

TOWN OF JEAN LAFITTE, LOUISIANA**FINANCIAL REPORT****For the Year Ended
June 30, 2013**

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 MAR 05 2014

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FINANCIAL SECTION



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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 and each major fund of the Town of Jean Lafitte (the "Town"), as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Town's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness

of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Town as of June 30, 2013, 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.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 4 through 9 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's basic financial statements. The Schedule of Expenditures of Federal Awards, as required by the Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and the Schedule of Town Council's Compensation are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Schedule of Expenditures of Federal Awards and the Schedule of Town Council's Compensation are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such

information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects in relation to the basic financial statements taken as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

Emphasis of Matter

As discussed in Note 10 to the financial statements, certain errors resulting in understatement of previously reported receivables and payables and the overstatement of cash, capital assets, and prepaids as of June 30, 2012, were discovered by management during the current year. As a result, an adjustment of \$354,839 was made to the beginning net position of governmental activities. Accordingly, an adjustment of \$41,758 was made to beginning fund balance in the General Fund and \$341,732 to the Capital Projects Fund.

Our Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 20, 2013, on our consideration of the Town's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town's internal control over financial reporting and compliance.

Carr, Riggs & Ingram, LLC

December 20, 2013

REQUIRED SUPPLEMENTARY INFORMATION - PART I

TOWN OF JEAN LAFITTE, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2013

The Management's Discussion and Analysis is intended to provide readers of the Town of Jean Lafitte's (the "Town") financial report with an overview and analysis of the financial activities of the Town for the year ended June 30, 2013. It should be read in conjunction with the financial statements and the notes to the financial statements.

FINANCIAL HIGHLIGHTS

- The assets of the Town exceeded its liabilities at June 30, 2013 by \$17,906,749.
- The Town's total net position increased by \$506,693. Most of this increase is attributable to an increase in operating grants and charges for services.
- At June 30, 2013, the Town's governmental funds reported an ending fund balance of \$528,278, a decrease of \$196,252 from the restated prior year balance. The portion of the fund balance that is available for spending at the Town's discretion is \$471,320.

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 Position presents information on the Town's assets less liabilities which results in net position. 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 position 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 governmental activities include general government, public safety, public works, and culture and recreation.

TOWN OF JEAN LAFITTE, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
June 30, 2013

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 Position and the Statement of Revenues, Expenditures, and Changes in Fund Balances of the governmental funds to the Statement of Activities.

The Town maintains two governmental funds, the General Fund and the Capital Projects 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 these funds.

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.

**TOWN OF JEAN LAFITTE, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
June 30, 2013**

GOVERNMENT-WIDE FINANCIAL ANALYSIS

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

	Net Position Governmental Activities June 30,	
	<u>2013</u>	<u>2012 As restated</u>
Current assets	\$ 1,213,914	\$ 1,661,705
Capital assets	<u>17,676,262</u>	<u>16,967,659</u>
Total assets	<u>18,890,176</u>	<u>18,629,364</u>
Current liabilities	983,427	937,175
Noncurrent liabilities	<u>-</u>	<u>292,133</u>
Total liabilities	<u>983,427</u>	<u>1,229,308</u>
Net Position		
Invested in capital assets, net of related debt	17,676,262	16,967,659
Unrestricted		
Designated for capital projects	-	-
Undesignated	<u>230,487</u>	<u>432,397</u>
Total net position	<u>\$ 17,906,749</u>	<u>\$ 17,400,056</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 the town's investments in capital assets. These assets are not available for spending. The remaining fund balance of unrestricted net assets may be used to meet the Town's ongoing obligations to citizens and creditors.

**TOWN OF JEAN LAFITTE, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
June 30, 2013**

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

Changes in Net Position Governmental Activities June 30,		
	2013	2012 As restated
Revenues		
Program revenues:		
Charges for services	\$ 820,463	\$ 724,714
Operating grants and contributions	634,708	130,727
Capital grants and contributions	1,273,370	1,937,603
General revenues:		
Taxes	190,489	191,500
Unrestricted interest earnings	156	100
Insurance proceeds	19,315	203,524
Miscellaneous revenue	-	21,993
Total revenues	2,938,501	3,210,161
Expenses		
General government	1,961,514	2,987,145
Public safety	59,716	53,319
Public works	208,726	264,328
Culture and recreation	196,194	31,202
Interest on long-term debt	5,658	4,963
Total expenses	2,431,808	3,340,957
Change in net position	506,693	(130,796)
Net assets – beginning (as restated)	17,400,056	17,530,852
Net assets - ending	\$ 17,906,749	\$ 17,400,056

Total revenues decreased by approximately 8% from the previous year mainly due to a decrease in insurance proceeds and capital grants. Overall expenses decreased by approximately 27% for the current year from the previous year, mainly due to a decrease in capital spending.

**TOWN OF JEAN LAFITTE, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
June 30, 2013**

BUDGETARY HIGHLIGHTS

The Town's general fund actual revenues were under budget by approximately \$351,901 or 17%. This is principally due to the effect of a prior period adjustment. The Town's general fund actual expenditures were under budget by approximately \$6,517 or 0.3%.

