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TOWN OF JEAN LAFITTE, LOUISIANA

FINANCIAL REPORT

For the Year Ended
June 30, 2008

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FINANCIAL SECTION

REBOWE & COMPANY

CERTIFIED PUBLIC ACCOUNTANTS
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A PROFESSIONAL CORPORATION

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INDEPENDENT AUDITOR'S REPORT

Honorable Timothy Kerner, Mayor and
Members of the Council
Town of Jean Lafitte, Louisiana

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of Jean Lafitte, Louisiana, as of and for the year ended June 30, 2008, which collectively comprise the Town of Jean Lafitte's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the management of the Town of Jean Lafitte, Louisiana. Our responsibility is to express opinions on these 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 financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of Jean Lafitte, Louisiana as of June 30, 2008, and the respective changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 21, 2008 on our consideration of the Town of Jean Lafitte's internal control over financial reporting and on 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 should be considered in assessing the result of our audit.

The Management's Discussion and Analysis and the budgetary comparison information on pages 3 through 8 and page 25, 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 required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Jean Lafitte's basic financial statements. The supplemental schedule on page 27 is presented for purposes of additional analysis and is not a required part of the basic financial statements. The supplemental schedule on page 27 has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Rebowe & Company

November 21, 2008

REQUIRED SUPPLEMENTARY INFORMATION - PART I

TOWN OF JEAN LAFITTE, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2008

The Management's Discussion and Analysis is intended to provide readers of the Town of Jean Lafitte's (the "Town") financial report with an overview and analysis of the financial activities of the Town for the year ended June 30, 2008. It should be read in conjunction with the financial statements and the notes to the financial statements.

FINANCIAL HIGHLIGHTS

- The assets of the Town exceeded its liabilities at June 30, 2008 by $10,088,919. Of this amount, $408,834 is unrestricted and as such, may be used to meet the Town's ongoing obligations to citizens and creditors.

- The Town's total net assets increased by $3,687,059. Most of this increase is attributable to a decrease in hurricane-related clean-up and repair expenditures for the year ended June 30, 2008.

- At June 30, 2008, the Town's governmental funds reported an ending fund balance of $625,011, an increase of $351,269 in comparison with the prior year. The portion of the fund balance that is available for spending at the Town's discretion is $625,011.

OVERVIEW OF THE FINANCIAL STATEMENTS

The Management's Discussion and Analysis serves as an introduction to the Town's basic financial statements. The Town's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. Also included in the report is required supplementary information.

Government-wide financial statements. The government-wide financial statements report information about the overall finances of the Town similar to a business enterprise. The statements combine and consolidate short-term, spendable resources with capital assets and long-term obligations.

The Statement of Net Assets presents information on the Town's assets less liabilities which results in net assets. The statement is designed to display the financial position of the Town. Over time, increases or decreases in net assets help determine whether the Town's financial position is improving or deteriorating.

The Statement of Activities provides information showing how the Town's net assets changed as a result of the year's activities. The statement uses the accrual basis of accounting, which is similar to the accounting used by private-sector businesses. All of the revenues and expenses are reported regardless of the timing of when cash is received or paid.

Both of the government-wide financial statements distinguish functions of the Town that are financed primarily by taxes, intergovernmental revenues, and charges for services. The Town's

OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

governmental activities include general government, public safety, public works, and culture and recreation.

Fund financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities and objectives. The Town uses fund accounting to ensure and demonstrate fiscal accountability. The Town uses governmental fund financial statements to provide more detailed information about the Town's funds.

Governmental funds. Governmental funds are used to report the Town's basic services. The funds focus on the inflows and outflows of current resources and the balances of spendable resources available at the end of the fiscal year. Governmental fund statements provide a near-or-short-term view of the Town's operations. A reconciliation is prepared of the governmental funds Balance Sheet to the Statement of Net Assets and the Statement of Revenues, Expenditures, and Changes in Fund Balances of the governmental funds to the Statement of Activities.

The Town maintains two governmental funds, the General Fund and the Capital Projects Fund. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances for these funds.

The Town adopts an annual budget for its General Fund. A budgetary comparison statement has been provided for this fund in the Required Supplementary Information-Part II Section.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net assets. The following table reflects condensed information on the Town's net assets.

