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TOWN OF JEAN LAFFITE, LOUISIANA

FINANCIAL REPORT

**For the Year Ended
June 30, 1988**

Under provisions of state law, this report is a public document. A copy of the report has been transmitted to the audited, or examined, 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 20 1989

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FINANCIAL SECTION

REBOWE & COMPANY

CERTIFIED PUBLIC ACCOUNTANTS
CORPORATED
A PROFESSIONAL CORPORATION

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INDEPENDENT AUDITOR'S REPORT

The Honorable Timothy Kenna, 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, 1998 as listed in the table of contents. 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 *Governance 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 the 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, 1998, and the results of its operations for the year then ended in conformity with generally accepted accounting principles.

In accordance with *Governance Auditing Standards*, we have also based our report dated October 7, 1998 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 grants.

Our audit was performed for the purpose of forming an opinion on the general-purpose financial statements of the Town of Jean Lafitte, 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 Jean Lafitte, 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.

Roberts & Company

October 7, 1998

GENERAL-PURPOSE FINANCIAL STATEMENTS

TOWN OF JEAN LAFFITE, LOUISIANA
COMBINED BALANCE SHEET - ALL FUND TYPES
AND ACCOUNT GROUPS
June 30, 1998

	GOVERNMENTAL FUNDS:	ACCOUNT GROUPS:	
	GENERAL	GENERAL FIXED ASSETS	TOTAL (MEMORANDUM ONLY)
ASSETS AND OTHER DEBITS			
Cash	\$ 28,215	\$ -	\$ 28,215
Investments	203,365	-	203,365
Receivables			
Sales taxes	28,738	-	28,738
Intergovernmental	14,958	-	14,958
Franchise fees	8,577	-	8,577
Miscellaneous	87	-	87
Prepaid items	27,494	-	27,494
Property, plant and equipment	-	2,943,120	2,943,120
TOTAL ASSETS AND OTHER DEBITS	<u>\$ 323,697</u>	<u>\$ 2,943,120</u>	<u>\$ 3,266,818</u>
LIABILITIES, EQUITY AND OTHER CREDITS			
Liabilities			
Accounts payable	\$ 33,228	\$ -	\$ 33,228
Deferred revenue	-	-	-
TOTAL LIABILITIES	<u>33,228</u>	<u>-</u>	<u>33,228</u>
Equity and other credits			
Income in general			
Fund assets	-	2,943,120	2,943,120
Fund balances:			
Reserved for prepaid items	27,494	-	27,494
Unreserved and unassigned	282,385	-	282,385
TOTAL EQUITY AND OTHER CREDITS	<u>339,879</u>	<u>2,943,120</u>	<u>3,283,000</u>
TOTAL LIABILITIES, EQUITY AND OTHER CREDITS	<u>\$ 373,107</u>	<u>\$ 2,943,120</u>	<u>\$ 3,286,228</u>

See accompanying notes to financial statements.

TOWN OF JEAN LAPITTE, LOUISIANA
 STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
 IN FUND BALANCE - GOVERNMENTAL FUND TYPE - GENERAL FUND
 For the Year Ended June 30, 1998

	GOVERNMENTAL FUND TYPE
	GENERAL
REVENUES	
Taxes	\$ 162,927
Licenses and permits	40,817
Rental income	25,995
Fines and forfeitures	8,149
Intergovernmental	418,202
Gambling fees and commissions	232,886
Other	<u>151,288</u>
TOTAL REVENUES	<u>1,449,564</u>
EXPENDITURES	
Current	
General government	906,333
Capital outlay	<u>626,886</u>
TOTAL EXPENDITURES	<u>1,533,219</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(83,655)
FUND BALANCE, beginning of year	<u>370,451</u>
FUND BALANCE, end of year	<u>\$ 286,796</u>

See accompanying notes to financial statements.

