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COMPONENT UNIT FINANCIAL STATEMENTS
AND REPORT OF INDEPENDENT
CERTIFIED PUBLIC ACCOUNTANTS

CITY COURT OF LAKE CHARLES,
LOUISIANA, A COMPONENT UNIT OF
THE CITY OF LAKE CHARLES, LOUISIANA

December 31, 1999

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the 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 10-25-00

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September 25, 2000

Honorable Thomas P. Quirk
Honorable John S. Hood
Judges of City Court of Lake Charles
Lake Charles, Louisiana

REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

We have audited the accompanying general purpose financial statements of the City Court of Lake Charles, Louisiana, a component unit of the City of Lake Charles, Louisiana, as of and for the year ended December 31, 1999, as listed in the table of contents. These general purpose financial statements are the responsibility of the City Court's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

Except as discussed in the following paragraph, 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 component unit financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the component unit financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall general purpose financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

We were unable to obtain the necessary documentation supporting certain expenditures of the City Court of Lake Charles, Louisiana, nor were we able to satisfy ourselves as to those expenditures by other auditing procedures. Those expenditures are included in the General Fund and represent 18% of assets and 7% of revenues.

In our opinion, except for the effects of such adjustments, if any, as might have been determined to be necessary had we been able to obtain the documentation supporting the expenditures of City Court of Lake Charles, Louisiana, or had we been able to satisfy ourselves as to those expenditures by other auditing procedures, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the City Court of Lake Charles, Louisiana, a component unit of the City of Lake Charles, Louisiana, as of December 31, 1999, and the results of its operations for the year then ended in conformity with generally accepted accounting principles.

Honorable Thomas P. Quirk
Honorable John S. Hood
September 25, 2000
Page 2

In accordance with Government Auditing Standards, we have also issued our report dated September 25, 2000, on our consideration of the City Court of Lake Charles compliance and internal control over financial statements.

Milford, Hilliard & Farrar

City Court of Lake Charles, Louisiana, a Component Unit
of the City of Lake Charles, Louisiana

COMBINED BALANCE SHEET
ALL FUND TYPES AND ACCOUNT GROUPS

December 31, 1999

	<u>Governmental</u>		<u>Fiduciary</u>	<u>Account</u>	Total (Memorandum Only)
	<u>Fund Type</u>		<u>Fund Type</u>	<u>Group</u>	
	<u>General</u>	<u>Special</u>	<u>Agency</u>	<u>General</u>	
	<u>Fund</u>	<u>Revenue</u>	<u>Fund</u>	<u>Fixed</u>	
		<u>Fund</u>		<u>Assets</u>	
ASSETS					
Cash (note A6)	\$ 69,903	\$ 226,039	\$ 305,072		\$ 601,013
Due from employees	741	-0-	-0-		741
Equipment (notes A2 & A4)	-0-	-0-	-0-	\$ 251,195	251,195
TOTAL ASSETS	\$ 70,644	\$ 226,039	\$ 305,072	\$ 251,195	\$ 852,949
LIABILITIES					
Payroll taxes payable	\$ 1				\$ 1
Due to other agencies	2,648				2,648
Due to City of Lake Charles	6,732				6,732
Due to City Marshall	3,855				3,855
Fee collected for State Treasury Court	255				255
Due to Crime Stoppers	2,379				2,379
Due to Law Enforcement Agencies	1,028				1,028
Deposits held for disposition of civil cases, claims	-0-		305,072		305,072
TOTAL LIABILITIES	\$ 16,898		\$ 305,072		\$ 321,970
EQUITY					
Investment in general fixed assets (notes A2 & A4)				\$ 251,195	251,195
Fund balance - unreserved and undesignated	53,746	226,039	-0-		279,784
TOTAL EQUITY	53,746	226,039	-0-	251,195	530,979
TOTAL LIABILITIES AND EQUITY	\$ 70,644	\$ 226,039	\$ 305,072	\$ 251,195	\$ 852,949

The accompanying notes are an integral part of this statement.

