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**CITY OF SULPHUR  
SULPHUR, LOUISIANA  
Primary Government**

**Annual Financial Report  
For the Fiscal Year Ended  
June 30, 1998**

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the elected, or appointed, entity and either by any state public officials. This report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, when appropriate, at the office of the parish clerk of court.

Release Date JAN 13 1999

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*Founded in 1978*

## **BROUSSARD & COMPANY, APC**

**CERTIFIED PUBLIC ACCOUNTANTS**

### **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, 1998, 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, and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

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, 1998, 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, 1998, 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, 1998, and the combined fund financial statements for the year ended June 30, 1997, 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 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.

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To the Members of the Sulphur City Council  
Sulphur, Louisiana

In accordance with Government Auditing Standards, we have also issued our report dated October 29, 1998, on our consideration of City of Sulphur, Louisiana's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants.

Our audit was performed for the purpose of forming an opinion on the primary government financial statements of City of Sulphur, Louisiana, taken as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, and is not a required part of the primary government financial statements. Such information has been subjected to the auditing procedures applied in the audit of the primary government financial statements and, in our opinion is fairly stated, in all material respects, in relation to the primary government financial statements taken as a whole.

*Broussard & Company*

Lake Charles, Louisiana  
October 29, 1998  
/dkb

**PRIMARY GOVERNMENT FINANCIAL STATEMENTS**

City of Sulphur  
Sulphur, Louisiana  
Primary Government

Combined Balance Sheet  
All Fund Types and Account Groups  
June 30, 1998  
(With Comparative Totals for June 30, 1997)

	Governmental Fund Types			
	General	Special Revenue	Debt Service	Capital Projects
<b>ASSETS AND OTHER DEBITS</b>				
Cash and cash equivalents	\$ 11,422,170	\$ -	\$ 1,316,835	\$ 4,704,033
Investments	595,886	-	1,764,849	-
Receivables (Net):				
Accounts	476,114	-	-	-
Special assessments	-	-	306,936	31,319
Grants	-	-	12,000	353,409
Interest	-	-	2,073	3,997
Sales tax	-	894,176	-	-
Other	-	-	-	-
Inventory	3,591	-	-	-
Prepaid expenses	-	-	-	-
Due from other funds	-	-	-	-
Restricted assets:				
Cash and cash equivalents	-	-	-	-
Fixed assets - net	-	-	-	-
Other Debits:				
Amount available in debt service fund	-	-	-	-
Amount to be provided for retirement of long-term debt	-	-	-	-
Amount to be provided from general government resources	-	-	-	-
<b>TOTAL ASSETS AND OTHER DEBITS</b>	<b>\$ <u>12,497,761</u></b>	<b>\$ <u>894,176</u></b>	<b><u>3,402,693</u></b>	<b>\$ <u>5,092,758</u></b>
<b>LIABILITIES, EQUITY AND OTHER CREDITS</b>				
<b>LIABILITIES</b>				
Cash overdraft	\$ -	\$ -	\$ -	\$ 42,613
Accounts payable	179,145	3,383	12,164	1,122,049
Accrued liabilities	354,000	-	-	-
Due to other funds	-	-	-	-
Accrued compensated absences	-	-	-	-
Payable from restricted assets:				
Meter deposits	-	-	-	-
Deferred revenue	-	-	261,877	17,874
General obligation bonds payable	-	-	-	-
Special assessment bonds payable	-	-	-	-
<b>Total Liabilities</b>	<b><u>533,145</u></b>	<b><u>3,383</u></b>	<b><u>274,041</u></b>	<b><u>1,182,536</u></b>

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

## EXHIBIT 1

Proprietary Fund Types		Account Groups		Totals (Memorandum Only)	
Enterprise	Internal Service	General Fixed Assets	General Long-Term Debt	1998	1997
\$ 3,857,617	\$ 840,212	\$ -	\$ -	\$ 22,140,867	\$ 16,148,055
595,886	-	-	-	2,956,621	6,785,771
139,040	-	-	-	615,154	796,221
-	-	-	-	338,255	295,164
-	-	-	-	365,409	543,851
-	-	-	-	6,070	4,943
-	-	-	-	894,176	817,867
49,645	-	-	-	49,645	-
13,381	-	-	-	16,972	6,707
-	18,815	-	-	18,815	18,815
-	-	-	-	-	241,080
117,399	-	-	-	117,399	193,610
29,440,490	-	11,767,565	-	41,208,055	40,397,501
-	-	-	3,128,652	3,128,652	3,407,455
-	-	-	7,230,666	7,230,666	9,209,526
-	-	-	96,650	96,650	74,289
<u>\$ 34,213,458</u>	<u>\$ 859,027</u>	<u>\$ 11,767,565</u>	<u>\$ 10,455,968</u>	<u>\$ 79,183,406</u>	<u>\$ 78,940,855</u>
\$ -	\$ -	\$ -	\$ -	\$ 42,613	\$ -
45,995	11,779	-	-	1,374,515	802,557
65,079	-	-	-	419,079	426,913
-	-	-	-	-	241,080
68,200	-	-	96,650	164,850	134,234
117,399	-	-	-	117,399	115,048
-	-	-	-	279,751	245,359
-	-	-	9,830,000	9,830,000	12,160,000
-	-	-	529,318	529,318	456,981
<u>296,673</u>	<u>11,779</u>	<u>-</u>	<u>10,455,968</u>	<u>12,757,525</u>	<u>14,582,172</u>

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City of Sulphur  
Sulphur, Louisiana  
Primary Government

Combined Balance Sheet  
All Fund Types and Account Groups  
June 30, 1998  
(With Comparative Totals for June 30, 1997)

	Governmental Fund Types			
	General	Special Revenue	Debt Service	Capital Projects
<b>EQUITY AND OTHER CREDITS</b>				
Contributed capital	\$ -	\$ -	\$ -	\$ -
Investment in general fixed assets	-	-	-	-
Retained earnings:				
Designated for catastrophic losses	-	-	-	-
Unreserved	-	-	-	-
Designated for depreciation	-	-	-	-
Fund balances:				
Reserve for debt service	-	-	3,128,652	11,919
Reserve for encumbrances	42,222	-	-	-
Reserved ( Note 6 )	-	890,793	-	-
Designated for solid waste	382,156	-	-	-
Unreserved	11,540,238	-	-	3,898,303
<b>Total Equity and Other Credits</b>	<u>11,964,616</u>	<u>890,793</u>	<u>3,128,652</u>	<u>3,910,222</u>
<b>TOTAL LIABILITIES, EQUITY AND OTHER CREDITS</b>	<u>\$ 12,497,761</u>	<u>\$ 894,176</u>	<u>3,402,693</u>	<u>\$ 5,092,758</u>

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

EXHIBIT 1

Proprietary Fund Types		Account Groups		Totals (Memorandum Only)	
		General Fixed Assets	General Long-Term Debt		
Enterprise	Internal Service				
\$ 32,912,701	\$ -	\$ -	\$ -	\$ 32,912,701	\$ 32,428,154
-	-	11,767,565	-	11,767,565	11,017,099
-	847,248	-	-	847,248	542,453
4,084	-	-	-	4,084	724,343
1,000,000	-	-	-	1,000,000	1,000,000
-	-	-	-	3,140,571	3,404,471
-	-	-	-	42,222	11,130
-	-	-	-	890,793	815,010
-	-	-	-	382,156	363,958
-	-	-	-	15,438,541	14,052,065
<u>33,916,785</u>	<u>847,248</u>	<u>11,767,565</u>	<u>-</u>	<u>66,425,881</u>	<u>64,358,683</u>
<u>\$ 34,213,458</u>	<u>\$ 859,027</u>	<u>\$ 11,767,565</u>	<u>\$ 10,455,968</u>	<u>\$ 79,183,406</u>	<u>\$ 78,940,855</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, 1998  
(With Comparative Totals for June 30, 1997)

	General	Special Revenue
<b>REVENUES</b>		
Taxes	\$ 2,008,028	\$ 9,032,572
Licenses and permits	631,769	-
Intergovernmental	639,412	-
Charges for services	734,196	-
Fines and forfeitures	269,806	-
Other:		
Special assessment	-	-
Interest	715,790	-
Miscellaneous	261,474	-
Federal and state grants and awards	57,239	-
<b>Total Revenues</b>	<b>5,317,714</b>	<b>9,032,572</b>
<b>EXPENDITURES</b>		
General and administrative	1,187,901	42,614
Streets and parks	1,168,106	-
Fire	1,745,816	-
Police	2,038,285	-
Inspection/animal control	184,617	-
Industrial development	1,941	-
Shop	164,175	-
Sanitation	767,982	-
Capital outlay	-	-
Miscellaneous	-	-
Debt service:		
Principal retirement	-	-
Interest and fiscal charges	-	-
Advance refunding escrow	-	-
<b>Total Expenditures</b>	<b>7,258,823</b>	<b>42,614</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>(1,941,109)</b>	<b>8,989,958</b>
<b>OTHER FINANCING SOURCES (USES)</b>		
Operating transfers in	5,083,668	-
Operating transfers out	(1,665,219)	(8,914,175)
Proceeds from issuance of debt	-	-
Proceeds of refunding bonds	-	-
Payment to refund bond escrow agent	-	-
Other	-	-
<b>Total Other Financing Sources (Uses)</b>	<b>3,418,449</b>	<b>(8,914,175)</b>

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

Debt Service	Capital Projects	Totals (Memorandum Only)	
		1998	1997
\$ -	\$ -	\$ 11,040,600	\$ 9,856,836
-	-	631,769	645,369
-	-	639,412	692,626
-	-	734,196	678,653
-	-	269,806	419,007
106,047	12,314	118,361	89,046
240,364	165,710	1,121,864	928,356
-	30	261,504	511,103
12,000	2,101,552	2,170,791	1,425,654
<u>358,411</u>	<u>2,279,606</u>	<u>16,988,303</u>	<u>15,246,650</u>
-	70,602	1,301,117	1,209,764
-	-	1,168,106	1,263,804
-	-	1,745,816	1,429,266
-	-	2,038,285	2,099,343
-	-	184,617	261,922
-	-	1,941	174,747
-	-	164,175	141,197
-	-	767,982	1,003,888
183,822	5,826,560	6,010,382	4,211,649
23,562	-	23,562	2,185
1,770,244	-	1,770,244	1,664,284
675,809	-	675,809	762,937
651,000	-	651,000	-
<u>3,304,437</u>	<u>5,897,162</u>	<u>16,503,036</u>	<u>14,224,986</u>
<u>(2,946,026)</u>	<u>(3,617,556)</u>	<u>485,267</u>	<u>1,021,664</u>
2,396,403	3,608,845	11,088,916	12,261,788
-	(20,000)	(10,599,394)	(12,667,209)
127,581	-	127,581	109,600
1,095,000	-	1,095,000	-
(1,078,354)	-	(1,078,354)	-
-	-	-	1
<u>2,540,630</u>	<u>3,588,845</u>	<u>633,749</u>	<u>(295,820)</u>

CITY OF SULPHUR  
SULPHUR, LOUISIANA  
Primary Government

Combined Statement of Revenues, Expenditures, and  
Changes in Fund Balances  
All Governmental Fund Types (Continued)  
Year Ended June 30, 1998  
(With Comparative Totals for June 30, 1997)

	<u>General</u>	<u>Special Revenue</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES	\$ <u>1,477,340</u>	\$ <u>75,783</u>
FUND BALANCE (DEFICIT) - BEGINNING OF YEAR, as previously stated	10,487,276	815,010
PRIOR PERIOD ADJUSTMENT	<u>-</u>	<u>-</u>
FUND BALANCE (DEFICIT) - BEGINNING OF YEAR, as restated	10,487,276	815,010
FUND BALANCE (DEFICIT) - END OF YEAR	\$ <u><u>11,964,616</u></u>	\$ <u><u>890,793</u></u>

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

Debt Service	Capital Projects	Totals (Memorandum Only)	
		1998	1997
\$ <u>(405,396)</u>	\$ <u>(28,711)</u>	\$ <u>1,119,016</u>	\$ <u>725,844</u>
3,534,048	3,938,933	18,775,267	17,920,790
<u>-</u>	<u>-</u>	<u>-</u>	<u>128,633</u>
<u>3,534,048</u>	<u>3,938,933</u>	<u>18,775,267</u>	<u>18,049,423</u>
\$ <u><u>3,128,652</u></u>	\$ <u><u>3,910,222</u></u>	\$ <u><u>19,894,283</u></u>	\$ <u><u>18,775,267</u></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, 1998