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, 1998

	ACTUAL	BUDGET	VARIANCE FAVORABLE OR UNFAVORABLE
REVENUES			
Taxes	\$ 185,907	\$ 141,380	\$ 24,427
Licenses and permits	40,807	32,000	8,807
Rental income	25,095	27,000	(1,905)
Fines and forfeitures	8,149	10,000	(1,851)
Intergovernmental	418,305	412,000	6,305
Granting fees and commissions	235,886	219,000	16,886
Other	<u>151,588</u>	<u>140,580</u>	<u>11,008</u>
TOTAL REVENUES	<u>1,096,587</u>	<u>982,980</u>	<u>113,607</u>
EXPENDITURES			
Current			
General government	580,335	479,580	(20,833)
Capital outlay	<u>626,889</u>	<u>567,382</u>	<u>159,507</u>
TOTAL EXPENDITURES	<u>1,207,224</u>	<u>1,046,962</u>	<u>160,262</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(80,637)	69,662	(15,900)
FUND BALANCE, beginning of year	<u>330,451</u>	<u>330,451</u>	<u>—</u>
FUND BALANCE, end of year	\$ 249,814	\$ 399,782	\$ 149,968

See accompanying notes to financial statements.

TOWN OF JEAN LAFITTE, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
June 30, 1998

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 detailed below:

1. Financial Reporting Entity

The Town of Jean Lafitte was incorporated in 1874 under the provisions of the Louisiana Act. The Town is governed by a Mayor-Bound of Aldermen form of government (R.S. 33:323-441).

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
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
June 30, 1998

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 increases (i.e., revenues and other financing sources) and decreases (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. Depreciation 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 (CONTINUED)
June 30, 1998

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 Towns 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. 33:1271, 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 fair value in accordance with Governmental Accounting Standards Board Statement No. 31.

6. Inventory

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, 1998 would not be material to the financial statements.

7. Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 1998 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 LAPORTE, LOUISIANA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
June 30, 1998

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

8. Fixed Assets (Continued)

The costs of essential 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 inseparable 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, 1998 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 LAFFITE, LOUISIANA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
June 30, 1998

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, 1998.

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, 1998, the carrying amount of the Town's cash deposits was \$28,213 and the bank balance was \$43,085, 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, 1998 consist of \$233,368 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 254.160, the investment in LAMP at

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

June 30, 1998

NOTE C - CASH AND INVESTMENTS (Continued)

June 30, 1998 is not categorized in the three risk categories provided by GASB Codification Section 258.164 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 these 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 367 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, 1998:

	Balance Feb. 1, 1997	Additions	Depleted Funds	Deletions and Transfer.	Balance June 30, 1998
Land	\$ 462,315	\$ -	\$ -	\$ 48,000	\$ 414,315
Buildings and improvements	1,795,034	547,152	-	-	2,342,186
Furniture, fixtures, and equipment	151,887	23,771	-	-	175,658
Vehicles and heavy equipment	93,811	9,899	-	509	103,201
Total general fixed assets	<u>\$ 2,403,027</u>	<u>\$ 580,822</u>	<u>\$ -</u>	<u>\$ 48,509</u>	<u>\$ 2,935,340</u>

NOTE E - SALES TAX

At July 1, 1997, the total sales tax levied on purchases within the Town limits was 8.507%. Of this amount, the State levies 4%, the Jefferson Parish Public School System levies 1.175%, the Jefferson Parish Sheriff's Office levies 1.8%, and the Parish of Jefferson levies the remaining .532%.

TOWN OF JEAN LAFITTE, LOUISIANA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
June 30, 1998

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 17% of the amount collected.

Of the 3% levied by the Parish, 1.02% is remitted to the Jefferson Parish Public School System, 1% is remitted to the Parish for sewer capital and law enforcement, 1.88% is remitted to the Parish for drainage purposes, and the balance (.102%) is remitted to the Town (as an incorporated municipality).

The 1.88% 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 - EMPLOYEE BENEFIT PLAN

In 1996, the Town adopted a retirement 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 \$7,925 for the year ended June 30, 1998. 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 theft; 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: \$500,000/\$500,000 for general liability, auto, law enforcement officer's liability, and public officials errors and omissions liability.

