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GENERAL PURPOSE FINANCIAL STATEMENTS AND
INDEPENDENT AUDITORS' REPORT

CALCASIEU PARISH TAX ASSESSMENT DISTRICT
Lake Charles, Louisiana

December 31, 1998

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 **AUG 04 1999**

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Langley, Williams & Company, L.L.C.

CERTIFIED PUBLIC ACCOUNTANTS

205 W. COLLEGE STREET

LAKE CHARLES, LOUISIANA 70605-1625

(318) 477-2827

1(800) 713-8432

FAX (318) 478-8418

LESTER LANGLEY, JR.
DANNY L. WILLIAMS
MICHAEL F. CALLOURA
PHILLIP D. ABSHIRE, JR.
DAPHNE B. CLARK

J. AARON COOPER
LISA A. KELLER

MEMBERS OF -
AMERICAN INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS
SOCIETY OF LOUISIANA
CERTIFIED PUBLIC ACCOUNTANTS
SEC PRACTICE SECTION
OF AICPA

INDEPENDENT AUDITORS' REPORT

Honorable Kenneth W. Darnsteadt
Calcasieu Parish Tax Assessment District
Lake Charles, Louisiana

We have audited the accompanying general purpose financial statements of the Calcasieu Parish Tax Assessment District, a component unit of the Calcasieu Parish Police Jury, as of December 31, 1998, and for the year then ended. These general purpose financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards and *Government Auditing Standards*. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose 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.

Governmental Accounting Standards Board Technical Bulletin 98-1, *Disclosures about Year 2000 Issues*, requires disclosure of certain matters regarding the year 2000 issue. The Calcasieu Parish Tax Assessment District has included such disclosures in Note 9. Because of the unprecedented nature of the Year 2000 issue, its effects and the success of related mediation efforts will not be fully determinable until the Year 2000 and thereafter. Accordingly, insufficient audit evidence exists to support the Calcasieu Parish Tax Assessment District's disclosure with respect to the Year 2000 issue made in Note 9. Further, we do not provide assurance that the Calcasieu Parish Tax Assessment District is or will be Year 2000 ready, that the Calcasieu Parish Tax Assessment District's Year 2000 remediation efforts will be successful in whole or in part, or that parties with which the Calcasieu Parish Tax Assessment District does business will be Year 2000 ready.

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 examine evidence regarding Year 2000 disclosures, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the Calcasieu Parish Tax

Honorable Kenneth W. Darnsteadt
Page Two

Assessment District as of December 31, 1998, and the results of its operations for the year then ended in conformity with generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued a report dated May 20, 1999 on our consideration of the District's internal control over financial reporting and our test of its compliance with certain provisions of laws, regulations, contracts, and grants.

Our audit was conducted for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The financial information listed as a supporting schedule in the table of contents is presented for purposes of additional analysis and is not a required part of the general purpose financial statements of the Calcasieu Parish Tax Assessment District. Such information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, is fairly stated in all material respects in relation to the financial statements taken as a whole.

May 20, 1999

Langley, Williams & Co., LLC

CALCASIEU PARISH TAX ASSESSMENT DISTRICT
Lake Charles, Louisiana

GOVERNMENTAL FUND TYPE AND ACCOUNT GROUP
COMBINED BALANCE SHEET

December 31, 1998

	Governmental Fund Type	Account Group	Total (Memorandum Only)
	General Fund	General Fixed Assets	
ASSETS			
Cash	\$ 32,758	\$ -	\$ 32,758
Receivables, net:			
Taxes	871,080	-	871,080
Intergovernmental	49,148	-	49,148
Employee advance	3,184	-	3,184
Fixed assets	-	151,426	151,426
Total assets	\$ 956,170	\$ 151,426	\$ 1,107,596
LIABILITIES AND FUND EQUITY			
Liabilities:			
Accounts payable	\$ 7,602	\$ -	\$ 7,602
Accrued liabilities	26,963	-	26,963
Notes payable	575,000	-	575,000
Total liabilities	609,565	-	609,565
Fund equity:			
Investment in general fixed assets	-	151,426	151,426
Unreserved fund balances:			
Designated	-	-	-
Undesignated	346,605	-	346,605
Total fund equity	346,605	151,426	498,031
Total liabilities and fund equity	\$ 956,170	\$ 151,426	\$ 1,107,596

The accompanying notes are an integral part of these financial statements.

