

WARD THREE MARSHAL –  
CITY OF LAKE CHARLES, LOUISIANA

ANNUAL FINANCIAL REPORT  
AND INDEPENDENT AUDITORS' REPORTS

Years Ended December 31, 2009 and 2008

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 6/9/10

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## INDEPENDENT AUDITORS' REPORT

February 20, 2010

Honorable Joey Alcede  
Ward Three Marshal - City of Lake Charles, Louisiana  
Lake Charles, Louisiana

We have audited the accompanying basic financial statements of the Ward Three Marshal, a component unit of the City of Lake Charles, Louisiana, as of and for the years ended December 31, 2009 and 2008, as listed in the table of contents. These basic financial statements are the responsibility of the Ward Three Marshal's management. Our responsibility is to express an opinion on these basic financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America 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 basic financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities of the Ward Three Marshal as of December 31, 2009 and 2008, and the respective changes in financial position for the years then ended in conformity with U.S. generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued our report dated February 20, 2010, on our consideration of the Ward Three Marshal's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and important for assessing the results of our audit.

The management's discussion and analysis and the budgetary comparison information on pages 4-8 and 33-34, respectively are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

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## WARD THREE MARSHAL - CITY OF LAKE CHARLES

### Management's Discussion and Analysis

Within this section of the Ward Three Marshal – City of Lake Charles, LA's (Marshal) annual financial report, the Marshal's management is pleased to provide this narrative discussion and analysis of the financial activities of the Marshal for the years ended December 31, 2009 and 2008. The Marshal's financial performance is discussed and analyzed within the context of the accompanying financial statements and disclosures following this section.

#### FINANCIAL HIGHLIGHTS

- The Marshal's assets exceeded its liabilities by \$829,236 and \$767,949 (net assets) for the year reported respectively.
- Total 2009 revenues of \$466,240 exceeded total 2009 expenses of \$404,953, which resulted in a current year surplus of \$61,287. Total 2008 revenues of \$400,698 exceeded total 2008 expenses of \$338,560, which resulted in a prior year surplus of \$62,138.
- Total net assets are comprised of the following:
  1. Capital assets, net of related debt, of \$180,841 and \$190,969 respectively include equipment, net of accumulated depreciation. There is no outstanding debt related to the purchase or construction of capital assets.
  2. Unrestricted net assets of \$648,395 and \$576,980 respectively represent the portion available to maintain the Marshal's continuing obligations to creditors.
- At the end of the current year, unrestricted net assets were 160% of total expenses and 139% of total revenues. At the end of the prior year, unrestricted net assets were 170% of total expenses and 144% of total revenues.
- Overall, the Marshal continues to maintain a strong financial position and is continuing to work to improve on this financial position.

The above financial highlights are explained in more detail in the "financial analysis" section of this document.

#### OVERVIEW OF FINANCIAL STATEMENTS

This Management's Discussion and Analysis document introduces the Marshal's basic financial statements. The basic financial statements include: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the basic financial statements. The Marshal also includes in this report additional information to supplement the basic financial statements.

## WARD THREE MARSHAL – CITY OF LAKE CHARLES

### Management's Discussion and Analysis (Continued)

#### GOVERNMENT-WIDE FINANCIAL STATEMENTS

The Marshal's annual report includes two government-wide financial statements. These statements provide both long-term and short-term information about the Marshal's overall financial status. Financial reporting at this level uses a perspective similar to that found in the private sector with its basis in accrual accounting and elimination or reclassification of activities between funds.

The first of these government-wide statements is the *Statement of Net Assets*. This is the government-wide statement of position presenting information that includes all of the Marshal's assets and liabilities, with the difference reported as *net assets*. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the Marshal as a whole is improving or deteriorating. Evaluation of the overall health of the Marshal would extend to information other than the financial information provided in this report, such as diversification of the revenue base.

The second government-wide statement is the *Statement of Activities*, which reports how the Marshal's net assets changed during the current and previous fiscal year. All revenues and expenses are included regardless of when cash is received or paid. An important purpose of the design of the statement of activities is to show the financial reliance of the Marshal's distinct activities or functions on revenues provided.

Both government-wide financial statements distinguish governmental activities of the Marshal that are principally supported by other revenues and from activities that are intended to recover all or a significant portion of their costs through user fees and charges.

#### FUND FINANCIAL STATEMENTS

A fund is an accountability unit used to maintain control over resources segregated for specific activities or objectives. The Marshal uses funds to ensure and demonstrate compliance with finance-related laws and regulations. Within the basic financial statements, fund financial statements focus on the Marshal's most significant funds rather than the Marshal as a whole.

The Marshal has one kind of fund:

*Governmental fund* is reported in the fund financial statements and encompass the same functions reported as governmental activities in the government-wide financial statements. However, the focus is very different with fund statements providing a distinctive view of the Marshal's governmental fund. These statements report short-term fiscal accountability focusing on the use of spendable resources and balances of spendable resources available at the end of the year. They are useful in evaluating annual financing requirements of governmental programs and the commitment of spendable resources for the near-term.