Net Assets
Governmental Activities
June 30,

	2008	2007
Current assets	$ 1,668,693	$ 797,191
Capital assets	9,680,085	5,893,131
Total assets	11,348,778	6,690,322
Current liabilities	1,043,682	78,688
Noncurrent liabilities	216,177	209,774
Total liabilities	1,259,859	288,462
Net Assets		
Invested in capital assets, net of related debt	9,680,085	5,893,131
Unrestricted	408,834	508,729
Total net assets	$ 10,088,919	$ 6,401,860

The amount "invested in capital assets, net of related debt" represents the Town's net book value of its capital assets. It is the accumulation of years of investments in capital assets. These assets are not available for spending. The remaining fund balance of unrestricted net assets may be used to meet the Town's ongoing obligations to citizens and creditors.

Changes in net assets. The following table reflects condensed information on the Town's revenues and expenses.

Changes in Net Assets
Governmental Activities
June 30,

	2008	2007
Revenues		
Program revenues:		
Charges for services	$ 740,622	$ 778,439
Operating grants and contributions	909,289	119,566
Capital grants and contributions	3,034,222	537,898
General revenues:		
Taxes	173,625	178,509
Unrestricted investment earnings	13,721	22,198
Insurance proceeds	228,065	-
Other revenues	23,219	260,245
Total revenues	5,122,763	1,896,855
Expenses		
General government	1,278,434	1,354,123
Public safety	63,883	48,833
Public works	29,870	40,795
Culture and recreation	57,114	58,892
Interest on long-term debt	6,403	4,674
Total expenses	1,435,704	1,507,317
Change in net assets	3,687,059	389,538
Net assets - beginning	6,401,860	6,012,322
Net assets - ending	$ 10,088,919	$ 6,401,860

The total revenues increased by approximately 270% from the previous year due to an increase in intergovernmental revenues which reimbursed the Town for hurricane-related clean-up and repair expenses. The increase in these revenues did not coincide with a decrease in expenses. Overall expenses decreased by approximately 5% for the current year from the previous year.

BUDGETARY HIGHLIGHTS

The Town's general fund actual revenues were over budget by approximately $1,292,420 or 50%. This is principally due to intergovernmental revenues being higher than anticipated. The Town's general fund actual expenditures were over budget by approximately $32,605 or 2.7%. This is principally due to higher general government expenditures incurred than originally anticipated, as well as certain public safety expenditures being less than originally anticipated.

CAPITAL ASSETS

The following table reflects the Town's investment in capital assets, net of depreciation, as of June 30, 2008.

Capital Assets
Governmental Activities
June 30,

	2008	2007
Land	$ 605,985	$ 605,985
Land improvements	145,012	153,459
Buildings	2,562,561	2,666,580
Building improvements	433,478	461,528
Furniture, fixtures, and equipment	122,481	141,943
Vehicles and heavy equipment	75,247	99,244
Construction in progress	5,735,321	1,764,391
Total capital assets	$ 9,680,085	$ 5,893,130

The majority of the capital additions for the year were for construction in progress as the Town continues to make capital improvements for drainage pumping stations. Depreciation expense for the year ended June 30, 2008 was $189,684, as compared to $185,972, for the year ended June 30, 2007.

After year-end in September of 2008, the Town suffered extensive flooding due to Hurricane Ike. Many of the Town's fixed assets were damaged due to the flooding and will require repair.

ECONOMIC OUTLOOK

The Town anticipates continued intergovernmental revenues from federal, state and local sources that will support capital projects and improvements. Additionally, intergovernmental revenues will help support the Town as it continues its Hurricane Katrina recovery efforts. As a result, there is an expected increase in capital outlay expenditures. Major construction projects the

Town expects to continue or begin include the Jean Lafitte Multipurpose building and electric generators for its drainage pumping stations.

In September of 2008, the Town suffered extensive damage from Hurricane Ike and, as such, the Town was declared a Federal Disaster Area. The storm caused major flooding throughout the Town and damaged many of the Town's fixed assets. The repairs for the Town's assets should cause a *further increase in capital outlay expenditures for the 2009 fiscal year. The Town anticipates* recovery through insurance and/or Federal and State grants for these Hurricane Ike recovery efforts.

FURTHER INFORMATION

This financial report is designed to provide our citizens, taxpayers, customers, and creditors with a general overview of the Town's finances and to demonstrate the Town's accountability for the money it receives. If you have any questions about this report or need additional information, contact the Town Clerk at 2654 Jean Lafitte Blvd., Lafitte, LA 70067 or call (504) 689-2208 during office hours.

