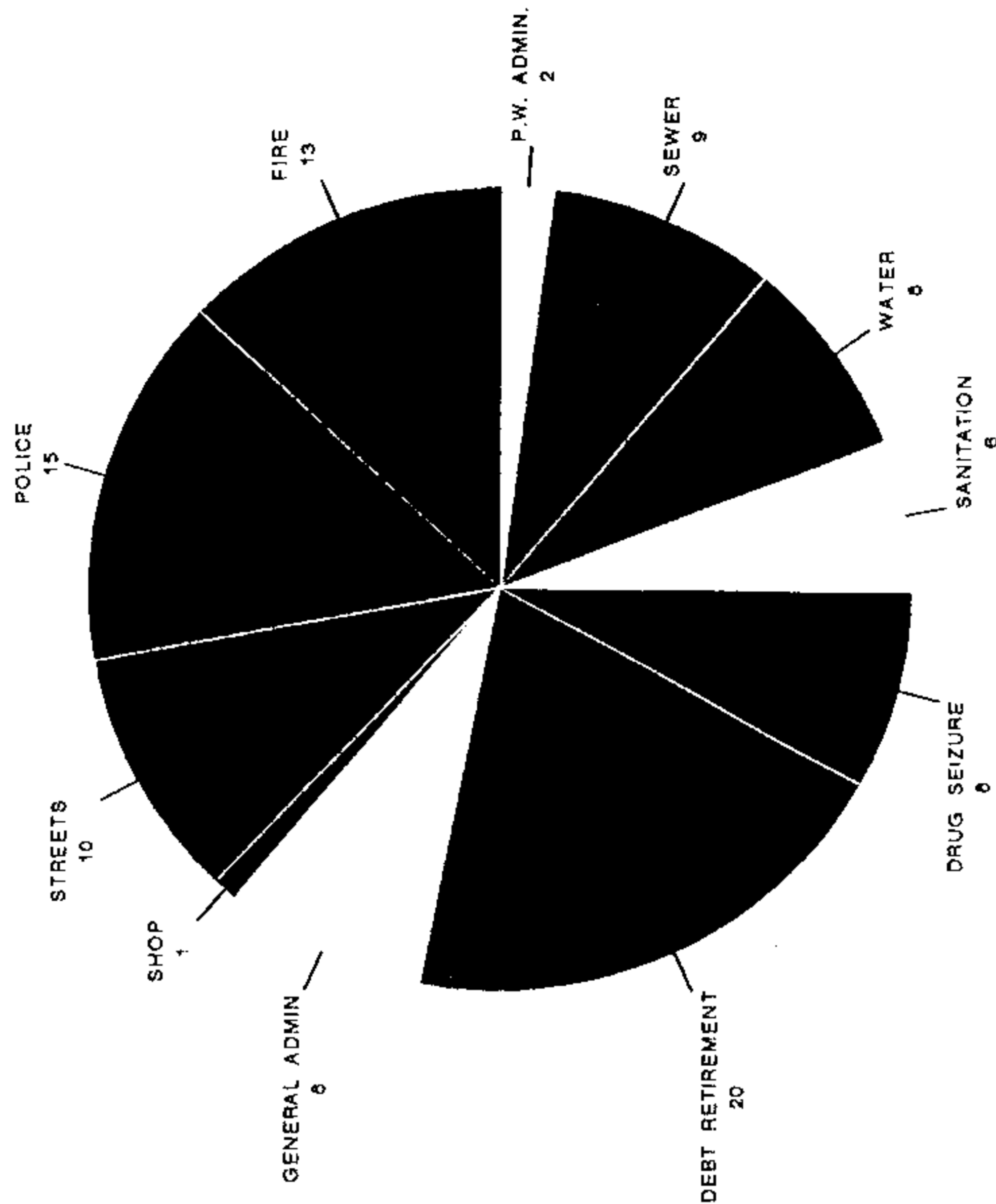
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CITY OF SULPHUR, LA

COMPARATIVE EXPENDITURES



FYE 6/30/95



FYE 6/30/94

EXCLUDES CAPITAL PROJECTS FUNDS



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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL
STRUCTURE BASED ON AN AUDIT OF PRIMARY GOVERNMENT
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS

To the Members of the Sulphur City Council
Sulphur, Louisiana

We have audited the primary government financial statements of City of Sulphur, Louisiana, as of and for the year ended June 30, 1996, and have issued our report thereon dated September 23, 1996.

We conducted our audit in accordance with generally accepted auditing standards, Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements.

The management of City of Sulphur, Louisiana is responsible for establishing and maintaining an internal control structure. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of internal control structure policies and procedures. The objectives of an internal control structure are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of financial statements in accordance with generally accepted accounting principles. Because of inherent limitations in any internal control structure, errors or irregularities may nevertheless occur and not be detected. Also, projection of any evaluation of the structure to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the effectiveness of the design and operation of policies and procedures may deteriorate.

In planning and performing our audit of the financial statements of City of Sulphur, Louisiana, for the year ended June 30, 1996, we obtained an understanding of the internal control structure. With respect to the internal control structure, we obtained an understanding of the design of relevant policies and procedures and whether they have been placed in operation, and we assessed control risk in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control structure. Accordingly, we do not express such an opinion.

To the Members of the Sulphur City Council
Sulphur, Louisiana

Our consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that might be material weaknesses under standards established by the American Institute of Certified Public Accountants. A material weakness is a condition in which the design or operation of one or more of the internal control structure elements does not reduce to a relatively low level the risk that errors and irregularities 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 structure and its operation that we consider to be material weaknesses as defined above.

However, we noted certain matters involving the internal control structure and its operation, that we have reported to the management of City of Sulphur, Louisiana, in a separate letter dated September 23, 1996.

This report is intended for the information of management and the City Council. However, this report is a matter of public record and its distribution is not limited.

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Broussard & Company, CPA's, APC
September 23, 1996
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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE
BASED ON AN AUDIT OF PRIMARY GOVERNMENT
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS

To the Members of the Sulphur City Council
Sulphur, Louisiana

We have audited the primary government financial statements of City of Sulphur, Louisiana, as of and for the year ended June 30, 1996, and have issued our report thereon dated September 23, 1996.

We conducted our audit in accordance with generally accepted auditing standards and Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

Compliance with laws, regulations, contracts and grants applicable to City of Sulphur, Louisiana, primary government, is the responsibility of management. As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we performed tests of City of Sulphur, Louisiana, primary government's compliance with certain provision of laws, regulations, contracts and grants. However, the objective of our audit of the financial statements was not to provide an opinion on overall compliance with such provisions. Accordingly, we do not express such an opinion.

The results of our tests disclosed the following instance of noncompliance that is required to be reported herein under Government Auditing Standards.

Criteria - Louisiana Revised Statute 39:1225 requires cash, cash equivalents and certificates of deposit be secured by federal deposit insurance and the pledge of securities owed by the fiscal agent bank, if necessary.

Conditional Effect - The City had significant deposits in the sales tax demand account at year end due to funds not being transferred to the investment account of the City as of June 30, 1996. The unsecured funds totaled \$351,602.

Cause - Significant Fluctuation in account balances at year end caused the under pledge of securities.

Conclusion - Our position is that the evidence supports a finding of material noncompliance with no impact on the financial statements.

Recommendations - We recommend that City officials place in operation controls to provide reasonable assurance that they are in compliance with appropriate laws and regulations.

Management Response - City officials agreed with our recommendation and are currently working with the financial institution to rectify matters.

To the Members of the Sulphur City Council
Sulphur, Louisiana

This report is intended for the information of management and the City Council.
However, this report is a matter of public record and its distribution is not
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September 23, 1996
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INDEPENDENT AUDITOR'S REPORT ON THE
INTERNAL CONTROL STRUCTURE USED IN
ADMINISTERING FEDERAL FINANCIAL
ASSISTANCE PROGRAMS

To the Members of the Sulphur City Council
Sulphur, Louisiana

We have audited the primary government financial statements of City of Sulphur, Louisiana, as of and for the year ended June 30, 1996, and have issued our report thereon dated September 23, 1996. We have also audited the compliance of City of Sulphur, Louisiana, with requirements applicable to major federal financial assistance programs and have issued our report thereon dated September 23, 1996.

We conducted our audits in accordance with generally accepted auditing standards; Government Auditing Standards, issued by the Comptroller General of the United States; and Office of Management and Budget (OMB) Circular A-128, Audits of State and Local Governments. Those standards and OMB Circular A-128 require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement and about whether City of Sulphur, Louisiana, complied with laws and regulations, noncompliance with which would be material to a major federal financial assistance program.