CAPITAL ASSETS

The following table reflects the Town's investment in capital assets, net of depreciation, as of June 30, 2013.

Capital Assets Governmental Activities June 30,		
	2013	2012 As restated
Land	\$ 648,985	\$ 648,985
Land improvements	156,600	165,783
Buildings	11,533,716	11,899,383
Building improvements	1,214,772	1,126,296
Furniture, fixtures, and equipment	88,408	105,535
Vehicles and heavy equipment	186,420	286,193
Construction in progress	3,152,091	2,021,918
Road system	695,270	713,566
Total capital assets	\$ 17,676,262	\$ 16,967,659

The majority of the capital additions for the year were for buildings and construction in progress as the Town continues to make capital improvements for drainage and finish renovations on the Auditorium, the Multi-purpose building and the Fisherman's Market. Depreciation expense for the year ended June 30, 2013 was \$508,855, as compared to \$560,723 for the year ended June 30, 2012.

**TOWN OF JEAN LAFITTE, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
June 30, 2013**

ECONOMIC OUTLOOK

The Town is continuing its program of drainage improvements and construction projects, most of which are being funded through State and Parish grants. These construction projects include an auditorium, a multi-purpose building, and various street drainage projects.

FURTHER INFORMATION

This financial report is designed to provide our citizens, taxpayers, 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 POSITION
June 30, 2013

	Governmental Activities
ASSETS	
Current assets:	
Cash	\$ 77,097
Investments	91,541
Receivables:	
Sales taxes	10,049
Franchise fees	20,706
Intergovernmental	631,175
Miscellaneous	346,388
Prepays	36,958
Total current assets	1,213,914
Capital assets (net of accumulated depreciation)	17,676,262
Total assets	18,890,176
LIABILITIES	
Current liabilities:	
Accounts payable	685,636
Community Disaster Loan (CDL) payable	279,063
Accrued interest payable - CDL	18,728
Total current liabilities	983,427
Total liabilities	983,427
NET POSITION	
Invested in capital assets, net of related debt	17,676,262
Unrestricted:	
Designated for capital projects	-
Undesignated	230,487
Total net position	\$ 17,906,749

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

TOWN OF JEAN LAFITTE, LOUISIANA
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2013

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>			<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 activities:					
General government	\$ 1,961,514	\$ 703,999	\$ 29,864	\$ -	\$ (1,227,651)
Public safety	59,716	10,396	28,153	-	(21,167)
Public works	208,726	-	325,965	1,273,370	1,390,609
Culture and recreation	196,194	106,068	250,726	-	160,600
Interest expense	5,658	-	-	-	(5,658)
	<u>5,658</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(5,658)</u>
Total governmental activities	\$ 2,431,808	\$ 820,463	\$ 634,708	\$ 1,273,370	296,733

General Revenues:

Taxes:

Sales	120,540
Beer & Tobacco	2,061
Franchise	67,888
Unrestricted interest earnings	156
Insurance proceeds	19,315
Miscellaneous revenue	-
Total general revenues	<u>209,960</u>

Change in net position	506,693
Net position - beginning of fiscal year (as previously reported)	17,754,895
Prior period adjustment	<u>(354,839)</u>
Net position - beginning of fiscal year (as restated)	<u>17,400,056</u>
Net position - end of fiscal year	<u><u>\$ 17,906,749</u></u>

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

TOWN OF JEAN LAFITTE, LOUISIANA
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2013

	General Fund	Capital Projects Fund	Total Governmental Funds
ASSETS			
Cash	\$ 77,097	\$ -	\$ 77,097
Investments	91,541	-	91,541
Receivables:			
Sales taxes	10,049	-	10,049
Franchise fees	20,706	-	20,706
Intergovernmental	631,175	-	631,175
Miscellaneous	346,388	-	346,388
Due from other fund	3,152,091	-	3,152,091
Prepays	36,958	-	36,958
	<u>\$ 4,366,005</u>	<u>\$ -</u>	<u>\$ 4,366,005</u>
Total assets	\$ 4,366,005	\$ -	\$ 4,366,005
LIABILITIES AND FUND BALANCE			
Liabilities:			
Accounts payable	\$ 685,636	\$ -	\$ 685,636
Due to other fund	-	3,152,091	3,152,091
Total liabilities	<u>685,636</u>	<u>3,152,091</u>	<u>3,837,727</u>
Fund Balance:			
Nonspendable	36,958	-	36,958
Committed	-	-	-
Restricted	20,000	-	20,000
Unassigned	3,623,411	(3,152,091)	471,320
Total fund balance	<u>3,680,369</u>	<u>(3,152,091)</u>	<u>528,278</u>
Total liabilities and fund balance	\$ 4,366,005	\$ -	\$ 4,366,005

The notes to the basic 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, 2013**

