

TOWN OF JEAN LAFITTE, LOUISIANA

FINANCIAL REPORT

For the Year Ended

June 30, 2002

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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, 2002 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 auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the 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, 2002, and the results of its operations for the year then ended in conformity with generally accepted accounting principles in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 5, 2002 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.

Reboue & Company

September 5, 2002

TOWN OF JEAN LAFITTE, LOUISIANA
COMBINED BALANCE SHEET - ALL FUND TYPES
AND ACCOUNT GROUPS
June 30, 2002

	GOVERNMENTAL		ACCOUNT		TOTAL (MEMORANDUM ONLY)
	FUND TYPE		GROUP		
	GENERAL	GENERAL FIXED ASSETS	GENERAL LONG-TERM DEBT		
ASSETS AND OTHER DEBITS					
Cash	\$ 134,298	\$ -	\$ -	\$ 134,298	
Investments	365,155	-	-	365,155	
Receivables:					
Sales taxes	21,252	-	-	21,252	
Intergovernmental	48,024	-	-	48,024	
Franchise fees	5,657	-	-	5,657	
Miscellaneous	9	-	-	9	
Prepaid items	40,653	-	-	40,653	
Property, plant and equipment	-	4,749,217	-	4,749,217	
Amount to be provided for retirement of general long-term obligations	-	-	12,326	12,326	
TOTAL ASSETS AND OTHER DEBITS	\$ 615,048	\$ 4,749,217	\$ 12,326	\$ 5,376,591	
LIABILITIES, EQUITY AND OTHER CREDITS					
Liabilities					
Accounts payable	\$ 289,985	\$ -	\$ -	\$ 289,985	
Capital lease obligation	-	-	12,326	12,326	
TOTAL LIABILITIES	\$ 289,985	\$ -	\$ 12,326	\$ 302,311	
Equity and other credits					
Investment in general fixed assets	\$ -	\$ 4,749,217	\$ -	\$ 4,749,217	
Fund balances:					
Reserved for prepaid items	40,653	-	-	40,653	
Unreserved and undesignated	284,410	-	-	284,410	
TOTAL EQUITY AND OTHER CREDITS	\$ 325,063	\$ 4,749,217	\$ -	\$ 5,074,280	
TOTAL LIABILITIES, EQUITY AND OTHER CREDITS	\$ 615,048	\$ 4,749,217	\$ 12,326	\$ 5,376,591	

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, 2002

	GOVERNMENTAL FUND TYPE
	GENERAL
REVENUES	
Taxes	\$ 153,668
Licenses and permits	64,079
Rental income	29,816
Fines and forfeitures	9,548
Intergovernmental	437,134
Gambling fees and commissions	324,137
Other	188,747
TOTAL REVENUES	1,207,129
 EXPENDITURES	
Current-General government	753,602
Capital outlay	594,509
TOTAL EXPENDITURES	1,348,111
EXCESS OF EXPENDITURES OVER REVENUES	(140,982)
 OTHER FINANCING SOURCES	
Proceeds from capital lease	18,500
TOTAL OTHER FINANCING SOURCES	18,500
FUND BALANCE, beginning of year	447,545
FUND BALANCE, end of year	\$ 325,063

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, 2002

	<u>ACTUAL</u>	<u>BUDGET</u>	VARIANCE FAVORABLE (UNFAVORABLE)
REVENUES			
Taxes	\$ 153,668	\$ 149,500	\$ 4,168
Licenses and permits	64,079	40,800	23,279
Rental income	29,816	25,500	4,316
Fines and forfeitures	9,548	15,000	(5,452)
Intergovernmental	437,134	1,513,800	(1,076,666)
Gambling fees and commissions	324,137	300,000	24,137
Other	<u>188,747</u>	<u>187,000</u>	<u>1,747</u>
TOTAL REVENUES	<u>1,207,129</u>	<u>2,231,600</u>	<u>(1,024,471)</u>
EXPENDITURES			
Current-General government	753,602	661,420	(92,182)
Capital outlay	<u>594,509</u>	<u>629,200</u>	<u>34,691</u>
TOTAL EXPENDITURES	<u>1,348,111</u>	<u>1,290,620</u>	<u>(57,491)</u>
EXCESS OF EXPENDITURES OVER REVENUES	(140,982)	940,980	1,081,962
OTHER FINANCING SOURCES			
Proceeds from capital lease	<u>18,500</u>	<u>-</u>	<u>18,500</u>
TOTAL OTHER FINANCING SOURCES	<u>18,500</u>	<u>-</u>	<u>18,500</u>
FUND BALANCE, beginning of year	<u>447,545</u>	<u>447,545</u>	<u>-</u>
FUND BALANCE, end of year	<u>\$ 325,063</u>	<u>\$ 1,388,525</u>	<u>\$ 1,100,462</u>

See accompanying notes to financial statements.