	General Fund		
	Revised Budget	Actual on Budgetary Basis	Variance Favorable (Unfavorable)
<b>REVENUES</b>			
Taxes	\$ 1,812,700	\$ 2,008,028	\$ 195,328
Licenses and permits	541,020	631,769	90,749
Intergovernmental	507,420	639,412	131,992
Charges for services	705,000	734,196	29,196
Fines and forfeitures	152,500	269,806	117,306
Other:			
Interest	150,000	715,790	565,790
Miscellaneous	128,800	261,474	132,674
Federal and state grants and awards	101,000	57,239	(43,761)
<b>Total Revenues</b>	<u>4,098,440</u>	<u>5,317,714</u>	<u>1,219,274</u>
<b>Expenditures</b>			
General and administrative	1,261,760	1,187,901	73,859
Streets and parks	1,276,668	1,165,106	111,562
Fire	1,816,400	1,758,163	58,237
Police	2,377,990	2,071,160	306,830
Inspection/animal control	204,855	184,617	20,238
Industrial development	60,000	1,941	58,059
Shop	185,500	164,175	21,325
Sanitation	875,000	767,982	107,018
<b>Total Expenditures</b>	<u>8,058,173</u>	<u>7,301,045</u>	<u>757,128</u>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<u>(3,959,733)</u>	<u>(1,983,331)</u>	<u>1,976,402</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Operating transfers in	3,722,402	5,083,668	1,361,266
Operating transfers out	(1,500,000)	(1,665,219)	(165,219)
Other	-	-	-
<b>Total Other Financing Sources (Uses)</b>	<u>2,222,402</u>	<u>3,418,449</u>	<u>1,196,047</u>
<b>Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses</b>	<u>\$ (1,737,331)</u>	1,435,118	<u>\$ 3,172,449</u>
<b>FUND BALANCE, BEGINNING OF YEAR</b>		10,487,276	
<b>Increase (Decrease) for Reserve for Encumbrance</b>		<u>42,222</u>	
<b>FUND BALANCE, END OF YEAR</b>		<u>\$ 11,964,616</u>	

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

Special Revenue Fund		
Revised Budget	Actual	Variance Favorable (Unfavorable)
\$ 7,250,000	\$ 9,032,572	\$ 1,782,572
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
<u>7,250,000</u>	<u>9,032,572</u>	<u>1,782,572</u>
35,000	42,614	(7,614)
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
<u>35,000</u>	<u>42,614</u>	<u>(7,614)</u>
7,215,000	8,989,958	1,774,958
-	-	-
(7,215,000)	(8,914,175)	(1,699,175)
-	-	-
<u>(7,215,000)</u>	<u>(8,914,175)</u>	<u>(1,699,175)</u>
\$ -	75,783	\$ 75,783
	815,010	
	-	
	<u>890,793</u>	



CITY OF SULPHUR  
SULPHUR, LOUISIANA  
Primary Government

Combined Statement of Revenues, Expenses,  
and Changes in Retained Earnings  
Proprietary Fund Types  
Year Ended June 30, 1998  
(With Comparative Totals for June 30, 1997)

	Internal Service Fund	Enterprise Fund	Totals (Memorandum Only)	
			1998	1997
<b>OPERATING REVENUES</b>				
Water	\$ -	\$ 1,077,308	\$ 1,077,308	\$ 1,052,821
Sewer	-	1,309,097	1,309,097	1,276,716
Water and sewer taps	-	23,948	23,948	30,850
Penalties	-	48,723	48,723	37,843
Charges and fees	82,043	-	82,043	55,122
<b>Total Operating Revenues</b>	<u>82,043</u>	<u>2,459,076</u>	<u>2,541,119</u>	<u>2,453,352</u>
<b>OPERATING EXPENSES</b>				
General and administrative	82,043	214,052	296,095	285,137
Water department	-	805,601	805,601	772,671
Sewer department	-	1,072,939	1,072,939	915,758
Depreciation	-	838,116	838,116	807,466
<b>Total Operating Expenses</b>	<u>82,043</u>	<u>2,930,708</u>	<u>3,012,751</u>	<u>2,781,032</u>
<b>OPERATING INCOME (LOSS)</b>	<u>-</u>	<u>(471,632)</u>	<u>(471,632)</u>	<u>(327,680)</u>
<b>NON-OPERATING REVENUES (EXPENSES)</b>				
Interest income	26,740	228,732	255,472	241,828
Miscellaneous income	-	(10,077)	(10,077)	18,008
(Loss) on asset disposals	-	(13,982)	(13,982)	-
<b>Total Non-Operating Revenues (Expenses)</b>	<u>26,740</u>	<u>204,673</u>	<u>231,413</u>	<u>259,836</u>
<b>INCOME (LOSS) BEFORE OPERATING TRANSFERS</b>	26,740	(266,959)	(240,219)	(67,844)
<b>OTHER FINANCING SOURCES (USES)</b>				
Operating transfers in	278,055	300,000	578,055	534,904
Operating transfers out	-	(1,067,577)	(1,067,577)	(129,483)
<b>Total Other Financing Sources (Uses)</b>	<u>278,055</u>	<u>(767,577)</u>	<u>(489,522)</u>	<u>405,421</u>
<b>NET INCOME (LOSS)</b>	304,795	(1,034,536)	(729,741)	337,577
Depreciation on Fixed Assets Acquired With Externally Restricted Capital Contributions	-	314,277	314,277	314,277
Increase (Decrease) in Retained Earnings	304,795	(720,259)	(415,464)	651,854
<b>RETAINED EARNINGS - BEGINNING OF YEAR</b>	<u>542,453</u>	<u>1,724,343</u>	<u>2,266,796</u>	<u>1,614,942</u>
<b>RETAINED EARNINGS - END OF YEAR</b>	<u>\$ 847,248</u>	<u>\$ 1,004,084</u>	<u>\$ 1,851,332</u>	<u>\$ 2,266,796</u>

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

CITY OF SULPHUR  
SULPHUR, LOUISIANA  
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Combined Statement of Cash Flows  
Proprietary Fund Types  
Year Ended June 30, 1998  
(With Comparative Totals for June 30, 1997)

	Proprietary Fund Types		Totals	
	Internal	Enterprise	(Memorandum Only)	
	Service Fund	Fund	1998	1997
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>				
Operating income (loss)	\$ -	\$ (471,632)	\$ (471,632)	\$ (327,680)
Adjustments to reconcile net operating income (loss) to net cash provided by operating activities:				
Depreciation	-	838,116	838,116	807,466
Miscellaneous income	-	(10,077)	(10,077)	18,008
(Increase) decrease in accounts receivable	-	48,740	48,740	(22,627)
(Increase) decrease in inventory	-	(13,381)	(13,381)	-
Increase (decrease) in accounts payable and accrued expenses	11,010	(84,942)	(73,932)	69,992
Net Cash From Operating Activities	<u>11,010</u>	<u>306,824</u>	<u>317,834</u>	<u>545,159</u>
<b>CASH FLOWS FROM NON CAPITAL FINANCING ACTIVITIES:</b>				
Operating transfers - in	278,055	300,000	578,055	534,904
Operating transfers - out	-	(1,067,577)	(1,067,577)	(129,483)
Net Cash From Non Capital Financing Activities	<u>278,055</u>	<u>(767,577)</u>	<u>(489,522)</u>	<u>405,421</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>				
Acquisition of capital assets	-	(113,362)	(113,362)	(85,970)
Net Cash From Capital and Related Financing Activities	<u>-</u>	<u>(113,362)</u>	<u>(113,362)</u>	<u>(85,970)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>				
Interest on investments	26,740	228,732	255,472	241,828
Purchase of investments - net	-	(31,387)	(31,387)	(16,084)
Net Cash Flows From Investing Activities	<u>26,740</u>	<u>197,345</u>	<u>224,085</u>	<u>225,744</u>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>315,805</b>	<b>(376,770)</b>	<b>(60,965)</b>	<b>1,090,354</b>
<b>CASH AND CASH EQUIVALENTS, AT BEGINNING OF YEAR</b>	<b><u>524,407</u></b>	<b><u>4,351,786</u></b>	<b><u>4,876,193</u></b>	<b><u>3,785,839</u></b>
<b>CASH AND CASH EQUIVALENTS, AT END OF YEAR</b>	<b><u>\$ 840,212</u></b>	<b><u>3,975,016</u></b>	<b><u>4,815,228</u></b>	<b><u>4,876,193</u></b>
Cash and Equivalents - Unrestricted/Designated	\$ 840,212	\$ 3,857,617	\$ 4,697,829	\$ 4,682,583
Cash and Equivalents - Restricted	-	117,399	117,399	193,610

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

CITY OF SULPHUR  
SULPHUR, LOUISIANA  
Primary Government

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Notes to Financial Statements  
June 30, 1998

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**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 government's more significant accounting policies are described below.

**A. Financial Reporting Entity**

The City was incorporated under the provisions of the State of Louisiana per LA R.S. 33:321-481. The City operates under a home rule charter.

In evaluating how to define the City, 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 City and/or its citizens or whether the activity is conducted within the geographic boundaries of the City 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 City is able to exercise oversight responsibilities. Based upon the application of these criteria, the following component units are to be included in the City's reporting entity:

The City Court of Sulphur for Ward 4  
The City 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 City's reporting entity.

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

CITY OF SULPHUR  
SULPHUR, LOUISIANA  
Primary Government

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Notes to Financial Statements (Continued)  
June 30, 1998

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*Note 1 - Summary of Significant Accounting Policies (Continued)*

**B. Basis of Presentation**

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:

Governmental Funds:

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** are used to account for the proceeds of specific revenue sources (other than major capital projects) that are legally restricted to expenditures for specific purposes.

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

Proprietary Funds:

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 be general public on a continuing basis is financed through user charges.

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

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

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.

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

CITY OF SULPHUR  
SULPHUR, LOUISIANA  
Primary Government

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Notes to Financial Statements (Continued)  
June 30, 1998

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*Note 1 - Summary of Significant Accounting Policies (Continued)*

GASB Pronouncements -

Proprietary funds are reported in accordance with GASB Statement No. 20 "Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Funds". This standard requires that all applicable Financial Accounting Standards Board ("FASB") Statements and Interpretations, Accounting Principles Board Opinions and Accounting Research Bulletins issued on or before November 30, 1989 be applied to proprietary activities unless they conflict with or contradict GASB pronouncements.

Governments are given the option whether or not to apply all FASB Statements and Interpretations issued after November 30, 1989, except for those that conflict with or contradict GASB pronouncements. The City has elected not to implement FASB Statements and Interpretations issued after November 30, 1989, unless they are adopted by GASB.

**C. Basis of Accounting**

All governmental funds are accounted for using the modified accrual basis of accounting. Their revenues are recognized when they become measurable and available as net current assets. All governmental funds are accounted for using the modified accrual basis of accounting. Their revenues are recognized when they become measurable and available as net current assets. Ad valorem taxes are considered measurable at the time of levy whereas sales taxes are considered measurable when in the hands of intermediary collecting agencies and are recognized as revenue at that time. Special assessments for the paving certificates are recognized as revenue when installments are billed and unbilled assessments are reported as deferred revenues. Intergovernmental revenue (federal and state grants) are recorded as revenue when the City is entitled to the funds. Licenses and permits, fines and forfeitures, and miscellaneous revenues are recorded as revenues when received in cash by the City or an intermediary collecting agency because they are generally not measurable until actually received. Charge for services are recorded when earned since they are measurable and available.

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. Exceptions to this general rule include compensated absences and principal and interest on general long-term debt which is recognized when due.

All proprietary funds are accounted for using the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred. Services for water and sewer are recorded as revenue when billed to customers on a monthly route reading cycle. At the end of the year, utilities services which have not been rendered from the latest date of each route reading cycle to year-end, which are unbilled, are accrued for financial reporting purposes.

Continued

CITY OF SULPHUR  
SULPHUR, LOUISIANA  
Primary Government

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Notes to Financial Statements (Continued)  
June 30, 1998

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*Note 1 - Summary of Significant Accounting Policies (Continued)*

**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. The budget presented is as amended by the City 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, Cash Equivalents, 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, U.S. Government Agencies, or time certificates of deposit of state banks organized under the laws of Louisiana and national banks having the principal office in the State of Louisiana, as stipulated in R.S. 39:1271, or any other federally insured investment.

Investments are stated at cost or amortized cost which is not materially different from market value.

For the purposes of the statement of cash flows, the proprietary funds consider all highly liquid interest-bearing deposits with a maturity of three months or less when purchased to be cash equivalents.

CITY OF SULPHUR  
SULPHUR, LOUISIANA  
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Notes to Financial Statements (Continued)  
June 30, 1998

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*Note 1 - Summary of Significant Accounting Policies (Continued)*

**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.

The City utilizes the allowance method for proprietary funds to recognize doubtful accounts. The allowance for doubtful accounts at June 30, 1998 was \$8,402.

**G. Inventory**

Inventory is valued at cost and is recognized as an expenditure under the consumption method. Under this method, inventories are recorded as expenditures when they are used.

**H. Fixed Assets**

General fixed assets are not capitalized in the funds used to acquire or construct them. Instead, capital acquisition and construction are reflected as expenditures in governmental funds, and the related assets are reported in the general fixed assets account group. All purchased fixed assets are valued at cost where historical records are available and at an estimated historical cost where no historical records exist. Donated fixed assets are valued at their estimated fair market value on the date received. Assets in the general fixed assets account group are not depreciated.

