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TOWN OF JEAN LAFITTE, LOUISIANA

FINANCIAL REPORT

**For the Year Ended
June 30, 2004**

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the 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 1-26-05

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FINANCIAL SECTION

REBOWE & COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

CONSULTANTS

A PROFESSIONAL CORPORATION

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INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of Jean Lafitte, Louisiana, as of and for the year ended June 30, 2004, which collectively comprise the Town's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the management of the Town of Jean Lafitte, Louisiana. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of Jean Lafitte, Louisiana, as of June 30, 2004, and the respective changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 22, 2004 on our consideration of the Town of Jean Lafitte's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

As described in Note 1f to the financial statements, the Town of Jean Lafitte adopted the provisions of Governmental Accounting Standards Board ("GASB") Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*, as amended by Statement No. 37 - *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*, Statement No. 38 - *Certain Financial Statement Note Disclosure and Interpretation No. 6 - Recognition and Measurement of Certain Liabilities and Expenditures in Governmental Fund Financial Statements*, as of July 1, 2003. These new accounting standards have changed the format and content of the Town's financial statements.

The Management's Discussion and Analysis and the Budgetary Comparison information on pages 3 through 7 and page 25, respectively, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Jean Lafitte's basic financial statements. The supplemental schedule on page 26 is presented for purposes of additional analysis and is not a required part of the basic financial statements. The supplemental schedule on page 26 has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Rebowe & Company

September 22, 2004

REQUIRED SUPPLEMENTARY INFORMATION - PART I

**TOWN OF JEAN LAFITTE, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2004**

The Management's Discussion and Analysis is intended to provide readers of the Town of Jean Lafitte's financial report with an overview and analysis of the financial activities of the Town for the year ended June 30, 2004. It should be read in conjunction with the financial statements and the notes to the financial statements.

FINANCIAL HIGHLIGHTS

- The assets of the Town exceed its liabilities at June 30, 2004 by \$4,351,051. Of this amount, \$310,485 may be used to meet the Town's ongoing obligations to citizens and creditors.
- The Town's total net assets decreased by \$134,260. Most of this decrease is attributable to fewer intergovernmental revenues (i.e., Jefferson Parish grants) received during the year ended June 30, 2004.
- At June 30, 2004, the Town's governmental fund reported an ending fund balance of \$360,903, and increase of \$136,245 in comparison with the prior year. The portion of the fund balance that is available for spending at the Town's discretion was \$313,955.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

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

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

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

**TOWN OF JEAN LAFITTE, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
JUNE 30, 2004**

OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

governmental activities included general government, public safety, and culture and recreation.

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

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

The Town maintains one governmental fund, the general fund. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances for this fund.

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

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

In accordance with Governmental Accounting Standards Board (GASB) Statement No. 34, the Town is not required to restate prior periods for the purposes of providing comparative information. However, in future years, when prior year information is available, a comparative analysis of government-wide information will be presented.

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

**TOWN OF JEAN LAFITTE, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
JUNE 30, 2004**

Net Assets	
June 30, 2004	
	<u>Governmental Activities</u>
Current assets	\$ 531,914
Capital assets	<u>3,993,618</u>
Total assets	<u>4,525,532</u>
Current liabilities	<u>174,481</u>
Total liabilities	<u>174,481</u>
Net Assets	
Invested in capital assets, net of related debt	3,993,618
Restricted	46,948
Unrestricted	<u>310,485</u>
Total net assets	<u>\$ 4,351,051</u>

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

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

**TOWN OF JEAN LAFITTE, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
JUNE 30, 2004**

**Changes in Net Assets
June 30, 2004**

	<u>Governmental Activities</u>
Revenues	
Program revenues:	
Charges for services	\$ 686,461
Operating grants and contributions	168,769
Capital grants and contributions	222,233
General revenues:	
Taxes	165,120
Unrestricted investment earnings	<u>1,992</u>
Total revenues	<u>1,244,575</u>
Expenses	
General government	1,232,309
Public safety	27,993
Culture and recreation	<u>118,533</u>
Total expenses	<u>1,378,835</u>
Change in net assets	(134,260)
Net assets - beginning	<u>4,485,311</u>
Net assets - ending	<u>\$ 4,351,051</u>

The overall revenues declined by approximately 30% from the previous year due to a 62% decrease in intergovernmental revenues, primarily Jefferson Parish grants. Since intergovernmental revenues fund a majority of capital outlay for the Town there was similar decrease in capital outlay expenditures. The decrease in capital outlay contributed to the 41% overall decline in expenses.