Total fund balance at June 30, 2013 - Governmental Funds		\$ 528,278
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental fund.		
Capital assets		29,092,206
Less accumulated depreciation		(11,415,944)
Long-term liabilities at June 30, 2013		
CDL payable		(279,063)
Accrued interest payable - CDL		(18,728)
		(297,791)
Net position of governmental activities at June 30, 2013		\$ 17,906,749

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

TOWN OF JEAN LAFITTE, LOUISIANA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - GOVERNMENTAL FUNDS
For the Year Ended June 30, 2013

	<u>General Fund</u>	<u>Capital Projects Fund</u>	<u>Total Governmental Funds</u>
REVENUES			
Intergovernmental			
Federal grants	\$ 368,314	\$ 1,162,549	\$ 1,530,863
State and local grants	461,422	95,821	557,243
Gaming	344,889	-	344,889
Taxes	190,489	-	190,489
Seafood Festival	92,419	-	92,419
Other revenues	80,254	-	80,254
Rental income	68,641	-	68,641
Licenses and permits	43,836	-	43,836
Insurance reimbursements	19,315	-	19,315
Fines and forfeitures	10,396	-	10,396
Interest	156	-	156
	<u>1,680,131</u>	<u>1,258,370</u>	<u>2,938,501</u>
EXPENDITURES			
Current:			
General government	1,543,615	-	1,543,615
Public safety	47,156	-	47,156
Culture and recreation	154,930	-	154,930
Public works	164,826	-	164,826
Capital outlay	-	1,344,226	1,344,226
	<u>1,910,527</u>	<u>1,344,226</u>	<u>3,254,753</u>
Excess (Deficiency) of Revenues over Expenditures	(230,396)	(85,856)	(316,252)
OTHER FINANCING SOURCES			
Transfer In	1,789,812	-	1,789,812
Transfer Out	-	(1,789,812)	(1,789,812)
Proceeds from sale of equipment	120,000	-	120,000
	<u>1,909,812</u>	<u>(1,789,812)</u>	<u>120,000</u>
Net Change in Fund Balances	<u>1,679,416</u>	<u>(1,875,668)</u>	<u>(196,252)</u>
Fund balances - beginning of fiscal year (as previously reported)	2,042,711	(1,618,155)	424,556
Prior Period Adjustments	(41,758)	341,732	299,974
	<u>2,000,953</u>	<u>(1,276,423)</u>	<u>724,530</u>
Beginning of fiscal year (as restated)	<u>2,000,953</u>	<u>(1,276,423)</u>	<u>724,530</u>
Fund balances - end of fiscal year	<u>\$ 3,680,369</u>	<u>\$ (3,152,091)</u>	<u>\$ 528,278</u>

The notes to the basic 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 BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2013

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

Net change in fund balances - total governmental funds	\$ (196,252)
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 capital outlays exceeded depreciation in the current period.	708,603
Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds:	
Interest on long-term debt	(5,658)
Change in net position of governmental activities	\$ 506,693

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

TOWN OF JEAN LAFITTE, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2013

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, public works, culture and 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 is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include: charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment, and 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 normally summarized into a single column. The Town has no nonmajor funds.

TOWN OF JEAN LAFITTE, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
June 30, 2013

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

b) Basis of Presentation (Continued)

FUND FINANCIAL STATEMENTS (Continued):

The accounts and operations of the Town are 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 funds:

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.

The *Capital Projects Fund* is used to account for ongoing capital improvement and construction projects.

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.

TOWN OF JEAN LAFITTE, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
June 30, 2013

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

c) Basis of Accounting and Measurement Focus (Continued)

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.

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, 2013.

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

TOWN OF JEAN LAFITTE, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
June 30, 2013

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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. (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 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 sales tax, franchise fees, and intergovernmental revenues. 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, 2013 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.

TOWN OF JEAN LAFITTE, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
June 30, 2013

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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.

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 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, 2013 would not be material to the financial statements.

LONG-TERM DEBT

In the government-wide financial statements, long-term debt is reported as a noncurrent liability in the governmental activities Statement of Net Assets. In the fund financial statements, the face amount of debt issued is reported as other financing sources.

TOWN OF JEAN LAFITTE, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
June 30, 2013

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

FUND BALANCE

For the year ending June 30, 2011, the Town adopted GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, which significantly changed the reporting of fund balance in the balance sheets of governmental type funds.

In the fund financial statements, fund balance for governmental funds is reported in classifications that comprise a hierarchy based primarily on the extent to which the Town is bound to honor constraints on the specific purpose for which amounts in the funds can be spent. Fund balance is reported in five components – nonspendable, restricted, committed, assigned and unassigned.

Nonspendable – This component includes amounts that cannot be spent because they are either not in spendable form or legally or contractually required to be maintained intact.

Restricted – This component consists of amounts that have constraints placed on them either externally by third-parties (creditors, grantors, contributors, or laws or regulations of other governments) or by law through constitutional provisions or enabling legislation. Enabling legislation authorizes the Town to assess, levy, charge or otherwise mandate payment of resources (from external resource providers) and includes a legally enforceable requirement (compelled by external parties) that those resources be used only for the specific purposes stipulated in the legislation.