## WARD THREE MARSHAL – CITY OF LAKE CHARLES

### Management's Discussion and Analysis (Continued)

Since the government-wide focus includes the long-term view, comparisons between these two perspectives may provide insight into the long-term impact of short-term financing decisions. Both the governmental fund balance sheet and the governmental fund operating statement provide a reconciliation to assist in understanding the differences between these two perspectives.

#### NOTES TO THE BASIC FINANCIAL STATEMENTS

The accompanying notes to the financial statements provide information essential to a full understanding of the government-wide and fund financial statements.

##### *Other information*

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplemental information concerning the Marshal's budget presentations. Budgetary comparison statements are included as "required supplemental information" for the general fund. This schedule demonstrates compliance with the Marshal's adopted budget.

#### FINANCIAL ANALYSIS OF THE MARSHAL AS A WHOLE

The Marshal implemented the new financial reporting model used in this report beginning with the year ended December 31, 2004. Over time, as year-to-year financial information is accumulated on a consistent basis, changes in net assets may be observed and used to discuss the changing financial position of the Marshal as a whole.

The Marshal's net assets at year-end are \$829,236 and \$767,949 respectively. The following table provides a summary of the Marshal's net assets:

	<u>2009</u>	<u>2008</u>
<b>Assets:</b>		
Current assets	\$ 660,459	\$ 585,899
Capital assets, net	<u>180,841</u>	<u>190,969</u>
Total assets	841,300	776,868
<b>Liabilities:</b>		
Current liabilities	<u>12,064</u>	<u>8,919</u>
<b>Net assets:</b>		
Investment in capital assets	180,841	190,969
Unrestricted	<u>648,395</u>	<u>576,980</u>
Total net assets	<u>\$ 829,236</u>	<u>\$ 767,949</u>

The Marshal continues to maintain a high current ratio. The current ratio compares current assets to current liabilities and is an indication of the ability to pay current obligations. The current ratio is 55 to 1 and 66 to 1 respectively. Net assets increased by \$61,287 for the current year and \$62,138 for the prior year. Note that approximately 22% of the net assets are tied up in capital. The Marshal uses these capital assets to provide services to its recipients.

## WARD THREE MARSHAL – CITY OF LAKE CHARLES

### Management's Discussion and Analysis (Continued)

The following table provides a summary of the Marshal's changes in net assets:

	<u>2009</u>	<u>2008</u>
Revenues	\$ 466,240	\$ 400,698
Expenses	<u>404,953</u>	<u>338,560</u>
Change in Net Assets	61,287	62,138
Beginning Net Assets	<u>767,949</u>	<u>705,811</u>
Ending Net Assets	<u>\$ 829,236</u>	<u>\$ 767,949</u>

#### **Governmental Revenues**

The Marshal is heavily reliant on court fees to support its operations. Court fees provided 53 % and 61% of the Marshal's total revenues, respectively.

#### **Governmental Functional Expenses**

The total function of the Marshal's office is public safety activities as well as executing orders and serving subpoenas of the City Court. Of the total cost, depreciation on the equipment, vehicles and buildings was \$60,947 or 15.0% of total expenses for the current year and \$53,614 or 16.0% of total expenses for the preceding year, respectively.

#### **CAPITAL ASSETS AND DEBT ADMINISTRATION**

##### **Capital assets**

The Marshal's investment in capital assets, net of accumulated depreciation as of December 31, 2009 and 2008, was \$180,841 and \$190,969 respectively. See Note B for additional information about changes in capital assets during the year and outstanding at the end of the year. The following table provides a summary of capital asset activity.

WARD THREE MARSHAL – CITY OF LAKE CHARLES

Management’s Discussion and Analysis (Continued)

CAPITAL ASSETS AND DEBT ADMINISTRATION-Continued

	<u>2009</u>	<u>2008</u>
Non-depreciable assets:		
Land	\$ -	\$ -
Depreciable assets:		
Equipment	407,939	398,032
Less accumulated depreciation	<u>227,097</u>	<u>207,063</u>
Book value-depreciable assets	<u>\$ 180,842</u>	<u>\$ 190,969</u>
Percentage depreciated	<u>56.0 %</u>	<u>52.0 %</u>
Book value-all assets	<u>\$ 180,842</u>	<u>\$ 190,969</u>

The major additions for 2009 and 2008 were vehicles for a total cost of \$52,432 and \$95,735 respectively.

Long-term debt

At the end of both years, the Marshal had no debt.

ECONOMIC CONDITIONS AFFECTING THE MARSHAL

Since the primary revenue stream for the Marshal is court fees, the Marshal’s revenues are subject to changes in the court system.

