

TOWN OF JEAN LAFITTE

FINANCIAL REPORT

**For the Year Ended
June 30, 2017**

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FINANCIAL SECTION

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INDEPENDENT AUDITORS' 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, 2017, 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.

Auditors' 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 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 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 auditors' 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 auditors consider 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.

Opinions

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, 2017, and the respective changes in financial position for the year then ended in accordance 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, the Schedule of Funding Progress, Pension Schedules, and budgetary comparison information on pages 7 through 14, pages 52 through 55, and page 56, respectively, 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 General Fund Schedule of Revenues – Budget to Actual, General Fund Schedule of Expenses – Budget to Actual, Schedule of Revenues, Expenditures and Changes in Fund Balances – Capital Projects Fund, Schedule of Town Council's Compensation, Schedule of Compensation and Other Payments to Agency Head or Chief Executive Officer, Schedule of State Funding, and Schedule of Expenditures of Federal Awards ("SEFA") are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The General Fund Schedule of Revenues – Budget to Actual, General Fund Schedule of Expenses – Budget to Actual, Schedule of Revenues, Expenditures and Changes in Fund Balances – Capital Projects Fund, Schedule of Town Council’s Compensation, Schedule of Compensation and Other Payments to Agency Head or Chief Executive Officer, Schedule of State Funding, and SEFA 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.

Our Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 27, 2017, 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.

Cam, Riggs & Ingram, L.L.C.

December 27, 2017

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REQUIRED SUPPLEMENTARY INFORMATION - PART I

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TOWN OF JEAN LAFITTE, LOUISIANA MANAGEMENT'S DISCUSSION AND ANALYSIS June 30, 2017

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, 2017. It should be read in conjunction with the financial statements and the notes to the financial statements.

FINANCIAL HIGHLIGHTS

- The Auditors' report/opinion was "unmodified" (i.e., a clean opinion) for the year ended June 30, 2017.
- The assets of the Town exceeded its liabilities at June 30, 2017 by \$32,418,075. Of this amount, \$31,284,799 or 96.5% is invested in capital assets, such as land, buildings, equipment, vehicles and infrastructure. The remaining balance of \$1,133,276 or 3.5% may be used to meet the Town's ongoing obligations to its citizens and creditors.
- The Town's total net position increased by \$888,079 during 2017. Although some recurring revenues (such as sales taxes) rose over last year, most of this increase is attributable to the receipt of \$1,500,000 from BP as a settlement for economic losses suffered from the Deepwater Horizon oil spill. The completion of various capital projects also increased the net position of the Town.
- At June 30, 2017, the Town's governmental funds reported an ending fund balance of \$1,090,233, an increase of \$901,123 over the prior year. This includes \$1,659,905 in the General Fund and a deficit fund balance of \$(569,672) in the Capital Projects Fund. The portion of the fund balance that is available for spending at the Town's discretion in the General Fund is \$1,568,224 or 143.8% of the total fund balance and 108.2% of current year expenditures in the General Fund.
- Under Government Accounting Standards Board (GASB) Codification Section P20, the Town records its proportionate share of the Net Pension Liability reported by the two pension plans it participates in. At year end, this net pension obligation totaled \$496,441. There are also a number of deferred inflows of resources and deferred outflows of resources related to these pension plans that are recorded at year end and amortized over the next few years. At year end, deferred outflows related to the pension were \$186,910 and deferred inflows were \$77,232.

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.

TOWN OF JEAN LAFITTE, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
June 30, 2017

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, urban development and housing, 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 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.

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.

Required Supplementary Information- Part II. The new pension accounting and reporting standards require two new historical schedules on the Town's proportionate share of the Net Pension Liabilities for the pension plans it participates in, along with a schedule of pension contributions made. These schedules are included here.

In addition, the Town adopts an annual budget for its General Fund. A budgetary comparison statement has been provided for this fund in this Section.

Other information. Various individual fund statements and schedules for the General Fund and the Capital Projects fund follow the footnotes. Other supplemental information, including the Schedule of Councilperson's Compensation, and the Schedule of State Funds, follow these schedules.

Compliance Section. Due to the amount of federal funding, the Town is not required to undergo an audit in accordance with the Uniform Administrative Guidance (i.e., Single Audit). The yellow book required auditor reports on internal control and compliance are included here, as well as the Schedule of Expenditures of Federal Awards, the Schedule of Findings and Responses.

**TOWN OF JEAN LAFITTE, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
June 30, 2017**

GOVERNMENT-WIDE FINANCIAL ANALYSIS

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

Net Position Governmental Activities June 30,					
		2017	2016		
Current and other assets	\$	1,741,621	\$ 1,812,793		
Capital assets		31,284,799	31,402,932		
Total assets		<u>33,026,420</u>	<u>33,215,725</u>		
Deferred outflows - pension-related		<u>186,910</u>	<u>134,570</u>		
Current liabilities		494,082	1,232,034		
Non-current liabilities - other		-	-		
Non-current liabilities - pension-related		496,441	468,570		
Total liabilities		<u>990,523</u>	<u>1,700,604</u>		
Deferred inflows - pension-related		<u>77,232</u>	<u>119,695</u>		
Net Position					
Net investment in capital assets		31,284,799	96.5%	31,402,932	99.6%
Restricted for Capital Projects		-	0.0%	188,657	0.6%
Unrestricted					
Designated		-	0.0%	-	0.0%
Undesignated		1,133,276	3.5%	(61,593)	-0.2%
Total net position		<u>\$ 32,418,075</u>	100.0%	<u>\$ 31,529,996</u>	100.0%

The "net investment in capital assets" totals \$31,284,799 and represents the Town's net book value of its capital assets, net of any related debt. It is the accumulation of the Town's investments in capital assets over the years. These assets are not available for spending. The remaining balance of \$1,133,276 of unrestricted net position may be used to meet the Town's ongoing obligations to citizens and creditors.

Reporting under GASB Codification Section P20 related to pensions results in the recognition of deferred inflows and outflows of resources related to the pension, a non-current liability for pension obligations, and the resulting negative Undesignated Net Position.

TOWN OF JEAN LAFITTE, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
June 30, 2017

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

Changes in Net Position Governmental Activities For the Year Ended June 30,		
	2017	2016
Revenues		
Program Revenues:		
Charges for Services	\$ 194,344	\$ 188,392
Operating Grants and Contributions	280,409	286,060
Capital Grants and Contributions	340,074	5,081,000
General Revenues:		
Taxes	366,248	317,946
Gaming	349,457	346,053
Unrestricted Interest Earnings	4,287	165
BP Economic Loss Settlement	1,500,000	-
Insurance Proceeds	4,316	-
Miscellaneous Revenues	12,169	15,513
Total Revenues	3,051,304	6,235,129
Expenses		
General Government	1,235,467	1,004,322
Public Safety	159,211	127,957
Public Works	267,975	167,216
Urban Development and Housing	13,974	4,727
Culture and Recreation	485,313	339,960
Interest on Long-term Debt	1,285	1,289
Total Expenses	2,163,225	1,645,471
Change in Net Position	888,079	4,589,658
Net Position - Beginning	31,529,996	26,940,338
Net Position - Ending	\$ 32,418,075	\$ 31,529,996

Charges for services include licenses and permits, facility rentals, gym membership fees, fines and forfeitures, royalties and special event charges. For 2017, this category was up \$5,952 due to 1) a decrease in facility rentals of \$(22,609) due to BP renting part of Town Hall in the prior year for claims services, 2) a decrease of \$(10,510) in insurance premiums, 3) an increase of \$10,298 in fines and forfeitures, 4) an increase of \$32,960 in special event revenues (as the Town began hosting dances and social events once more), and 5) a drop \$(3,344) in miscellaneous revenues.

TOWN OF JEAN LAFITTE, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
June 30, 2017

Operating grants include state allocations for parish transportation funds, beer taxes, senior citizen utilities grants, on-behalf payments made to the pension plan by non-employer entities, CDBG housing assistance grants, and donations from BP and other sources. This category went down \$(5,651) compared to the prior year due to 1) a drop of \$(30,000) in funding from the Parish for advertising/tourism, 2) an increase of \$4,000 from the Parish for costs associated with the Auditorium grand opening, 3) an increase of \$3,000 in donations, 4) an increase of \$8,098 in operating grants received by the Police Department for JAG grants and Highway Safety grants, and 5) an increase of \$9,247 in the JP/CDBG – Home Investment Program. This federal program is flowing funds through the Town to help elevate or repair a number of houses that were previously damaged by hurricanes. The project got underway in 2015 and made significant progress. Due to delays, there has been little activity in 2016 and 2017.

Capital Grants include various grants from federal, state and parish/local sources to help fund major construction activity in the Town. This includes CDBG Disaster Recovery Grants, FEMA grants, police equipment grants, State Capital Outlay funds, and miscellaneous grants from the Parish for repairs and improvements. This category was down \$(4,740,926) from last year due to the following: 1) FEMA disaster funds (down \$(47,317)), 2) CDBG Disaster Recovery Grants related to the construction of Seafood/Fisherman's Market, the Auditorium, and drainage work in the area (down \$(3,908,439)), 3) State Capital Outlay money for the Seafood Market (down \$(191,159)), 4) a decrease in funding from Jefferson Parish for the auditorium project (down \$(300,000)), and 5) a decrease in funding from Jefferson Parish for the seafood market project (down \$(296,320)).

Taxes include sales taxes for general operations and law enforcement, as well as franchise taxes from various utility and cable companies. This revenue was up \$50,611 due to increases in sales taxes (improving economy) offset by slightly lower franchise fee revenues.

Gaming includes money received from the Parish for the Town's allocation of Boomtown Belle Casino boarding fees (the Town receives 5% of the fees) and the allocation received from the State for video poker machines within the Town limits. This category went up \$3,454 mostly due to higher fees from the Boomtown Belle Casino boarding fee.

BP Economic Loss Settlement revenues were up \$1,500,000 due to the final settlement of the Deepwater Horizon lawsuit.

Insurance Proceeds and Miscellaneous Revenues were up (down) \$4,316 and \$(3,344), respectively. An insurance claim received in the current year that did not occur in 2016.

Expenses totaled \$2,163,225 for 2017, an increase of \$517,754. The majority of this increase was seen in the **General Government Function** (up \$231,145) due to increases in salaries and benefits (raises given), along with increases in legal costs, insurance, office expenditures, repairs and maintenance, and utilities (new facilities coming on-line). **Public Safety** costs went up \$31,254 due to an increase in salaries and benefits (due to raises and the addition of a full-time officer), and a slight drop in depreciation expense. **Public Works** was up \$100,759, mostly due to an \$86,000 increase in depreciation (as capital projects that were completed last year are now being depreciated). **Urban Development and Housing Function** (up \$9,247) due mainly to the JP/CDBG Home Investment Program, which is paying for the elevation or repair of a number of homes in the area that were damaged by previous hurricanes. Due to delays, little work was done in 2017. **Culture and Recreation** increased \$145,353 due to a \$154,000 increase in depreciation (as capital projects that were completed last year are now being depreciated). This increase was offset by a drop in tourism costs.

FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

As noted earlier, the Town uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. To accomplish this, the Town maintains two "governmental funds" – the General Fund and the Capital Projects Fund. The focus on these governmental funds is to provide information on near-term inflows, outflows, and spendable resources. Such information is useful in assessing the Town's financing requirements. In

TOWN OF JEAN LAFITTE, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
June 30, 2017

particular, *unassigned fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the year.

As of June 30, 2017, the Town's governmental funds reported combined ending fund balances of \$1,090,233, an increase of \$901,123 from the prior year. \$91,681 or 8.4% is classified as *non-spendable fund balance* and the balance of \$998,552 or 91.6% is classified as *unassigned fund balance*, which is available or spending at the Town's discretion. This amount is a net of the General Fund's *unassigned fund balance* of \$1,568,224 and the Capital Projects fund's deficit in *unassigned fund balance* of \$(569,672) at year-end.

Overall, revenues of the Town's governmental funds have varied over the years due to amount and timing of funding from federal, state, and parish/local grants. For the year ended June 30, 2017, governmental revenues totaled \$3,004,193. Of this amount, \$2,833,733 was recorded in the General Fund and \$170,460 was in the Capital Projects Fund. While the General Fund revenues are derived from various sources, the Capital Projects Fund revenues are mostly federal, state or parish/local grants.

The **General Fund** is the Town's chief operating fund. At year end, unassigned fund balance of the General Fund totaled \$1,568,224, which is 143.8% of the total governmental fund balance. As a measure of the liquidity of the General Fund, it may be useful to compare the unassigned fund balance to total fund expenditures. For 2017, the unassigned fund balance equaled 108.2% of the current year expenditures of the fund (up from 16.9% last year).

The General Fund's revenues totaled \$2,833,733 for 2017.

- Taxes totaled \$366,248, including sales taxes of \$280,878 and franchise taxes of \$85,370. In total, this was an increase of \$48,302 or 15.2% over last year.
- Intergovernmental revenues totaled \$392,322, including \$159,971 from federal grants, \$191,387 from state grants and allocations, and \$40,964 from parish/local grants. In total, this was an increase of \$28,739 or 7.9% from last year. As noted previously, the majority of this increase had to do with the federal grants, particularly FEMA and police grants.
- Licensees and permits totaled \$63,959, which was a decrease of \$(12,449) or 16.3% from last year, mostly in insurance premium taxes.
- Service charges, rentals and fees totaled \$72,554. In total, this was a decrease of \$(23,434) or 24.4% from last year (mostly due to BP discontinuing the rental of the Town Hall area for claims service).
- Fines and forfeitures totaled \$18,983, which was an increase of \$10,298 or 118.6% from last year.
- Gaming fees and commissions totaled \$349,457, including \$348,183 from the Boomtown Casino boarding fees and \$1,274 from video poker allocations. In total, this was an increase of \$3,404 or 1.0% over last year.
- Other income totaled \$1,565,923, which is \$1,535,507 or 5048.4% higher than last year. The majority of this change had to do with 1) a \$1,500,000 settlement from BP for economic losses suffered from the Deepwater Horizon oil spill, 2) an increase of \$32,960 in special event revenues (as the Town is once again hosting dances and social events), 3) an increase of \$3,000 in donations, and 4) and increase of \$4,316 in insurance proceeds.

Expenditures of the General Fund totaled \$1,449,787, which was \$308,193 or 27.0% more than last year. The largest changes were seen in General Government Function which saw changes in salaries and benefits (up \$84,623 - due to a raise given early in the year for both the Council and the regular employees), and general and administrative costs (up \$182,535 - due to various increases and decreases in several line-items (auto and truck costs, legal costs, insurance, repairs and maintenance, and utilities). The Public Safety function went up \$36,141 due to an increase in salaries (raises plus the addition of an officer). The Public Works Function was up \$15,026 due to road maintenance costs. The Urban Planning and Housing Function was up \$9,247 as the CDBG Housing Assistance project had some activity on it. The Culture and Recreation Function was down \$(8,871) which was a net of an increase in special event costs offset by a drop in tourism costs. Finally, capital outlay went down \$(10,508) as no capital outlay was recorded in the current year.

**TOWN OF JEAN LAFITTE, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
June 30, 2017**

The **Capital Projects Fund** incurred \$653,283 on various construction projects, including the new Seafood/Fisherman's Market, the new Auditorium, a Seafood Market Equipment and Modification project, and several street drainage projects in the Town. This included \$49,080 in architect fees, \$278,373 in construction costs, \$323,954 in equipment and fixtures, and \$1,876 in other expenditures. \$170,460 was recognized as revenue after recording \$402,813 as deferred inflows - unavailable grant revenues. The General Fund also transferred \$1,449 to this fund to help cover costs on a project.

