

**WARD SIX MARSHAL  
OF THE PARISH OF ST. MARY  
Morgan City, Louisiana**

**Financial Report**

**Year Ended December 31, 2009**

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 8/4/10

## TABLE OF CONTENTS

	<u>Page</u>
<b>INDEPENDENT ACCOUNTANT'S REPORT</b>	<b>1-2</b>
<b>BASIC FINANCIAL STATEMENTS</b>	
<b>Government-wide Financial Statements</b>	
Statement of net assets	5
Statement of activities	6
<b>Fund Financial Statements</b>	
Governmental fund -	
Balance sheet	8-9
Statement of revenues, expenditures, and changes in fund balance	10-11
Statement of fiduciary net assets	12
Notes to Basic Financial Statements	13-20
<b>REQUIRED SUPPLEMENTARY INFORMATION</b>	
Budgetary comparison schedule:	
General Fund	22
<b>REQUIREMENTS OF THE LOUISIANA GOVERNMENTAL AUDIT GUIDE</b>	
Independent accountant's report on applying agreed-upon procedures	24-26
Schedule of findings	27-28
Summary schedule of prior findings	29
Corrective action plan for current year findings	30

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## INDEPENDENT ACCOUNTANT'S REPORT

Honorable Kenneth Duval  
Ward Six Marshal of the Parish of St. Mary  
Morgan City, Louisiana

We have reviewed the accompanying financial statements of the governmental activities, the major fund and the aggregate remaining fund information of Ward Six Marshal of the Parish of St. Mary (hereinafter "the Marshal") as of December 31, 2009, which collectively comprise the Marshal's basic financial statements as listed in the table of contents, in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. All the information included in these financial statements is the representation of the management of the Marshal.

A review consists principally of inquiries of Marshal personnel and analytical procedures applied to financial data. It is substantially less in scope than an audit in accordance with generally accepted auditing standards, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in conformity with generally accepted accounting principles.

The budgetary comparison information on page 22 is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. Such information has not been subjected to the inquiry and analytical procedures applied in the review of the basic financial statements, but was compiled from information that is the representation of management, without audit or review. Accordingly, we do not express an opinion or any other form of assurance on the required supplementary information.

The Marshal has not presented management's discussion and analysis that the Governmental Accounting Standards Board has determined is required to supplement, although not required to be part of, the basic financial statements.

***Kolder, Champagne, Slaven & Company, LLC***  
Certified Public Accountants

Morgan City, Louisiana  
June 24, 2010

**BASIC FINANCIAL STATEMENTS**

**GOVERNMENT-WIDE FINANCIAL STATEMENTS**

WARD SIX MARSHAL OF THE PARISH OF ST. MARY  
Morgan City, Louisiana

Statement of Net Assets  
December 31, 2009

	<u>Governmental Activities</u>
<b>ASSETS</b>	
Cash and interest-bearing deposits	\$ 14,343
Due from other governmental units	1,710
Capital assets, net	<u>15,786</u>
 Total assets	 <u>31,839</u>
 <b>NET ASSETS</b>	
Invested in capital assets	15,786
Unrestricted	<u>16,053</u>
 Total net assets	 <u>\$ 31,839</u>

*The accompanying notes are an integral part of the basic financial statements.*

WARD SIX MARSHAL OF THE PARISH OF ST. MARY  
 Morgan City, Louisiana

Statement of Activities  
 Year Ended December 31, 2009

Activities	Program Revenues		Net (Expense) Revenues and Changes in Net Assets Governmental Activities
	Charges for Services	Operating Grants and Contributions	
Governmental activities:			
General government	\$ 128,313	\$ 35,146	\$ 79,306
	<u>      </u>	<u>      </u>	<u>      </u>
General revenues:			
Miscellaneous			
Change in net assets			(13,861)
Net assets - January 1, 2009			<u>45,700</u>
Net assets - December 31, 2009			<u>\$ 31,839</u>

*The accompanying notes are an integral part of the basic financial statements.*

**FUND FINANCIAL STATEMENTS**

WARD SIX MARSHAL OF THE PARISH OF ST. MARY  
Morgan City, Louisiana

Balance Sheet  
Governmental Fund  
December 31, 2009

	<u>General Fund</u>
<b>ASSETS</b>	
Cash	\$ 14,343
Due from other governmental units	<u>1,710</u>
 Total assets	 <u>\$ 16,053</u>
<b>LIABILITIES AND FUND BALANCE</b>	
Fund balance:	
Unreserved, undesignated	\$ <u>16,053</u>

(continued)

WARD SIX MARSHAL OF THE PARISH OF ST. MARY  
Morgan City, Louisiana

Balance Sheet (continued)  
Governmental Fund  
December 31, 2009

Reconciliation of the Governmental Fund Balance Sheet to the Statement of Net Assets:

Total fund balances for the governmental fund at December 31, 2009 \$ 16,053

Total net assets reported for governmental activities in the statement of net assets is different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. Those assets consist of:

Vehicle and Equipment, cost \$47,359 net of \$31,573 accumulated depreciation 15,786

Total net assets of governmental activities at December 31, 2009 \$ 31,839

*The accompanying notes are an integral part of the basic financial statements.*

WARD SIX MARSHAL OF THE PARISH OF ST. MARY  
Morgan City, Louisiana

Statement of Revenues, Expenditures, and Changes in Fund Balance  
Governmental Fund  
Year Ended December 31, 2009

	<u>General Fund</u>
<b>Revenues:</b>	
Fees, charges, and commission for services	\$ 35,146
Intragovernmental - City of Morgan City	<u>79,306</u>
<b>Total revenues</b>	<b><u>114,452</u></b>
<b>Expenditures:</b>	
General government	<u>123,890</u>
<b>Net change in fund balance</b>	<b>(9,438)</b>
<b>Fund balance, beginning</b>	<b><u>25,491</u></b>
<b>Fund balance, ending</b>	<b><u>\$ 16,053</u></b>

(continued)

**WARD SIX MARSHAL OF THE PARISH OF ST. MARY**  
**Morgan City, Louisiana**

**Statement of Revenues, Expenditures, and Changes in Fund Balance (continued)**  
**Governmental Fund**  
**Year Ended December 31, 2009**

## Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balance of the Governmental Fund to the Statement of Activities:

Total net changes in fund balance at December 31, 2009 per  
Statement of Revenues, Expenditures and Changes in Fund Balance \$ (9,438)

The change in net assets reported for governmental activities in the statement of activities is different because:

Depreciation expense for the year ended December 31, 2009 (4,423)

Total changes in net assets at December 31, 2009 per Statement of Activities \$ (13,861)

*The accompanying notes are an integral part of the basic financial statements.*

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WARD SIX MARSHAL OF THE PARISH OF ST. MARY  
Morgan City, Louisiana

Statement of Fiduciary Net Assets  
December 31, 2009

	<u>Agency Funds</u>
<b>ASSETS</b>	
Cash and interest-bearing deposits	<u>\$ 794</u>
<b>LIABILITIES</b>	
Due to others	<u>\$ 794</u>

*The accompanying notes are an integral part of the basic financial statements.*

WARD SIX MARSHAL OF THE PARISH OF ST. MARY  
Morgan City, Louisiana

Notes to Basic Financial Statements

INTRODUCTION

As provided by LSA-RS 13:1871 et seq, the City Court of Morgan City was established and included the creation of the office of the Marshal. The territorial jurisdiction of the Marshal extends throughout the City of Morgan City and throughout the whole of Ward Six of St. Mary Parish. The Marshal is elected for a six-year term. The Marshal's salary is funded by the St. Mary Parish Council and by the City of Morgan City at no cost to the Marshal's Cost Fund.

(1) Summary of Significant Accounting Policies

The accompanying component unit financial statements of the Ward Six Marshal of the Parish of St. Mary (hereinafter "Marshal") have been prepared in conformity with accounting principles generally accepted in the United States of America (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.

The following is a summary of certain significant accounting policies:

A. Financial Reporting Entity

As the governing authority of the city, for reporting purposes, the City of Morgan City is the financial reporting entity. The financial reporting entity consists of (a) the primary government, (b) organizations for which the primary government is financially accountable, and (c) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

Governmental Accounting Standards Board Statement No. 14 established criteria for determining which component units should be considered part of the City of Morgan City for financial reporting purposes. The basic criterion for including a potential component unit within the reporting entity is financial accountability. The GASB has set forth criteria to be considered in determining financial accountability. These criteria include:

1. Appointing a voting majority of an organization's governing body, and
  - a. the ability of the City to impose its will on the organization and/or
  - b. the potential for the organization to provide specific financial benefits to or impose specific financial burdens on the City.
  - c. the potential for the organization to provide specific financial benefits to or impose specific financial burdens on the City.

WARD SIX MARSHAL OF THE PARISH OF ST. MARY  
Morgan City, Louisiana

Notes to Basic Financial Statements (continued)

2. Organizations for which the City does not appoint a voting majority but are fiscally dependent on the City.
3. Organizations for which the reporting entity financial statements would be misleading if data of the organization is not included because of the nature or significance of the relationship.

Because the City of Morgan City provides compensation and office space to the Marshal and the significance of the relationship between the Marshal and City, the Marshal was determined to be a component unit of the City of Morgan City, the financial reporting entity. The accompanying financial statements present information only on the funds maintained by the Marshal and do not present information on the City, the general government services provided by the governmental unit, or the other governmental units that comprise the financial reporting entity.

B. Basis of Presentation

Government-Wide Financial Statements

The statement of net assets and the statement of activities display information about the Marshal as a whole. These statements include all the financial activities of the Marshal. Information contained in these statements reflects the economic resources measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses, assets and liabilities resulting from exchange or exchange-like transactions are recognized when the exchange occurs (regardless of when cash is received or disbursed). Revenues, expenses, gains, losses, assets and liabilities resulting from nonexchange transactions are recognized in accordance with the requirements of GASB Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions*.

