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

**Annual Financial Report
For the Fiscal Year Ended
June 30, 1999**

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

FEB 23 2000

Release Date _____

TABLE OF CONTENTS

	<u>Page</u>
INDEPENDENT AUDITOR'S REPORT	1 - 2
PRIMARY GOVERNMENT FINANCIAL STATEMENTS:	3
Combined Balance Sheet - All Fund Types and Account Groups	4 - 7
Combined Statement of Revenues, Expenditures, and Changes in Fund Balances - All Governmental Fund Types	8 - 9
Combined Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual (Non-GAAP Budgetary Basis) - General and Special Revenue Funds	10 - 11
Combined Statement of Revenues, Expenses, and Changes in Retained Earnings - Proprietary Fund Types	12
Combined Statement of Cash Flows - Proprietary Fund Types	13
Notes to Financial Statements	14 - 32
COMBINING, INDIVIDUAL FUND, AND ACCOUNT GROUP STATEMENTS AND SCHEDULES:	33
General Fund:	34
Comparative Balance Sheet	35
Statement of Revenues, Expenditures, Encumbrances, and Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis)	36 - 37
Statement of Departmental Expenditures - Budget and Actual (Non-GAAP Budgetary Basis)	38 - 46
Special Revenue Fund:	47
Comparative Balance Sheet	48
Comparative Statement of Revenues, Expenditures, and Changes in Fund Balances	49
Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual	50
Debt Service Funds:	51
Combining Balance Sheet	52 - 53
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances	54 - 55
Capital Projects Funds:	56
Combining Balance Sheet	57 - 58
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances	59 - 60

Table of Contents (Continued)	<u>Page</u>
Proprietary Funds:	61
Comparative Balance Sheet	62
Statement of Revenues, Expenses, and Changes in Retained Earnings	63
Comparative Statement of Cash Flows	64
Schedule of Operating Expenses	65 - 67
Internal Service Fund:	
Comparative Balance Sheet	68
Comparative Statement of Revenues, Expenses, and Changes in Retained Earnings	69
Comparative Statement of Cash Flows	70
General Fixed Assets Account Group:	71
Comparative Schedule of General Fixed Assets - by Source	72
General Long-Term Debt Account Group:	73
Combining Statement of General Long-Term Debt	74 - 75
 ADDITIONAL INFORMATION:	 76
Schedule of Operating Transfers	77
Year 2000 Compliance	78
 INDEPENDENT AUDITOR'S REPORTS SECTION:	
Schedule of Expenditures of Federal Awards	79
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	80 - 81
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	82 - 83
Schedule of Findings and Questioned Costs	84 - 85
Summary of Prior Year Findings	86



Founded in 1978

BROUSSARD & COMPANY

CERTIFIED PUBLIC ACCOUNTANTS, L.L.C.

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, 1999, 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, 1999, 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, 1999, 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, 1999, and the combined fund financial statements for the year ended June 30, 1998, 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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LAKE CHARLES OFFICE

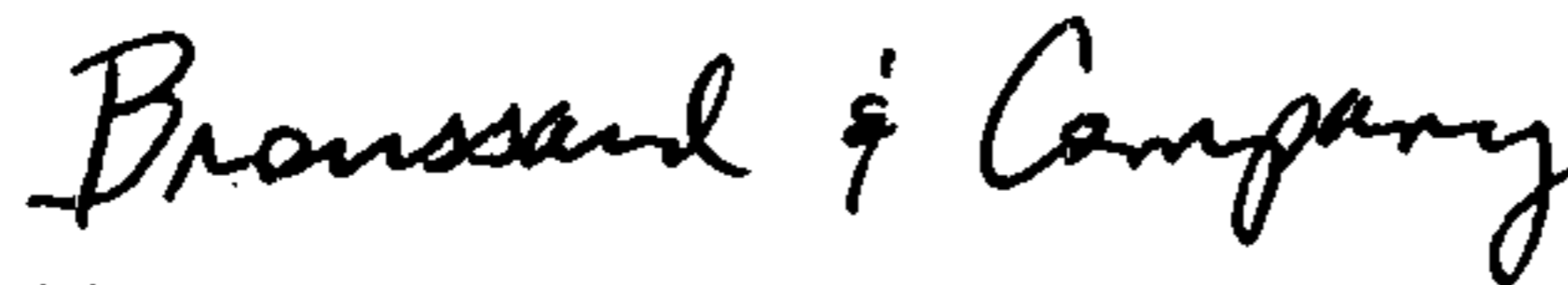
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To the Members of the Sulphur City Council
Sulphur, Louisiana
Page 2

The year 2000 information on page 78 is not a required part of the basic financial statements, but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding methods of measurements and presentation of supplementary information. However, we did not audit the information and do not express an opinion it. In addition, we do not provide assurance that the City of Sulphur, Louisiana is or will become year 2000 compliant, that the City of Sulphur, Louisiana's year 2000 remediation efforts will be successful in whole or in part, or that the parties with which the City of Sulphur does business are or will be year 2000 compliant.

In accordance with Government Auditing Standards, we have also issued our report dated October 7, 1999, 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.



Lake Charles, Louisiana
October 7, 1999
/dkb

PRIMARY GOVERNMENT FINANCIAL STATEMENTS

CITY OF SULPHUR
Sulphur, Louisiana
Primary Government
Combined Balance Sheet
All Fund Types and Account Groups
June 30, 1999
(With Comparative Totals for June 30, 1998)

	Governmental Fund Types			
	General	Special Revenue	Debt Service	Capital Projects
ASSETS AND OTHER DEBITS				
Cash and cash equivalents	\$ 11,367,148	\$ -	\$ 575,219	\$ 6,493,443
Investments	499,635	-	1,877,925	-
Receivables (Net):				
Accounts	439,509	-	-	-
Special assessments	-	-	276,236	34,808
Grants	-	-	-	19,656
Interest	10,575	-	-	-
Sales tax	-	867,085	-	-
Other	-	-	-	-
Inventory	6,782	-	-	-
Prepaid expenses	-	-	-	-
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	-	-	-	-
TOTAL ASSETS AND OTHER DEBITS	\$ 12,323,649	\$ 867,085	\$ 2,729,380	\$ 6,547,907

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

Proprietary Fund Types		Account Groups		Totals (Memorandum Only)	
Enterprise	Internal Service	General Fixed Assets	General Long-Term Debt	1999	1998
\$ 3,544,402	\$ 1,097,518	\$ -	\$ -	\$ 23,077,730	\$ 22,140,867
-	-	-	-	2,377,560	2,956,621
174,481	-	-	-	613,990	615,154
-	-	-	-	311,044	338,255
-	-	-	-	19,656	365,409
-	-	-	-	10,575	6,070
-	-	-	-	867,085	894,176
19,599	-	-	-	19,599	49,645
31,454	-	-	-	38,236	16,972
-	11,346	-	-	11,346	18,815
118,117	-	-	-	118,117	117,399
33,785,990	-	10,171,100	-	43,957,090	41,208,055
-	-	-	2,503,400	2,503,400	3,128,652
-	-	-	6,240,003	6,240,003	7,230,666
-	-	-	120,927	120,927	96,650
<u>\$ 37,674,043</u>	<u>\$ 1,108,864</u>	<u>\$ 10,171,100</u>	<u>\$ 8,864,330</u>	<u>\$ 80,286,358</u>	<u>\$ 79,183,406</u>

CITY OF SULPHUR
Sulphur, Louisiana
Primary Government
Combined Balance Sheet
All Fund Types and Account Groups
June 30, 1999
(With Comparative Totals for June 30, 1998)

	Governmental Fund Types			
	General	Special Revenue	Debt Service	Capital Projects
LIABILITIES, EQUITY, AND OTHER CREDITS				
LIABILITIES				
Cash overdraft	\$ -	\$ -	\$ -	\$ -
Accounts payable	241,991	4,707	-	762,588
Accrued liabilities	418,186	-	-	-
Due to other funds	-	-	-	-
Accrued compensated absences	-	-	-	-
Payable from restricted assets:				
Meter deposits	-	-	-	-
Deferred revenue	-	-	225,980	13,347
General obligation bonds payable	-	-	-	-
Special assessment bonds payable	-	-	-	-
Obligations under capital leases	-	-	-	-
Total Liabilities	660,177	4,707	225,980	775,935
EQUITY AND OTHER CREDITS				
Contributed Capital	-	-	-	-
Investment in general fixed assets	-	-	-	-
Retained earnings:				
Designated for catastrophic losses	-	-	-	-
Unreserved	-	-	-	-
Designated for depreciation	-	-	-	-
Fund balances:				
Reserved for debt service	-	-	2,503,400	18,309
Reserved for inventory	6,782	-	-	-
Reserved for encumbrances	605,114	-	-	-
Reserved	-	862,378	-	-
Designated for solid waste	401,264	-	-	-
Unreserved	10,650,312	-	-	5,753,663
Total Equity and Other Credits	11,663,472	862,378	2,503,400	5,771,972
TOTAL LIABILITIES, EQUITY, AND OTHER CREDITS	\$ 12,323,649	\$ 867,085	\$ 2,729,380	\$ 6,547,907

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

Proprietary Fund Types		Account Groups		Totals (Memorandum Only)	
Enterprise	Internal Service	General Fixed Assets	General Long-Term Debt	1999	1998
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 42,613
68,387	11,911	-	-	1,089,584	1,374,515
65,120	-	-	-	483,306	419,079
-	-	-	-	-	-
85,851	-	-	102,518	188,369	164,850
118,117	-	-	-	118,117	117,399
-	-	-	-	239,327	279,751
-	-	-	8,210,000	8,210,000	9,830,000
-	-	-	533,403	533,403	529,318
-	-	-	18,409	18,409	-
<u>337,475</u>	<u>11,911</u>	<u>-</u>	<u>8,864,330</u>	<u>10,880,515</u>	<u>12,757,525</u>
37,716,160	-	-	-	37,716,160	32,912,701
-	-	10,171,100	-	10,171,100	11,767,565
-	1,096,953	-	-	1,096,953	847,248
(1,379,592)	-	-	-	(1,379,592)	4,084
1,000,000	-	-	-	1,000,000	1,000,000
-	-	-	-	2,521,709	3,140,571
-	-	-	-	6,782	-
-	-	-	-	605,114	42,222
-	-	-	-	862,378	890,793
-	-	-	-	401,264	382,156
-	-	-	-	16,403,975	15,438,541
<u>37,336,568</u>	<u>1,096,953</u>	<u>10,171,100</u>	<u>-</u>	<u>69,405,843</u>	<u>66,425,881</u>
<u>\$ 37,674,043</u>	<u>\$ 1,108,864</u>	<u>\$ 10,171,100</u>	<u>\$ 8,864,330</u>	<u>\$ 80,286,358</u>	<u>\$ 79,183,406</u>