BASIC FINANCIAL STATEMENTS

TOWN OF JEAN LAFITTE, LOUISIANA
STATEMENT OF NET ASSETS
June 30, 2008

	Governmental Activities
ASSETS	
Current assets:	
Cash	$ 515,368
Investments	61,609
Receivables:	
Sales taxes	10,703
Franchise fees	16,884
Intergovernmental	1,010,173
Miscellaneous	3,092
Prepaids	50,864
Total current assets	1,668,693
Capital assets (net of accumulated depreciation)	9,680,085
Total assets	11,348,778
LIABILITIES	
Current liabilities:	
Accounts payable	991,182
Deferred revenues	52,500
Total current liabilities	1,043,682
Noncurrent liabilties:	
Loan payable	205,100
Accrued interest payable	11,077
Total noncurrent liabilities	216,177
Total liabilities	1,259,859
NET ASSETS	
Invested in capital assets, net of related debt	9,680,085
Unrestricted	408,834
Total net assets	$ 10,088,919

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

TOWN OF JEAN LAFITTE, LOUISIANA
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2008

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Assets
Governmental activities:					
General government	$ 1,278,434	$ 736,482	$ 424,163	$ -	$ (117,789)
Public safety	63,883	3,140	344,593	9,218	293,068
Public works	29,870	-	103,368	3,025,004	3,098,502
Culture and recreation	57,114	1,000	37,165	-	(18,949)
Interest on long-term debt	6,403	-	-	-	(6,403)
Total governmental activities	$ 1,435,704	$ 740,622	$ 909,289	$ 3,034,222	3,248,429
		General Revenues:			
		Taxes:			
		Sales			104,589
		Beer & Tobacco			7,623
		Franchise			61,413
		Unrestricted investment earnings			13,721
		Insurance proceeds			228,065
		Other revenues			23,219
		Total general revenues			438,630
		Change in net assets			3,687,059
		Net assets - beginning			6,401,860
		Net assets - ending			$ 10,088,919

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

TOWN OF JEAN LAFITTE, LOUISIANA
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2008

	General Fund	Capital Projects Fund	Total Governmental Funds
ASSETS			
Cash	$ 515,368	$ -	$ 515,368
Investments	61,609	-	61,609
Receivables:			
Sales taxes	10,703	-	10,703
Franchise fees	16,884	-	16,884
Intergovernmental	1,010,173	-	1,010,173
Miscellaneous	3,092	-	3,092
Due from other fund	1,437,619	-	1,437,619
Prepaids	50,864	-	50,864
Total assets	$ 3,106,312	$ -	$ 3,106,312
LIABILITIES AND FUND BALANCE			
Liabilities:			
Accounts payable	$ 991,182	$ -	$ 991,182
Due to other fund	-	1,437,619	1,437,619
Deferred revenues	52,500	-	52,500
Total liabilities	1,043,682	1,437,619	2,481,301
Fund Balance:			
Unreserved, undesignated	2,062,630	(1,437,619)	625,011
Total fund balance	2,062,630	(1,437,619)	625,011
Total liabilities and fund balance	$ 3,106,312	$ -	$ 3,106,312

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

TOWN OF JEAN LAFITTE, LOUISIANA
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET ASSETS
June 30, 2008

Total fund balance at June 30, 2008 - Governmental Funds	$ 625,011
Amounts reported for governmental activities in the Statement of Net Assets are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental fund.	
Capital assets	17,975,340
Less accumulated depreciation	(8,295,255)
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.	
Loan payable	(205,100)
Accrued interest payable	(11,077)
Net assets of governmental activities at June 30, 2008	$ 10,088,919

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

TOWN OF JEAN LAFITTE, LOUISIANA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - GOVERNMENTAL FUNDS
For the Year Ended June 30, 2008

	General Fund	Capital Projects Fund	Total Governmental Funds
REVENUES			
Intergovernmental			
Federal grants	$ 884,304	$ -	$ 884,304
State and local grants	569,060	3,025,004	3,594,064
Gaming	499,587	-	499,587
Other revenues	324,166	-	324,166
Taxes	173,625	-	173,625
Licenses and permits	48,591	-	48,591
Rental income	26,326	-	26,326
Interest	13,721	-	13,721
Fines and forfeitures	3,140	-	3,140
Total revenues	2,542,520	3,025,004	5,567,524
EXPENDITURES			
Current:			
General government	1,215,934	-	1,215,934
Public safety	22,179	-	22,179
Culture and recreation	1,503	-	1,503
Capital outlay	5,709	3,970,930	3,976,639
Total expenditures	1,245,325	3,970,930	5,216,255
Net Change in Fund Balances	1,297,195	(945,926)	351,269
Fund balance - beginning	765,435	(491,693)	273,742
Fund balance - ending	$ 2,062,630	$ (1,437,619)	$ 625,011