CALCASIEU PARISH TAX ASSESSMENT DISTRICT
Lake Charles, Louisiana

STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE
GOVERNMENTAL FUND TYPE - GENERAL FUND

For the Year Ended December 31, 1998

REVENUES:

Taxes	\$	997,849
Intergovernmental		73,721
Charges for services		40,114
Interest		12,317
Grants		37,574

Total revenues		1,161,575

EXPENDITURES:

Current:		
General government		1,138,344
Capital outlay		3,607
Interest		21,630

Total expenditures		1,163,581

DEFICIENCY OF REVENUES OVER
EXPENDITURES

(2,006)

FUND BALANCE, JANUARY 1

348,611

FUND BALANCE, DECEMBER 31

\$ 346,605

The accompanying notes are an integral part of these financial statements.

CALCASIEU PARISH TAX ASSESSMENT DISTRICT
Lake Charles, Louisiana

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET (GAAP BASIS) AND ACTUAL - GENERAL FUND

For the Year Ended December 31, 1998

	Budget	Actual	Variance Favorable (Unfavorable)
REVENUES:			
Taxes	\$ 1,026,500	\$ 997,849	\$ (28,651)
Intergovernmental	72,500	73,721	1,221
Charges for service	37,854	40,114	2,260
Interest	5,000	12,317	7,317
Other	-	37,574	37,574
Total revenues	1,141,854	1,161,575	19,721
EXPENDITURES:			
Current:			
General government	1,099,690	1,138,344	(38,654)
Capital outlay	2,000	3,607	(1,607)
Interest	19,400	21,630	(2,230)
Total expenditures	1,121,090	1,163,581	(42,491)
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	20,764	(2,006)	(22,770)
FUND BALANCE, JANUARY 1	348,611	348,611	-
FUND BALANCE, DECEMBER 31	\$ 369,375	\$ 350,617	\$ (22,770)

The accompanying notes are an integral part of these financial statements.

CALCASIEU PARISH TAX ASSESSMENT DISTRICT
Lake Charles, Louisiana

NOTES TO FINANCIAL STATEMENTS

For the Year Ended December 31, 1998

INTRODUCTION

As provided by Article VII, Section 24 of the Louisiana Constitution of 1974, the assessor is elected by the voters of the parish and serves a four-year term. The assessor assesses all real and movable property in the parish subject to ad valorem taxation. The assessor is authorized to appoint as many deputies as may be necessary for the efficient operation of the office and provides assistance to the taxpayers of the parish. The deputies are authorized to perform all functions of the office, but the assessor is officially and pecuniarily responsible for the actions of the deputies.

In accordance with Louisiana law, the assessor bases real and movable property assessments on conditions existing on January 1 of the tax year. The assessor completes an assessment listing by May 1 of the tax year and submits the list to the parish governing authority and the Louisiana Tax Commission as prescribed by law. Once the assessment listing is approved, the assessor submits the assessment roll to the parish tax collector who is responsible for collecting and distributing taxes to the various taxing bodies.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. BASIS OF PRESENTATION

The accompanying general purpose financial statements of the Calcasieu Parish Tax Assessment District have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

B. REPORTING ENTITY

The assessor is an independently elected official; however, the assessor is fiscally dependent on the Calcasieu Parish Police Jury. The police jury maintains and operates the building in which the assessor's office is located and provides funds for equipment and furniture of the assessor's office. In addition, the police jury's general purpose financial statements would be incomplete or misleading without inclusion of the assessor. For these reasons, the assessor was determined to be a component unit of the Calcasieu Parish Police Jury, the financial reporting entity.

The accompanying financial statements present information only on the funds maintained by the assessor and do not present information on the police jury, the general government services provided by that governmental unit, or the other governmental units that comprise the financial reporting entity.

CALCASIEU PARISH TAX ASSESSMENT DISTRICT
Lake Charles, Louisiana

NOTES TO FINANCIAL STATEMENTS - Continued

For the Year Ended December 31, 1998

C. FUND ACCOUNTING

The assessor uses funds and account groups to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions relating to certain government functions or activities.

A fund is a separate accounting entity with a self-balancing set of accounts. On the other hand, an account group is a financial reporting device designed to provide accountability for certain assets and liabilities that are not recorded in the funds because they do not directly affect net expendable available financial resources.