GENERAL FUND BUDGETARY HIGHLIGHTS

The General Fund budgeted revenues were increased \$877,165 or 47.4% to reflect changes in activity. Revenues were increased to reflect 1) an increase of \$2,750 in taxes, 2) a decrease of \$(608,100) in intergovernmental revenues (primarily for a decrease in the CDBG- Housing Assistance Grant of \$(625,500) due to delays on the project), 3) a decrease of \$(54,600) in service charges, rentals and fees (primarily in facility rentals - down \$(54,600) due to delays in opening the seafood market and the auditorium), 4) an increase of \$3,750 in fines and forfeitures, 5) an increase of \$3,400 in interest income, and 6) an increase of \$1,530,615 in other income (mainly due to additional advertising funds from BP - \$7,590 plus the proceeds from the BP Economic Loss lawsuit settlement of \$1,500,000). Expenditures were decreased \$(435,610) to reflect the lower costs associated with the revenues noted above. General and Administrative costs were increased \$127,890 (mostly for increases in salaries and benefits, legal, and repairs and maintenance). Public Safety went up \$32,000 mostly in salaries. Public Works went up \$15,250 for road maintenance costs. Urban Development and Planning went down \$(625,500) as the CDBG Housing Assistance program was delayed. Culture and Recreation went up \$8,750 to reflect a drop in tourism advertising costs associated with the Parish grant offset by an increase in special event costs (dances and socials).

The Town's General Fund actual revenues exceeded budget by approximately \$105,318 or 3.9%. This is principally due to the Town collecting slightly more than expected in sales taxes, federal grants, parish/local grants, fines and forfeitures, and Boomtown gaming fees. The Town's general fund actual expenditures exceeded budget by approximately \$57,758 or 4.1%. The majority of this variance was in the General Government Function (over budget by \$73,599) as repairs and maintenance and utilities came in higher than expected. The Culture and Recreation function was over budget by \$13,234 mainly in special events.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets. The following table reflects the Town's investment in capital assets, net of depreciation, as of June 30, 2017.

Capital Assets, Net Governmental Activities June 30,		
	2017	2016
Land	\$ 690,985	\$ 690,985
Land Improvements	285,295	275,708
Buildings	20,342,807	10,436,715
Building Improvements	1,305,840	1,382,741
Furniture, Fixtures, and Equipment	300,731	59,187
Vehicles and Heavy Equipment	96,585	122,155
Infrastructure (Roads and Drainag)	8,222,556	4,825,046
Construction in Progress	40,000	13,610,395
Net Investment in Capital Assets	\$ 31,284,799	\$ 31,402,932

TOWN OF JEAN LAFITTE, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
June 30, 2017

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, the Auditorium, and the Seafood/Fisherman's Market. Depreciation expense for the year ended June 30, 2017 was \$801,416, as compared to \$567,464 for the year ended June 30, 2016.

Long-term Debt. At year end, the Town had long-term debt of \$78,309. This amount is made up of \$68,719 of principal due on a Community Disaster Loan from FEMA for Hurricane Gustav, along with \$9,590 of accrued interest on the loan. The Town had borrowed \$279,063 but was given a partial forgiveness of the loan balance in April 2015. The balance reflected as debt on the Statement of Net Position is the amount still owed. The Town obtained a five-year extension on repayment of the loan and has until April 2, 2019 to pay all or part of it back. Despite this extension, the amount is included in current liabilities since it is due now, but the Town has up to 5 years to pay it back. The Town continues to look for funds to repay this outstanding portion of the loan.

Net Pension Liability. On the Statement of Net Position, the Town is also showing a non-current liability – pension-related totaling \$496,441. This represents the Town's proportionate share of the Net Pension Liabilities of the Municipal Employees' Retirement System (\$431,000) and the Municipal Police Employees' Retirement System (\$65,441). Under GASB Statement No. 68, the Town recognizes its share of the pension liabilities on its government-wide financial statements. This liability saw an increase in the current year (up \$27,871) due to slightly lower than expected earnings, along with changes in assumptions, changes in proportionate share, changes in experience, etc.

ECONOMIC OUTLOOK

- The unemployment rate for the Parish of Jefferson is currently 5.2 percent, which is 0.8 lower than it was a year ago. In the fishing community of Lafitte, which is heavily dependent on offshore oil, tourism and commercial fisheries (primarily shrimping), the rate tends to be slightly higher at times.
- Inflationary trends in the region compare favorably to national indices.
- The Town is continuing its program of drainage improvements and construction projects, most of which are being funded through Federal, State and Parish/Local grants. These construction projects include the completion of the auditorium,

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 Mayor or 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, 2017**

	Governmental Activities
ASSETS	
Current Assets:	
Cash	\$ 943,177
Investments	31,861
Receivables	674,902
Prepaid items	91,681
Total current assets	<u>1,741,621</u>
Capital Assets, net of depreciation	<u>31,284,799</u>
Total Assets	<u>33,026,420</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows - pension-related	<u>186,910</u>
LIABILITIES	
Current Liabilities:	
Accounts payable	104,113
Salaries and benefits payable	27,999
Unearned revenues	11,161
Loans payable - Community Disaster Loan	68,719
Accrued interest payable - Community Disaster Loan	9,590
Non-Current Liabilities:	
Net pension liability	496,441
Total current liabilities	<u>718,023</u>
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows - pension-related	<u>77,232</u>
NET POSITION	
Net investment in capital assets	31,284,799
Restricted for capital projects	-
Unrestricted	1,133,276
Total Net Position	<u>\$ 32,418,075</u>

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, 2017

Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position
Governmental Activities:					
General Government	\$ 1,235,467	\$ 136,513	\$ 224,758	\$ 16,824	\$ (857,372)
Public Safety	159,211	18,983	34,087	9,968	(96,173)
Public Works	267,975	-	-	170,460	(97,515)
Urban Development and Housing	13,974	-	13,974	-	-
Culture and Recreation	485,313	38,848	7,590	142,822	(296,053)
Interest on Long-term Debt	1,285	-	-	-	(1,285)
Total Governmental Activities	\$ 2,163,225	\$ 194,344	\$ 280,409	\$ 340,074	(1,348,398)
General Revenues:					
Taxes					
Sales taxes					
					280,878
Franchise taxes					
					85,370
Gaming					
Boomtown fees					
					348,183
Video poker					
					1,274
Unrestricted interest					
					4,287
BP Economic Loss Settlement					
					1,500,000
Insurance proceeds					
					4,316
Gain (loss) on sale of equipment					
					-
Miscellaneous revenues					
					12,169
Total General Revenues					2,236,477
Change in net position					888,079
Net Position - Beginning of year					31,529,996
Net Position - end of year					\$ 32,418,075

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, 2017

	General Fund	Capital Projects Fund	Total Governmental Funds
ASSETS			
Cash	\$ 943,177	\$ -	\$ 943,177
Investments	31,861	-	31,861
Receivables	272,089	402,813	674,902
Due from other funds	552,567	-	552,567
Prepaid items	91,681	-	91,681
Total Assets	\$ 1,891,375	\$ 402,813	\$ 2,294,188
LIABILITIES			
Accounts payable	\$ 87,008	\$ 17,105	\$ 104,113
Salaries and benefits payable	27,999	-	27,999
Due to other funds	-	552,567	552,567
Unearned grant revenues	11,161	-	11,161
Total liabilities	126,168	569,672	695,840
DEFERRED INFLOWS OF RESOURCES			
Unavailable grant revenue	105,302	402,813	508,115
FUND BALANCES			
Non-spendable	91,681	-	91,681
Restricted	-	-	-
Committed	-	-	-
Assigned	-	-	-
Unassigned	1,568,224	(569,672)	998,552
Total fund balances	1,659,905	(569,672)	1,090,233
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 1,891,375	\$ 402,813	\$ 2,294,188

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 POSITION
June 30, 2017**

Total fund balances at June 30, 2017 - Governmental Funds \$ 1,090,233

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

Some of the grants receivable are not available to pay for current period expenditures and, therefore, are reported as deferred inflows (unavailable grant revenues) in the fund financial statements. 508,115

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.
Capital assets 45,212,171
Less accumulated depreciation (13,927,372)

Deferred outflows are not available to pay for current-period expenditures and, therefore, are deferred and expensed as consumed.
Deferred outflows - pension-related 186,910

Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds. Long-term liabilities at year-end consist of:
Loans payable - Community Disaster Loan (68,719)
Accrued interest payable - Community Disaster Loan (9,590)
Net pension liability (496,441)

Deferred inflows related to the pension plans are not yet available and, therefore, are deferred and recognized as revenue in future periods.
Deferred outflows - pension-related (77,232)

Net position of governmental activities at June 30, 2017 \$ 32,418,075

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, 2017**

	General Fund	Capital Projects Fund	Total Governmental Funds
REVENUES			
Taxes	\$ 366,248	\$ -	\$ 366,248
Intergovernmental			
Federal	159,971	170,460	330,431
State	191,387	-	191,387
Parish/local	40,964	-	40,964
Licenses and permits	63,959	-	63,959
Service charges, rentals and fees	72,554	-	72,554
Fines and forfeitures	18,983	-	18,983
Gaming fees and commissions	349,457	-	349,457
Interest	4,287	-	4,287
Other	1,565,923	-	1,565,923
Total Revenues	2,833,733	170,460	3,004,193
EXPENDITURES			
Current:			
General government	1,193,378	-	1,193,378
Public safety	162,951	-	162,951
Public works	16,000	-	16,000
Urban development and housing	13,974	-	13,974
Culture and recreation	63,484	-	63,484
Debt Service:			
Principal	-	-	-
Interest	-	-	-
Capital Outlay	-	653,283	653,283
Total Expenditures	1,449,787	653,283	2,103,070
Excess of Revenues over Expenditures	1,383,946	(482,823)	901,123
OTHER FINANCING SOURCES (USES)			
Transfers in	-	1,449	1,449
Transfers out	(1,449)	-	(1,449)
Total Other Financing Sources (Uses)	(1,449)	1,449	-
NET CHANGE IN FUND BALANCES	1,382,497	(481,374)	901,123
FUND BALANCES			
Beginning of year	277,408	(88,298)	189,110
End of year	<u>\$ 1,659,905</u>	<u>\$ (569,672)</u>	<u>\$ 1,090,233</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, 2017**

Net Change in Fund Balances - Total Governmental Funds	\$	901,123
Amounts reported for governmental activities in the Statement of Net Activities are different because:		
Revenue in the Statement of Activities that do not provide current financial resources are not reported as revenues in the fund financial statements.		39,442
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to decrease net position		-
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.		
Capital Outlay	\$	683,283
Depreciation Expense		<u>(801,416)</u>
		(118,133)
Some expenses are 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		(1,285)
Partial cancellation of outstanding CDL loan		-
In the Statement of Activities, certain pension-related inflows and outflows of resources are recognized in the current year, while others are deferred. The net effect of these pension-related transactions are as follows:		
Current year pension (expense) benefit per the retirement systems		7,481
Current year amortization of certain deferred inflows and outflows		(4,604)
Recognition of On-Behalf Payments made to pension plan by non-employer entities		7,669
Deferral of current year pension contributions made by employer		56,386
Changes in Net Position of Governmental Activities	<u>\$</u>	<u>888,079</u>

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

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TOWN OF JEAN LAFITTE, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2017

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 general administrative services, public safety, public works, urban development and housing, and culture and recreational 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 (i.e., the Statement of Net Position and Statement of Activities) report information on all of the 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: 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 accounts and operations of the Town are organized into "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.

Fund financial statements are provided for each governmental fund operated by the Town. 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, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 major 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. Grants and similar items are recognized as revenue when all eligibility requirements imposed by the provider have been met. As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

Fund Financial Statements

All governmental funds are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. 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.

Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). "Measurable" means the amount of the transaction can be determined and "available" means 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. As such, the Town considers sales taxes collected within 60 days of year-end to be available. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within six months after amount becomes due). Other revenues susceptible to accrual are intergovernmental revenues, grants 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.

TOWN OF JEAN LAFITTE, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
June 30, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The Town may also report unearned revenues on its balance sheet. Unearned revenues arise when potential revenues are transmitted before the eligibility requirements are met (excluding time requirements). These items are carried as a liability until both revenue recognition criteria are met, or when the Town has a legal claim to the resources. When earned, the unearned revenue is removed from the balance sheet and recognized as revenue.

D) Assets, Liabilities, and Fund Equity

1. CASH, CASH EQUIVALENTS, AND INVESTMENTS

For reporting purposes, cash includes demand deposits and petty cash.

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. (LAMP), a state sponsored external investment pool.

2. ACCOUNTS RECEIVABLE

Accounts receivable are recorded for sales tax, franchise fees, and intergovernmental revenues, and grants. All receivables were considered fully collectible at year-end, therefore, no allowance has been provided.

3. INTERFUND RECEIVABLES/PAYABLES

Activity between the Town's two funds represent short-term lending/borrowing arrangements outstanding at year end and are referred to as either "due from or due to other funds" (i.e., the current portion of the interfund loan). As a general rule, interfund balances are eliminated for purposes of the government-wide financial statements.

4. INVENTORIES

The costs of materials and supplies acquired by the governmental funds are recorded as expenditures at the time of purchase. The inventory of such materials and supplies at June 30, 2017 would not be material to the financial statements.

5. PREPAID ITEMS

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.

TOWN OF JEAN LAFITTE, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
June 30, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

6. CAPITAL ASSETS

Capital assets include land, land improvements, buildings and building improvements, equipment, vehicles and heavy 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.

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

<u>Asset Category</u>	<u>Estimated Life in Years</u>
Land improvements	20
Buildings	40
Building improvements	20
Furniture, fixtures, and equipment	5 - 12
Vehicles and heavy equipment	5 - 10
Infrastructure (Roads and Drainage)	20 - 40

7. 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, 2017 would not be material to the financial statements.

8. 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 Position. In the fund financial statements, the face amount of debt issued is reported as other financing sources. Payments of principal and interest are recorded as expenditures only when due.

9. DEFERRED INFLOWS AND OUTFLOWS OF RESOURCES

In addition to assets, the statement of financial position reports separate sections for deferred outflows of resources and deferred inflows of resources. *Deferred Outflows of Resources* represent a consumption of net position that applies to a future period and so it will *not* be recognized as an outflow of resources (expense/expenditure) until then. *Deferred Inflows of Resources* represent an acquisition of net position that is applicable to a future reporting period and so it will not be recognized as an inflow of resources (revenue) until then.

TOWN OF JEAN LAFITTE, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
June 30, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The Town currently reports a deferred inflow related to unavailable grant revenues, as well as deferred inflows and outflows of resources related to its participation in two defined benefit pension plans.

Deferred Inflows – Unavailable Grant Revenues. Under the modified accrual basis of accounting, the Town recognizes revenues on expenditure-driven grants when they are both measurable and available (i.e., received during the period or within six months of the fiscal year end). When these revenues are considered “unavailable”, they are recorded on the governmental fund balance sheet as a deferred inflow of resources until they are received and recognized as revenue.

Deferred Outflows and Deferred Inflows – Pension Related. For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions and pension expense, information about the fiduciary net position of the Municipal Employees’ Retirement System and the Municipal Police Employees’ Retirement System, and additions to/deductions from the retirement systems’ fiduciary net position have been determined on the same basis as they are reported by the systems. The Town reports both deferred outflows or resources and deferred inflows of resources related to the pension liability calculation. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments of the systems are reported at fair value.

10. FUND EQUITY

In accordance with GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, in the fund financial statements, fund balance of the governmental fund types are categorized 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 – Non-spendable, Restricted, Committed, Assigned and Unassigned.

Non-spendable – 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.

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 include an ordinance 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 (i.e., ordinance) it employed previously to commit those amounts.

TOWN OF JEAN LAFITTE, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
June 30, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

11. 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.

12. SUBSEQUENT EVENTS

The Town has evaluated subsequent events through December 27, 2017, the date the financial statements were available to be issued.