In planning and performing our audit for the year ended June 30, 1996, we considered the internal control structure of City of Sulphur, Louisiana, in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements of City of Sulphur, Louisiana, and on the compliance of City of Sulphur, Louisiana, with requirements applicable to major programs and to report on the internal control structure in accordance with OMB Circular A-128. This report addresses our consideration of internal control structure policies and procedures relevant to compliance with requirements applicable to federal financial assistance programs. We have addressed internal control structure policies and procedures relevant to our audit of the financial statements in a separate report dated September 23, 1996.

The management of City of Sulphur, Louisiana, is responsible for establishing and maintaining an internal control structure. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of internal control structure policies and procedures. The objectives of an internal control structure are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of financial statements in accordance with generally accepted accounting principles, and that federal financial assistance programs are managed in compliance with applicable laws and regulations. Because of inherent limitations in any internal control structure, errors, irregularities, or instances of noncompliance may nevertheless occur and not be detected. Also, projection of any evaluation of the structure to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the effectiveness of the design and operation of policies and procedures may deteriorate.

To the Members of the Sulphur City Council
Sulphur, Louisiana

For the purpose of this report, we have classified the significant internal control structure policies and procedures used in administering federal financial assistance programs in the following categories.

Accounting Applications

Cash Receipts
Cash Disbursements
Purchasing and Receiving
Payroll
General Ledger

General Requirements

Political Activity
Davis-Bacon Act
Civil Rights
Cash Management
Relocation Assistance and Real Property Acquisition
Federal Financial Reports
Allowable Costs/Cost Principles
Drug-Free Workplace Act
Administrative Requirements

Specific Requirements

Eligibility
Matching Level of Effort, or Earmarking
Reporting
Special Requirements, if any
Claims for Advances and Reimbursements

For all of the internal control structure categories listed above, we obtained an understanding of the design of relevant policies and procedures and determined whether they have been placed in operation, and we assessed control risk.

During the year ended June 30, 1996, City of Sulphur, Louisiana, expended 92% of its total federal financial assistance under major federal financial assistance programs.

We performed tests of controls, as required by OMB Circular A-128, to evaluate the effectiveness of the design and operation of internal control structure policies and procedures that we considered relevant to preventing or detecting material noncompliance with specific requirements, general requirements, and requirements governing claims for advances that are applicable to each of City of Sulphur, Louisiana, major federal financial assistance programs, which are identified in the accompanying Schedule of Federal Financial Assistance. Our procedures were less in scope than would be necessary to render an opinion on these internal control structure policies and procedures. Accordingly, we do not express such an opinion.

Our consideration of the internal control structure policies and procedures used in administering federal financial assistance would not necessarily disclose all matters in the internal control structure that might constitute material weaknesses under standards established by the American Institute of Certified Public Accountants. A material weakness is a condition in which the design or operation of one or more of the internal control structure elements does not reduce to a relatively low level the risk that noncompliance with laws and regulations that would be material to a federal financial assistance program 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 structure and its operations that we consider to be material weaknesses as defined above.



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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE
WITH SPECIFIC REQUIREMENTS APPLICABLE TO MAJOR
FEDERAL FINANCIAL ASSISTANCE PROGRAM TRANSACTIONS

To the Members of the Sulphur City Council
Sulphur, Louisiana

We have audited the primary government financial statements of City of Sulphur, Louisiana, as of and for the year ended June 30, 1996, and have issued our report thereon dated September 23, 1996.

We have also audited City of Sulphur, Louisiana compliance with the requirements governing eligibility; matching; level of earmarking; reporting; special requirements, if any; and claims for advances and reimbursements that are applicable to each of its major federal financial assistance programs, which are identified in the accompanying schedule of Federal Financial Assistance, for the year ended June 30, 1996. The management of City of Sulphur, Louisiana is responsible for the City of Sulphur, Louisiana compliance with those requirements. Our responsibility is to express an opinion on compliance with those requirements based on our audit.

We conducted our audit of compliance with those requirements in accordance with generally accepted auditing standards; Government Auditing Standards, issued by the Comptroller General of the United States; and Office of Management and Budget (OMB) Circular A-128, "Audits of State and Local Governments". Those standards and OMB Circular A-128 require that we plan and perform the audit to obtain reasonable assurance about whether material noncompliance with the requirements referred to above occurred. An audit includes examining, on a test basis, evidence about City of Sulphur, Louisiana compliance with those requirements. We believe that our audit provides a reasonable basis for our opinion.

The results of our audit procedures did not disclose any immaterial instances of noncompliance with the requirements referred to above.

In our opinion, City of Sulphur, Louisiana complied, in all material respects, with the requirements governing eligibility; matching; level of earmarking; reporting; special requirements, if any; and claims for advances and reimbursements that are applicable to each of its major federal financial assistance programs for the year ended June 30, 1996.

This report is intended for the information of management and the City Council. However, this report is a matter of public record and its distribution is not limited.

Broussard & Company, CPA's, APC
September 23, 1996
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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE
WITH THE GENERAL REQUIREMENTS APPLICABLE TO
FEDERAL FINANCIAL ASSISTANCE PROGRAMS

To the Members of the Sulphur City Council
Sulphur, Louisiana

We have audited the primary government financial statements of City of Sulphur, Louisiana, as of and for the year ended June 30, 1996, and have issued our report thereon dated September 23, 1996.

We have applied procedures to test City of Sulphur, Louisiana, primary government's compliance with the following requirements applicable to its federal financial assistance programs, which are identified in the Schedule of Federal Financial Assistance, for the year ended June 30, 1996; political activity, Davis-Bacon Act, civil rights, cash management, relocation assistance and real property acquisition, federal financial reports, allowable costs/cost principles, Drug-Free Workplace Act and administrative requirements.

Our procedures were limited to the applicable procedures described in the Office of Management and Budget's "Compliance Supplement for Single Audits of State and Local Governments". Our procedures were substantially less in scope than an audit, the objective of which is the expression of an opinion of City of Sulphur, Louisiana, primary government's compliance with the requirements listed in the preceding paragraph. Accordingly, we do not express such an opinion.

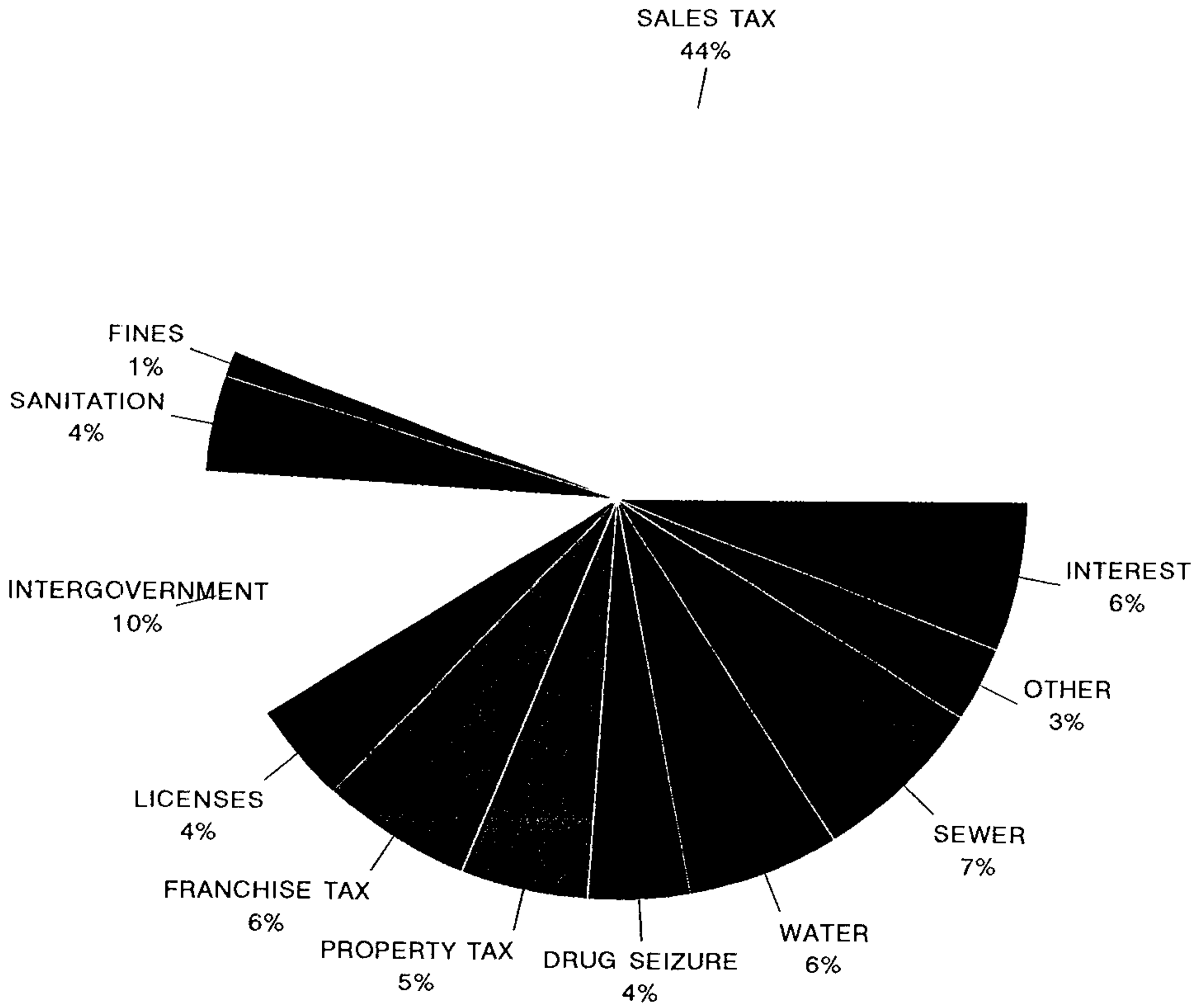
With respect to the items tested, the results of those procedures disclosed no material instances of noncompliance with the requirements listed in the second paragraph of this report. With respect to items not tested, nothing came to our attention that caused us to believe that City of Sulphur, Louisiana, primary government, had not complied, in all material respects, with those requirements.