Funds of the assessor are classified as governmental funds. Governmental funds account for the assessor's general activities, including the collection and disbursement of specific or legally restricted monies and the acquisition of general fixed assets. Governmental funds of the assessor include:

1. General Fund -- the General Fund, as provided by Louisiana Revised Statute 47:1906, is the principal fund of the assessor and accounts for the operation of the assessor's office. Compensation received from the various taxing bodies, prescribed by formula in R.S. 47:1907-1908, is accounted for in this fund. General operating expenditures are paid from this fund.

D. BASIS OF ACCOUNTING

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. The General Fund is accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. The operating statement of the General Fund presents increases and decreases in net current assets. The modified accrual basis of accounting is used by the General Fund. The General Fund uses the following practices in recording revenues and expenditures:

Revenues

All governmental funds are accounted for using the modified accrual basis of accounting. Their revenues are recognized when they become measurable and available as net current assets. All major revenues are susceptible to accrual.

CALCASIEU PARISH TAX ASSESSMENT DISTRICT
Lake Charles, Louisiana

NOTES TO FINANCIAL STATEMENTS - Continued

For the Year Ended December 31, 1998

Expenditures

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. An exception to this rule is accumulated unpaid vacation, sick pay, and other employee amounts which are not accrued.

E. BUDGETS

Annually, the Calcasieu Parish Tax Assessment District adopts a budget for the General Fund on a modified accrual basis of accounting. The budgetary practices include public notice of the proposed budget, public inspection of the proposed budget, and a public hearing on the budget. Formal budgetary integration is not employed as a management control device during the year. Budgeted amounts included in the accompanying financial statements include the original adopted budget amounts and all subsequent amendments. All budgetary appropriations lapse at year end.

F. CASH AND CASH EQUIVALENTS

For reporting purposes, cash includes cash, demand deposits, time deposits, and certificates of deposit. Under state law, the Calcasieu Parish Tax Assessment District may deposit funds in demand deposits, interest-bearing demand deposits, or time deposits with state banks organized under Louisiana law and national banks having principal offices in Louisiana.

At December 31, 1998, the district has cash and cash equivalents (book balances) totaling \$32,759, as follows:

Interest-bearing demand deposits	<u>\$ 32,759</u>
----------------------------------	------------------

These deposits are stated at cost, which approximates market. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties. At December 31, 1998, the district has \$82,375 in deposits (collected bank balances). These deposits are secured from risk by \$100,000 of federal deposit insurance. At December 31, 1998, \$ -0- of deposits were unsecured by either FDIC or pledged securities.

CALCASIEU PARISH TAX ASSESSMENT DISTRICT
Lake Charles, Louisiana

NOTES TO FINANCIAL STATEMENTS - Continued

For the Year Ended December 31, 1998

G. FIXED ASSETS

Fixed assets are recorded as expenditures at the time purchased, and the related assets are capitalized (reported) in the general fixed assets account group rather than in the general fund. General fixed assets provided by the police jury are recorded within the general fixed assets account group of the Calcasieu Parish Police Jury. No depreciation has been provided on general fixed assets. All fixed assets are valued at historical cost.

H. COMPENSATED ABSENCES

The Calcasieu Parish Tax Assessment District's office has a formal leave policy in which the employees of the assessment district's office earn from 10 to 25 days of annual leave each year, depending on length of service with the assessment district. Annual leave must be used in the year following the year earned. In addition, employees earn 9 days of sick leave each year. Sick leave not used in the year earned may be carried forward into the following year. Full-time, permanent employees are granted vacation benefits in varying amounts to specified maximums depending on years of service. All earned vacation time must be used by the employee and cannot be carried over into the next year. Upon resignation or retirement unused annual leave to a maximum of 20 days is paid to employees at the employees' current rate of pay. Accumulated sick leave cannot be used for early retirement nor will compensation be given for unused sick leave. At December 31, 1998, there was no unrecorded accumulated annual leave.

H. TOTAL COLUMNS ON STATEMENTS - OVERVIEW

The total columns on the 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 or results of operations, in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation.

2. LEVIED TAXES

For the year ended December 31, 1998, the assessment district levied 1.41 mills on property subject to taxation to be used for the operations of the assessment office. Total taxes levied for the year were \$1,032,191 on property with assessed valuation totaling \$732,000,000. An allowance for bad debt has been established at \$10,322.

CALCASIEU PARISH TAX ASSESSMENT DISTRICT
Lake Charles, Louisiana

NOTES TO FINANCIAL STATEMENTS - Continued

For the Year Ended December 31, 1998

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 15 of the current year, and become delinquent after December 31. Property taxes not paid by the end of February are subject to lien.