BUDGETARY HIGHLIGHTS

The Town's general fund budgeted revenues exceeded actual revenues by approximately \$425,000 or 25%. The Town budgeted revenues from parish grants (i.e., intergovernmental revenues) for the entire award amounts of those grants. However, only a portion of those grants were earned during the year ended June 30, 2004. The Town's general fund actual expenditures were under budget by approximately \$387,000 or 25%. This is principally due to fewer capital outlay expenditures incurred than anticipated.

**TOWN OF JEAN LAFITTE, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
JUNE 30, 2004**

CAPITAL ASSETS

The following table reflects the Town's investment in capital assets, net of depreciation, as of June 30, 2004.

	Capital Assets June 30, 2004
	<u>Governmental Activities</u>
Land	\$ 487,319
Land Improvements	179,138
Buildings	2,235,399
Building Improvements	488,683
Furniture, fixtures, and equipment	130,427
Vehicles and heavy equipment	10,019
Road System	152,053
Construction in progress	<u>310,580</u>
 Total capital assets	 <u>\$ 3,993,618</u>

The majority of the capital additions for the year were for construction in progress as the Town continues to make capital improvements. Depreciation expense for the year ended June 30, 2004 was \$470,068.

ECONOMIC OUTLOOK

The Town anticipates an increase in intergovernmental revenues from state and local sources that will support capital projects and improvements. As a result, there is an expected increase in capital outlay expenditures. Major construction in progress projects the Town expects to continue or begin includes the Rosethorne Pump Station, Willie Mae Dolan Subdivision/Fleming Canal, the Jean Lafitte Library, and the Jean Lafitte Emergency Center.

FURTHER INFORMATION

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

BASIC FINANCIAL STATEMENTS

TOWN OF JEAN LAFITTE, LOUISIANA
STATEMENT OF NET ASSETS
JUNE 30, 2004

	<u>Governmental-Type Activities</u>
ASSETS	
Current assets:	
Cash	\$ 206,904
Investments	203,539
Receivables:	
Sales taxes	18,962
Franchise fees	11,246
Intergovernmental	44,305
Miscellaneous	10
Prepaid items	46,948
Total current assets	<u>531,914</u>
Capital assets (net of accumulated depreciation)	<u>3,993,618</u>
Total assets	<u>4,525,532</u>
LIABILITIES	
Current liabilities:	
Accounts payable	58,511
Deferred revenue	112,500
Capital lease obligation	2,860
Accrued interest	610
Total current liabilities	<u>174,481</u>
NET ASSETS	
Invested in capital assets, net of related debt	3,993,618
Restricted for:	
Prepaid items	46,948
Unrestricted	<u>310,485</u>
Total net assets	<u>\$ 4,351,051</u>

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

**TOWN OF JEAN LAFITTE, LOUISIANA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2004**

<u>Functions/Programs</u>	<u>Expenses</u>	Program Revenues			<u>Net (Expense) Revenue and Changes in Net Assets</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	
Governmental-type activities:					
General government	\$ 1,232,309	\$ 588,796	\$ 114,749	\$ 222,233	\$ (306,531)
Public safety	27,993	4,465	54,020	-	30,492
Culture and recreation	118,533	93,200	-	-	(25,333)
Total governmental-type activities	<u>\$ 1,378,835</u>	<u>\$ 686,461</u>	<u>\$ 168,769</u>	<u>\$ 222,233</u>	<u>\$ (301,372)</u>
General Revenues:					
Taxes:					
Sales					
					\$ 109,424
Beer					
					5,893
Franchise					
					49,803
Unrestricted investment earnings					
					1,992
Total general revenues					<u>167,112</u>
Change in net assets					(134,260)
Net assets - beginning of fiscal year					<u>4,485,311</u>
Net assets - end of fiscal year					<u>\$ 4,351,051</u>