TOWN OF JEAN LAFITTE, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
June 30, 2013

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Committed – This component consists of amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the Town’s highest level of decision making authority which includes the ordinances and resolutions of the Town. Those committed amounts cannot be used for any other purpose unless the Town removes or changes the specified use by taking the same type of action (ordinance or resolution) it employed previously to commit those amounts.

Assigned – This component consists of amounts that are constrained by the Town’s intent to be used for specific purposes, but are neither restricted nor committed. The authority for assigning fund balance is expressed by the Town Council, Mayor, or their designee as established in the Town’s Fund Balance Policy.

Unassigned – This classification represents amounts that have not been restricted, committed or assigned to specific purposes within the general fund. When both restricted and unrestricted resources are available for use, it is the Town’s policy to use restricted resources first, then unrestricted resources (committed, assigned and unassigned) as they are needed. When unrestricted resources (committed, assigned and unassigned) are available for use it is the Town’s policy to use committed resources first, then assigned, and then unassigned as they are needed.

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.

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:

- 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.

TOWN OF JEAN LAFITTE, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
June 30, 2013

NOTE 2 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (CONTINUED)

a) Budget (Continued)

- 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 and as finally amended by resolutions or motions of the Council.

NOTE 3 - CASH, CASH EQUIVALENTS, AND INVESTMENTS

At June 30, 2013, the carrying amount of the Town's cash deposits was \$77,097 and the bank balance was \$127,168, 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, 2013 consist of \$91,541 invested in the Louisiana Asset Management Pool (LAMP), a State of Louisiana sponsored external investment pool.

NOTE 4 - SALES TAX

For the year ended June 30, 2013, 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 THE FINANCIAL STATEMENTS (CONTINUED)
June 30, 2013

NOTE 5 - CAPITAL ASSETS

Capital asset activity of the governmental funds for the year ended June 30, 2013 was as follows:

	Balance 6/30/2012 <u>As restated*</u>	<u>Additions</u>	<u>Reductions</u>	Balance 6/30/2013
Governmental Activities:				
Capital assets not being depreciated:				
Land	\$ 648,985	\$ -	-	\$ 648,985
Construction in progress	<u>2,021,918</u>	<u>1,135,173</u>	<u>(5,000)</u>	<u>3,152,091</u>
Total capital assets not being depreciated	<u>2,670,903</u>	<u>1,135,173</u>	<u>(5,000)</u>	<u>3,801,076</u>
Capital assets being depreciated:				
Land improvements	254,213	2,270	-	256,483
Buildings	14,187,682	-	-	14,187,682
Building improvements	1,541,007	156,063	-	1,697,070
Furniture, fixtures, and equipment	460,107	-	-	460,107
Vehicles and heavy equipment	583,793	50,720	(140,501)	494,012
Roads	<u>8,195,776</u>	<u>-</u>	<u>-</u>	<u>8,195,776</u>
Total capital assets being depreciated	<u>25,222,578</u>	<u>209,053</u>	<u>(140,501)</u>	<u>25,291,130</u>
Less accumulated depreciation	<u>10,925,822</u>	<u>508,855</u>	<u>(18,733)</u>	<u>11,415,944</u>
Total capital assets being depreciated, net	<u>14,296,756</u>	<u>(299,802)</u>	<u>(121,768)</u>	<u>13,875,186</u>
Total governmental activities capital assets, net	<u>\$ 16,967,659</u>	<u>\$ 835,371</u>	<u>\$ (126,768)</u>	<u>\$ 17,676,262</u>

* See Footnote 10.

TOWN OF JEAN LAFITTE, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
June 30, 2013

NOTE 5 - CAPITAL ASSETS (CONTINUED)

Construction in progress at June 30, 2013 consisted of the following projects:

Auditorium	\$ 1,731,453
Multi-purpose building	386,800
Barataria drainage	307,779
Fisherman's market	275,820
Vicinity – Town Streets	134,951
Nature Park	112,914
Vicinity – Northwest Streets	89,806
Vicinity – Northeast Streets	87,595
Downtown beautification	<u>24,973</u>
 Total construction in progress	 <u>\$ 3,152,091</u>

Construction in progress is being funded primarily by State and Parish grants. With certain projects, the Town is responsible for matching funds.

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

General government	\$ 411,131
Public safety	12,560
Public works	43,900
Culture and recreation	<u>41,264</u>
 Total depreciation expense	 <u>\$ 508,855</u>

NOTE 6 - LONG-TERM DEBT

The following is a summary of the Town's long-term debt transactions for the year ended June 30, 2013:

	Balance 6/30/12 As restated	<u>Additions</u>	<u>Reductions</u>	Balance 6/30/13	Due Within One Year
Governmental Activities					
CDL Loan	\$ 279,063	\$ -	\$ -	\$ 279,063	\$279,063
Total Governmental Activities	<u>\$ 279,063</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 279,063</u>	<u>\$279,063</u>

TOWN OF JEAN LAFITTE, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
June 30, 2013

NOTE 6 - LONG-TERM DEBT (CONTINUED)

