

**TOWN OF JEAN LAFITTE
SCHEDULE OF NONCOMPLIANCE WITH LAWS AND REGULATIONS
FOR THE YEAR ENDED JUNE 30, 1997**

FINING

The Town has not collected and remitted to the State of Louisiana special court fees in compliance with state law.

BACKGROUND

LSA-R.S. 40:180(D)(1)(a) requires that all courts handling felonies, misdemeanors or ordinance violations must collect an additional court fee to be remitted to State of Louisiana Agency Funds. These agency funds: the Crime Victims Reparation Fund, Law Enforcement Training and Assistance Fund, and the Drug Abuse Education & Treatment Fund were established to serve as agency funds for the State, parish and local governments as needed. The Attorney General's Office has interpreted (LA Act. Gen. Op. No. 99-332) this law to include municipalities such as the Town of Jean Lafitte and as of May 24, 1995, the Town should have begun collecting these fees for specific cases such as DWI, reckless operation, and hit and run. As of September 13, 1997, the Town is not in compliance.

RECOMMENDATION

The Town should begin collecting these fees immediately and remit these funds to the state. The Town should consult with its legal advisors as to any liability, if any, due to the State for failure to collect these fees from May 1995 to present.

RESPONSE

The Town will consult with its legal advisors and has begun collecting these fees.

REBOWE & COMPANY

CERTIFIED PUBLIC ACCOUNTANTS
CONSULTANTS
A PROFESSIONAL CORPORATION

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Patry M. Reboux, CPA

The Honorable Timothy Kernan, Mayor, and
Members of the Board of Aldermen
Town of Jean Lafitte, Louisiana

We have audited the financial statements of the Town of Jean Lafitte, Louisiana, (the "Town") for the year ended June 30, 1997, and have issued our reports thereon dated September 17, 1997. As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we performed tests of the Town's compliance with certain provisions of laws, regulations, contracts and grants noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion.

The attached schedule of noncompliance with laws and regulations includes an immaterial instance of noncompliance noted as a result of the items listed.

We have already discussed this finding with you and have included your response. We will be pleased to discuss this finding with you in further detail at your convenience, perform any additional study of this matter, or assist you in implementing our recommendation.

Reboux & Company

September 17, 1997

**TOWN OF JEAN LAFFITE
FINDINGS AND RECOMMENDATIONS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 1997**

RECOMMENDATION

The Town should consider developing other sources of revenue. Some examples of potential revenues the Town could consider are: impact fees charged to the developers of subdivisions and/or to individual residents and increased fees for permits.

RESPONSE

The Town has hired an outside consulting firm to perform an unrelated study and will discuss including developing new revenue sources as part of their study.

4. FINDING

The Town does not have a plan of action to correct inherent problems in computer programming known as the year 2000 problem.

BACKGROUND

Inherent defects in computer programming will cause computers to possibly shut down or malfunction due to programs not recognizing the year 2000 as a valid date.

RECOMMENDATION

The Town should adopt a formal plan of action, if applicable, to correct this problem to avoid unnecessary delays or excess costs associated with fixing the problems. The plan of action should be adopted before June 30, 1998.

RESPONSE

The Town has adopted a plan of action and will contact their computer consultants to develop a plan to correct the problem in the next year.

TOWN OF JEAN LAFFITE
FINDINGS AND RECOMMENDATIONS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 1997

BACKGROUND:

The Town's current capitalization policy is to account for all assets purchased for more than \$100.

RECOMMENDATION

The Town should review its current capitalization policy and consider raising the dollar capitalization level. In addition, general repairs and renovations which do not extend the expected life of an asset should not be capitalized.

RESPONSE:

The Town will raise the dollar capitalization level to \$1,000.

3. FINDING:

The Town is experiencing significant demands on its General Fund due to the costs associated with the extensive residential growth in the community and should consider a plan for developing new sources of revenues to offset the additional costs related to water and sewer services, police protection, road repairs, etc.

BACKGROUND:

Over the past few years, the Town has experienced an increase in the number of new homes built. Because of this growth, the Town has seen costs associated with providing services to these new residents increasing.