TOWN OF JEAN LAFITTE, LOUISIANA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
June 30, 1998

NOTE 11 - 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, 1998 for which an amount of liability can be estimated, approximates \$20,000.

SUPPLEMENTARY INFORMATION

TOWN OF BEAUFORT, LOUISIANA
GENERAL FUND
SCHEDULE OF REVENUES - BUDGET AND ACTUAL
For the Year Ended June 30, 1998

	ACTUAL	BUDGET	VARIANCE FAVORABLE (UNFAVORABLE)
Taxes			
Sales	\$ 9,979	\$ 99,000	\$ (89,021)
Sales - law enforcement	8,000	10,000	-
Pay	4,748	5,000	(252)
Telephone	11,496	11,000	496
Franchise			
LFM	20,000	10,000	10,000
Cox Cable	15,140	5,000	10,140
Louisiana Fire	5,128	1,000	4,128
TOTAL TAXES	<u>80,582</u>	<u>141,000</u>	<u>(60,418)</u>
FEES AND PERMITS			
Income license fee	12,658	1,000	11,658
Occupational license	14,895	15,000	(105)
Building permits	3,837	4,000	(163)
Welfare license	1,411	1,000	(411)
Planning inspection	2,474	1,000	1,474
Electrical inspection	1,000	1,000	-
TOTAL FEES AND PERMITS	<u>36,273</u>	<u>33,000</u>	<u>3,273</u>
RENTAL INCOME			
Town Hall/warehouse	11,000	11,000	-
Civic Center	4,874	5,000	(126)
Auditorium	1,000	2,000	(1,000)
TOTAL RENTAL INCOME	<u>16,874</u>	<u>18,000</u>	<u>(1,126)</u>
FINES AND FORFEITURES			
Traffic violations			
court costs	8,500	10,000	(1,500)
TOTAL FINES AND FORFEITURES	<u>8,500</u>	<u>10,000</u>	<u>(1,500)</u>
INTERGOVERNMENTAL			
Federal	9,157	9,000	157
State	100,000	100,000	-
Parish transportation funds	47,875	55,000	(7,125)
Grants	10,000	8,000	2,000
TOTAL INTERGOVERNMENTAL	<u>167,032</u>	<u>172,000</u>	<u>(4,968)</u>
CLAIMS, FEES AND COMMISSIONS			
Welfare pending fee	11,000	11,000	-
TOTAL CLAIMS, FEES AND COMMISSIONS	<u>11,000</u>	<u>11,000</u>	<u>-</u>
OTHER REVENUES			
Market festival	11,000	10,000	1,000
Miscellaneous	12,100	3,000	9,100
Special events	15,424	15,000	424
Interest income	11,476	11,000	476
Sale of equipment	800	-	800
TOTAL OTHER REVENUES	<u>51,800</u>	<u>49,000</u>	<u>2,800</u>
TOTAL REVENUES	<u>\$ 2,626,387</u>	<u>\$ 2,700,000</u>	<u>(\$ 73,613)</u>

TOWN OF JEAN LAFFITE, LOUISIANA
GENERAL FUND
SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL
For the Year Ended June 30, 1998