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

**TOWN OF JEAN LAFITTE, LOUISIANA
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2004**

	General Fund
ASSETS	
Cash	\$ 206,904
Investments	203,539
Receivables:	
Sales taxes	18,962
Franchise fees	11,246
Intergovernmental	44,305
Miscellaneous	10
Prepaid items	46,948
Total assets	\$ 531,914
 LIABILITIES AND FUND BALANCE	
Liabilities:	
Accounts payable	\$ 58,511
Deferred revenue	112,500
Total liabilities	171,011
Fund Balance:	
Reserved for:	
Prepaid items	46,948
Unreserved, undesignated	313,955
Total fund balance	360,903
Total liabilities and fund balance	\$ 531,914

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

**TOWN OF JEAN LAFITTE, LOUISIANA
RECONCILIATION OF THE GOVERNMENTAL FUNDS
BALANCE SHEET TO THE STATEMENT OF NET ASSETS
JUNE 30, 2004**

Total fund balance at June 30, 2004 - Governmental Funds \$ 360,903

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

Capital assets used in governmental activities are not financial
resources and, therefore, are not reported in the funds.

Capital assets	11,776,797
Less accumulated depreciation	(7,783,179)

Capital lease is not due and payable in the current period and,
therefore, is not reported in the governmental funds.

Capital lease	(2,860)
Accrued interest	(610)
	(3,470)

Net Assets of Governmental Activities at June 30, 2004	\$ 4,351,051
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The notes to the financial statements are an integral part of this statement.

TOWN OF JEAN LAFITTE, LOUISIANA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2004

	General Fund
REVENUES	
Taxes	\$ 165,120
Licenses and permits	51,625
Rental income	29,858
Fines and forfeitures	4,465
Gaming	331,743
Intergovernmental	441,002
Other revenues	220,762
Total revenues	1,244,575
EXPENDITURES	
Current:	
General government	848,568
Public safety	13,813
Culture and recreation	48,726
Debt service:	
Principal	3,000
Interest	63
Capital outlay	194,160
Total expenditures	1,108,330
Excess of revenues over expenditures	136,245
Fund balances - beginning	224,658
Fund balances - ending	\$ 360,903

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

**TOWN OF JEAN LAFITTE, LOUISIANA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2004**

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

Net change in fund balance - total governmental funds	\$	136,245
 Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlays in the current period.		 (273,568)
 Capital leases provide current financial resources to governmental funds, while the repayment of the principal consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. This amount is the net effect of these differences in the treatment of capital leases.		 <u>3,063</u>
 Change in Net Assets of Governmental Activities	 \$	 <u><u>(134,260)</u></u>

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

TOWN OF JEAN LAFITTE, LOUISIANA
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2004

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

a) Financial Reporting Entity

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

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

b) Basis of Presentation

GOVERNMENT-WIDE FINANCIAL STATEMENTS:

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

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

FUND FINANCIAL STATEMENTS:

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

TOWN OF JEAN LAFITTE, LOUISIANA
NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2004

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

b) Basis of Presentation (Continued)

FUND FINANCIAL STATEMENTS (Continued):

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

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

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

c) Basis of Accounting and Measurement Focus

GOVERNMENT-WIDE FINANCIAL STATEMENTS:

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

FUND FINANCIAL STATEMENTS:

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

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

TOWN OF JEAN LAFITTE, LOUISIANA
NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2004

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

c) Basis of Accounting and Measurement Focus (Continued)

FUND FINANCIAL STATEMENTS (Continued):

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

d) Budgetary Accounting

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

e) Assets, Liabilities, and Fund Equity

CASH, CASH EQUIVALENTS, AND INVESTMENTS

Cash includes demand deposits and petty cash. There were no cash equivalents as of June 30, 2004.

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 state sponsored external investment pool. Because these investments are not evidenced by securities that exist in physical or book entry form they are not categorized. LAMP is administered by LAMP, Inc., a

TOWN OF JEAN LAFITTE, LOUISIANA
NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2004

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

non-profit corporation organized under the laws of the State of Louisiana. Only local governments may participate in LAMP. The primary objective of LAMP is to provide a safe environment for the placement of public funds in short-term, high quality investments. The LAMP portfolio includes only securities and other obligations in which local governments in Louisiana are authorized to invest. The dollar weighted average portfolio maturity of LAMP is restricted to not more than 90 days, and consists of no securities with a maturity in excess of 397 days. The fair value of a share in LAMP is the same as the book value (i.e., a share in the pool is always worth \$1.00 per share). Investments are stated at fair value in accordance with Governmental Accounting Standards Board Statement No. 31.