**TOWN OF JEAN LAFFITE
FINDINGS AND RECOMMENDATIONS
FOR THE YEAR ENDED JUNE 30, 1997**

1. FINDING

As in prior years, there appears to be an inadequate segregation of duties within the accounting function.

BACKGROUND:

Due to the limited number of personnel, the Town Clerk has most of the responsibilities relating to the cash receipts and disbursement cycles. The Town does, however, have various controls in place which mitigate this problem. Included in these mitigating controls are (1) an outside Certified Public Accountant prepares the bank reconciliations, (2) all checks require a dual signature, (3) actual versus budget comparisons are made monthly by the Mayor on all revenue and expenditure line items, (4) the use and reconciliation of prenumbered receipts, and (5) in 1995 the Town began assigning various accounting responsibilities to another employee. Based upon these mitigating controls, we do not consider this to be a reportable condition.

RECOMMENDATION:

The Town should continue to be aware of the potential problems caused by an inadequate segregation of duties and should be cognizant of the importance of the mitigating controls.

RESPONSE:

We are aware of the situation and will continue to perform procedures necessary to mitigate the potential problem.

2. FINDING:

The Town's capitalization policy for assets accounted for in its General Fixed Asset Account Group ("GFAAG") needs to be reviewed and updated. As a result of its current low dollar capitalization policy, the Town has difficulties in maintaining its fixed asset accounting records. These difficulties primarily arise from having to account for numerous small dollar purchases and critical re-reservations to various Town assets.

REBOWE & COMPANY

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A FIRM (SOCIETY) INCORPORATED IN

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Copy of Release, 076

The Honorable Timothy Kerney, Mayor, and
Members of the Board of Aldermen
Town of Jean Lafitte, Louisiana

We have audited the general-purpose financial statements of the Town of Jean Lafitte, Louisiana, (the "Town") as of and for the year ended June 30, 1997, and have issued our report thereon dated September 17, 1997. As part of our audit we considered the Town's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing an opinion on the general-purpose financial statements and not to provide assurance on the internal control over financial reporting.

However, during our audit we became aware of several matters that are opportunities for strengthening the Town's internal controls and operating efficiency. The memorandum that accompanies this letter summarizes our comments and suggestions regarding these matters. Our consideration of the internal control over financial reporting has been reported on in a separately issued report entitled *Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards* dated September 17, 1997.

We have already discussed many of these comments and recommendations with you and have included your response. We will be pleased to discuss these recommendations with you in further detail at your convenience, perform any additional study of these matters, or assist you in implementing our recommendations.

Rebowe & Company

September 17, 1997

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MEMORANDUM OF ADVISORY COMMENTS

TOWNSHIP OF JEAN LAFITTE, LOUISIANA

For the Year Ended June 30, 1997

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JEAN LAFITTE, LA
TOWNSHIP

financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that we have reported to management of the Town of Juan Luisito in a separate letter dated September 13, 1997.

This report is intended for the information of management and the Louisiana Legislative Auditor. However, this report is a matter of public record and its distribution is not limited.

Roberts & Company

September 13, 1997

REBOWE & COMPANY

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File # 1997-078

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

The Honorable Timothy Kozak, Mayor and
Members of the Board of Aldermen
Town of Jean Lafitte, Louisiana

We have audited the financial statements of the Town of Jean Lafitte as of and for the year ended June 30, 1997, and have issued our report thereon dated September 17, 1997. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

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 grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted an immaterial instance of noncompliance that we have reported to management of the Town of Jean Lafitte in a separate letter dated September 17, 1997.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Town of Jean Lafitte's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that material misstatements in accounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over

COMPLIANCE SECTION

TOWN OF JEAN LAFITTE, LOUISIANA
 SCHEDULE OF ALDERMEN'S PER DIEM
 For the Year Ended June 30, 1997

	Number of Special Meetings	Number of Regular Meetings	Amount
Elaine Dodson	4	12	\$ 1,908
Shirley Gallo	4	12	1,908
Lee Kemos, Jr.	4	12	1,908
Calvin LeBeau	4	12	1,908
Verna Smith	3	12	<u>1,875</u>
 TOTAL			 <u>\$ 8,507</u>