NOTE 2 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A) Budget Adoption

Formal budgetary accounting is employed as a management control device during the year for the General Fund. Capital Project Fund budgets are not presented since the funds are budgeted over the life of the respective projects and not on an annual basis.

The level of budgetary control in the General Fund 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.

TOWN OF JEAN LAFITTE, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
June 30, 2017

NOTE 2 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

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.
- 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 through the end of the fiscal year.

B) Budget Amendments

The Town made supplemental budgetary adjustments during the year, the final one being made via Ordinance No. 490. Revenues of the General Fund were increased \$877,165 to reflect 1) an increase of \$2,750 in taxes, 2) a decrease of \$(608,100) in intergovernmental revenues (primarily for a decrease in the CDBG- Housing Assistance Grant of \$(625,500) due to delays on the project), 3) a decrease of \$(54,600) in service charges, rentals and fees (primarily in facility rentals - down \$(54,600) due to delays in opening the seafood market and the auditorium), 4) an increase of \$3,750 in fines and forfeitures, 5) an increase of \$3,400 in interest income, and 6) an increase of \$1,530,615 in other income (mainly due to additional advertising funds from BP - \$7,590 plus the proceeds from the BP Economic Loss lawsuit settlement of \$1,500,000).

Expenditures decreased \$(435,610). The most significant of the changes made are described below.

Fund/Function	Original Budget	Amendments	Final Budget
General Government	\$ 1,007,160	\$ 127,890	\$ 1,135,050
Public Safety	148,000	32,000	180,000
Public Works	750	15,250	16,000
Urban Development and Housing	645,500	(625,500)	20,000
Culture and Recreation	41,500	8,750	50,250
Debt Service	-	-	-
Capital Outlay	-	6,000	6,000
	<u>\$ 1,842,910</u>	<u>\$ (435,610)</u>	<u>\$ 1,407,300</u>

General Government costs increased \$127,890 mostly due to 1) an increase of \$90,000 in salaries and benefits (related to a raise in salaries given during the year), 2) an increase of \$52,500 in repairs and maintenance (due to various repairs to facilities and vehicles), 3) an increase of \$24,800 in legal/magistrate fees, 4) a decrease of \$(60,060) in emergency response costs (as anticipated costs did not occur), 5) an increase of \$9,500 in office expenditures (due to computer and supply purchases), and 6) an increase of \$8,500 in auto and truck costs.

TOWN OF JEAN LAFITTE, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
June 30, 2017

NOTE 2 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (CONTINUED)

Public Safety increased \$32,000 due to 1) an increase in salaries of \$45,000 (due to a raise given during the year as well as the addition of an additional officer), and 2) a drop of \$(10,000) in the Victim's Assistance Grant expenditures.

Public Works increased by \$15,250 to account for an increase in road maintenance supplies.

Urban Planning and Housing dropped \$(625,500) to account for delays in the CDBG - Housing Assistance program.

Culture and Recreation went up \$8,750 mostly due to 1) an increase of \$25,750 in special events (Town sponsored dances and social events), and 2) a drop of \$(17,500) in Tourism costs (as the money from the Parish and BP for tourism advertising is slowing down).

C) Expenditures in Excess of Budget

The General Fund's actual expenditures exceeded the final budget by \$42,487. While the General Fund expenditures were within 3.0 percent of budget in total, the following functions had expenditures in excess of budget.

Function	Actual Costs	Budget	Excess
General Government	\$ 1,193,378	\$ 1,135,050	\$ 58,328
Culture and Recreation	63,484	50,250	13,234

The General Government Function was over budget primarily in general and administrative costs (mostly in repairs and maintenance due to increased repairs and maintenance on buildings and vehicles). The Culture and Recreation Function was over budget due special event and tourism costs coming in higher than anticipated.

All of these overages were covered with available fund balance in the General Fund.

NOTE 3 - CASH, CASH EQUIVALENTS, AND INVESTMENTS

A) Cash

At June 30, 2017, the carrying amount of the Town's cash deposits was \$943,177 and the bank balance was \$936,842, all of which was covered by Federal depository insurance or by collateral consisting of securities held by the Town's agent in its name.

B) Investments

Investments held at June 30, 2017 consist of \$31,861 invested in the Louisiana Asset Management Pool (LAMP); a State of Louisiana sponsored external investment pool. Because these investments are not evidenced by securities that exist in physical or book entry form they are not categorized in one of the Custodial Risk categories required by GASB. LAMP is administered by LAMP, Inc., a corporation organized under the laws of the State of Louisiana. Only local governments may participate in LAMP.

TOWN OF JEAN LAFITTE, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
June 30, 2017

NOTE 3 - CASH, CASH EQUIVALENTS, AND INVESTMENTS

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.

NOTE 4 – RECEIVABLES

Receivables at June 30, 2017 consist of the following:

Receivable	General Fund	Capital Fund	Total
Taxes	\$ 101,048	\$ -	\$ 101,048
Service charges and fees	6,305	-	6,305
Intergovernmental			
Federal - FEMA	105,302	-	105,302
Federal - Other	21,983	340,940	362,923
State	19,351	61,873	81,224
Parish/Local	-	-	-
Licenses and permits	427	-	427
Gaming	17,673	-	17,673
Other	-	-	-
	<u>\$ 272,089</u>	<u>\$ 402,813</u>	<u>\$ 674,902</u>

The Town considers all receivables to be collectible; therefore, no allowance for uncollectibles has been set up. The amounts recorded in the Capital Fund relate to ongoing projects being funded with federal, state, and parish/local funds (See Note 5).

The Town is owed \$105,302 from FEMA for hurricane-related claims from prior year storms. Since GOHSEP has not remitted these funds within six months of their filing, they are considered “unavailable” and are presented as “deferred inflows – unavailable grant revenues” on the governmental fund balance sheet of the General Fund. See Note 11.C for additional information on these claims.

The \$362,923 due from Federal – Other has to do with various grants (JP/CDBG Housing Assistance Project, Victim’s Assistance, and CDBG Disaster Recovery grants for various construction projects).

TOWN OF JEAN LAFITTE, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
June 30, 2017

NOTE 5 - CAPITAL ASSETS

Capital asset activity of the governmental funds for the year ended June 30, 2017 was as follows:

	Balance 6/30/2016	Additions	Deletions	Transfers	Balance 6/30/2017
Governmental Activities:					
Capital assets not being depreciated:					
Land	\$ 690,985	\$ -	\$ -	\$ -	\$ 690,985
Construction in progress	13,610,395	653,283	-	(14,223,678)	40,000
Total capital assets not being depreciated	14,301,380	653,283	-	(14,223,678)	730,985
Capital assets being depreciated:					
Land improvements	435,835	30,000	-	-	465,835
Buildings	14,187,682	-	-	10,426,596	24,614,278
Building improvements	2,113,982	-	-	-	2,113,982
Furniture, fixtures, and equipment	484,982	-	-	251,448	736,430
Vehicles and heavy equipment	520,717	-	-	-	520,717
Infrastructure (roads/drainage)	12,484,310	-	-	3,545,634	16,029,944
Total capital assets being depreciated	30,227,508	30,000	-	14,223,678	44,481,186
Less accumulated depreciation for:					
Land improvements	(160,127)	(20,413)	-	-	(180,540)
Buildings	(3,750,967)	(520,504)	-	-	(4,271,471)
Building improvements	(731,241)	(76,901)	-	-	(808,142)
Furniture, fixtures, and equipment	(425,795)	(9,904)	-	-	(435,699)
Vehicles and heavy equipment	(398,562)	(25,570)	-	-	(424,132)
Infrastructure (roads/drainage)	(7,659,264)	(148,124)	-	-	(7,807,388)
Total accumulated depreciation	(13,125,956)	(801,416)	-	-	(13,927,372)
Capital assets being depreciated, net					
Land improvements	275,708	9,587	-	-	285,295
Buildings	10,436,715	(520,504)	-	10,426,596	20,342,807
Building improvements	1,382,741	(76,901)	-	-	1,305,840
Furniture, fixtures, and equipment	59,187	(9,904)	-	251,448	300,731
Vehicles and heavy equipment	122,155	(25,570)	-	-	96,585
Infrastructure (roads/drainage)	4,825,046	(148,124)	-	3,545,634	8,222,556
Total capital assets being depreciated, net	17,101,552	(771,416)	-	14,223,678	30,553,814
Total Governmental Activities capital assets, net	\$ 31,402,932	\$ (118,133)	\$ -	\$ -	\$ 31,284,799

TOWN OF JEAN LAFITTE, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
June 30, 2017

NOTE 5 - CAPITAL ASSETS (CONTINUED)

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

<u>Function</u>		
General Government	\$	111,179
Public Safety		16,433
Public Works		251,975
Urban Development and Housing		-
Culture and Recreation		421,829
	<u>\$</u>	<u>801,416</u>

Construction in progress at June 30, 2017 consisted of the following projects:

<u>Project</u>	<u>Construction In Progress</u>	<u>Expended During 2017</u>
Auditorium Demolition and Construction	\$ -	\$ 292,718
Seafood/Fisherman's Market Construction	-	-
Seafood/Fisherman's Market Equipment & Modifications	-	190,105
CDBG Disaster Recovery Drainage Projects:		
Town Streets Drainage	-	170,460
General Fund - Sidewalk Beautification	40,000	-
	<u>\$ 40,000</u>	<u>\$ 653,283</u>

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

The Auditorium Demolition and Construction project is being funded with Community Development Disaster Recovery Grant (CDBG) funds, Parish grants and local funds and is estimated to cost \$5,586,227. Through year end, \$6,505,888 has been spent (\$416,848 on demolition and \$6,089,039 on construction). During 2017, \$125,858 was recognized as revenue (\$125,858 from the CDBG Grant), although \$125,858 was then reversed out and shown as a deferred inflow for unavailable grant funds (along with a prior year receivable of \$230,353), resulting in a net revenue of \$-0-. The total receivable at year-end is \$340,940 on the CDBG Grant, which was accrued in the Capital Projects Fund (see Note 4). This project is complete; however, the Town is having a dispute with the contractor and has withheld liquidated damages of \$272,500 from billings. This amount has not been accrued as payable at year-end since it is the Town's contention that the contractor caused delays in the project and punch list items had to be fixed. The terms of the contract allow for such a withholding for liquidated damages. The Auditorium was placed into service on December 31, 2016 despite these delays and the continuing dispute.

The Seafood/Fish Market is being funded with \$1,325,000 of State Capital Outlay funds (Project No. 50-ME1-11-01), \$1,250,000 of CDBG Disaster Recovery Grant funds (Project No. IFIS-00021), \$852,000 of Jefferson Parish funds, \$300,000 of additional CDBG Disaster Recovery Funds (Project No. B-08-DI-22-0001), and \$133,140 of Town/local funds, for a total estimated project cost of \$3,860,140. Through year end, \$3,920,709 has been spent on this project (\$67,057 in prior costs and \$3,853,652 for construction under these grants). To date, \$1,250,000 of this amount has been funded from the original CDBG Disaster Recovery Grant, \$1,325,000 from State Capital Outlay funds, \$300,000 from the additional CDBG Disaster Recovery Grant, \$852,000 from Parish grants, and \$126,651 in Town/local funds. During the current year, \$-0- was recognized as revenues on these various grants (although there remains a receivable at year-end of \$61,873 from State Capital Outlay).

TOWN OF JEAN LAFITTE, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
June 30, 2017

NOTE 5 - CAPITAL ASSETS (CONTINUED)

This amount was accrued in the Capital Projects Fund (see Note 4), although the \$61,873 from State Capital Outlay was reversed out and shown as a deferred inflow for unavailable grant funds, thus reducing current year revenue by that amount. The project was transferred into capital assets out of construction in progress at year-end.

The Town opened a project last year to install equipment in the kitchen of the Seafood Market and to make certain modifications to the exterior walls to allow for enclosure of certain areas. To date, the Town has spent \$251,449 on the project. The Town received \$250,000 from the Parish of Jefferson to fund the project in the prior year. The \$1,449 balance of the funds is being transferred from the General Fund to the Capital Projects Fund to cover the final costs of this project. The project was transferred into capital assets out of construction in progress at year-end.

The CDBG Disaster Recovery Grant is also paying for various street drainage projects throughout the Town. During 2017, only one project was ongoing - Town Streets Drainage, although it was completed prior to year-end. During the current year, \$170,460 was spent on the project and recognized as revenue from the grant. The project was transferred into capital assets out of construction in progress during the year.

NOTE 6 - LONG-TERM DEBT

A) FEMA Community Disaster Loan #2

The Town applied for and received a special Community Disaster Loan (CDL) from the Federal Emergency Management Agency (FEMA) in the aftermath of Hurricanes Gustav and Ike (CDL Loan #2). This program is designed to provide badly needed operating funds to local governments in disaster areas. The Town was approved for a loan up to \$279,063 and the Town drew down \$279,063 against this approved amount. Over the past few years, the rules have changed on if and how these loans were to be repaid. Based on these changes, the Town applied for forgiveness of the loan balance and in April 2014 was granted a partial waiver of the loan balance totaling \$210,344. This left a balance due of \$68,719.

On June 26, 2014, the Town received a five year extension on repaying the remaining balance of the CDL loan. The loan is now due and payable no later than April 2, 2019. The loan continues to accrue simple interest at 1.875%. On the Statement of Net Position, the entire amount is considered as due within one year and is presented as such. The Town continues to look for funds to pay the unforgiven portion of the loan back.

B) Changes in Long-Term Debt

The following is a summary of the changes in long-term debt related to governmental activities for the year ended June 30, 2017:

TOWN OF JEAN LAFITTE, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
June 30, 2017

NOTE 6 - LONG-TERM DEBT (CONTINUED)

Type of Debt	Balance 6/30/2016	Additions	Reductions	Balance 6/30/2017	Due Within One Year
Governmental Activities:					
FEMA Community Disaster Loan #2 - Gustav/Ike	\$ 77,024	\$ 1,285	\$ -	\$ 78,309	\$ 78,309
Total Governmental Activities	\$ 77,024	\$ 1,285	\$ -	\$ 78,309	\$ 78,309

Included in the \$78,309 is principal due on the loan of \$68,719, plus accrued interest of \$9,590.

NOTE 7 – INTERFUND TRANSACTIONS

A) Interfund Receivables/Payables

Since the Town operates one checking account, all of the cash receipts and disbursements of the Capital Projects Fund are run through the General Fund. Once the Capital Project Fund activity is broken out, the difference in cash collections and disbursements is recognized as a due to or due from the General Fund. At year-end, the amount due to the Capital Projects Fund from the General Fund amounted to \$552,567. It should be noted that these amounts are eliminated in the conversion to the government-wide financial statements.

B) Operating Transfers

While the majority of the Capital Projects are funded with federal, state, or parish/local funds; at times, the Town is responsible for covering some of the costs (i.e., matching funds). During 2017, the General Fund had to make a transfer to the Capital Project Fund of \$1,449 to cover Town/local costs associated with the Seafood Market Project Equipment and Modification project. The Transfers In/out are shown on the fund financial statements as an operating transfer in/out. It should be noted that these amounts are eliminated in the conversion to the government-wide financial statements.

NOTE 8 – RESTRICTIONS OF NET POSITION AND FUND BALANCE COMPONENTS

A) Net Position

On the Statement of Net Position, Net Position represents the difference between assets and liabilities. Net Investment in Capital Assets is the net of the Town's investment in capital assets and any related debt (outstanding bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets). Restrictions on Net Position are reported 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 Position balances that do not meet the definition of "net investment in capital assets" or "restricted" are reported as "unrestricted".

TOWN OF JEAN LAFITTE, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
June 30, 2017

NOTE 8 – RESTRICTIONS OF NET POSITION AND FUND BALANCE COMPONENTS

B) Fund Balance Components

As discussed in Note 1.D.9, in accordance with GASB Statement Codification Section 1800-142-162, fund balance of the governmental fund types are categorized 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 – Non-spendable, Restricted, Committed, Assigned and Unassigned.