Continued

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, 1999

	General	Special Revenue	Debt Service	Capital Projects
REVENUES				
Taxes	\$ 2,005,767	\$ 8,819,177	\$ -	\$ -
Licenses and permits	660,345	-	-	-
Intergovernmental	687,160	-	-	-
Charges for services	650,948	-	-	-
Fines and forfeitures	438,393	-	-	-
Other:				
Special assessment	-	-	94,840	4,527
Interest	735,526	-	189,748	178,925
Federal and state grants and awards	40,101	-	-	935,812
Miscellaneous	197,641	-	-	6
Total Revenues	5,415,881	8,819,177	284,588	1,119,270
EXPENDITURES				
General and administrative	1,462,217	77,973	-	-
Streets and parks	1,422,528	-	-	-
Fire	2,050,561	-	-	-
Police	2,711,257	-	-	-
Inspection/animal control	213,769	-	-	-
Industrial development	-	-	-	-
Shop	220,652	-	-	-
Sanitation	672,281	-	-	-
Capital outlay	-	-	96,011	4,823,788
Miscellaneous	-	-	-	-
Debt service:				
Principal retirement	-	-	1,688,002	-
Interest and fiscal charges	-	-	546,708	-
Advance refunding escrow	-	-	-	-
Total Expenditures	8,753,265	77,973	2,330,721	4,823,788
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(3,337,384)	8,741,204	(2,046,133)	(3,704,518)
OTHER FINANCING SOURCES (USES)				
Operating transfers in	4,966,657	-	2,148,794	6,831,079
Operating transfers out	(1,911,228)	(8,769,619)	(800,000)	(1,264,811)
Capital lease	20,795	-	-	-
Proceeds from issuance of debt	-	-	72,087	-
Other	(39,984)	-	-	-
Total Other Financing Sources (Uses)	3,036,240	(8,769,619)	1,420,881	5,566,268

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

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, 1999

	General	Special Revenue	Debt Service	Capital Projects
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES	\$ (301,144)	\$ (28,415)	\$ (625,252)	\$ 1,861,750
FUND BALANCE (DEFICIT) - BEGINNING OF YEAR	11,964,616	890,793	3,128,652	3,910,222
FUND BALANCE (DEFICIT) - END OF YEAR	<u>\$ 11,663,472</u>	<u>\$ 862,378</u>	<u>\$ 2,503,400</u>	<u>\$ 5,771,972</u>

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

Continued
9

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, 1999

	General Fund		
	Revised Budget	Actual on Budgetary Basis	Variance Favorable (Unfavorable)
REVENUES			
Taxes	\$ 1,927,700	\$ 2,005,767	\$ 78,067
Licenses and permits	576,540	660,345	83,805
Intergovernmental	488,000	687,160	199,160
Charges for services	700,000	650,948	(49,052)
Fines and forfeitures	155,000	438,393	283,393
Other:			
Interest	500,000	735,526	235,526
Miscellaneous	104,200	197,641	93,441
Federal and state grants and awards	60,000	40,101	(19,899)
Total Revenues	4,511,440	5,415,881	904,441
EXPENDITURES			
General and administrative	1,527,064	1,462,217	64,847
Streets and parks	1,636,334	1,422,528	213,806
Fire	2,886,350	2,571,578	314,772
Police	3,071,361	2,795,354	276,007
Inspection/animal control	236,785	213,769	23,016
Shop	230,434	220,652	9,782
Sanitation	775,000	672,281	102,719
Total Expenditures	10,363,328	9,358,379	1,004,949
Excess (Deficiency) of Revenues Over Expenditures	(5,851,888)	(3,942,498)	1,909,390
OTHER FINANCING SOURCES (USES)			
Operating transfers in	6,564,709	4,966,657	(1,598,052)
Operating transfers out	(1,751,300)	(1,911,228)	(159,928)
Capital lease	-	20,794	20,794
Other	-	(39,984)	(39,984)
Total Other Financing Sources (Uses)	4,813,409	3,036,239	(1,777,170)
Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses	\$ (1,038,479)	(906,259)	\$ 132,220
FUND BALANCE - BEGINNING OF YEAR		11,964,616	
Increase (Decrease) for Reserve for Encumbrance		605,115	
FUND BALANCE - END OF YEAR		\$ 11,663,472	

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

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, 1999

	Special Revenue Fund		
	Revised Budget	Actual	Variance Favorable (Unfavorable)
REVENUES			
Taxes	\$ 7,500,000	\$ 8,819,177	\$ 1,319,177
Licenses and permits	-	-	-
Intergovernmental	-	-	-
Charges for services	-	-	-
Fines and forfeitures	-	-	-
Other:			
Interest	-	-	-
Miscellaneous	-	-	-
Federal and state grants and awards	-	-	-
Total Revenues	7,500,000	8,819,177	1,319,177
EXPENDITURES			
General and administrative	35,000	77,973	(42,973)
Streets and parks	-	-	-
Fire	-	-	-
Police	-	-	-
Inspection/animal control	-	-	-
Shop	-	-	-
Sanitation	-	-	-
Total Expenditures	35,000	77,973	(42,973)
Excess (Deficiency) of Revenues Over Expenditures	7,465,000	8,741,204	1,276,204
OTHER FINANCING SOURCES (USES)			
Operating transfers in	-	-	-
Operating transfers out	(7,465,000)	(8,769,619)	(1,304,619)
Capital lease	-	-	-
Other	-	-	-
Total Other Financing Sources (Uses)	(7,465,000)	(8,769,619)	(1,304,619)
Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses	\$ -	(28,415)	\$ 28,415
FUND BALANCE - BEGINNING OF YEAR		890,793	
Increase (Decrease) for Reserve for Encumbrance		-	
FUND BALANCE - END OF YEAR		\$ 862,378	

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

Continued

CITY OF SULPHUR
Sulphur, Louisiana
Primary Government
Combined Statement of Revenues, Expenses,
and Changes in Retained Earnings
Proprietary Fund Types
Year Ended June 30, 1999

	Internal Service Fund	Enterprise Fund
OPERATING REVENUES		
Water	\$ -	\$ 1,090,883
Sewer	-	1,294,177
Water and sewer taps	-	21,025
Penalties	-	51,456
Charges and fees	137,658	-
Total Operating Revenues	137,658	2,457,541
OPERATING EXPENSES		
Administrative costs	137,658	258,832
Water department	-	769,229
Sewer department	-	1,009,814
Depreciation	-	926,960
Total Operating Expenses	137,658	2,964,835
OPERATING INCOME (LOSS)	-	(507,294)
NON-OPERATING REVENUES (EXPENSES)		
Interest income	38,774	220,169
Miscellaneous income (expense)	500	-
Gain (loss) on asset disposition	-	475
Total Non-Operating Revenues (Expenses)	39,274	220,644
INCOME (LOSS) BEFORE OPERATING TRANSFERS	39,274	(286,650)
OTHER FINANCING SOURCES (USES)		
Operating transfers in	210,431	300,000
Operating transfers out	-	(1,711,303)
Total Other Financing Sources (Uses)	210,431	(1,411,303)
NET INCOME (LOSS)	249,705	(1,697,953)
Depreciation on Fixed Assets Acquired With Externally Restricted Capital Contributions	-	314,277
Increase (Decrease) in Retained Earnings	249,705	(1,383,676)
RETAINED EARNINGS - BEGINNING OF YEAR	847,248	1,004,084
RETAINED EARNINGS - END OF YEAR	\$ 1,096,953	\$ (379,592)

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

CITY OF SULPHUR
Sulphur, Louisiana
Primary Government
Combined Statement of Cash Flows
Proprietary Fund Types
Year Ended June 30, 1999
(With Comparative Totals for June 30, 1998)

	Internal Service Fund	Enterprise Fund	1999	1998
CASH FLOWS FROM OPERATING ACTIVITIES:				
Operating income (loss)	\$ -	\$ (507,294)	\$ (507,294)	\$ (471,632)
Adjustments to reconcile net operating income (loss) to net cash provided by operating activities:				
Depreciation	-	926,960	926,960	838,116
(Increase) Decrease in prepaid expenses	7,470	-	7,470	-
Miscellaneous income	500	-	500	(10,077)
(Increase) decrease in accounts receivable	-	(5,394)	(5,394)	48,740
(Increase) decrease in inventory	-	(18,073)	(18,073)	(13,381)
Increase (decrease) in accounts payable and accrued expenses	131	40,801	40,932	(84,942)
Net Cash From Operating Activities	8,101	437,000	445,101	306,824
CASH FLOWS FROM NON CAPITAL FINANCING ACTIVITIES:				
Operating transfers - in	210,431	300,000	510,431	300,000
Operating transfers - out	-	(1,711,303)	(1,711,303)	(1,067,577)
Net Cash From Non Capital Financing Activities	210,431	(1,411,303)	(1,200,872)	(767,577)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Acquisition of capital assets	-	(154,249)	(154,249)	(113,362)
Net Cash From Capital and Related Financing Activities	-	(154,249)	(154,249)	(113,362)
CASH FLOWS FROM INVESTING ACTIVITIES:				
Interest on investments	38,774	220,169	258,943	228,732
Purchase of investments - net	-	595,886	595,886	(31,387)
Net Cash From Investing Activities	38,774	816,055	854,829	197,345
NET INCREASE IN CASH AND CASH EQUIVALENTS	257,306	(312,497)	(55,191)	(376,770)
CASH AND CASH EQUIVALENTS-BEGINNING OF YEAR	840,212	3,975,016	4,815,228	4,351,786
CASH AND CASH EQUIVALENTS-END OF YEAR	\$ 1,097,518	\$ 3,662,519	\$ 4,760,037	\$ 3,975,016
Cash and Equivalents-Unrestricted/Designated	\$ 1,097,518	\$ 3,544,402	\$ 4,641,920	\$ 3,857,617
Cash and Equivalents - Restricted	-	118,117	118,117	117,399

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

CITY OF SULPHUR
Sulphur, Louisiana
Primary Government
Notes to Financial Statements
June 30, 1999

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 is also to be included in the City's reporting entity.

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

CITY OF SULPHUR
Sulphur, Louisiana
Primary Government
Notes to Financial Statements (Continued)
June 30, 1999

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:

Governmental funds are used to account for all or most of the City's general activities, including the collection and disbursement of specific or legally restricted monies, the acquisition or construction of general fixed assets, and the servicing of general long-term obligations. Governmental funds include:

General Fund - 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 - 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 - 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:

Proprietary funds are used to account for the activities similar to those found in the private sector where the determination of net income is necessary or useful to sound financial administration. Proprietary funds differ from governmental funds in that their focus is on income measurement, which together with the maintenance of equity, is an important financial indicator. Proprietary funds include:

Enterprise Fund - accounts 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.

Internal Service Fund - accounts for the financing of services provided by one department to the other departments of the City on a cost reimbursement basis.

CITY OF SULPHUR
Sulphur, Louisiana
Primary Government
Notes to Financial Statements (Continued)
June 30, 1999

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

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

The **General Fixed Assets Account Group** - accounts 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** - accounts for long-term liabilities to be financed from government funds. Expenditures for principal and interest payments for long-term obligations are recognized in the governmental funds when due.

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. These funds are accounted for using a current financial resources management focus. With this management focus, only current assets and current liabilities are generally included on the balance sheet. 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) is 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.

CITY OF SULPHUR
Sulphur, Louisiana
Primary Government
Notes to Financial Statements (Continued)
June 30, 1999

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

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.

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.

CITY OF SULPHUR
Sulphur, Louisiana
Primary Government
Notes to Financial Statements (Continued)
June 30, 1999

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

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. In addition, local governments in Louisiana are authorized to invest in the Louisiana Asset Management Pool, Inc. (LAMP), a non profit corporation formed by an initiative of the State Treasurer and organized under the laws of the State of Louisiana which generates a local government investment pool.

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.

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, 1999 was \$8,402.

G. Inventory

All inventoriable items such as gasoline and water and sewer supplies are accounted for by the Central Purchasing Department. Inventory is valued at cost (first-in, first-out). The cost is recorded as an expenditure at the time individual inventory items are purchased. Reported inventories are equally offset by a fund balance reserve, which indicates that they do not constitute "available spendable resources" even though they are a component of net current assets.

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.

CITY OF SULPHUR
Sulphur, Louisiana
Primary Government
Notes to Financial Statements (Continued)
June 30, 1999

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

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.

Fixed assets in the proprietary fund operations are included on the balance sheet of the fund, net of accumulated depreciation. Depreciation of all exhaustible fixed assets used by the proprietary fund operations is charged as an expense against operations.