The statement of activities presents a comparison between direct expenses and program revenues for each function of the Marshal's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include (a) fees and charges paid by the recipients for goods or services offered by the programs, and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

WARD SIX MARSHAL OF THE PARISH OF ST. MARY  
Morgan City, Louisiana

Notes to Basic Financial Statements (continued)

**Fund Financial Statements**

The Marshal uses funds to maintain its financial records during the year. Fund accounting is designed to demonstrate legal compliance and to aid management by segregating transactions related to certain functions and activities. A fund is defined as a separate fiscal and accounting entity with a self-balancing set of accounts. The various funds of the Marshal are classified into two categories: governmental and fiduciary. The emphasis on fund financial statements is on major funds, each displayed in a separate column. A fund is considered major if it is the primary operating fund of the Marshal or its total assets, liabilities, revenues, or expenditures of the individual governmental fund is at least ten (10) percent of the corresponding total for all governmental funds. The general fund of the Marshal is considered to be the major fund.

The major fund of the Marshal is described below:

**Governmental Fund -**

**General Fund**

The General Fund, as provided by Louisiana Revised Statutes is the principal fund of the Marshal and is used to account for the operations of the Marshal. The Marshal's primary source of revenue is fees from the City Court of Morgan City. General operating expenditures are paid from this fund.

**Fiduciary Fund**

Fiduciary fund reporting focuses on net assets and changes in net assets. The only fund accounted for in this category by the Marshal is an *agency fund*. The agency fund accounts for assets held by the Marshal as an agent for litigants in garnishment proceedings. This fund is custodial in nature (assets equal liabilities) and does not involve measurement of results of operations. Consequently, the agency fund has no measurement focus, but uses the accrual basis of accounting.

**C. Measurement Focus/Basis of Accounting**

Measurement focus is a term used to describe "which" transactions are recorded within the various financial statements. Basis of accounting refers to "when" transactions are recorded regardless of the measurement focus applied.

**Measurement Focus**

On the government-wide statement of net assets and the statement of activities, governmental activities are presented using the economic resources measurement focus as defined in item b. below. In the fund financial statements, the "current financial resources" measurement focus or the "economic resources" measurement focus is used as appropriate:

WARD SIX MARSHAL OF THE PARISH OF ST. MARY  
Morgan City, Louisiana

Notes to Basic Financial Statements (continued)

- a. The governmental fund utilizes a "current financial resources" measurement focus. Only current financial assets and liabilities are generally included on its balance sheet. Their operating statement presents sources and uses of available expendable financial resources during a given period. This fund uses fund balance as its measure of available expendable financial resources at the end of the period.
- b. The government-wide financial statement utilizes an "economic resources" measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net assets (or cost recovery) and financial position. All assets and liabilities (whether current or noncurrent) associated with its activities are reported. Government-wide fund equity is classified as net assets.

**Basis of Accounting**

In the government-wide statement of net assets and statement of activities, the governmental activities are presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures (including capital outlay) generally are recorded when a liability is incurred, as under accrual accounting.

**D. Assets, Liabilities and Equity**

**Cash and interest-bearing deposits**

For purposes of the statement of net assets, cash and interest-bearing deposits include all demand accounts, savings accounts, and certificates of deposits of the Marshal.

**Capital Assets**

Capital assets, which include vehicles, furniture, and equipment, are reported in the governmental activities column in the government-wide financial statements. Capital assets are capitalized at historical cost or estimated cost if historical cost is not available. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation. The Marshal maintains a threshold level of

WARD SIX MARSHAL OF THE PARISH OF ST. MARY  
Morgan City, Louisiana

Notes to Basic Financial Statements (continued)

\$500 or more for capitalizing capital assets. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Depreciation of all exhaustible capital assets is recorded as an expense in the statement of activities, with accumulated depreciation reflected in the statement of net assets. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. The range of estimated useful lives by type of asset is as follows:

Vehicles	5 years
Furniture and equipment	5-10 years

Equity Classifications

In the government-wide financial statements, equity is classified as net assets and displayed in three components:

- a. Invested in capital assets, net of related debt – consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted net assets – consists of net assets with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net assets – all other net assets that do not meet the definition of "restricted" or "invested in capital assets, net of related debt."

In the fund statements, governmental fund equity is classified as fund balance. Fund balance is further classified as reserved and unreserved, with unreserved further split between designated and undesignated.

E. Expenditures, and Expenses

Expenditures/Expenses

In the government-wide financial statements, expenses are classified by function. In the fund financial statements, expenditures are classified by character and function.