At June 30, 2017, the Town reported \$91,681 in the non-spendable category to reflect that the assets in prepaid items that are not in spendable form. The remaining balance of \$1,568,224 is categorized as unassigned in the General Fund. The Capital Projects Fund reports an unassigned fund balance of \$(569,672) to reflect expenditures over revenues and for the revenues that were recorded as deferred inflows due to them being considered unavailable at year-end.

NOTE 9 - SALES TAXES

For the year ended June 30, 2017, 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). During 2017, these taxes generated \$238,656, which are recognized in the General Fund.

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. During 2017, this tax generated \$42,222.

NOTE 10 - EMPLOYEE PENSION 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 Louisiana (the Municipal System). The Municipal System was originally established by Act 356 of the 1954 regular session of the State of Louisiana. All eligible full-time police are members of the Municipal Police Employees' Retirement System (the Police System).

TOWN OF JEAN LAFITTE, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
June 30, 2017

NOTE 10 - EMPLOYEE PENSION PLANS (CONTINUED)

General Information about the Pension Plans

Plan Descriptions/Benefits Provided

The Municipal System

The Municipal System administers a plan to provide retirement benefits to employees of all incorporated villages, towns, and cities within the State which do not have their own retirement system and which elect to become members of the system. The age and years of creditable service (service) required in order for a member to receive retirement benefits are established by the plan and vary depending on the member's hire date, employer and job classification.

Membership is mandatory as a condition of employment beginning on the date employed if the employee is permanent and works at least 35 hours per week. Plan A members who were hired prior to January 1, 2013 may retire 1) at any age with 25 years or more of creditable service, 2) at age 60 with at least 10 years of creditable service, 3) at any age with 20 years of creditable service, exclusive of military service with an actuarially reduced early benefit. Plan B members may retire 1) at any age with 30 years of creditable service, or 2) at age 60 with at least 10 years of creditable service. For Plan A and B members hired after January 1, 2013, the employee may retire 1) at age 67 with at least 67 years of creditable service, 2) at age 62 with at least 10 years of creditable service, 3) at age 55 with 30 or more years of creditable services, or 4) at any age with 25 years of creditable service, exclusive of military service and unused sick leave. Both plans also have criteria for disability and survivor benefits.

For Plan A, in general, the monthly amount of the retirement allowance shall consist of an amount equal to 3.0 percent of the member's monthly average final compensation multiplied by his years of creditable service. However, under certain conditions as outlined in the statutes, the benefits are limited to specific amounts. For Plan B, in general, the monthly amount of the retirement allowance shall consist of an amount equal to 2.0 percent of the member's monthly average final compensation multiplied by his years of creditable service. However, under certain conditions as outlined in the statutes, the benefits are limited to specific amounts.

The Police System

The Police System administers a plan to provide retirement benefits to employees of all full-time police officers employed by a municipality in the State of Louisiana and engaged in law enforcement, empowered to make arrests, providing he or she does not have to pay social security and providing he meets the statutory criteria. Benefit provisions are authorized within Act 189 of 1973 and amended by LRS 11:2211-2233.

Membership is mandatory as a condition of employment beginning on the date employed if the employee is full-time police officer employed by a municipality. Members who were hired prior to January 1, 2013 may retire 1) at any age with 25 years or more of creditable service, 2) at age 50 with at least 20 years of creditable service, 3) at age 55 with at least 12 years of creditable service, or 4) at any age with 20 years of creditable service, with an actuarially reduced benefit. For members hired after January 1, 2013, eligibility for retirement benefits is based on Hazardous Duty and Non-Hazardous Duty sub plans. Under the Hazardous Duty sub plan, a member is eligible for retirement 1) at any age with at least 25 years of creditable service, or 2) at age 55 with at least 12 years of creditable service.

TOWN OF JEAN LAFITTE, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
June 30, 2017

NOTE 10 - EMPLOYEE PENSION PLANS (CONTINUED)

Under the Non-Hazardous Duty sub plan, a member is eligible for retirement 1) at any age with at least 30 years of creditable service, 2) at age 55 with at least 25 years of creditable service, or 3) at age 60 with at least 10 years of service. Under both sub plans, a member is eligible for retirement at any age with at least 20 years of creditable service, with an actuarially reduced benefit from age 55.

For members hired prior to January 1, 2013, the benefit rates are 3 1/3rd percent of the average final compensation (average monthly earnings during the highest 36 consecutive months or joined months, if service was interrupted) times the number of years of creditable service, not to exceed 100 percent of final salary. For members hired after January 1, 2013, the benefit rates are 3.0 percent for the Hazardous Duty sub plan and 2 ½ percent for the Non-Hazardous Duty sub plan of the average final compensation (average monthly earnings during the highest 60 consecutive months or joined months, if service was interrupted) times the number of years of creditable service, not to exceed 100 percent of final salary.

Disability Benefits

The Municipal System

For Plan A, a member shall be eligible to receive a disability benefit if he has at least 5 years of creditable service, is not eligible for normal retirement, and has been officially certified as disabled by the State Medical Disability Board. A disabled member of Plan A shall be paid a disability benefit equal to the lesser of 45 percent of his final average compensation or 3 percent of his final average compensation multiplied by his years of creditable service, whichever is greater or an amount equal to 3 percent of the member's final average compensation multiplied by his years of creditable service projected to his earliest normal retirement age.

For Plan B, a member shall be eligible to receive a disability benefit if he has at least 10 years of creditable service, is not eligible for normal retirement, and has been officially certified as disabled by the State Medical Disability Board. A disabled member of Plan A shall be paid a disability benefit equal to the lesser of 30 percent of his final average compensation or 2 percent of his final average compensation multiplied by his years of creditable service, whichever is greater or an amount equal to 2 percent of the member's final average compensation multiplied by his years of creditable service projected to his earliest normal retirement age.

Survivor Benefits

The Municipal System

Survivor benefits are available to the surviving spouse and/or minor children as outlined in the statutes, upon the death of any member of Plan A or B with 5 years or more of creditable service, who is not eligible for retirement. For any member of Plan A or B who is eligible for normal retirement at time of death and who leaves a surviving spouse will be deemed to have retired and selected Option 2 benefits on behalf of the surviving spouse on the date of death. Such benefits will begin only upon proper application and are paid in lieu of any other survivor benefits.

TOWN OF JEAN LAFITTE, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
June 30, 2017

NOTE 10 - EMPLOYEE PENSION PLANS (CONTINUED)

The Police System

For members hired prior to January 1, 2013, upon the death of the active contributing member, or disability retiree, the plan provides for benefits for the surviving spouse and minor children. Under certain conditions outlined in the statutes, the benefits range from 40 to 60 percent of the member's average final compensation for the surviving spouse. In addition, each child under age 18 receives benefits equal to 10 percent of the member's average final compensation or \$200/month, whichever is greater. For members hire after January 1, 2013, under certain conditions outlined in the statutes, the benefits range from 25 to 55 percent of the member's average final compensation for the surviving spouse. In addition, each child under age 18 receives benefits equal to 10 percent of the member's average final compensation or \$200/month, whichever is greater. If the deceased member had less than 10 years of service, the beneficiary will receive a refund of employee contributions only.

Deferred Retirement Option Plan Benefits (DROP)

The Municipal System

In lieu of terminating employment and accepting a service retirement allowance, any member of Plan A or B who is eligible to retire may elect to participate in the deferred retirement option plan (DROP) for up to 3 years and defer the receipt of benefits. During participation in the plan, employer contributions are payable but employee contributions cease. The monthly retirement benefits that would be payable, had the person elected to cease employment and receive a service retirement allowance, are paid into the DROP fund. Interest is earned when the member has completed DROP participation. Upon termination of employment prior to or at the end of the specified period of participation, a participant in the DROP may receive, at his option, a lump sum from the account equal to the payments into the account, a true annuity based upon hi account balance in the fund, or any other method of payment if approved by the board of trustees. If employment is not terminated at the end of 3 years, payments into the DROP fund cease and the person resumes active contribution membership in the system.

The Police System

In lieu of terminating employment and accepting a service retirement allowance, any member who is eligible to retire may elect to participate in the deferred retirement option plan (DROP) for up to 36 months and defer the receipt of benefits. During participation in the plan, both the employee and employer contributions cease. The monthly retirement benefits that would be payable, had the person elected to cease employment and receive a service retirement allowance, are paid into the DROP fund. Upon termination of employment prior to or at the end of the specified period of participation, a participant in the DROP may receive, at his option, a lump sum or a true annuity. If employment is not terminated at the end of 3 years, payments into the DROP fund cease and the person resumes active contribution membership in the system. For those eligible to enter DROP prior to January 1, 2004, DROP accounts shall earn interest subsequent to the termination of DROP participation at a rate of half of one percentage point below the percentage return of the system's investment portfolio. For those eligible to enter DROP subsequent to January 1, 2004, an irrevocable election is made to earn interest based on the system's investment portfolio return or a money market investment return, which could result in a negative earnings rate being applied to the account.

TOWN OF JEAN LAFITTE, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
June 30, 2017

NOTE 10 - EMPLOYEE PENSION PLANS (CONTINUED)

Cost of Living Adjustments

The Municipal System

The system is authorized under state statutes to grant a cost of living increase to members who have been retired for at least one year. The increase cannot exceed 2.0% of the eligible retiree's original benefit for each full calendar year since retirement and may only be granted if sufficient funds are available from investment income in excess of normal requirements. State statutes allow the system to grant an additional cost of living increase to all retirees and beneficiaries who are age 65 and above equal to 2.0% of the benefit being received on October 1, 1977, or the original benefit, if retirement commenced after that date.

The Police System

The board of trustees is authorized to provide annual cost-of-living adjustments computed on the amount of the current regular retirement, disability, beneficiary, or survivor's benefit, not to exceed 3.0% in any given year. The board is authorized to provide an additional 2/0% COLA, computed on the member's original benefit, to all regular retirees, disability, survivors and beneficiaries who are 65 year or older on the cut-off date which determines eligibility. No regular retiree, survivor or beneficiary shall be eligible to receive a cost-of-living adjustment until benefits have been received at least one full fiscal year and the payment of such COLA, when authorized, shall not be effective until the lapse of at least one-half of the fiscal year.

Contributions

The Municipal Plan

According to state statutes, contribution requirements for all employers are actuarially determined each year. For the year ended June 30, 2016, the actuarially determined employer contribution rate was 19.48% for Plan A and 9.60% for Plan B, while the actual employer contribution rate was 19.75% for Plan A (the Plan that the Town participates in) and 9.50% for Plan B. The actual rate differs from the actuarially required rate due to state statutes that require the contribution rate be calculated and set prior to the effective year.

For 2017, the actual employer contribution rate was 22.75% for Plan A, while the employee contribution rate was 9.50%. Employer and employee contributions to Municipal System – Plan A for fiscal year 2017 were as follows:

Source	Amount	Covered Payroll	Percent of Covered Payroll
Employee	\$ 23,427	\$ 246,611	9.50%
Employer	56,386	246,611	22.86%

TOWN OF JEAN LAFITTE, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
June 30, 2017

NOTE 10 - EMPLOYEE PENSION PLANS (CONTINUED)

In accordance with state statutes, the system also receives ad valorem taxes and state revenue sharing funds. The additional sources are used as employer contributions and are considered support from non-employer contributing entities, but are not considered special funding situations. Non-employer contributions are recognized as revenue by the system and are excluded from pension expense for the year.

The Town's proportionate share of these non-employer contributions totaled \$6,371 during the measurement period. This amount is recognized in the government-wide financial Statements as On-Behalf Payments from Contributing Entities and is included in operating grants and contributions on the Statement of Activities.

The Police System

Contributions for all members are actuarially determined as required by state statutes but cannot be less than 9.0% of the employee's earnable compensation excluding overtime but including state supplemental pay. For the year ended June 30, 2016, the actuarial required employer and employee combined contribution rate for June 30, 2016 was 39.80%, while the total actual employer and employee contribution rate was 39.50%. The actual rate differs from the actuarially required rate due to state statutes that require the contribution rate be calculated and set prior to the effective year. For employees hired prior to January 1, 2013 and for Hazardous Duty members hired after January 1, 2013, the rates were 29.50% for the employer and 10.00% for the employee. For all Non-Hazardous Duty members hired subsequent to January 1, 2013, the rates were 31.50% for the employer and 8.00% for the employee. The employer and employee contribution rates for all members whose earnable compensation is less than or equal to the poverty guidelines issued by the United States Department of Health and Human Services were 32.0% and 7.5%, respectively.

For 2017, the Town did not have any remaining participants in the Police System. The actual employer contribution rate was 31.75%, while the employee contribution rate was 10.00%. Employer and employee contributions to Police System for fiscal year 2017 were as follows:

<u>Source</u>	<u>Amount</u>	<u>Covered Payroll</u>	<u>Percent of Covered Payroll</u>
Employee	\$ -	\$ -	0.00%
Employer	-	-	0.00%

In accordance with state statutes, the system also receives insurance premium taxes as additional employer contributions. The tax is considered support from a non-contributing entity and appropriated by the legislature each year based on an actuarial study. The additional sources are used as employer contributions and are considered support from non-employer contributing entities, but are not considered special funding situations. Non-employer contributions are recognized as revenue by the system and are excluded from pension expense for the year. The Town's proportionate share of these non-employer contributions totaled \$1,298 during the measurement period. This amount is recognized in the government-wide financial Statements as On-Behalf Payments from Contributing Entities and is included in operating grants and contributions on the Statement of Activities.

TOWN OF JEAN LAFITTE, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
June 30, 2017

NOTE 10 - EMPLOYEE PENSION PLANS (CONTINUED)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2017, the Town reported a combined liability of \$496,441 for its proportionate share of the Net Pension Liabilities (NPL) of the Municipal System and the Police System. The amount for each plan was \$431,000 and \$65,441, respectively. The NPL for each system was measured as of June 30, 2016, and the total pension liability used to calculate the NPL was determined based on an actuarial valuation as of that date.