Public domain ("infrastructure") general fixed assets consisting of 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 government.

All proprietary funds are accounted for on a cost of services or 'capital maintenance' measurement focus. This means that all assets and all liabilities (whether current or noncurrent) associated with their activity are included on their balance sheets. Their reported fund equity (net total assets) is segregated into contributed capital and retained earnings components. Proprietary fund type operating statements present increase (revenues) and decreases (expenses) in net total assets.

Property, plant, and equipment which constitute assets of the enterprise funds are recorded at cost and depreciation is computed thereon under the straight-line method of depreciation based on estimated useful lives of the individual assets.

Depreciation of all exhaustible fixed assets used by proprietary funds is charged as an expense against their operations. Accumulated depreciation is reported on proprietary fund balance sheets. Depreciation has been provided using the straight-line method with estimated useful lives of 3 to 50 years.

CITY OF SULPHUR  
SULPHUR, LOUISIANA  
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Notes to Financial Statements (Continued)  
June 30, 1998

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*Note 1 - Summary of Significant Accounting Policies (Continued)*

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related fixed assets, as applicable.

**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. 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.

**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. Use of Estimates**

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

**L. 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 elimination's have not been made in the aggregation of this data.



CITY OF SULPHUR  
SULPHUR, LOUISIANA  
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Notes to Financial Statements (Continued)  
June 30, 1998

*Note 1 - Summary of Significant Accounting Policies (Continued)*

**M. 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.

To be consistent with current year classifications, some items from the previous year have been reclassified, including the transfer of the 1996 and 1997 paving funds from capital projects funds to debt service funds.

Cash and cash equivalents have also been reclassified to include funds invested in the Louisiana Asset Management Pool (LAMP) which were initially reported as investments. The 1996/1997 public improvement funds (capital projects) was restated to include the proceeds from a mapping grant received by the City into a newly established consolidated banking account on June 30, 1998.

In accordance with GASB Statement No. 10 "Accounting and Financial Reporting for Risk Financing and Related Insurance Issues," prior year Internal Service Fund charges to other funds in excess of expenditures have been reclassified to transfers from other funds. Likewise, the participating other funds have been reclassified to reflect the reduction of insurance expense/expenditures as well as the increase in transfers to other funds.

*Note 2 - Deposits and Investments*

Under state law, the City may deposit funds within a fiscal agent bank organized under the laws of the State of Louisiana, the laws of any other state in the Union, or the laws of the United States. The City may invest in certificates and time deposits of state banks organized under Louisiana law and national banks having principal offices in Louisiana. At June 30, 1998, the City had cash and interest-bearing deposits (book balances) totaling \$7,431,305, as follows:

Demand deposits/interest-bearing demand deposits	\$ 1,609,296
Certificates of deposit	<u>5,822,009</u>
	<u>\$ 7,431,305</u>

These deposits are stated at cost, which approximates market. Under state laws these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent bank. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties. Deposit balances (bank balances) at June 30, 1998 were as follows:

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Notes to Financial Statements (Continued)  
June 30, 1998

**Note 2 - Deposits and Investments (Continued)**

Bank balances	\$ <u>7,694,353</u>
At June 30, 1998, the deposits were secured as follows:	
Federal deposit insurance	\$ 300,000
Pledged securities (Category 3)	<u>12,522,876</u>
Total federal deposit insurance and pledged securities	<u>\$12,822,876</u>
Excess	<u>\$ 5,128,523</u>

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

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. The City's primary deposits are under the management of LAMP.

LAMP, a local government investment pool, is administered by LAMP, Inc., a non-profit corporation organized under the laws of the State of Louisiana, which was formed by an initiative of the State Treasurer in 1993. The primary objective of LAMP is to provide a safe environment for the placement of public funds in short-term, high-quality investments. The LAMP portfolio includes only securities and other obligations in which local governments in Louisiana are authorized to invest. Accordingly, LAMP investments are restricted to securities issued, guaranteed, or backed by the U.S. Treasury, the U.S. Government, or one of its agencies, enterprises, or instrumentalities, as well as repurchase agreements collateralized by those securities. The dollar weighted average portfolio maturity of LAMP assets is restricted to not more than 90 days, and consists of no securities with a maturity in excess of 397 days. LAMP is designed to be highly liquid to give its participants immediate access to their account balances. The market value of the securities held by the City at June 30, 1998 were as follows:

	<u>Par Value</u>	<u>Market Value</u>
U.S. Treasury Bill	\$ 1,764,849	\$ 1,801,039
LAMP-Investment Pool	15,970,069	15,970,069

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	\$ <u>1,764,849</u>	
Carrying Amount		<u>\$15,970,069</u>

Continued

CITY OF SULPHUR  
SULPHUR, LOUISIANA  
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Notes to Financial Statements (Continued)  
June 30, 1998

**Note 3 - Property Taxes**

For the year ended June 30, 1998, taxes of 14.46 were levied on property with net assessed valuations totaling \$68,511,320, and were dedicated as follows:

General purposes	5.70 mills
Streets - maintenance	4.38 mills
Fire - maintenance	4.38 mills

Total taxes levied were \$990,673.

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, 1998, follows:

	Beginning of Year	Additions	Disposals	Fixed Assets Adjustments / Transfers	End of Year
Land	\$ 2,173,907	\$ -	\$ -	-	\$ 2,173,907
Buildings	1,772,987	-	-	-	1,772,987
Furniture and equipment	2,743,101	205,694	( 268,000)	-	2,680,795
Transportation equipment	1,017,985	39,160	( 17,198)	-	1,039,947
Construction in progress	<u>3,309,119</u>	<u>1,589,634</u>	-	( 798,824)	<u>4,099,929</u>
Total	<u>\$ 11,017,099</u>	<u>\$ 1,834,488</u>	<u>\$ ( 285,198)</u>	<u>\$ ( 798,824)</u>	<u>\$ 11,767,565</u>

Transfers are related to the completion of proprietary fund construction and renovation projects.

The construction in progress consists of the following projects:

	Budget	Construction in Progress
Water Distribution Extension	\$ 1,649,916	\$ 1,576,670
GIS Mapping	230,000	197,538
Phase III Collection Rehab	<u>2,846,594</u>	<u>2,325,721</u>
Total	<u>\$ 4,726,510</u>	<u>\$ 4,099,929</u>

Continued

CITY OF SULPHUR  
SULPHUR, LOUISIANA  
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Notes to Financial Statements (Continued)  
June 30, 1998

**Note 4 - Fixed Assets (Continued)**

**B. Proprietary Fund Fixed Assets**

A summary of changes in proprietary fund fixed assets for the year ended June 30, 1998 is as follows:

	Beginning of Year	Additions	Disposals	Fixed Assets Adjustments / Transfers	End of Year
Wells, storage tanks, lines	\$ 11,311,399	\$ -	\$ -	\$ 412,609	\$ 11,724,008
Treatment plant	26,826,360	-	-	386,215	27,212,575
Auto and trucks	158,563	96,935	-	-	255,498
Other equipment	<u>379,786</u>	<u>16,427</u>	<u>( 60,124)</u>	<u>-</u>	<u>336,089</u>
	38,676,108	\$ <u>113,362</u>	\$ <u>( 60,124)</u>	\$ <u>798,824</u>	39,528,170
Less allowance for accumulated depreciation	<u>( 9,295,706)</u>				<u>(10,087,680)</u>
Totals	\$ <u>29,380,402</u>				\$ <u>29,440,490</u>

Depreciation expense was \$838,116 for the year ended June 30, 1998.

**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, 1998:

	Beginning of Year	Issued	Retired	End of Year
Bonds payable				
General Obligation	\$12,160,000	\$ 1,095,000	\$(3,425,000)	\$ 9,830,000
Special Assessments	<u>456,981</u>	<u>127,581</u>	<u>( 55,244)</u>	<u>529,318</u>
Total	<u>\$12,616,981</u>	<u>\$ 1,222,581</u>	<u>\$(3,480,244)</u>	<u>\$ 10,359,318</u>

Bonds payable at June 30, 1998 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)

\$ 8,735,000

Continued  
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CITY OF SULPHUR  
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Notes to Financial Statements (Continued)  
June 30, 1998

**Note 5 - Long-Term Debt (Continued)**

\$1,095,000 Public improvement refunding bonds dated 01/29/98; due in varying annual installments of \$377,000 - \$398,000 commencing on March 1, 1998 through March 1, 2001; interest at varying rates from 4% - 4.2%. (This issue secured by a pledge of the City's ½% sales and use tax)

\$ 1,095,000  
9,830,000

**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%

\$ 71,420

\$346,677 Paving Project 1993-1 dated 08/01/93; due in annual installments of \$34,667 through August 1, 1002, interest at 6%

231,677

\$109,600 Paving Project 1996-1 dated 11/12/96; due in annual installments of \$11,550 through December 1, 2006; interest 5.07%

98,640

\$127,581 Paving Project 1997-1 dated 12/01/97; due in varying annual installments of \$13,416 - \$19,079 through December 1, 2007, interest 4.7%.

127,581  
529,318

Total Debt Outstanding \$10,359,318

**B. Debt Service Requirements to Maturity**

The annual requirements to amortize all debt outstanding, including interest of \$1,961,370 are as follows:

<u>Year</u>	<u>General Obligation Bonds</u>	<u>Special Assessment Bonds</u>	<u>Total</u>
1999	\$ 2,133,980	\$ 97,079	\$ 2,231,059
2000	2,141,380	98,356	2,239,736
2001	2,152,406	94,295	2,246,701
2002	1,746,296	93,670	1,839,966
2003	1,745,364	99,612	1,844,976
Thereafter	<u>1,748,514</u>	<u>169,736</u>	<u>1,918,250</u>
	<u>\$11,667,940</u>	<u>\$ 652,748</u>	<u>\$12,320,688</u>

CITY OF SULPHUR  
SULPHUR, LOUISIANA  
Primary Government

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Notes to Financial Statements (Continued)  
June 30, 1998

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*Note 5 - Long-Term Debt (Continued)*

**C. Debt Defeasance**

The City defeased a bond issue in the year ended June 30, 1998. The required cash flow to service the defeased debt totaled \$1,920,000, while the new debt service requirements total \$1,902,161. The economic gain experienced by the debt defeasance is \$21,859 (difference between the present value of the debt service requirements on the old and new debt). As of June 30, 1998, the amount of defeased debt outstanding, but removed, totaled \$1,710,000.

*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.

CITY OF SULPHUR  
SULPHUR, LOUISIANA  
Primary Government

Notes to Financial Statements (Continued)  
June 30, 1998

**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, Beginning	32,428,154
Municipality Contributions	<u>798,824</u>
Contributed Capital, Ending	\$ <u><u>32,912,701</u></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.

	Actual	Adjustment to Budgetary Basis	Actual on Budgetary Basis
General Fund			
General and administrative	\$ 1,187,901	\$ -	\$ 1,187,901
Streets and parks	1,168,106	( 3,000 )	1,165,106
Fire	1,745,816	12,347	1,758,163
Police	1,694,228	32,875	1,727,103
Drug seizure	344,057	-	344,057
Inspection/animal control	184,617	-	184,617
Industrial development	1,941	-	1,941
Shop	164,175	-	164,175
Sanitation	<u>767,982</u>	-	<u>767,982</u>
	\$ <u><u>7,258,823</u></u>	\$ <u><u>42,222</u></u>	\$ <u><u>7,301,045</u></u>

CITY OF SULPHUR  
SULPHUR, LOUISIANA  
Primary Government

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Notes to Financial Statements (Continued)  
June 30, 1998

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**Note 9 - Pension Plans**

The City has several pension plans covering substantially all of its employees, as follows:

- Municipal Employees' Retirement System of Louisiana
- State of Louisiana - Municipal Police Employees' Retirement System
- State of Louisiana - Firefighters' Retirement System

Substantially all employees are covered under the Municipal Employees' Retirement System of Louisiana except for firemen and policemen which are covered under the Firefighters' Retirement System and Municipal Police Employees' Retirement System, respectively. Details concerning these plans follow:

**1. Municipal Employees' Retirement System of Louisiana**

Plan description:

The Municipal Employees' Retirement System of Louisiana (the System) is a cost-sharing multiple-employer public employee retirement system (PERS) as established and provided for by R. S. 11: 1731 of the Louisiana Revised Statutes (LRS). The System is composed of two distinct plans, Plan A and Plan B, with separate assets and benefit provisions. Employees of the City are members of Plan A.

Membership is mandatory as a condition of employment beginning on the date employed if the employee is on a permanent basis working at least thirty-five hours per week, not participating in another public funded retirement system and under age sixty (60) at date of employment. Those individuals paid jointly by a participating employer and the parish are not eligible for membership in the System. Under Plan A, employees who retire at or after age 60 with at least 10 years of credited service, at or after age 55 with 25 years of credited service, or at any age with 30 or more years of creditable service are entitled to a retirement benefit, payable monthly for life, equal to 3 percent of their final compensation multiplied by the employee's years of credited service. Final compensation is the employee's monthly earnings during the 36 consecutive or joined months that produce the highest average. The System also provides death and disability benefits. Benefits are established by state statute.