This report is intended for the information of management and the City Council. However, this report is a matter of public record and its distribution is not limited.

Broussard & Company, CPA's, APC
September 23, 1996
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CITY OF SULPHUR, LA

TOTAL REVENUES FYE 6/30/96



CITY OF SULPHUR
SULPHUR, LOUISIANA
Primary Government

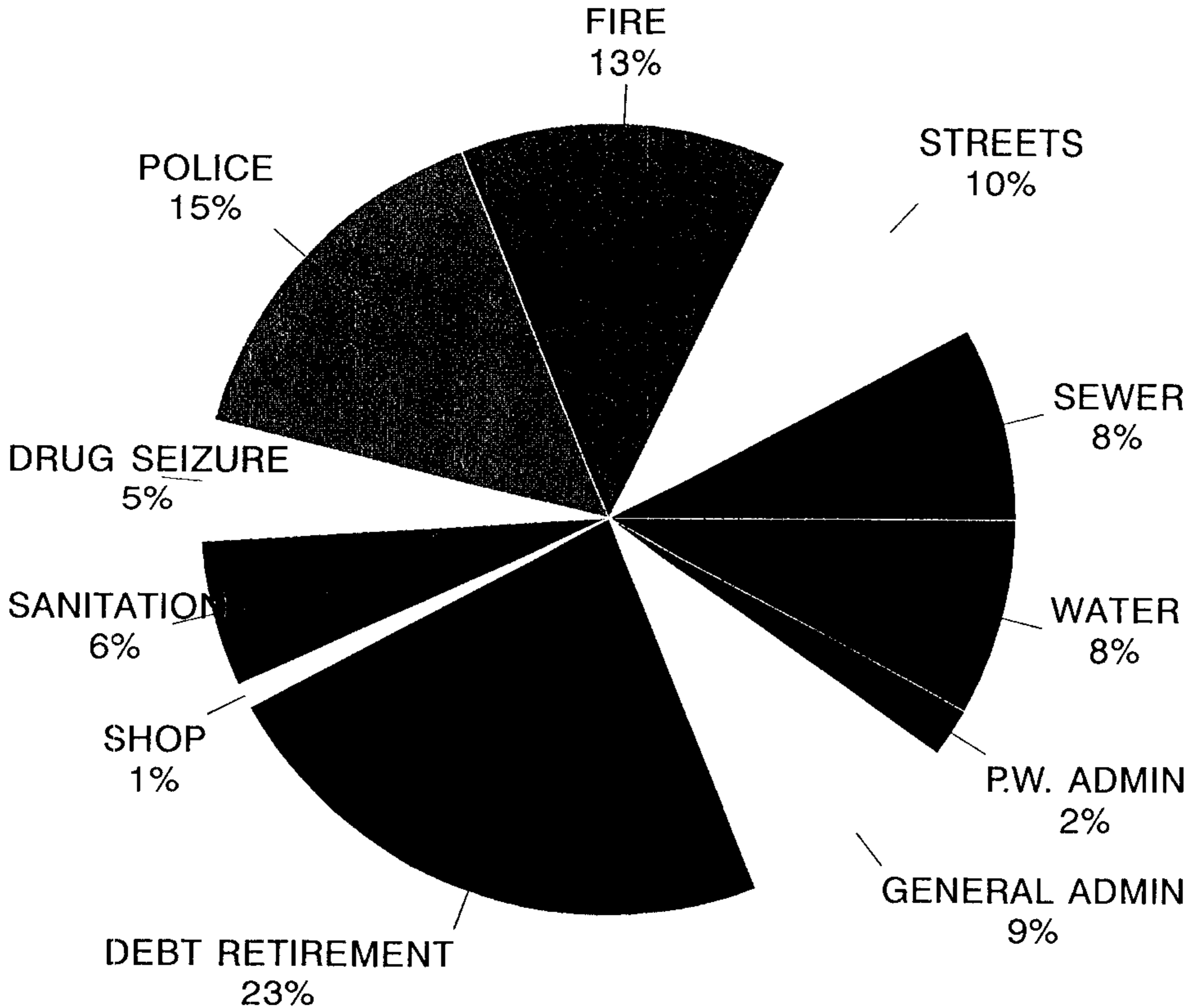
Schedule of Federal Financial Assistance
For the Year Ended June 30, 1996

<u>Federal Grantor/Pass Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass Through Grantor's Number</u>	<u>Receipts or Revenue Recognized</u>	<u>Disbursements/ Expenditures</u>
* <u>Federal Highway Administration</u> Passed through State of Louisiana Department of Transportation and Development	-----	-----	\$ 1,049,514	\$ 1,014,514
<u>U.S. Department of Justice</u> Passed through State of Louisiana Commission on Law Enforcement: Drug Control and Systems Improvement	16.579	E96-6-008	<u>61,604</u>	<u>61,604</u>
TOTAL FEDERAL ASSISTANCE			<u>\$ 1,111,118</u>	<u>\$ 1,111,118</u>

* Denotes major programs.

CITY OF SULPHUR, LA

TOTAL EXPENDITURES 6/30/96



EXCLUDES CAPITAL PROJECTS FUNDS

To the Members of the Sulphur City Council
Sulphur, Louisiana

However, we noted certain matters involving the internal control structure and its operation that we have reported to the management of City of Sulphur, Louisiana, in a separate letter dated September 23, 1996.

This report is intended for the information of management and the City Council. However, this report is a matter of public record and its distribution is not limited.