WARD SIX MARSHAL OF THE PARISH OF ST. MARY  
Morgan City, Louisiana

Notes to Basic Financial Statements (continued)

F. Budgetary Practice

Ward Marshals are required under Louisiana Revised Statute 39:1301 et seq to adopt a budget. The Marshal follows these procedures in establishing the budgetary data reflected in the financial statements:

1. A proposed budget is prepared and submitted to the Marshal for the fiscal year prior to the beginning of each fiscal year.
2. If proposed expenditures exceed \$500,000, a summary of the proposed budget is published and the public is notified that the proposed budget is available for public inspection. At the same time, a public hearing is called, if required.
3. If required, a public hearing is held on the proposed budget at least ten days after publication of the call for a hearing.
4. After the holding of the public hearing, if required, and completion of all action necessary to finalize and implement the budget, the budget is legally adopted prior to the commencement of the fiscal year for which the budget is being adopted.
5. All budgetary appropriations lapse at the end of each fiscal year.
6. The budget is adopted on a basis consistent with generally accepted accounting principles (GAAP). Budgeted amounts included in the accompanying financial statements are as originally adopted or as finally amended by the Marshal.

(2) Cash and Interest-bearing Deposits

Under state law, the Marshal 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 Marshal may invest in certificates and time deposits of state banks organized under Louisiana law and national banks having principal offices in Louisiana. At December 31, 2009, the Marshal has a cash balance (book balance) totaling \$15,137.

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 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. Custodial credit risk for deposits is the risk that in the event of the failure of a depository financial institution, the Marshal's deposits may not be recovered or will not be able to recover collateral securities that are in the possession of an outside party.

WARD SIX MARSHAL OF THE PARISH OF ST. MARY  
Morgan City, Louisiana

Notes to Basic Financial Statements (continued)

Deposit balances (bank balances) at December 31, 2009, were \$24,307, which were fully secured by federal deposit insurance and not subject to custodial credit risk.

(3) Capital Assets

A summary of changes in capital assets follows:

	<u>1/1/2009</u>	<u>Additions</u>	<u>Deletions</u>	<u>12/31/2009</u>
Governmental activities:				
Vehicles and equipment	\$ 47,359	\$ -	\$ -	\$ 47,359
Less: accumulated depreciation	27,150	4,423	-	31,573
Net capital assets	<u>\$ 20,209</u>	<u>\$ (4,423)</u>	<u>\$ -</u>	<u>\$ 15,786</u>

Depreciation expense for the year ended December 31, 2009 was charged to the general government function.

(4) Retirement Plan

Substantially, all employees of the Marshal's office are members of the Parochial Employees' Retirement System of Louisiana, a cost-sharing, multiple-employer defined benefit pension plan administered by a separate board of trustees. The System is composed of two distinct plans, Plan A and Plan B, with separate assets and benefit provisions. All employees of the Marshal's office are members of Plan A. All permanent employees working at least 35 hours per week who are paid wholly or in part from city funds and all elected city officials are eligible to participate in the System.

Regular retirement benefits

A member of Plan A is eligible to retire and receive regular benefits if:

1. He has credit for at least thirty years of service, regardless of his age;
2. He has credit for at least twenty-five years of service and is at least the age of fifty-five; or
3. He has credit for at least ten years of service and is at least the age of sixty years.

The Plan A regular retirement benefit is an amount equal to three percent of the member's final compensation multiplied by his years of credited service (three percent multiplied by each year of credited service multiplied by final compensation), provided that:

1. A member who held an elective office in participating municipality is paid an additional benefit equal to one-half of one percent of the member's final compensation multiplied by each year of such elective service (one-half of one percent multiplied by final compensation); and

WARD SIX MARSHAL OF THE PARISH OF ST. MARY  
Morgan City, Louisiana

Notes to Basic Financial Statements (continued)

2. For an employee who was a member only of the supplemental plan prior to the revision date, the benefit earned for service credited prior to the revision date will be determined on the basis of one percent of final compensation plus two dollars per month for each year of service credited prior to the revision date, and three percent of final compensation for each year of service after the revision date.

Applications for regular retirement should be submitted to the system at least six weeks prior to the planned retirement date. A copy of the member's birth certificate and, if an optional mode of benefit payments is selected, a copy of the option beneficiary's birth certificate must be attached to the application for retirement.

The system also provides death and disability benefits.

The System issued an annual, publicly available financial report that includes financial statements and required supplementary information for the System. A publicly available financial report that includes financial statements and required supplemental financial information may be obtained by writing to the Parochial Employees' Retirement System, P. O. Box 14619, Baton Rouge, Louisiana 70898-4619.

**Funding Policy.** Under Plan A, members are required by state statute to contribute 9.5% of their annual covered salary and the Marshal is required to contribute at an actuarially determined rate. The current rate is 12.25% of annual covered payroll. Contributions to the System also include one-fourth of one percent (except Orleans and East Baton Rouge parishes) of the taxes shown to be collectible by the tax rolls of each parish. These tax dollars are divided between Plan A and Plan B based proportionately on the salaries of the active members of each plan. The contribution requirements of plan members and the marshal are established and may be amended by state statute. As provided by R.S. 11:103, 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 City of Morgan City makes contributions to the retirement system on-behalf of the Marshal.