City Court of Lake Charles, Louisiana, a Component Unit
of the City of Lake Charles, Louisiana

COMBINED STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
ALL GOVERNMENTAL FUND TYPES

For the year ended December 31, 1999

	Governmental Fund Types		Total (Memorandum Only)
	General Fund	Special Revenue Fund	
Revenues:			
Court costs and fines	\$ 172,613		\$ 172,613
Miscellaneous income	3,846	\$ 2,470	6,316
Total revenues	176,459	2,470	178,929
Other financing sources:			
Operating transfers in (note D)	-0-	124,973	124,973
Total revenues and other financing sources	176,459	127,443	303,902
Expenditures:			
Current			
Accounting and legal	5,828		5,828
Bank service charges	1,155	24	1,179
Confinement center (note A4)	59,951		59,951
Dues and subscriptions	4,161		4,161
Equipment lease (note C)	2,748		2,748
Maintenance	12,354		12,354
Miscellaneous	1,924	553	2,477
Office expense	9,491	3,222	12,713
Payroll taxes	385		385
Retirement (note B)	10,604		10,604
Salaries	2,876	85,800	88,676
Telephone	4,693	463	5,156
Travel and seminars	20,727	-0-	20,727
Capital outlay (notes A2 and A4)	41,435	-0-	41,435
Total expenditures	178,332	90,062	268,394
REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES	(1,873)	37,381	35,508
Fund balances at beginning of year	55,619	188,658	244,277
Fund balances at end of year	\$ 53,746	\$ 226,039	\$ 279,785

The accompanying notes are an integral part of this statement.

City Court of Lake Charles, Louisiana, a Component Unit
of the City of Lake Charles, Louisiana

SPECIAL REVENUE FUND

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL

For the year ended December 31, 1999

	Special Revenue Fund		
	Budget	Actual	Variance Favorable (Unfavorable)
Revenues:			
Miscellaneous income	\$ 2,500	\$ 2,470	\$(30)
Other financing sources:			
Operating transfers in (note D)	<u>125,000</u>	<u>124,973</u>	(27)
Total revenues and other financing sources	127,500	127,443	(57)
Expenditures:			
Current			
Miscellaneous	500	553	53
Office expense	5,045	3,709	(1,336)
Salaries	87,000	85,800	(1,200)
Travel and seminars	3,000	-0-	(3,000)
Capital outlay (notes A2 and A4)	<u>8,000</u>	<u>-0-</u>	(8,000)
Total expenditures	<u>103,545</u>	<u>90,062</u>	(13,483)
REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES	23,955	37,381	13,426
Fund balance at beginning of year	<u>188,658</u>	<u>188,658</u>	-0-
Fund balance at end of year	\$ 212,613	\$ 226,039	\$ 13,426

The accompanying notes are an integral part of this statement.

City Court of Lake Charles, Louisiana, A Component Unit
of the City of Lake Charles, Louisiana

NOTES TO FINANCIAL STATEMENTS

December 31, 1999

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The following is a summary of significant accounting policies.

1. Financial Reporting Entity

This report includes all funds and account groups which are relevant to the operations of City Court of Lake Charles, Louisiana (City Court), a component unit of the City of Lake Charles, Louisiana. The City provides the facilities. However, the City Court is staffed by independently elected officials. As of March, 1978, the City assumed the responsibility for the General Fund.

2. Fund Accounting

The accounts of the City Court are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for by providing a separate set of self-balancing accounts which includes its assets, liabilities, fund equity, revenues, and expenditures. Government resources are allocated to and for individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The following funds and groups of accounts are used by the City Court:

Governmental Fund Types

General Fund

The General Fund is the general operating fund of the City Court. It is used to account for all financial resources except those required to be accounted for in another fund.

Special Revenue Fund

The Special Revenue Fund is used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specific purposes.

Fiduciary Fund Types

Agency Fund

The Agency Fund is used to account for assets held by the City Court as an agent for individuals, other governments, and/or other funds. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

Continued

NOTES TO FINANCIAL STATEMENTS - CONTINUED

December 31, 1999

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

2. Fund Accounting - continued

General Fixed Assets Account Group

General Fixed Assets (GFA)

The General Fixed Asset Account Group is used to account for fixed assets used in governmental fund type operations for control purposes. All fixed assets are valued at historical cost. No depreciation is recorded on general fixed assets.

3. Budgets

The City of Lake Charles approves a budget for the City Court General Fund. This budget includes all expenditures made by the City of Lake Charles and the General Fund with no separation between the two governmental agencies. There is not a separate budget available for the General Fund of the City Court of Lake Charles.