Details of the Town's long-term debt as of June 30, 2013 are as follows:

Community Disaster Loan ("CDL") #2, secured by a pledge of the Town's revenues each fiscal year the note is outstanding, bearing interest at a rate of 1.875%, payable April 2, 2014.	<u>\$ 279,063</u>
Total CDL loans	<u>\$ 279,063</u>

Community Disaster Loan

Based on the loan and pledge agreements with the Federal Emergency Management Agency (FEMA), the CDL loan #2, payable April 2, 2014, accrues simple interest at 1.875%. The term of the loan is five (5) years expiring in April 2014 and may be extended or cancelled pursuant to Section 417 of the Stafford Disaster Relief and Emergency Assistance Act. Payments of principal and interest have been deferred until the end of the five year period.

NOTE 7 - EMPLOYEE BENEFIT PLANS

The Town provides pension benefits for all of its full-time employees through two separate cost-sharing, multiple-employer public employee retirement systems. All full-time Town employees, except some police, are members in the Municipal Employees' Retirement System of the State of Louisiana (the Municipal System). All eligible full-time police are members of the Municipal and State Police Retirement System of Louisiana (the Police System).

The Town's total payroll cost, excluding benefits, was approximately \$812,131 for fiscal 2013. Also, police officers receive on-behalf payments of State supplemental pay, which was approximately \$154,616 for fiscal year 2013. These on-behalf payments are recognized as revenues and expenditures in the General Fund. Contributions to these retirement systems were based on participating full-time employee earnings.

Municipal employees participating in the Municipal System are entitled to a retirement benefit at or after age 60 with 10 years of creditable service or at any age with 25 years of creditable service. The retirement benefit is generally three percent of the member's final compensation multiplied by his years of creditable service. However, under certain conditions as outlined in the statutes, the benefits are limited to specified amounts. The system also provides death and disability benefits as well as a deferred retirement option. Benefits are established by state legislation. The Municipal System issues a publicly available financial report that includes the financial statements and required supplementary information for the Municipal System. That report may be obtained by writing to the Municipal Employees' Retirement System, 7937 Office Park Blvd., Baton Rouge, Louisiana 70809.

TOWN OF JEAN LAFITTE, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
June 30, 2013

NOTE 7 - EMPLOYEE BENEFIT PLAN (CONTINUED)

Police participating in the Police System for at least one year are eligible for normal retirement at or after age 50 with 20 years of creditable service, age 55 with 12 years creditable service or at any age with 25 years of creditable service. The retirement benefit is generally three and one-third percent of the members' average final compensation multiplied by their years of creditable service (not to exceed 100% of average final compensation). The system also provides death and disability benefits as well as a deferred retirement option. Benefits are established by State legislation. The Police System issues a publicly available financial report that includes the financial statements and required supplementary information for the Police System. That report may be obtained by writing to the Municipal and State Police Retirement System of Louisiana, 8401 United Plaza Building, Room 235, Baton Rouge, Louisiana 70809.

State legislation has established the obligations of the Town and its employees for contributions at 14.25% and 9.25% of employee earnings, respectively, for the Municipal System, as well as 29% and 7.50% of employee earnings, respectively, for the Police System. The Town's contributions to the Municipal System for the years ending June 30, 2013 and 2012 were approximately \$26,144 and \$31,000, respectively, equal to the required contribution for each year. The Town's contributions to the Police System for the years ending June 30, 2013 and 2012 were approximately \$35,444 and \$26,000, respectively, equal to the required contribution for each year.

NOTE 8 - 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 9 - CAPITAL PROJECTS FUND BALANCE

The Capital Projects Fund had a deficit balance of (\$3,152,091) at June 30, 2013. This was due to general revenues which had been recorded in the General Fund being used to finance certain capital projects. As these capital projects are completed, funds will be transferred from the General Fund to the Capital Projects Fund to cover the deficit fund balance. At such time, the deficit fund balance will be eliminated.

NOTE 10 - PRIOR PERIOD ADJUSTMENTS - CORRECTION OF ERRORS

In its June 30, 2012 financial statements, the Town reported receivables of \$508,209, accounts payable of \$508,483, and construction in progress of \$1,618,155. These balances were reported without accounting for \$758,937 in CDBG revenues and receivables and \$417,205 in related expenses and payables. Such revenues and expenses were awaiting approval by Jefferson Parish, Louisiana, and were not reported by the Town in fiscal year 2012. Due to the effect of this error, construction in progress was understated by \$403,763 at June 30, 2012. General Fund expenses

TOWN OF JEAN LAFITTE, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
June 30, 2013

NOTE 10 – PRIOR PERIOD ADJUSTMENTS - CORRECTION OF ERRORS
(CONTINUED)

were also understated by \$41,758 due to certain reconciling errors and expenses being recorded in the subsequent year. Due to these errors, the CDL payable was understated by \$31,640, prepaid assets were overstated by \$14,979, cash was overstated by \$15,000, and interest payable was overstated by \$9,193. These prior period adjustments are presented as an adjustment to the beginning fund balance in the Statement of Revenues, Expenses and Changes in Fund Balance – Governmental Funds, and as an adjustment to the beginning fund balance in the Statement of Activities.