(5) On-Behalf Payments for Salaries and related benefits

GASB Statement No. 24, "*Accounting and Financial Reporting for Certain Grants and Other Financial Assistance*" requires the Marshal to report in the financial statements on-behalf salary and related benefit payments made by the City of Morgan City to the Marshal's employees. Salary payments are made by the City directly to the employees. The basis for recognizing the revenue and expenditure payments is that actual contribution made by the City. For 2009, the City paid salaries and related benefits to the city marshal and deputy marshal. On-behalf payments recorded as revenues and expenditures in the financial statements for 2009 totaled \$79,306.

(6) Expenditures of the Marshal's Office Paid by the City of Morgan City

The cost of some expenditures for the operation of the Marshal's Office as required by Louisiana Revised Statute 13:1889, is paid by the City of Morgan City. Such expenditures are not included in the accompanying financial statements.

**REQUIRED SUPPLEMENTARY INFORMATION**

**WARD SIX MARSHAL OF THE PARISH OF ST. MARY**  
**Morgan City, Louisiana**  
**General Fund**

**Budgetary Comparison Schedule**  
**Year Ended December 31, 2009**

	Budget Amounts			Variance - Positive (Negative)
	Original	Final	Actual	
<b>Revenues:</b>				
Fees, charges, and commission for services	\$ 47,183	\$ 37,447	\$ 35,146	\$ (2,301)
City of Morgan City - on behalf	73,804	75,280	79,306	4,026
Garnishment Fund	1,000	850	-	(850)
<b>Total revenues</b>	<b>121,987</b>	<b>113,577</b>	<b>114,452</b>	<b>875</b>
<b>Expenditures:</b>				
Current -				
General government:				
Automobile	8,700	4,566	7,523	(2,957)
Office operation and supplies	7,400	5,792	7,244	(1,452)
Professional fees	5,000	5,004	2,365	2,639
Salaries and benefits	104,739	107,234	103,857	3,377
Travel and conferences	2,000	2,901	2,901	-
<b>Total general government</b>	<b>127,839</b>	<b>125,497</b>	<b>123,890</b>	<b>1,607</b>
Capital outlay -				
Equipment	3,000	954	-	954
<b>Total capital outlay</b>	<b>3,000</b>	<b>954</b>	<b>-</b>	<b>954</b>
<b>Total expenditures</b>	<b>130,839</b>	<b>126,451</b>	<b>123,890</b>	<b>2,561</b>
<b>Net Change in fund balance</b>	<b>(8,852)</b>	<b>(12,874)</b>	<b>(9,438)</b>	<b>3,436</b>
Fund balance, beginning	19,120	20,753	25,491	4,738
<b>Fund balance, ending</b>	<b>\$ 10,268</b>	<b>\$ 7,879</b>	<b>\$ 16,053</b>	<b>\$ 8,174</b>

*See accountants' report.*

**Budgetary Basis**

The budget is adopted on a basis consistent with generally accepted accounting principles (GAAP). Budgeted amounts are as originally adopted or as finally amended by the Marshal.

**REQUIREMENTS OF THE LOUISIANA GOVERNMENTAL AUDIT GUIDE**

# KOLDER, CHAMPAGNE, SLAVEN & COMPANY, LLC

CERTIFIED PUBLIC ACCOUNTANTS

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## INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

Honorable Kenneth Duval  
Ward Six Marshal of the Parish of St. Mary  
Morgan City, Louisiana

We have performed the procedures included in the *Louisiana Government Audit Guide* and enumerated below, which were agreed to by the Ward Six Marshal of the Parish of St. Mary (hereinafter "the Marshal") and the Legislative Auditor, State of Louisiana, solely to assist the users in evaluating management's assertions about the Marshal's compliance with certain laws and regulations during the period ended December 31, 2009 included in the accompanying *Louisiana Attestation Questionnaire*. This agreed-upon procedures engagement was performed in accordance with standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. The sufficiency of these procedures is solely the responsibility of the specified users of the report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

### Public Bid Law

1. Select all expenditures made during the year for material and supplies exceeding \$20,000 (\$30,000 after August 19, 2009), or public works exceeding \$100,000 (\$150,000 after August 19, 2009), and determine whether such purchases were made in accordance with LSA-RS 38:2211-2251 (the public bid law).

No expenditures were made during the year that exceeded \$20,000 (\$30,000 after August 19, 2009), nor were there any expenditures for public works made during the year that exceeded \$100,000 (\$150,000 after August 19, 2009).

### Code of Ethics for Public Officials and Public Employees

2. Obtain a list of your immediate family members as defined by LSA-RS 42:1101-1124 (the code of ethics), and a list of outside business interests of you and all employees, as well as their immediate families.