	ACTUAL	BUDGET	VARIANCE: FAVORABLE (UNFAVORABLE)
GENERAL GOVERNMENT			
PERSONNEL AND RELATED COSTS			
Salaries	\$ 151,889	\$ 150,000	\$ 1,889
Travel - Payroll	11,478	11,000	(478)
Equipment	1,000	8,000	7,000
Insurance - workers' compensation	5,000	5,000	---
Insurance - unemployment	251	300	(49)
TOTAL PERSONNEL AND RELATED COSTS	<u>170,618</u>	<u>187,300</u>	<u>(16,682)</u>
PROFESSIONAL AND LEGAL			
Legal - expenses	14,500	13,000	1,500
Accounting and auditing	10,800	11,000	(200)
TOTAL PROFESSIONAL AND LEGAL	<u>25,300</u>	<u>24,000</u>	<u>1,300</u>
OFFICE AND ADMINISTRATIVE COSTS			
Utilities	31,333	31,000	(333)
Office-expense	40,800	5,000	(35,800)
Telephone	3,000	3,000	---
Postage	4,714	5,000	(286)
Travel	14,000	13,000	(1,000)
Official journal	1,300	1,000	300
Books and subscriptions	633	800	(167)
TOTAL OFFICE AND ADMINISTRATIVE COSTS	<u>107,800</u>	<u>78,000</u>	<u>(29,800)</u>
MAINTENANCE AND SUPPLIES			
Road maintenance and supplies	31,240	25,000	(6,240)
Repairs and maintenance	24,414	25,000	(586)
Office supplies and materials	24,804	25,000	(196)
Contract labor	23,776	25,000	(1,224)
Auto and truck	2,702	3,000	(298)
TOTAL MAINTENANCE AND SUPPLIES	<u>106,936</u>	<u>103,000</u>	<u>(3,936)</u>
INSURANCE			
Insurance - medical	24,000	24,000	---
Insurance - auto and truck	18,000	18,000	---
Insurance - liability	18,000	18,000	---
Insurance - building	4,000	5,000	(1,000)
TOTAL INSURANCE	<u>64,000</u>	<u>65,000</u>	<u>(1,000)</u>

(Continued)

TOWN OF JEAN LAFITTE, LOUISIANA
GENERAL FUND
SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL (CONTINUED)
For the Year Ended June 30, 1998

	ACTUAL	BUDGET	VARIANCE (FAVORABLE UNFAVORABLE)
OTHER			
School fund	\$ 61,000	\$ 61,000	\$ -
Miscellaneous	118	1,180	1,062
Special events	1,081	1,000	(81)
Insurance	1,500	-	1,500
TOTAL OTHER	<u>31,569</u>	<u>63,180</u>	<u>3,151</u>
TOTAL GENERAL GOVERNMENT	<u>\$ 1,100,111</u>	<u>\$ 1,170,500</u>	<u>\$ (70,389)</u>
CAPITAL OUTLAY			
Buildings, improvements and equipment	\$ 180,716	\$ 180,716	\$ (6,000)
Roads and sidewalks	4,080	30,817	(26,737)
TOTAL CAPITAL OUTLAY	<u>\$ 184,796</u>	<u>\$ 211,533</u>	<u>\$ (26,737)</u>
TOTAL EXPENDITURES	<u>\$ 1,284,907</u>	<u>\$ 1,382,033</u>	<u>\$ (97,126)</u>

TOWN OF JEAN LAFITTE, LOUISIANA
 SCHEDULE OF ALDERMEN'S PER DIEM
 For the Year Ended June 30, 1998

	Number of Special Meetings	Number of Regular Meetings	Amount
Elaine Bedonco	1	12	\$ 1,825
Shirley Guillot	1	12	1,825
Leo Komer, Jr.	1	12	1,825
Calvin LeBlanc	1	12	1,825
Verna Smith	1	12	<u>1,825</u>
 TOTAL			 <u>\$ 8,125</u>

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COMPLIANCE SECTION

REBOWE & COMPANY

CERTIFIED PUBLIC ACCOUNTANTS
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A PROFESSIONAL CORPORATION

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

The Honorable Timothy Kerner, 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, 1998, and have issued our report thereon dated October 7, 1998. 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 these 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, which we have reported to management of the Town of Jean Lafitte in a separate letter dated October 7, 1998.

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 misstatements in amounts 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

financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting, which we have reported to management of the Town of Jean Lafitte in a separate letter dated October 7, 1998.

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.