The Municipal Employees' Retirement System of Louisiana issues a publicly available financial report that includes financial statements and required supplemental information. That report may be obtained by writing to Municipal Employees' Retirement System of Louisiana, 7937 Office Park Boulevard, Baton Rouge, LA 70809.



CITY OF SULPHUR  
SULPHUR, LOUISIANA  
Primary Government

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Notes to Financial Statements (Continued)  
June 30, 1998

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**Note 9 - Pension Plans (Continued)**

Funding policy:

Plan members are required to contribute 9.25% of their annual covered salary and the City is required to contribute at an actuarially determined rate. The current rate is 5.75% of annual covered payroll. The contribution requirements of plan members and the City are established and may be amended by the System's Board of Trustees. The City's contributions to the System for the year ended June 30, 1998 totaled \$153,313.

**2. State of Louisiana - Municipal Police Employees' Retirement System**

Plan description:

The Municipal Police Employees' Retirement System (the System) is a cost-sharing multiple-employer public employee retirement system (PERS).

Membership is mandatory for any full-time police officer employed by a municipality of the State of Louisiana and engaged in law enforcement empowered to make arrest, providing they do not have to pay social security and providing they meet the statutory criteria. Employees who retire at or after age 50 with at least 20 years of credited service, or at or after age 55 with at least 12 years of credited service are entitled to a retirement benefit payable monthly for life, equal to 3-1/3 percent of their average final compensation multiplied by the employee's years of credited service. Final compensation is the employee's monthly earnings during the 36 consecutive or joined months that produce the highest average. The System also provides death and disability benefits. Benefits are established by state statute.

The Municipal Police Employee's Retirement System issues a publicly available report that includes financial statements and required supplemental information. That report may be obtained by writing to Municipal Police Employee Is Retirement System, 8401 United Plaza Blvd., Suite 270, Baton Rouge, LA 70809-7017.

Funding policy:

Plan members are required to contribute 7.5% of their annual covered salary and the City is required to contribute 9.0% as established by the state statute. The City's contributions to the System for the year ended June 30, 1998 totaled \$97,008.

CITY OF SULPHUR  
SULPHUR, LOUISIANA  
Primary Government

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Notes to Financial Statements (Continued)  
June 30, 1998

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**Note 9 - Pension Plans (Continued)**

**3. State of Louisiana - Firefighters' Retirement System**

Plan description:

The Firefighters' Retirement System (the System) is a cost-sharing multiple-employer public employee retirement system (PERS), as established and provided for by R. S. 11:2251 through 11:2269 of the Louisiana Revised Statutes (LRS).

Membership is mandatory as a condition of employment beginning on date employed if the employee is on a permanent basis as a firefighter, not participating in another publicly funded retirement system and under age fifty (50) at date of employment. Employees who retire at or after age 50 with at least 20 years of credited service, or at or after age 55 with at least 12 years of credited service are entitled to a retirement benefit payable monthly for life, equal to 3-1/3 percent of their average final compensation multiplied by the employee's years of credited service. Final compensation is the employee's monthly earnings during the 36 consecutive or joined months that produce the highest average. The System also provides death and disability benefits. Benefits are established by state statute.

The Firefighter's Retirement System issues a publicly available financial report that includes financial statements and required supplemental information. That report may be obtained by writing to Firefighter's Retirement System, P.O. Box 94095 Capitol Station, Baton Rouge, LA 70804-9095.

Funding policy:

Plan members are required to contribute 8.0% of their annual covered salary and the City is required to contribute at an actuarially determined rate. The current rate is 9.0% of annual covered payroll. The contribution requirements of Plan members are established and may be amended by the System's Board of Trustees. The City's contributions to the System for the year ended June 30, 1998 totaled \$98,559.

**Note 10- Fund Deficit**

At June 30, 1998, 1984/1985 Public Improvement (Capital Projects) reflects an unreserved accumulated deficit in the amount of \$(28,373). The City will eliminate the deficit, if needed, with transfers from the General Fund.

CITY OF SULPHUR  
SULPHUR, LOUISIANA  
Primary Government

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Notes to Financial Statements (Continued)  
June 30, 1998

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**Note 11- 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.

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

**Note 12- 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. The surplus retained earnings resulting from charges for anticipated future catastrophic losses have been designated.

Liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. An excess coverage insurance policy covers individual claims in excess of \$250,000 with an aggregate claim limit of \$1,000,000. Liabilities include an amount for claims that have been incurred but not reported (IBNRs). Claim liabilities are calculated considering recent claims settlement trends including frequency and amount of 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	\$ 769
Incurred claims (including IBNRs)	45,501
Claim payments	<u>( 34,491)</u>
Unpaid claims, end of fiscal year	<u>\$ 11,779</u>

CITY OF SULPHUR  
SULPHUR, LOUISIANA  
Primary Government

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Notes to Financial Statements (Continued)  
June 30, 1998

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**Note 13- Council Members Compensation**

Each council member receives monthly compensation. The following is a list of council members and their compensation for the fiscal year ended June 30, 1998:

District 1		
Wilmer Dugas	\$	4,200
District 2		
Bill Emmons		4,200
District 3		
Roy Loup		4,200
District 4		
Bob Davidson		4,200
District 5		
Mel Estess		4,200

**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, 1998 and 1997

	<u>1998</u>	<u>1997</u>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 11,422,170	\$ 5,561,746
Investments	595,886	4,569,499
Receivables	476,114	558,796
Inventory	3,591	6,707
Due from other funds	-	241,080
<b>TOTAL ASSETS</b>	<u>\$ 12,497,761</u>	<u>\$ 10,937,828</u>
 <b>LIABILITIES AND FUND BALANCE</b>		
<b>LIABILITIES</b>		
Accounts payable	179,145	86,606
Accrued salaries and payroll taxes	211,994	219,200
Accrued vacation and comp time	131,695	144,746
Other liabilities	10,311	-
<b>TOTAL LIABILITIES</b>	<u>533,145</u>	<u>450,552</u>
 <b>FUND BALANCE</b>		
Reserved for encumbrances	42,222	11,130
Designated for solid waste	382,156	363,958
Unreserved-undesignated	11,540,238	10,112,188
<b>TOTAL FUND BALANCE</b>	<u>11,964,616</u>	<u>10,487,276</u>
 <b>TOTAL LIABILITIES AND FUND BALANCE</b>	<u>\$ 12,497,761</u>	<u>\$ 10,937,828</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, 1998  
(With Comparative Totals for June 30, 1997)

	1998			1997
	Budget	Actual on Budgetary Basis	Variance Favorable (Unfavorable)	Actual on Budgetary Basis
<b>REVENUES</b>				
Taxes				
Ad valorem	\$ 905,000	\$ 988,802	\$ 83,802	\$ 973,977
Public utility franchise	907,700	1,019,226	111,526	986,609
Licenses and permits				
Licenses	501,500	589,969	88,469	585,292
Permits	39,520	41,800	2,280	60,077
Intergovernmental				
Tobacco and beer	147,420	136,540	(10,880)	143,517
Fire insurance	30,000	37,196	7,196	35,395
Department of motor vehicles	30,000	43,248	13,248	33,027
Video poker	300,000	422,428	122,428	480,687
Charges for services				
Sanitation	550,000	562,801	12,801	509,047
Recycling	155,000	171,395	16,395	169,606
Fines				
Court fines	150,000	215,210	65,210	151,853
DWI and drug seizures	2,500	54,596	52,096	267,154
Other				
Interest	150,000	715,790	565,790	516,266
Rentals and leases	7,500	14,500	7,000	12,800
Alien and prisoner housing	16,000	84,910	68,910	113,946
Miscellaneous	101,800	102,988	1,188	134,477
Sale of fixed assets	3,500	58,628	55,128	229,653
Damages and settlements received	-	448	448	13,543
Federal and state grants and awards	101,000	57,239	(43,761)	395,496
Total Revenues	<u>4,098,440</u>	<u>5,317,714</u>	<u>1,219,274</u>	<u>5,812,422</u>
<b>Expenditures</b>				
General and administrative	1,261,760	1,187,901	73,859	1,131,255
Streets and parks	1,276,668	1,165,106	111,562	1,266,707
Fire	1,816,400	1,758,163	58,237	1,430,676
Police	1,889,910	1,727,103	162,807	1,544,492
Drug seizure	488,080	344,057	144,023	552,079
Inspection/animal control	204,855	184,617	20,238	261,922
Industrial development	60,000	1,941	58,059	174,747
Shop	185,500	164,175	21,325	141,197
Sanitation	875,000	767,982	107,018	1,003,888
Total Expenditures	<u>8,058,173</u>	<u>7,301,045</u>	<u>757,128</u>	<u>7,506,963</u>

Continued



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, 1998  
(With Comparative Totals for June 30, 1997)

	1998			1997
	Budget	Actual on Budgetary Basis	Variance Favorable (Unfavorable)	Actual on Budgetary Basis
Excess (Deficiency) of Revenues Over Expenditures	\$ (3,959,733)	\$ (1,983,331)	\$ 1,976,402	\$ (1,694,541)
<b>OTHER FINANCING SOURCES (USES)</b>				
Operating transfers in	3,722,402	5,083,668	1,361,266	4,502,951
Operating transfers out	(1,500,000)	(1,665,219)	(165,219)	(2,176,178)
Other	-	-	-	1
Total Other Financing Sources (Uses)	<u>2,222,402</u>	<u>3,418,449</u>	<u>1,196,047</u>	<u>2,326,774</u>
Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses	<u>\$ (1,737,331)</u>	1,435,118	<u>\$ 3,172,449</u>	632,233
FUND BALANCE, BEGINNING OF YEAR		10,487,276		9,855,187
Increase (Decrease) for Reserve for Encumbrance		<u>42,222</u>		<u>(144)</u>
FUND BALANCE, END OF YEAR		<u>\$ 11,964,616</u>		<u>\$ 10,487,276</u>

See accompanying notes to financial statements.

CITY OF SULPHUR  
SULPHUR, LOUISIANA  
Primary Government

General Fund  
Statement of Departmental Expenditures-  
Budget and Actual (Non-GAAP Budgetary Basis)  
Year Ended June 30, 1998  
(With Comparative Totals for June 30, 1997)

	1998			1997
	Budget	Actual on Budgetary Basis	Variance Favorable (Unfavorable)	Actual on Budgetary Basis
<b>GENERAL AND ADMINISTRATIVE</b>				
Acquisitions	\$ 83,500	\$ 95,093	\$ (11,593)	\$ 174,814
Advertising	300	9,028	(8,728)	6,999
Automotive	3,600	3,962	(362)	3,731
Business and goodwill expense	10,000	10,765	(765)	12,611
Claims settlements	15,000	32,574	(17,574)	-
Coroner and pathology	10,000	16,049	(6,049)	12,135
Dues and subscriptions	9,750	5,452	4,298	8,965
Employee benefits	129,450	106,772	22,678	106,142
Insurance	32,750	27,678	5,072	31,538
Janitorial supplies	1,300	1,488	(188)	1,197
Legal and professional	80,000	37,877	42,123	39,040
Miscellaneous	3,425	8,445	(5,020)	7,535
Office supplies	9,200	4,342	4,858	6,336
Operating supplies	10,750	10,242	508	7,840
Printing	20,000	15,304	4,696	9,511
Repairs and maintenance	29,500	41,380	(11,880)	21,130
Rentals	7,500	713	6,787	8,309
Salaries	629,000	566,400	62,600	561,949
Special projects	36,700	41,122	(4,422)	18,795
Tax collector fees	6,000	35,420	(29,420)	29,996
Telephone and utilities	46,500	43,217	3,283	45,265
Training	66,035	57,766	8,269	596
Conferences and travel	21,500	16,812	4,688	8,568
Damage settlement	-	-	-	8,253
<b>TOTAL GENERAL AND ADMINISTRATIVE</b>	<u>\$ 1,261,760</u>	<u>\$ 1,187,901</u>	<u>\$ 73,859</u>	<u>\$ 1,131,255</u>

CITY OF SULPHUR  
SULPHUR, LOUISIANA  
Primary Government

General Fund  
Statement of Departmental Expenditures-  
Budget and Actual (Non-GAAP Budgetary Basis)  
Year Ended June 30, 1998  
(With Comparative Totals for June 30, 1997)