ACCOUNTS RECEIVABLE

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

INVENTORIES AND PREPAIDS ITEMS

The costs of materials and supplies acquired by the governmental funds are recorded as expenditures at the time of purchase. The inventory of such materials and supplies at June 30, 2004 would not be material to the financial statements.

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

CAPITAL ASSETS

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

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

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

TOWN OF JEAN LAFITTE, LOUISIANA
NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2004

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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

DEFERRED REVENUES

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

COMPENSATED ABSENCES

Annual and sick leave is expended when claimed by the employees rather than when earned. Employees may not carry over or accumulate annual or sick leave. Employees are required to use their annual leave during the year following his/her anniversary date of employment. In the opinion of the Town's Administration, the liability due at June 30, 2004 would not be material to the financial statements.

NET ASSETS

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

TOWN OF JEAN LAFITTE, LOUISIANA
NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2004

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

expenditure. Designated portions of fund balance indicate tentative plans for future use of financial resources.

ACCOUNTING ESTIMATES

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

f) Adoption of New Accounting Principles

For the year ended June 30, 2004, the Town implemented the following GASB standards:

Statement No. 34 - *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments.*

Statement No. 37 - *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments: Omnibus.*

Statement No. 38 - *Certain Financial Note Disclosures.*

Interpretation No. 6 - *Recognition and Measurement of Certain Liabilities and Expenditures in Governmental Fund Financial Statements.*

These newly implemented accounting standards have changed the format and content of the Town's financial statements.

NOTE 2 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

a) Budget

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

TOWN OF JEAN LAFITTE, LOUISIANA
NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2004

NOTE 2 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY
(CONTINUED)

a) Budget (Continued)

- 1) Not less than 30 days before the end of the fiscal year, the Mayor recommends to the Council a proposed operating budget for the ensuing fiscal year. The operating budget includes proposed expenditures and the means of financing them.
- 2) The proposed budget is summarized and advertised and the public notified that the proposed budget is available for inspection and that within 10 days thereafter public hearings are conducted to obtain taxpayer comments.
- 3) The budget is then legally enacted through an ordinance adopted by the Council.
- 4) Any revisions that alter the total expenditures of the General Fund or line item changes within the General Fund must be approved by the Council.

Budgeted amounts are as originally adopted or as finally amended by resolutions or motions of the Council through June 30, 2004.

b) Revenues and Expenditures - Actual and Budget

The following fund has budgeted revenues and/or other sources which exceed 5% of budgeted revenues and/or other sources for the year ended June 30, 2004:

	<u>Actual</u>	<u>Budget</u>	<u>Difference</u>	<u>Percentage</u> <u>Difference</u>
REVENUES:				
General Fund	\$ 1,244,575	\$ 1,669,200	\$ 424,625	25%

NOTE 3 - CASH, CASH EQUIVALENTS AND INVESTMENTS

At June 30, 2004, the carrying amount of the Town's cash deposits was \$206,904 and the bank balance was \$241,724 all of which was covered by Federal depository insurance or by collateral consisting of securities held by the Town's agent in its name.

Investments held at June 30, 2004 consist of \$203,539 in the Louisiana Asset Management Pool, Inc. (LAMP), a state sponsored external investment pool.

TOWN OF JEAN LAFITTE, LOUISIANA
NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2004

NOTE 4 - SALES TAX

For the year ended June 30, 2004, the total sales tax levied on purchases within the Town limits was 8 3/4%. Of this amount, the State levies 4%, the Jefferson Parish Public School System levies 1 1/2%, the Jefferson Parish Sheriff's Office levies 1/4%, and the Parish of Jefferson levies the remaining 3%. Sales taxes, except sales tax on motor vehicles which is collected by the State, are collected by the Sheriff of Jefferson Parish, who receives a commission of 11% of the amount collected.

