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TOWN OF JEAN LAFITTE, LOUISIANA

FINANCIAL REPORT

For the Year Ended
June 30, 1999

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the appropriate offices, including the office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date DEC 22 1999

TABLE OF CONTENTS

Page

FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT	1
GENERAL-PURPOSE FINANCIAL STATEMENTS	
Combined Balance Sheet - All Fund Types and Account Groups	3
Statement of Revenues, Expenditures, and Changes in Fund Balance - Governmental Fund Type - General Fund	4
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - General Fund	5
Notes to Financial Statements	
Note A - Summary of Significant Accounting Policies	6
Note B - Stewardship, Compliance and Accountability	10
Note C - Cash and Investments	10
Note D - Fixed Assets	11
Note E - Sales Tax	11
Note F - Reservations of Fund Balance	12
Note G - Employee Benefit Plan	12
Note H - Contingent Liabilities	12
Required Supplementary Information	14

SUPPLEMENTAL INFORMATION

General Fund	
Schedule of Revenues - Budget and Actual	15
Schedule of Expenditures - Budget and Actual	16
Schedule of Council's Per Diem	18

COMPLIANCE SECTION AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING

Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	19
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FINANCIAL SECTION

REBOWE & COMPANY

CERTIFIED PUBLIC ACCOUNTANTS
CONSULTANTS

A PROFESSIONAL CORPORATION

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INDEPENDENT AUDITOR'S REPORT

The Honorable Timothy Kerner, Mayor and
Members of the Council
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, 1999 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 *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 general-purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general-purpose 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, 1999, 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 October 13, 1999 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 supplemental 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.

The year 2000 supplementary information on page 14 is not a required part of the general-purpose financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and do not express an opinion on it. In addition, we do not provide assurance that **Town of Jean Lafitte** is or will become year 2000 compliant, that **Town of Jean Lafitte's** year 2000 remediation efforts will be successful in whole or in part, or that parties with which **Town of Jean Lafitte** does business are or will become year 2000 compliant.

Rebowe & Company

October 13, 1999

GENERAL-PURPOSE FINANCIAL STATEMENTS

TOWN OF JEAN LAFITTE, LOUISIANA
COMBINED BALANCE SHEET - ALL FUND TYPES
AND ACCOUNT GROUPS
June 30, 1999

	GOVERNMENTAL <u>FUND TYPE</u>	ACCOUNT <u>GROUP</u>	
	<u>GENERAL</u>	<u>GENERAL FIXED ASSETS</u>	TOTAL (MEMORANDUM (ONLY))
ASSETS AND OTHER DEBITS			
Cash	\$ 158,150	\$ -	\$ 158,150
Investments	434,212	-	434,212
Receivables		-	43,180
Sales taxes	17,002	-	17,002
Intergovernmental	20,619	-	20,619
Franchise fees	5,559	-	5,559
Prepaid items	29,619	-	29,619
Property, plant and equipment	<u>-</u>	<u>3,204,855</u>	<u>3,204,855</u>
TOTAL ASSETS AND OTHER DEBITS	<u>\$ 665,161</u>	<u>\$ 3,204,855</u>	<u>\$ 3,870,016</u>
LIABILITIES, EQUITY AND OTHER CREDITS			
Liabilities			
Accounts payable	\$ 27,669	\$ -	\$ 27,669
Deferred revenue	<u>905</u>	<u>-</u>	<u>905</u>
TOTAL LIABILITIES	<u>28,574</u>	<u>-</u>	<u>28,574</u>
Equity and other credits			
Investment in general fixed assets	-	3,204,855	3,204,855
Fund balances			
Reserved for prepaid items	29,619	-	29,619
Unreserved and undesignated	<u>606,968</u>	<u>-</u>	<u>606,968</u>
TOTAL EQUITY AND OTHER CREDITS	<u>636,587</u>	<u>3,204,855</u>	<u>3,841,442</u>
TOTAL LIABILITIES, EQUITY AND OTHER CREDITS	<u>\$ 665,161</u>	<u>\$ 3,204,855</u>	<u>\$ 3,870,016</u>

See accompanying notes to financial statements.