The Town's proportion of the NPL was based on a projection of the Town's long-term share of contributions to the pension plan relative to the projected contribution of all participating employers, actuarially determined. As of June 30, 2016, the most recent measurement date, the Town's proportionate share for each system was:

	The Municipal System	The Police System
Town's Proportionate Share	0.105155%	0.006982%
Decrease from prior year	0.001448%	-0.005542%

For the year ended June 30, 2017, the Town recognized a total pension expense (benefit) of \$(2,877), with \$17,286 related to the Municipal System and \$(20,173) related to the Police System. These amounts are made up of the following:

Components of Pension Expense (Benefit)	The Municipal System	The Police System
Town's pension expenses per the pension plan	\$ 62,392	\$ 8,333
Town's amortization of its change in proportionate share	(45,863)	(32,343)
Town's amortization of actual contributions over its proportionate share of contributions	767	3,837
Total Pension Expense (Benefit) Recognized by Town	<u>\$ 17,296</u>	<u>\$ (20,173)</u>

At year end, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

TOWN OF JEAN LAFITTE, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
June 30, 2017

NOTE 10 - EMPLOYEE PENSION PLANS (CONTINUED)

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
<i>The Municipal System</i>		
a) Differences between expected and actual experience	\$ -	\$ 13,624
b) Net change in assumptions	15,690	-
c) Net difference between projected and actual earnings on pension plan investments	98,429	-
d) Changes in proportion to NPL	-	8,416
e) Differences between the Town's contributions and its proportionate share of contributions	2,864	390
f) Town's contributions subsequent to the June 30, 2016 measurement date	56,386	-
	<u>\$ 173,369</u>	<u>\$ 22,430</u>
<i>The Police System</i>		
a) Differences between expected and actual experience	\$ -	\$ 1,041
b) Net change in assumptions	3,182	4
c) Net difference between projected and actual earnings on pension plan investments	10,070	-
d) Changes in proportion to NPL	-	53,753
e) Differences between the Town's contributions and its proportionate share of contributions	289	4
f) Town's contributions subsequent to the June 30, 2016 measurement date	-	-
	<u>\$ 13,541</u>	<u>\$ 54,802</u>
Grand Total	<u>\$ 186,910</u>	<u>\$ 77,232</u>

Deferred outflows of resources related to pensions resulting from the Town's contributions subsequent to the measurement date (June 30, 2016) totaled \$56,386 (\$56,386 for the Municipal System and \$-0- for the Police System). These amounts will be recognized as a reduction of the NPL in the year ending June 30, 2018. It should be noted that the employee who was participating in the Police Plan left the Town, thus, there are no employees currently participating in this plan as of year-end. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Fiscal Year Ending June 30,	Amount of Amortization	
	The Municipal System	The Police System
2018	\$ (25,223)	\$ 29,505
2019	(22,168)	7,997
2020	(31,893)	6,314
2021	(15,269)	(2,555)

TOWN OF JEAN LAFITTE, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
June 30, 2017

NOTE 10 - EMPLOYEE PENSION PLANS (CONTINUED)

Actuarial Assumptions

The total pension liability for each system in the respective June 30, 2016 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurements:

Description	Assumptions/Methods	
	The Municipal System	The Police System
Valuation Date	June 30, 2016	June 30, 2016
Actuarial Cost Method	Entry Age Normal	Entry Age Normal
<u>Actuarial Assumptions:</u>		
Investment Rate of Return	7.50%, net of investment expense	7.50%, net of investment expense
Inflation Rate	2.875%	2.875%
Projected Salary Increases	5.00% (2.875% inflation and 2.125% merit)	4.25% to 9.75% (depending on years of service)
Mortality Rates - Non-disabled	RP-2000 Employee Mortality Table	Mortality rate assumptions are based on an experience study performed by the prior actuary on plan data from 2003 to 2008 and a review of similar law enforcement mortality. The data was then assigned creditability weighting and then combined with a standard table. The mortality rate was then projected forward to a period equivalent to the estimated duration of the system's liabilities. Annuity values calculated were compared to those produced using a set back of standard tables
Mortality Rates - Disabled	RP-2000 Disabled Lives Mortality Table	
Mortality Rates - Other	RP-2000 Healthy Annuitant Mortality Table	
Expected Remaining Service Lives	3 years for Plan A and 4 years for Plan B	4 years
Cost of Living Adjustments	The present value of future retirement benefits is based on benefits currently being paid by the system and includes previously granted cost of living increases. The present values do not include provisions for potential future increases not yet authorized by the board of trustees.	The present value of future retirement benefits is based on benefits currently being paid by the system and includes previously granted cost of living increases. The present values do not include provisions for potential future increases not yet authorized by the board of trustees.

On both systems, the long-term expected rate of return was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expenses and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic/geometric real rates of return for each major asset class are summarized in the following table:

TOWN OF JEAN LAFITTE, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
June 30, 2017

NOTE 10 - EMPLOYEE PENSION PLANS (CONTINUED)

<u>Asset Class</u>	<u>Target Asset Allocation</u>	<u>Long-term Expected Real Rate of Return</u>
<i><u>The Municipal System</u></i>		
Public Equity	50.0%	2.60%
Public Fixed Income	15.0%	1.80%
Alternative Investments	35.0%	0.80%
Other	0.0%	0.00%
Totals	100.0%	5.20%
Inflation		2.50%
Expected Arithmetic Rate of Return		7.70%
<i><u>The Police System</u></i>		
Public Equity	53.0%	3.69%
Public Fixed Income	21.0%	0.49%
Alternative Investments	20.0%	1.11%
Other	6.0%	0.21%
Totals/Average	100.0%	5.50%
Inflation		2.75%
Expected Arithmetic Rate of Return		8.25%

Discount Rate. The discount rate used for both the Municipal System and the Police System was 7.50%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rates and that contributions from participating employers will be made at actuarially determined rates approved by PRSAC taking into consideration the recommendation of the system's actuary.

Based on those assumptions, each of the system's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Proportionate Share the NPL to Changes in the Discount Rate. The following presents the Town's proportionate share of the NPL of each system using the current discount rate, as well as what the Town's proportionate share of the NPL would be if it were calculated using a discount rate that is one percentage-point lower or one percentage higher than the current rate.

TOWN OF JEAN LAFITTE, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
June 30, 2017

NOTE 10 - EMPLOYEE PENSION PLANS (CONTINUED)

The Municipal System

	1.0% Decrease 6.50%	Current Discount Rate 7.50%	1.0% Increase 8.50%
Town's Proportionate Share of the Net Pension Liability - Plan A	\$ 547,881	\$ 431,000	\$ 331,264

The Police System

	1.0% Decrease 6.50%	Current Discount Rate 7.50%	1.0% Increase 8.50%
Town's Proportionate Share of the Net Pension Liability - Plan A	\$ 87,238	\$ 65,441	\$ 47,140

Pension Plan Fiduciary Net Position. Both systems issue publicly available financial reports that include financial statements and required supplementary information for the System. Detailed information about each system's fiduciary net position is available in these separately issued 2016 financial reports. These reports may be obtained by visiting the Louisiana Legislative Auditor's website at www.la.gov and searching under the Reports Section. The Municipal System's report can also be found at www.mersla.com and the Police System's report can be found at www.lampers.org.

Payables to the Pension Plan. At June 30, 2017, the Town had payables to the pension plans totaling \$8,931 (\$8,931 to the Municipal System and \$-0- to the Police System) for the June 2017 employee and employer legally required contributions. These amounts are included in salaries and benefits payable.

NOTE 11 – COMMITMENTS AND CONTINGENCIES

A) Risk Management

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

B) Litigation

There is no significant litigation that would require disclosure or accrual of any loss claims.

The Town is in a dispute with the contractor on the Auditorium project and it has withheld \$272,500 in liquidated damages and punch list items from billings. The amount withheld has not been accrued as a payable since the Town contends that the contractor caused delays and that punch list items needed to be fixed. The liquidated damages were withheld as allowed by the contract.

TOWN OF JEAN LAFITTE, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
June 30, 2017

NOTE 11 – COMMITMENTS AND CONTINGENCIES (CONTINUED)

C) BP Deepwater Horizon Oil Spill Settlement

On April 20, 2010, the BP Deepwater Horizon oil drilling platform exploded and sank off the southeastern coast of Louisiana. Oil spewed into the Gulf of Mexico for three months. A good amount of this oil spill affected the Louisiana coastline and interior waterways and bayous, including the southern portion of Jefferson Parish, which includes the Lafitte, Barataria, and Crown Point areas. The spill was ultimately capped in July 2010; however, the lingering effects of the oil continue to affect the Louisiana coastal parishes.

In addition to the clean-up effort, the federal settlement with BP included provisions for citizens, businesses, and government agencies to recoup “economic losses” resulting from the oil spill. The loss of the use of commercial fishing grounds and the offshore drilling moratorium may have severe negative effects on the local economy. These negative effects may be compounded if long-term damage was done to the fisheries. While the seafood industry is not the largest part of the Parish economy, it does play an important role throughout the Lafitte area. The tourism industry is also vital to the area and the negative publicity surrounding the spill and the effects on the coastal parishes has to now be overcome.

During 2016, the Federal courts authorized BP to offer settlements to local government agencies for the estimated losses; however, the Town rejected the initial offer for a variety of reasons and began pursuing legal action. During 2017, BP made an additional offer which the Town Council voted to accept on July 13, 2016 via Resolution No. 1974. The dollar amount of the settlement is \$2,025,000. After subtracting legal and court fees of \$525,000, the Town received \$1,500,000. This amount has been recognized as revenue in the General Fund for FY 2017.

D) Federal Assistance – Public Disaster Assistance

The Town participates in certain federal financial assistance programs. The programs have been audited in accordance with the Single Audit Act. Audits of prior years have not resulted in any major disallowances of costs; however, the grantor agency may provide further examinations. Based on past experience, the Town believes that further examinations will not result in any material disallowed costs.

Over the years, due to its proximity to the Gulf of Mexico and various waterways and bayous, the Town has been affected by several hurricanes and tropical storms. Before, during, and after these storms, the Town incurred costs relating to emergency response overtime, flood protection efforts, public safety, and other emergency supplies. The Town has filed for and received Public Disaster Assistance in each event. A brief summary of the costs incurred, claims filed and balances due on each storm is as follows.

TOWN OF JEAN LAFITTE, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
June 30, 2017

NOTE 11 – COMMITMENTS AND CONTINGENCIES (CONTINUED)

Hurricane Katrina (1603-DR-LA)

The Town was affected by Hurricane Katrina in August 2005. To date, claims totaling \$2,553,291 have been filed with the Federal Emergency Management Agency (FEMA) under the Public Disaster Assistance program. After adjusting for insurance and ineligible costs, \$1,771,294 has been obligated by FEMA. The Town's share of the approved claims was -0- percent. To date, \$1,939,654 has been authorized plus an additional \$30,363 of administrative costs, for a total of \$1,970,017. This amount is greater than the obligated amounts because of the estimated insurance proceeds used in calculating the original payments. To date, the Town has received \$1,958,649 from FEMA, with the balance of \$11,368 being accrued at year-end in the General Fund.

There was no activity on these projects during 2017. The Town is awaiting completion and close-out of these projects by FEMA.

Hurricane Rita (1607-DR-LA)

The Town was affected by Hurricane Rita in September 2005. To date, claims totaling \$749,669 have been filed with the Federal Emergency Management Agency (FEMA) under the Public Disaster Assistance program. After adjusting for insurance and ineligible costs, \$580,442 has been obligated by FEMA. The Town's share of the approved claims was -0- percent. To date, \$580,442 has been authorized plus an additional \$12,609 of administrative costs, for a total of \$593,051. During 2017, The Town received \$2,796, bringing the grant-to-date amount received from FEMA to \$593,051, with the balance of \$-0- being accrued at year-end in the General Fund. There was no other activity on these projects during 2017. The Town is awaiting completion and close-out of these projects by FEMA.

Hurricane Gustav (1786-DR-LA)

The Town was affected by Hurricane Gustav in August 2008. To date, claims totaling \$939,450 have been filed with the Federal Emergency Management Agency (FEMA) under the Public Disaster Assistance program. After adjusting for insurance, ineligible costs, and administrative fees, \$902,773 has been obligated by FEMA. The Town's share of the approved claims was 10 percent or \$90,277. To date, \$812,496 has been authorized for payment. To date, the Town has received \$836,948 from FEMA, with the balance of \$(24,452) being deferred at year-end in the General Fund. There was no other activity on these projects during 2017. The Town is awaiting completion and close-out of these projects by FEMA.

Hurricane Ike (1792-DR-LA)

The Town was affected by Hurricane Ike in September 2008. To date, claims totaling \$1,955,926 have been filed with the Federal Emergency Management Agency (FEMA) under the Public Disaster Assistance program. After adjusting for insurance, ineligible costs, and administrative fees, \$1,254,175 has been obligated by FEMA. The Town's share of the approved claims was 10 percent in some cases for a total of \$38,697. To date, \$1,175,647 has been authorized for payment. During 2017, the Town received \$18,510, bringing the grant-to-date amount received from FEMA to \$1,175,647. There was no activity on these projects during 2017 other than the collection noted and to adjust the receivable down by \$(4,482). The Town is awaiting completion and close-out of these projects by FEMA.

TOWN OF JEAN LAFITTE, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
June 30, 2017

NOTE 11 – COMMITMENTS AND CONTINGENCIES (CONTINUED)

Tropical Storm Lee (4041-DR-LA)

The Town was affected by Hurricane Ike in September 2011. To date, claims totaling \$493,994 have been filed with the Federal Emergency Management Agency (FEMA) under the Public Disaster Assistance program. After adjusting for insurance, ineligible costs, and administrative fees, \$495,020 has been obligated by FEMA. The Town's share of the approved claims was 25 percent in some cases for a total of \$123,755. To date, \$371,265 has been authorized for payment. During 2017, the Town received \$81,934, bringing the grant-to-date amount received from FEMA to \$260,936, with the balance of \$110,329 being accrued in the General Fund at year-end. There was no other activity on these projects during 2017 other than the collection noted and to adjust the receivable down by \$(81,934). The Town is awaiting completion and close-out of these projects by FEMA.

Hurricane Isaac (4080-DR-LA)

The Town was affected by Hurricane Isaac in September 2012. To date, claims totaling \$258,992 have been filed with the Federal Emergency Management Agency (FEMA) under the Public Disaster Assistance program. After adjusting for insurance, ineligible costs, and administrative fees, \$205,993 has been obligated by FEMA. The Town's share of the approved claims was 25 percent in some cases for a total of \$34,554. To date, \$103,661 has been authorized for payment. To date, the Town has received \$95,604 from FEMA, with the balance of \$8,057 being accrued in the General Fund at year-end. During 2017, there was no other activity on these projects. The Town is awaiting completion and close-out of these projects by FEMA.

E) Urban Development and Housing Project Commitment

The Town entered into a cooperative endeavor agreement in 2014 with the Jefferson Parish Community Development Office to facilitate the reconstruction and/or elevation of several houses that were destroyed or damaged by previous hurricanes and floods. The program is being funded with funds from the JP/CDBG HOME Investment Partnership program. Under the agreement, the Town will be reimbursed up to \$1,214,159 plus an administrative fee not to exceed 15% of the costs. The Town was given an advance of \$217,500 as a mobilization payment in 2014.

During 2017, the Town expended \$13,974 on this project, bringing the total-to-date expenditure to \$1,124,176. During 2017, the Town received \$11,750, bringing the total revenues to date figure to \$1,131,117. This includes an accrued receivable of \$4,220 at year-end for engineering fees. The difference between the revenues and expenditures is \$(6,940). This amount is recorded on the balance as a receivable of \$4,220 offset by the balance of the initial advance of \$(11,161). These funds will be recognized as revenue in future periods as the work is done and the revenue is earned. This \$(11,161) is recorded as unearned grant revenues on the General Fund Balance Sheet as well as the Statement of Net Position at year end.

TOWN OF JEAN LAFITTE, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
June 30, 2017

NOTE 12 – NEW ACCOUNTING AND REPORTING PRONOUNCEMENTS

As of June 30, 2017, the Government Accounting Standards Board (GASB) has issued several statements that require implementation in 2017 or beyond. The Statements, which may or may not impact the Town, are as follows:

- **Governmental Accounting Standards Board Statement No. 74 (GASB 74), *Financial Reporting for Post-employment Benefit Plans Other than Pension Plans*.** Issued in June 2015, applicable for periods beginning after June 30, 2016. This statement did not affect the Town.
- **Governmental Accounting Standards Board Statement No. 75 (GASB 75), *Accounting and Financial Reporting for Post-employment Benefits Other than Pension Plans*.** Issued in June 2015, applicable for periods beginning after June 15, 2017. This statement will not affect the Town.
- **Governmental Accounting Standards Board Statement No. 76 (GASB 76), *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*.** Issued in June 2015, applicable for periods beginning after June 15, 2016. This statement did not affect the Town.
- **Governmental Accounting Standards Board Statement No. 77 (GASB 77), *Tax Abatement Disclosures*.** Issued in August 2015, applicable for periods beginning after December 15, 2015. This statement did not affect the Town as it issues no tax abatements at the local level.
- **Governmental Accounting Standards Board Statement No. 82 (GASB 82), *Pension Issues, an Amendment of GASB Statements No. 67, No. 68, and No. 73*.** Issued in March 2016, applicable for periods beginning after June 15, 2016. This statement did not affect the Town.