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

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

NOTE 5 - CAPITAL ASSETS

Capital asset activity of the governmental funds for the year ended June 30, 2004, was as follows:

	<u>6/30/2003</u>			<u>Balance</u>
	<u>As Restated</u>	<u>Additions</u>	<u>Reductions</u>	<u>6/30/2004</u>
Governmental Activities:				
Capital assets not being depreciated:				
Land	\$ 487,319	\$ -	\$ -	\$ 487,319
Construction in progress	<u>177,075</u>	<u>194,160</u>	<u>60,655</u>	<u>310,580</u>
Total capital assets not being depreciated	<u>664,394</u>	<u>194,160</u>	<u>60,655</u>	<u>797,899</u>
Capital assets being depreciated:				
Land improvements	184,181	12,189	-	196,370
Buildings	3,296,814	30,467	-	3,327,281
Building improvements	646,782	-	-	646,782
Furniture, fixtures, and equipment	280,544	20,339	-	300,883
Vehicles and heavy equipment	142,113	-	-	142,113
Roads	<u>6,365,469</u>	<u>-</u>	<u>-</u>	<u>6,365,469</u>
Total capital assets being depreciated	<u>10,915,903</u>	<u>62,995</u>	<u>-</u>	<u>10,978,898</u>
Less accumulated depreciation	<u>7,313,111</u>	<u>470,068</u>	<u>-</u>	<u>7,783,179</u>
Total capital assets being depreciated, net	<u>3,602,792</u>	<u>(407,073)</u>	<u>-</u>	<u>3,195,719</u>
Total governmental activities capital assets, net	<u>\$ 4,267,186</u>	<u>\$ (212,913)</u>	<u>\$ 60,655</u>	<u>\$ 3,993,618</u>

TOWN OF JEAN LAFITTE, LOUISIANA
NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2004

NOTE 5 - CAPITAL ASSETS (CONTINUED)

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

General government	\$ 384,814
Public safety	15,447
Culture and recreation	<u>69,807</u>
Total depreciation expense	<u>\$ 470,068</u>

NOTE 6 - LEASE

The Town is obligated under a capital lease for an exhibit located at the Town's tourist center. The lease has a payment remaining in the amount of \$3,471 payable on April 15, 2005.

The following is a schedule of future minimum lease payments as of June 30, 2004.

<u>Fiscal Year End</u>	
2005	\$ 3,471
Less: amount representing interest	<u>610</u>
Present value of minimum lease payments	<u>\$ 2,860</u>

The Town entered into ten year lease agreement beginning January 1, 2002 through December 31, 2011 in which they received an advance payment of \$150,000 for the rental of office space and for the parking of ambulances. Deferred revenue for this transaction has been reported in the financial statements in the amount of \$112,500. The future rental income to be recognized is detailed as follows at June 30, 2004:

<u>Fiscal Year End</u>	
2005	\$ 15,000
2006	15,000
2007	15,000
2008	15,000
Thereafter	<u>52,500</u>
Total	<u>\$ 112,500</u>

NOTE 7 - RESERVATIONS OF FUND BALANCE

This reservation for prepaid items 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.

TOWN OF JEAN LAFITTE, LOUISIANA
NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2004

NOTE 8 - 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 \$9,100 for the year ended June 30, 2004. Plan assets are owned by the participants and are not included in the financial statements of the Town.

NOTE 9 - CONTINGENT LIABILITIES

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

NOTE 10 - PRIOR PERIOD RESTATEMENT

In fiscal year 2004, the Town implemented GASB Statement No. 34, "Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments". Statement No. 34 established new financial reporting requirements for all state and local governments and consists of the following:

Management's Discussion and Analysis.

Basic Financial Statements:

Government-wide financial statements, prepared using the economic resources measurement focus and the accrual basis of accounting.

Fund Financial Statements, consisting of a series of statements that focus on a government's major governmental funds.

Notes to the basic financial statements.

Required Supplemental Information, which requires budgetary comparison schedules to be presented.

The impact of this restatement on the governmental activities net assets are as follows:

Total fund balance/fund equity, as previously reported	\$	224,658
Long-term debt		(6,533)
Capital assets, net of depreciation		<u>4,267,186</u>
Restated net assets, June 30, 2003	\$	<u>4,485,311</u>

TOWN OF JEAN LAFITTE, LOUISIANA
NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2004

NOTE 10 - PRIOR PERIOD RESTATEMENT (CONTINUED)

The beginning balance of capital assets has been restated due to the implementation of GASB Statement 34. Reclassifications have been made and infrastructure has been recorded. The following table represents the above mentioned changes to the governmental activities capital assets:

	Governmental Funds Fixed Assets, as Previously Reported	Governmental Activities Capital Assets, as Restated	Increase (Decrease)
Land	\$ 447,489	\$ 487,319	\$ 39,830
Land Improvements	-	184,181	184,181
Buildings	4,024,749	3,296,814	(727,935)
Building Improvements	-	646,782	646,782
Furniture, fixtures, and equipment	371,822	280,544	(91,278)
Vehicles and heavy equipment	620,161	142,113	(478,048)
Roads	-	6,365,469	6,365,469
Construction in progress	<u>177,075</u>	<u>177,075</u>	<u>-</u>
	5,641,296	11,580,297	5,939,001
Accumulated depreciation	<u>-</u>	<u>7,313,111</u>	<u>7,313,111</u>
Total capital assets, net	<u>\$ 5,641,296</u>	<u>\$ 4,267,186</u>	<u>\$ (1,374,110)</u>

REQUIRED SUPPLEMENTARY INFORMATION - PART II

TOWN OF JEAN LAFITTE, LOUISIANA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2004

	Actual Amounts	Budgeted Amounts		Variance with Final Budget Positive (Negative)
		Original	Final	
REVENUES				
Taxes	\$ 165,120	\$ 148,000	\$ 155,500	\$ 9,620
Licenses and permits	51,625	58,300	49,300	2,325
Rental income	29,858	18,000	21,000	8,858
Fines and forfeitures	4,465	8,000	5,000	(535)
Gaming	331,743	250,000	250,000	81,743
Intergovernmental	441,002	2,819,000	1,008,100	(567,098)
Other revenues	220,762	119,000	180,300	40,462
Total revenues	<u>1,244,575</u>	<u>3,420,300</u>	<u>1,669,200</u>	<u>(424,625)</u>
EXPENDITURES				
Current:				
General government	848,568	583,000	879,400	30,832
Public safety	13,813	17,500	18,000	4,187
Culture and recreation	48,726	74,534	52,700	3,974
Debt service:				
Principal	3,000	-	-	(3,000)
Interest	63	-	-	(63)
Capital outlay	194,160	2,725,000	545,500	351,340
Total expenditures	<u>1,108,330</u>	<u>3,400,034</u>	<u>1,495,600</u>	<u>387,270</u>
Excess of revenues over expenditures	136,245	20,266	173,600	(811,895)
Fund balance - beginning	<u>224,658</u>	<u>224,658</u>	<u>224,658</u>	<u>-</u>
Fund balance - ending	<u>\$ 360,903</u>	<u>\$ 244,924</u>	<u>\$ 398,258</u>	<u>\$ (811,895)</u>

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

OTHER SUPPLEMENTAL INFORMATION

**TOWN OF JEAN LAFITTE, LOUISIANA
SCHEDULE OF COUNCIL'S PER DIEM
FOR THE YEAR ENDED JUNE 30, 2004**

	<u>Number of Special Meetings</u>	<u>Number of Regular Meetings</u>	<u>Amount</u>
Elaine Badeaux	-	12	\$ 3,000
Shirley Guille	-	12	3,000
Leo Kerner, Jr.	-	12	3,000
Calvin LeBeau	-	12	3,000
Verna Smith	-	12	<u>3,000</u>
TOTAL PER DIEM			<u>\$ 15,000</u>

COMPLIANCE SECTION

REBOWE & COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

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

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of Jean Lafitte as of and for the year ended June 30, 2004, which collectively comprise the Town of Jean Lafitte's basic financial statements and have issued our report thereon dated September 22, 2004. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Town of Jean Lafitte's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control 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 caused by error or fraud 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 that we have reported to management of the Town of Jean Lafitte in a separate letter dated September 22, 2004.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town of Jean Lafitte's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and 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 that is required to be reported under *Government Auditing Standards* which is described in the accompanying Schedule of Findings and Questioned Costs as finding 04-01.

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

Reboue & Company

September 22, 2004

**TOWN OF JEAN LAFITTE, LOUISIANA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2004**

A. SUMMARY OF AUDITOR'S RESULTS

1. The auditor's report expresses an unqualified opinion on the financial statements of the Town of Jean Lafitte, Louisiana.
2. No reportable conditions in internal control over financial reporting relating to the audit of the basic financial statements are reported in the *Independent Auditor's 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, which is required to be reported in accordance with *Government Auditing Standards*, was disclosed during the audit and is referred to as finding 04-01 in section B of this schedule.
4. A management letter dated September 22, 2004 was issued.