TOWN OF JEAN LAFITTE, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
June 30, 2002

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, 2002

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 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, 2002

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. Receivables

All receivables were considered fully collectible at year end, therefore, no allowance has been provided.

7. 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, 2002 would not be material to the financial statements.

8. Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 2002 are recorded as prepaid items. These amounts will be expended as their benefit expires.

9. 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

TOWN OF JEAN LAFITTE, LOUISIANA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
June 30, 2002

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

9. Fixed Assets (Continued)

estimated historical cost where no historical records exist. Donated fixed assets are valued at their estimated fair market value on the date received.

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.

10. Compensated Absences

Annual and sick leave is expended when claimed by the employees rather than when earned. Employees may not carry over or accumulate annual or sick leave. Employees are required to use their annual leave during the year following his/her anniversary date of employment. In the opinion of the Administration, the liability due at June 30, 2002 would not be material to the financial statements.

11. 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.

12. 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, 2002

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, 2002.

Revenues In Excess of Appropriations

The following fund had revenues in excess of appropriations for the year ended June 30, 2002:

	<u>Appropriations</u>	<u>Revenues</u>	<u>Excess</u>
General Fund			
Revenues and other financing sources	\$ <u>2,231,600</u>	\$ <u>1,207,129</u>	\$ <u>1,024,471</u>

Revenues appropriated exceeded actual receipts due to state grants not being received by year end.

NOTE C - CASH AND INVESTMENTS

At June 30, 2002, the carrying amount of the Town's cash deposits was \$134,298 and the bank balance was \$132,654 all of which was covered by Federal depository insurance or by collateral consisting of securities held by the Town's agent in its name.

TOWN OF JEAN LAFITTE, LOUISIANA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
June 30, 2002

NOTE C - CASH AND INVESTMENTS (CONTINUED)

Investments held at June 30, 2002 consist of \$365,155 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 I50.165, the investment in LAMP at June 30, 2002 is not categorized in the three risk categories provided by GASB Codification Section I50.164 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 in accordance with LSA – R.S. 33:2955. 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. Effective August 1, 2001, LAMP's investment guidelines were amended to permit the investment in government-only money market funds. In its 2001 Regular session, the Louisiana Legislature (Senate Bill No. 512, ACT 701) enacted LSA-R.S. 33:2955 (A)(1)(h) which allows all municipalities, parishes, school boards, and any other political subdivisions of the state to invest in "Investment grade (A-1/P-1) commercial paper of domestic United States Corporations." Effective October 1, 2001, LAMP's Investment Guidelines were amended to allow the limited investment in A-1 or A-1+ commercial paper. 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.

The investments in LAMP are stated at fair value based on quoted market rates. Fair value is determined on a weekly basis by LAMP and the value of the position in the external investment pool is the same as the value of the pool shares. LAMP, Inc. is subject to the regulatory oversight of the State Treasurer and the Board of Directors. LAMP is not registered with the SEC as an investment company.

Since all investments are short-term, highly liquid securities, the pool sponsor has not obtained any legally binding guarantees during the period to support the value of shares.

TOWN OF JEAN LAFITTE, LOUISIANA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
June 30, 2002

NOTE D - FIXED ASSETS

The following is a summary of changes in the general fixed assets account group during the year ended June 30, 2002:

	<u>Balance</u> <u>July 1, 2001</u>	<u>Additions</u>	<u>Deletions</u> <u>and</u> <u>Transfers</u>	<u>Balance</u> <u>June 30, 2002</u>
Land	\$ 447,489	\$ -	\$ -	\$ 447,489
Buildings and improvements	2,983,320	67,599	(6,013)	3,044,906
Furniture, fixtures and equipment	289,524	82,298	-	371,822
Construction in Progress	-	264,839	-	264,839
Vehicles and heavy equipment	<u>620,161</u>	<u>-</u>	<u>-</u>	<u>620,161</u>
 Total general fixed assets	 <u>\$4,340,494</u>	 <u>\$ 414,736</u>	 <u>\$ (6,013)</u>	 <u>\$ 4,749,217</u>