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 appropriated 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.

CITY OF SULPHUR
Sulphur, Louisiana
Primary Government
Notes to Financial Statements (Continued)
June 30, 1999

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

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 eliminations have not been made in the aggregation of this data.

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.

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, 1999, the City had cash and interest-bearing deposits (book balances) totaling \$1,505,014, as follows:

Demand deposits/interest-bearing demand deposits	\$ 1,505,014
Certificates of deposit	-
	<u>\$ 1,505,014</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, 1999 were as follows:

CITY OF SULPHUR
Sulphur, Louisiana
Primary Government
Notes to Financial Statements (Continued)
June 30, 1999

Note 2 - Deposits and Investments (Continued):

Bank balances	\$ <u>1,616,564</u>
At June 30, 1999, the deposits were secured as follows:	
Federal deposit insurance	\$ 200,000
Pledged securities (Category 3)	<u>6,389,712</u>
Total federal deposit insurance and pledged securities	\$ <u>6,589,712</u>
Excess	\$ <u>4,973,148</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, 1999 were as follows:

	<u>Par Value</u>	<u>Market Value</u>
U.S. Treasury Bill	\$ 1,877,925	\$ 1,905,586
LAMP-Investment Pool	21,684,632	21,684,632

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>1,877,925</u>	
Carrying Amount		\$ <u>21,684,632</u>

CITY OF SULPHUR
Sulphur, Louisiana
Primary Government
Notes to Financial Statements (Continued)
June 30, 1999

Note 3 -Property Taxes

For the year ended June 30, 1999, taxes of 14.46 were levied on property with net assessed valuations totaling \$72,520,020, and were dedicated as follows:

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

Total taxes levied were \$1,037,872

Revenues from Ad valorem taxes are budgeted in the year billed and recognized as revenue when received. The City is permitted by ordinance to levy taxes up to 16.5 mills of assessed valuation for general governmental services. The general purpose millage is perpetual, while the streets and fire maintenance millages are for a ten year duration and expire in 2005. Property tax millage rates are adopted in July for the calendar year in which the taxes are levied and 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, 1999, follows:

	Beginning of Year	Additions	Disposals	Adjustments / Transfers	End of Year
Land	\$ 2,173,907	\$ -	\$ -	\$ 1	\$ 2,173,908
Buildings	1,772,987	-	-	-	1,772,987
Furniture and Equipment	2,680,795	754,572	(183,764)	-	3,251,603
Transportation Equipment	1,039,947	269,124	(226,292)	-	1,082,779
Construction In progress	<u>4,099,929</u>	<u>2,876,759</u>	<u>-</u>	<u>(5,086,865)</u>	<u>1,889,823</u>
Total	\$ <u>11,767,565</u>	\$ <u>3,900,455</u>	\$ <u>(410,056)</u>	\$ <u>(5,086,864)</u>	\$ <u>10,171,100</u>

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

CITY OF SULPHUR
Sulphur, Louisiana
Primary Government
Notes to Financial Statements (Continued)
June 30, 1999

Note 4 - Fixed Assets (Continued):

The construction in progress consists of the following projects:

	Total Budgeted	Construction In Progress
Emergency Power Generating Equipment	\$ 587,500	\$ 525,199
Wastewater Flowmeters	175,000	3,006
BOU Tower Media	570,305	432,428
Elevated Tank	950,000	51,120
Eastside Fire Station	702,362	515,167
City Court	75,000	20,028
GIS Mapping	400,000	342,875
Total	\$ <u>3,460,167</u>	\$ <u>1,889,823</u>

B. Proprietary Fund Fixed Assets

A summary of changes in proprietary fund fixed assets for the year ended June 30, 1999 is as follows:

	<u>Fixed Assets</u>				End of Year
	Beginning of Year	Additions	Disposals	Adjustments / Transfers	
Wells, storage tanks, lines	\$ 11,724,008	\$ -	\$ -	\$ 4,853,520	\$ 16,577,528
Treatment plant	27,212,575	-	-	285,857	27,498,432
Auto and trucks	255,498	7,500	(18,697)	-	244,301
Other equipment	336,089	124,448	(24,045)	-	436,492
	<u>39,528,170</u>	\$ <u>131,948</u>	\$ <u>(42,742)</u>	\$ <u>5,139,377</u>	44,756,753
Less allowance for accumulated depreciation	<u>(10,087,680)</u>				<u>(10,970,763)</u>
Totals	\$ <u>29,440,490</u>				\$ <u>33,785,990</u>

Depreciation expense was \$926,960 for the year ended June 30, 1999.

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, 1999:

	Beginning of Year	Issued	Retired	End of Year
Bonds Payable:				
General Obligation	\$ 9,830,000	\$ -	\$(1,620,000)	\$8,210,000
Special Assessments	529,318	72,087	(68,002)	533,403
Total	<u>\$10,359,318</u>	<u>\$ 72,087</u>	<u>\$(1,688,002)</u>	<u>\$8,743,403</u>

CITY OF SULPHUR
Sulphur, Louisiana
Primary Government
Notes to Financial Statements (Continued)
June 30, 1999

Note 5 - Long-Term Debt (Continued):

Bonds payable at June 30, 1999 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)	\$ 7,455,000
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\$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)	<u>755,000</u> <u>8,210,000</u>
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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%	57,136
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\$346,677 Paving Project 1993-1 dated 08/01/93; due in annual installments of \$34,667 through August 1, 1002, interest at 6%	201,677
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\$109,600 Paving Project 1996-1 dated 11/12/96; due in annual installments of \$11,550 through December 1, 2006; interest 5.07%	87,680
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\$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%.	114,823
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\$72,000 Paving Project 1999 –1 dated 04/01/99; due in annual installments of \$7,209 through April 1, 2009, interest at 5%	<u>72,087</u>
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	<u>533,403</u>
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Total Debt Outstanding	\$ <u>8,743,403</u>
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CITY OF SULPHUR
Sulphur, Louisiana
Primary Government
Notes to Financial Statements (Continued)
June 30, 1999

Note 5 - Long-Term Debt (Continued):

B. Debt Service Requirements to Maturity

The annual requirements to amortize all debt outstanding, including interest of \$1,441,139 are as follows:

Year	General Obligation Bonds	Special Assessment Bonds	Total
2000	\$ 2,141,383	\$ 109,636	\$ 2,251,019
2001	2,152,408	105,245	2,257,653
2002	1,746,298	105,784	1,852,082
2003	1,745,365	106,000	1,851,365
2004	1,748,508	88,269	1,836,777
Thereafter	-	135,646	135,646
	<u>\$ 9,533,962</u>	<u>\$ 650,580</u>	<u>\$10,184,542</u>

C. Debt Defeasance

The City defeased a bond issue in the year ended June 30, 1998. The City placed sufficient proceeds of the new bonds in an irrevocable trust to provide for all future debt service payments on the old debt. Accordingly, the trust account assets and the liability for the defeased debt are not included in the City's financial statements. The required cash flow to service the defeased debt totaled \$1,920,000, while the new debt service requirement total \$1,902,161.

Note 6 - Capital Lease

The City has entered into a lease agreement as lessee for financing the acquisition of a Modular and Compact ICS phone system. The economic substance of the lease is that the City is financing the acquisition of the asset through the lease, and accordingly, it is recorded in the City's assets and liabilities.

The asset acquired through capital lease is as follows:

<u>Asset Category</u>	<u>General Fixed Asset</u>
Furniture and Equipment	\$20,794

The following is a schedule by years of future minimum payments required under the lease together with their present value as of June 30, 1999:

CITY OF SULPHUR
Sulphur, Louisiana
Primary Government
Notes to Financial Statements (Continued)
June 30, 1999

Note 6 - Capital Lease (Continued):

Year Ending June 30,	General Long-Term Debt
2000	\$ 5,551
2001	5,551
2002	5,551
2003	5,551
2004	<u>1,338</u>
Total minimum lease payments	23,542
Less amount representing interest	<u>(5,133)</u>
Present value of minimum Lease payments	<u>\$ 18,409</u>

Note 7 - 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 1998 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.

CITY OF SULPHUR
Sulphur, Louisiana
Primary Government
Notes to Financial Statements (Continued)
June 30, 1999

Note 7 - Dedication of Sales Tax Proceeds (Continued):

4. Twenty percent (20%), but not to exceed \$300,000 annually, without subsequent approval of the Council of the City of Sulphur, Louisiana, to the General Fund of the City of Sulphur, Louisiana, for salaries and salary increases to employees of the City of Sulphur, Louisiana, based on a merit and cost-of-living evaluation system.
5. Six percent (6%), but not to exceed \$90,000 annually, without subsequent approval of the Council of the City of Sulphur, Louisiana, to the Fire Department for any lawful purpose.
6. Twenty percent (20%), together with any excess portion of any of the foregoing allocations, to a reserve and match money fund, which fund shall be used first to satisfy any bond issue or bond indenture requirements, and after said bond 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 8 - 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	32,891,060
Municipality Contributions	<u>5,139,377</u>
Contributed Capital, Ending	<u>\$37,716,160</u>

Note 9 - 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.

CITY OF SULPHUR
Sulphur, Louisiana
Primary Government
Notes to Financial Statements (Continued)
June 30, 1999

Note 9 - Expenditures on Budgetary Basis (Continued):

	Actual	Adjustment to Budgetary Basis	Actual on Budgetary Basis
General Fund:			
General and administrative	\$1,462,217	\$ -	\$1,462,217
Streets and parks	1,422,528	-	1,422,528
Fire	2,050,561	521,017	2,571,578
Police	2,399,387	84,097	2,483,484
Drug seizure	311,870	-	311,870
Inspection/animal control	213,769	-	213,769
Industrial development	-	-	-
Shop	220,652	-	220,652
Sanitation	672,281	-	672,281
	<u>\$8,753,265</u>	<u>\$ 605,114</u>	<u>\$9,358,379</u>

Note 10 - 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

Continued

CITY OF SULPHUR
Sulphur, Louisiana
Primary Government
Notes to Financial Statements (Continued)
June 30, 1999

Note 10-Pension Plans (Continued):

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, 79370 Office Park Boulevard, Baton Rouge, LA 70809.

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, 1999 totaled \$147,950.

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.

CITY OF SULPHUR
Sulphur, Louisiana
Primary Government
Notes to Financial Statements (Continued)
June 30, 1999

Note 10 - Pension Plans (Continued):

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, 1999 totaled \$105,241.

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, 1999 totaled \$118,329.

CITY OF SULPHUR
Sulphur, Louisiana
Primary Government
Notes to Financial Statements (Continued)
June 30, 1999

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 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	\$ 11,779
Incurred claims (including IBNRs)	100,728
Claim payments	<u>(100,596)</u>
Unpaid claims, end of fiscal year	<u>\$ 11,911</u>

CITY OF SULPHUR
Sulphur, Louisiana
Primary Government
Notes to Financial Statements (Continued)
June 30, 1999

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, 1999:

District 1	
Wilmer Dugas	\$ 4,200
District 2	
Bill Emmons	4,200
District 3	
Roy Loup	1,818
David Ritchie	2,337
District 4	
Bob Davidson	1,818
Dick Kennison	2,337
District 5	
Mel Estes	1,818
Patricia Hemphill	2,337

The compensation paid to the Mayor for the year end June 30, 1999, is as follows:

Charles Reed, Mayor	\$48,858
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Note 14-Service Agreement

The City entered into an agreement with the Motor Vehicle Commissioner of the State of Louisiana to provide financial support for the cost of operating the local Department of Motor Vehicle (DMV) field office. The DMV subsidizes the cost of local operations by remitting to the City, a two dollar per service transaction fee. The City provides an annual accounting to the DMV of income and expenses. Excess funds may be utilized for fixed asset acquisitions or offset to recover operating costs previously funded by the DMV. The accumulated funds available for asset acquisitions or cost recovery totaled \$53,145 at June 30, 1999.