CONTACTING THE MARSHAL’S FINANCIAL MANAGEMENT

This financial report is designed to provide a general overview of the Marshal’s finances, comply with finance-related laws and regulations, and demonstrate the Marshal’s commitment to public accountability. If you have any questions about this report or would like to request additional information, contact the Marshal, Joey Alcede, 800 Bilbo, Lake Charles, LA 70601.



**BASIC FINANCIAL STATEMENTS**

**GOVERNMENT-WIDE  
FINANCIAL STATEMENTS**

WARD THREE MARSHAL - CITY OF LAKE CHARLES, LOUISIANA

STATEMENT OF NET ASSETS

December 31, 2009 and 2008

	Governmental Activities	
	<u>2009</u>	<u>2008</u>
<b>ASSETS</b>		
Cash	\$ 659,452	\$ 571,763
Receivables - court fees	280	13,433
Accrued Interest Income	727	703
Capital assets, net of accumulated depreciation	<u>180,841</u>	<u>190,969</u>
<b>TOTAL ASSETS</b>	<u>841,300</u>	<u>776,868</u>
<b>LIABILITIES</b>		
Accounts payable	5,251	3,548
Accrued liabilities	<u>6,813</u>	<u>5,371</u>
<b>TOTAL LIABILITIES</b>	<u>12,064</u>	<u>8,919</u>
<b>NET ASSETS</b>		
Invested in capital assets, net of related debt	180,841	190,969
Unrestricted	<u>648,395</u>	<u>576,980</u>
<b>TOTAL NET ASSETS</b>	<u>\$ 829,236</u>	<u>\$ 767,949</u>

The accompanying notes are an integral part of these statements.

WARD THREE MARSHAL - CITY OF LAKE CHARLES, LOUISIANA

STATEMENT OF ACTIVITIES

Year Ended December 31, 2009

<u>Activities</u>	<u>Expenses</u>	<u>Program Revenues</u>		<u>Net (Expense) Revenues and Changes in Net Assets Governmental Activities</u>
Governmental activities:		<u>Fees, Fines and Charges for Services</u>	<u>Operating Grants and Contributions</u>	
Public safety	<u>\$ 404,953</u>	<u>\$ 466,240</u>	<u>\$ -</u>	<u>\$ 61,287</u>
Changes in net assets				\$ 61,287
Net assets – Beginning				<u>767,949</u>
Net asset – Ending				<u>\$ 829,236</u>

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

WARD THREE MARSHAL - CITY OF LAKE CHARLES, LOUISIANA

STATEMENT OF ACTIVITIES

Year Ended December 31, 2008

<u>Activities</u>	<u>Expenses</u>	<u>Program Revenues</u>		Net (Expense) Revenues and Changes in <u>Net Assets</u> Governmental <u>Activities</u>
		<u>Fees, Fines and Charges for Services</u>	<u>Operating Grants and Contributions</u>	
Governmental activities:				
Public safety	<u>\$ 338,560</u>	<u>\$ 400,698</u>	<u>\$ -</u>	<u>\$ 62,138</u>
Changes in net assets				\$ 62,138
Net assets – Beginning				<u>705,811</u>
Net asset – Ending				<u>\$ 767,949</u>

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

**FUND FINANCIAL STATEMENTS**

## **MAJOR FUND DESCRIPTIONS**

### **General Fund**

To account for resources traditionally associated with governments which are not required to be accounted for in another fund.

WARD THREE MARSHAL – CITY OF LAKE CHARLES, LOUISIANA

BALANCE SHEET – GOVERNMENTAL FUNDS

December 31, 2009 and 2008

	<u>General</u>	
	<u>2009</u>	<u>2008</u>
<b>ASSETS</b>		
Cash	\$ 659,452	\$ 571,763
Receivables- court fees	280	13,433
Accrued Interest Income	<u>727</u>	<u>703</u>
<b>TOTAL ASSETS</b>	<b><u>\$ 660,459</u></b>	<b><u>\$ 585,899</u></b>
<b>LIABILITIES</b>		
Accounts payable	\$ 5,251	\$ 3,548
Accrued liabilities	<u>6,813</u>	<u>5,371</u>
<b>TOTAL LIABILITIES</b>	<b><u>12,064</u></b>	<b><u>8,919</u></b>
<b>FUND BALANCES</b>		
Unreserved	<u>648,395</u>	<u>576,980</u>
<b>TOTAL FUND BALANCES</b>	<b><u>648,395</u></b>	<b><u>576,980</u></b>
<b>TOTAL LIABILITIES AND         FUND BALANCES</b>	<b><u>\$ 660,459</u></b>	<b><u>\$ 585,899</u></b>

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

GRAGSON, CASIDAY & GUILLORY, L.L.P.  
CERTIFIED PUBLIC ACCOUNTANTS



WARD THREE MARSHAL – CITY OF LAKE CHARLES, LOUISIANA  
RECONCILIATION OF THE BALANCE SHEET – GOVERNMENTAL FUNDS  
TO THE STATEMENT OF NET ASSETS