	<u>General Fund</u>	<u>Capital Projects Fund</u>	<u>Total Governmental Funds</u>
Fund Balance – June 30, 2012	\$ 2,042,711	\$ (1,618,155)	\$ 424,556
Prior Period Adjustments	<u>(41,758)</u>	<u>341,732</u>	<u>299,974</u>
Fund Balance, as restated	<u>\$ 2,000,953</u>	<u>\$ (1,276,423)</u>	<u>\$ 724,530</u>
	Balance June 30, 2012 As previously Stated	Prior Period Adjustments	Balance June 30, 2012 As restated
Governmental Activities			
Cash	\$ 298,372	\$ (15,000)	\$ 283,372
Receivables	508,209	758,645	1,266,854
Prepaid assets	75,008	(14,979)	60,029
Capital assets being depreciated, net	<u>17,600,025</u>	<u>(632,366)</u>	<u>16,967,659</u>
Total Assets	<u>18,533,064</u>	<u>96,300</u>	<u>18,629,364</u>
Accounts payable	508,483	428,692	937,175
CDL payable	247,423	31,640	279,063
Interest payable	<u>22,263</u>	<u>(9,193)</u>	<u>13,070</u>
Total liabilities	<u>778,169</u>	<u>451,139</u>	<u>1,229,308</u>
Fund Balance	<u>\$ 17,754,895</u>	<u>\$ (354,839)</u>	<u>\$ 17,400,056</u>

NOTE 11 – NEW REPORTING STANDARD

In June 2012, the Governmental Accounting Standards Board (“GASB”) issued Statement No. 67, Accounting and Financial Reporting for Pensions. GASB No. 67 establishes standards for measuring and recognizing liabilities associated with pension plans of employer governments. This

TOWN OF JEAN LAFITTE, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
June 30, 2013

NOTE 11 – NEW REPORTING STANDARD (CONTINUED)

accounting standard is effective for the Town's financial statements for the year ended June 30, 2014. The Town has not yet determined the impact that adoption of GASB 67 will have on its government wide financial statements.

REQUIRED SUPPLEMENTARY INFORMATION - PART II

TOWN OF JEAN LAFITTE, LOUISIANA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL - GENERAL FUND
For the Year Ended June 30, 2013
(UNAUDITED)

	Actual Amounts	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
REVENUES				
Taxes	\$ 190,489	\$ 183,000	\$ 182,752	\$ 7,737
Licenses and permits	43,836	55,500	61,500	(17,664)
Rental income	68,641	66,000	104,900	(36,259)
Fines and forfeitures	10,396	40,000	10,000	396
Gaming	344,889	402,250	383,250	(38,361)
Intergovernmental	829,736	475,175	873,080	(43,344)
Interest	156	250	-	156
Other revenues	191,988	133,500	416,550	(224,562)
Total revenues	1,680,131	1,355,675	2,032,032	(351,901)
EXPENDITURES				
Current:				
General government	1,698,545	1,202,834	1,692,751	(5,794)
Public safety	211,982	150,116	211,259	(723)
Total expenditures	1,910,527	1,352,950	1,904,010	(6,517)
Excess (deficiency) of revenue over expenditures	(230,396)	2,725	128,022	358,418
OTHER FINANCING SOURCES				
Transfer in	1,789,812	-	-	(1,789,812)
Proceeds on sale of equipment	120,000	-	-	(120,000)
Total other financing sources	1,909,812	-	-	1,909,812
Net Change in Fund Balance	1,679,416	2,725	128,022	1,551,394
Fund balance - beginning (as previously reported)	2,042,711	3,865,988	3,865,988	(1,823,277)
Prior period adjustment	(41,758)	-	-	(41,758)
Fund balance - beginning (as restated)	2,000,953	3,865,988	3,865,988	1,865,035
Fund balance - ending	\$ 3,680,369	\$ 3,868,713	\$ 3,994,010	\$ 313,641

The notes to the Required Supplementary Information are an integral part of this schedule.

TOWN OF JEAN LAFITTE, LOUISIANA
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
For the Year Ended June 30, 2013

NOTE 1 - BUDGETARY BASIS OF 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.

OTHER SUPPLEMENTAL INFORMATION

**TOWN OF JEAN LAFITTE, LOUISIANA
SCHEDULE OF COUNCIL'S COMPENSATION
For the Year Ended June 30, 2013**

	<u>Amount</u>
Barry Bartholomew	\$ 6,050
Christy Creppel	6,050
Shirley Guillie	6,025
Calvin LeBeau	6,025
Verna Smith	<u>6,050</u>
TOTAL COUNCIL'S COMPENSATION	<u>\$ 30,200</u>



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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, in accordance with the 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, the financial statements of the governmental activities and the aggregate remaining fund information of the Town of Jean Lafitte (the "Town"), as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements and have issued our report thereon dated December 20, 2013.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Town's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness the Town's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying Schedule of Findings and Questioned Costs, we identified certain deficiencies in internal control that we consider to be material weaknesses.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a

deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Town's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiency described in the accompanying Schedule of Findings and Questioned Costs, as item 2013-01 to be a material weakness, and item 2013-02 to be a significant deficiency.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, 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 an instance of noncompliance that is required to be reported under *Government Auditing Standards*. We consider item 2013-03 to be an instance of noncompliance.