TOWN OF JEAN LAFFITE, LOUISIANA
 GENERAL FUND
 SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL (CONTINUED)
 For the Year Ended June 30, 1987

	ACTUAL	BUDGET	VARIANCE (FAVORABLE UNFAVORABLE)
OTHER			
Medical Control	\$ 10,946	\$ 10,000	\$ 946
Miscellaneous	11,619	12,400	1,781
Special Events	6,898	7,000	102
Electricity	3,784	3,600	184
Tuition	1,112	1,200	(88)
TOTAL OTHER	<u>36,369</u>	<u>34,200</u>	<u>2,169</u>
TOTAL GENERAL GOVERNMENT	<u>\$ 408,829</u>	<u>\$ 401,400</u>	<u>\$ 7,429</u>
CAPITAL OUTLAY			
Buildings, improvements and equipment	\$ 111,509	\$ 120,700	\$ (9,191)
Land	83,143	85,000	(1,857)
Streets and sidewalks	19,426	20,000	(574)
TOTAL CAPITAL OUTLAY	<u>\$ 214,078</u>	<u>\$ 225,700</u>	<u>\$ (11,622)</u>
TOTAL EXPENDITURES	<u>\$ 622,907</u>	<u>\$ 627,100</u>	<u>\$ (4,193)</u>

TOWN OF JEAN LAFFITE, LOUISIANA
GENERAL FUND
SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL
For the Year Ended June 30, 1993

	ACTUAL	BUDGET	VARIANCE FAVORABLE UNFAVORABLE
GENERAL GOVERNMENT			
PERSONNEL AND RELATED COSTS			
Salaries - City Park	\$ 31,400	\$ 30,000	\$ 1,400
Salaries - Police	26,000	27,000	400
Salaries - Administrative	26,907	27,000	43
Salaries - Mayor	34,000	20,000	500
Salaries - Aldermen	5,000	5,000	(50)
Salaries - Tourist	3,644	5,000	(1,356)
Salaries - Miscellaneous	3,999	4,000	40
Salaries - Sleeping accommodations	1,773	1,000	25
Taxes - Payroll	11,983	11,000	(983)
Retirement	1,900	8,000	90
Insurance - workers's compensation	3,409	3,400	(9)
Insurance - unemployment	123	100	(23)
TOTAL PERSONNEL AND RELATED COSTS	171,038	171,000	38
PROFESSIONAL AND LEGAL			
Legal - inquiries	17,000	18,000	404
Accounting and auditing	10,000	10,000	(200)
TOTAL PROFESSIONAL AND LEGAL	27,000	28,000	304
OFFICE AND ADMINISTRATIVE COSTS			
Utilities	10,000	11,000	(1,000)
Office expense	7,000	7,000	(70)
Telephone	4,000	4,500	1,011
Postage	3,500	3,500	(30)
Travel	1,811	1,000	50
Official journal	1,000	1,000	(100)
Data and subscriptions	402	100	40
TOTAL OFFICE AND ADMINISTRATIVE COSTS	31,713	32,500	(787)
MAINTENANCE AND SUPPLIES			
Food, restaurant and supplies	30,000	30,000	(50)
Facility and maintenance	20,700	25,000	(4,300)
Police supplies and materials	25,500	20,000	(5,500)
Garage fuel	17,000	17,000	(50)
Auto and truck	3,834	3,800	(30)
TOTAL MAINTENANCE AND SUPPLIES	97,034	95,800	(1,234)
INSURANCE			
Insurance - medical	14,774	20,000	(5,226)
Insurance - auto and truck	11,000	10,000	(1,000)
Insurance - liability	14,500	15,000	(500)
Insurance - building	3,000	3,000	---
TOTAL INSURANCE	43,274	48,000	(4,726)

(Continued)

TOWNSHIP OF JEAN LAFFITE, LOUISIANA
 GENERAL FUND
 SCHEDULE OF REVENUES - BUDGET AND ACTUAL
 For the Year Ended June 30, 1997