NOTE E - SALES TAX

For the year ended June 30, 2002, the total sales tax levied on purchases within the Town limits was 8 3/4%. Of this amount, the State levies 4%, the Jefferson Parish Public School System levies 1 1/2%, the Jefferson Parish Sheriff's Office levies 1/4%, and the Parish of Jefferson levies the remaining 3%. Sales taxes, except sales tax on motor vehicles which is collected by the State, are collected by the Sheriff of Jefferson Parish, who receives a commission of 11% of the amount collected.

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

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

TOWN OF JEAN LAFITTE, LOUISIANA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
June 30, 2002

NOTE F – CAPITAL LEASE

The Town is obligated under a capital lease for a puppetry exhibit located at the Town’s tourist center. The leased exhibit and related obligation are accounted for in the General Fixed Assets Account Group and the General Long-Term Debt Account Group respectively. The lease requires two equal payments of \$6,533 payable on April 15th beginning in 2002 through the year ending 2004.

The following is a schedule of future minimum lease payments as of June 30, 2002.

Year Ended <u>June 30,</u>	<u>Amount</u>
2003	\$6,533
2004	<u>\$6,533</u>
Minimum lease payments	13,066
Less: amount representing interest	<u>740</u>
Present value of minimum lease payments	<u>\$12,326</u>

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

The Town has 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 \$ 625 for the year ended June 30, 2002. Plan assets are owned by the participants and are not included in the financial statements of the Town.

TOWN OF JEAN LAFITTE, LOUISIANA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
June 30, 2002

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.

SUPPLEMENTAL INFORMATION

TOWN OF JEAN LAFITTE, LOUISIANA
GENERAL FUND
SCHEDULE OF REVENUES - BUDGET AND ACTUAL
For the Year Ended June 30, 2002

	ACTUAL	BUDGET	VARIANCE FAVORABLE (UNFAVORABLE)
TAXES			
Sales	\$ 92,281	\$ 85,000	\$ 7,281
Sales - law enforcement	18,000	18,000	-
Beer	3,037	5,000	(1,963)
Tobacco	-	7,500	(7,500)
Franchise			
Entergy	20,317	19,000	1,317
Cox Communications	18,090	14,000	4,090
ATMOS Gas	1,943	1,000	943
TOTAL TAXES	<u>153,668</u>	<u>149,500</u>	<u>4,168</u>
LICENSES AND PERMITS			
Insurance license fee	21,674	9,500	12,174
Occupational license	17,988	15,000	2,988
Building permit	9,678	9,000	678
Alcoholic beverage	2,840	3,300	(460)
Plumbing inspection	5,445	2,000	3,445
Electrical inspection	6,454	2,000	4,454
TOTAL LICENSES AND PERMITS	<u>64,079</u>	<u>40,800</u>	<u>23,279</u>
RENTAL INCOME			
Town Hall (ambulance)	12,000	12,000	-
Civic Center	9,171	6,000	3,171
Auditorium	8,645	7,500	1,145
TOTAL RENTAL INCOME	<u>29,816</u>	<u>25,500</u>	<u>4,316</u>
FINES AND FORFEITURES			
Traffic violations and court costs	9,548	15,000	(5,452)
TOTAL FINES AND FORFEITURES	<u>9,548</u>	<u>15,000</u>	<u>(5,452)</u>
INTERGOVERNMENTAL			
State grants	139,213	1,141,800	(1,002,587)
Parish transportation funds	50,000	60,000	(10,000)
Parish grants	242,750	308,000	(65,250)
State Safe and Sober	5,171	4,000	1,171
TOTAL INTERGOVERNMENTAL	<u>437,134</u>	<u>1,513,800</u>	<u>(1,076,666)</u>
GAMBLING FEES AND COMMISSIONS			
Riverboat gambling fees	310,085	300,000	10,085
Video poker fees	14,052	-	14,052
TOTAL GAMBLING FEES AND COMMISSIONS	<u>324,137</u>	<u>300,000</u>	<u>24,137</u>
OTHER REVENUES			
Seafood festival	123,919	123,000	919
Miscellaneous	33,919	-	33,919
Special events	9,997	19,000	(9,003)
Interest income	9,100	12,000	(2,900)
Scholarship fund	7,100	-	7,100
Federal grants	4,712	33,000	(28,288)
TOTAL OTHER REVENUES	<u>188,747</u>	<u>187,000</u>	<u>1,747</u>
TOTAL REVENUES	<u>\$ 1,207,129</u>	<u>\$ 2,231,600</u>	<u>\$(1,024,471)</u>
OTHER FINANCING SOURCES			
Other financing sources	18,500	-	18,500
TOTAL OTHER FINANCING SOURCES	<u>\$ 18,500</u>	<u>\$ -</u>	<u>\$ 18,500</u>