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

TOWN OF JEAN LAFITTE, LOUISIANA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2008

Amounts reported for governmental activities in the Statement of Activities are different because:

Net change in fund balances - total governmental funds	$	351,269
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. This is the amount by which capital outlays exceeded depreciation in the current period.		3,786,954
Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds:		
Interest on long-term debt		(6,403)
Revenues reported in the Statement of Activities in the prior year were not reported until the current year in the governmental funds, due to a difference in the nature of timing between the two bases of reporting.		(444,761)
Change in net assets of governmental activities	$	3,687,059

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Town of Jean Lafitte, Louisiana (the "Town") have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the Town's accounting policies are described below:

a) Financial Reporting Entity

The Town of Jean Lafitte was incorporated in 1974 under the provisions of the Lawrason Act. The Town is governed by a Mayor, Council form of government (R.S. 33:321-481).

The Town's major operations include public safety, public works, culture and recreation, and general administrative services. The accompanying financial statements include all government activities, organizations, and functions for which the Town is financially accountable.

b) Basis of Presentation

GOVERNMENT-WIDE FINANCIAL STATEMENTS:

The government-wide financial statements include the Statement of Net Assets and Statement of Activities for all non-fiduciary activities of the Town. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which are financed to a significant extent on fees and charges for support.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include: (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment, and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

FUND FINANCIAL STATEMENTS:

The fund financial statements are very similar to the traditional government fund statements as presented by governments prior to the issuance of GASB Statement No. 34. Emphasis is now on the major funds in either the governmental or business-type categories. Nonmajor funds (by category) or fund type are normally summarized into a single column. The Town of Jean Lafitte has no nonmajor funds.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

b) Basis of Presentation (Continued)

FUND FINANCIAL STATEMENTS (Continued):

The daily accounts and operations of the Town continue to be organized on the basis of funds, each of which is considered a separate accounting entity. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain functions or activities. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, equity, revenues, and expenditures or expenses, as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purpose for which they are to be spent and the means by which spending activities are controlled.

The Town reports only governmental funds of which the following represents the major governmental funds:

The *General Fund* is the principal fund of the Town and is used to account for all activities except those required to be accounted for in other funds.

The *Capital Projects Fund* is used to account for ongoing capital improvement and construction projects.

c) Basis of Accounting and Measurement Focus

GOVERNMENT-WIDE FINANCIAL STATEMENTS:

The government-wide financial statements are reported using the economic resource measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Federal and state grants and similar items are recognized as revenue when all eligibility requirements imposed by the provider have been met.

FUND FINANCIAL STATEMENTS:

All governmental funds are reported using the current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

c) Basis of Accounting and Measurement Focus (Continued)

Governmental funds are maintained on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (when they become both measurable and available). "Measurable" means the amount of the transaction can be determined and "available" means the resources will be collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period.

Taxes and fees collected and held by intermediary collecting governments at year end on behalf of the Town are recognized as revenue. Other revenues susceptible to accrual are intergovernmental revenues and franchise fees. Fines, forfeitures, rentals, licenses and permits are not susceptible to accrual because generally they are not measurable until received in cash. Expenditures are recognized under the modified accrual basis of accounting when the related fund liability is incurred, except, principal and interest on general long-term debt, which is not recognized until due. Allocations of costs such as depreciation and amortization are not recognized in the governmental funds.

d) Budgetary Accounting

Formal budgetary accounting is employed as a management control device during the year for the General Fund. The level of budgetary control is at the line-item level. Expenditures may not exceed appropriations until additional appropriations are provided. Appropriations which are not expended lapse at the end of each fiscal year. The budget for the General Fund is adopted on a basis consistent with GAAP. Budgetary comparisons presented in the accompanying financial statements are on a GAAP basis and include the original budget and all subsequent revisions.

e) Assets, Liabilities, and Fund Equity

CASH, CASH EQUIVALENTS, AND INVESTMENTS

Cash includes demand deposits and petty cash. There were no cash equivalents as of June 30, 2008.