REQUIRED SUPPLEMENTARY INFORMATION - PART II

TOWN OF JEAN LAFITTE, LOUISIANA

REQUIRED SUPPLEMENTARY INFORMATION -
 SCHEDULE OF THE TOWN'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
 MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM - PLAN A
 LAST 10 FISCAL YEARS

	(1) 2017	(1) 2016	(1) 2015	(1) 2014	(2) 2013	(2) 2012	(2) 2011	(2) 2010	(2) 2009	(2) 2008
Town's proportion of the net pension liability (asset)	0.105155%	0.103707%	0.112296%	0.149929%	-	-	-	-	-	-
Town's proportionate share of the net pension liability (asset)	\$ 431,000	\$ 370,458	\$ 288,201	\$ 464,691	-	-	-	-	-	-
Town's covered-employee payroll (CEP)	\$ 187,847	\$ 176,999	\$ 204,634	\$ 183,467	-	-	-	-	-	-
Town's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll (CEP)	229.44%	209.30%	140.84%	253.28%	-	-	-	-	-	-
Plan fiduciary net position as a percentage of the total pension liability	62.11%	66.18%	73.99%	67.97%	-	-	-	-	-	-

(1) The amounts presented for each fiscal year were determined as of the measurement date (i.e, the beginning of the fiscal year and/or the prior fiscal year).
 (2) Information not available due to recent implementation of this reporting standard.

TOWN OF JEAN LAFITTE, LOUISIANA

REQUIRED SUPPLEMENTARY INFORMATION -
 SCHEDULE OF THE TOWN'S PENSION CONTRIBUTIONS
 MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM - PLAN A
 LAST 10 FISCAL YEARS

	(1) 2017	(1) 2016	(1) 2015	(1) 2014	(1) 2013	(2) 2012	(2) 2011	(2) 2010	(2) 2009	(2) 2008
Town's contractually required contribution	(3) \$ 56,100	\$ 37,100	\$ 34,958	\$ 38,370	\$ 26,144	\$ -	\$ -	-	-	-
Contributions by Town in relation to the contractually required contribution	56,386	37,100	35,113	38,769	26,144	-	-	-	-	-
Contribution deficiency (excess)	(4) \$ (286)	\$ -	\$ (155)	\$ (399)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Town's covered-employee payroll (CEP)	\$ 246,611	\$ 187,847	\$ 176,999	\$ 204,634	\$ 183,467	-	-	-	-	-
Contractually required contributions as a percentage of covered-employee payroll (CEP)	22.75%	19.75%	19.75%	18.75%	14.25%	-	-	-	-	-

- (1) The amounts presented are for the fiscal year ended June 30, XX for each year.
- (2) Information not available due to recent implementation of this reporting standard.
- (3) Information obtained from monthly pension reports filed with the Municipal Employees' Retirement System (the plan fiduciary).
- (4) Differences related to miscellaneous refunds or timing issues that occurred during the year.

TOWN OF JEAN LAFITTE, LOUISIANA

REQUIRED SUPPLEMENTARY INFORMATION -
 SCHEDULE OF THE TOWN'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
 MUNICIPAL POLICE EMPLOYEES' RETIREMENT SYSTEM
 LAST 10 FISCAL YEARS

	(1) 2017	(1) 2016	(1) 2015	(1) 2014	(2) 2013	(2) 2012	(2) 2011	(2) 2010	(2) 2009	(2) 2008
Town's proportion of the net pension liability (asset)	0.006982%	0.012524%	0.012925%	0.023565%	-	-	-	-	-	-
Town's proportionate share of the net pension liability (asset)	\$ 65,441	\$ 98,112	\$ 80,860	\$ 188,247	-	-	-	-	-	-
Town's covered-employee payroll (CEP)	\$ 19,560	\$ 33,500	\$ 66,500	\$ 122,221	-	-	-	-	-	-
Town's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll (CEP)	334.57%	292.87%	121.59%	154.02%	-	-	-	-	-	-
Plan fiduciary net position as a percentage of the total pension liability	66.04%	70.73%	75.10%	66.71%	-	-	-	-	-	-

(1) The amounts presented for each fiscal year were determined as of the measurement date (i.e., the beginning of the fiscal year and/or the prior fiscal year).
 (2) Information not available due to recent implementation of this reporting standard.

TOWN OF JEAN LAFITTE, LOUISIANA

REQUIRED SUPPLEMENTARY INFORMATION -
 SCHEDULE OF THE TOWN'S PENSION CONTRIBUTIONS
 MUNICIPAL POLICE EMPLOYEES' RETIREMENT SYSTEM
 LAST 10 FISCAL YEARS

	(5) 2017	(1) 2016	(1) 2015	(1) 2014	(1) 2013	(2) 2012	(2) 2011	(2) 2010	(2) 2009	(2) 2008
Town's contractually required contribution	(3) \$ -	\$ 6,161	\$ 10,553	\$ 20,615	\$ 35,444	-	-	-	-	-
Contributions by Town in relation to the contractually required contribution	-	6,161	10,553	20,615	35,444	-	-	-	-	-
Contribution deficiency (excess)	(4) \$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Town's covered-employee payroll (CEP)	\$ -	\$ 19,560	\$ 33,500	\$ 66,500	\$ 122,221	-	-	-	-	-
Contractually required contributions as a percentage of covered-employee payroll (CEP)	0.00%	31.50%	31.50%	31.00%	29.00%	-	-	-	-	-

- (1) The amounts presented are for the fiscal year ended June 30, XX for each year.
- (2) Information not available due to recent implementation of this reporting standard.
- (3) Information obtained from monthly pension reports filed with the Municipal Police Employees' Retirement System (the plan fiduciary).
- (4) Differences related to miscellaneous refunds or timing issues that occurred during the year.
- (5) The Town's officers who were participating in this plan left employment at the end of 2016. Thus, there were no employees participating in MPERS during FY 16/17.

TOWN OF JEAN LAFITTE, LOUISIANA

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - BUDGET TO ACTUAL
GENERAL FUND

For the Year Ended June 30, 2017

	Actual Amounts	Final Budget	Variance with Final Budget Positive (Negative)	Original Budget
REVENUES				
Taxes	\$ 366,248	\$ 316,500	\$ 49,748	\$ 313,750
Intergovernmental				
Federal	159,971	143,000	16,971	751,100
State	191,387	191,200	187	191,200
Parish/local	40,964	17,550	23,414	17,550
Licenses and permits	63,959	60,450	3,509	60,600
Service charges, rentals and fees	72,554	73,100	(546)	127,700
Fines and forfeitures	18,983	15,000	3,983	11,250
Gaming fees and commissions	349,457	338,700	10,757	339,200
Interest	4,287	3,500	787	100
Other	1,565,923	1,569,415	(3,492)	38,800
Total Revenues	<u>2,833,733</u>	<u>2,728,415</u>	<u>105,318</u>	<u>1,851,250</u>
EXPENDITURES				
Current:				
General government	1,193,378	1,135,050	(58,328)	1,007,160
Public safety	162,951	180,000	17,049	148,000
Public works	16,000	16,000	-	750
Urban development and housing	13,974	20,000	6,026	645,500
Culture and recreation	63,484	50,250	(13,234)	41,500
Debt Service:				
Principal	-	-	-	-
Interest	-	-	-	-
Capital Outlay	-	6,000	6,000	-
Total Expenditures	<u>1,449,787</u>	<u>1,407,300</u>	<u>(42,487)</u>	<u>1,842,910</u>
Excess (Deficiency) of Revenues over Expenditures	1,383,946	1,321,115	62,831	8,340
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	(1,449)	-	(1,449)	-
Total Other Financing Sources (Uses)	<u>(1,449)</u>	<u>-</u>	<u>(1,449)</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	1,382,497	1,321,115	61,382	8,340
FUND BALANCE				
Beginning of year	277,408	277,408	-	325,003
End of year	<u>\$ 1,659,905</u>	<u>\$ 1,598,523</u>	<u>\$ 61,382</u>	<u>\$ 333,343</u>

**INDIVIDUAL FUND
STATEMENTS AND SCHEDULES**

TOWN OF JEAN LAFITTE, LOUISIANA

SCHEDULE OF REVENUES - BUDGET TO ACTUAL

GENERAL FUND

For the Year Ended June 30, 2017

	Actual Amounts	Final Budget	Variance with Final Budget Positive (Negative)	Original Budget
REVENUES				
Taxes				
Sales Taxes	\$ 280,878	\$ 223,000	\$ 57,878	\$ 218,000
Franchise Taxes	85,370	93,500	(8,130)	95,750
Total Taxes	<u>366,248</u>	<u>316,500</u>	<u>49,748</u>	<u>313,750</u>
Intergovernmental				
Federal				
FEMA - Public Assistance Grants	103,240	90,000	13,240	54,500
Police - Equipment Grants	9,968	8,000	1,968	6,100
Police - Highway Safety Grants	303	-	303	10,000
Victim's Assistance Grants	32,486	25,000	7,486	35,000
CDBG - Housing Assistance Grants	13,974	20,000	(6,026)	645,500
Total Federal	<u>159,971</u>	<u>143,000</u>	<u>16,971</u>	<u>751,100</u>
State				
Parish Transportation Fund	168,000	168,000	-	168,000
Beer Tax Allocation	3,387	3,200	187	3,200
Senior Citizen Utility Income	20,000	20,000	-	20,000
Total State	<u>191,387</u>	<u>191,200</u>	<u>187</u>	<u>191,200</u>
Parish/local				
Library Grant	16,964	17,550	(586)	17,550
Tourism	20,000	-	20,000	-
Auditorium Grand Opening Ceremony	4,000	-	4,000	-
Total Parish/Local	<u>40,964</u>	<u>17,550</u>	<u>23,414</u>	<u>17,550</u>
Total Intergovernmental	<u>392,322</u>	<u>351,750</u>	<u>40,572</u>	<u>959,850</u>
Licenses and permits				
Occupational Licenses	25,538	22,000	3,538	22,000
Insurance Premium Fees	29,611	27,500	2,111	27,500
Alcoholic Beverage Permits	1,976	2,200	(224)	1,500
Building, Electrical and Plumbing Permits	6,834	8,750	(1,916)	9,600
	<u>63,959</u>	<u>60,450</u>	<u>3,509</u>	<u>60,600</u>
Service charges, rentals and fees				
Facility Rentals	72,554	71,600	954	126,200
Royalties	-	1,500	(1,500)	1,500
	<u>72,554</u>	<u>73,100</u>	<u>(546)</u>	<u>127,700</u>
Fines and forfeitures				
	<u>18,983</u>	<u>15,000</u>	<u>3,983</u>	<u>11,250</u>
Gaming fees and commissions				
Boontown Boarding Fees	348,183	337,500	10,683	337,500
Video Poker Fees	1,274	1,200	74	1,700
	<u>349,457</u>	<u>338,700</u>	<u>10,757</u>	<u>339,200</u>
Interest				
	<u>4,287</u>	<u>3,500</u>	<u>787</u>	<u>100</u>
Other				
Donations - BP Advertising	7,590	7,590	-	-
Donations - Other	3,000	3,000	-	-
BP Economic Settlement	1,500,000	1,500,000	-	-
Insurance Proceeds	4,316	4,325	(9)	-
Special Events and Festivals	32,960	32,500	460	24,300
Tourist Information Proceeds	1,292	1,500	(208)	1,500
Senior Citizen Fund	4,596	5,000	(404)	7,500
Miscellaneous	12,169	15,500	(3,331)	5,500
	<u>1,565,923</u>	<u>1,569,415</u>	<u>(3,492)</u>	<u>38,800</u>
Total Revenues	<u>\$ 2,833,733</u>	<u>\$ 2,728,415</u>	<u>\$ 105,318</u>	<u>\$ 1,851,250</u>

TOWN OF JEAN LAFITTE, LOUISIANA

SCHEDULE OF EXPENDITURES - BUDGET TO ACTUAL

GENERAL FUND

For the Year Ended June 30, 2017

EXPENDITURES	Actual Amounts	Final Budget	Variance with Final Budget Positive (Negative)	Original Budget
Current:				
General Government				
Salaries and Benefits				
Salaries - Council	\$ 48,000	\$ 48,000	\$ -	\$ 48,000
Salaries - Regular	368,675	355,000	(13,675)	276,500
Retirement	56,386	57,000	614	48,000
Payroll taxes	43,977	41,500	(2,477)	36,500
Health and life insurance	32,125	32,500	375	32,500
Health and life insurance - Mayor	2,605	3,000	395	4,500
Unemployment insurance	586	1,000	414	1,000
Workman's compensation insurance	10,223	12,550	2,327	12,550
Dental and other	3,130	4,000	870	5,000
	<u>565,707</u>	<u>554,550</u>	<u>(11,157)</u>	<u>464,550</u>
General and Administrative Costs				
Accounting and auditing	40,149	39,500	(649)	35,000
Appraisals/surveys	-	-	-	500
Architect/engineering	-	-	-	1,500
Auto and truck	19,325	20,000	675	11,500
Bank charges	2,429	2,250	(179)	1,000
Contract labor	1,260	2,500	1,240	5,000
Consultants	24,000	24,000	-	24,000
Court costs	497	250	(247)	250
Dues and subscriptions	2,057	2,250	193	750
Emergency response costs - BP oil spill	-	-	-	-
Emergency response costs - hurricanes	10,259	5,850	(4,409)	65,910
Insurance	151,927	174,500	22,573	174,500
Janitorial	4,649	4,250	(399)	4,250
Legal - attorney/magistrate	38,260	35,000	(3,260)	10,200
Mileage	-	-	-	500
Miscellaneous	5,827	5,500	(327)	5,500
Office supplies	23,282	22,000	(1,282)	12,500
Official journal	-	-	-	2,000
Rentals	1,248	1,250	2	1,250
Repairs and maintenance	152,148	110,000	(42,148)	57,500
Scholarship program	4,400	4,400	-	4,000
Travel - conventions	4,715	7,500	2,785	7,500
Travel - other	1,509	1,500	(9)	5,000
Uniforms	-	-	-	-
Utilities	139,730	118,000	(21,730)	112,500
	<u>627,671</u>	<u>580,500</u>	<u>(47,171)</u>	<u>542,610</u>
Total General Government	<u>1,193,378</u>	<u>1,135,050</u>	<u>(58,328)</u>	<u>1,007,160</u>

(Continued)

TOWN OF JEAN LAFITTE, LOUISIANA

SCHEDULE OF EXPENDITURES - BUDGET TO ACTUAL

GENERAL FUND

For the Year Ended June 30, 2017

	Actual Amounts	Final Budget	Variance with Final Budget Positive (Negative)	Original Budget
<u>Public Safety</u>				
Salaries - officers	135,531	140,000	4,469	95,000
Retirement - police	-	-	-	-
Supplies - police	15,259	15,000	(259)	18,000
Victims assistance grant costs	12,161	25,000	12,839	35,000
Total Public Safety	<u>162,951</u>	<u>180,000</u>	<u>17,049</u>	<u>148,000</u>
<u>Public Works</u>				
Road maintenance - supplies	16,000	16,000	-	750
Lafitte Levee - rock project	-	-	-	-
Total Public Works	<u>16,000</u>	<u>16,000</u>	<u>-</u>	<u>750</u>
<u>Urban Planning and Housing</u>				
CDBG housing assistance program	13,974	20,000	6,026	645,500
Total Urban Planning and Housing	<u>13,974</u>	<u>20,000</u>	<u>6,026</u>	<u>645,500</u>
<u>Culture and Recreation</u>				
Seafood festival costs	-	-	-	-
Senior Center expenditures	4,575	4,500	(75)	4,000
Special events - other	44,023	38,250	(5,773)	12,500
Tourism costs	14,886	7,500	(7,386)	25,000
Total Culture and Recreation	<u>63,484</u>	<u>50,250</u>	<u>(13,234)</u>	<u>41,500</u>
Debt Service:				
Principal	-	-	-	-
Interest	-	-	-	-
Total Debt Service	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Capital Outlay				
Land, buildings and improvements	-	-	-	-
Furniture, fixtures and equipment	-	6,000	6,000	-
Vehicles and heavy equipment	-	-	-	-
Total Capital Outlay	<u>-</u>	<u>6,000</u>	<u>6,000</u>	<u>-</u>
Total Expenditures	<u>\$ 1,449,787</u>	<u>\$ 1,407,300</u>	<u>\$ (42,487)</u>	<u>\$ 1,842,910</u>