	1998			1997
	Budget	Actual on Budgetary Basis	Variance Favorable (Unfavorable)	Actual on Budgetary Basis
<b>STREETS AND PARKS</b>				
Acquisitions	\$ 77,418	\$ 66,170	\$ 11,248	\$ 182,955
Automotive	19,000	39,409	(20,409)	21,786
Damage to others	5,000	9,072	(4,072)	5,626
Employee benefits	118,500	99,923	18,577	90,153
Insurance	97,400	36,498	60,902	41,485
Janitorial supplies	750	893	(143)	1,682
Office supplies	1,400	239	1,161	1,105
Operating supplies	81,800	85,297	(3,497)	120,898
Repairs and maintenance	86,500	66,502	19,998	92,009
Salaries	564,000	534,498	29,502	477,369
Special projects	900	-	900	5,396
Telephone and utilities	215,000	218,288	(3,288)	219,085
Training	500	178	322	15
Travel	300	245	55	57
Uniforms	8,200	7,894	306	7,086
<b>TOTAL STREETS AND PARKS</b>	<b>\$ 1,276,668</b>	<b>\$ 1,165,106</b>	<b>\$ 111,562</b>	<b>\$ 1,266,707</b>
<b>FIRE</b>				
Acquisitions	\$ 130,600	\$ 190,268	\$ (59,668)	\$ 35,580
Advertising	100	80	20	60
Automotive	10,000	20,081	(10,081)	7,160
Dues and subscriptions	550	-	550	582
Employee benefits	216,300	188,507	27,793	152,184
Insurance	122,500	48,059	74,441	45,942
Janitorial supplies	1,500	1,260	240	1,103
Miscellaneous	2,200	14,761	(12,561)	2,036
Office supplies	1,500	3,004	(1,504)	1,209
Operating supplies	6,150	-	6,150	2,165
Repairs and maintenance	38,000	36,324	1,676	30,183
Salaries	1,226,000	1,180,643	45,357	1,097,726
Special projects	6,000	11,473	(5,473)	5,825
Telephone and utilities	33,000	25,985	7,015	28,919
Training	8,000	19,330	(11,330)	6,356
Travel	4,000	2,231	1,769	1,596
Uniforms	10,000	16,157	(6,157)	12,050
<b>TOTAL FIRE</b>	<b>\$ 1,816,400</b>	<b>\$ 1,758,163</b>	<b>\$ 58,237</b>	<b>\$ 1,430,676</b>

CITY OF SULPHUR  
SULPHUR, LOUISIANA  
Primary Government

General Fund  
Statement of Departmental Expenditures-  
Budget and Actual (Non-GAAP Budgetary Basis)  
Year Ended June 30, 1998  
(With Comparative Totals for June 30, 1997)

	1998			1997
	Budget	Actual on Budgetary Basis	Variance Favorable (Unfavorable)	Actual on Budgetary Basis
<b>POLICE</b>				
Acquisitions	\$ 127,000	\$ 119,188	\$ 7,812	\$ 8,300
Advertising	500	240	260	500
Animal control	-	-	-	5,520
Automotive	48,000	54,647	(6,647)	50,634
Crime prevention	27,300	15,369	11,931	19,694
Dues and subscriptions	5,000	1,687	3,313	4,980
Employee benefits	205,200	190,417	14,783	204,469
Insurance	179,960	97,212	82,748	100,371
Janitorial supplies	3,000	2,956	44	2,358
Legal and professional	50,000	12,004	37,996	-
Office supplies	6,600	5,801	799	5,560
Operating supplies	37,200	27,379	9,821	16,395
Repairs and maintenance	48,000	31,837	16,163	39,389
Salaries	1,096,000	1,121,310	(25,310)	1,048,227
Telephone and utilities	46,000	40,023	5,977	36,091
Training	6,200	4,835	1,365	-
Travel	1,500	1,340	160	-
Uniforms	2,450	858	1,592	2,004
<b>TOTAL POLICE</b>	<b>\$ 1,889,910</b>	<b>\$ 1,727,103</b>	<b>\$ 162,807</b>	<b>\$ 1,544,492</b>
<b>DRUG SEIZURE</b>				
Acquisitions	\$ 50,000	\$ 24,228	\$ 25,772	\$ 200,576
Advertising	500	-	500	-
Automotive	5,000	7,512	(2,512)	2,985
Crime prevention	21,500	13,177	8,323	5,992
Employee benefits	43,600	36,512	7,088	37,750
Insurance	34,700	14,928	19,772	14,958
Miscellaneous	-	-	-	1,584
Office supplies	3,500	4,830	(1,330)	3,822
Operating supplies	2,000	4,637	(2,637)	765
Professional services	5,000	-	5,000	-
Repairs and maintenance	45,000	2,912	42,088	35,914
Salaries	262,780	230,915	31,865	236,777
Telephone and utilities	6,000	4,132	1,868	4,579
Training	4,000	220	3,780	1,968
Travel	2,000	54	1,946	2,258
Uniforms	2,500	-	2,500	2,151
<b>TOTAL DRUG SEIZURE</b>	<b>\$ 488,080</b>	<b>\$ 344,057</b>	<b>\$ 144,023</b>	<b>\$ 552,079</b>

Continued

CITY OF SULPHUR  
SULPHUR, LOUISIANA  
Primary Government

General Fund  
Statement of Departmental Expenditures-  
Budget and Actual (Non-GAAP Budgetary Basis)  
Year Ended June 30, 1998  
(With Comparative Totals for June 30, 1997)

	1998			1997
	Budget	Actual on Budgetary Basis	Variance Favorable (Unfavorable)	Actual on Budgetary Basis
<b>INSPECTION/ANIMAL CONTROL</b>				
Acquisitions	\$ 23,000	\$ 21,440	\$ 1,560	\$ 193,452
Automotive	2,250	3,036	(786)	1,128
Employee benefits	15,500	18,131	(2,631)	8,680
Insurance	8,675	3,213	5,462	1,533
Office supplies	1,215	811	404	2,586
Repairs and maintenance	3,500	2,325	1,175	1,212
Telephone and utilities	2,500	4,146	(1,646)	2,060
Salaries	141,415	123,262	18,153	43,346
Other	6,800	8,253	(1,453)	7,925
<b>TOTAL INSPECTION/ANIMAL CONTROL</b>	<b>\$ 204,855</b>	<b>\$ 184,617</b>	<b>\$ 20,238</b>	<b>\$ 261,922</b>
<b>INDUSTRIAL DEVELOPMENT</b>				
Industrial improvements	\$ 60,000	\$ 1,941	\$ 58,059	\$ 174,747
<b>SHOP</b>				
Acquisitions	\$ 3,300	\$ 3,268	\$ 32	\$ 1,477
Automotive	2,100	3,106	(1,006)	1,264
Employee benefits	21,100	17,973	3,127	16,186
Insurance	10,450	3,205	7,245	1,927
Janitorial supplies	200	168	32	45
Miscellaneous	-	3,808	(3,808)	111
Operating supplies	5,600	594	5,006	4,390
Repairs and maintenance	1,500	283	1,217	444
Salaries	132,250	123,610	8,640	106,334
Telephone and utilities	6,000	5,796	204	6,037
Uniforms	3,000	2,364	636	2,982
<b>TOTAL SHOP</b>	<b>\$ 185,500</b>	<b>\$ 164,175</b>	<b>\$ 21,325</b>	<b>\$ 141,197</b>
<b>SANITATION</b>				
Contractual and operational services	\$ 875,000	\$ 767,982	\$ 107,018	\$ 708,199
Storm damage	-	-	-	295,689
<b>TOTAL SANITATION</b>	<b>\$ 875,000</b>	<b>\$ 767,982</b>	<b>\$ 107,018</b>	<b>\$ 1,003,888</b>

See accompanying notes to financial statements.

## 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 2 ½ % sales and use tax.

CITY OF SULPHUR  
SULPHUR, LOUISIANA  
Primary Government

Special Revenue Fund  
Comparative Balance Sheet  
June 30, 1998 and 1997

	<u>1998</u>	<u>1997</u>
<b>ASSETS</b>		
Sales tax receivable	\$ <u>894,176</u>	\$ <u>817,867</u>
<b>TOTAL ASSETS</b>	\$ <u><u>894,176</u></u>	\$ <u><u>817,867</u></u>
<b>LIABILITIES AND FUND BALANCE</b>		
<b>LIABILITIES</b>		
Accounts payable	\$ <u>3,383</u>	\$ <u>2,857</u>
<b>FUND BALANCE</b>		
Reserved (Note 6)	<u>890,793</u>	<u>815,010</u>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	\$ <u><u>894,176</u></u>	\$ <u><u>817,867</u></u>

See accompanying notes to financial statement.

CITY OF SULPHUR  
SULPHUR, LOUISIANA  
Primary Government

Special Revenue Fund  
Comparative Statement of Revenues, Expenditures,  
and Changes in Fund Balance  
June 30, 1998 and 1997

	Totals	
	1998	1997
REVENUES		
Sales tax	\$ 9,032,572	\$ 7,896,250
EXPENDITURES		
Professional fees	42,614	37,645
Excess of Revenues Over Expenditures	8,989,958	7,858,605
OTHER FINANCING (USES)		
Transfers to other funds	(8,914,175)	(7,735,054)
Excess of Revenues Over (Under) Expenditures and Other Uses	75,783	123,551
FUND BALANCE, BEGINNING OF YEAR	815,010	691,459
FUND BALANCE, END OF YEAR	\$ 890,793	\$ 815,010

See accompanying notes to financial statements.



CITY OF SULPHUR  
SULPHUR, LOUISIANA  
Primary Government

Statement of Revenues, Expenditures, and Changes  
in Fund Balance - Budget and Actual  
Year Ended June 30, 1998  
(With Comparative Totals for June 30, 1997)

	1998		Variance Favorable (Unfavorable)	1997
	Budget	Actual		Actual
REVENUE				
Sales tax	\$ 7,250,000	\$ 9,032,572	\$ 1,782,572	\$ 7,896,250
EXPENDITURES				
Professional fees	35,000	42,614	(7,614)	37,645
Excess of Revenues Over Expenditures	7,215,000	8,989,958	1,774,958	7,858,605
Other Financing (Uses)				
Transfers to other funds	(7,215,000)	(8,914,175)	(1,699,175)	(7,735,054)
Excess of Revenues Over (Under) Expenditures and Other Uses	\$ -	75,783	75,783	123,551
FUND BALANCE, BEGINNING OF YEAR		815,010		691,459
FUND BALANCE, END OF YEAR		\$ 890,793		\$ 815,010

See accompanying notes to financial statements.

## 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

Debt Service Funds  
Combining Balance Sheet  
June 30, 1998

(With Comparative Totals for June 30, 1997)

	<u>Paving Project 1993-1</u>	<u>Paving Project 1992-1</u>	<u>Public Improvement 1993</u>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 159,370	\$ 59,351	\$ 281,052
Investments	-	-	1,764,849
Assessments receivable			
Current	15,439	4,815	-
Delinquent	2,337	2,541	-
Deferred	80,143	14,440	-
Interest receivable	841	911	-
Grant receivable	-	-	-
<b>TOTAL ASSETS</b>	<u>\$ 258,130</u>	<u>\$ 82,058</u>	<u>\$ 2,045,901</u>
 <b>LIABILITIES AND FUND BALANCE</b>			
<b>LIABILITIES</b>			
Accounts payable	\$ 350	\$ 351	\$ -
Due to other funds	-	-	-
Deferred revenue	80,143	14,440	-
<b>Total Liabilities</b>	<u>80,493</u>	<u>14,791</u>	<u>-</u>
 <b>FUND BALANCE</b>			
Reserve for debt service	177,637	67,267	2,045,901
Unreserved	-	-	-
<b>Total Fund Balance</b>	<u>177,637</u>	<u>67,267</u>	<u>2,045,901</u>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<u>\$ 258,130</u>	<u>\$ 82,058</u>	<u>\$ 2,045,901</u>

See accompanying notes to financial statements.