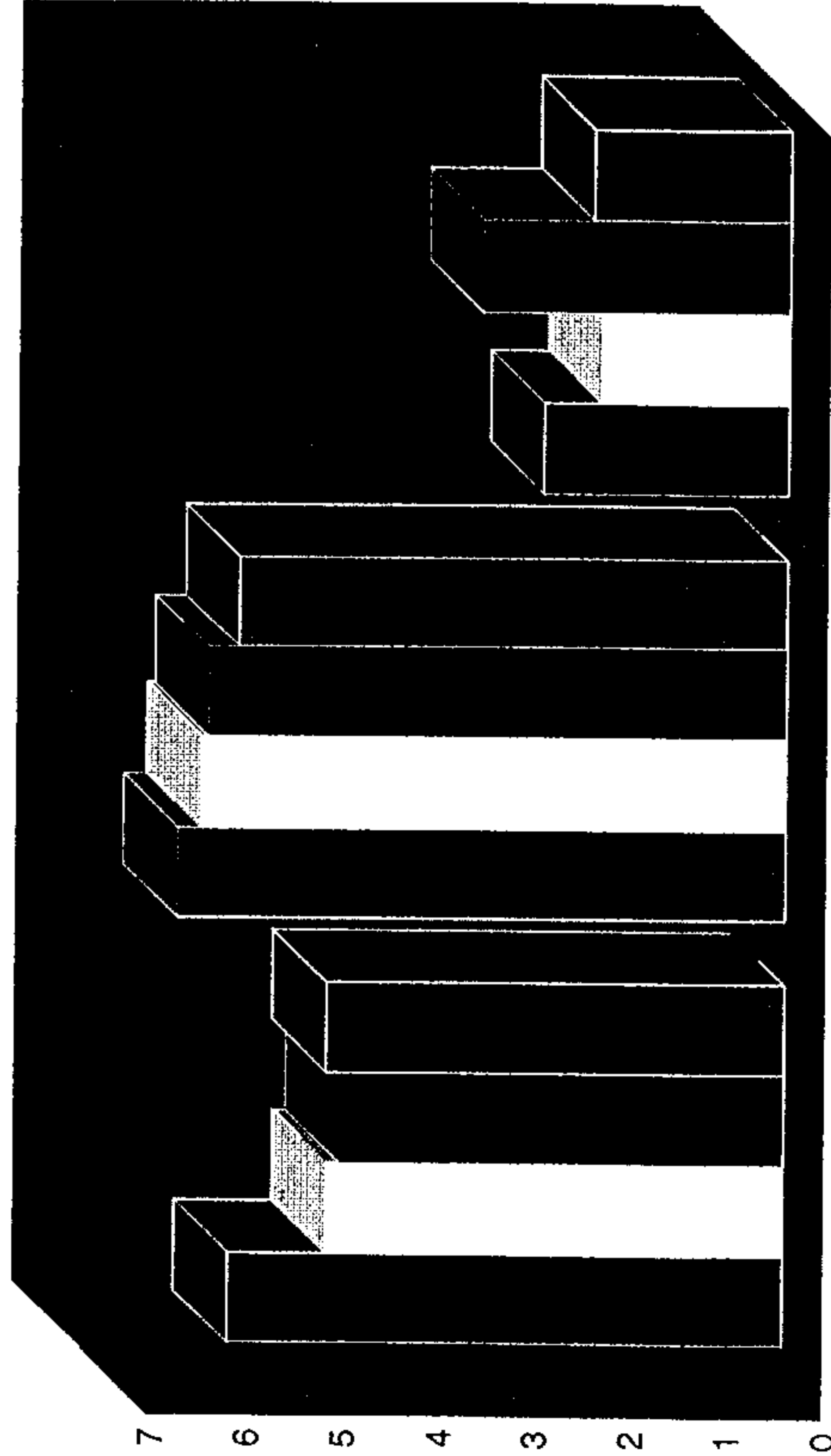


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September 23, 1996
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CITY OF SULPHUR, LA

GENERAL FUND

Millions



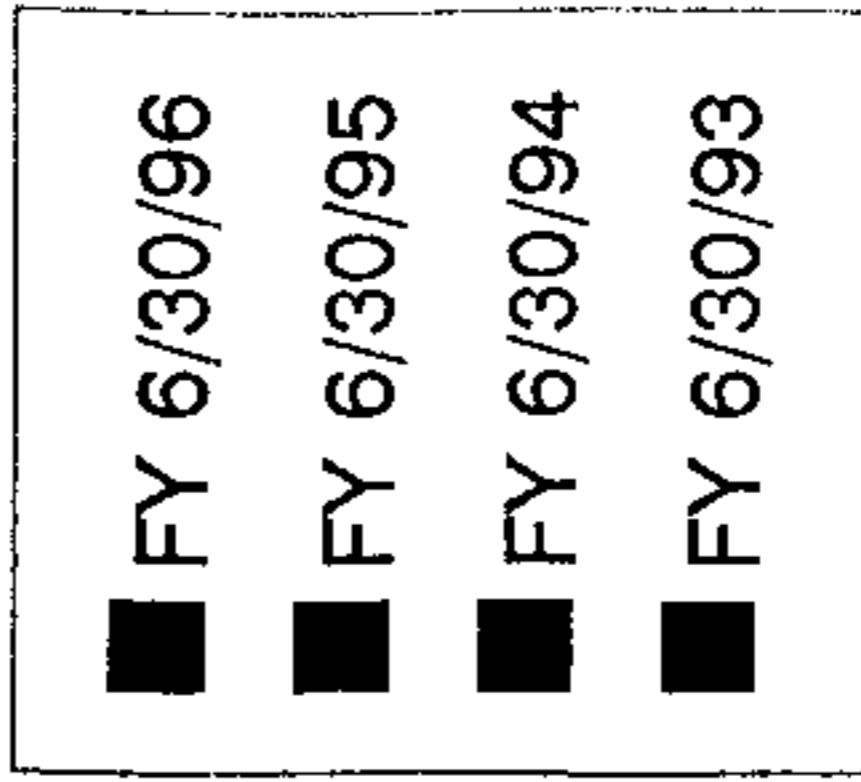
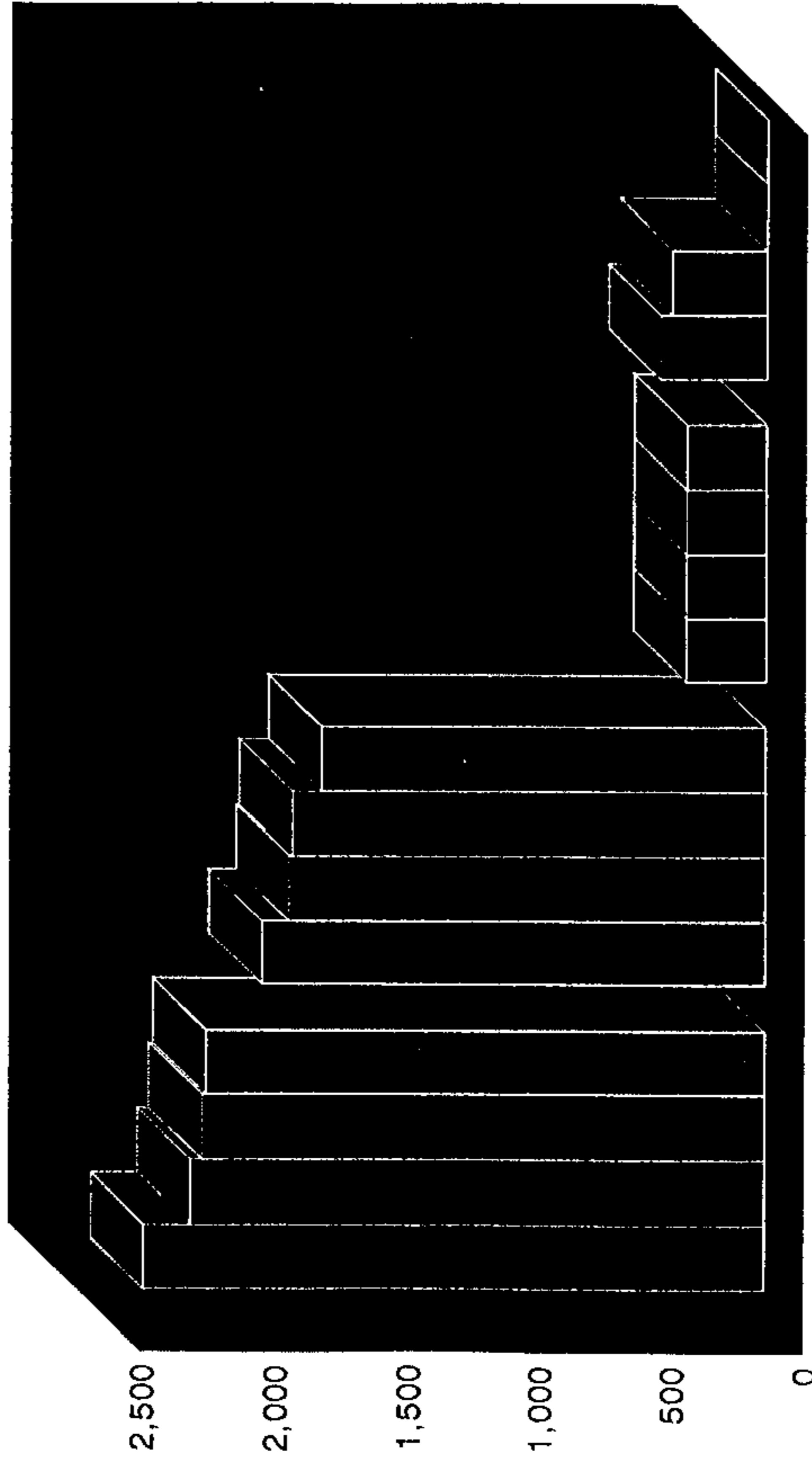
REVENUES EXPENDITURES TRANSFERS IN

FY 6/30/96	5.772316	6.330349	2.548713
FY 6/30/95	4.76797	6.096197	1.949552
FY 6/30/94	4.629721	6.014512	3.195999
FY 6/30/93	4.775311	5.70448	2.046397