December 31, 2009

Total fund balance for governmental funds at December 31, 2009 \$ 648,395

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:

Capital assets, net of \$227,098 accumulated depreciation 180,841

Total net assets of governmental activities at December 31, 2009 \$ 829,236

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

CRAGSON, CASIDAY & GUILLORY, L.L.P.  
CERTIFIED PUBLIC ACCOUNTANTS

WARD THREE MARSHAL – CITY OF LAKE CHARLES, LOUISIANA  
RECONCILIATION OF THE BALANCE SHEET – GOVERNMENTAL FUNDS  
TO THE STATEMENT OF NET ASSETS

December 31, 2008

Total fund balance for governmental funds at December 31, 2008 \$ 576,980

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:

Capital assets, net of \$207,063 accumulated depreciation 190,969

Total net assets of governmental activities at December 31, 2008 \$ 767,949

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

GRAGSON, CASIDAY & GUILLORY, L.L.P.  
CERTIFIED PUBLIC ACCOUNTANTS

WARD THREE MARSHAL – CITY OF LAKE CHARLES, LOUISIANA

STATEMENTS OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES –GOVERNMENTAL FUNDS

Years Ended December 31, 2009 and 2008

	<u>General</u>	
	2009	2008
<b>REVENUES</b>		
Court Fees	\$ 247,143	\$ 243,598
Intergovernmental	90,299	83,876
Commission from fiduciary activities	63,669	46,673
Reserve	29,211	26,551
Citations	<u>35,918</u>	<u>-</u>
Total revenue	466,240	400,698
<b>EXPENDITURES</b>		
General government:		
Automobile	12,476	15,983
Contract labor	9,160	7,558
Dues and subscriptions	2,935	5,776
Equipment repair	969	2,390
Law enforcement supplies	15,468	21,430
Legal and professional	1,852	6,766
Meals and travel	12,854	1,906
Miscellaneous	3,375	3,349
Office supplies	35,440	20,186
Payroll taxes	11,111	9,880
Salaries - Supplemental	66,396	52,375
Telephone	5,591	5,451
Training and education	1,460	2,190
Uniforms	11,349	5,264
Wages	145,091	124,442
Capital outlay	<u>59,298</u>	<u>107,099</u>
Total expenditures	<u>394,825</u>	<u>392,045</u>
<b>NET CHANGES IN FUND BALANCE</b>	71,415	8,653
<b>FUND BALANCE – BEGINNING</b>	<u>576,980</u>	<u>568,327</u>
<b>FUND BALANCE – ENDING</b>	<u>\$ 648,395</u>	<u>\$ 576,980</u>

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

WARD THREE MARSHAL – CITY OF LAKE CHARLES, LOUISIANA

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES-GOVERNMENTAL FUNDS TO THE STATEMENT OF  
ACTIVITIES

Year Ended December 31, 2009

Total net changes in fund balances at December 31, 2009 per  
Statement of Revenues, Expenditures and Changes in Fund Balances \$ 71,415

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

Governmental funds report capital outlays as expenditures. However,  
in the statement of activities, the cost of those assets is allocated over  
their estimated useful lives and reported as depreciation expense.

Capital outlay which is considered expenditures on Statement of Revenues, Expenditures and Changes in Fund Balances	\$ 59,298	
Depreciation expense for the year ended December 31, 2009	(60,947)	
Loss on retirement of fixed assets	<u>(8,479)</u>	<u>(10,128)</u>

Total changes in net assets at December 31, 2009 per Statement of Activities \$ 61,287

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

WARD THREE MARSHAL – CITY OF LAKE CHARLES, LOUISIANA

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES-GOVERNMENTAL FUNDS TO THE STATEMENT OF  
ACTIVITIES

Year Ended December 31, 2008

Total net changes in fund balances at December 31, 2008 per  
Statement of Revenues, Expenditures and Changes in Fund Balances \$ 8,653

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

Governmental funds report capital outlays as expenditures. However,  
in the statement of activities, the cost of those assets is allocated over  
their estimated useful lives and reported as depreciation expense.

Capital outlay which is considered expenditures on Statement of Revenues, Expenditures and Changes in Fund Balances	\$ 107,099	
Depreciation expense for the year ended December 31, 2008	<u>(53,614)</u>	<u>53,485</u>

Total changes in net assets at December 31, 2008 per Statement of Activities \$ 62,138

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

WARD THREE MARSHAL – CITY OF LAKE CHARLES, LOUISIANA

STATEMENT OF FIDUCIARY NET ASSETS

December 31, 2009 and 2008

	<u>2009</u>	<u>2008</u>
<b>ASSETS</b>		
Cash	\$ <u>11,901</u>	\$ <u>6,631</u>
Total Assets	<u>\$ 11,901</u>	<u>\$ 6,631</u>
<b>LIABILITIES</b>		
Due to others	\$ 11,901	\$ 6,631
Due to other funds	<u>-</u>	<u>-</u>
Total Liabilities	11,901	6,631
<b>NET ASSETS</b>		
Unrestricted	<u>-</u>	<u>-</u>
Total Liabilities and net assets	<u>\$ 11,901</u>	<u>\$ 6,631</u>

The accompanying notes are an integral part of these statements.