Paving Project 1991-B	Public Improvement 1996-1997	Total 1998	Comparative Total 1997
\$ 640,978	\$ 176,084	\$ 1,316,835	\$ 1,874,128
-	-	1,764,849	1,651,773
-	19,315	39,569	31,534
-	612	5,490	4,925
-	167,294	261,877	215,171
-	321	2,073	1,931
-	12,000	12,000	-
<u>\$ 640,978</u>	<u>\$ 375,626</u>	<u>\$ 3,402,693</u>	<u>\$ 3,779,462</u>
\$ -	\$ 11,463	\$ 12,164	\$ -
-	-	-	30,243
-	167,294	261,877	215,171
<u>-</u>	<u>178,757</u>	<u>274,041</u>	<u>245,414</u>
640,978	196,869	3,128,652	3,534,048
-	-	-	-
<u>640,978</u>	<u>196,869</u>	<u>3,128,652</u>	<u>3,534,048</u>
<u>\$ 640,978</u>	<u>\$ 375,626</u>	<u>\$ 3,402,693</u>	<u>\$ 3,779,462</u>

CITY OF SULPHUR  
SULPHUR, LOUISIANA  
Primary Government

Debt Service Funds  
Combining Statement of Revenues, Expenditures,  
and Changes in Fund Balances  
June 30, 1998  
(With Comparative Totals for June 30, 1997)

	Paving Project 1993-1	Paving Project 1992-1	Public Improvement 1993
<b>REVENUES</b>			
Assessment levies	\$ 24,350	\$ 6,155	\$ -
Interest on investments	5,302	2,118	141,205
Interest on assessments	6,607	1,702	-
Federal and state grants	-	-	-
Total Revenues	36,259	9,975	141,205
<b>EXPENDITURES</b>			
Miscellaneous	-	-	-
Debt service			
Principal retirement	30,000	14,284	1,220,000
Interest and fiscal charges	16,176	5,716	528,181
Advance refunding escrow	-	-	-
Capital outlays	-	-	-
Total Expenditures	46,176	20,000	1,748,181
Excess (Deficiency) of Revenues Over Expenditures	(9,917)	(10,025)	(1,606,976)
<b>OTHER FINANCING SOURCES (USES)</b>			
Operating transfers in	-	-	1,749,598
Operating transfers out	-	-	-
Proceeds from issuance of debt	-	-	-
Proceeds of refunding bonds	-	-	-
Payment to refund bond escrow agent	-	-	-
Total Other Financing Sources (Uses)	-	-	1,749,598
Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses	(9,917)	(10,025)	142,622
FUND BALANCE - BEGINNING OF YEAR	187,554	77,292	1,903,279
FUND BALANCE - END OF YEAR	\$ 177,637	\$ 67,267	\$ 2,045,901

See accompanying notes to financial statements.

<u>Paving Project 1991-B</u>	<u>Public Improvement 1996-1997</u>	<u>Total 1998</u>	<u>Comparative Total 1997</u>
\$ -	\$ 75,542	\$ 106,047	\$ 75,954
68,287	9,533	226,445	209,879
-	5,610	13,919	12,966
-	12,000	12,000	-
<u>68,287</u>	<u>102,685</u>	<u>358,411</u>	<u>298,799</u>
16,647	6,915	23,562	2,185
495,000	10,960	1,770,244	1,664,284
120,098	5,638	675,809	762,937
651,000	-	651,000	-
-	183,822	183,822	60,123
<u>1,282,745</u>	<u>207,335</u>	<u>3,304,437</u>	<u>2,489,529</u>
<u>(1,214,458)</u>	<u>(104,650)</u>	<u>(2,946,026)</u>	<u>(2,190,730)</u>
626,805	20,000	2,396,403	2,433,237
-	-	-	(73,788)
-	127,581	127,581	109,600
1,095,000	-	1,095,000	-
<u>(1,078,354)</u>	<u>-</u>	<u>(1,078,354)</u>	<u>-</u>
<u>643,451</u>	<u>147,581</u>	<u>2,540,630</u>	<u>2,469,049</u>
(571,007)	42,931	(405,396)	278,319
<u>1,211,985</u>	<u>153,938</u>	<u>3,534,048</u>	<u>3,255,729</u>
<u>\$ 640,978</u>	<u>\$ 196,869</u>	<u>\$ 3,128,652</u>	<u>\$ 3,534,048</u>

## 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

Capital Projects Funds  
Combining Balance Sheet  
June 30, 1998  
(With Comparative Totals for June 30, 1997)

	<u>1984/1985</u> <u>Public</u> <u>Improvement</u>	<u>1992</u> <u>Public</u> <u>Improvement</u>
<b>ASSETS</b>		
Cash and cash equivalents	\$ -	\$ 4,616,764
Investments	-	-
Grants receivable	353,409	-
Assessments receivable:		
Current	-	-
Delinquent	-	-
Deferred	-	-
Interest receivable	-	-
	<u>                    </u>	<u>                    </u>
<b>TOTAL ASSETS</b>	<b>\$ <u>353,409</u></b>	<b>\$ <u>4,616,764</u></b>
 <b>LIABILITIES AND FUND BALANCE</b>		
<b>LIABILITIES</b>		
Cash overdrafts	\$ 37,090	\$ -
Accounts and contracts payable	344,692	770,331
Due to other funds	-	-
Deferred revenue	-	-
Total Liabilities	<u>381,782</u>	<u>770,331</u>
 <b>FUND BALANCE</b>		
Reserved for debt service	-	-
Unreserved - undesignated	<u>(28,373)</u>	<u>3,846,433</u>
Total Fund Balance	<u>(28,373)</u>	<u>3,846,433</u>
 <b>TOTAL LIABILITIES AND FUND BALANCE</b>	 <b>\$ <u>353,409</u></b>	 <b>\$ <u>4,616,764</u></b>

See accompanying notes to financial statements.



Street Pavings	1996/1997 Public Improvement	Total 1998	Comparative Total 1997
\$ -	\$ 87,269	\$ 4,704,033	\$ 4,158,231
-	-	-	-
-	-	353,409	543,851
4,527	-	4,527	6,103
8,918	-	8,918	7,243
17,874	-	17,874	30,188
3,997	-	3,997	3,012
<u>\$ 35,316</u>	<u>\$ 87,269</u>	<u>\$ 5,092,758</u>	<u>\$ 4,748,628</u>
\$ 5,523	\$ -	\$ 42,613	\$ -
-	7,026	1,122,049	657,167
-	-	-	122,340
17,874	-	17,874	30,188
<u>23,397</u>	<u>7,026</u>	<u>1,182,536</u>	<u>809,695</u>
11,919	-	11,919	(2,984)
-	80,243	3,898,303	3,941,917
<u>11,919</u>	<u>80,243</u>	<u>3,910,222</u>	<u>3,938,933</u>
<u>\$ 35,316</u>	<u>\$ 87,269</u>	<u>\$ 5,092,758</u>	<u>\$ 4,748,628</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, 1998  
(With Comparative Totals for June 30, 1997)

	1984/1985 Public Improvement	1992 Public Improvement
REVENUES		
Federal and state grants	\$ 1,978,239	\$ 25,000
Assessment levies	-	-
Interest	3,491	158,546
Other	-	30
Total Revenues	1,981,730	183,576
EXPENDITURES		
Administration	50,305	19,126
Construction costs	2,280,119	2,958,301
Engineering and other	124,553	214,264
Total Expenditures	2,454,977	3,191,691
Excess (Deficiency) of Revenues over Expenditures	(473,247)	(3,008,115)
Other Financing Sources (Uses)		
Operating transfers in	250,000	3,134,013
Operating transfers out	-	(20,000)
Total Other Financing Sources (Uses)	250,000	3,114,013
Excess (Deficiency) of Revenues and other Financing Sources Over Expenditures and Other Financing Uses	(223,247)	105,898
FUND BALANCE (DEFICIT) - BEGINNING OF YEAR, as previously stated	194,874	3,740,535
PRIOR PERIOD ADJUSTMENT	-	-
FUND BALANCE (DEFICIT) - BEGINNING OF YEAR, as restated	194,874	3,740,535
FUND BALANCE (DEFICIT) - END OF YEAR	\$ (28,373)	\$ 3,846,433

See accompanying notes to financial statements.

Street Pavings	1996/1997 Public Improvement	Total 1998	Comparative Total 1997
\$ -	\$ 98,313	\$ 2,101,552	\$ 1,030,158
12,314	-	12,314	13,092
2,589	1,084	165,710	189,245
-	-	30	6,684
<u>14,903</u>	<u>99,397</u>	<u>2,279,606</u>	<u>1,239,179</u>
-	1,171	70,602	39,179
-	235,409	5,473,829	3,561,912
-	13,914	352,731	589,614
<u>-</u>	<u>250,494</u>	<u>5,897,162</u>	<u>4,190,705</u>
14,903	(151,097)	(3,617,556)	(2,951,526)
-	224,832	3,608,845	5,325,600
-	-	(20,000)	(2,682,189)
<u>-</u>	<u>224,832</u>	<u>3,588,845</u>	<u>2,643,411</u>
<u>14,903</u>	<u>73,735</u>	<u>(28,711)</u>	<u>(308,115)</u>
(2,984)	6,508	3,938,933	4,118,415
-	-	-	128,633
<u>(2,984)</u>	<u>6,508</u>	<u>3,938,933</u>	<u>4,247,048</u>
\$ <u>11,919</u>	\$ <u>80,243</u>	\$ <u>3,910,222</u>	\$ <u>3,938,933</u>

## 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.

CITY OF SULPHUR  
SULPHUR, LOUISIANA  
Primary Government

Enterprise Fund  
Comparative Balance Sheet  
June 30, 1998 and 1997

	<u>1998</u>	<u>1997</u>
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 3,857,617	\$ 4,158,176
Investments	595,886	564,499
Receivables (net of allowance for doubtful accounts of \$8,402 and \$8,402 for years ending June 30, 1998 and 1997)		
Accounts	139,040	193,550
Other	49,645	43,875
Inventory	13,381	-
Total Current Assets	<u>4,655,569</u>	<u>4,960,100</u>
<b>RESTRICTED ASSETS</b>		
Cash and cash equivalents/customer meter deposits	<u>117,399</u>	<u>193,610</u>
<b>FIXED ASSETS, net of accumulated depreciation (1998 - \$10,087,680, 1997 - \$9,295,706)</b>	<u>29,440,490</u>	<u>29,380,402</u>
 <b>TOTAL ASSETS</b>	 <b>\$ <u>34,213,458</u></b>	 <b>\$ <u>34,534,112</u></b>

See accompanying notes to financial statements.

## LIABILITIES AND FUND EQUITY

	<u>1998</u>	<u>1997</u>
<b>LIABILITIES</b>		
Current liabilities		
Accounts payable	\$ 45,995	\$ 55,158
Accrued payroll and taxes	33,974	31,719
Accrued vacation and comp time	27,541	27,541
Other accrued compensated absences	68,200	59,945
Due to other funds	-	88,497
Sales tax payable	3,564	3,707
	<u>179,274</u>	<u>266,567</u>
Current liabilities (payable from restricted assets)		
Customer meter deposits	<u>117,399</u>	<u>115,048</u>
Total Liabilities	<u>296,673</u>	<u>381,615</u>
<b>FUND EQUITY</b>		
Contributions		
From municipality	19,817,165	19,018,341
From state and federal grants	13,095,536	13,409,813
Total Contributions	<u>32,912,701</u>	<u>32,428,154</u>
<b>RETAINED EARNINGS</b>		
Designated for depreciation	1,000,000	1,000,000
Unreserved - undesignated	4,084	724,343
Total Retained Earnings	<u>1,004,084</u>	<u>1,724,343</u>
Total Fund Equity	<u>33,916,785</u>	<u>34,152,497</u>
<b>TOTAL LIABILITIES AND FUND EQUITY</b>	<u>\$ 34,213,458</u>	<u>\$ 34,534,112</u>

CITY OF SULPHUR  
SULPHUR, LOUISIANA  
Primary Government

Enterprise Fund  
Statement of Revenues, Expenses, and  
Changes in Retained Earnings  
Year Ended June 30, 1998  
(With Comparative Totals for June 30, 1997)

	1998			1997
	Budget	Actual	Variance Favorable (Unfavorable)	Actual
<b>OPERATING REVENUES</b>				
Water	\$ 1,100,000	\$ 1,077,308	\$ (22,692)	\$ 1,052,821
Sewer	1,241,500	1,309,097	67,597	1,276,716
Water and sewer taps	23,000	23,948	948	30,850
Penalties	30,000	48,723	18,723	37,843
Total Operating Revenues	<u>2,394,500</u>	<u>2,459,076</u>	<u>64,576</u>	<u>2,398,230</u>
<b>OPERATING EXPENSES</b>				
General and administrative	280,540	214,052	66,488	230,015
Water department	987,986	805,601	182,385	772,671
Sewer department	1,259,700	1,072,939	186,761	915,758
Bad debts	-	-	-	-
Depreciation	-	838,116	(838,116)	807,466
Total Operating Expenses	<u>2,528,226</u>	<u>2,930,708</u>	<u>(402,482)</u>	<u>2,725,910</u>
<b>OPERATING INCOME (LOSS)</b>	<u>(133,726)</u>	<u>(471,632)</u>	<u>(337,906)</u>	<u>(327,680)</u>
<b>NON-OPERATING REVENUES (EXPENSES)</b>				
Interest income	150,000	228,732	78,732	222,639
Miscellaneous income (expense)	73,000	(10,077)	(83,077)	18,008
(Loss) on asset disposals	-	(13,982)	(13,982)	-
Total Non-Operating Revenues (Expenses)	<u>223,000</u>	<u>204,673</u>	<u>(18,327)</u>	<u>240,647</u>
<b>INCOME (LOSS) BEFORE OPERATING TRANSFERS</b>	89,274	(266,959)	(356,233)	(87,033)
<b>OTHER FINANCING SOURCES (USES)</b>				
Operating transfers in	300,000	300,000	-	300,000
Operating transfers out	(1,000,000)	(1,067,577)	(67,577)	(129,483)
Total Other Financing Sources (Uses)	<u>(700,000)</u>	<u>(767,577)</u>	<u>(67,577)</u>	<u>170,517</u>
<b>NET INCOME (LOSS)</b>	<u>\$ (610,726)</u>	<u>(1,034,536)</u>	<u>\$ (423,810)</u>	<u>83,484</u>
Depreciation on Fixed Assets Acquired With Externally Restricted Capital Contributions		<u>314,277</u>		<u>314,277</u>
Increase (Decrease) in Retained Earnings		(720,259)		397,761
<b>RETAINED EARNINGS - BEGINNING OF YEAR</b>		<u>1,724,343</u>		<u>1,326,582</u>
<b>RETAINED EARNINGS - END OF YEAR</b>		<u>\$ 1,004,084</u>		<u>\$ 1,724,343</u>

See accompanying notes to financial statements.