CITY OF SULPHUR, LA

ENTERPRISE FUND

Thousands

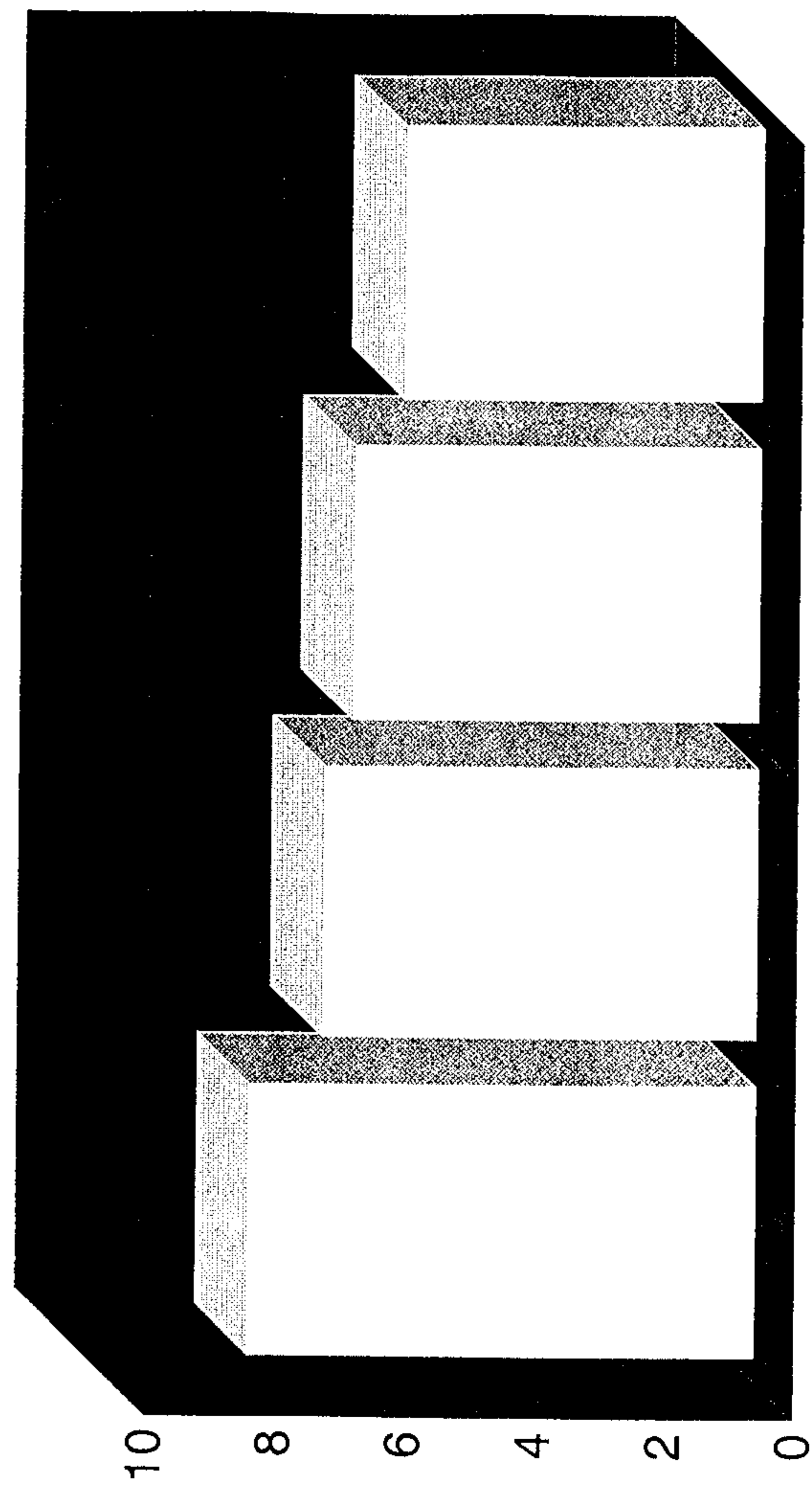


	REVENUES	EXPENSES	TRANSFERS IN	TRANSFERS OUT
FY 6/30/96	2,340.541	1,901.412	300	399.814
FY 6/30/95	2,165.91	1,799.897	300	356
FY 6/30/94	2,122.731	1,788.454	300	0
FY 6/30/93	2,109.246	1,680.234	300	0