WARD THREE MARSHAL – CITY OF LAKE CHARLES, LOUISIANA

STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS

Years Ended December 31, 2009 and 2008

	<u>2009</u>	<u>2008</u>
<b>REVENUES</b>		
Garnishments	\$ 918,653	\$ 654,008
Cash appearance bonds	-	-
Fines and costs	-	-
Suits, sales, seizures, etc.	<u>21,901</u>	<u>9,457</u>
Total revenues	<u>940,554</u>	<u>663,465</u>
 <b>EXPENSES</b>		
Remittance of seizures, bond forfeitures, fines, and cost:		
General Fund	63,669	46,673
Attorneys	827,999	584,151
Other	48,886	32,641
Refunds - cash bonds	<u>-</u>	<u>-</u>
Total expenses	<u>940,554</u>	<u>663,465</u>
 CHANGE IN NET ASSETS	 -	 -
 NET ASSETS – BEGINNING	 <u>-</u>	 <u>-</u>
 NET ASSETS – ENDING	 <u>\$ -</u>	 <u>\$ -</u>

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

WARD THREE MARSHAL – CITY OF LAKE CHARLES, LOUISIANA

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2009 and 2008

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

As provided by Louisiana State Statute, the Marshal serves a six-year term as the chief executive officer of the City Court of Lake Charles, LA. The Marshal's responsibilities include executing the orders and mandates and serving subpoenas of the City Court as well as enforcing state and local laws and ordinances within the territorial boundaries of Ward Three of Calcasieu Parish, Louisiana. The Marshal also collects and disburses garnishments of wages, cash bonds, and installment payments of fines under orders of the City Court.

Much of the operations of the Marshal's Office is funded by the City of Lake Charles. The City pays the salaries of the regular deputy marshals, funds most of the operating expenditures, and provides the Marshal with office space. Such expenditures are included in the general fund, of the City of Lake Charles, LA and are not included in these component unit financial statements. These financial statements include expenditures funded from other sources such as court fees, intergovernmental revenues, and fees from fiduciary activities. Also included in these financials are certain agency funds that are maintained by the Marshal.

The financial statements of the Ward Three Marshal have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The more significant of the government's accounting policies are described below.

1. REPORTING ENTITY

GASB Statement No. 14 established criteria for determining the governmental reporting entity and component units that should be included within the reporting entity. For financial reporting purposes, in conformance with GASB Statement No. 14, the Ward Three Marshal includes all funds, account groups, et cetera, that are within the oversight responsibility of the Ward Three Marshal.

Governmental Accounting Standards Board Statement No. 14 established criteria for determining which component units should be considered part of the City of Lake Charles, LA for financial reporting purposes. The basic criterion for including a potential component unit within the reporting entity is financial accountability. This criteria includes:

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



WARD THREE MARSHAL – CITY OF LAKE CHARLES, LOUISIANA

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2009 and 2008

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2. Organizations for which the City of Lake Charles, LA. does not appoint a voting majority but are fiscally dependent on the City of Lake Charles, LA.
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 Lake Charles, LA financial statements would be misleading if data of the Ward Three Marshal was not included and due to the nature and significance of the relationship, the Marshal was determined to be a component unit of the City of Lake Charles, LA., 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 of Lake Charles, LA., the general government services provided by that government unit, or the other governmental units that comprise the financial reporting entity.

2. BASIS OF PRESENTATION

The accompanying basic financial statements of the Ward Three Marshal have been prepared in conformity with governmental accounting principles generally accepted in the United States of America. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The accompanying basic financial statements have been prepared in conformity with GASB Statement 34, "Basic Financial Statements and Management's Discussion and Analysis-for State and Local Governments", issued in June 1999. As a result, an entirely new financial presentation format has been implemented.

Government-Wide Financial Statements

The Statement of Net Assets and the Statement of Activities display information about the Marshal as a whole. They include all funds of the reporting entity. The statements distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services. Fiduciary funds are reported only in the Statement of Fiduciary Assets and Liabilities at the fund financial statement level.

The statement of activities presents a comparison between direct expenses and program revenues for each of the functions of the Marshal's governmental activities and business-type 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 of services offered by the Marshal, and (b) grants and contributions that are restricted to meeting the operational or capital requirement of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

GRAGSON, CASIDAY & GUILLORY, L.L.P.  
CERTIFIED PUBLIC ACCOUNTANTS

WARD THREE MARSHAL – CITY OF LAKE CHARLES, LOUISIANA

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2009 and 2008

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - 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 Marshal 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 on 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 and enterprise fund is at least 10 percent of the corresponding total for all governmental and enterprise funds of that category or type; and total assets, liabilities, revenues, or expenditures/expenses of the individual governmental or enterprise fund are at least 5 percent of the corresponding total for all governmental and enterprise funds combined.