Release & Copying

October 7, 1998

MEMORANDUM FOR THE BOARD OF SUPERVISORS
TOWN OF JEAN LAFFITE, LOUISIANA

MEMORANDUM OF ADVISORY COMMENTS

TOWN OF JEAN LAFFITE, LOUISIANA

For the Year Ended June 30, 1998

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REBOWE & COMPANY

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The Honorable Timothy Keesee, 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, 1998 and have issued our report thereon dated October 7, 1998. 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 October 7, 1998.

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

October 7, 1998

**TOWN OF JEAN LAFFITE
FINDINGS AND RECOMMENDATIONS
FOR THE YEAR ENDED JUNE 30, 1998**

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 pre-numbered receipts, and (5) in 1996 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

As noted in prior years, 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 extensive renovations to various Town assets.

**TOWN OF JEAN LAFITTE
FINDINGS AND RECOMMENDATIONS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 1998**

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 has reviewed its current policy and increased the dollar capitalization level to \$1,000.

3. FINDING

The Town continues to experience 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 five 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 LAFITTE
FINANCIAL AND RECOMMENDATIONS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 1998**

RECOMMENDATION

The Town should consider developing other sources of revenues. 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 continues to pursue other sources of revenues and remains committed to do so without raising taxes.

4. FINING

The Year 2000 issue results from a computer's inability to process year-date data accurately beyond the year 1999. Except in recently introduced Year 2000 compliant programs, computer programmers consistently have abbreviated dates by abbreviating the first two digits of the year, with the assumption that these two digits would always be 19. Thus January 1, 1965, became 01/01/65. Unless corrected, this shortcut is expected to create widespread problems when the clock strikes 12:00:01 a.m. on January 1, 2000. On that date, some computer programs may recognize the date as January 1, 1960, and process data inaccurately or stop processing altogether.

The Year 2000 issue is likely to affect computer applications before January 1, 2000, when systems currently attempt to perform calculations into the Year 2000. Furthermore, some software programs use several dates in the year 1999 to mean something other than the date. Examples of such dates are 01/00/99, 08/09/99, and 12/31/99. As systems process information using these dates, they may produce erratic results or stop functioning.

The Year 2000 issue presents another challenge - the algorithm used in some computers for calculating leap years is unable to detect that the Year 2000 is a leap year. Therefore, systems that are not Year 2000 compliant may not register the additional day, and date calculations may be incorrect.

The Town relies heavily on third-parties who act as agents in the collection of its sales taxes, licenses, permits, parking and other revenues that collectively represent a significant portion of the Town's total revenues.

**TOWN OF JEAN LAPORTE
FINDINGS AND RECOMMENDATIONS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 1999**

Upon our discussions with management, it appears that they are aware of the Year 2000 issue and has taken steps to insure that its financial systems are Year 2000 compliant. However, the process of assessing systems requiring updating and the steps taken to update those systems have not been documented, nor has management established milestone dates for completing various tasks. Also, the Town has not implemented verification procedures designed to test and ensure that third-party organizations have adequately addressed this issue.

RECOMMENDATION

We recommend that you take the necessary actions to immediately begin to identify, modify, and test all systems that may be negatively affected by the Year 2000 issue, particularly mission-critical systems. This program should be monitored closely to ensure completion before mission-critical systems begin to fail. Such failures may be evident before January 1, 2000. If the Town fails to take timely and appropriate action, it may experience costly and significant application-program failures that could prevent it from performing its normal processing activities. Depending on the extent of the system failures, noncompliance could have catastrophic consequences for the Town.

Also, the Town should implement additional verification procedures to test the accuracy of information received from its vendors, bankers, and other third-party organizations with whom it exchanges date-dependent information, because these organizations must also become Year 2000 compliant. The Town should also satisfy itself that vendors, bankers, and other third party organizations will not experience problems relating to the Year 2000 issue that could affect the Town's operations or cash flows.

RESPONSE

The Town is aware of the Year 2000 issue and has begun implementing procedures designed to remedy the problems associated with this issue and become Year 2000 compliant. In addition, the Town will notify its vendors, bankers, and other third-party organizations advising them of the Year 2000 issue and the Town's expectations of them to become Year 2000 compliant.