Note 15-Prior Year Balances

Certain prior year amounts have been reclassified to conform with current year presentation. Such reclassifications had no effect on previously reported revenue, expenditures, expenses, fund balances, and retained earnings.

**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, 1999 and 1998

	1999	1998
ASSETS		
Cash and cash equivalents	\$ 11,367,148	\$ 11,422,170
Investments	499,635	595,886
Receivables	450,084	476,114
Inventories	6,782	3,592
Due from other funds	-	-
TOTAL ASSETS	\$ 12,323,649	\$ 12,497,762
LIABILITIES AND FUND BALANCE		
LIABILITIES		
Accounts payable	\$ 241,991	\$ 179,145
Accrued salaries and payroll taxes	241,643	211,995
Accrued vacation and comp time	167,843	131,695
Other liabilities	8,700	10,311
TOTAL LIABILITIES	660,177	533,146
FUND BALANCE		
Reserved for encumbrances	605,114	42,222
Reserved for inventory	6,782	-
Designated for solid waste	401,264	382,156
Unreserved - undesignated	10,650,312	11,540,238
TOTAL FUND BALANCE	11,663,472	11,964,616
TOTAL LIABILITIES AND FUND BALANCE	\$ 12,323,649	\$ 12,497,762

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, 1999
(With Comparative Totals for June 30, 1998)

	Budget	Actual on Budgetary Basis	Variance Favorable (Unfavorable)	1998 Actual on Budgetary Basis
REVENUES				
Taxes				
Ad valorem	\$ 955,000	\$ 1,045,134	\$ 90,134	\$ 988,802
Public utility franchise	972,700	960,633	(12,067)	1,019,226
Licenses and permits				
Licenses	545,620	584,375	38,755	589,969
Permits	30,920	75,970	45,050	41,800
Intergovernmental				
Tobacco and beer	128,000	137,924	9,924	136,540
Fire insurance	30,000	39,456	9,456	37,196
Department of motor vehicles	30,000	-	(30,000)	43,248
Video poker	300,000	509,780	209,780	422,428
Charges for services				
Sanitation	550,000	564,926	14,926	562,801
Recycling	150,000	86,022	(63,978)	171,395
Fines				
Court fines	155,000	252,897	97,897	215,210
DWI and drug seizures	-	185,496	185,496	54,596
Other				
Interest	500,000	735,526	235,526	715,791
Rentals and leases	7,500	10,166	2,666	14,500
Alien and prisoner housing	50,000	91,371	41,371	84,910
Miscellaneous	46,700	82,747	36,047	102,988
Sale of fixed assets	-	3,357	3,357	58,628
Damages and settlements received	-	10,000	10,000	448
Federal and state grants and awards	60,000	40,101	(19,899)	57,239
Total Revenues	4,511,440	5,415,881	904,441	5,317,715
EXPENDITURES				
General and administrative	1,527,064	1,462,217	64,847	1,187,901
Streets and parks	1,636,334	1,422,528	213,806	1,165,106
Fire	2,886,350	2,571,578	314,772	1,758,163
Police	2,674,661	2,483,484	191,177	1,727,103
Drug seizure	396,700	311,870	84,830	344,057
Inspection/animal control	236,785	213,769	23,016	184,617
Industrial development	-	-	-	1,941
Shop	230,434	220,652	9,782	164,175
Sanitation	775,000	672,281	102,719	767,982
Total Expenditures	10,363,328	9,358,379	1,004,949	7,301,045
Excess (Deficiency) of Revenues Over Expenditures	(5,851,888)	(3,942,498)	1,909,390	(1,983,330)

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, 1999
(With Comparative Totals for June 30, 1998)

	Budget	Actual on Budgetary Basis	Variance Favorable (Unfavorable)	1998 Actual on Budgetary Basis
OTHER FINANCING SOURCES (USES)				
Operating transfers in	\$ 6,564,709	\$ 4,966,657	\$ (1,598,052)	\$ 5,083,668
Operating transfers out	(1,751,300)	(1,911,228)	(159,928)	(1,665,219)
Capital lease	-	20,794	20,794	-
Other	-	(39,984)	39,984	-
<i>Total Other Financing Sources (Uses)</i>	<u>4,813,409</u>	<u>3,036,239</u>	<u>(1,777,170)</u>	<u>3,418,449</u>
Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses	<u>\$ (1,038,479)</u>	<u>(906,259)</u>	<u>\$ 132,220</u>	<u>1,435,119</u>
FUND BALANCE-BEGINNING OF YEAR		11,964,616		10,487,276
Increase (Decrease) for Reserve for Encumbrance		605,115		42,222
FUND BALANCE-END OF YEAR		<u>\$ 11,663,472</u>		<u>\$ 11,964,617</u>

See accompanying notes to financial statements.

Continued
37

CITY OF SULPHUR
Sulphur, Louisiana
Primary Government
General Fund
Statement of Departmental Expenditures-
Budget and Actual (Non-GAAP Budgetary Basis)
Year Ended June 30, 1999
(With Comparative Totals for June 30, 1998)

	Budget	Actual on Budgetary Basis	Variance Favorable (Unfavorable)	1998 Actual on Budgetary Basis
GENERAL AND ADMINISTRATIVE				
Acquisitions	\$ 187,870	\$ 167,313	\$ 20,557	\$ 95,093
Advertising	10,024	7,595	2,429	9,029
Automotive	8,682	4,880	3,802	3,962
Business and goodwill	11,900	11,074	826	10,765
Claims settlements	43,000	21,747	21,253	32,574
Coroner and pathology	13,560	13,560	-	16,049
Dues and subscriptions	15,421	13,902	1,519	5,452
Employee benefits	131,656	123,501	8,155	106,772
Insurance	47,944	38,169	9,775	27,678
Janitorial supplies	1,510	1,463	47	1,488
Legal and professional	76,901	73,759	3,142	37,877
Miscellaneous	11,301	7,372	3,929	8,445
Office supplies	8,335	6,828	1,507	4,342
Operating supplies	14,510	11,622	2,888	10,242
Printing	12,521	9,580	2,941	15,304
Repairs and maintenance	34,040	102,254	(68,214)	41,380
Rentals	7,420	5,710	1,710	713
Salaries	729,203	679,260	49,943	566,400
Special projects	44,283	37,782	6,501	41,122
Tax collector fees	30,000	52,343	(22,343)	35,420
Telephone and utilities	45,038	42,563	2,475	43,216
Training	9,900	7,638	2,262	57,766
Conferences and travel	32,045	22,302	9,743	16,812
Damage settlement	-	-	-	-
TOTAL GENERAL AND ADMINISTRATIVE	\$ 1,527,064	\$ 1,462,217	\$ 64,847	\$ 1,187,902

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, 1999
(With Comparative Totals for June 30, 1998)

	Budget	Actual on Budgetary Basis	Variance Favorable (Unfavorable)	1998 Actual on Budgetary Basis
STREETS AND PARKS				
Acquisitions	\$ 244,100	\$ 241,570	\$ 2,530	\$ 66,170
Automotive	48,500	37,745	10,755	39,409
Damage to others	-	-	-	9,072
Employee benefits	117,343	95,709	21,634	99,923
Insurance	111,240	59,653	51,587	36,498
Janitorial supplies	1,000	625	375	893
Legal and professional	2,300	2,233	67	-
Office supplies	2,500	2,009	491	239
Operating supplies	135,700	127,780	7,920	85,297
Repairs and maintenance	67,000	57,575	9,425	66,502
Salaries	685,415	599,398	86,017	534,498
Special projects	5,000	-	5,000	-
Telephone and utilities	203,336	187,815	15,521	218,289
Training	1,000	439	561	178
Travel	300	5	295	245
Uniforms	11,600	9,972	1,628	7,894
TOTAL STREETS AND PARKS	\$ 1,636,334	\$ 1,422,528	\$ 213,806	\$ 1,165,107

See accompanying notes to financial statements.

Continued
39

CITY OF SULPHUR
Sulphur, Louisiana
Primary Government
General Fund
Statement of Departmental Expenditures-
Budget and Actual (Non-GAAP Budgetary Basis)
Year Ended June 30, 1999
(With Comparative Totals for June 30, 1998)

	Budget	Actual on Budgetary Basis	Variable Favorable (Unfavorable)	1998 Actual on Budgetary Basis
FIRE				
Acquisitions	\$ 664,100	\$ 661,583	\$ 2,517	\$ 190,268
Advertising	800	642	158	80
Automotive	26,500	24,360	2,140	20,081
Dues and subscriptions	1,000	980	20	-
Employee benefits	258,795	222,357	36,438	188,507
Insurance	142,700	69,579	73,121	48,059
Janitorial supplies	2,000	1,757	243	1,260
Legal and professional	20,805	17,573	3,232	-
Miscellaneous	16,100	3,170	12,930	14,761
Office supplies	1,850	1,680	170	3,004
Operating supplies	2,550	2,005	545	-
Repairs and maintenance	59,500	57,165	2,335	36,324
Salaries	1,584,000	1,449,764	134,236	1,180,644
Special projects	48,250	18,128	30,122	11,473
Telephone and utilities	33,500	26,643	6,857	25,985
Training	6,300	3,566	2,734	19,330
Travel	5,000	2,155	2,845	2,231
Uniforms	12,600	8,471	4,129	16,157
TOTAL FIRE	\$ 2,886,350	\$ 2,571,578	\$ 314,772	\$ 1,758,165

See accompanying notes to financial statements.

Continued
40

CITY OF SULPHUR
Sulphur, Louisiana
Primary Government
General Fund
Statement of Departmental Expenditures-
Budget and Actual (Non-GAAP Budgetary Basis)
Year Ended June 30, 1999
(With Comparative Totals for June 30, 1998)

	Budget	Actual on Budgetary Basis	Variance Favorable (Unfavorable)	1998 Actual on Budgetary Basis
POLICE				
Acquisitions	\$ 646,200	\$ 621,620	\$ 24,580	\$ 119,188
Advertising	500	360	140	240
Automotive	74,865	68,822	6,043	54,647
Crime prevention	16,600	11,765	4,835	15,369
Dues and subscriptions	5,000	2,249	2,751	1,687
Employee benefits	219,300	204,126	15,174	190,417
Insurance	174,230	111,916	62,314	97,212
Janitorial supplies	3,500	3,013	487	2,956
Legal and professional	80,000	26,563	53,437	12,004
Office supplies	4,100	3,951	149	5,801
Operating supplies	45,678	39,956	5,722	27,379
Repairs and maintenance	54,760	50,645	4,115	31,837
Salaries	1,290,928	1,289,799	1,129	1,121,310
Telephone and utilities	46,000	37,268	8,732	40,023
Training	-	-	-	4,835
Travel	1,000	855	145	1,340
Uniforms	12,000	10,576	1,424	858
TOTAL POLICE	\$ 2,674,661	\$ 2,483,484	\$ 191,177	\$ 1,727,103

See accompanying notes to financial statements.