TOWN OF JEAN LAFITTE, LOUISIANA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - GOVERNMENTAL FUND TYPE - GENERAL FUND
For the Year Ended June 30, 1999

	<u>GOVERNMENTAL FUND TYPE</u>
	<u>GENERAL</u>
REVENUES	
Taxes	\$ 152,043
Licenses and permits	43,470
Rental income	28,277
Fines and forfeitures	7,959
Intergovernmental	716,723
Gambling fees and commissions	279,189
Other	<u>209,182</u>
TOTAL REVENUES	<u>1,436,843</u>
EXPENDITURES	
Current	
General government	604,583
Capital outlay	<u>485,552</u>
TOTAL EXPENDITURES	<u>1,090,135</u>
EXCESS OF REVENUES OVER EXPENDITURES	346,708
FUND BALANCE, beginning of year	<u>289,879</u>
FUND BALANCE, end of year	<u>\$ 636,587</u>

See accompanying notes to financial statements.

TOWN OF JEAN LAFITTE, LOUISIANA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND
For the Year Ended June 30, 1999

	<u>ACTUAL</u>	<u>BUDGET</u>	VARIANCE FAVORABLE <u>(UNFAVORABLE)</u>
REVENUES			
Taxes	\$ 152,043	\$ 145,100	\$ 6,943
Licenses and permits	43,470	40,600	2,870
Rental income	28,277	25,500	2,777
Fines and forfeitures	7,959	7,500	459
Intergovernmental	716,723	972,000	(255,277)
Gambling fees and commissions	279,189	225,000	54,189
Other	<u>209,182</u>	<u>146,000</u>	<u>63,182</u>
TOTAL REVENUES	<u>1,436,843</u>	<u>1,561,700</u>	<u>(124,857)</u>
EXPENDITURES			
Current			
General government	604,583	592,000	(12,583)
Capital outlay	<u>485,552</u>	<u>595,600</u>	<u>110,048</u>
TOTAL EXPENDITURES	<u>1,090,135</u>	<u>1,187,600</u>	<u>97,465</u>
EXCESS OF REVENUES OVER EXPENDITURES	346,708	374,100	(27,392)
FUND BALANCE, beginning of year	<u>289,879</u>	<u>289,879</u>	<u>-</u>
FUND BALANCE, end of year	<u>\$ 636,587</u>	<u>\$ 663,979</u>	<u>\$ (27,392)</u>

See accompanying notes to financial statements.

TOWN OF JEAN LAFITTE, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
June 30, 1999

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 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, 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 LAFITTE, LOUISIANA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
June 30, 1999

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. 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 (CONTINUED)
June 30, 1999

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. 33:2955) 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 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, Inc. (LAMP), 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. Inventories

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, 1999 would not be material to the financial statements.

7. Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 1999 are recorded as prepaid items. These amounts will be expended 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, 1999

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

8. Fixed Assets (Continued)

The costs of normal 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 immovable 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 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 twelve-month period following his/her anniversary date of employment. In the opinion of management, the liability due at June 30, 1999 would not be material to the financial statements.

10. Fund Equity

Reserves represent those portions of fund equity not appropriable 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 LAFITTE, LOUISIANA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
June 30, 1999

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 Council 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 Council.
- 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 Council.

Budgeted amounts are as originally adopted or as finally amended by resolutions or motions of the Council through June 30, 1999.

2. Expenditures in Excess of Appropriations

Some general fund revenues were less than and some expenditures exceeded their line item budgets. These variances were not considered material and have been approved through motions by the Council.