TAXES	ACTUAL	BUDGET	VARIANCE FAVORABLE/ ADVERSE
Sales	\$ 14,770	\$ 10,000	\$ 4,770
Sales - law enforcement	10,000	10,000	-
Beer	6,200	5,000	1,200
Tobacco	1,800	5,000	(3,200)
Franchise			
LP&L	10,000	10,000	0
Gas Cables	11,125	9,000	2,125
Licenses Gas	1,500	1,000	500
TOTAL TAXES	41,395	36,000	5,395
LICENSES AND PERMITS			
Insurance licenses	14,900	5,000	9,900
Occupational license	14,200	10,000	4,200
Building permit	9,300	4,000	5,300
Alcoholic beverage	1,400	2,000	(600)
Plumbing inspection	1,200	1,000	200
Electrical inspection	1,100	1,000	100
TOTAL LICENSES AND PERMITS	44,100	24,000	20,100
RENTAL INCOME			
Town Hall (ambulance)	11,000	12,000	-
Civic Center	1,100	5,000	(3,900)
Auditorium	1,000	5,000	4,000
TOTAL RENTAL INCOME	13,100	22,000	(8,900)
FINES AND FORFEITURES			
Traffic violations and court costs	14,327	14,000	327
TOTAL FINES AND FORFEITURES	14,327	14,000	327
INTERGOVERNMENTAL			
Federal	1,000	5,000	(4,000)
State			
French suspension funds	46,570	40,000	6,570
Other	10,423	24,000	(13,577)
TOTAL INTERGOVERNMENTAL	58,000	74,000	(16,000)
GAMBLING FEES AND COMMISSIONS			
Live/shot gambling fee	100,000	100,000	-
TOTAL GAMBLING FEES AND COMMISSIONS	100,000	100,000	-
OTHER REVENUES			
Insured festival	110,000	110,000	-
Miscellaneous	20,000	5,000	15,000
Special events	10,000	10,000	-
Interest income	10,000	11,000	(1,000)
Sale of equipment	6,000	1,500	4,500
TOTAL OTHER REVENUES	156,000	137,500	18,500
TOTAL REVENUES	\$ 265,890	\$ 265,500	\$ 390

SUPPLEMENTARY INFORMATION

TOWN OF JEAN LAFITTE, LOUISIANA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
June 30, 1997

NOTE H - CONTINGENT LIABILITIES (Continued)

Litigation

The Town is a defendant in various lawsuits and the Town's Attorney has reviewed the claims in order to evaluate the likelihood of an unfavorable outcome to the Town and to arrive at an estimate, if any, of the amount or range of potential losses to the Town. As a result of such review, claims have been categorized into "probable," "reasonably possible," and "remote" contingencies, as defined in National Council on Governmental Accounting Statement 4 for Claims and Judgments. No loss contingencies have been categorized as "probable" thus no accrual has been recorded. The "reasonably possible" loss contingencies at June 30, 1997 for which an amount of liability can be estimated, approximate \$9,000.

TOWN OF JEAN LAFITTE, LOUISIANA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 1997

NOTE E - SALES TAX (Continued)

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, 1/4% is remitted to the Parish for drainage purposes, and the balance (1 1/4%) 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 F - RESERVATIONS OF FUND BALANCE

Reserved for Prepaid Items

This reserve was established as an offset against the asset, prepaid items, because it does not constitute an available, spendable resource of the General Fund even though it is a component of current assets.

NOTE G - EMPLOYED BENEFIT PLAN

The Town adopted a profit sharing plan with elective 401(k) provisions covering substantially all of its employees. An independent party has been selected to administer and act as trustee for the plan. The plan is a defined contribution plan, with all contribution amounts (if any) determined by the Board of Aldermen. Contributions to the plan totaled \$7,000 for the year ended June 30, 1997. Plan assets are owned by the plan participants and are not included in the financial statements of the Town.