3. CHANGES IN GENERAL FIXED ASSETS

A summary of changes in general fixed assets follows:

Balance of fixed assets, January 1, 1998	\$ 193,332
Fixed asset additions	3,607
Fixed assets scrapped/retired	(45,513)
Balance of fixed assets, December 31, 1998	\$ <u>151,426</u>

4. 401(k) SAVINGS PLAN

Effective February 1, 1998, retroactive to January 1, 1998, the company created and made available to its employees a 401(k) savings plan. Employees of the District may participate in the 401(k) savings plan, whereby the employees may elect to make contributions pursuant to a salary reduction agreement upon meeting age and length-of-service requirements. The District matches the contribution of 5.75 percent of electing employees' compensation. Matching contributions to the plan for the year ended December 31, 1998 was \$35,952.

5. POST RETIREMENT HEALTH CARE AND LIFE INSURANCE

The Calcasieu Parish Tax Assessment District provides certain continuing health care and life insurance benefits for its retired employees. Substantially all employees become eligible for these benefits if they progress to normal retirement age while working for the assessment district. These benefits for retirees and similar benefits for active employees are provided through an insurance company whose monthly premiums are paid jointly by the employees and the assessment district.

CALCASIEU PARISH TAX ASSESSMENT DISTRICT
Lake Charles, Louisiana

NOTES TO FINANCIAL STATEMENTS - Continued

For the Year Ended December 31, 1998

6. EXPENSES OF THE ASSESSOR NOT INCLUDED IN THE FINANCIAL STATEMENTS

The Calcasieu Parish Tax Assessment District's office is located in the Magnolia Life Building owned by the Calcasieu Parish Police Jury. The upkeep and maintenance of the building is paid by the Calcasieu Parish Police Jury.

7. NOTES PAYABLE

Notes payable consist of the following at December 31, 1998:

Note payable to Bank One, Louisiana, NA,
dated April 21, 1998, in the original amount of
\$575,000, accruing interest at 4.75%, to be repaid
on January 15, 1999, secured by and payable from
property tax revenues.

\$ 575,000

8. YEAR 2000 ISSUES

The Year 2000 Issue consists of two shortcomings that make computer processing systems unable to read year-date data beyond the year 1999. The first shortcoming is many computer programs contain abbreviated dates which eliminate the first two digits of the year. Therefore, some computer programs may recognize January 1, 2000 as January 1, 1900 and process data incorrectly or stop processing altogether. The second shortcoming is some computers will be unable to detect the year 2000 is a leap year and may not register the additional day and data calculations may be incorrect.

SUPPLEMENTAL SCHEDULE

CALCASIEU PARISH TAX ASSESSMENT DISTRICT
Lake Charles, Louisiana

SCHEDULE OF EXPENDITURES - BUDGET
(GAAP BASIS) AND ACTUAL - GENERAL FUND

For the Year Ended December 31, 1998

	Budget	Actual	Variance Favorable (Unfavorable)
Assessor's personal expense allowance	\$ 7,490	\$ 7,490	\$ -
Salaries:			
Assessor	74,900	74,900	-
Deputies	537,000	548,068	(11,068)
Materials and supplies:			
Office	49,800	55,351	(5,551)
Automobile	18,000	10,920	7,080
Computer	40,000	169,921	(129,921)
Professional services	11,500	13,063	(1,563)
Professional reappraisal contracts	100,000	-	100,000
Employee benefits:			
Workmen compensation and unemployment	17,500	9,679	7,821
Dues	4,500	4,140	360
Group insurance	158,000	158,953	(953)
Contribution to employee's retirement	36,000	35,952	48
Payroll taxes	-	9,021	(9,021)
Travel, conference and education	45,000	40,886	4,114
	<u>\$ 1,099,690</u>	<u>\$ 1,138,344</u>	<u>\$ (38,654)</u>

SUPPLEMENTAL REPORTS



Langley, Williams & Company, L.L.C.