Formal budgetary integration is employed during the year for the Special Revenue Fund and adopted on a basis consistent with generally accepted accounting principles (GAAP). The budget amounts, shown in the financial statements, are the final authorized amounts as revised during the year.

4. Fixed Assets

Fixed assets are charged to the capital outlays expenditures account when purchased. Most of the fixed assets of the City Court of Lake Charles are included in the fixed asset records of the City of Lake Charles, although the Judges of the City Court have purchased a new computer system for the City Court and have decided to account for this equipment through City Court's General Fixed Assets Account Group.

In 1995 the City Court of Lake Charles agreed with the City of Lake Charles and the Ward Three Marshall to operate a Correctional Center for the City of Lake Charles. Effective November 1, 1995 the \$10 court cost being collected by the City Court is remitted to the Ward Three City Marshall, on a monthly basis, and is being used to pay all the operating expenses, except utilities, of the City of Lake Charles Correctional Center. The fixed assets of the Correctional Center are included in the fixed asset records of the City of Lake Charles and the operating cost is an expense of the City Court of Lake Charles.

Continued

City Court of Lake Charles, Louisiana, A Component Unit
of the City of Lake Charles, Louisiana

NOTES TO FINANCIAL STATEMENTS - CONTINUED

December 31, 1999

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

5. Basis of Accounting

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

The modified accrual basis of accounting is used by all governmental fund types and agency funds. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. A one-year availability period is used for revenue recognition for all other governmental fund revenues. Expenditures are recorded when the related fund liability is incurred. Revenues from fines are not susceptible to accrual because generally they are not measurable until received in cash.

6. Cash

At December 31, 1999 the balances of the City Court's deposits for the General Fund, Special Revenue Fund, and Agency Fund were \$69,903, \$226,038 and \$305,072 respectively.

7. Total Column on Combined Statements - Overview

The total columns on the combined statements are captioned "Memorandum Only" indicating that they are presented only to facilitate financial analysis. Data in these columns do not present financial position or results of operations in conformity with generally accepted accounting principles, nor is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

8. Year 2000 Compliance (Unaudited)

Time and space saving programming decisions made in prior years resulted in two-digit computer codes that may not correctly recognize "00" as 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.

Continued

City Court of Lake Charles, Louisiana, A Component Unit
of the City of Lake Charles, Louisiana

NOTES TO FINANCIAL STATEMENTS - CONTINUED

December 31, 1999

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

8. Year 2000 Compliance (Unaudited)

The City Court is not significantly dependent on computerized systems for essential operations or to provide services to citizens.

NOTE B - RETIRED COMMITMENTS

Louisiana State Employees' Retirement System (LASERS)

Plan Description and Provisions. The City Court's Judges participate in the LASERS, a cost sharing multiple employer defined benefit pension plan administered by a separate Board of Trustees. LASERS provides retirement, disability, and survivor benefits to participating, eligible employees. Benefits are established and amended by state statute. LASERS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to Louisiana State Employees' Retirement System, Post Office Box 44213, Baton Rouge, Louisiana, 70804-4213, or by calling (225) 922-0600.

Description of Funding Policy. The City Court Judges are required by State statute to contribute 11.5% of their annual covered salary and the Court is required to contribute at an actuarially determined rate. The current employer rate is 12.3% of annual covered payroll. The contribution requirements of plan members and the employer are established by, and may be amended by, state law. As required by state law, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. The Court's contributions to LASERS for the year ended December 31, 1999 was \$10,940 and was equal to the required contribution for the year.

NOTE C - OPERATING LEASE

City Court of Lake Charles currently leases a copy machine from LA Office Systems. Monthly payments for the year ended December 31, 1999 totaled \$2,748.

City Court of Lake Charles, Louisiana, A Component Unit
Of the City of Lake Charles, Louisiana

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

December 31, 1999

NOTE D - OPERATING TRANSFERS

Louisiana Revised Statutes mandate fees to be assessed to each claim filed through the City Court Civil Section. The Judges are legally entitled to a portion of these fees. Louisiana Revised Statute 13:1874.1 limits the amount of salary legally of a City Court Judge to that not exceeding a District Court Judge of the Judicial District in which the City Court is located. Because the fees assessed amount to greater than the judges' salary expended, an overage has been created. The overage can be used by the judges as they deem proper, as long as the expenditures from the overage are not direct or indirect compensation to the judges. Once the fee is assessed and collected in the Agency Fund it is transferred to the Special Revenue Fund where the judges' salaries and retirement payments are expended.