Continued
41

CITY OF SULPHUR
Sulphur, Louisiana
Primary Government
General Fund
Statement of Departmental Expenditures-
Budget and Actual (Non-GAAP Budgetary Basis)
Year Ended June 30, 1999
(With Comparative Totals for June 30, 1998)

	Budget	Actual on Budgetary Basis	Variance Favorable (Unfavorable)	1998 Actual on Budgetary Basis
DRUG SEIZURE				
Acquisitions	\$ 23,500	\$ 8,439	\$ 15,061	\$ 24,228
Advertising	500	456	44	-
Automotive	23,500	11,042	12,458	7,512
Crime prevention	23,000	13,059	9,941	13,177
Employee benefits	38,500	32,722	5,778	36,512
Insurance	28,000	15,273	12,727	14,928
Miscellaneous	1,250	-	1,250	-
Office supplies	3,500	3,496	4	4,830
Operating supplies	2,000	1,772	228	4,637
Professional services	2,500	209	2,291	-
Repairs and maintenance	-	-	-	2,912
Salaries	237,436	215,532	21,904	230,915
Telephone and utilities	6,014	6,014	-	4,132
Training	2,000	1,083	917	220
Travel	4,000	2,773	1,227	54
Uniforms	1,000	-	1,000	-
TOTAL DRUG SEIZURE	\$ 396,700	\$ 311,870	\$ 84,830	\$ 344,056

See accompanying notes to financial statements.

Continued
42

CITY OF SULPHUR
Sulphur, Louisiana
Primary Government
General Fund
Statement of Departmental Expenditures-
Budget and Actual (Non-GAAP Budgetary Basis)
Year Ended June 30, 1999
(With Comparative Totals for June 30, 1998)

	Budget	Actual on Budgetary Basis	Variance Favorable (Unfavorable)	1998 Actual on Budgetary Basis
INSPECTION/ANIMAL CONTROL				
Aquisitions	\$ 29,700	\$ 27,795	\$ 1,905	\$ 21,440
Automotive	3,300	3,059	241	3,036
Employee benefits	28,810	23,056	5,754	18,131
Insurance	12,945	6,373	6,572	3,213
Legal and professional	4,725	3,414	1,311	-
Office supplies	1,215	775	440	811
Operating supplies	7,750	6,043	1,707	-
Repairs and maintenance	5,500	3,085	2,415	2,325
Telephone and utilities	3,583	3,082	501	4,146
Salaries	129,707	130,596	(889)	123,262
Other	9,550	6,491	3,059	8,253
TOTAL INSPECTION/ ANIMAL CONTROL	\$ 236,785	\$ 213,769	\$ 23,016	\$ 184,617

See accompanying notes to financial statements.

Continued
43

CITY OF SULPHUR
Sulphur, Louisiana
Primary Government
General Fund
Statement of Departmental Expenditures-
Budget and Actual (Non-GAAP Budgetary Basis)
Year Ended June 30, 1999
(With Comparative Totals for June 30, 1998)

	Budget	Actual on Budgetary Basis	Variance Favorable (Unfavorable)	1998 Actual on Budgetary Basis
INDUSTRIAL DEVELOPMENT				
Industrial improvements	\$ -	\$ -	\$ -	\$ 1,941

See accompanying notes to financial statements.

Continued
44

CITY OF SULPHUR
Sulphur, Louisiana
Primary Government
General Fund
Statement of Departmental Expenditures-
Budget and Actual (Non-GAAP Budgetary Basis)
Year Ended June 30, 1999
(With Comparative Totals for June 30, 1998)

	Budget	Actual on Budgetary Basis	Variance Favorable (Unfavorable)	1998 Actual on Budgetary Basis
SHOP				
Acquisitions	\$ 4,362	\$ 4,362	\$ -	\$ 3,268
Automotive	989	825	164	3,106
Employee benefits	25,946	23,795	2,151	17,973
Insurance	13,142	5,736	7,406	3,205
Janitorial supplies	280	276	4	168
Miscellaneous	5,720	5,536	184	3,808
Operating supplies	-	-	-	594
Repairs and maintenance	500	493	7	283
Salaries	172,195	172,790	(595)	123,610
Telephone and utilities	4,300	3,855	445	5,796
Uniforms	3,000	2,984	16	2,364
TOTAL SHOP	\$ 230,434	\$ 220,652	\$ 9,782	\$ 164,175

CITY OF SULPHUR
Sulphur, Louisiana
Primary Government
General Fund
Statement of Departmental Expenditures-
Budget and Actual (Non-GAAP Budgetary Basis)
Year Ended June 30, 1999
(With Comparative Totals for June 30, 1998)

	Budget	Actual on Budgetary Basis	Variance Favorable (Unfavorable)	1998 Actual on Budgetary Basis
SANITATION				
Contractual and operational services	\$ 775,000	\$ 672,281	\$ 102,719	\$ 767,982
Storm damage	-	-	-	-
TOTAL SANITATION	\$ 775,000	\$ 672,281	\$ 102,719	\$ 767,982

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, 1999 and 1998**

	1999	1998
ASSETS		
Sales tax receivable	\$ 867,085	\$ 894,176
TOTAL ASSETS	\$ 867,085	\$ 894,176
 LIABILITIES AND FUND BALANCE		
LIABILITIES		
Accounts payable	\$ 4,707	\$ 3,382
 FUND BALANCE		
Reserved	862,378	890,794
TOTAL LIABILITIES AND FUND BALANCE	\$ 867,085	\$ 894,176

See accompanying notes to financial statements.

CITY OF SULPHUR
Sulphur, Louisiana
Primary Government
Special Revenue Fund
Comparative Statement of Revenues, Expenditures,
and Changes in Fund Balance
June 30, 1999 and 1998

	1999	1998
REVENUES		
Sales tax	\$ 8,819,177	\$ 9,032,572
EXPENDITURES		
Professional fees	77,973	42,614
Excess of Revenues Over Expenditures	8,741,204	8,989,958
OTHER FINANCING (USES)		
Transfers to other funds	(8,769,619)	(8,914,175)
Excess of Revenues Over (Under) Expenditures and Other Uses	(28,415)	75,783
FUND BALANCE - BEGINNING OF YEAR	890,793	815,010
FUND BALANCE - END OF YEAR	\$ 862,378	\$ 890,793

See accompanying notes to financial statements.

CITY OF SULPHUR
Sulphur, Louisiana
Primary Government
Special Revenue Fund
Statement of Revenues, Expenditures, and Changes in Fund Balance -
Budget and Actual
Year Ended June 30, 1999
(With Comparative Totals for June 30, 1998)

	Budget	Actual	Variance Favorable (Unfavorable)	1998 Actual
REVENUES				
Sales tax	\$ 7,500,000	\$ 8,819,177	\$ 1,319,177	\$ 9,032,572
EXPENDITURES				
Professional fees	35,000	77,973	(42,973)	42,614
Excess of Revenues Over Expenditures	7,465,000	8,741,204	1,276,204	8,989,958
OTHER FINANCING (USES)				
Transfers to other funds	(7,465,000)	(8,769,619)	(1,304,619)	(8,914,175)
Excess of Revenues Over (Under) Expenditures and Other Uses	\$ -	(28,415)	\$ (28,415)	75,783
FUND BALANCE - BEGINNING OF YEAR		890,793		815,010
FUND BALANCE - END OF YEAR		\$ 862,378		\$ 890,793

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, 1999
(With Comparative Totals for June 30, 1998)

	Paving Project 1993-1	Paving Project 1992-1	Public Improvement 1993	Paving Project 1991-B
ASSETS				
Cash and cash equivalents	\$ 176,748	\$ 48,594	\$ 107,522	\$ 59,339
Investments	-	-	1,877,925	-
Assessments receivable:				
Receivables	7,580	4,815	-	-
Delinquent	1,106	2,957	-	-
Deferred	39,580	9,625	-	-
Interest receivable	-	-	-	-
Grants receivable	-	-	-	-
TOTAL ASSETS	\$ 225,014	\$ 65,991	\$ 1,985,447	\$ 59,339
LIABILITIES AND FUND BALANCE				
LIABILITIES				
Accounts payable	-	-	-	-
Due to other funds	-	-	-	-
Deferred revenue	39,580	9,625	-	-
Total Liabilities	39,580	9,625	-	-
FUND BALANCE				
Reserve for debt service	185,434	56,366	1,985,447	59,339
Unreserved	-	-	-	-
Total Fund Balance	185,434	56,366	1,985,447	59,339
TOTAL LIABILITIES AND FUND BALANCE	\$ 225,014	\$ 65,991	\$ 1,985,447	\$ 59,339

See accompanying notes to financial statements.

CITY OF SULPHUR
Sulphur, Louisiana
Primary Government
Debt Service Funds
Combining Balance Sheet
June 30, 1999
(With Comparative Totals for June 30, 1998)

	Public Improvement 1996-1998	Total 1999	Comparative Total 1998
ASSETS			
Cash and cash equivalents	\$ 183,016	\$ 575,219	\$ 1,316,835
Investments	-	1,877,925	1,764,849
Assessments receivable:			
Receivables	23,372	35,767	39,569
Delinquent	10,428	14,491	5,490
Deferred	176,773	225,978	261,877
Interest receivable	-	-	2,073
Grants receivable	-	-	12,000
TOTAL ASSETS	\$ 393,589	\$ 2,729,380	\$ 3,402,693
LIABILITIES AND FUND BALANCE			
LIABILITIES			
Accounts payable	\$ -	\$ -	\$ 12,164
Due to other funds	-	-	-
Deferred revenue	176,775	225,980	261,877
Total Liabilities	176,775	225,980	274,041
FUND BALANCE			
Reserve for debt service	216,814	2,503,400	3,128,652
Unreserved	-	-	-
Total Fund Balance	216,814	2,503,400	3,128,652
TOTAL LIABILITIES AND FUND BALANCE	\$ 393,589	\$ 2,729,380	\$ 3,402,693

See accompanying notes to financial statements.

Continued

CITY OF SULPHUR
Sulphur, Louisiana
Primary Government
Debt Service Funds
Combining Statement of Revenues, Expenditures,
and Changes in Fund Balances
June 30, 1999
(With Comparative Totals for June 30, 1998)

	Paving Project 1993-1	Paving Project 1992-1	Public Improvement 1993	Paving Project 1991-B
REVENUES				
Assessment levies	\$ 41,739	\$ 4,815	\$ -	\$ -
Interest on investments	5,999	1,795	139,769	20,294
Interest on assessments	4,201	1,314	-	-
Federal and state grants	-	-	-	-
Total Revenues	51,939	7,924	139,769	20,294
EXPENDITURES				
Miscellaneous	-	-	-	-
Debt service:				
Principal retirement	30,000	14,284	1,280,000	340,000
Interest and fiscal charges	14,143	4,541	469,263	46,879
Advance refunding escrow	-	-	-	-
Capital outlays	-	-	-	-
Total Expenditures	44,143	18,825	1,749,263	386,879
Excess (Deficiency) of Revenues Over Expenditures	7,796	(10,901)	(1,609,494)	(366,585)
OTHER FINANCING SOURCES (USES)				
Operating transfers in	-	-	1,749,038	384,945
Operating transfers out	-	-	(200,000)	(600,000)
Proceeds from issuance of debt	-	-	-	-
Proceeds from refunding bonds	-	-	-	-
Payment to refund bond escrow agent	-	-	-	-
Total Other Financing Sources (Uses)	-	-	1,549,038	(215,055)
Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses	7,796	(10,901)	(60,456)	(581,640)
FUND BALANCE - BEGINNING OF YEAR	177,638	67,267	2,045,903	640,979
FUND BALANCE - END OF YEAR	\$ 185,434	\$ 56,366	\$ 1,985,447	\$ 59,339

See accompanying notes to financial statements.