Management provided us with the required list including the noted information.

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CERTIFIED PUBLIC ACCOUNTANTS

Member of:  
SOCIETY OF LOUISIANA  
CERTIFIED PUBLIC ACCOUNTANTS

3. Obtain from management a listing of all employees paid during the period under examination.

Management provided us with the required list.

4. Determine whether any of those employees included in the listing obtained from management were also included on the listing obtained from management as immediate family members.

None of the employees included on the list of employees provided by management [agreed-upon procedure (3)] appeared on the list provided by management in agreed-upon procedure (2).

*Budgeting*

5. Obtain a copy of the legally adopted budget and all amendments.

Management provided us with a budget.

6. Trace the budget adoption to adoption instruments.

Adoption of budget traced to executed process verbal.

7. Compare the revenues and expenditures of the final budget to actual revenues and expenditures to determine if actual revenues failed to meet budgeted revenues by five percent (5 %) or more or if actual expenditures exceed budgeted amounts by five percent (5%) or more. (Note, state law exempts from the amendment requirements special revenue funds with anticipated expenditures of \$500,000 or less and exempts special revenue funds whose expenditures drive revenue recognition-primarily federal funds.)

Actual revenues and expenses did not exceed budgeted amounts by more than 5%.

*Accounting and Reporting*

8. Randomly select six (6) disbursements made during the period under examination and: (a) trace payments to supporting documentation as to proper amount and payee, (b) determine if payments were properly coded to the correct fund and general ledger account, and (c) determine whether payments received approval from proper authorities.

We examined supporting documentation for each of the six selected disbursements and found that payments were for the proper amounts, made to the correct payees, and properly coded to the correct funds and general ledger accounts.

*Debt*

9. Examine bank deposits for the period under examination and determine whether any such deposits appear to be proceeds of banks loans, bonds, or like indebtedness.

We inspected copies of all bank deposit slips for the period under examination and noted no deposits which appeared to be proceeds of bank loans, bonds, or like indebtedness.

*Advances and Bonuses*

10. Examine payroll records for the year to determine whether any payments have been made to employees, which may constitute bonuses, advances, or gifts.

We inspected payroll records for the year and noted no instances, which would indicate payments to employees that would constitute bonuses, advances, or gifts.

We were not engaged to, and did not perform an examination, the objective of which would be the expression of an opinion on management's assertions. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of management and others within the organization and is not intended to be and should not be used by anyone other than these specified parties. Although the intended use of this report may be limited under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document in accordance with Louisiana Revised Statute 44:6.

***Kolder, Champagne, Slaven & Company, LLC***  
Certified Public Accountants

Morgan City, Louisiana  
June 24, 2010

WARD SIX MARSHAL OF THE PARISH OF ST. MARY  
Morgan City, Louisiana

Schedule of Findings  
Year Ended December 31, 2009

Findings reported in accordance with *Government Auditing Standards*:

2009-1 – Segregation of Duties

CONDITION: Accounting and financial functions are not adequately segregated.

CRITERIA: SAS109, *Understanding the Entity and its Environment and Assessing the Risks of Material Misstatement*, AU §314.43 defines internal control as follows:

*"Internal control* is a process – effected by those charged with governance, management, and other personnel – designed to provide reasonable assurance about the achievement of objectives with regard to reliability of financial reporting, effectiveness and efficiency of operations, and compliance with applicable laws and regulations.

Additionally, Statements on Standards for Attestation Engagements (SSAE) AT §501.03 states:

An entity's internal control over financial reporting includes those policies and procedures that pertain to an entity's ability to record, process, summarize, and report financial data consistent with the assertions embodied in either annual financial statements or interim financial statements, or both."

CAUSE: The cause of the conditions is the result of a failure to design and implement policies and procedures necessary to achieve adequate internal control.

EFFECT: Failure to adequately segregate accounting and financial functions increases the risk that errors and/or irregularities including fraud and/or defalcations may occur and not be prevented and/or detected.

RECOMMENDATION: Due to the size of the operation and the cost-benefit of additional personnel, it may not be feasible to achieve complete segregation of duties.

WARD SIX MARSHAL OF THE PARISH OF ST. MARY  
Morgan City, Louisiana

Schedule of Findings (continued)  
Year Ended December 31, 2009

2009-2 – Application of GAAP (generally accepted accounting principles)

**CONDITION:** Management and staff lack the training and expertise in the selection and application of GAAP in the financial statement preparation process.

**CRITERIA:** SAS115, *Communicating Internal Control Related Matters Identified in an Audit*, AU §325.29 identifies the following as a deficiency in the design of (internal) controls:

“Employees or management who lack the qualifications and training to fulfill their assigned functions. For example, in an entity that prepares financial statements in accordance with generally accepted accounting principles, the person responsible for the accounting and reporting function lacks the skills and knowledge to apply generally accepted accounting principles in recording the entity’s financial transactions or preparing its financial statements.”