TOWN OF JEAN LAFITTE, LOUISIANA
GENERAL FUND
SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL
For the Year Ended June 30, 2002

	<u>ACTUAL</u>	<u>BUDGET</u>	VARIANCE FAVORABLE <u>(UNFAVORABLE)</u>
GENERAL GOVERNMENT			
PERSONNEL AND RELATED COSTS			
Salaries	\$ 226,737	\$ 215,750	\$ (10,987)
Taxes - Payroll	15,726	13,770	(1,956)
Retirement	625	8,800	8,175
Insurance - workman's compensation	10,057	5,000	(5,057)
Insurance - unemployment	140	-	(140)
TOTAL PERSONNEL AND RELATED COSTS	<u>253,285</u>	<u>243,320</u>	<u>(9,965)</u>
PROFESSIONAL AND LEGAL			
Legal - magistrate	11,409	14,000	2,591
Accounting and auditing	12,241	12,000	(241)
TOTAL PROFESSIONAL AND LEGAL	<u>23,650</u>	<u>26,000</u>	<u>2,350</u>
OFFICE AND ADMINISTRATIVE COSTS			
Utilities	51,278	36,000	(15,278)
Office expense	20,430	9,000	(11,430)
Telephone	7,685	6,500	(1,185)
Janitorial	7,108	4,500	(2,608)
Official journal	919	1,500	581
Court cost	279	200	(79)
Dues and subscriptions	502	800	298
TOTAL OFFICE AND ADMINISTRATIVE COSTS	<u>88,201</u>	<u>58,500</u>	<u>(29,701)</u>
MAINTENANCE AND SUPPLIES			
Road maintenance and supplies	4,516	25,000	20,484
Repairs and maintenance	19,108	25,000	5,892
Police supplies and materials	12,261	8,000	(4,261)
Casual labor	30,817	20,000	(10,817)
Auto and truck	14,584	3,800	(10,784)
TOTAL MAINTENANCE AND SUPPLIES	<u>81,286</u>	<u>81,800</u>	<u>514</u>
INSURANCE			
Insurance - medical	40,070	25,000	(15,070)
Insurance - vehicles and liability	35,143	25,000	(10,143)
Insurance - building	7,994	10,000	2,006
TOTAL INSURANCE	<u>83,207</u>	<u>60,000</u>	<u>(23,207)</u>

TOWN OF JEAN LAFITTE, LOUISIANA
GENERAL FUND
SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL (CONTINUED)
For the Year Ended June 30, 2002

	ACTUAL	BUDGET	VARIANCE FAVORABLE (UNFAVORABLE)
OTHER			
Convention and out of state travel	\$ 11,916	\$ 19,000	\$ 7,084.34
Miscellaneous	64,226	29,400	(34,826)
Capital lease expense	6,533	6,000	(533)
Scholarship fund	18,000	32,000	14,000
Seafood festival	75,805	60,000	(15,805)
Special events	6,755	10,000	3,245
Tourism	40,738	35,400	(5,338)
TOTAL OTHER	223,973	191,800	(32,173)
TOTAL GENERAL GOVERNMENT	\$ 753,602	\$ 661,420	\$ (92,182)
CAPITAL OUTLAY			
Buildings, improvements and equipment	\$ 393,333	\$ 566,200	\$ 172,867
Streets and sidewalks	201,176	63,000	(138,176)
TOTAL CAPITAL OUTLAY	\$ 594,509	\$ 629,200	\$ 34,691
TOTAL EXPENDITURES	\$ 1,348,111	\$ 1,290,620	\$ (57,491)

TOWN OF JEAN LAFITTE, LOUISIANA
SCHEDULE OF COUNCIL'S PER DIEM
For the Year Ended June 30, 2002