CITY OF SULPHUR
Sulphur, Louisiana
Primary Government
Debt Service Funds
Combining Statement of Revenues, Expenditures,
and Changes in Fund Balances
June 30, 1999
(With Comparative Totals for June 30, 1998)

	Public Improvement 1996-1998	Total 1999	Comparative Total 1998
REVENUES			
Assessment levies	\$ 48,286	\$ 94,840	\$ 106,047
Interest on investments	6,989	174,846	226,445
Interest on assessments	9,387	14,902	13,919
Federal and state grants	-	-	12,000
Total Revenues	64,662	284,588	358,411
EXPENDITURES			
Miscellaneous	-	-	23,562
Debt service:			
Principal retirement	23,718	1,688,002	1,770,244
Interest and fiscal charges	11,882	546,708	675,809
Advance refunding escrow	-	-	651,000
Capital outlays	96,011	96,011	183,822
Total Expenditures	131,611	2,330,721	3,304,437
Excess (Deficiency) of Revenues Over Expenditures	(66,949)	(2,046,133)	(2,946,026)
OTHER FINANCING SOURCES (USES)			
Operating transfers in	14,811	2,148,794	2,396,403
Operating transfers out	-	(800,000)	-
Proceeds from issuance of debt	72,087	72,087	127,581
Proceeds from refunding bonds	-	-	1,095,000
Payment to refund bond escrow agent	-	-	(1,078,354)
Total Other Financing Sources (Uses)	86,898	1,420,881	2,540,630
Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses	19,949	(625,252)	(405,396)
FUND BALANCE - BEGINNING OF YEAR	196,865	3,128,652	3,534,048
FUND BALANCE - END OF YEAR	\$ 216,814	\$ 2,503,400	\$ 3,128,652

See accompanying notes to financial statements.

Continued
55

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, 1999
(With Comparative Totals for June 30, 1998)

	1984/1985 Public Improvement	1992 Public Improvement	Street Pavings
ASSETS			
Cash and cash equivalents	\$ 7,542	\$ 4,453,717	\$ (3,152)
Investments	-	-	-
Grants receivable	19,656	-	-
Assessments receivable:			
Current	-	-	4,527
Delinquent	-	-	16,934
Deferred	-	-	13,347
Interest receivable	-	-	-
TOTAL ASSETS	\$ 27,198	\$ 4,453,717	\$ 31,656
LIABILITIES AND FUND BALANCE			
LIABILITIES			
Cash overdraft	\$ -	\$ -	\$ -
Accounts and contracts payable	-	514,172	-
Due to other funds	-	-	-
Deferred revenue	-	-	13,347
Total Liabilities	-	514,172	13,347
FUND BALANCE			
Reserved for debt service	-	-	18,309
Unreserved - undesignated	27,198	3,939,545	-
Total Fund Balance	27,198	3,939,545	18,309
TOTAL LIABILITIES AND FUND BALANCE	\$ 27,198	\$ 4,453,717	\$ 31,656

See accompanying notes to financial statements.

CITY OF SULPHUR
Sulphur, Louisiana
Primary Government
Capital Projects Funds
Combining Balance Sheet
June 30, 1999
(With Comparative Totals for June 30, 1998)

	1996/1997 Public Improvement	Total 1999	Comparative Total 1998
ASSETS			
Cash and cash equivalents	\$ 2,035,336	\$ 6,493,443	\$ 4,704,033
Investments	-	-	-
Grants receivable	-	19,656	353,409
Assessments receivable:			
Current	-	4,527	4,527
Delinquent	-	16,934	8,918
Deferred	-	13,347	17,874
Interest receivable	-	-	3,997
TOTAL ASSETS	\$ 2,035,336	\$ 6,547,907	\$ 5,092,758
LIABILITIES AND FUND BALANCE			
LIABILITIES			
Cash overdraft	\$ -	\$ -	\$ 42,613
Accounts and contracts payable	248,416	762,588	1,122,049
Due to other funds	-	-	-
Deferred revenue	-	13,347	17,874
Total Liabilities	248,416	775,935	1,182,536
FUND BALANCE			
Reserved for debt service	-	18,309	11,919
Unreserved - undesignated	1,786,920	5,753,663	3,898,303
Total Fund Balance	1,786,920	5,771,972	3,910,222
TOTAL LIABILITIES AND FUND BALANCE	\$ 2,035,336	\$ 6,547,907	\$ 5,092,758

See accompanying notes to financial statements.

Continued
58

CITY OF SULPHUR
Sulphur, Louisiana
Primary Government
Capital Projects Funds
Combining Statement of Revenues, Expenditures,
and Changes in Fund Balances
Year Ended June 30, 1999
(With Comparative Totals for June 30, 1998)

	1984/1985 Public Improvement	1992 Public Improvement	Street Pavings
REVENUES			
Federal and state grants	\$ 838,217	\$ -	\$ -
Assessment levies	-	-	4,527
Interest	196	148,412	1,853
Other	-	-	10
Total Revenues	838,413	148,412	6,390
EXPENDITURES			
Administration	-	9,917	-
Construction costs	862,160	2,524,933	-
Engineering and other	45,682	354,429	-
Total Expenditures	907,842	2,889,279	-
Excess (Deficiency) of Revenues Over Expenditures	(69,429)	(2,740,867)	6,390
OTHER FINANCING SOURCES (USES)			
Operating transfers in	125,000	4,083,979	-
Operating transfers out	-	(1,250,000)	-
Total Other Financing Sources (Uses)	125,000	2,833,979	-
Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses	55,571	93,112	6,390
FUND BALANCE (DEFICIT) - BEGINNING OF YEAR	(28,373)	3,846,433	11,919
FUND BALANCE (DEFICIT) - END OF YEAR	\$ 27,198	\$ 3,939,545	\$ 18,309

See accompanying notes to financial statements.

CITY OF SULPHUR
Sulphur, Louisiana
Primary Government
Capital Projects Funds
Combining Statement of Revenues, Expenditures,
and Changes in Fund Balances
Year Ended June 30, 1999
(With Comparative Totals for June 30, 1998)

	1996/1997 Public Improvements	Total 1999	Comparative Total 1998
REVENUES			
Federal and state grants	\$ 97,595	\$ 935,812	\$ 2,101,552
Assessment levies	-	4,527	12,314
Interest	28,464	178,925	165,710
Other	-	10	30
Total Revenues	126,059	1,119,274	2,279,606
EXPENDITURES			
Administration	-	9,917	70,602
Construction costs	832,669	4,219,762	5,473,829
Engineering and other	194,002	594,113	352,731
Total Expenditures	1,026,671	4,823,792	5,897,162
Excess (Deficiency) of Revenues Over Expenditures	(900,612)	(3,704,518)	(3,617,556)
OTHER FINANCING SOURCES (USES)			
Operating transfers in	2,622,100	6,831,079	3,608,845
Operating transfers out	(14,811)	(1,264,811)	(20,000)
Total Other Financing Sources (Uses)	2,607,289	5,566,268	3,588,845
Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses	1,706,677	1,861,750	(28,711)
FUND BALANCE (DEFICIT) - BEGINNING OF YEAR	80,243	3,910,222	3,938,933
FUND BALANCE (DEFICIT) - END OF YEAR	\$ 1,786,920	\$ 5,771,972	\$ 3,910,222

See accompanying notes to financial statements.

Continued
60

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, 1999 and 1998

	1999	1998
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 3,544,402	\$ 3,857,617
Investments	-	595,886
Receivables:		
Accounts	174,481	139,040
Other	19,599	49,646
Inventories	31,454	13,381
Total Current Assets	3,769,936	4,655,570
RESTRICTED ASSETS		
Cash and cash equivalents/customer meter deposits	118,117	117,399
Fixed Assets, Net of Accumulated Depreciation	33,785,990	29,440,490
TOTAL ASSETS	\$ 37,674,043	\$ 34,213,459
LIABILITIES AND FUND EQUITY		
LIABILITIES		
Accounts payable	\$ 68,387	\$ 45,995
Accrued salaries and payroll taxes	42,103	33,974
Accrued vacation and comp time	20,537	27,541
Accrued compensated absences	85,851	68,200
Meter deposits	118,117	117,399
Sales tax payable	2,480	3,565
Total Liabilities	337,475	296,674
FUND EQUITY		
Contributions:		
From municipality	24,934,901	19,817,165
From state and federal grants	12,781,259	13,095,536
Total Contributions	37,716,160	32,912,701
RETAINED EARNINGS		
Designated for depreciation	1,000,000	1,000,000
Unreserved - undesignated	(1,379,592)	4,084
Total Retained Earnings	(379,592)	1,004,084
Total Fund Equity	37,336,568	33,916,785
TOTAL LIABILITIES AND FUND EQUITY	\$ 37,674,043	\$ 34,213,459

See accompanying notes to financial statement.

CITY OF SULPHUR
Sulphur, Louisiana
Primary Government
Enterprise Fund
Statement of Revenues, Expenses,
and Changes in Retained Earnings
Year Ended June 30, 1999
(With Comparative Totals for June 30, 1998)

	Budget	Actual	Variance Favorable (Unfavorable)	1998 Actual
OPERATING REVENUES				
Water	\$ 1,000,000	\$ 1,090,883	\$ 90,883	\$ 1,077,308
Sewer	1,244,000	1,294,177	50,177	1,309,097
Water and sewer taps	18,000	21,025	3,025	23,948
Penalties	30,000	51,456	21,456	48,723
Total Operating Revenues	2,292,000	2,457,541	165,541	2,459,076
OPERATING EXPENSES				
General and administrative	423,861	258,832	165,029	214,052
Water department	985,008	769,229	215,779	805,601
Sewer department	1,324,819	1,009,814	315,005	1,072,939
Depreciation	-	926,960	(926,960)	838,116
Total Operating Expenses	2,733,688	2,964,835	(231,147)	2,930,708
OPERATING INCOME (LOSS)	(441,688)	(507,294)	(65,606)	(471,632)
NON-OPERATING REVENUES (EXPENSES)				
Interest income	150,000	220,169	70,169	228,732
Miscellaneous income (expense)	-	-	-	(10,077)
Gain (loss) on asset disposition	-	475	475	(13,982)
Total Non-Operating Revenues (Expenses)	150,000	220,644	70,644	204,673
INCOME (LOSS) BEFORE OPERATING TRANSFERS	(291,688)	(286,650)	5,038	(266,959)
OTHER FINANCING SOURCES (USES)				
Operating transfers in	300,000	300,000	-	300,000
Operating transfers out	(1,960,000)	(1,711,303)	248,697	(1,067,577)
Total Other Financing Sources (Uses)	(1,660,000)	(1,411,303)	248,697	(767,577)
NET INCOME (LOSS)	\$ (1,951,688)	(1,697,953)	\$ 253,735	(1,034,536)
Depreciation on Fixed Assets Acquired With Externally Restricted Capital Contributions		314,277		314,277
Increase (Decrease) in Retained Earnings		(1,383,676)		(720,259)
RETAINED EARNINGS - BEGINNING OF YEAR		1,004,084		1,724,343
RETAINED EARNINGS - END OF YEAR		\$ (379,592)		\$ 1,004,084

See accompanying notes to financial statements.

CITY OF SULPHUR
Sulphur, Louisiana
Primary Government
Comparative Statement of Cash Flows
Years Ended June 30, 1999 and 1998

	1999	1998
CASH FLOWS FROM OPERATING ACTIVITIES:		
Operating income (loss)	\$ (507,294)	\$ (471,632)
Adjustments to reconcile net operating income (loss) to net cash provided by operating activities:		
Depreciation	926,960	838,116
Miscellaneous income	-	(10,077)
(Increase) decrease in accounts receivable	(5,394)	48,740
(Increase) decrease in inventory	(18,073)	(13,381)
Increase (decrease) in accounts payable and accrued expenses	40,801	(84,942)
Net Cash From Operating Activities	437,000	306,824
CASH FLOWS FROM NON CAPITAL FINANCING ACTIVITIES:		
Operating transfers - in	300,000	300,000
Operating transfers - out	(1,711,303)	(1,067,577)
Net Cash From Non Capital Financing Activities	(1,411,303)	(767,577)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Acquisition of capital assets	(154,249)	(113,362)
Net Cash From Capital and Related Financing Activities	(154,249)	(113,362)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Interest on investments	220,169	228,732
Purchase of investments - net	595,886	(31,387)
Net Cash Flows From Investing Activities	816,055	197,345
NET INCREASE IN CASH AND CASH EQUIVALENTS	(312,497)	(376,770)
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	3,975,016	4,351,786
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 3,662,519	\$ 3,975,016
Cash and Equivalents - Unrestricted/Designated	\$ 3,544,402	\$ 3,857,617
Cash and Equivalents - Restricted	118,117	117,399

See accompanying notes to financials statements.