**CAUSE:** The cause of the conditions is the result of a failure to design and implement policies and procedures necessary to achieve adequate internal control.

**EFFECT:** Financial statements and related supporting transactions may reflect a material departure from generally accepted accounting principles.

**RECOMMENDATION:** The additional costs required to achieve the desired benefit may not be economically feasible.

WARD SIX MARSHAL OF THE PARISH OF ST. MARY  
Morgan City, Louisiana

Summary Schedule of Prior Findings  
Year Ended December 31, 2009

2008-1 – Segregation of Duties

CONDITION: Accounting and financial functions are not adequately segregated.

RECOMMENDATION: Due to the size of the operation and the cost-benefit of additional personnel, it may not be feasible to achieve complete segregation of duties.

CURRENT STATUS: See schedule of findings item 2009-1.

2008-2 – Application of GAAP (generally accepted accounting principles)

CONDITION: Management and staff lack the training and expertise in the selection and application of GAAP in the financial statement preparation process.

RECOMMENDATION: The additional costs required to achieve the desired benefit may not be economically feasible.

CURRENT STATUS: See schedule of findings item 2009-2.

**WARD SIX MARSHAL OF THE PARISH OF ST. MARY**  
Morgan City, Louisiana

**Corrective Action Plan for Current Year Findings**  
**Year Ended December 31, 2009**

**2009-1 – Segregation of Duties**

**CONDITION:** Accounting and financial functions are not adequately segregated.

**MANAGEMENT'S RESPONSE:** not applicable

**2009-2 – Application of GAAP (generally accepted accounting principles)**

**CONDITION:** Management and staff lack the training and expertise in the selection and application of GAAP in the financial statement preparation process.

**MANAGEMENT'S RESPONSE:** The Marshal has evaluated the cost / benefit of establishing internal controls over the preparation of financial statements in accordance with GAAP, and determined that it is in the best interests of the Marshal to outsource this task to its independent auditors, and will review, approve, and accept responsibility for the content and presentation of the statements and related notes prior to issuance.

WARD SIX MARSHAL FOR THE PARISH OF ST. MARY  
Louisiana Compliance Questionnaire  
Year Ended December 31, 2009

Kolder, Champagne, Slaven & Company CPAs  
Post Office Box 3438  
Morgan City, LA 70381

In connection with your audit of our financial statements as of December 31, 2009 and for the year then ended for the purpose of expressing an opinion as to the fair presentation of our financial statements in accordance with accounting principles generally accepted in the United States of America, to assess our system of internal control as a part of your audit, and to review our compliance with applicable laws and regulations, we confirm, to the best of our knowledge and belief, the following representations. These representations are based on the information available to us as of September 22, 2009.

**PART I. AGENCY PROFILE**

1. Name and address of the organization.

Marshal Sixth Ward  
PO Box 1577  
Morgan City, LA 70381-1577

2. List the population of the municipality or parish based upon the last official United States Census or most recent official census (municipalities and police juries only). Include the source of the information.

3. List names, addresses, and telephone numbers of entity officials. [Include elected/appointed members of the governing board, chief executive and fiscal officer, and legal counsel].

Kenneth J. Duval  
1204 S. Prescott DR.  
985-397-6494

4. Period of time covered by this questionnaire:

1-1-09 - 12-31-09

5. The entity has been organized under the following provisions of the Louisiana Revised Statute (s) (R.S.) and, if applicable, local resolutions/ordinances.

6. Briefly describe the public services provided:

7. Expiration date of current elected/appointed officials' terms.

1/2014

LEGAL COMPLIANCE

**PART II. PUBLIC BID LAW**

8. The provisions of the public bid law, R.S. Title 38:2211-2296, and, where applicable, the regulations of the Division of Administration, State Purchasing Office have been complied with.

A) All public works purchases exceeding \$100,000 (\$150,000 after August 19, 2009) have been publicly bid.

B) All material and supply purchases exceeding \$20,000 (\$30,000 after August 19, 2009) have been publicly bid.

Yes  No

**PART III. CODE OF ETHICS LAW FOR PUBLIC OFFICIALS AND PUBLIC EMPLOYEES**

9. It is true that no employees or officials have accepted anything of value, whether in the form of a service, loan, or promise, from anyone that would constitute a violation of R.S. 42:1101-1124.

Yes  No

10. It is true that no member of the immediate family of any member of the governing authority, or the chief executive of the governmental entity, has been employed by the governmental entity after April 1, 1980, under circumstances that would constitute a violation of R.S. 42:1119.