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

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*CERTIFIED VALUATION ANALYST

September 25, 2000

Honorable Thomas P. Quirk
Honorable John S. Hood
Judges of City Court of Lake Charles
Lake Charles, Louisiana

We have audited the general purpose financial statements of the City Court of Lake Charles, Louisiana, a component unit of the City of Lake Charles, Louisiana, as of and for the year ended December 31, 1999, and have issued our report thereon dated September 25, 2000, which was qualified because we were unable to obtain substantiation for all expenditures. We conducted our audit in accordance with generally accepted auditing 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 Court of Lake Charles, Louisiana's general purpose 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 compliance reportable conditions.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered City Court of Lake Charles, Louisiana, a component unit of the City of Lake Charles, Louisiana's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the general purpose financial statements and not to provide assurance on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect City

Honorable Thomas P. Quirk
Honorable John S. Hood
September 25, 2000
Page 2

Court of Lake Charles, Louisiana's ability to record, process, summarize and report financial data consistent with the assertions of management in the general purpose financial statements. Reportable conditions are described in the accompanying schedule of internal control structure reportable conditions.

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 general purpose 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. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, of the reportable conditions described above, we consider the items so noted on the schedule of internal control structure reportable conditions to be material weaknesses.

This report is intended solely for the information and use of management, City of Lake Charles, and the State of Louisiana Legislative Auditor and should not be used by anyone other than these specified parties.

Milford, Hilliard & Zeman

City Court of Lake Charles, Louisiana, a Component Unit
of the City of Lake Charles, Louisiana

SCHEDULE OF COMPLIANCE REPORTABLE CONDITIONS

For the year ended December 31, 1999

Expenditures for personal use

Condition. We noted several instances where City Court funds were expended for items clearly of a personal nature. Subsequent to our discovery, City Court funds were reimbursed \$700 for these purchases. However, we were unable to determine if this reimbursement included all of the personal expenditures.

Criteria. Use of governmental funds for personal expenditures is prohibited by law.

Effect. The effect is that City Court funds were used in a prohibited way.

Cause. Lack of control over purchases and the subsequent approval of payments for those purchases allowed these prohibited expenditures to occur.

Recommendation. All purchases should be approved and invoices should be reviewed prior to payment to make sure that all purchases are proper.

Auditee Response. Management recognizes the serious nature of this condition and has stated that all items of a personal nature have been fully reimbursed. In addition, management feels that changes that have been made to the internal control policies and the recent hiring of additional accounting personnel will allow for more effective discovery and correction of any future violations.

Late Submission of the Audit Report

Condition. The audit report for the City Court of Lake Charles, Louisiana, a component unit of the City of Lake Charles, Louisiana as of and for the period ended December 31, 1999, was not submitted by June 30, 2000.

Criteria. Audit reports must be submitted to Legislative Auditor within six months of the end of the accounting year as required by law.

Effect. The effect of an untimely submission is that City Court is in violation of state law.

Cause. The discovery of personal expenditures and lack of documentation on other expenditures caused us to have to expand the test work on the audit. This additional work was not completed in time to submit the audit by the required deadline.

Continued

City Court of Lake Charles, Louisiana, a Component Unit
of the City of Lake Charles, Louisiana

SCHEDULE OF COMPLIANCE REPORTABLE CONDITION

For the year ended December 31, 1999

Late Submission of the Audit Report - Continued

Recommendation. Expenditures should not be made without the proper documentation and approval should be required prior to payment. The approval process should verify that expenditures are proper and are documented.

Auditee Resonse. Management recognizes the requirements of state law and understands the importance of timely submitting their audited financial statements. Changes instituted in their internal control policies should correct the causes of the late reporting.

Unsecured Bank Deposits

Condition. Although in separate accounts, the total of all accounts within one bank exceeds the coverage of FDIC insurance and are unsecured by a pledge of assets by the bank.

Criteria. All deposits of a governmental body are to be secured either by FDIC insurance or a pledge of assets by the bank or both.

Effect. The effect of this is a possible loss of City Court funds should the bank become insolvent.

Cause. A lack of monitoring the amounts deposited into a single bank and the failure to recognize that accounts must be aggregated together to determine coverage by FDIC insurance led to this problem.