Louisiana Revised Statutes, LSA - R.S. 33:2955, authorize the Town to invest in (1) United States bonds, treasury notes, or certificates, or time certificates of deposit of state banks organized under the laws of Louisiana and national banks having their principal offices in the State of Louisiana, an investment as stipulated in LSA-R.S. 39:1271, or any other federally insured investment, or (2) mutual or trust fund institutions which are registered with the

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

e) Assets, Liabilities, and Fund Equity (Continued)

Securities and Exchange Commission under the Securities Act of 1933 and the Investment Act of 1940, and which have underlying investments consisting solely of and limited to securities of the U.S. government or its agencies. In addition, local governments in Louisiana are authorized to invest in the Louisiana Asset Management Pool. (LAMP), a state sponsored external investment pool. Because these investments are not evidenced by securities that exist in physical or book entry form they are not categorized. LAMP is administered by LAMP, Inc., a corporation organized under the laws of the State of Louisiana. Only local governments may participate in LAMP. The primary objective of LAMP is to provide a safe environment for the placement of public funds in short-term, high quality investments. The LAMP portfolio includes only securities and other obligations in which local governments in Louisiana are authorized to invest. The dollar weighted average portfolio maturity of LAMP is restricted to not more than 90 days, and consists of no securities with a maturity in excess of 397 days. The fair value of a share in LAMP is the same as the book value (i.e., a share in the pool is always worth $1.00 per share). Investments are stated at fair value in accordance with Governmental Accounting Standards Board Statement No. 31.

ACCOUNTS RECEIVABLE

Accounts receivable are recorded for: (1) sales tax; (2) franchise fees; and (3) intergovernmental revenues. All receivables were considered fully collectible at year-end, therefore, no allowance has been provided.

INVENTORIES AND PREPAIDS ITEMS

The costs of materials and supplies acquired by the governmental funds are recorded as expenditures at the time of purchase. The inventory of such materials and supplies at June 30, 2008 would not be material to the financial statements.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. These amounts will be expended as their benefit expires.

CAPITAL ASSETS

Capital assets include land, buildings and building improvements, equipment, and infrastructure assets. All assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

NOTE 1 - *SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)*

e) Assets, Liabilities, and Fund Equity (Continued)

The costs of normal maintenance and repairs that do not add value to the asset or materially extend its useful life are not capitalized. Major outlays for capital assets and improvements are capitalized at completion of construction projects.

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

Depreciation on capital assets, excluding land and construction in progress, is calculated on the straight-line method over the following estimated useful lives:

	Estimated Life
Land improvements	20
Buildings	40
Building improvements	20
Furniture, fixtures, and equipment	5 - 12
Vehicles and heavy equipment	5- 10
Roads	20 - 40

DEFERRED REVENUES

Deferred revenues arise when potential revenue does not meet both the measurable and available criteria for recognition in the current period. Deferred revenues also arise when resources are received by the Town before it has legal claim to them. In subsequent periods, when both revenue recognition criteria are met, or when the Town has legal claim to the resources, the liability for deferred revenue is removed and revenue is recognized.

COMPENSATED ABSENCES

Annual and sick leave is expended when claimed by the employees rather than when earned. Employees may not carry over or accumulate annual or sick leave. Employees are required to use their annual leave during the year following his/her anniversary date of employment. In the opinion of the Town's Administration, the liability due at June 30, 2008 would not be material to the financial statements.

LONG-TERM DEBT

In the government-wide financial statements, long-term debt is reported as a noncurrent liability in the governmental activities Statement of Net Assets. In the fund financial statements, the face amount of debt issued is reported as other financing sources.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

e) Assets, Liabilities, and Fund Equity (Continued)

NET ASSETS

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. Net assets are reported as restricted when there are limitations imposed on their use by external parties such as creditors, grantors, contributors, laws or regulations of other governments or law through constitutional provisions or enabling legislation. All other net assets that do not meet the definition of "invested in capital assets, net of related debt" or "restricted" are reported as unrestricted. Some portions of fund balance in the governmental funds are restricted to indicate that a portion of equity is legally restricted to a specific future use and is not available for appropriation or expenditure. Designated portions of fund balance indicate tentative plans for future use of financial resources.

ACCOUNTING ESTIMATES

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make certain estimates and assumptions. Those estimates affect the reported amounts of assets and liabilities and disclosure of assets and liabilities at the date of the financial statements. They may also affect the reported amounts of revenues and expenses of the government-wide financial statements during the reporting period. Actual results could differ from those estimates.

NOTE 2 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

a) Budget

The procedures used by the Town in establishing the budgetary data reflected in the financial statements are as follows:

1) Not less than 30 days before the end of the fiscal year, the Mayor recommends to the Council a proposed operating budget for the ensuing fiscal year. The operating budget includes proposed expenditures and the means of financing them.