CITY OF SULPHUR  
SULPHUR, LOUISIANA  
Primary Government

Enterprise Fund  
Comparative Statement of Cash Flows  
Years Ended June 30, 1998 and 1997

	<u>1998</u>	<u>1997</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Operating income (loss)	\$ (471,632)	\$ (327,680)
Adjustments to reconcile net operating income (loss) to net cash provided by operating activities:		
Depreciation	838,116	807,466
Miscellaneous income	(10,077)	18,008
(Increase) decrease in accounts receivable	48,740	(22,627)
(Increase) decrease in inventory	(13,381)	-
Increase (decrease) in accounts payable and accrued expenses	(84,942)	70,018
Net Cash From Operating Activities	<u>306,824</u>	<u>545,185</u>
<b>CASH FLOWS FROM NON CAPITAL FINANCING ACTIVITIES:</b>		
Operating transfers - in	300,000	300,000
Operating transfers - out	<u>(1,067,577)</u>	<u>(129,483)</u>
Net Cash From Non Capital Financing Activities	<u>(767,577)</u>	<u>170,517</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>		
Acquisition of capital assets	<u>(113,362)</u>	<u>(85,970)</u>
Net Cash From Capital and Related Financing Activities	<u>(113,362)</u>	<u>(85,970)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Interest on investments	228,732	222,639
Purchase of investments - net	<u>(31,387)</u>	<u>(16,084)</u>
Net Cash Flows From Investing Activities	<u>197,345</u>	<u>206,555</u>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>(376,770)</b>	<b>836,287</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>	<b><u>4,351,786</u></b>	<b><u>3,515,499</u></b>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	<b>\$ <u>3,975,016</u></b>	<b>\$ <u>4,351,786</u></b>
Cash and Equivalents - Unrestricted/Designated	\$ 3,857,617	\$ 4,158,176
Cash and Equivalents - Restricted	117,399	193,610

See accompanying notes to financial statements.



CITY OF SULPHUR  
SULPHUR, LOUISIANA  
Primary Government

Enterprise Fund  
Schedule of Operating Expenses  
Year Ended June 30, 1998  
(With Comparative Totals for June 30, 1997)

	1998		Variance Favorable (Unfavorable)	1997
	Budget	Actual		Actual
<b>GENERAL AND ADMINISTRATIVE</b>				
Acquisitions	\$ 7,100	\$ -	\$ 7,100	\$ -
Automotive	2,000	2,725	(725)	1,967
Employee benefits	35,870	27,675	8,195	28,537
Insurance	14,150	5,696	8,454	6,631
Legal and professional	11,000	3,000	8,000	12,931
Office supplies	20,570	22,409	(1,839)	19,725
Plant maintenance	10,200	9,934	266	1,694
Salaries	171,800	137,912	33,888	153,275
Supplies	1,600	793	807	790
Telephone and utilities	2,650	2,817	(167)	2,942
Travel	2,100	589	1,511	189
Uniforms	1,500	502	998	1,334
Total	<u>\$ 280,540</u>	<u>\$ 214,052</u>	<u>\$ 66,488</u>	<u>\$ 230,015</u>
<b>WATER DEPARTMENT</b>				
Acquisitions	\$ 67,600	\$ -	\$ 67,600	\$ -
Automotive	8,500	13,108	(4,608)	8,211
Damage to others	5,000	2,054	2,946	800
Employee benefits	66,400	55,251	11,149	56,389
Insurance	57,900	19,404	38,496	21,903
Janitorial	500	354	146	419
Legal and professional	1,500	3,088	(1,588)	-
Miscellaneous	-	-	-	496
Office supplies	100	710	(610)	26
Plant maintenance	108,986	101,935	7,051	68,363
Salaries	336,500	331,761	4,739	343,538
Plant supplies	135,850	81,219	54,631	81,284
Telephone and utilities	191,100	191,697	(597)	184,930
Training	1,100	735	365	788
Travel	200	-	200	-
Uniforms	6,750	4,285	2,465	5,524
Total	<u>\$ 987,986</u>	<u>\$ 805,601</u>	<u>\$ 182,385</u>	<u>\$ 772,671</u>

Continued

CITY OF SULPHUR  
SULPHUR, LOUISIANA  
Primary Government

Enterprise Fund  
Schedule of Operating Expenses  
Year Ended June 30, 1998  
(With Comparative Totals for June 30, 1997)

	1998		Variance Favorable (Unfavorable)	1997
	Budget	Actual		Actual
SEWER DEPARTMENT				
Acquisitions	\$ 59,300	\$ -	\$ 59,300	\$ -
Automotive	7,100	6,710	390	5,946
Damage to others	8,000	8,782	(782)	2,741
Employee benefits	70,800	64,682	6,118	62,370
Insurance	63,300	20,526	42,774	29,450
Janitorial	1,400	1,037	363	594
Legal and professional	20,000	9,476	10,524	11,662
Office supplies	1,000	1,265	(265)	536
Plant maintenance	295,000	268,824	26,176	172,554
Permits	8,000	7,958	42	7,508
Rental	-	-	-	136
Salaries	411,000	384,906	26,094	391,961
Plant supplies	95,000	76,096	18,904	41,903
Telephone and utilities	210,000	216,838	(6,838)	181,018
Training	1,200	330	870	190
Travel	300	-	300	-
Uniforms	8,300	5,509	2,791	7,189
Total	<u>\$ 1,259,700</u>	<u>\$ 1,072,939</u>	<u>\$ 186,761</u>	<u>\$ 915,758</u>

See accompanying notes to financial statements.

CITY OF SULPHUR  
SULPHUR, LOUISIANA  
Primary Government

Internal Service Fund  
Comparative Balance Sheet  
June 30, 1998 and 1997

ASSETS

	<u>1998</u>	<u>1997</u>
ASSETS		
Cash and cash equivalents	\$ 840,212	\$ 524,407
Prepaid expenses	<u>18,815</u>	<u>18,815</u>
TOTAL ASSETS	<u>\$ 859,027</u>	<u>\$ 543,222</u>

LIABILITIES AND RETAINED EARNINGS

LIABILITIES		
Claims payable	\$ <u>11,779</u>	\$ <u>769</u>
RETAINED EARNINGS		
Designated for catastrophic losses	<u>847,248</u>	<u>542,453</u>
TOTAL LIABILITIES AND RETAINED EARNINGS	<u>\$ 859,027</u>	<u>\$ 543,222</u>

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, 1998 and 1997

	<u>1998</u>	<u>1997</u>
OPERATING REVENUES		
Charges and fees	\$ <u>82,043</u>	\$ <u>55,122</u>
OPERATING EXPENSES		
General and administrative		
Insurance	28,677	37,315
Claims paid	46,270	9,971
Administrative costs	<u>7,096</u>	<u>7,836</u>
Total Operating Expenses	<u>82,043</u>	<u>55,122</u>
OPERATING INCOME	<u>-</u>	<u>-</u>
NON-OPERATING REVENUES (EXPENSES)		
Interest income	<u>26,740</u>	<u>19,189</u>
Total Non-Operating Revenues (Expenses)	<u>26,740</u>	<u>19,189</u>
INCOME BEFORE OPERATING TRANSFERS	26,740	19,189
OTHER FINANCING SOURCES (USES)		
Operating transfers in	<u>278,055</u>	<u>234,904</u>
NET INCOME	304,795	254,093
RETAINED EARNINGS - BEGINNING OF YEAR	<u>542,453</u>	<u>288,360</u>
RETAINED EARNINGS - END OF YEAR	<u>\$ 847,248</u>	<u>\$ 542,453</u>

See accompanying notes to financial statements.

CITY OF SULPHUR  
SULPHUR, LOUISIANA  
Primary Government

Internal Service Fund  
Comparative Statement of Cash Flows  
Years Ended June 30, 1998 and 1997

	<u>1998</u>	<u>1997</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Operating income	\$ -	\$ -
Adjustments to reconcile net operating income to net cash provided by operating activities		
(Increase) in prepaid expenses	-	-
Increase (decrease) in payables	<u>11,010</u>	<u>(26)</u>
Net Cash From Operating Activities	<u>11,010</u>	<u>(26)</u>
 <b>CASH FLOWS FROM NON CAPITAL FINANCING ACTIVITIES</b>		
Operating transfers in	<u>278,055</u>	<u>234,904</u>
 <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Interest on investments	<u>26,740</u>	<u>19,189</u>
 <b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	 315,805	 254,067
 <b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>	 <u>524,407</u>	 <u>270,340</u>
 <b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	 <u>\$ 840,212</u>	 <u>\$ 524,407</u>

See accompanying notes to financial statements.

**GENERAL FIXED ASSETS ACCOUNT GROUP**

CITY OF SULPHUR  
SULPHUR, LOUISIANA  
Primary Government

Comparative Schedule of General Fixed Assets - By Source  
June 30, 1998 and 1997

	1998	1997
<b>GENERAL FIXED ASSETS</b>		
Land and improvements	\$ 2,173,907	\$ 2,173,907
Building	1,772,987	1,772,987
Furniture and equipment	2,680,795	2,743,101
Transportation equipment	1,039,947	1,017,985
Construction in progress	4,099,929	3,309,118
<b>Total General Fixed Assets</b>	<b>\$ 11,767,565</b>	<b>\$ 11,017,098</b>
 <b>INVESTMENT IN GENERAL FIXED ASSETS BY SOURCE</b>		
General and special revenue funds	\$ 11,767,565	\$ 11,017,098
<b>Total Investment in General Fixed Assets</b>	<b>\$ 11,767,565</b>	<b>\$ 11,017,098</b>

See accompanying notes to financial statements.

**GENERAL LONG-TERM DEBT ACCOUNT GROUP**



CITY OF SULPHUR  
SULPHUR, LOUISIANA  
Primary Government

Combining Statement of General Long-Term Debt  
June 30, 1998  
(With Comparative Totals for June 30, 1997)

	Paving Project 1992-1	Paving Project 1993-1	Public Improvement Refunding 1998	Public Improvement Refunding 1993
<b>AMOUNT AVAILABLE AND TO BE PROVIDED FOR THE RETIREMENT OF GENERAL LONG-TERM DEBT</b>				
Amount available in debt service fund for debt retirement	\$ 67,267	\$ 177,637	\$ 640,978	\$ 2,045,901
Amount to be provided for retirement of general long-term debt	4,153	54,040	454,022	6,689,099
Amount to be provided from general government resources	-	-	-	-
<b>TOTAL AVAILABLE AND TO BE PROVIDED</b>	<b>\$ 71,420</b>	<b>\$ 231,677</b>	<b>\$ 1,095,000</b>	<b>\$ 8,735,000</b>
<b>GENERAL LONG-TERM DEBT PAYABLE</b>				
Special assessment debt	\$ 71,420	\$ 231,677	\$ -	\$ -
Bonds payable	-	-	1,095,000	8,735,000
Accrued compensated absences	-	-	-	-
	<b>\$ 71,420</b>	<b>\$ 231,677</b>	<b>\$ 1,095,000</b>	<b>\$ 8,735,000</b>

See accompanying notes to financial statements.