NOTE C - CASH AND INVESTMENTS

At June 30, 1999, the carrying amount of the Town's cash deposits was \$158,150 and the bank balance was \$151,761 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, 1999 consist of \$434,212 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 150.165, the investment in LAMP at

TOWN OF JEAN LAFITTE, LOUISIANA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
June 30, 1999

NOTE C - CASH AND INVESTMENTS (CONTINUED)

June 30, 1999 is not categorized in the three risk categories provided by GASB Codification Section 150.164 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 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, 1999:

	<u>Balance</u> <u>July 1, 1998</u>	<u>Additions</u>	<u>Deletions</u> <u>and</u> <u>Transfers</u>	<u>Balance</u> <u>June 30, 1999</u>
Land	\$ 414,315	\$ -	\$ 48,000	\$ 366,315
Buildings and improvements	1,815,562	-	-	1,815,562
Furniture, fixtures and equipment	175,581	246,994	-	422,575
Vehicles and heavy equipment	<u>537,664</u>	<u>62,739</u>	<u> </u>	<u>600,403</u>
 Total general fixed assets	 <u>\$ 2,943,122</u>	 <u>\$ 309,733</u>	 <u>\$ 48,000</u>	 <u>\$ 3,204,855</u>

NOTE E - SALES TAX

For the year ended June 30, 1999, 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,

TOWN OF JEAN LAFITTE, LOUISIANA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
June 30, 1999

NOTE E - SALES TAX (CONTINUED)

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 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 Council. Contributions to the plan totaled \$8,000 for the year ended June 30, 1999. 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.

TOWN OF JEAN LAFITTE, LOUISIANA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
June 30, 1999

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.

REQUIRED SUPPLEMENTARY INFORMATION

REQUIRED SUPPLEMENTARY INFORMATION
YEAR 2000 ISSUE (UNAUDITED)
June 30, 1999

The Year 2000 issue is the result of shortcomings in many electronic data processing systems and other electronic equipment that may adversely affect the operations of the Town

The Town purchased all new computer systems in 1998 which is believed to be Year 2000 compliant. However, the Town relies heavily on third-parties who act as agents in the collection of its sales taxes, licenses, permits, gaming and other revenues that collectively represent a significant portion of the Town's total revenues.

To date, the Town has expended approximately \$5,000 towards Year 2000 compliance the majority of which was spent on the purchase of new computer equipment. The Town has not budgeted any additional funds nor does the Town expect any significant additional expenditures for this project.

While the Town expects a successful resolution of all issues, there can be no guarantee that the systems of other companies on which the Town relies will be converted by a supplier or that a failure to convert by a supplier would not have a material adverse effect on the Town.

Because of the unprecedented nature of the Year 2000 issue, its effects and the success of related remediation efforts will not be fully determinable until the Year 2000 and thereafter. Management cannot assure that the Town of Jean Lafitte is or will be Year 2000 ready, that the Town's remediation efforts will be successful in whole or in part, or that parties with whom the Town does business will be Year 2000 ready.