2) The proposed budget is summarized and advertised and the public notified that the proposed budget is available for inspection and that within 10 days thereafter public hearings are conducted to obtain taxpayer comments.

3) The budget is then legally enacted through an ordinance adopted by the Council.

NOTE 2 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (CONTINUED)

a) Budget (Continued)

4) Any revisions that alter the total expenditures of the General Fund or line item changes within the General Fund must be approved by the Council.

Budgeted amounts are as originally adopted and as finally amended by resolutions or motions of the Council through June 30, 2008.

NOTE 3 - CASH, CASH EQUIVALENTS AND INVESTMENTS

At June 30, 2008, the carrying amount of the Town's cash deposits was $515,368 and the bank balance was $735,131, all of which was covered by Federal depository insurance or by collateral consisting of securities held by the Town's agent in its name.

Investments held at June 30, 2008 consist of $61,609 in the Louisiana Asset Management Pool (LAMP), a state sponsored external investment pool.

NOTE 4 - SALES TAX

For the year ended June 30, 2008, the total sales tax levied on purchases within the Town limits was 8 3/4%. Of this amount, the State levies 4%, the Jefferson Parish Public School System levies 1 1/2%, the Jefferson Parish Sheriff's Office levies 1/4%, and the Parish of Jefferson levies the remaining 3%. Sales taxes, except sales tax on motor vehicles which is collected by the State, are collected by the Sheriff of Jefferson Parish, who receives a commission of 11% of the amount collected.

Of the 3% levied by the Parish, 1/2% is remitted to the Jefferson Parish Public School System, 1% is remitted to the Parish for sewer capital and law enforcement, 1/6% is remitted to the Parish for drainage purposes, and the balance (1 1/3%) is remitted to the Town (as an incorporated municipality).

The 1/4% levied by the Sheriff's Office is remitted directly to the Town for law enforcement and is recognized in the General Fund.

NOTE 5 - LEASES

The Town entered into a ten year lease agreement beginning January 1, 2002 through December 31, 2011 in which they received an advance payment of $150,000 for the rental of office space and for the parking of ambulances. Deferred revenue for this transaction has been reported in the financial statements in the amount of $52,500. The future rental income to be recognized is detailed as follows at June 30, 2008:

NOTE 5 - LEASES (CONTINUED)

Fiscal Year End		
2009		$ 15,000
2010		15,000
2011		15,000
2012		7,500
	Total	$ 52,500

NOTE 6 - CAPITAL ASSETS

Capital asset activity of the governmental funds for the year ended June 30, 2008 was as follows:

	Balance 6/30/2007	Additions	Reductions	Balance 6/30/2008
Governmental Activities:				
Capital assets not being depreciated:				
Land	$ 605,985	$ -	$ -	$ 605,985
Construction in progress	1,764,391	3,970,930	-	5,735,321
Total capital assets not being depreciated	2,370,376	3,970,930	-	6,341,306
Capital assets being depreciated:				
Land improvements	196,370	-	-	196,370
Buildings	3,721,775	-	-	3,721,775
Building improvements	699,318	-	-	699,318
Furniture, fixtures, and equipment	393,193	5,709	-	398,902
Vehicles and heavy equipment	252,200	-	-	252,200
Roads	6,365,469	-	-	6,365,469
Total capital assets being depreciated	11,628,325	5,709	-	11,634,034
Less accumulated depreciation	8,105,571	189,684	-	8,295,255
Total capital assets being depreciated, net	3,522,754	(184,155)	-	3,338,779
Total governmental activities capital assets, net	$ 5,893,130	$ 3,786,954	$ -	$ 9,680,085

NOTE 6 - CAPITAL ASSETS (CONTINUED)

Depreciation expense was charged to the functions of the governmental activities as follows:

General government	$ 62,500
Public safety	29,870
Public works	41,703
Culture and recreation	55,611
Total depreciation expense	$189,684

NOTE 7 - LONG-TERM DEBT

The following is a summary of long-term debt transactions for the Town for the year ended June 30, 2008:

	Balance 6/30/07	Additions	Reductions	Balance 6/30/08	Due Within One Year
Governmental Activities					
CDL Loan	$205,100	$ -	$ -	$205,100	$ -
Total Governmental Activities	$ 205,100	$ -	$ -	$205,100	$ -

Details of the Town's long-term debt as of June 30, 2008 are as follows:

Community Disaster Loan ("CDL"), secured by a pledge of the Town's revenues each fiscal year the note is outstanding, bearing interest at a variable interest rate (3.12% at June 30, 2008), payable July 10, 2011.	$ 205,100

Based on the loan and pledge agreement with the Federal Emergency Management Agency, the CDL loan accrues simple interest based on the five year Treasury Note plus one per cent from the date of each disbursement. The term of the loan is five (5) years expiring in July 2011 and may be extended or cancelled pursuant to Section 417 of the Stafford Disaster Relief and Emergency Assistance Act. Payments of principal and interest may be deferred until the end of the five year period.