CERTIFIED PUBLIC ACCOUNTANTS

205 W. COLLEGE STREET
LAKE CHARLES, LOUISIANA 70605-1625
(318) 477-2827
1(800) 713-8432
FAX (318) 478-8418

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

Honorable Kenneth W. Darnsteadt
Calcasieu Parish Tax Assessment District
Lake Charles, Louisiana

We have audited the general purpose financial statements of the Calcasieu Parish Tax Assessment District, a component unit of the Calcasieu Parish Police Jury, as of and for the year ended December 31, 1998, and have issued our report thereon dated May 20, 1999. 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 the Calcasieu Parish Tax Assessment District'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 reported in the Corrective Action Plan for Current Year Audit Findings.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Calcasieu Parish Tax Assessment District'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. 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 general purpose financial

Honorable Kenneth W. Darnsteadt
Calcasieu Parish Tax Assessment District
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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 several matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. These matters are reported in the Corrective Action Plan for Current Year Audit Findings.

This report is intended for the information of the Calcasieu Parish Tax Assessment District's management and the Legislative Auditor of the State of Louisiana. However, this report is a matter of public record and its distribution is not limited.

Langley, Williams & Co., LLC

May 20, 1999

CALCASIEU PARISH TAX ASSESSMENT DISTRICT
Lake Charles, Louisiana

SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS -
CORRECTIVE ACTION PLAN FOR CURRENT YEAR AUDIT FINDINGS

December 31, 1998

Section I – Internal Control and Compliance Material to the Financial Statements:

Ref. No. 1

Description of Finding

Internal controls over the payroll cycle are not adequate due to the lack of segregation of duties. One bookkeeper is responsible for substantially all payroll functions within the Assessor's office due to the limited size of the Assessor's staff. During this audit period we found no documentation evidencing the Assessor's approval for salary changes. There were no timecard entries evidencing overtime hours paid to the bookkeeper, and the documentation for expense reimbursements made to the bookkeeper was inadequate. Additionally, federal and state income tax withholdings from June 15, 1998 through the audit period were not calculated in accordance with the bookkeeper's Form W-4 Withholding Certificate and tax withholding tables. As a result of these findings, the lack of segregation of duties over the payroll cycle is considered a material weakness in internal control over financial reporting.

Corrective Action Planned

As in past years the Assessor does sign all payroll checks as evidence of his approval of all payroll transactions, which includes salary increases, overtime hours and expense reimbursements. In addition to signing the payroll checks, the Assessor will implement procedures to require proper documentation and his written approval on the documentation for all payments of overtime and expense reimbursements. The Assessor will also perform certain inspections within each payroll cycle to mitigate the effects of the lack of segregation of duties.

Name of Contact Person

Kenneth Darnsteadt

Anticipated Completion Date

June 30, 1999

(Continued)



KENNETH DARNSTEADT, CLA RECEIVED
TELEPHONE: (318) 437-3461 **CERTIFIED LOUISIANA ASSESSOR**

ASSESSOR FOR CALCASIEU PARISH • P. O. BOX 1346 • LAKE CHARLES, LA 70602

93 JUL 21 AM 9:43

July 20, 1999

**Ms. JoAnne Sanders
Office of Legislative Auditor
P.O. Box 94397
Baton Rouge, La. 70804-4397**

**RE: Audit Findings of Langley, Williams & Co., L.L.C.
Year Ended December 31, 1998**

Dear Ms. Sanders,

At the conclusion of our annual audit my auditor Mr. Lester Langley, partner in the public accounting firm of Langley, Williams & Co., L.L.C., reported to you their findings related to an employee's use of a business credit card. In order to expedite supplies purchases a business credit card was allowed, however there were lax internal control procedures with regards to its use with vouchers and such. When these points were made to me by the Auditor, I immediately stopped the practice and received the reimbursement for the balance of \$3,183.82. I have now implemented the supporting documentation and disbursement practices as suggested by the Auditor. I assure you these steps, as well as all new federal and additional new legislative rules, have been placed in effect and we will continue to be in compliance.

In talking with other states jurisdictions that have had inquiries from their financial overseers concerning reliability and stability for governmental revenue streams, and so that you will know, our office is as Y2K compliant as new hardware and software will let us be, and we will only be at the mercy of utility vendors in the year 2000. Our tax roll will be finalized and completed for the Year 1999 in October and our estimated taxes levied for the Parish are in excess of \$78,560,000.00. This phase of the tax assessment should remain stable for continued Parish expenditures. We contemplate no breaks in service to our governing bodies as well as the public. I can appreciate the concern this must be at the state level in assuring a revenue stream for government services.

If you have any questions or if we can be of any further service please contact my office.

Sincerely,

**Kenneth Darnsteadt, CLA.
Assessor**