SUPPLEMENTAL INFORMATION

TOWN OF JEAN LAFITTE, LOUISIANA
GENERAL FUND
SCHEDULE OF REVENUES - BUDGET AND ACTUAL
For the Year Ended June 30, 1999

	<u>ACTUAL</u>	<u>BUDGET</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>
TAXES			
Sales	\$ 91,478	\$ 80,000	\$ 11,478
Sales - law enforcement	18,000	18,000	-
Beer	3,662	5,000	(1,338)
Tobacco	6,553	7,600	(1,047)
Franchise			
LP&L	20,529	19,000	1,529
Cox Cable	10,905	14,000	(3,095)
Louisiana Gas	916	1,500	(584)
TOTAL TAXES	<u>152,043</u>	<u>145,100</u>	<u>6,943</u>
LICENSES AND PERMITS			
Insurance license fee	13,069	9,800	3,269
Occupational license	16,701	15,000	1,701
Building permit	8,118	8,800	(682)
Alcoholic beverage	2,034	3,000	(966)
Plumbing inspection	2,043	2,000	43
Electrical inspection	1,505	2,000	(495)
TOTAL LICENSES AND PERMITS	<u>43,470</u>	<u>40,600</u>	<u>2,870</u>
RENTAL INCOME			
Town Hall (ambulance)	12,000	12,000	-
Civic Center	6,574	6,000	574
Auditorium	9,703	7,500	2,203
TOTAL RENTAL INCOME	<u>28,277</u>	<u>25,500</u>	<u>2,777</u>
FINES AND FORFEITURES			
Traffic violations and court costs	<u>7,959</u>	<u>7,500</u>	<u>459</u>
TOTAL FINES AND FORFEITURES	<u>7,959</u>	<u>7,500</u>	<u>459</u>
INTERGOVERNMENTAL			
Federal	86,796	97,000	(10,204)
State			
Parish transportation funds	84,221	75,000	9,221
Grants	147,089	410,300	(263,211)
Local			
Grants	398,617	389,700	8,917
TOTAL INTERGOVERNMENTAL	<u>716,723</u>	<u>972,000</u>	<u>(255,277)</u>
GAMBLING FEES AND COMMISSIONS			
Riverboat gambling fees	279,189	225,000	54,189
TOTAL GAMBLING FEES AND COMMISSIONS	<u>279,189</u>	<u>225,000</u>	<u>54,189</u>
OTHER REVENUES			
Seafood festival	115,568	115,000	568
Miscellaneous	10,532	-	10,532
Sale of land	48,703	-	48,703
Special events	19,048	19,000	48
Interest income	10,517	12,000	(1,483)
Sale of equipment	4,814	-	4,814
TOTAL OTHER REVENUES	<u>209,182</u>	<u>146,000</u>	<u>63,182</u>
TOTAL REVENUES	<u>\$ 1,436,843</u>	<u>\$ 1,561,700</u>	<u>\$ (124,857)</u>

TOWN OF JEAN LAFITTE, LOUISIANA
GENERAL FUND
SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL
For the Year Ended June 30, 1999

	<u>ACTUAL</u>	<u>BUDGET</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>
GENERAL GOVERNMENT			
PERSONNEL AND RELATED COSTS			
Salaries	\$ 162,538	\$ 159,500	\$ (3,038)
Taxes - Payroll	11,122	12,000	878
Retirement	8,000	8,000	-
Insurance - workman's compensation	12,594	10,000	(2,594)
Insurance - unemployment	135	-	(135)
TOTAL PERSONNEL AND RELATED COSTS	<u>194,389</u>	<u>189,500</u>	<u>(4,889)</u>
PROFESSIONAL AND LEGAL			
Legal - magistrate	18,420	22,000	3,580
Accounting and auditing	12,851	13,000	149
TOTAL PROFESSIONAL AND LEGAL	<u>31,271</u>	<u>35,000</u>	<u>3,729</u>
OFFICE AND ADMINISTRATIVE COSTS			
Utilities	33,226	31,000	(2,226)
Office expense	14,249	9,000	(5,249)
Telephone	6,309	6,500	191
Janitorial	4,483	4,500	17
Official journal	1,005	1,500	495
Court Cost	130	200	70
Dues and subscriptions	415	800	385
TOTAL OFFICE AND ADMINISTRATIVE COSTS	<u>59,817</u>	<u>53,500</u>	<u>(6,317)</u>
MAINTENANCE AND SUPPLIES			
Road maintenance and supplies	35,536	28,400	(7,136)
Repairs and maintenance	25,670	25,000	(670)
Police supplies and materials	42,143	30,000	(12,143)
Casual labor	15,639	16,000	361
Auto and truck	3,922	3,800	(122)
TOTAL MAINTENANCE AND SUPPLIES	<u>122,910</u>	<u>103,200</u>	<u>(19,710)</u>
INSURANCE			
Insurance - medical	24,154	24,000	(154)
Insurance - auto and truck	14,251	14,000	(251)
Insurance - liability	12,110	12,000	(110)
Insurance - building	5,256	5,000	(256)
TOTAL INSURANCE	<u>55,771</u>	<u>55,000</u>	<u>(771)</u>

(Continued)

TOWN OF JEAN LAFITTE, LOUISIANA
GENERAL FUND
SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL (CONTINUED)
For the Year Ended June 30, 1999