CITY OF SULPHUR, LA

SALES TAX REVENUES

10000000

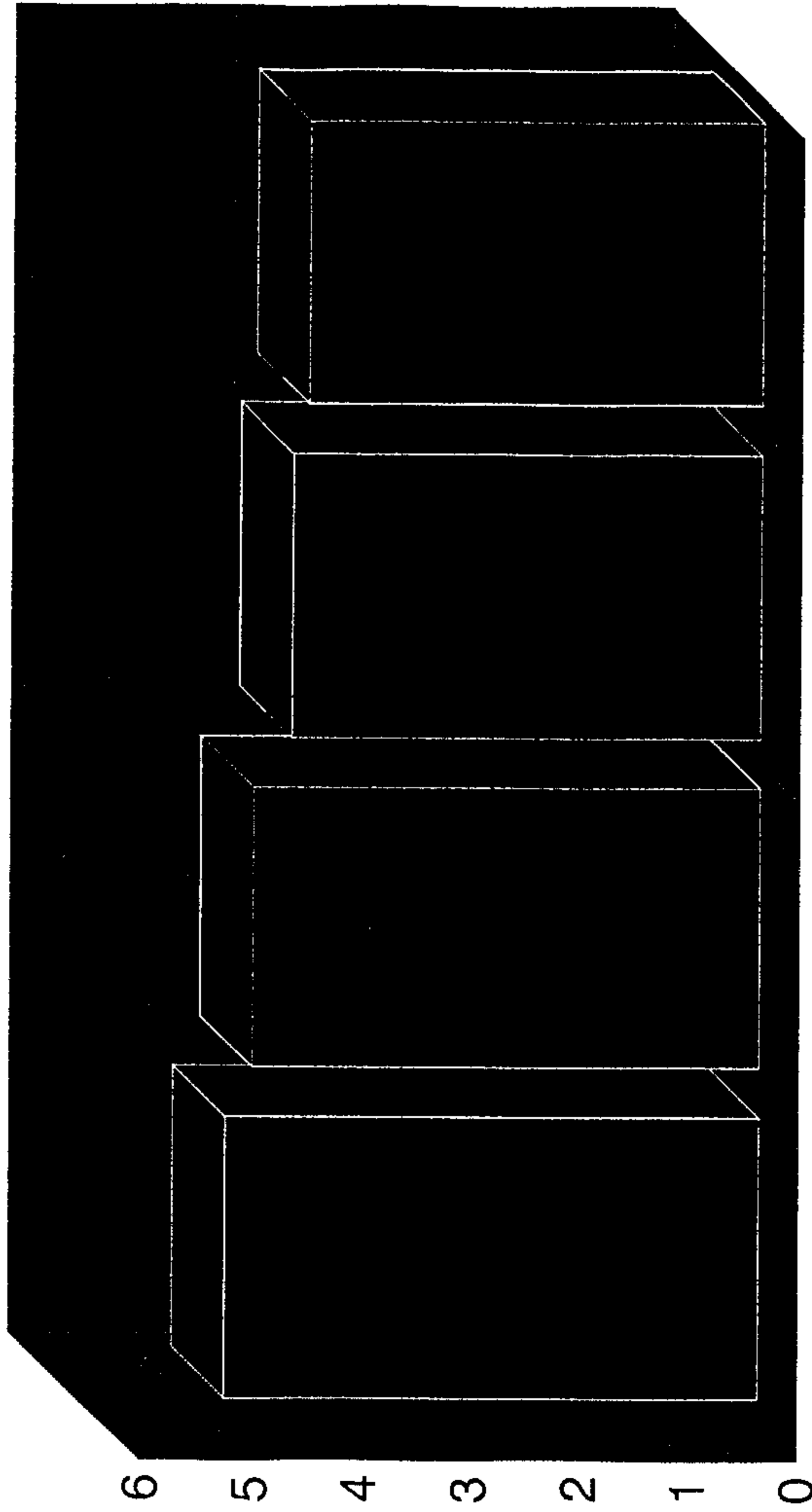


FYE 6/30/96	FYE 6/30/95	FYE 6/30/94	FYE 6/30/93
7.807288	6.681354	6.250941	5.515356

CITY OF SULPHUR, LA

TOTAL SALARIES & BENEFITS

2000-2001



FYE 6/30/96 FYE 6/30/95 FYE 6/30/94 FYE 6/30/93

4.87732

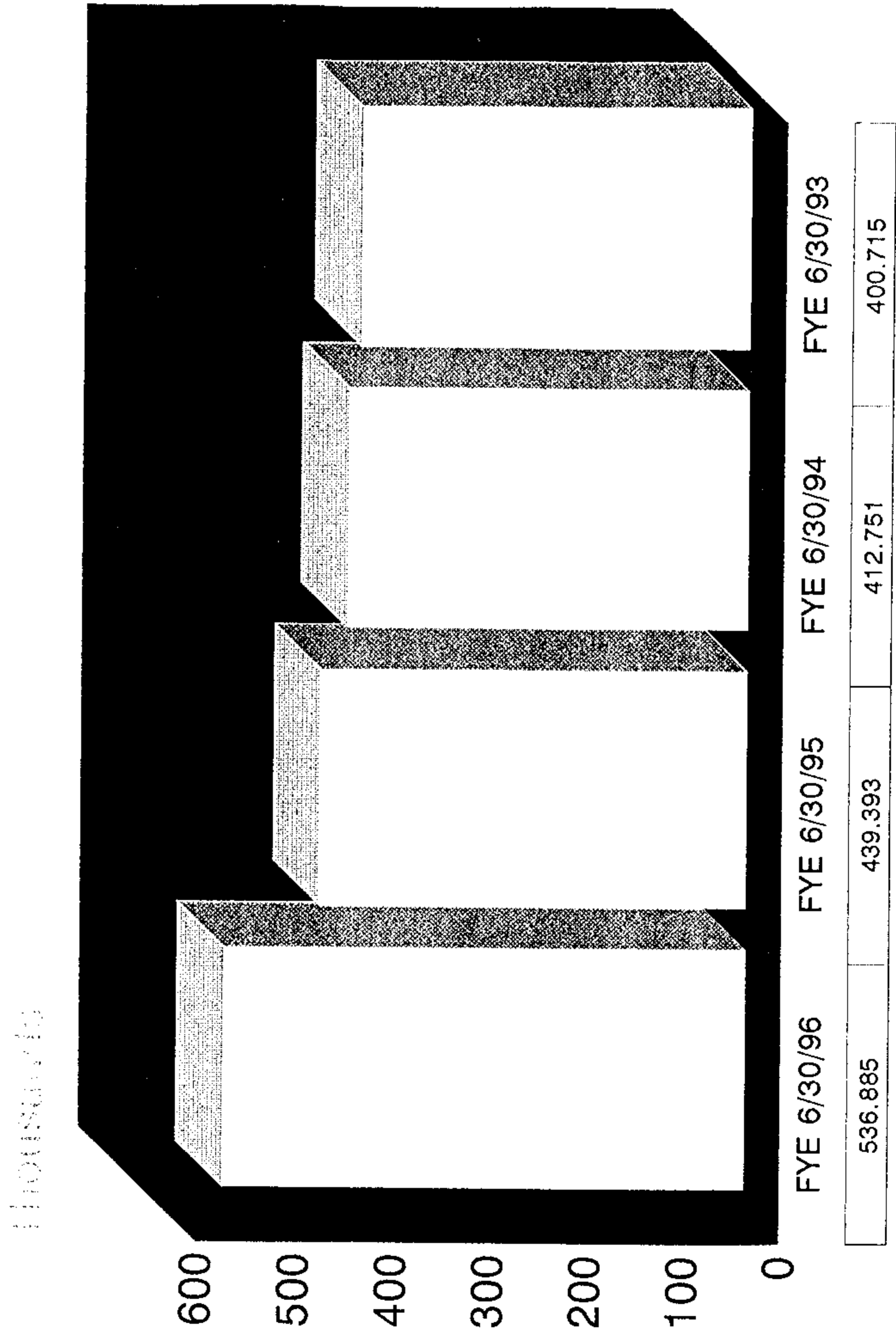
4.632606

4.283888

4.145676

CITY OF SULPHUR, LA

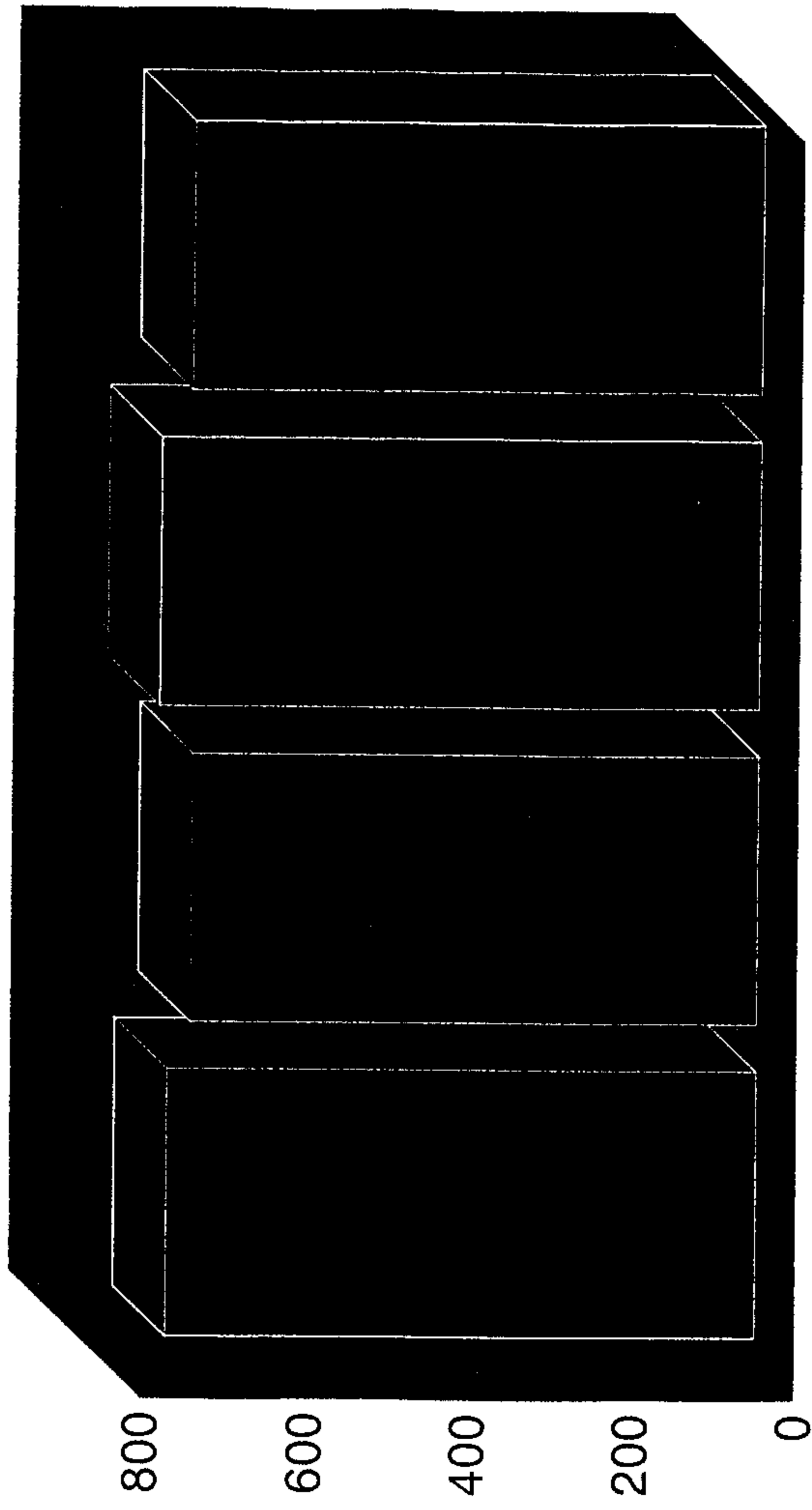
TOTAL INSURANCE



CITY OF SULPHUR, LA

TOTAL TELEPHONE & UTILITIES

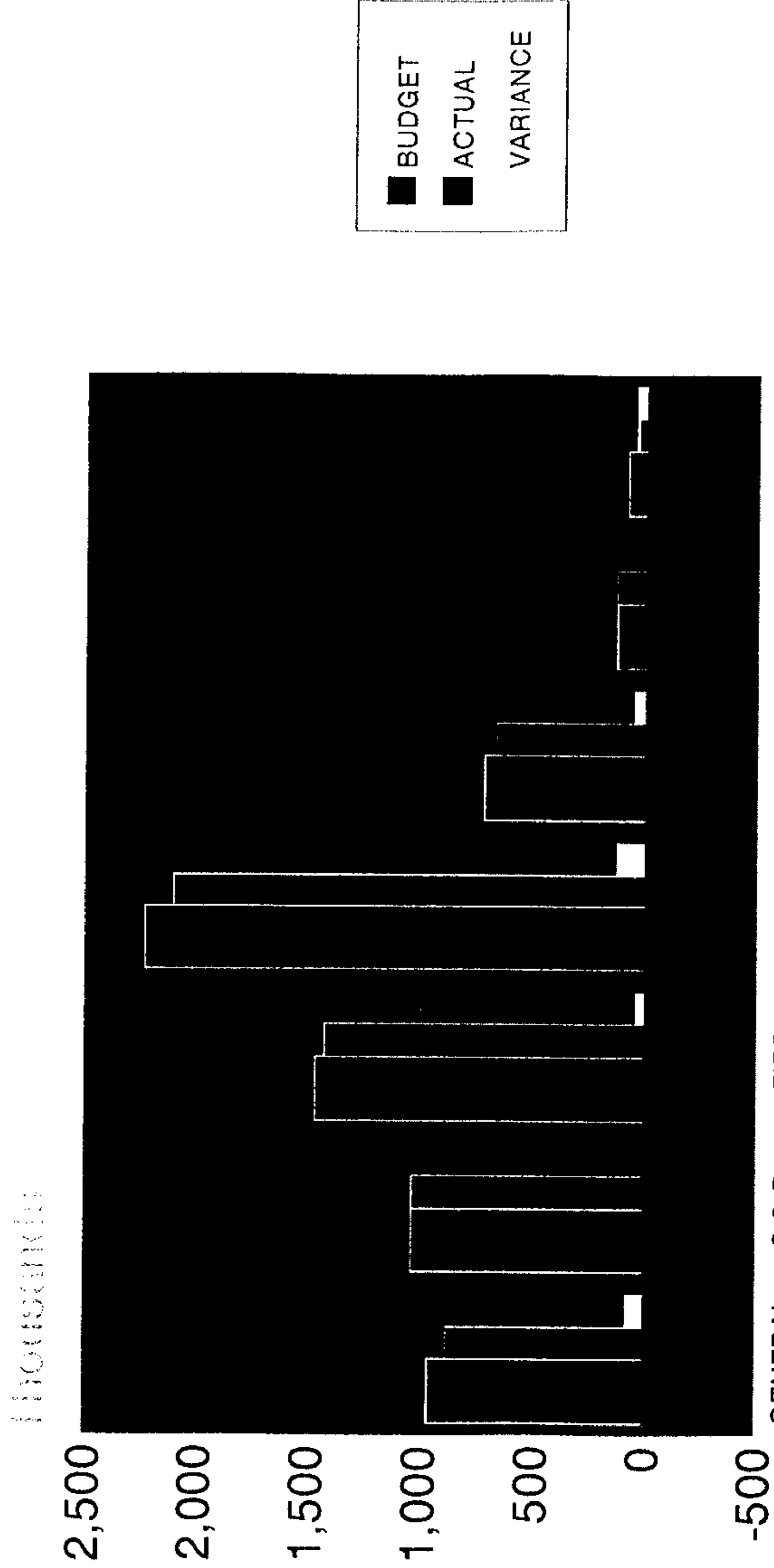
Bar Chart



FYE 6/30/96	FYE 6/30/95	FYE 6/30/94	FYE 6/30/93
722.126	693.866	734.107	697.459

CITY OF SULPHUR, LA

GENERAL FUND EXPENDITURES



	GENERAL	S & P	FIRE	POLICE	SANITATION	SHOP	OTHER
BUDGET	966,544	1,041,232	1,473.49	2,236,595	725	134.24	86,596
ACTUAL	885,388	1,039,941	1,430,933	2,105,089	670,285	135,645	38,714
VARIANCE	81,156	1,291	42,557	131,506	54,715	-1,405	47,882



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September 23, 1996

Members of the Sulphur City Council
Sulphur, Louisiana

Gentlemen:

In planning and performing our audit of the financial statements of City of Sulphur, Louisiana for the year ended June 30, 1996, we considered the City's internal control structure to determine our auditing procedures for the purpose of expressing an opinion on the financial statements and not to provide assurance on the internal control structure.