CITY OF SULPHUR
Sulphur, Louisiana
Primary Government
Enterprise Fund
Schedule of Operating Expenses
Year Ended June 30, 1999
(With Comparative Totals for June 30, 1998)

	Budget	Actual	Variance Favorable (Unfavorable)	1998 Actual
GENERAL AND ADMINISTRATIVE				
Acquisitions	\$ 95,900	\$ -	\$ 95,900	\$ -
Automotive	3,250	1,928	1,322	2,725
Employee benefits	37,080	26,746	10,334	27,675
Insurance	15,800	7,100	8,700	5,696
Legal and professional	56,285	41,542	14,743	3,000
Office supplies	23,270	19,839	3,431	22,409
Plant maintenance	6,700	4,607	2,093	9,934
Salaries	175,426	150,295	25,131	137,912
Supplies	3,950	2,179	1,771	793
Telephone and utilities	3,125	2,926	199	2,817
Travel	2,075	1,196	879	589
Uniforms	1,000	474	526	502
TOTAL GENERAL AND ADMINISTRATIVE	\$ 423,861	\$ 258,832	\$ 165,029	\$ 214,052

See accompanying notes to financial statements.

CITY OF SULPHUR
Sulphur, Louisiana
Primary Government
Enterprise Fund
Schedule of Operating Expenses
Year Ended June 30, 1999
(With Comparative Totals for June 30, 1998)

	Budget	Actual	Variance Favorable (Unfavorable)	1998 Actual
WATER DEPARTMENT				
Acquisitions	\$ 15,900	\$ -	\$ 15,900	\$ -
Automotive	17,000	7,178	9,822	13,108
Damages to others	-	-	-	2,054
Employee benefits	67,050	50,701	16,349	55,251
Insurance	57,928	23,575	34,353	19,404
Janitorial	240	216	24	354
Legal and professional	5,950	3,244	2,706	3,088
Miscellaneous	5,850	502	5,348	-
Office supplies	100	97	3	710
Plant maintenance	97,000	89,467	7,533	101,935
Salaries	396,580	338,670	57,910	331,761
Plant supplies	123,010	91,092	31,918	81,219
Telephone and utilities	190,100	159,016	31,084	191,696
Training	500	430	70	736
Travel	1,500	833	667	-
Uniforms	6,300	4,208	2,092	4,285
TOTAL WATER DEPARTMENT	\$ 985,008	\$ 769,229	\$ 215,779	\$ 805,601

CITY OF SULPHUR
Sulphur, Louisiana
Primary Government
Enterprise Fund
Schedule of Operating Expenses
Year Ended June 30, 1999
(With Comparative Totals for June 30, 1998)

	Budget	Actual	Variance Favorable (Unfavorable)	1998 Actual
SEWER DEPARTMENT				
Acquisitions	\$ 58,092	\$ -	\$ 58,092	\$ -
Automotive	13,850	9,710	4,140	6,710
Damages to others	-	-	-	8,782
Employee benefits	82,167	62,543	19,624	64,680
Insurance	64,077	27,401	36,676	20,526
Janitorial	1,200	1,131	69	1,037
Legal and professional	19,356	14,150	5,206	9,476
Office supplies	2,374	1,722	652	1,265
Miscellaneous	7,300	711	6,589	-
Plant maintenance	263,000	231,983	31,017	268,824
Permits	8,550	8,520	30	7,958
Salaries	490,690	417,234	73,456	384,906
Plant supplies	95,400	53,395	42,005	76,096
Telephone and utilities	208,143	174,227	33,916	216,838
Training	830	825	5	330
Travel	1,490	213	1,277	-
Uniforms	8,300	6,049	2,251	5,509
TOTAL SEWER DEPARTMENT	\$ 1,324,819	\$ 1,009,814	\$ 315,005	\$ 1,072,938

See accompanying notes to financial statements.

Continued
67

CITY OF SULPHUR
Sulphur, Louisiana
Primary Government
Internal Service Fund
Comparative Balance Sheet
June 30, 1999 and 1998

	1999	1998
ASSETS		
ASSETS		
Cash and cash equivalents	\$ 1,097,518	\$ 840,212
Prepaid expenses	11,346	18,816
TOTAL ASSETS	\$ 1,108,864	\$ 859,028
LIABILITIES AND RETAINED EARNINGS		
LIABILITIES		
Claims payable	\$ 11,911	\$ 11,780
RETAINED EARNINGS		
Designated for catastrophic losses	1,096,953	847,248
TOTAL LIABILITIES AND RETAINED EARNINGS	\$ 1,108,864	\$ 859,028

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, 1999 and 1998

	1999	1998
OPERATING REVENUES		
Charges and fees	\$ 137,658	\$ 82,043
OPERATING EXPENSES		
General and administrative:		
Insurance	22,454	28,677
Claims settlements	106,098	46,270
Administrative costs	9,106	7,096
Total Operating Expenses	137,658	82,043
OPERATING INCOME	-	-
NON-OPERATING REVENUES (EXPENSES)		
Interest	38,774	26,740
Other income	500	-
Total Non-Operating Revenues (Expenses)	39,274	26,740
INCOME BEFORE OPERATING TRANSFERS	39,274	26,740
OTHER FINANCING SOURCES (USES)		
Operating transfers in	210,431	278,055
NET INCOME	249,705	304,795
RETAINED EARNINGS - BEGINNING OF YEAR	847,248	542,453
RETAINED EARNINGS - END OF YEAR	\$ 1,096,953	\$ 847,248

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, 1999 and 1998**

	1999	1998
CASH FLOWS FROM OPERATING ACTIVITIES:		
Operating income	\$ -	\$ -
Adjustments to reconcile net operating income to net cash provided by operating activities:		
Miscellaneous income	500	-
(Increase) Decrease in prepaid expenses	7,470	-
Increase (decrease) in payables	131	11,010
Net Cash From Operating Activities	8,101	11,010
CASH FLOWS FROM NON CAPITAL FINANCING ACTIVITIES:		
Operating transfers - in	210,431	278,055
Net Cash From Non Capital Financing Activities	210,431	278,055
CASH FLOWS FROM INVESTING ACTIVITIES:		
Interest on investments	38,774	26,740
Net Cash Flows From Investing Activities	38,774	26,740
NET INCREASE IN CASH AND CASH EQUIVALENTS	257,306	315,805
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	840,212	524,407
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 1,097,518	\$ 840,212

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, 1999 and 1998

	1999	1998
GENERAL FIXED ASSETS		
Land and improvements	\$ 2,173,908	\$ 2,173,908
Building	1,772,987	1,772,987
Furniture and equipment	3,251,603	2,680,795
Transportation equipment	1,082,779	1,039,948
Construction in progress	1,889,823	4,099,929
	10,171,100	11,767,567
 INVESTMENT IN GENERAL FIXED ASSETS BY SOURCE		
General and special revenue funds	10,171,100	11,767,567
	\$ 10,171,100	\$ 11,767,567

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, 1999
(With Comparative Totals for June 30, 1998)

	Paving Project 1992-1	Paving Project 1993-1	Public Improvement Refunding 1998	Public Improvement Refunding 1993
AMOUNT AVAILABLE AND TO BE PROVIDED FOR THE RETIREMENT OF GENERAL LONG-TERM DEBT				
Amount available in debt service fund for debt retirement	\$ 56,366	\$ 185,433	\$ 59,339	\$ 1,985,447
Amount to be provided for retirement of general long-term debt	770	16,244	695,661	5,469,553
Amount to be provided from general government resources	-	-	-	-
TOTAL AVAILABLE AND TO BE PROVIDED	\$ 57,136	\$ 201,677	\$ 755,000	\$ 7,455,000
GENERAL LONG-TERM DEBT PAYABLE				
Special assessment debt	\$ 57,136	\$ 201,677	\$ -	\$ -
Bonds payable	-	-	755,000	7,455,000
Accrued compensated absences	-	-	-	-
Obligation under capital lease	-	-	-	-
TOTAL GENERAL LONG-TERM DEBT PAYABLE	\$ 57,136	\$ 201,677	\$ 755,000	\$ 7,455,000

See accompanying notes to financial statements.

CITY OF SULPHUR
Sulphur, Louisiana
Primary Government
Combining Statement of General Long-Term Debt
June 30, 1999
(With Comparative Totals for June 30, 1998)

	Paving Project 1996-1999	General Resources	1999 Total	1998 Total
AMOUNT AVAILABLE AND TO BE PROVIDED FOR THE RETIREMENT OF GENERAL LONG-TERM DEBT				
Amount available in debt service fund for debt retirement	\$ 216,813	\$ -	\$ 2,503,400	\$ 3,128,652
Amount to be provided for retirement of general long-term debt	57,777	-	6,240,003	7,230,666
Amount to be provided from general government resources	-	120,927	120,927	96,650
TOTAL AVAILABLE AND TO BE PROVIDED	\$ 274,590	\$ 120,927	\$ 8,864,330	\$ 10,455,968
GENERAL LONG-TERM DEBT PAYABLE				
Special assessment debt	\$ 274,590	\$ -	\$ 533,403	\$ 529,318
Bonds payable	-	-	8,210,000	9,830,000
Accrued compensated absences	-	102,518	102,518	96,650
Obligation under capital lease	-	18,409	18,409	-
TOTAL GENERAL LONG-TERM DEBT PAYABLE	\$ 274,590	\$ 120,927	\$ 8,864,330	\$ 10,455,968

See accompanying notes to financial statements.

Continued
75

**ADDITIONAL INFORMATION:
SUPPLEMENTARY SCHEDULES**

CITY OF SULPHUR
Sulphur, Louisiana
Primary Government
Schedule of Operating Transfers
Year Ended June 30, 1999

	TRANSFERS TO	TRANSFERS FROM
GENERAL FUND		
Special Revenue-Sales tax	\$ -	\$ 4,966,657
Capital Projects:		
1984/1985 public improvement	-	-
1992 public improvement	-	-
1996/1997 public improvement	1,751,300	-
Internal Service-Workers compensation	159,928	-
	1,911,228	4,966,657
SPECIAL REVENUE FUND		
General	4,966,657	-
Debt Service:		
Public improvement 1991-B	384,945	-
Public improvement 1993	1,749,038	-
Capital Projects:		
1992 public improvement	1,368,979	-
Enterprise	300,000	-
	8,769,619	-
DEBT SERVICE		
Public improvement 1991-B:		
Special revenue-Sales tax	-	384,945
Public improvement 1993:		
Special revenue-Sales tax	-	1,749,038
Public improvement 1996/1997:		
1993 public improvement	200,000	-
1998 public improvement	600,000	14,811
	800,000	2,148,794
CAPITAL PROJECTS		
1992 public improvement:		
Special revenue-Sales tax	-	1,368,979
General	-	-
Public improvement 1996/1997	70,800	-
Public improvement 1984/1985	125,000	-
Enterprise	-	1,660,800
1996/1997 public improvement:		
General	-	1,751,300
1992 public improvement	-	70,800
1993 public improvement	-	200,000
1998 public improvement	-	585,189
1984/1985 public improvement	-	125,000
	195,800	5,762,068
ENTERPRISE FUND		
Special revenue-Sales tax	-	300,000
Capital projects:		
1992 public improvement	1,660,800	-
Internal service-workers compensation	50,503	-
	1,711,303	300,000
INTERNAL SERVICE FUND		
General	-	159,928
Enterprise	-	50,503
	-	210,431
	\$ 13,387,950	\$ 13,387,950

CITY OF SULPHUR
Sulphur, Louisiana
Primary Government
Year 2000 Compliance (Unaudited)
June 30, 1999

Time and space saving programming decisions made in prior years resulted in two-digit computer codes that may not correctly recognize "00" and the year 2000. Serious processing error or system failure could result. To prevent this error, computer systems and equipment must be reprogrammed or replaced to make them year 2000 compliant.