NOTE 8 - EMPLOYEE BENEFIT PLAN

The City provides pension benefits for all of its full-time employees through two separate cost-sharing, multiple-employer public employee retirement systems. All full-time City employees, except some police, are members in the Municipal Employees' Retirement System of the State of Louisiana (the Municipal System). All eligible full-time police are members of the Municipal and State Police Retirement System of Louisiana (the Police System).

The City's total payroll cost, excluding benefits, was approximately $485,000 for fiscal 2008. Also, police officers receive on-behalf payments of State supplemental pay, which totaled $10,200 for fiscal year 2008. These on-behalf payments are recognized as revenues and expenditures in the General Fund. Contributions to these retirement systems were based on participating full-time employee earnings, which were approximately as follows for fiscal 2008:

Municipal System	$ 134,000
Police System	49,000
Total	$ 183,000

Municipal employees participating in the Municipal System are entitled to a retirement benefit at or after age 60 with 10 years of creditable service or at any age with 25 years of creditable service. The retirement benefit is generally three percent of the member's final compensation multiplied by his years of creditable service. However, under certain conditions as outlined in the statutes, the benefits are limited to specified amounts. The system also provides death and disability benefits as well as a deferred retirement option. Benefits are established by state legislation. The Municipal System issues a publicly available financial report that includes the financial statements and required supplementary information for the Municipal System. That report may be obtained by writing to the Municipal Employees' Retirement System, 7937 Office Park Blvd., Baton Rouge, Louisiana 70809.

Police participating in the Police System for at least one year are eligible for normal retirement at or after age 50 with 20 years of creditable service, age 55 with 12 years creditable service or at any age with 25 years of creditable service. The retirement benefit is generally three and one-third percent of the members' average final compensation multiplied by their years of creditable service (not to exceed 100% of average final compensation). The system also provides death and disability benefits as well as a deferred retirement option. Benefits are established by State legislation. The Police System issues a publicly available financial report that includes the financial statements and required supplementary information for the Police System. That report may be obtained by writing to the Municipal and State Police Retirement System of Louisiana, 8401 United Plaza Building, Room 235, Baton Rouge, Louisiana 70809.

NOTE 8 - EMPLOYEE BENEFIT PLAN (CONTINUED)

State legislation has established the obligations of the City and its employees for contributions at 16.00% and 9.25% of employee earnings, respectively, for the Municipal System, as well as 13.75% and 7.50% of employee earnings, respectively, for the Police System. The City's contributions to the Municipal System for the years ending June 30, 2008, and 2007 were approximately $20,000 and $20,000, respectively, equal to the required contribution for each year. The City's contributions to the Police System for the years ending June 30, 2008, and 2007 were approximately $8,000 and $7,000, respectively, equal to the required contribution for each year.

NOTE 9 - CONTINGENT LIABILITIES

The Town is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and certain natural disasters for which the Town carries property and casualty insurance, subject to stated limitations and deductibles.

NOTE 10 – CAPITAL PROJECTS FUND BALANCE

The Capital Projects Fund had a deficit balance of ($1,437,619) at June 30, 2008. This was due to general revenues which had been recorded in the General Fund being used to finance certain capital projects. As these capital projects are completed, funds will be transferred from the General Fund to the Capital Projects Fund to cover the deficit fund balance.

NOTE 11 - SUBSEQUENT EVENT

In September of 2008, the Town suffered extensive damage from Hurricane Ike and, as such, the Town was declared a Federal Disaster Area. The storm caused major flooding throughout the Town and damaged many of the Town's fixed assets. The repairs for the Town's assets should cause an increase in expenditures for the 2009 fiscal year. The Town anticipates recovery through insurance and/or Federal and State grants.