The Marshal reports the following major fund:

The General Fund is the primary operating fund of the Marshal. It accounts for all financial resources except those that are required to be accounted for in other funds.

3. 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, both governmental and business-type 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:

- a. All governmental funds utilize a “current financial resources” measurement focus. Only current financial assets and liabilities are generally included on their balance sheets. Their operating statements present sources and uses of available spendable financial resources during a given period. These funds use fund balance as their measure of available spendable financial resources at the end of the period.

WARD THREE MARSHAL – CITY OF LAKE CHARLES, LOUISIANA

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2009 and 2008

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

**Basis of Accounting**

In the government-wide statement of net assets and statement of activities, both governmental and business-type 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. However, debt service expenditures are recorded only when payment is due.

**4. BUDGET PRACTICES**

Formal budgeting integration is employed as a management control device during the year for the general fund. These budgets are adopted on a basis consistent with generally accepted accounting principles.

**5. CASH**

Cash includes amounts in demand deposits, interest-bearing demand deposits, money market accounts, time deposits and those other investments with original maturities of 90 days or less. Under state law, the Marshal may deposit funds in demand deposits, interest-bearing demand deposits, money market accounts, or time deposits with state banks organized under Louisiana law and national banks having their principal offices in Louisiana.

WARD THREE MARSHAL – CITY OF LAKE CHARLES, LOUISIANA

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2009 and 2008

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

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 or exceed 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, 2009 and 2008, the Marshal has \$671,353 and \$578,394, respectively in deposits (collected bank balances). These deposits are secured from risk by federal deposit insurance and pledged securities held by the custodial bank in the name of the fiscal agent bank.

6. CAPITAL ASSETS

Capital assets, which include property, plant and equipment, are reported in the applicable governmental column in the government-wide financial statements. Capital assets are capitalized at historical cost or estimated cost if historical is not available. The Marshal maintains a threshold level of \$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 allocated 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:

Automobiles	5-7 years
Equipment	5-7 years
Furniture and fixtures	5-7 years

In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition.

7. EQUITY CLASSIFICATION

In the government-wide 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.

WARD THREE MARSHAL – CITY OF LAKE CHARLES, LOUISIANA

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2009 and 2008

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

- 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.

8. REVENUES, EXPENDITURES, AND EXPENSES

Revenue. Court fees and intergovernmental revenue are received in the month following collection by the City Court. The Marshal recognizes court fee revenue and intergovernmental revenue during the month they are collected by the City Court. The Marshal recognizes fees from fiduciary activities in the period such fees are collected.

Expenditures. Salaries are recorded when paid. Purchases of capital assets and other goods and services are recorded when those goods or services have been delivered. Principal and interest on general long-term obligations are recognized when due.

9. USE OF ESTIMATES

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

WARD THREE MARSHAL – CITY OF LAKE CHARLES, LOUISIANA

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2009 and 2008

NOTE B – CAPITAL ASSETS

A summary of changes in capital assets for the year ended December 31, 2009 follows:

	<u>Balance at Beginning of Period</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance at End of Period</u>
Automobiles	\$ 267,671	\$ 52,432	\$ 49,392	\$ 270,711
Furniture and fixtures	8,476	-	-	8,476
Equipment	<u>121,885</u>	<u>6,867</u>	<u>-</u>	<u>128,752</u>
	398,032	59,299	49,392	407,939
Less accumulated depreciation:				
Automobile	107,129	48,963	40,913	115,179
Furniture and fixtures	7,958	183	-	8,141
Equipment	<u>91,976</u>	<u>11,801</u>	<u>-</u>	<u>103,777</u>
	<u>207,063</u>	<u>60,947</u>	<u>40,913</u>	<u>227,097</u>
	<u>\$ 190,969</u>	<u>\$ (1,648)</u>	<u>\$ 8,479</u>	<u>\$ 180,842</u>

Depreciation expense for the year was \$ 60,947.

A summary of changes in capital assets for the year ended December 31, 2008 follows:

	<u>Balance at Beginning of Period</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance at End of Period</u>
Automobiles	\$ 178,396	\$ 95,735	\$ 6,459	\$ 267,671
Furniture and fixtures	8,476	-	-	8,476
Equipment	<u>107,829</u>	<u>14,055</u>	<u>-</u>	<u>121,885</u>
	294,701	109,790	6,459	398,032
Less accumulated depreciation:				
Automobile	68,023	42,874	3,768	107,129
Furniture and fixtures	7,743	215	-	7,958
Equipment	<u>81,451</u>	<u>10,525</u>	<u>-</u>	<u>91,976</u>
	<u>157,217</u>	<u>53,614</u>	<u>3,768</u>	<u>207,063</u>
	<u>\$ 137,484</u>	<u>\$ 56,176</u>	<u>\$ 2,691</u>	<u>\$ 190,969</u>

Depreciation expense for the year was \$53,614.