The Town's Response to Findings

The Town's response to the findings identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs. The Town's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Town's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Town's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Carr, Riggs & Ingram, LLC

December 20, 2013



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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

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

Report on Compliance for Each Major Federal Program

We have audited The Town of Jean Lafitte's (the "Town") compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the Town's major federal programs for the year ended June 30, 2013. The Town's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Town's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Town's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the Town's compliance.

Opinion on Each Major Federal Program

In our opinion, the Town, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2013.

Report on Internal Control Over Compliance

Management of the Town is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Town's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Town's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2013-04 to be a material weakness.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purposes.

Carr, Riggs & Ingram, LLC

December 20, 2013

**TOWN OF JEAN LAFITTE, LOUISIANA
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 FOR THE YEAR ENDED JUNE 30, 2013**

	<u>FEDERAL CFDA NUMBER</u>	<u>FEDERAL EXPENDITURES</u>
DEPARTMENT OF JUSTICE		
Passed Through Louisiana Commission Law Enforcement:		
Crime Victim Assistance	16.575	<u>\$ 12,485</u>
TOTAL DEPARTMENT OF JUSTICE		<u><u>\$ 12,485</u></u>
FEDERAL EMERGENCY MANAGEMENT AGENCY		
Passed through Louisiana Office of Emergency Preparedness:		
Disaster Grants - Public Assistance	97.036	<u>\$ 29,864</u>
TOTAL FEDERAL EMERGENCY MANAGEMENT AGENCY		<u><u>\$ 29,864</u></u>
DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT		
Passed through Louisiana Office of Community Development		
Community Development Block Grant	* 14.228	<u>\$ 1,070,759</u>
TOTAL DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT		<u><u>\$ 1,070,759</u></u>
DEPARTMENT OF TRANSPORTATION		
Passed through Louisiana Department of Transportation and Development		
Recreational Trails Program	20.607	<u>\$ 91,790</u>
TOTAL DEPARTMENT OF TRANSPORTATION		<u><u>\$ 91,790</u></u>
DEPARTMENT OF LABOR		
Passed through Louisiana Department of Labor		
Workforce Investment Act	* 17.277	<u>\$ 325,965</u>
TOTAL DEPARTMENT OF LABOR		<u><u>\$ 325,965</u></u>
TOTAL FEDERAL FINANCIAL EXPENDITURES		<u><u>\$ 1,530,863</u></u>

* This program is considered to be a major program under OMB Circular A-133.

The accompanying Notes to Schedule of Expenditures of Federal Awards are an integral part of this schedule.

TOWN OF JEAN LAFITTE, LOUISIANA
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2013

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards has been prepared on the accrual basis of accounting. Grant revenues are recorded for financial reporting purposes when the Town has met the qualifications for the respective grants. Several programs are funded jointly by State of Louisiana appropriations and federal funds. Costs incurred in programs partially funded by federal grants are applied against federal grant funds to the extent of revenue available when they properly apply to the grant.

ACCRUED AND DEFERRED REIMBURSEMENT

Various reimbursement procedures are used for federal awards received by the Town. Consequently, timing differences between expenditures and program reimbursements can exist at the beginning and end of the year. Accrued balances at year end represent an excess of reimbursable expenditures over cash reimbursements and expenditures will be reversed in the remaining grant period.

PAYMENTS TO SUBRECIPIENTS

The Town did not make any payments to subrecipients for the year ended June 30, 2013.

TOWN OF JEAN LAFITTE, LOUISIANA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2013

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. One (1) material weakness and one (1) significant deficiency in internal control over financial reporting are reported in *Independent Auditors 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 (2013-01 & 2013-02)*.
3. One instance of noncompliance material to the financial statements of the Town of Jean Lafitte, Louisiana, which would be required to be reported in accordance with *Government Auditing Standards*, was disclosed during the audit (2013-03).
4. One material weakness relating to the audit of the major federal award programs are reported in the *Report on Compliance with Requirements That Could Have a Direct and Material Effect on Each Major Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133 (2013-04)*.
- 5.
6. The auditor's report on compliance for the major federal award programs for the Town of Jean Lafitte expresses an unqualified opinion on all major federal programs.
7. There were no findings that are required to be reported in accordance with Section 510(a) of OMB Circular A-133.
8. The following program was identified as a major program:

<u>CFDA Number</u>	<u>Name of Federal Program (or Cluster)</u>
14.228	Community Development Block Grants
17.277	Workforce Investment Act

9. The threshold for distinguishing Types A and B programs was \$300,000.
10. The Town of Jean Lafitte did qualify as a low-risk auditee.
11. A management letter was not issued for the year ended June 30, 2013.