TOWN OF JEAN LAFITTE, LOUISIANA

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - CAPITAL PROJECT FUND
For the Year Ended June 30, 2017**

	Capital Projects Fund
REVENUES	
Taxes	\$ -
Intergovernmental	
Federal	170,460
State	-
Parish/local	-
Interest	-
Other	-
Total Revenues	<u>170,460</u>
EXPENDITURES	
Capital Outlay	
Land	-
Architect/Engineering	49,080
Construction	278,373
Equipment and Fixtures	323,954
Testing and Other	1,876
Total Expenditures	<u>653,283</u>
Excess (Deficiency) of Revenues over Expenditures	(482,823)
OTHER FINANCING SOURCES (USES)	
Transfers in	1,449
Transfers out	-
Total Other Financing Sources (Uses)	<u>1,449</u>
NET CHANGE IN FUND BALANCE	(481,374)
FUND BALANCE	
Beginning of year	(88,298)
End of year	<u>\$ (569,672)</u>

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OTHER SUPPLEMENTARY INFORMATION

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TOWN OF JEAN LAFITTE, LOUISIANA
SCHEDULE OF COUNCILPERSONS' COMPENSATION
For the Year Ended June 30, 2017

<u>Councilperson</u>	<u>Amount</u>
Barry Bartholomew	\$ 9,600
Christy Creppel	9,600
Shirley Guillie	9,600
Calvin LeBeau	9,600
Verna Smith	9,600
TOTAL COUNCILPERSONS' COMPENSATION	<u>\$ 48,000</u>

TOWN OF JEAN LAFITTE, LOUISIANA

SCHEDULE OF COMPENSATION AND OTHER PAYMENTS TO AGENCY HEAD OR CHIEF EXECUTIVE OFFICER FOR THE YEAR ENDED JUNE 30, 2017

Agency Head Name/Title:

Timothy P. Kerner, Mayor

<u>Purpose</u>	<u>Amount</u>	
Salary	\$ 83,077	(1)
Taxes - Federal (Social Security and Medicare)	6,455	(2)
Benefits - Retirement	18,900	(3)
Benefits - Insurance (Group Health)	2,605	(4)
Benefits - Other	1,192	(5)
Vehicle Provided by Agency	1,300	(6)
Per Diem	-	
Reimbursements	-	
Travel (meal per diems)	-	
Travel (gas and parking)	2,590	
Registration Fees	-	
Conference Travel	2,428	(7)
Continuing Professional Education Fees	-	
Housing	-	
Unvouchered Expenses	-	
Special Meals	1,739	(8)

Notes to Schedule:

- (1) The Mayor's salary is set by Town Ordinance.
- (2) The Town and its employees pay social security and medicare taxes. This amount represents the amount of taxes paid by the employer (the Town) on this employee's taxable wages.
- (3) All full-time employees of the Town, including the Mayor, are members of the Louisiana Municipal Employees Retirement System (MERS). Under this plan, the Town is required to pay 22.75% as contribution to the plan, while the employee is required to pay 9.50%. This amount represents the employer's cost of this contribution for FYE 2017.
- (4) The Town pays for the health insurance coverage for all full-time employees. The Mayor had healthcare coverage elsewhere; however, during the year this coverage was discontinued. The Mayor was able to obtain coverage through the same provider and the Town reimbursed him or paid the bill on his behalf.
- (5) The Town paid for a life insurance policy on the Mayor. This was the cost of that policy.
- (6) The Town provides the Mayor with a take-home vehicle. Under IRS rules, the Mayor is taxed on the estimated lease value of the vehicle. For 2017, the amount included in the Mayor's taxable income is shown above.
- (7) Includes travel costs (airfare, hotel, parking, etc.) for the Louisiana Municipal Association's annual conference, travel to Baton Rouge and Washington DC, etc.
- (8) Includes meals related to Town business, including meals at conferences.

TOWN OF JEAN LAFITTE, LOUISIANA
SCHEDULE OF STATE FUNDING
For the Year Ended June 30, 2017

State Source	Amount
Department of the Treasury - Tax/Fee Allocations	
Parish Transportation Funds	\$ 168,000
Beer Tax	3,387
	171,387
Facility Planning and Control	
State Capital Outlay - Fish/Seafood Market Construction	
Project No. FP&C 50-ME1-11-01	-
Less amount shown as deferred inflow	-
	-
Louisiana Office of Community Development	
Senior Citizens Utility Income Assistance	20,000
	\$ 191,387

Note: Additional funds were received from various State agencies; however, because those funds were "federal grant funds" being passed through the State, they are not reflected on this schedule. Instead, they are presented as Federal Grants on the Schedule of Expenditures of Federal Awards as pass-through grants.

TOWN OF JEAN LAFITTE, LOUISIANA
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 FOR THE YEAR ENDED JUNE 30, 2017

GRANTOR/SOURCE	FEDERAL CFDA NO.	GRANT NUMBER
DIRECT GRANTS		
None		
PASS-THROUGH GRANTS		
Department of Homeland Security		
Passed Through Louisiana Governor's Office of Homeland Security (GOHSEP)		
Public Disaster Assistance - Cindy	97.036	1601-DR-LA
Public Disaster Assistance - Katrina	97.036	1603-DR-LA
Public Disaster Assistance - Rita	97.036	1607-DR-LA
Public Disaster Assistance - Gustav	97.036	1786-DR-LA
Public Disaster Assistance - Ike	97.036	1792-DR-LA
Public Disaster Assistance - TS Lee	97.036	4041-DR-LA
Public Disaster Assistance - Isaac	97.036	4080-DR-LA
Total Department of Homeland Security		
Department of Justice		
Passed Through Louisiana Commission on Law Enforcement and/or		
Jefferson Parish Criminal Justice Coordinating Council		
Victim's Assistance Program Grant- 2016	16.575	2014-VA-04/02/01/03-2840
Street Sales Disruption - 2015	16.738	3136
Street Sales Disruption - 2016	16.738	3484
Total Department of Justice		
Department of Transportation		
Passed Through Louisiana Dept of Public Safety		
Highway Safety Grant - SECT 405B - Special Enforcement WAVE 2017	20.616	2017-35-27
Total Department of Transportation		
Department of Housing and Urban Development		
Passed through Louisiana Office of Community Development		
Community Development Block Grant - Disaster Recovery - Seafood Market Additional Costs	14.228	26FSCC3502
Passed through Jefferson Parish Office of Community Development		
Community Development Block Grant - Disaster Recovery - Auditorium Demo & Construction	14.228	29PARA3202
Community Development Block Grant - Disaster Recovery - Town Streets/Drainage	14.228	Unknown
CDBG/Home Investment Partnership Program - Housing Assistance	14.239	Unknown
Total Department of Housing and Urban Development		
Total Pass-Through Grants		
Grand Total - All Grants		

FOOTNOTES TO SCHEDULE:

This Schedule was prepared on the accrual basis of accounting and covers all activity from July 1, 2016 to June 30, 2017. The Schedule was prepared in accordance with the requirements of the OMB's Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards under 2 CFR Part 200, even though the Town was not required to have such an audit done for the year ended June 30, 2017.

- (1) GASB 65 now requires the recognition of "deferred inflows" for grants on the fund financial statements when their revenues are deemed "unavailable" at year-end. At June 30, 2017, the Town had outstanding receivables of \$191,718 from FEMA/GOHSEP which were considered "unavailable" and recognized on the Balance Sheet as "deferred inflows". The "current revenues" shown on this schedule reflects the net of current year revenues and the change in prior year receivables/deferred inflows. Thus, the fund financial statements show current year revenue on FEMA grants of \$103,240. The difference between this number and the \$16,824 shown above is the \$(86,416) current year change in deferred inflows in the General Fund. In the Capital Project funds, \$340,939 of receivables are considered "unavailable" and have been recorded as "deferred inflows". The "current revenues" shown on this schedule reflects the net of current year revenues and the changes in receivables/deferred inflows.
- (2) Current year expenditures on these FEMA Public Assistance Grants are made up of consulting fees paid to help close out the Project Worksheets. Ultimately, these costs will be reimbursed by FEMA through a Project Worksheet; however, as of June 30, 2017 no worksheet has been written. Since there is no worksheet, there is no obligation to pay as of yet. When the work is completed, the PW will be written and the Town will be reimbursed.

GRANT PERIOD		PRIOR YEAR	CURRENT	CURRENT	CURRENT	FEDERAL
FROM	TO	RECEIVABLE	YEAR	YEAR	YEAR	EXPENDITURES
		(DEFERRED)	RECEIPTS	RECEIVABLE	REVENUES	
		(DEFERRED)		(DEFERRED)		
		\$ -	\$ -	\$ -	\$ -	\$ -
Project Completion		\$ -	\$ -	\$ -	\$ -	\$ -
Project Completion		11,368	-	11,368	-	-
Project Completion		-	2,796	-	2,796	-
Project Completion		(24,452)	-	(24,452)	-	-
Project Completion		4,482	18,510	-	14,028	-
Project Completion		192,263	81,934	110,329	-	-
Project Completion		8,057	-	8,057	-	-
		<u>191,718</u>	<u>103,240</u>	<u>105,302</u>	<u>16,824</u>	<u>-</u>
1/1/2016	12/31/2016	6,260	26,361	12,385	32,486	32,486
		<u>6,260</u>	<u>26,361</u>	<u>12,385</u>	<u>32,486</u>	<u>32,486</u>
1/1/2016	12/31/2016	-	4,893	-	4,893	4,893
1/1/2017	12/31/2017	-	-	5,075	5,075	5,075
		<u>-</u>	<u>4,893</u>	<u>5,075</u>	<u>9,968</u>	<u>9,968</u>
		<u>6,260</u>	<u>31,254</u>	<u>17,460</u>	<u>42,454</u>	<u>42,454</u>
4/21/2017	9/30/2017	-	-	303	303	303
		<u>-</u>	<u>-</u>	<u>303</u>	<u>303</u>	<u>303</u>
		<u>-</u>	<u>-</u>	<u>303</u>	<u>303</u>	<u>303</u>
Project Completion		-	-	-	-	-
		<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Project Completion		230,353	15,272	340,939	125,858	125,858
Project Completion		614,915	785,375	-	170,460	170,460
		<u>845,268</u>	<u>800,647</u>	<u>340,939</u>	<u>296,318</u>	<u>296,318</u>
Project Completion		(9,165)	11,750	(6,941)	13,974	13,974
		<u>836,103</u>	<u>812,397</u>	<u>333,998</u>	<u>310,292</u>	<u>310,292</u>
		<u>\$ 1,034,081</u>	<u>\$ 946,891</u>	<u>\$ 457,063</u>	<u>\$ 369,873</u>	<u>\$ 353,049</u>
		<u>\$ 1,034,081</u>	<u>\$ 946,891</u>	<u>\$ 457,063</u>	<u>\$ 369,873</u>	<u>\$ 353,049</u>
Less amounts reported as changes in deferred inflows:						
					86,416	
					(125,858)	
					<u>\$ 330,431</u>	
Recognized in:						
				\$	159,971	
					170,460	
				<u>\$</u>	<u>330,431</u>	

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COMPLIANCE SECTION

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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

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 each major fund of The Town of Jean Lafitte (the "Town"), as of and for the year ended June 30, 2017, 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 27, 2017.

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 of the Town's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town's internal control.

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. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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.

Carly Riggs & Ingram, L.L.C.

December 27, 2017

**Town of Jean Lafitte, Louisiana
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2017**

SUMMARY OF AUDITORS' RESULTS

1. The independent auditors' report expresses an unmodified opinion on the financial statements of the Town of Jean Lafitte, Louisiana (the "Town").
2. No deficiencies in internal control over financial reporting are reported in the *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*.
3. No instances of noncompliance material to the financial statements of the Town, which is required to be reported in accordance with *Governmental Auditing Standards*, was disclosed during the audit.
4. A management letter was not issued for the year ended June 30, 2017.

SECTION II – FINDINGS RELATED TO FINANCIAL STATEMENT AUDIT

There were no findings related to the financial statement audit for the year ended June 30, 2017.

SECTION III – FINDINGS AND QUESTIONED COSTS RELATED TO MAJOR FEDERAL AWARD PROGRAM

A single audit was not required as the expenditures of federal awards did not exceed \$750,000.



**Town of Jean Lafitte, Louisiana
Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2017**

SECTION I - FINDINGS RELATED TO FINANCIAL STATEMENT AUDIT

There were no findings related to the financial statement audit in the prior year.

SECTION II - FINDINGS AND QUESTIONED COSTS RELATED TO MAJOR FEDERAL AWARD PROGRAM

There were no findings related to the major federal award program in the prior year.

(END OF REPORT)

INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

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

We have performed the procedures enumerated below, which were agreed to by management of the Town of Jean Lafitte, Louisiana (the "Town") and the Louisiana Legislative Auditor ("LLA") on the control and compliance ("C/C") areas identified in the LLA's Statewide Agreed-Upon Procedures ("SAUPs") for the fiscal period July 1, 2016 through June 30, 2017. The Town's management is responsible for those C/C areas identified in the SAUPs.

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. The sufficiency of these procedures is solely the responsibility of the specified users of this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

The procedures and associated results are as follows:

PROCEDURES TO BE PERFORMED IN CONNECTION WITH LOUISIANA LEGISLATIVE AUDITOR STATEWIDE AGREED-UPON PROCEDURES

Written Policies and Procedures

1. Obtain the entity's written policies and procedures and report whether those written policies and procedures address each of the following financial/business functions (or report that the entity does not have any written policies and procedures), as applicable:

We obtained the written policies and verified that they addressed the areas as follows:

- a) *Budgeting*, including preparing, adopting, monitoring, and amending the budget.

No budgeting policy was noted. See below for management's response.

- b) *Purchasing*, including (1) how purchases are initiated; (2) how vendors are added to the vendor list; (3) the preparation and approval process of purchase requisitions and purchase orders; (4) controls to ensure compliance with the public bid law; and (5) documentation required to be maintained for all bids and price quotes.

The Town's Purchasing Policy does not indicate how vendors should be approved and added to the vendor list. See below for management's response.

- c) *Disbursements*, including processing, reviewing, and approving.

No exceptions were noted.

- d) *Receipts*, including receiving, recording, and preparing deposit.

No exceptions were noted.

- e) *Payroll/Personnel*, including (1) payroll processing, and (2) reviewing and approving time and attendance records, including leave and overtime worked.

No exceptions were noted.

- f) *Contracting*, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process.

No contracting policy was noted. See below for management's response.

- g) *Credit Cards (and debit cards, fuel cards, P-Cards, if applicable)*, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers, and (5) monitoring card usage.

No credit card policy was noted. See below for management's response.

- h) *Travel and expense reimbursement*, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers.

The Town's Travel and Expense Reimbursement Policy does not describe the expense approval process. See below for management's response.

- i) *Ethics*, including (1) the prohibitions as defined in Louisiana Revised Statute 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) requirement that all employees, including elected officials, annually attest through signature verification that they have read the entity's ethics policy. Note: Ethics requirements are not applicable to nonprofits.

The Town's Ethics policy does not include a monitoring process. See below for management's response

- j) *Debt Service*, including (1) debt issuance approval, (2) EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.