Recommendation. Excess deposits should be moved to another bank or arrangements should be made with the bank to secure a pledge of assets to cover the total deposits.

Auditee Response. Management has made arrangements to secure a pledge of assets from the bank for the total deposits.

City Court of Lake Charles, Louisiana, a Component Unit
of the City of Lake Charles, Louisiana

SCHEDULE OF INTERNAL CONTROL STRUCTURE REPORTABLE CONDITIONS

For the year ended December 31, 1999

Cashing of Checks from City Court Funds.

Condition. Payroll checks of employees are being cashed out of City Court funds.

Criteria. The cashing of any checks from City Court funds should be prohibited.

Effect. The effect is that deposits are not being made intact at all times. The possibility of errors and shortages in deposits is also much greater.

Cause. A lack of control and communication of proper policies to employees resulted in these improper practices.

Recommendations. Management should institute a policy and inform all employees that cashing of checks from City Court funds is prohibited.

Auditee Response. Management has issued a written policy prohibiting the practice of cashing checks. Further, they have stated they will have all employees submit a written acceptance of this policy to signify their understanding and to ensure strict compliance.

Irregularities in Travel Reimbursements

Condition. Per diem rates are being overpaid due to the addition of a 15% gratuity payment. Additionally, full per diem is being paid on travel requiring less than a full day.

Criteria. Where a per diem rate is used for travel reimbursement, that rate should not be increased for gratuities. Also, per diem should be prorated where travel involves less than a full day.

Effect. The effect is that travel reimbursements exceed what should have been paid.

Cause. Lack of written, comprehensive travel policy resulted in these excess reimbursements.

Recommendation. The City Court should institute a written travel policy and institute procedures to ensure compliance with the policy.

Auditee Response. Management has issued a memo to all employees that prohibits per diem payments except where an overnight stay is required. This policy allows for a specific reimbursement policy for any travel of less than one day. Further, management has stated they will have all employees submit a written acceptance of this policy to signify their understanding and to ensure strict compliance.

City Court of Lake Charles, Louisiana, a Component Unit
of the City of Lake Charles, Louisiana

SCHEDULE OF COMPLIANCE REPORTABLE CONDITION

For the year ended December 31, 1999

Material Weaknesses

Inadequate Segregation of Duties

Condition. The City Court is not large enough to permit an adequate segregation of employee duties for effective internal control over the receipts, purchasing and reporting functions.

Criteria. The processing of receipts, purchases and journal entries under the control of one person represents a failure to segregate the incompatible accounting functions.

Effect. The effect is such that errors, either intentional or unintentional could occur and not be detected in a timely manner and in the ordinary course of operations.

Cause. The limited number of employees of the City Court did not permit an adequate segregation of duties.

Recommendation. Due to the size of the City Court's operations it does not have sufficient staff to establish adequate segregation of duties. Management should consider if the cost associated with reducing this deficiency in internal control can be justified.

Auditee Response. Management has hired a new employee to handle the accounting functions of City Court. Although City Court will still not have complete segregation of incompatible duties, management has determined that the cost necessary to achieve this segregation is not justifiable at this time.

Lack of Proper Documentation of Expenditures

Condition. Expenditures totaling approximately \$15,000 are not supported by invoices.

Criteria. All expenditures should be supported by invoices to establish that only proper expenditures are made and that the expenditure is properly recorded.

Effect. Lack of documentation could result in improper expenditures and/or in the misclassification of expenditures in the financial statements.

Cause. A lack of proper controls on the requirements for expenditures and the lack of a proper approval process for the issuance of checks allowed payments to be made without proper documentation.

Continued

City Court of Lake Charles, Louisiana, a Component Unit
of the City of Lake Charles, Louisiana

SCHEDULE OF COMPLIANCE REPORTABLE CONDITION

For the year ended December 31, 1999

Lack of Proper Documentation of Expenditures - Continued

Recommendation. All purchases should be fully supported by the necessary documentation and the approval of expenditures should not be made without first obtaining such documentation.

Auditee Response. Management has stated that the proper documentation will be obtained prior to the approval of all expenditures.

Comments on Resolution of Prior Audit Findings

Matters relating to the travel policy, the internal control matter, and the lack of documentation reported above were all reported in the prior year's audit.