WARD THREE MARSHAL – CITY OF LAKE CHARLES, LOUISIANA

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2009 and 2008

NOTE C – CHANGES IN AGENCY FUND DUE TO OTHERS

A summary of changes in agency fund due to others for the year ended December 31, 2009, is as follows:

	<u>Balance at Beginning of Period</u>	<u>Additions</u>	<u>Disbursements</u>	<u>Balance at End of Period</u>
Garnishments funds	\$ 915	\$ 918,653	\$ (913,400)	\$ 6,168
Bonds fund	5,087	-	-	5,087
Seizures fund	629	21,901	(21,884)	646
Violations fund	-	-	-	-
	<u>\$ 6,631</u>	<u>\$ 940,554</u>	<u>\$ (935,284)</u>	<u>\$ 11,901</u>

A summary of changes in agency fund due to others for the year ended December 31, 2008, is as follows:

	<u>Balance at Beginning of Period</u>	<u>Additions</u>	<u>Disbursements</u>	<u>Balance at End of Period</u>
Garnishments funds	\$ 1,418	\$ 654,008	\$ (654,511)	\$ 915
Bonds fund	5,087	-	-	5,087
Seizures fund	693	9,457	(9,521)	629
Violations fund	-	-	-	-
	<u>\$ 7,198</u>	<u>\$ 663,465</u>	<u>\$ (664,032)</u>	<u>\$ 6,631</u>

NOTE D-COMMISSIONS

In accordance with state statute, the Marshal receives a commission of six percent of garnishments and other collections related to orders of the City Court as part of his compensation. The Marshal also receives six percent of the proceeds of sales of seized property as part of his compensation. During the period ended December 31, 2009 and 2008, commissions paid to the Marshal from the related agency funds totaled \$63,669 and \$46,673, respectively.

NOTE E- COMMITMENTS AND CONTINGENCIES

The Marshal is covered for substantially all business risks under the risk management programs of the City of Lake Charles, LA.

**REQUIRED SUPPLEMENTARY INFORMATION**



WARD THREE MARSHAL – CITY OF LAKE CHARLES, LOUISIANA

BUDGETARY COMPARISON SCHEDULE-GENERAL FUND

Year Ended December 31, 2009

	<u>Budget</u>	<u>Actual</u>	Variance Favorable <u>(Unfavorable)</u>
<b>REVENUES</b>			
Marshal office	\$ 295,000	\$ 294,528	\$ (472)
Marshal salary	130,000	142,501	12,501
Reserve income	24,000	29,211	5,211
Marshall Supplement	<u>20,000</u>	<u>-</u>	<u>(20,000)</u>
	469,000	466,240	(2,760)
<b>EXPENDITURES</b>			
General government:			
Automobile	85,000	61,684	23,316
Contract labor	6,000	4,840	1,160
Dues and subscriptions	6,000	2,935	3,065
Law enforcement supplies	25,000	15,468	9,532
Legal and professional	5,000	1,852	3,148
Miscellaneous	3,000	1,728	1,272
Office supplies	20,000	17,104	2,896
Other Programs	12,000	7,819	4,181
Payroll taxes	15,000	11,111	3,889
Repairs	2,500	679	1,821
Reserves:			
Assets acquired	6,500	3,032	3,468
Auto expense	12,000	7,059	4,941
Contract labor	4,000	4,320	(320)
Law enforcement equipment	4,000	10,509	(6,509)
Miscellaneous expense	3,000	1,646	1,354
Office supplies	200	8	192
Repairs & maintenance	500	290	210
Training	2,000	1,070	930
Salaries-Supplemental	70,000	66,396	3,604
Telephone	7,500	5,591	1,909
Training and education	15,000	13,244	1,756
Uniforms	18,000	11,349	6,651
Wages	<u>140,000</u>	<u>145,091</u>	<u>(5,091)</u>
Total expenditures	<u>462,200</u>	<u>394,825</u>	<u>67,375</u>
<b>EXCESS OF REVENUES OVER EXPENDITURES</b>	<b>6,800</b>	<b>71,415</b>	<b>64,615</b>
<b>FUND BALANCE AT BEGINNING OF YEAR</b>	<b><u>576,980</u></b>	<b><u>576,980</u></b>	<b><u>-</u></b>
<b>FUND BALANCE AT END OF YEAR</b>	<b><u>\$ 583,780</u></b>	<b><u>\$ 648,395</u></b>	<b><u>\$ 64,615</u></b>

The accompanying notes are an integral part of this statement.