However, during our audit we became aware of some matters that are opportunities for strengthening internal controls and operating efficiency. The memorandum that accompanies this letter summarizes our comments and suggestions regarding those matters. This letter does not affect our report dated September 23, 1996, on the financial statements of City of Sulphur, Louisiana.

We will review the status of these comments during our next audit engagement. We have already discussed many of these comments and suggestions with various City personnel, and we will be pleased to discuss them in further detail at your convenience, to perform any additional study of these matters, or to assist you in implementing the recommendations.

Very truly yours,

KENDALL A. BROUSSARD, CPA

KAB/gho

MEMORANDUM

General Fixed Assets

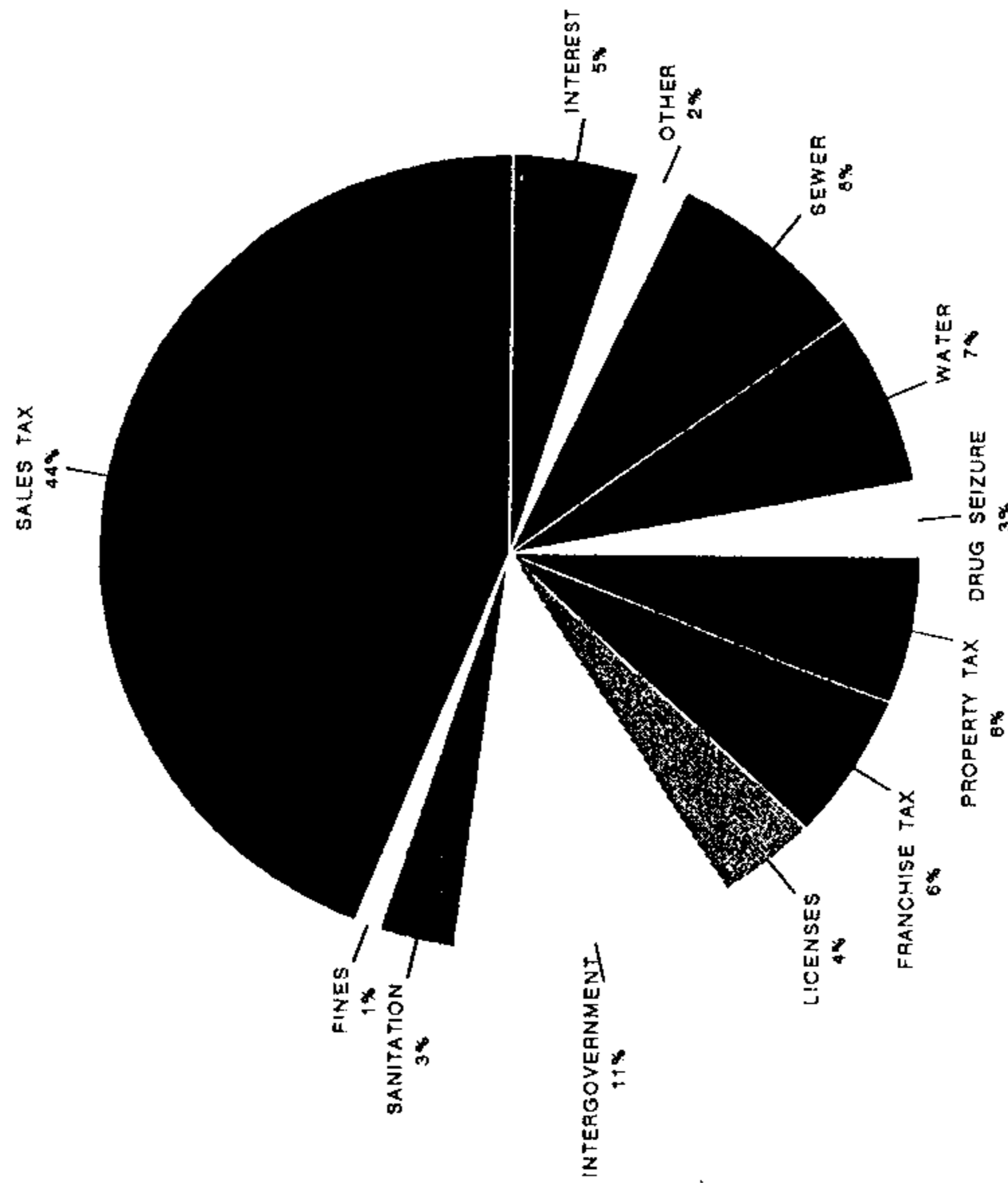
In testing general fixed assets acquisitions, we noted that all tested disposals were supported by Disposal Notice Forms; however, we suggest that Disposal Forms be modified to include the reason for asset disposal. Additionally, we suggest an appropriate level of management review all fixed asset additions and disposals, noting agreement with general ledger activity and totals.