REQUIRED SUPPLEMENTARY INFORMATION - PART II

TOWN OF JEAN LAFITTE, LOUISIANA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL - GENERAL FUND
For the Year Ended June 30, 2008
(UNAUDITED)

	Actual Amounts	Budgeted Amounts Original	Budgeted Amounts Final	Variance with Final Budget - Positive (Negative)
REVENUES				
Taxes	$ 173,625	$ 172,000	$ 175,500	$ (1,875)
Licenses and permits	48,591	41,000	53,250	(4,659)
Rental income	26,326	34,300	15,000	11,326
Fines and forfeitures	3,140	2,500	3,000	140
Gaming	499,587	445,000	508,000	(8,413)
Intergovernmental	1,453,364	229,000	451,750	1,001,614
Interest	13,721	18,000	15,000	(1,279)
Other revenues	324,166	15,000	28,600	295,566
Total revenues	2,542,520	956,800	1,250,100	1,292,420
EXPENDITURES				
Current:				
General government	1,215,934	416,000	514,520	(701,414)
Public safety	22,179	499,000	614,000	591,821
Culture and recreation	1,503	-	-	(1,503)
Capital outlay	5,709	50,000	84,200	78,491
Total expenditures	1,245,325	965,000	1,212,720	(32,605)
Excess (deficiency) of revenue over expenditures	1,297,195	(8,200)	37,380	1,259,815
OTHER FINANCING SOURCES				
Loan proceeds	-	-	-	-
Total other financing sources	-	-	-	-
Net Change in Fund Balance	1,297,195	(8,200)	37,380	1,259,815
Fund balance - beginning	765,435	765,435	765,435	-
Fund balance - ending	$ 2,062,630	$ 757,235	$ 802,815	$ 1,259,815

The notes to the Required Supplementary Information are an integral part of this schedule.

TOWN OF JEAN LAFITTE, LOUISIANA
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
For the Year Ended June 30, 2008

NOTE 1 - BUDGETARY BASIS OF ACCOUNTING

Formal budgetary accounting is employed as a management control device during the year for the General Fund. The level of budgetary control is at the line-item level. Expenditures may not exceed appropriations until additional appropriations are provided. Appropriations which are not expended lapse at the end of each fiscal year. The budget for the General Fund is adopted on a basis consistent with GAAP. Budgetary comparisons presented in the accompanying financial statements are on a GAAP basis and include the original budget and all subsequent revisions.

OTHER SUPPLEMENTAL INFORMATION

TOWN OF JEAN LAFITTE, LOUISIANA
SCHEDULE OF COUNCIL'S PER DIEM
For the Year Ended June 30, 2008
(UNAUDITED)

	Number of Special Meetings	Number of Regular Meetings	Amount
Sloane Kerner	1	12	$ 6,075
Shirley Guille	1	12	6,075
Christy Creppel	1	12	6,075
Calvin LeBeau	1	12	6,075
Verna Smith	0	12	6,000
TOTAL PER DIEM			$ 30,300

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INDEPENDENT AUDITOR'S 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*

Honorable Timothy Kerner, Mayor and
Members of the Council
Town of Jean Lafitte, Louisiana

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of Jean Lafitte, as of and for the year ended June 30, 2008, which collectively comprise the Town of Jean Lafitte's basic financial statements and have issued our report thereon dated November 21, 2008. 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 Town of Jean Lafitte's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town of Jean Lafitte's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Town of Jean Lafitte's internal control over financial reporting.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Town of Jean Lafitte's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the Town of Jean Lafitte's financial statements that is more than inconsequential will not be prevented or detected by the Town of Jean Lafitte's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Town of Jean Lafitte's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be 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.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town of Jean Lafitte's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant 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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards.*

This report is intended solely for the information and use of management, the Council, and the Legislative Auditor of the State of Louisiana and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Rebowe & Company

November 21, 2008

TOWN OF JEAN LAFITTE, LOUISIANA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2008

A. SUMMARY OF AUDITOR'S RESULTS

1. The auditor's report expresses an unqualified opinion on the financial statements of the Town of Jean Lafitte, Louisiana.

2. No reportable conditions in internal control over financial reporting are reported in the *Independent Auditor's 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*.

3. No instances of noncompliance material to the financial statements of the Town of Jean Lafitte, which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.

4. A management letter was not issued for the year ended June 30, 2008.

B. FINDINGS - FINANCIAL STATEMENT AUDIT

There were no findings related to the financial statements for the year ended June 30, 2008.

TOWN OF JEAN LAFITTE, LOUISIANA
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2008

FINDINGS - FINANCIAL STATEMENT AUDIT

N/A.

MANAGEMENT LETTER

N/A.

TOWN OF JEAN LAFITTE, LOUISIANA
CORRECTIVE ACTION PLAN
For the Year Ended June 30, 2008

There were no findings for the year ended June 30, 2008; therefore, a corrective action plan is not required.