Yes  No

**PART IV. LAWS AFFECTING BUDGETING**

11. We have complied with the budgeting requirements of the Local Government Budget Act (R.S. 39:1301-16) R.S. 39:33, or R.S. 39:1331-1342, as applicable:

Local Budget Act

- A. We have adopted a budget for the general fund and all special revenue funds (R.S. 39:1305).
- B. The chief executive officer, or equivalent, has prepared a proposed budget that included a budget message, a proposed budget for the general fund and each special revenue fund, and a budget adoption instrument that specified the chief executive's authority to make budgetary amendments without approval of the governing authority. Furthermore, the proposed expenditures did not exceed estimated funds to be available during the period (R.S. 39:1305).
- C. The proposed budget was submitted to the governing authority and made available for public inspection at least 15 days prior to the beginning of the budget year (R.S. 39:1306).
- D. To the extent that proposed expenditures were greater than \$500,000, we have made the budget available for public inspection and have advertised its availability in our official journal. The advertisement included the date, time, and place of the public hearing on the budget. Notice has also been published certifying that all actions required by the Local Government Budget Act have been completed (R.S. 39:1307).
- E. If required, the proposed budget was made available for public inspection at the location required by R.S. 39:1308.

F. All action necessary to adopt and finalize the budget was completed prior to the date required by state law. The adopted budget contained the same information as that required for the proposed budget (R.S. 39:1309).

G. After adoption, a certified copy of the budget has been retained by the chief executive officer or equivalent officer (R.S. 39:1309).

H. To the extent that proposed expenditures were greater than \$500,000, the chief executive officer or equivalent notified the governing authority in writing during the year when actual receipts plus projected revenue collections for the year failed to meet budgeted revenues by five percent or more, or when actual expenditures plus projected expenditures to year end exceeded budgeted expenditures by five percent or more (R.S. 39:1311).

I. The governing authority has amended its budget when notified, as provided by R.S. 39:1311. (Note, general and special revenue fund budgets should be amended, regardless of the amount of expenditures in the fund, when actual receipts plus projected revenue collections for the year fail to meet budgeted revenues by five percent or more; or when actual expenditures plus projected expenditures to year end exceed budgeted expenditures by five percent or more. State law exempts from the amendment requirements special revenue funds with anticipated expenditures of \$500,000 or less, and exempts special revenue funds whose revenues are expenditure-driven—primarily federal funds—from the requirement to amend revenues.)

Yes  No

#### **PART V. ACCOUNTING, AUDITING, AND FINANCIAL REPORTING LAWS**

12. We have maintained our accounting records in such a manner as to provide evidence of legal compliance and the preparation of annual financial statements to comply with R.S. 24:513 and 515, and/or 33:463.

Yes  No

13. All non-exempt governmental records are available as a public record and have been retained for at least three years, as required by R.S. 44:1, 44:7, 44:31, and 44:36.

Yes  No

14. We have filed our annual financial statements in accordance with R.S. 24:514, and 33:463 where applicable.

Yes  No

15. We have had our financial statements audited in a timely manner in accordance with R.S. 24:513.

Yes  No

#### **PART VI. MEETINGS**

We have complied with the provisions of the Open Meetings Law, provided in R. S. 42:1 through 42:13.

Yes  No

#### **PART VII. ASSET MANAGEMENT LAWS**

16. We have maintained records of our fixed assets and movable property records, as required by R.S. 24:515 and/or 39:321-332, as applicable.

Yes  No

**PART VIII. FISCAL AGENCY AND CASH MANAGEMENT LAWS**

17. We have complied with the fiscal agency and cash management requirements of R.S. 39:1211-45 and 49:301-327, as applicable.

Yes  No

**PART IX. DEBT RESTRICTION LAWS**

18. It is true we have not incurred any long-term indebtedness without the approval of the State Bond Commission, as provided by Article VII, Section 8 of the 1974 Louisiana Constitution, Article VI, Section 33 of the 1974 Louisiana Constitution, and R.S. 39:1410.60-1410.65.

Yes  No

19. We have complied with the debt limitation requirements of state law (R.S. 39:562).

Yes  No

20. We have complied with the reporting requirements relating to the Fiscal Review Committee of the State Bond Commission (R.S. 39:1351).

Yes  No

**PART X. REVENUE AND EXPENDITURE RESTRICTION LAWS**

21. We have restricted the collections and expenditures of revenues to those amounts authorized by Louisiana statutes, tax propositions, and budget ordinances.

Yes  No

22. It is true we have not advanced wages or salaries to employees or paid bonuses in violation of Article VII, Section 14 of the 1974 Louisiana Constitution, R.S. 14:138, and AG opinion 79-729.

Yes  No

23. It is true that no property or things of value have been loaned, pledged, or granted to anyone in violation of Article VII, Section 14 of the 1974 Louisiana Constitution.

Yes  No

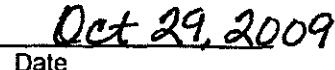
**PART XI. QUESTIONS FOR SPECIFIC GOVERNMENTAL UNITS**

24. We have complied with those specific statutory requirements of state law applicable to our district.

Yes  No

The previous responses have been made to the best of our belief and knowledge.

  
\_\_\_\_\_  
Marshall

  
\_\_\_\_\_  
Date