Accounts Receivable

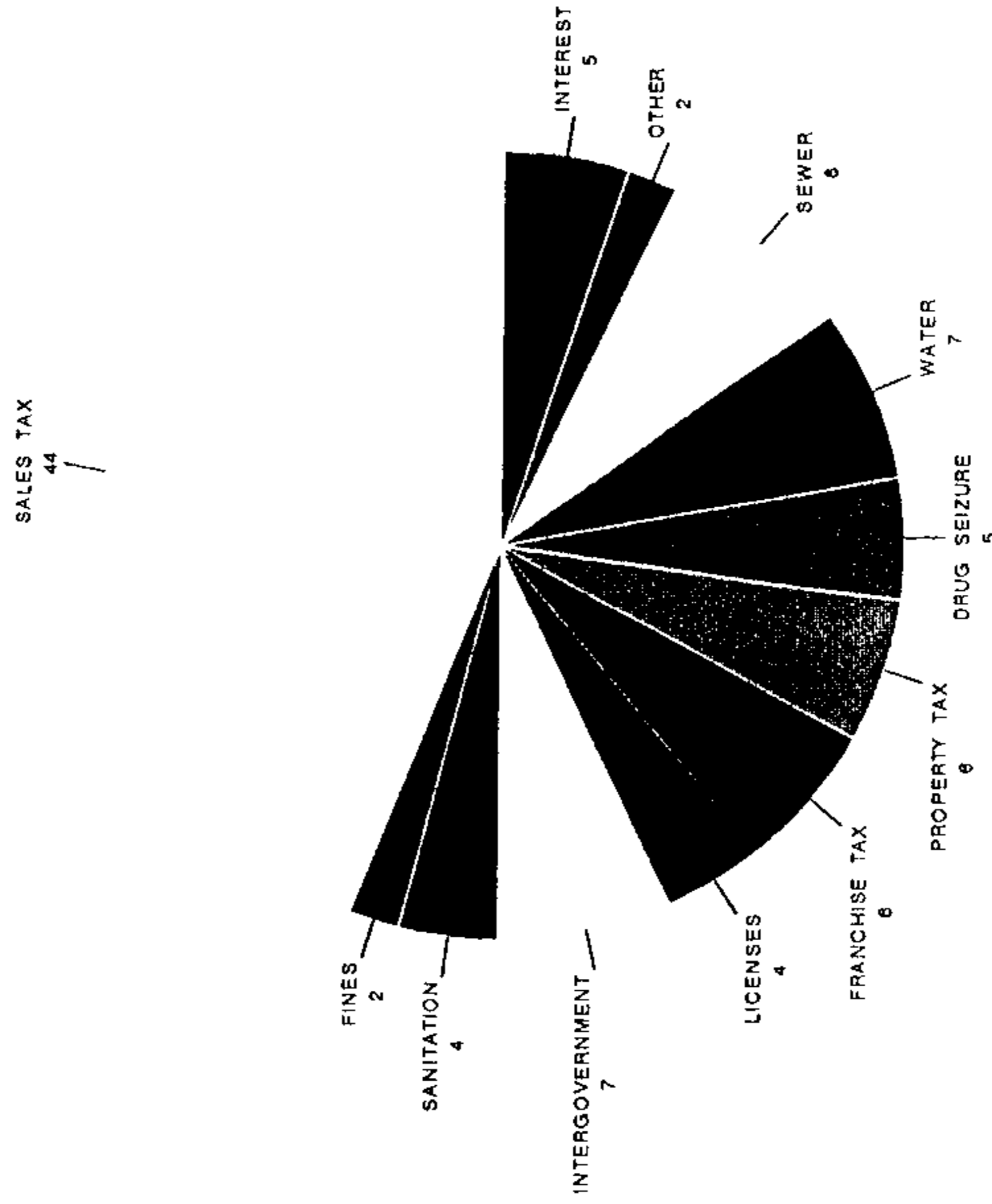
Our test work revealed that accounts receivable detail listings for the utility fund were not in agreement with general ledger balances. We suggest monthly reconciliation of these totals by the appropriate levels of management.

CITY OF SULPHUR, LA

COMPARATIVE REVENUES



FYE 6/30/95



FYE 6/30/94

TABLE 2

<u>Property Covered</u>	<u>Insurance</u>	<u>Coverage Date</u>
City Hall and Law Enforcement Buildings & Contents	\$ 1,625,000	11/01/95-96
Judicial Center and Marshall's Office Buildings & Contents	686,000	
Storage Building & Contents - 440 N. Huntington St.	70,000	
Warehouse Building - 203 Darbonne St.	100,000	
Senior Citizens Building & Contents	495,000	
Fire Station Building & Contents - N. Huntington	350,000	
Fire Station Building & Contents - Maplewood Dr.	121,250	
Fire Station Building & Contents - W. Darbonne	295,000	
Street, Sanitation, Maintenance & Animal Control Buildings & Contents - Live Oak	347,000	
Pump House & Water Tank & Contents - Verdine	1,030,000	
Water Plant Building & Contents - Gradney	1,378,000	
Water Plant Building & Contents - Michigan	42,000	
Waste Water Treatment Plant & Contents - Bayou D'Inde Rd.	9,403,000	
Auto Storage Facility - Live Oak	200,000	
Data Processing Equipment - City Hall	371,833	03/05/96-97
Data Processing Equipment - Judicial Center	33,086	
Business Auto	500,000	12/03/95-98
Bodily Injury & Property Damage	1,000,000	02/01/96-97
Personal Injury & Property Damage	1,000,000	02/01/96-97
Employees	1,000,000	02/01/96-97
Employees	1,000,000	01/01/96-99

CITY OF SULPHUR
SULPHUR, LOUISIANA
Primary Government

Schedule of Insurance in Force (Unaudited)
June 30, 1996

<u>Insurer</u>	<u>Kind of Insurance</u>
Hanover Insurance Company	Fire and extended coverage
St. Paul Insurance Company	Inland Marine
Louisiana Municipal Risk Management Agency	General Liability
Coregis Insurance Company	Comprehensive General Liability
Coregis Insurance Company	Law Enforcement Professional Liability
Coregis Insurance Company	Public Officials and Employees Liability
Safety National Casualty Corporation	Excess Worker's Compensation

CITY OF SULPHUR
SULPHUR, LOUISIANA
Primary Government

Schedule of Operating Transfers
Year Ended June 30, 1996

	Transfers	
	To	From
GENERAL		
Sales Tax	\$ -	\$ 4,142,532
Capital Projects		
1994/1995 public improvement	850,000	-
1995/1996 public improvement	400,000	-
1992 public improvement	250,000	-
Internal service	93,819	-
Special Revenue		
General	4,142,532	-
Debt Service		
Public improvement 1993	1,746,950	-
Public improvement 1991-B	614,630	-
Capital Projects		
1992 Public improvement	932,741	-
Enterprise	300,000	-
Debt Service		
Public improvement 1993		
Sales tax	-	1,746,950
Public improvement 1991-B		
Sales tax	-	614,630
Capital Projects		
1994/1995 Public improvement		
General	-	850,000
1992 Public improvement	435,000	-
1992 Public improvement		
1994/1995 Public improvement	-	435,000
Sales tax	-	932,741
General	-	250,000
1995/1996 Public improvement		
General	-	400,000
Enterprise	-	360,000
Enterprise		
Sales tax	-	300,000
1995/1996 Public improvement	360,000	-
Internal service	39,814	-
Internal Service		
General	-	93,819
Enterprise	-	39,814
	<u>\$10,165,486</u>	<u>\$10,165,486</u>

EXHIBIT G

Paving Project 1992-1	Public Improvement 1991-B	Public Improvement Refunding 1993	General Resources	Total	
				1996	1995
\$ 80,431	\$ 1,144,405	\$ 1,776,026	\$ -	\$ 3,182,909	\$ 2,971,011
19,556	1,515,595	9,343,974	-	10,988,755	12,784,937
-	-	-	82,902	82,902	70,271
<u>\$ 99,987</u>	<u>\$ 2,660,000</u>	<u>\$11,120,000</u>	<u>\$ 82,902</u>	<u>\$14,254,566</u>	<u>\$15,826,219</u>
\$ 99,987	\$ -	\$ -	\$ -	\$ 391,664	\$ 435,948
-	2,660,000	11,120,000	-	13,780,000	15,320,000
-	-	-	82,902	82,902	70,271
<u>\$ 99,987</u>	<u>\$ 2,660,000</u>	<u>\$11,120,000</u>	<u>\$ 82,902</u>	<u>\$14,254,566</u>	<u>\$15,826,219</u>



BROUSSARD & COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

A Professional Corporation

(318) 527-0010
FAX (318) 527-0014

704 FIRST AVENUE

SULPHUR, LA 70663

INDEPENDENT AUDITOR'S REPORT ON SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE

To the Members of the Sulphur City Council
Sulphur, Louisiana

We have audited the primary government financial statements of City of Sulphur, Louisiana, as of and for the year ended June 30, 1996, and have issued our report thereon dated September 23, 1996. The financial statements are the responsibility of City of Sulphur, Louisiana management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards, Government Auditing Standards, issued by the Comptroller General of the United States and the provision of OMB Circular A-128, "Audits of State and Local Governments". Those standards and OMB Circular A-128 require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

The financial statements referred to above include only the financial activities of the primary government. Financial activities of other component units that form the reporting entity are not included.

Our audit was conducted for the purpose of forming an opinion on the financial statements of City of Sulphur, Louisiana, taken as a whole. The accompanying schedule of federal financial assistance is presented for purposes of additional analysis and is not a required part of the financial statements. The information in that schedule has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated in all material respects in relation to the financial statements taken as a whole.

Broussard & Company, CPA'S, APC
September 23, 1996
/gho