NOTE H - CONTINGENT LIABILITIES

Risk Management

The Town is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the Town carries commercial insurance. Coverage limits per occurrence and in the aggregate are \$300,000/\$500,000 for general liability, auto, law enforcement officer's liability, and public officials errors and omissions liability.

TOWN OF JUAN LAFITTE, LOUISIANA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
June 30, 1997

NOTE C - CASH AND INVESTMENTS (Continued)

June 30, 1997 is not categorized in the four risk categories provided by GASB Codification Section 150.154 because the investment is in the pool of Funds and therefore not evidenced by securities that exist in physical or book entry form. LAMP is administered by LAMP, Inc., a non-profit corporation organized under the laws of the State of Louisiana. Only local governments having contracted to participate in LAMP have an investment interest in its pool of assets. 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. Accordingly, LAMP investments are restricted to securities issued, guaranteed, or backed by the U.S. Treasury, the U.S. Government, or one of its agencies, enterprises, or instrumentalities, as well as repurchase agreements collateralized by those securities. The dollar weighted average portfolio maturity of LAMP assets is restricted to not more than 90 days, and consists of no securities with a maturity in excess of 397 days. LAMP is designed to be highly liquid to give its participants immediate access to their account balances.

NOTE D - FIXED ASSETS

The following is a summary of changes in the general fixed assets account group during the year ended June 30, 1997:

	Balance July 1, 1996	Additions	Depreciation Expense	Retirements and Transfers	Balance June 30, 1997
Land	\$ 379,770	\$ 83,145	\$ -	\$ -	\$ 462,915
Buildings and improvements	1,608,950	181,162	-	-	1,790,112
Furniture, fixtures and equipment	151,360	28,347	-	-	181,607
Vehicles and heavy equipment	26,320	-	8,300	8,300	20,020
Total general fixed assets	\$ 2,206,400	\$ 292,654	\$ 8,300	\$ 8,300	\$ 2,482,454

NOTE E - SALES TAX

At July 1, 1996, the total sales tax levied on purchases within the Town limits was 8.249%. Of this amount, the State levies 4%, the Jefferson Parish Public School System levies 1.50%, the Jefferson Parish Sheriff's Office levies 1.49%, and the Parish of Jefferson levies the remaining .25%.

TOWN OF JEAN LAFFITTE, LOUISIANA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
June 30, 1997

NOTE B - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

1. Budget

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

- a. Not less than 30 days before the end of the fiscal year, the Mayor recommends to the Board of Aldermen a proposed operating budget for the ensuing fiscal year. The operating budget includes proposed expenditures and the means of financing them.
- b. 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.
- c. The budget is then legally enacted through an ordinance adopted by the Board of Aldermen.
- d. Any revisions that alter the total expenditures of the General Fund or line item changes within the General Fund must be approved by the Board of Aldermen.

Budgeted amounts are as originally adopted or as finally amended by resolutions or motions of the Board of Aldermen through June 30, 1997.

2. Expenditures in Excess of Appropriations

Some general fund expenditures exceeded their line item budgets. These variances were not considered material and have been approved through motions by the Board of Aldermen.

NOTE C - CASH AND INVESTMENTS

At June 30, 1997, the carrying amount of the Town's cash deposits was \$63,815 and the bank balance was \$77,338, all of which was covered by Federal depository insurance or by collateral consisting of securities held by the Town's agent in the Town's name.

Investments held at June 30, 1997 consist of \$252,187 in the Louisiana Asset Management Pool, Inc. (LAMP), a local government investment pool (See Summary of Significant Accounting Policies). In accordance with GASB Codification Section 130.105, the investment in LAMP at

TOWN OF JEAN LAFITTE, LOUISIANA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
June 30, 1997

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

8. Fixed Assets (Continued)

The costs of routine maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Public domain ("infrastructure") general fixed assets consisting of roads, bridges, curbs and gutters, streets and sidewalks, drainage and lighting systems are not capitalized, as these assets are irrevocable and of value only to the government.

Assets in the general fixed assets account group are not depreciated.

9. Compensated Absences

Annual and sick leave is expensed 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 twelve month period following their anniversary date of employment. In the opinion of management, the liability due at June 30, 1997 would not be material to the financial statements.