	Number of Special <u>Meetings</u>	Number of Regular <u>Meetings</u>	<u>Amount</u>
Elaine Badeaux	1	12	\$ 2,425
Shirley Guille	1	12	2,425
Leo Kerner, Jr.	1	12	2,425
Calvin LeBeau	1	12	2,425
Verna Smith	1	12	<u>2,425</u>
 TOTAL			 <u>\$ 12,125</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*

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, 2002, and have issued our report thereon dated September 5, 2002. We conducted our audit in accordance with generally accepted auditing standards in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

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 one instance of noncompliance concerning budgeting that we are required to report under *Government Auditing Standards*. This finding, 02-01, can be found in the accompanying Schedule of Findings and Questioned Costs.

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 September 5, 2002.

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

September 5, 2002

TOWN OF JEAN LAFITTE, LOUISIANA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2002

A. SUMMARY OF AUDIT RESULTS

1. The Auditor's Report expresses an unqualified opinion on the general purpose financial statements of the **TOWN OF JEAN LAFITTE**.
2. No reportable conditions relating to the audit of the financial statements are reported in the *Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards*.
3. One instance of noncompliance with state law concerning budgeting was disclosed during the audit referred to as 02-01 in section B of this schedule.

B. FINDINGS – FINANCIAL STATEMENT AUDIT

COMPLIANCE

02-01 Budgeting

Condition:

Total budgeted revenues exceeded actual revenues by \$1,024,471 or 46%.

Criteria:

According to Louisiana Revised Statute 39:1310, budgetary authority and control requires total revenues for the remainder of the year, within a fund, are failing to meet total budgeted revenues and other sources by five percent or more.

Cause:

The Town budgeted revenues from state grants for the entire award amounts of those grants. However, only a small portion of those revenues were earned during the year ended June 30, 2002.

TOWN OF JEAN LAFITTE, LOUISIANA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2002

Effect:

The Town is in violation of state law. Additionally, the budget presented an unrealistic projection of revenue. There were no questioned costs.

Recommendation:

We recommend that more consideration be given to when grants awarded will be earned and that the budget be amended whenever a variance greater than 5% occurs.

Management's Response:

We concur with the finding and recommendation. We believe this was an isolated incident caused by the timing of the receipt of the funds. However, we will do a better job of forecasting when the grant money will be earned when preparing our budget. Additionally, we will monitor the budget more closely during the year and amend it as necessary. Contact: Mayor Tim Kerner, (504) 689-2208.

MEMORANDUM OF ADVISORY COMMENTS

TOWN OF JEAN LAFITTE, LOUISIANA

For the Year Ended June 30, 2002

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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, 2002 and have issued our report thereon dated September 5, 2002. 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 some 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 September 5, 2002.

We have already discussed 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.

This report is intended solely for the information and use of the Town of Jean Lafitte, Louisiana and the Legislative Auditor of the State of Louisiana, and is not intended to be and should not be used by anyone other than these specific parties.

Rebowe & Company

September 5, 2002

**TOWN OF JEAN LAFITTE
MEMORANDUM OF ADVISORY COMMENTS
FOR THE YEAR ENDED JUNE 30, 2002**

COMMENT 2002-1

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

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 that 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) the Town has assigned various accounting responsibilities to another employee. Based upon these mitigating controls, we do not consider this condition 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.

CORRECTIVE ACTION PLAN

We are aware of the situation and will continue to perform procedures necessary to mitigate the potential problem. Contact: Mayor Tim Kerner, (504) 689-2208.

COMMENT 2002-2

During our procurement testing, we noted one instance of immaterial noncompliance with the public bid law. Surveillance equipment was purchased by the Town's Police Department in the amount of \$10,000. The Louisiana Public Bid law states that purchases between \$7,500 and \$15,000 shall be made by obtaining at least three telephone or facsimile quotes which must be maintained in the purchase file. There was no documentation in the purchase file indicating that three quotes were obtained. The Town told us that this was the lowest quote obtained, but the Town did not document its quotes.

RECOMMENDATION

We recommend that the Town's employees with purchasing authority be given instructions on how to document its compliance with the public bid law.

CORRECTIVE ACTION PLAN

We are aware of the public bid law and its requirements. We will pay close attention to follow its documentation requirements for future purchases. Contact: Mayor Tim Kerner, (504) 689-2208.