The City is dependent on computerized systems for essential operations. The City has completed an inventory of computer systems and other electronic equipment that may be affected by the year 2000 issue and that are necessary to conduction of City operations. The City has identified the following systems requiring year 2000 remediation:

Financial reporting, purchasing, payroll, and utility billing systems: All reporting systems were replaced as of August 1999 and were found to be year 2000 compliant. The total software cost, including training, totaled \$367,742.

Computer hardware systems: As of July 1999, the City has remediated and validated all personal computers and mainframes not previously year 2000 compliant. The cost of the remediation effort totaled \$316,635.

Police and fire reporting system: The City has assessed and remediated all critical police and fire reporting systems. The cost of the remediation effort totaled \$21,500. The system modifications will be installed and validated in November 1999.

Other electrical distribution systems: The City has completed testing and validation on all other essential electronic equipment. The City acquired emergency generators capable of powering the water, wastewater, and water well sites in the event of a power outage. The generators were purchased at a cost of \$499,077.

CITY OF SULPHUR
Sulphur, Louisiana
Primary Government
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 1999

Federal Grantor/Pass Through Grantor/Program Title	Federal CFDA Number	Receipts or Revenue Recognized	Disbursements/ Expenditures
FEDERAL HIGHWAY ADMINISTRATION			
Passed through State of Louisiana Department of Transportation and Development	20.205	\$ 838,217	\$ 838,217
U.S. DEPARTMENT OF JUSTICE			
Passed through State of Louisiana Commission on Law Enforcement: Drug Control and Systems Improvements	16.579	40,101	40,101
NATIONAL OCEANIC AND ATMOSPHERIC ADMINISTRATION			
Geodetic Surveys and Services	11.400	97,595	97,595
TOTAL FEDERAL ASSISTANCE		\$ 975,913	\$ 975,913

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



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BROUSSARD & COMPANY

CERTIFIED PUBLIC ACCOUNTANTS, L.L.C.

**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, 1999, and have issued our report thereon dated October 7, 1999. 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 instances of noncompliance that are required to be reported under Government Auditing Standards, which are described in the accompanying schedule of findings and questioned costs as Item 99-1 and 99-2.

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 7, 1999.

SULPHUR OFFICE

704 First Avenue, Sulphur, Louisiana 70663
Phone: (318) 527-0010 Fax: (318) 527-0014

LAKE CHARLES OFFICE

1 Lakeshore Drive, Ste. 120, Lake Charles, Louisiana 70629
Phone: (318) 310-6600 Fax: (318) 310-6607

To the Members of the Sulphur City Council

Page 2

This report is intended solely for the information of management, the City Council, federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.

Broussard & Company

Lake Charles, Louisiana

October 7, 1999

/dkb



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BROUSSARD & COMPANY

CERTIFIED PUBLIC ACCOUNTANTS, L.L.C.

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, 1999. 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, 1999.

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.

SULPHUR OFFICE

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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, the City Council, federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.

Brassard & Company

Lake Charles, Louisiana

October 7, 1999

/dkb

CITY OF SULPHUR
Sulphur, Louisiana
Primary Government
Schedule of Findings and Questioned Costs
June 30, 1999

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 two instances of noncompliance considered material to the financial statements of the City.

#99-1

Criteria -- Section 14 of the 1974 Louisiana Constitution; except in limited circumstances, prohibits the payment of public funds for the use by any person, association, or corporation.

Cause - The City expended funds for floral arrangements for funerals of local political servants and city employees.

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.

#99-2

Criteria -- Section 14 of the 1974 Louisiana Constitution; except in limited circumstances, prohibits the payment of public funds for the use by any person, association, or corporation.

Cause - The City expended funds as a sponsor of the Sulphur Police Association Golf Tournament.

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.

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.

CITY OF SULPHUR
Sulphur, Louisiana
Primary Government
Schedule of Findings and Questioned Costs (Continued)
June 30, 1999

I. Summary of Independent Auditor's Results (Continued):

- 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 two instances 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
Schedule of Prior Year Findings
June 30, 1999**

The following finding was mentioned in the prior year audit and is mentioned again in the current year:

#98-1

Finding

This finding applied to Public Bid Law relating to acquisitions ranging from \$7,500 to \$15,000.

Status

The City has instituted policies requiring all acquisitions in excess of \$7,500 be handled according to the requirements of the Public Bid Law as detailed at Louisiana Revised Statute 38:2212.



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THE BROUSSARD GROUP

Broussard & Company, APC
Certified Public Accountants
Financial Consultants

RECEIVED
LEGISLATIVE AUDITOR
Broussard & Company, LLC
Health Care Provider Consultants
1999 DEC 29 AM 8:37

October 7, 1999

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, 1999, 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 7, 1999, 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, CPAs, LLC

/dkb

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

Release Date _____

MEMORANDUM

General Fixed Asset Acquisitions

Our test work indicated that periodic reconciliations between fixed asset acquisition accounts and the schedule of general fixed assets were not performed. In order to ensure that the schedule of general fixed assets represents a materially accurate reporting of all fixed assets owned by the City, we recommend the accounting staff perform quarterly reconciliations of such accounts. We also recommend these procedures be followed at year end when recording accounts payable transactions that effect the general fixed assets group.

Accounts Receivable Billing Reports

We were unable to agree the detail accounts receivable reports by routes to the accounts receivable summary report. A detailed review of the available reports indicated that one route report was incomplete do to printer failure. We recommend monthly reconciliations of route reports to the summary report be performed by appropriate staff members.

Bank Reconciliations

Our test work indicated that bank reconciliations were not initialed by the preparer nor were they reviewed by a management level employee for accuracy and general ledger reconciliation. In order to ensure the completeness and accuracy of monthly financial reports, we recommend all reconciliations be approved and agreed to general ledger totals by a management level employee. Additionally, we recommend the Director of Finance receive all unopened bank statements and scan check copies and other bank statement activity for apparent reasonableness prior to accounting performing bank reconciliations.

Pooled Cash

We noted that the pooled cash and investment fund did not contain all cash and investments owned by the City. We recommend all investments as well as cash accounts be included in this fund in order to provide management with a readily accessible reporting of available funds.

Paving Assessments Receivable

Our test work indicated that numerous individual paving assessments receivable were delinquent at year end. An analytical review of the receivable balances over several prior years indicated that the delinquencies have steadily increased on an annual basis. While the individual balances remain insignificant, the total delinquent balance merits the consideration of City management.

Our test work also indicated that the paving assessment books are purged of individual resident ledgers once the individual assessed debt has been satisfied. In order to facilitate annual analysis of assessment activity, we recommend all paving assessment ledgers be maintained in their entirety.

MEMORANDUM (CONTINUED):

Inventory Maintenance

Our test work indicated that the year end inventory report for the Enterprise Fund was not reconciled to the general ledger. Based upon our discussions with accounting personnel, we noted that periodic reconciliations are performed. While the amount of the difference between the physical inventory inspection and the general ledger was immaterial, we recommend reconciliations be performed on a monthly basis.

Compliance With Louisiana Laws and Regulations

We noted several expenditures which appear to be questionable in terms of compliance with Article 7, Section 14 of the Constitution of the State of Louisiana. The constitution does permit the use of public funds for programs of social welfare for the aid and support of the needy as well as the cooperative endeavors with other political subdivisions. We recommend an Attorney General Opinion be requested as it relates to the use of public funds for safety awards, tourism expenditures, and school support programs.

Travel Expenditures

We noted that a written policy detailing the handling of reimbursed and unreimbursed travel expenditures does not exist. We recommend the City develop a travel policy detailing the requirements for handling travel related expenditures.

Personnel Policy

We noted that the personnel policy appears to have been revised on many occasions; however, an updated policy has not been finalized and made available to employees. In order to avoid potential misunderstandings with employees, we recommend the City finalize a revised policy as soon as possible.

**CITY OF SULPHUR
P.O. BOX 1309
SULPHUR, LOUISIANA 70064-1309**

February 19, 2000

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

Re: Financial Statement Audit for FYE 06/30/99

Dear Sir:

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

1. Public Funds Expended – Floral Arrangements & Golf Tournament

The City will place in operation controls to provide reasonable assurance that public funds will no longer be expended for use by any person, association, or corporation as per Section 14 of the 1974 Louisiana Constitution.

2. General Fixed Asset Acquisitions

The City will perform quarterly reconciliations between fixed asset acquisition accounts and the schedule of general fixed assets. At fiscal year end the City will also record accounts payable transactions that affect the general fixed assets group.

3. Accounts Receivable Billing Reports

The City will perform monthly reconciliations between route reports and the accounts receivable summary report.

4. Bank Reconciliations

The City will place in operation procedures requiring the Director of Finance to receive all unopened bank statements and scan check copies and other bank activity for apparent reasonableness. These procedures will further require that all bank reconciliations be initialed by the preparer and be reviewed by a management level employee for accuracy and general ledger reconciliation.

5. Pooled Cash

The City will initiate procedures to provide reasonable assurance that the pooled cash and investment fund contains all cash accounts and investments owned by the City.

6. Paving Assessments Receivable

The City will institute procedures to review delinquent paving assessment receivables and determine the best course of action to deal with individual delinquent accounts.

7. Inventory Maintenance

The City will perform monthly reconciliations between the detailed inventory report and the general ledger.

8. Compliance With Louisiana Laws and Regulations

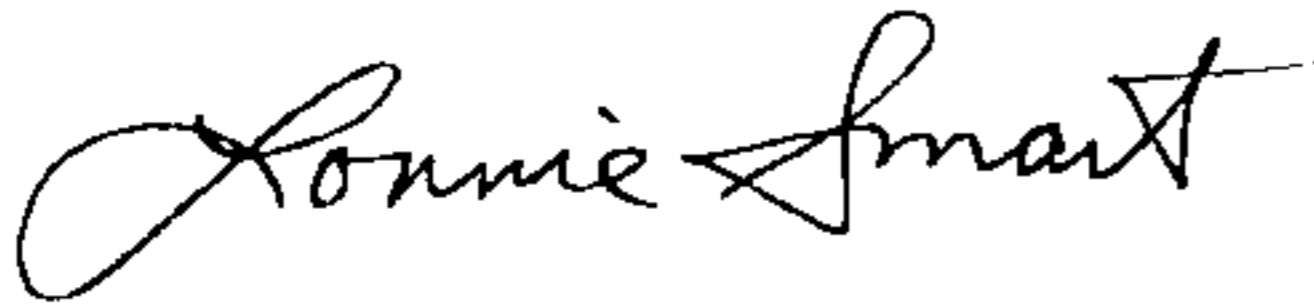
The City will request an Attorney General Opinion on the use of public funds for safety awards, tourism expenditures, and school support programs.

9. Travel Expenditures

The City will develop a travel policy detailing the requirements for handling travel related expenditures.

10. Personnel Policy

The City will update and make available to employees a finalized personnel policy manual.



Lonnie Smart, Director of Finance
City of Sulphur