10. Fund Equity

Reserves represent those portions of fund equity not appropriate for expenditure or legally segregated for a specific future use. Designated fund balances represent tentative plans for future use of financial resources.

11. Total Columns on Combined Statements

Total columns on the general purpose financial statements are captioned "Memorandum Only" to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position, results of operations or changes in financial position in conformity with generally accepted accounting principles. Neither are such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

TOWN OF JEAN LAPORTE, LOUISIANA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
June 30, 1997

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

5. Cash and Investments

For reporting purposes, cash includes demand deposits.

Louisiana revised statutes (LSA - R.S. 33:2953) 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. 38:1271, or any other federally insured investment, or (2) mutual or trust fund institutions which are registered with the 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 Fund, Inc. (LAMF), a non-profit corporation organized under the laws of the State of Louisiana. Investments are stated at cost.

6. Inventories

The cost of material 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, 1997 would not be material to the financial statements.

7. Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 1997 are recorded as prepaid items. These amounts will be expensed as their benefit expires.

8. Fixed Assets

General fixed assets are not capitalized in the funds used to acquire or construct them. Instead, capital acquisition and construction are reflected as expenditures in governmental funds, and the related assets are reported in the general fixed assets account group. All purchased fixed assets are valued at cost where historical records are available and at an estimated historical cost where no historical records exist. Donated fixed assets are valued at their estimated fair market value on the date received.

TOWN OF JEAN LAFITTE, LOUISIANA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 1997

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3. Basis of Accounting

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

The modified accrual basis of accounting is used by all governmental fund types. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Expenditures are recorded when the related fund liability is incurred. Principal and interest on general long-term debt are recorded as fund liabilities when due.

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.

4. Budgets

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 generally accepted accounting principles ("GAAP"). Budgetary comparisons presented in the accompanying financial statements are on a GAAP basis.

TOWN OF JEAN LAFITTE, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
June 30, 1997

NOTE A - 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 government 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:

1. Financial Reporting Entity

The Town of Jean Lafitte was incorporated in 1904 under the provisions of the Louisiana Act. The Town is governed by a Mayor/Board of Aldermen form of government (R.S. 33:321-481).

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

2. Fund Accounting

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

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

The funds of the Town are classified into the "governmental" category. The category, in turn, is divided into separate "fund types".

Governmental funds are used to account for all of the Town's general activities. The General Fund is used to account for all activities of the general government not accounted for in some other fund.

TOWN OF JEAN LAFFITE, LOUISIANA
 STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
 IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND
 For the Year Ended June 30, 1997

	ACTUAL	BUDGET	VARIANCE FAVORABLE (UNFAVORABLE)
REVENUES			
Taxes	\$ 147,362	\$ 136,340	\$ 10,982
Licenses and permits	42,845	36,000	16,445
Rental income	37,200	37,000	391
Fines and forfeitures	14,527	14,000	527
Intergovernmental	108,728	101,500	7,428
Gambling fees and commissions	205,938	190,000	15,938
Other	178,897	147,600	31,297
TOTAL REVENUES	<u>716,697</u>	<u>662,350</u>	<u>54,347</u>
EXPENDITURES			
Current			
General government	488,078	471,668	(16,398)
Capital outlay	223,820	228,700	(3,150)
TOTAL EXPENDITURES	<u>711,898</u>	<u>699,368</u>	<u>(18,588)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	4,799	(52,180)	56,978
FUND BALANCE, beginning of year	<u>363,723</u>	<u>363,723</u>	<u>-----</u>
FUND BALANCE, end of year	<u>\$ 373,451</u>	<u>\$ 313,543</u>	<u>\$ 59,908</u>

See accompanying notes to financial statements.