TOWN OF JEAN LAFITTE, LOUISIANA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
For the Year Ended June 30, 2013

B. FINDINGS - FINANCIAL STATEMENTS AUDIT

INTERNAL CONTROLS

2013-01: INTERNAL CONTROLS OVER ACCOUNTING FUNCTIONS

Criteria – Governments are required to prepare financial statements in conformity with generally accepted accounting principles (GAAP) as applied to governmental units, as well as using a fund accounting system to account for the separate activities of the Town.

Condition – The Town does not maintain its accounting records on an accrual basis, resulting in material misstatements in the unadjusted balances of its receivables, payables, fixed assets, and fund balance.

Cause – The Town maintains its financial records on a cash basis, and does not possess sufficient knowledge of US GAAP to do otherwise.

Effect – Unadjusted balances for receivables, payables, fixed assets, and fund balance were materially misstated.

2013-02: INTERNAL CONTROLS OVER CASH

Criteria – The Town requires an employee to review all cash receipts and supporting documentation before bank deposits are made.

Condition – For a period of time, the Town did not adhere to its internal control policies and procedures, and, as a result, an employee was able to misappropriate approximately \$23,000 of the Town's cash receipts.

Cause – An employee bypassed the internal controls of the Town by both collecting and depositing cash receipts. From June of 2011 through October of 2013, this employee was able to misappropriate certain cash receipts primarily for traffic fines, rents, and regulatory licenses by only depositing a portion of the week's receipts into the Town's bank account.

Effect – Approximately \$23,000 of cash receipts for traffic fines, rents, and regulatory licenses were misappropriated from the Town. The majority of the misappropriations occurred in fiscal year 2013, and were subsequently discovered by management of the Town during their periodic analysis of revenues. The Town is attempting to recover its losses through its insurance coverage and/or repayment from the former employee.

TOWN OF JEAN LAFITTE, LOUISIANA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
For the Year Ended June 30, 2013

2013-03: COMPLIANCE WITH THE LOUISIANA LOCAL BUDGET ACT

Criteria: Louisiana Revised Statute 39.1311 requires governments to amend their budgets when budgeted revenues exceed actual revenues by more than 5 percent.

Condition: For the year ended June 30, 2013, the General Fund budgeted revenues are approximately 17% lower than actual revenues.

Cause: As a result of adjusting journal entries, the Town did not appropriately amend the budget of the General Fund.

Effect: The Town is not in compliance with LA Revised Statute 39:1311 for the year ended June 30, 2013.

**C. FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARD PROGRAM
AUDIT**

2013-04: INTERNAL CONTROLS OVER SCHEDULE OF EXPENDITURES OF FEDERAL
AWARDS

Criteria – All expenditures of Federal Awards must be included on the Schedule of Expenditures of Federal Awards.

Condition – As described in 2013-01, The Town does not maintain its accounting records on an accrual basis.

Cause – The Town does not maintain its accounting records on the accrual basis, which caused the exclusion of \$758,957 of CDBG program expenditures from the fiscal year 2012 Schedule of Expenditures of Federal Awards.

Effect – The fiscal year 2012 Schedule of Expenditures of Federal Awards was materially misstated.

**TOWN OF JEAN LAFITTE, LOUISIANA
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS AND
QUESTIONED COSTS
For the Year Ended June 30, 2013**

FINDINGS - FINANCIAL STATEMENT AUDIT

N/A.

MANAGEMENT LETTER

N/A.

**TOWN OF JEAN LAFITTE, LOUISIANA
CORRECTIVE ACTION PLAN
For the Year Ended June 30, 2013**

SECTION I FINDINGS RELATED TO FINANCIAL STATEMENT AUDIT

INTERNAL CONTROLS

2013-01: INTERNAL CONTROLS OVER ACCOUNTING AND FINANCIAL REPORTING

Classification – Material Weakness

Corrective Action Plan – The Town will investigate the feasibility of hiring an outside accountant to perform year end accruals and will continue to record all audit adjusting entries.

2013-02: INTERNAL CONTROLS OVER CASH RECEIPTS

Classification – Significant Deficiency

Corrective Action Plan – The Town will ensure that there are proper segregation of duties over internal controls over cash receipts, and that these controls are adhered to by all employees. All cash deposits will be reconciled with cash receipts weekly.

COMPLIANCE

2013-03: COMPLIANCE WITH THE LOUISIANA LOCAL BUDGET ACT

Classification – Compliance Finding

Corrective Action Plan – The Town will amend the General Fund budget to reflect actual activity to ensure compliance with LA Revised Statute 39:1311.

SECTION II FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARD PROGRAM AUDIT

2013-04: INTERNAL CONTROLS OVER SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Classification – Material Weakness

Corrective Action Plan – The Town will investigate the feasibility of hiring an outside accountant to perform year end accruals and will continue to record all audit adjusting entries. The Town will also review the Schedule of Expenditures of Federal Awards to ensure that all grant programs received in the fiscal year are included.