B. FINDINGS - FINANCIAL STATEMENT AUDIT

Internal Control

There were no internal control findings noted during the audit year ended June 30, 2004.

Compliance

Finding 04-01: Budgetary Compliance (Repeat Finding)

Criteria - The Louisiana Budget Act, Revised Statute 39:1310, requires that the governing authority be advised in writing when total revenues or expenditures for the remainder of the year, within a fund, are failing to meet budgeted amounts by five percent or more.

Effect - The Town is in violation of Louisiana Revised Statute 39:1310. There were no questioned costs.

Cause - The Town budgeted revenues from Jefferson Parish grants (i.e., intergovernmental revenues) for the entire award amounts of those grants. However, only a portion of those grants were earned during the year ended June 30, 2004.

Recommendation - We recommend that more consideration be given to when grants awarded will be earned and when capital project expenditures will be incurred so that the budget can be amended whenever a variance greater than 5% occurs.

Response - See Management's Corrective Action Plan for their response.

**TOWN OF JEAN LAFITTE, LOUISIANA
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2004**

SECTION I - FINDINGS RELATED TO FINANCIAL STATEMENT AUDIT

Internal Control

There were no internal control findings noted during the audit year ended June 30, 2003.

Compliance

Finding 03-01: Budgetary Compliance Unresolved. See finding 04-01.

SECTION II - FINDINGS RELATED TO MAJOR FEDERAL AWARD PROGRAMS

There were no findings related to major federal award programs noted during the audit year ended June 30, 2003.

**SECTION III - FINDINGS RELATED TO OBSERVATIONS REPORTED IN
MANAGEMENT LETTER**

Observation 03-01: Segregation of Duties Unresolved. See observation 04-01.

Observation 03-02: Bank Reconciliations Resolved.

Observation 03-03: GASB Statement No. 34 Resolved.

**TOWN OF JEAN LAFITTE, LOUISIANA
MANAGEMENT'S CORRECTIVE ACTION PLAN
FOR THE YEAR ENDED JUNE 30, 2004**

Finding 04-01 - Budgetary Compliance

Recommendation - We recommend that more consideration be given to when grants awarded will be earned and when capital project expenditures will be incurred so that the budget can be amended whenever a variance greater than 5% occurs.

Corrective Action Plan - We concur with the finding and recommendation. We will do a better job of estimating when the grant money will be earned and capital project expenditures will be incurred when preparing our budget. Additionally, we will monitor the budget more closely during the year and amend it as necessary.

Implementation Date - January 1, 2005

Contact - Mayor Tim Kerner, (504) 689-2208.

MEMORANDUM OF ADVISORY COMMENTS

TOWN OF JEAN LAFITTE, LOUISIANA

For the Year Ended June 30, 2004

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

We have audited the financial statements of the Town of Jean Lafitte, Louisiana, (the "Town") as of and for the year ended June 30, 2004 and have issued our report thereon dated September 22, 2004. As part of our audit, we considered the Town's internal control over financial reporting in order to determine the nature, timing and extent of our auditing procedures for the purpose of expressing an opinion on the financial statements and not to provide assurance on the internal control.

However, during our audit we became aware of matters that are opportunities for strengthening the internal controls and operating efficiency. The memorandum that accompanies this letter summarizes our observations and recommendations regarding those matters. We previously reported on the Town's internal controls in a separately issued report entitled *Independent Auditor's 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 22, 2004.

We will review the status of these matters during our next audit engagement. We have discussed our recommendations with the Town's management and have included their Corrective Action Plan. We will be pleased to discuss these recommendations with you in further detail at your convenience, perform any additional analysis of these matters, or assist you in implementing our recommendations.

Rebowe & Company

September 22, 2004

**TOWN OF JEAN LAFITTE, LOUISIANA
MEMORANDUM OF ADVISORY COMMENTS
FOR THE YEAR ENDED JUNE 30, 2004**

OBSERVATION 04-1: Segregation of Duties

As reported 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 inadequate segregation of duties within the accounting function. Contact: Mayor Tim Kerner, (504) 689-2208.