TOWN OF IRAN LAFFITE, LOUISIANA
 STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
 IN FUND BALANCE - GOVERNMENTAL FUND TYPE - GENERAL FUND
 For the Year Ended June 30, 1997

	GOVERNMENTAL FUND TYPE
	GENERAL
REVENUES	
Taxes	\$ 147,362
Licenses and permits	42,449
Rental income	27,201
Fees and facilities	14,527
Intergovernmental	108,726
Garbbling fees and commissions	205,958
Other	<u>170,437</u>
TOTAL REVENUES	<u>716,659</u>
EXPENDITURES	
Current	
General government	448,072
Capital outlay	<u>228,089</u>
TOTAL EXPENDITURES	<u>676,161</u>
EXCESS OF REVENUES OVER EXPENDITURES	4,498
FUND BALANCE, beginning of year	<u>365,711</u>
FUND BALANCE, end of year	\$ 370,209

See accompanying notes to financial statements.

TOWN OF JEAN LAFITTE, LOUISIANA
COMBINED BALANCE SHEET - ALL FUND TYPES
AND ACCOUNT GROUPS
June 30, 1997

	GOVERNMENTAL	ACCOUNT	TOTAL (MEMORANDUM)
	FUNDS	GROUP	
	GENERAL	GENERAL FUND ASSETS	
ASSETS AND OTHER DEBITS			
Cash	\$ 65,813	\$ -	\$ 65,813
Investments	252,087	-	252,087
Receivables			
Sales taxes	17,797	-	17,797
Intergovernmental	22,983	-	22,983
Franchise fees	3,405	-	3,405
Miscellaneous	1,058	-	1,058
Prepaid items	21,159	-	21,159
Property, plant and equipment	-----	2,410,897	2,410,897
TOTAL ASSETS AND OTHER DEBITS	\$ 386,429	\$ 2,410,897	\$ 2,797,326
LIABILITIES, EQUITY AND OTHER CREDITS			
Liabilities			
Accounts payable	\$ 36,023	\$ -	\$ 36,023
Deferred revenues	-----	-----	-----
TOTAL LIABILITIES	-----	-----	-----
Equity and other credits			
Investment in general			
Bond issues	-	2,410,897	2,410,897
Fund balances			
Reserved for prepaid items	21,159	-	21,159
Unreserved and undesignated	349,821	-----	349,821
TOTAL EQUITY AND OTHER CREDITS	349,821	2,410,897	2,760,718
TOTAL LIABILITIES, EQUITY AND OTHER CREDITS	\$ 349,821	\$ 2,410,897	\$ 2,760,718

See accompanying notes to financial statements.

GENERAL-PURPOSE FINANCIAL STATEMENTS

Our audit was performed for the purpose of forming an opinion on the general-purpose financial statements of the Town of Iron Lake, Louisiana, taken as a whole. The supplementary information schedules, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the general-purpose financial statements of the Town of Iron Lake, Louisiana. Such information has been subjected to the auditing procedures applied in the audit of the general-purpose financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the general-purpose financial statements taken as a whole.

Deloitte & Company

September 17, 1997

REBOWE & COMPANY

CERTIFIED PUBLIC ACCOUNTANTS
CONSULTANTS
A PROFESSIONAL CORPORATION

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Philip W. Rebow, CPA

INDEPENDENT AUDITOR'S REPORT

The Honorable Timothy Kerns, Mayor, and
Members of the Board of Aldermen
Town of Jean Lafitte, Louisiana

We have audited the accompanying general-purpose financial statements of the Town of Jean Lafitte, Louisiana, as of and for the year ended June 30, 1997. These general-purpose financial statements are the responsibility of the Town of Jean Lafitte's management. Our responsibility is to express an opinion on these general-purpose financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards and 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 misstatements. 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 general-purpose financial statements referred to above present fairly, in all material respects, the financial position of the Town of Jean Lafitte, Louisiana, as of June 30, 1997, and the results of its operations for the year then ended in conformity with generally accepted accounting principles.

In accordance with Government Auditing Standards, we have also issued our report dated September 17, 1997 on our consideration of the Town of Jean Lafitte's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants.

FINANCIAL SECTION

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TOWN OF JEAN LAFITTE, LOUISIANA

FINANCIAL REPORT

**For the Year Ended
June 30, 1997**

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the auditor, or reviewed, entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date ~~Jan 2-5-2000~~