GRAGSON, CASIDAY & GUILLORY, L.L.P.  
CERTIFIED PUBLIC ACCOUNTANTS

WARD THREE MARSHAL – CITY OF LAKE CHARLES, LOUISIANA

BUDGETARY COMPARISON SCHEDULE-GENERAL FUND

Year Ended December 31, 2008

	<u>Budget</u>	<u>Actual</u>	Variance Favorable <u>(Unfavorable)</u>
<b>REVENUES</b>			
Court fees	\$ 325,000	\$ 327,474	\$ 2,474
Marshal commissions from fiduciary activities	35,000	46,673	11,643
Reserve	20,000	26,551	6,551
Miscellaneous income	<u>1,000</u>	<u>-</u>	<u>(1,000)</u>
	381,000	400,698	19,698
<b>EXPENDITURES General government:</b>			
Automobile	107,000	15,983	91,017
Computer expense	1,500	-	1,500
Contract Labor	8,500	7,558	942
Dues and subscriptions	5,500	5,776	(276)
Equipment repair	3,000	2,390	610
Law enforcement supplies	24,000	21,430	2,570
Legal and professional	6,000	6,766	(766)
Meals and travel	5,000	1,906	3,094
Miscellaneous	6,000	3,349	2,651
Other programs	12,000	11,211	789
Office supplies	7,700	8,975	(1,275)
Payroll taxes	10,000	9,880	120
Salaries - Supplemental	32,000	52,375	(20,375)
Telephone	7,000	5,451	1,549
Training and education	4,500	2,190	2,310
Uniforms	6,000	5,264	736
Wages	123,000	124,442	(1,442)
Capital outlay	<u>6,500</u>	<u>107,099</u>	<u>(100,599)</u>
Total expenditures	<u>375,200</u>	<u>392,045</u>	<u>(16,845)</u>
<b>EXCESS OF REVENUES OVER EXPENDITURES</b>	5,800	8,653	2,853
<b>FUND BALANCE AT BEGINNING OF YEAR</b>	<u>568,327</u>	<u>568,327</u>	<u>-</u>
<b>FUND BALANCE AT END OF YEAR</b>	<u>\$ 574,127</u>	<u>\$ 576,980</u>	<u>\$ 2,853</u>

The accompanying notes are an integral part of this statement.



**GRAGSON, CASIDAY & GUILLORY, L.L.P.**  
CERTIFIED PUBLIC ACCOUNTANTS

W. GEORGE GRAGSON, C.P.A.  
RICHARD W. CASIDAY, C.P.A.  
RAYMOND GUILLORY, JR., C.P.A.  
GRAHAM A. PORTUS, E.A.  
COY T. VINCENT, C.P.A.  
MICHELLE LEE, C.P.A.  
BRADLEY J. CASIDAY, C.P.A., C.V.A.  
JULIA W. PORTUS, C.P.A.

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

February 20, 2010

Honorable Joey Alcede  
Ward Three Marshal — City of Lake Charles, Louisiana  
Lake Charles, LA

We have audited the financial statements of the Ward Three Marshal, a component unit of the City of Lake Charles, Louisiana, as of and for the period ended December 31, 2009 and have issued our report thereon dated February 20, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Ward Three Marshal's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Ward Three Marshal's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Ward Three Marshal's internal control over financial reporting.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. *A material weakness* is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. However, we identified certain deficiencies in internal control over financial reporting, described in the accompanying schedule of findings and questioned costs that we consider to be significant deficiencies in internal control over financial reporting. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Ward Three Marshal's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants agreements, 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 or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs.

We noted certain other matters that we reported to management of Ward Three Marshal in a separate letter dated February 20, 2010.

Ward Three Marshal's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. We did not audit Ward Three Marshal's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of management, Ward Three Marshal, others within the entity, the City of Lake Charles, LA and the Legislative Auditor and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in cursive script, appearing to read "Gragson, Casiday & Guillory".

WARD THREE MARSHAL – CITY OF LAKE CHARLES, LOUISIANA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

December 31, 2009

1. Summary of Auditors' Results:

Type of auditors' opinion issued: unqualified

Internal control over financial reporting:

Material weakness(es) identified?	<input type="checkbox"/> _yes	<input checked="" type="checkbox"/> _no
Control deficiency(s) identified that are not considered to be material weakness(es)?	<input checked="" type="checkbox"/> _yes	<input type="checkbox"/> _none reported
Noncompliance material to financial statements noted?	<input type="checkbox"/> _yes	<input checked="" type="checkbox"/> _no

2. Findings Relating to the Financial Statements Which Are Required to be Reported in Accordance with Generally Accepted Governmental Auditing Standards

**Finding 2009-1:**

Inadequate Internal Controls over Parking Violations

Condition: Since this enforcement program was implemented during 2009, proper internal controls were not developed.

Effect: Without proper internal controls, misstatements in amounts may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

Recommendation: Proper internal controls should be developed and implemented.

Response/Corrective Action Planned: Management has responded that it will implement our recommendations of internal controls over this area.

3. Findings and Questioned Costs for Federal Awards

N/A

4. Prior Year Audit Findings

No prior year findings.