	<u>ACTUAL</u>	<u>BUDGET</u>	VARIANCE FAVORABLE (UNFAVORABLE)
OTHER			
Convention and Travel	\$ 5,191	\$ 13,200	\$ 8,009
Hurricane Cleanup Expense	63,152	63,200	48
Miscellaneous	965	1,200	235
Scholarship Fund	4,550	7,600	3,050
Seafood festival	56,020	60,000	3,980
Special events	9,447	9,500	53
Tourism	<u>1,100</u>	<u>1,100</u>	<u>-</u>
TOTAL OTHER	<u>140,425</u>	<u>155,800</u>	<u>15,375</u>
 TOTAL GENERAL GOVERNMENT	 <u>\$ 604,583</u>	 <u>\$ 592,000</u>	 <u>\$ (12,583)</u>
 CAPITAL OUTLAY			
Buildings, improvements and equipment	\$ 392,866	\$ 535,600	\$ 142,734
Streets and sidewalks	<u>92,686</u>	<u>60,000</u>	<u>32,686</u>
 TOTAL CAPITAL OUTLAY	 <u>\$ 485,552</u>	 <u>\$ 595,600</u>	 <u>\$ 110,048</u>
 TOTAL EXPENDITURES	 <u>\$ 1,090,135</u>	 <u>\$ 1,187,600</u>	 <u>\$ 97,465</u>

TOWN OF JEAN LAFITTE, LOUISIANA
SCHEDULE OF COUNCIL'S PER DIEM
For the Year Ended June 30, 1999

	<u>Number of Special Meetings</u>	<u>Number of Regular Meetings</u>	<u>Amount</u>
Elaine Badeaux	0	12	\$ 1,800
Shirley Guille	1	12	1,825
Leo Kerner, Jr.	1	12	1,825
Calvin LeBeau	1	12	1,825
Verna Smith	1	11	<u>1,675</u>
 TOTAL			 <u>\$ 8,950</u>

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COMPLIANCE SECTION

REBOWE & COMPANY

CERTIFIED PUBLIC ACCOUNTANTS
CONSULTANTS

A PROFESSIONAL CORPORATION

3501 N. Causeway Blvd. • Suite 810 • P.O. Box 6952 • Metairie, LA 70009
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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 AUDITING STANDARDS*

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

We have audited the general-purpose financial statements of the **Town of Jean Lafitte** as of and for the year ended June 30, 1999, and have issued our report thereon dated October 13, 1999. 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** general-purpose 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*.

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 general-purpose 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 over financial reporting 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 general-purpose 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 13, 1999.

This report is intended solely for the information of management and the Louisiana Legislative Auditor and is not intended to be, and should not be used by anyone other than these specified parties.

Rebowe & Company

October 13, 1999

MEMORANDUM
FOR THE BOARD OF SUPERVISORS
DATE: 10/11/99

MEMORANDUM OF ADVISORY COMMENTS

TOWN OF JEAN LAFITTE, LOUISIANA

For the Year Ended June 30, 1999

TABLE OF CONTENTS

	<u>Page</u>
INTERNAL CONTROL STRUCTURE AND RELATED MATTERS	
Auditors' Letter	1
Findings and Recommendations	2

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The Honorable Timothy Kerner, Mayor, and
Members of the Council
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, 1999 and have issued our report thereon dated October 13, 1999. 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 those 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 13, 1999.

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 13, 1999

**TOWN OF JEAN LAFITTE
FINDINGS AND RECOMMENDATIONS
FOR THE YEAR ENDED JUNE 30, 1999**

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 mitigates 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 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

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 eliminating 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, 1900, and process data inaccurately or stop processing altogether.

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

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 01/01/99, 09/09/99, 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, gaming and other revenues that collectively represent a significant portion of the Town's total revenues.

Upon our discussions with management, it appears that they are aware of the Year 2000 issue and have taken steps to insure that its financial systems are Year 2000 compliant. However, the Town has not completed implementing verification procedures designed to test and ensure that third-party organizations have adequately addressed this issue.

RECOMMENDATION

The Town should continue to 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.

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

RESPONSE

The Town is aware of the Year 2000 Issue and has purchased a new computer system which they believe to be Year 2000 compliant. In addition, the Town will continue to 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.