Paving Projects 1996-1998	General Resources	Total	
		1998	1997
\$ 196,869	\$ -	\$ 3,128,652	\$ 3,407,455
29,352	-	7,230,666	9,209,526
<u>-</u>	<u>96,650</u>	<u>96,650</u>	<u>74,289</u>
<u>\$ 226,221</u>	<u>\$ 96,650</u>	<u>\$ 10,455,968</u>	<u>\$ 12,691,270</u>
\$ 226,221	\$ -	\$ 529,318	\$ 456,981
-	-	9,830,000	12,160,000
-	96,650	96,650	74,289
<u>\$ 226,221</u>	<u>\$ 96,650</u>	<u>\$ 10,455,968</u>	<u>\$ 12,691,270</u>

CITY OF SULPHUR  
SULPHUR, LOUISIANA  
Primary Government

Schedule of Operating Transfers  
Year Ended June 30, 1998

	Transfers	
	TO	FROM
<b>GENERAL FUND</b>		
Special Revenue-Sales tax	\$ -	\$ 5,083,668
Capital Projects		
1984/1985 public improvement	250,000	-
1992 public improvement	979,909	-
1996/1997 public improvement	224,832	-
Internal Service-Workers compensation	210,478	-
	<u>\$ 1,665,219</u>	<u>\$ 5,083,668</u>
<b>SPECIAL REVENUE FUND</b>		
General	\$ 5,083,668	\$ -
Debt Service		
Public improvement 1991-B	626,805	-
Public improvement 1993	1,749,598	-
Capital Projects		
1992 public improvement	1,154,104	-
Enterprise	300,000	-
	<u>8,914,175</u>	<u>-</u>
<b>DEBT SERVICE</b>		
Public improvement 1991-B		
Special revenue-Sales tax	-	626,805
Public improvement 1993		
Special revenue-Sales tax	-	1,749,598
Public improvement 1996/1997		
1992 public improvement	-	20,000
	<u>-</u>	<u>2,396,403</u>
<b>CAPITAL PROJECTS</b>		
1992 public improvement		
Special revenue-Sales tax	-	1,154,104
General	-	979,909
Public improvement 1996/1997	20,000	-
Enterprise	-	1,000,000
1996/1997 public improvement		
General	-	224,832
1984/1985 public improvement	-	250,000
	<u>20,000</u>	<u>3,608,845</u>
<b>ENTERPRISE FUND</b>		
Special revenue-Sales tax	-	300,000
Capital projects		
1992 public improvement	1,000,000	-
Internal service-workers compensation	67,577	-
	<u>1,067,577</u>	<u>300,000</u>
<b>INTERNAL SERVICE FUND</b>		
General	-	210,478
Enterprise	-	67,577
	<u>-</u>	<u>278,055</u>
	<u>\$ 11,666,971</u>	<u>\$ 11,666,971</u>

CITY OF SULPHUR  
SULPHUR, LOUISIANA  
Primary Government

Schedule of Expenditures of Federal Awards  
For the Year Ended June 30, 1998

<u>Federal Grantor/Pass Through Grantor/Program Title</u>	<u>Federal CFDA 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	20.205	\$ 1,978,239	\$ 1,978,239
<u>U.S. Department of Justice</u> Passed through State Louisiana Commission on Law Enforcement: Drug Control and Systems Improvement	16.579	57,239	57,239
<u>National Oceanic and Atmospheric Administration</u> Geodetic Surveys and Services	11.400	<u>98,313</u>	<u>98,313</u>
<b>TOTAL FEDERAL ASSISTANCE</b>		<b><u>\$ 2,133,791</u></b>	<b><u>\$ 2,133,791</u></b>

The above statement was prepared on the accrual basis of accounting.



Founded in 1978

# BROUSSARD & COMPANY, APC

CERTIFIED PUBLIC ACCOUNTANTS

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

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, 1998, and have issued our report thereon dated October 29, 1998. We conducted our audit in accordance with generally accepted auditing standards, and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

### Compliance

As part of obtaining reasonable assurance about whether City of Sulphur, Louisiana's primary government financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance that is required to be reported under Government Auditing Standards, which is described in the accompanying schedule of findings and questioned costs as Item 98-1.

### Internal Control Over Financial Reporting

In planning and performing our audit, we considered City of Sulphur, Louisiana's, internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that we have reported to management in a separate letter dated October 29, 1998.

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To the Members of the Sulphur City Council  
Page 2

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*

Lake Charles, Louisiana  
October 29, 1998  
/dkb



Founded in 1978

## **BROUSSARD & COMPANY, APC**

**CERTIFIED PUBLIC ACCOUNTANTS**

### **INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

To the Members of the Sulphur City Council  
Sulphur, Louisiana

#### Compliance

We have audited the compliance of City of Sulphur, Louisiana, with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the year ended June 30, 1998. City of Sulphur, Louisiana's, major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of City of Sulphur, Louisiana's, management. Our responsibility is to express an opinion on City of Sulphur, Louisiana's, compliance based on our audit.

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

In our opinion, City of Sulphur, Louisiana complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 1998.

#### Internal Control Over Compliance

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

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To the Members of the Sulphur City Council  
Page 2

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

This report is intended 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*

Lake Charles, Louisiana  
October 29, 1998  
/dkb



CITY OF SULPHUR  
SULPHUR, LOUISIANA  
Primary Government

Schedule of Findings and Questioned Costs  
June 30, 1998

**I. Summary of Independent Auditor's Results:**

1. Unqualified opinion on primary government financial statements.
2. No reportable conditions in internal control disclosed.
3. The audit disclosed one instance of noncompliance considered material to the financial statements of the City.

#98-1

**Criteria** - Louisiana Revised Statute 38:2212 requires that purchases of materials and supplies exceeding \$7,500, but less than \$15,000 be evidenced by three telephone or facsimile quotes prior to acquisition. Written confirmation of the accepted offer should become part of the acquisition file.

**Cause** - The City acquired three used pick-up trucks without obtaining quotes..

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

**Recommendations** - We recommend, and the City agrees, that City officials place in operation controls to provide reasonable assurance that they are in compliance with appropriate laws and regulations. The City has also redistributed the public bid law to all department heads.

4. The audit did not disclose any reportable conditions in internal control over its major federal award programs.
5. Unqualified opinion on compliance for major programs.
6. No audit findings relative to major federal award programs.
7. Major program - Federal Highway Administration - 20.205 Highway Planning and Construction.
8. Type A threshold totaled \$300,000.
9. The auditee does not qualify as a low risk auditee.

**II. GAGAS Findings**

1. The audit disclosed one instance of noncompliance considered material to the financial statements of the City.

**III. Federal Awards Findings**

1. Nothing required to be reported.

CITY OF SULPHUR  
SULPHUR, LOUISIANA  
Primary Government

Summary of Prior Year Findings  
June 30, 1998

The following findings were mentioned in the prior year audit and are mentioned again in the current year.

Finding

Deposits with financial institutions were in excess of FDIC and pledged security limits.

Corrective Action Plan

Corrective action has been taken.

Finding

*Improper credit was applied on a contractor's application.*

Corrective Action Plan

Corrective action has been taken.

Finding

Travel costs were prepaid.

Corrective Action Plan

Corrective action has been taken.



Founded in 1978

# BROUSSARD & COMPANY

CERTIFIED PUBLIC ACCOUNTANTS  
HEALTH CARE CONSULTANTS 

October 29, 1998

To the 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, 1998, 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 may be 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 October 29, 1998, 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,

*Broussard & Company*

BROUSSARD & COMPANY, CPAs, APC

/dkb

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## MEMORANDUM

### FUND BALANCE ACTIVITY

Our test work revealed where numerous transactions were coded to equity or fund balance accounts. In order to ensure financial statements present a complete, accurate reporting of results of operations, we recommend all transactions, with the exception of a few technical events, be coded through expense and expenditure accounts.

### DRUG FUND SETTLEMENTS

We noted a drug fund asset forfeiture was effective as of November 1997; however, the City did not receive the proceeds until July 1998. We recommend the City establish procedures to ensure all cases submitted to the District Attorney's Office are followed up on a routine basis.

### ACCOUNTS RECEIVABLE AGING

We were unable to locate the aged accounts receivable subsidiary listing. Follow up procedures indicated that the reports were inadvertently disposed of by City personnel. In order to determine collection procedures as well as collectibility of the receivables, we suggest management continue to review, on a monthly basis, accounts receivable aging reports.

Additionally, we recommend customer security deposits be reconciled periodically to the general ledger.

### SALES TAX REPORTS

Our test work indicated that some monthly sales tax reports were not being properly prepared. The result of this inadvertent error resulted in an overpayment of approximately \$10,000 to the Department of Taxation and Revenue. Although the City is in the process of amending these reports, we suggest a management level employee be designated to review all such reports prior to filing dates.

### THE YEAR 2000 ISSUE

The Year 2000 Issue results from the inability of a computer program to process year-date data accurately beyond the year 1999. Except in recently introduced year 2000 compliant programs, computer programs consistently have included abbreviated dates (that is, dates that excluded the first two digits of the year) with the assumption that those two digits would always be 19. Unless corrected, that shortcut may create widespread problems on January 1, 2000. On that date, some computer programs may recognize the date as January 1, 1900, and either process data incorrectly or stop processing it altogether.

The Year 2000 Issue may affect computer applications before January 1, 2000, when systems currently attempt to perform calculations into the year 2000. Furthermore, some computer programs use several dates in the year 1999 (such as 01/01/99, 09/09/99, and 12/31/99) to mean something other than that date. As systems process data using those dates, they may produce erratic results or stop functioning.

The Year 2000 Issue presents yet another challenge: the algorithm used in some computer programs for calculating leap years may be unable to detect that the year 2000 is a leap year. Therefore, systems that are not year 2000 compliant may produce incorrect results.

**MEMORANDUM (Continued)**

We recommend that you begin to take immediate steps to identify, modify, and test all systems that may be impacted by the Year 2000 Issue. In addition, you should monitor your progress to ensure compliance before systems begin to fail, which may be evident before January 1, 2000. If the City fails to take timely and appropriate action, it may experience costly and significant computer program failures, which could prevent it from performing its routine processing activities. Depending on the extent of system failures, noncompliance could be catastrophic for the City.

In addition, the City should implement verification procedures to test the accuracy of information received from its vendors, service providers, bankers, customers, and other third-party organizations with whom it exchanges date-dependent information to ensure that those organizations also are year 2000 compliant. The City should satisfy itself that its operations or cash flows will not be affected by problems in those organizations relating to the Year 2000 Issue.

**GENERAL FIXED ASSETS**

Our test work indicated that a formal policy for reporting fire arms owned by the City to the accounting department does not exist. In order to ensure the Schedule of General Fixed Assets represents a complete reporting of material assets we suggest reporting criteria be established.

CITY OF SULPHUR  
P.O. BOX 1309  
SULPHUR, LOUISIANA 70664-1309

October 29, 1998

Legislative Auditor  
State of Louisiana  
PO Box 94397  
Baton Rouge, LA 70804-9397

Re: Financial Statement Audit for FYE 06/30/98

Dear Sir:

In response to the Schedule of Findings and the Management Letter issued by our auditors, Broussard & Company CPAs, APC, we offer the following:

1. Public Bid Law

The City called a meeting with all department heads to discuss pertinent aspects of the public bid law. The bid law was redistributed to all department heads and compliance requirements were covered. All transactions falling within the bid law parameters are now reviewed at three different levels prior to approval for payment.

2. Fund Balance Activity

The City has instructed accounting personnel as to the significance of proper general ledger coding. Transactions will not be coded to equity accounts without the prior consent of the Director of Finance.

3. Drug Fund Settlements

The City has appointed administrative personnel within the administrative department to monitor on a monthly basis drug fund legal proceedings. The administrative personnel will communicate with appropriate city police staff as well as the District Attorney's Office in monitoring cases.

4. Accounts Receivable Aging

The City normally maintains all accounts receivable aging reports and will ensure all reports will be available in the future. The implementation of a new consumption and billing software module will also facilitate the function of tracking receivable aging.

Legislative Auditor  
State of Louisiana  
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5. Sales Tax Reports

The City has appointed a management level administrative member with the oversight responsibility to review monthly sales tax reports.

6. The Year 2000 Issue

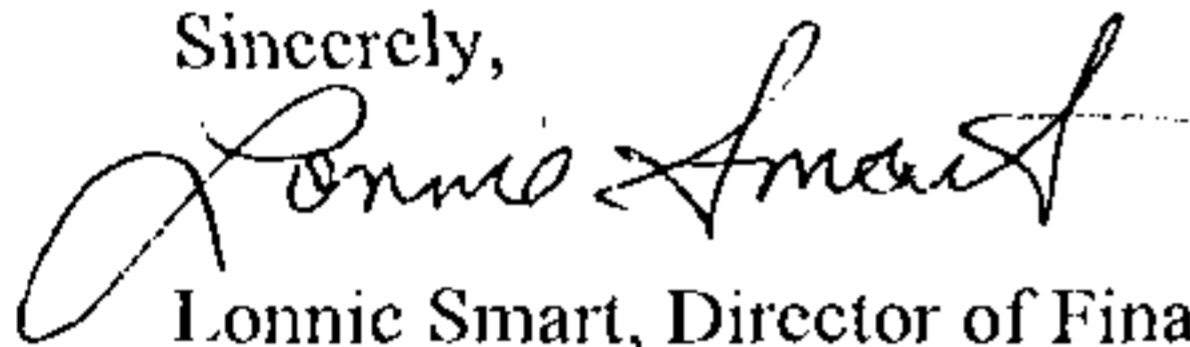
The City is presently working with its computer vendors and project engineers in order to assess year 2000 issues.

7. General Fixed Assets

The City has advised the Director of Finance and the Chief of Police to develop a monitoring mechanism for this area.

In the event further information is needed, please feel free to contact us.

Sincerely,

A handwritten signature in cursive script that reads "Lonnie Smart". The signature is written in black ink and is positioned above the printed name.

Lonnie Smart, Director of Finance