No debt service policy was noted. See below for management's response.

Management's Response: Due to the small size of the financial staff of the Town, we have never been able to achieve a proper segregation of duties in the various financial functions, such as purchasing, disbursements, receipts, payroll/personnel, contracting, credit cards, etc. Typically, formal policies and procedures are set in writing to document the flow of transactions and the internal controls and segregation of duties that are established. Since we are unable to do so, we have never felt that the cost/benefit of incurring the time and cost in documenting all of our policies and procedures warranted such an endeavor. Our administrative staff is well-established and has years of experience on the job. They are well versed in what needs to be done and what our policies and procedures are, even if they are not in writing. We also, for years, have followed the written guidelines contained in certain statutes like the Louisiana Public Bid Law, the Local Government Budget Act, the Lawrason Act, the State Ethics Code, the State and GSA Travel Guidelines. We never felt it necessary to reinvent the wheel, so to speak.

Board (or Finance Committee, if applicable)

2. Obtain and review the board/committee minutes for the fiscal period, and:

We obtained and reviewed the board/committee minutes for the fiscal period.

- a) Report whether the managing board met (with a quorum) at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, or other equivalent document.

No exceptions were noted.

- b) Report whether the minutes referenced or included monthly budget-to-actual comparisons on the General Fund and any additional funds identified as major funds in the entity's prior audit (GAAP-basis).

- 1) If the budget-to-actual comparisons show that management was deficit spending during the fiscal period, report whether there is a formal/written plan to eliminate the deficit spending for those entities with a fund balance deficit. If there is a formal/written plan, report whether the meeting minutes for at least one board meeting during the fiscal period reflect that the board is monitoring the plan.

No exceptions were noted.

- c) Report whether the minutes referenced or included non-budgetary financial information (e.g. approval of contracts and disbursements) for at least one meeting during the fiscal period.

We noted that the Board minutes did not reference or include budget-to-actual comparisons.

Management's Response: The Town utilizes the services of an outside CPA firm to help produce and monitor our annual operating budget. The budget is presented to the Mayor for review and approval each May and passed by the Council at a public meeting via an Ordinance in the month of June. During the year, the CPA provides the Mayor with semi-annual updates on the budget-to-actual performance of the General Fund; however, the data is not presented to the Board unless an amendment to the budget is required. We anticipate changing our policies whereby the outside CPA will present budget-to-actual data to the Board on a quarterly basis at a public meeting.

Bank Reconciliations

3. Obtain a listing of bank accounts from management and management's representation that the listing is complete.

We obtained a listing of the bank accounts from management and obtained a representation from management that the listing was complete.

4. Using the listing provided by management, select all of the entity's bank accounts (if five accounts or less) or one-third of the bank accounts on a three year rotating basis (if more than 5 accounts). If there is a change in practitioners, the new practitioner is not bound to follow the rotation established by the previous practitioner. *Note: School student activity fund accounts may be excluded from selection if they are otherwise addressed in a separate audit or AUP engagement.* For each of the bank accounts selected, obtain bank statements and reconciliations for all months in the fiscal period and report whether:

We selected all of the Town's bank accounts. For each bank account we verified the following:

- a) Bank reconciliations have been prepared;

No exceptions were noted.

- b) Bank reconciliations include evidence that a member of management or a board member (with no involvement in the transactions associated with the bank account) has reviewed each bank reconciliation; and

No exceptions were noted.

- c) If applicable, management has documentation reflecting that it has researched reconciling items that have been outstanding for more than 6 months as of the end of the fiscal period.

No exceptions were noted.

Collections

- 5. Obtain a listing of cash/check/money order (cash) collection locations and management's representation that the listing is complete.

We obtained the listing of the collection locations and a representation from management that the listing was complete.

- 6. Using the listing provided by management, select all of the entity's cash collection locations (if five locations or less) or one-third of the collection locations on a three year rotating basis (if more than 5 locations). If there is a change in practitioners, the new practitioner is not bound to follow the rotation established by the previous practitioner. *Note: School student activity funds may be excluded from selection if they are otherwise addressed in a separate audit or AUP engagement.* **For each cash collection location selected:**

- a) Obtain existing written documentation (e.g. insurance policy, policy manual, job description) and report whether each person responsible for collecting cash is (1) bonded, (2) not responsible for depositing the cash in the bank, recording the related transaction, or reconciling the related bank account (report if there are compensating controls performed by an outside party), and (3) not required to share the same cash register or drawer with another employee.

We obtained written documentation and determined that each person collecting cash is (1) bonded, (2) not responsible for depositing cash in the bank, recording the related transaction, or reconciling the related bank account, (3) not required to share the same cash register or drawer with another employee.

- b) Obtain existing written documentation (e.g. sequentially numbered receipts, system report, reconciliation worksheets, policy manual) and report whether the entity has a formal process to reconcile cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions, by a person who is not responsible for cash collections in the cash collection location selected.

We verified that the Town has a formal process and written documentation to reconcile cash collections to the general ledger by a person who is not responsible for cash collections.

c) Select the highest (dollar) week of cash collections from the general ledger or other accounting records during the fiscal period and:

- 1) Using entity collection documentation, deposit slips, and bank statements, trace daily collections to the deposit date on the corresponding bank statement and report whether the deposits were made within one day of collection. If deposits were not made within one day of collection, report the number of days from receipt to deposit for each day at each collection location.

During our review of collections, we noted that for three (3) of the receipts selected, there were two (2) days between receipt and the bank deposit.

Management's Response: We do our best to deposit all funds on a timely basis. It should be noted that there are no bank branches located in the Town of Lafitte. The closest branch is located 25 minutes away in Marrero. Depending on what is happening at Town Hall, the Town Clerk and or a designated employee may not be always be able to take an hour off to drive to Marrero to make a deposit every day.

- 2) Using sequentially numbered receipts, system reports, or other related collection documentation, verify that daily cash collections are completely supported by documentation and report any exceptions.

Daily deposits were completely supported by documentation. No exceptions were noted.

7. Obtain existing written documentation (e.g. policy manual, written procedure) and report whether the entity has a process specifically defined (identified as such by the entity) to determine completeness of all collections, including electronic transfers, for each revenue source and agency fund additions (e.g. periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation) by a person who is not responsible for collections.

No exceptions were noted.

Disbursements – General (excluding credit card/debit card/fuel card/P-Card purchases or payments)

8. Obtain a listing of entity disbursements from management or, alternately, obtain the general ledger and sort/filter for entity disbursements. Obtain management’s representation that the listing or general ledger population is complete.

We sorted and filtered the Town’s general ledger to create a listing of entity disbursements and obtained a representation from management that the listing is complete.

9. Using the disbursement population from #8 above, randomly select 25 disbursements (or randomly select disbursements constituting at least one-third of the dollar disbursement population if the entity had less than 25 transactions during the fiscal period), excluding credit card/debit card/fuel card/P-card purchases or payments. Obtain supporting documentation (e.g. purchase requisitions, system screens/logs) for each transaction and report whether the supporting documentation for each transaction demonstrated that:

We selected 25 disbursements, examined supporting documentation and verified the following:

- a) Purchases were initiated using a requisition/purchase order system or an equivalent electronic system that separates initiation from approval functions in the same manner as a requisition/purchase order system.

We noted that the Town does not utilize a formal purchase order or requisition system as it would not be cost-effective given the Town’s size. All of the twenty-five (25) selected disbursements were approved by management. However, we were unable to determine what employee initiated the purchase for eight (8) of the twenty-five (25) disbursements selected.

Management’s Response: The Town only utilizes purchase orders in limited circumstances (typically when buying materials and supplies). For professional services, recurring costs, utility bills, etc., purchase orders are not considered necessary. Also, when it comes to approving transactions, because we are a small Town, the Mayor and Town Clerk are pretty much aware of every transaction and purchase made. They would not sign a check on any invoice that they did not recognize the transaction or purchase on, or know that they had not previously approved.

- b) Purchase orders, or an electronic equivalent, were approved by a person who did not initiate the purchase.

Some exceptions noted. See above.

- c) Payments for purchases were not processed without (1) an approved requisition and/or purchase order, or electronic equivalent; a receiving report showing receipt of goods purchased, or electronic equivalent; and an approved invoice.

Some exceptions noted. See above.

- 10. Using entity documentation (e.g. electronic system control documentation, policy manual, written procedure), report whether the person responsible for processing payments is prohibited from adding vendors to the entity's purchasing/disbursement system.

We noted that the employee responsible for processing payments has the ability to add vendors to the Town's accounting system.

Management's Response: Due to the small size of the financial staff of the Town, we have never been able to achieve a proper segregation of duties in the various financial functions, including the accounts payable process. We have tried to put mitigating controls in place by hiring an outside CPA firm to perform the bank reconciliations as well as to do a monthly review of the general ledger postings. We have a separate accounting clerk handle all major capital project and FEMA grants. We also require dual signatures on every check. Since we issue manual checks for the most part, we do not feel that this exception causes us any issues. We believe that there are enough people looking at the disbursements down the line that an improper or unauthorized vendor would be identified fairly quickly. We are cognizant of the lack of segregation of duties and monitor financial activity accordingly.

- 11. Using entity documentation (e.g. electronic system control documentation, policy manual, written procedure), report whether the persons with signatory authority or who make the final authorization for disbursements have no responsibility for initiating or recording purchases.

We noted employees with signatory authority are also able to initiate or record purchases.

Management's Response: Due to the small size of the administrative and financial staff of the Town, we have never been able to achieve a proper segregation of duties in the various financial functions, including the purchasing and accounts payable process. We have tried to put mitigating controls in place by hiring an outside CPA firm to perform the bank reconciliations as well as to do a monthly review of the general ledger postings. We have a separate accounting clerk handle all major capital project and FEMA grants. We also require dual signatures on every check. Since we issue manual checks for the most part, we do not feel that this exception causes us any issues. We are cognizant of the lack of segregation of duties and monitor financial activity accordingly.

12. Inquire of management and observe whether the supply of unused checks is maintained in a locked location, with access restricted to those persons that do not have signatory authority, and report any exceptions. Alternately, if the checks are electronically printed on blank check stock, review entity documentation (electronic system control documentation) and report whether the persons with signatory authority have system access to print checks.

No exceptions were noted.

13. If a signature stamp or signature machine is used, inquire of the signer whether his or her signature is maintained under his or her control or is used only with the knowledge and consent of the signer. Inquire of the signer whether signed checks are likewise maintained under the control of the signer or authorized user until mailed. Report any exceptions.

No exceptions were noted.

Credit Cards/Debit Cards/Fuel Cards/P-Cards

14. Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and P-cards (cards), including the card numbers and the names of the persons who maintained possession of the cards. Obtain management's representation that the listing is complete.

We obtained a listing of all credit, debit, fuel, and purchase cards and a representation from management that the listing (1 total card) is complete.

15. Using the listing prepared by management, randomly select 10 cards (or at least one-third of the cards if the entity has less than 10 cards) that were used during the fiscal period, rotating cards each year. If there is a change in practitioners, the new practitioner is not bound to follow the rotation established by the previous practitioner.

Obtain the monthly statements, or combined statements if multiple cards are on one statement, for the selected cards. Select the monthly statement or combined statement with the largest dollar activity for each card (for a debit card, select the monthly bank statement with the largest dollar amount of debit card purchases) and:

We selected the Town's credit card, obtained the monthly statements, and selected the month with the largest dollar activity.

- a) Report whether there is evidence that the monthly statement or combined statement and supporting documentation was reviewed and approved, in writing, by someone other than the authorized card holder. [Note: Requiring such approval may constrain the legal authority of certain public officials (e.g., mayor of a Lawrason Act municipality); these instances should not be reported.)]

No exceptions were noted.

- b) Report whether finance charges and/or late fees were assessed on the selected statements.

No exceptions were noted.

16. Using the monthly statements or combined statements selected under #15 above, obtain supporting documentation for all transactions for each of the 10 cards selected (i.e. each of the 10 cards should have one month of transactions subject to testing).

We obtained supporting documentation for the statements selected in Step 15 and verified the following:

- a) For each transaction, report whether the transaction is supported by:

- 1) An original itemized receipt (i.e., identifies precisely what was purchased)

We noted four (4) out of ten (10) credit card transactions selected lacked itemized receipts. See below for management's response.

- 2) Documentation of the business/public purpose. For meal charges, there should also be documentation of the individuals participating.

Four (4) exceptions were noted.

Management's Response: Two of the receipts in question were for gas purchases for the Mayor's vehicle, one was for parking and one was for a meal. Three of the receipts were inadvertently lost and not turned in. The business-purposes of the transactions were documented by the Mayor. We will do our best to turn in all itemized receipts in the future.

- 3) Other documentation that may be required by written policy (e.g., purchase order, written authorization.)

No exceptions were noted.

- b) For each transaction, compare the transaction's detail (nature of purchase, dollar amount of purchase, supporting documentation) to the entity's written purchasing/disbursement policies and the Louisiana Public Bid Law (i.e. transaction is a large or recurring purchase requiring the solicitation of bids or quotes) and report any exceptions.

No exceptions were noted.

- c) For each transaction, compare the entity's documentation of the business/public purpose to the requirements of Article 7, Section 14 of the Louisiana Constitution, which prohibits the loan, pledge, or donation of funds, credit, property, or things of value, and report any exceptions (e.g. cash advances or non-business purchases, regardless whether they are reimbursed). If the nature of the transaction precludes or obscures a comparison to the requirements of Article 7, Section 14, the practitioner should report the transaction as an exception.

No exceptions were noted.

Travel and Expense Reimbursement

17. Obtain from management a listing of all travel and related expense reimbursements, by person, during the fiscal period or, alternately, obtain the general ledger and sort/filter for travel reimbursements. Obtain management's representation that the listing or general ledger is complete.

We obtained the general ledger detail and sorted and filtered for travel reimbursements. We obtained a representation from management that the listing was complete.

18. Obtain the entity's written policies related to travel and expense reimbursements. Compare the amounts in the policies to the per diem and mileage rates established by the U.S. General Services Administration (www.gsa.gov) and report any amounts that exceed GSA rates.

We obtained the written policy relating to travel and expense reimbursement and we compared the amounts in the policies to the per diem and mileage rates established by the U.S. GSA. We noted some amounts above established rates. See management's response below.

19. Using the listing or general ledger from #17 above, select the three persons who incurred the most travel costs during the fiscal period. Obtain the expense reimbursement reports or prepaid expense documentation of each selected person, including the supporting documentation, and choose the largest travel expense for each person to review in detail. For each of the three travel expenses selected:

- a) Compare expense documentation to written policies and report whether each expense was reimbursed or prepaid in accordance with written policy (e.g., rates established for meals, mileage, lodging). If the entity does not have written policies, compare to the GSA rates (#18 above) and report each reimbursement that exceeded those rates.

No exceptions were noted.

- b) Report whether each expense is supported by:

- 1) An original itemized receipt that identifies precisely what was purchased. [Note: An expense that is reimbursed based on an established per diem amount (e.g., meals) does not require a receipt.]

We noted all three (3) selected employees were reimbursed for costs that exceeded the rates adopted in the Town's written travel policy. However, all three (3) of these instances were related to travel for conferences which were approved by the Town Council and included in the Town's adopted budget.

- 2) Documentation of the business/public purpose (Note: For meal charges, there should also be documentation of the individuals participating).

No exceptions were noted.

- 3) Other documentation as may be required by written policy (e.g., authorization for travel, conference brochure, certificate of attendance)

No exceptions were noted.

- c) Compare the entity's documentation of the business/public purpose to the requirements of Article 7, Section 14 of the Louisiana Constitution, which prohibits the loan, pledge, or donation of funds, credit, property, or things of value, and report any exceptions (e.g. hotel stays that extend beyond conference periods or payment for the travel expenses of a spouse). If the nature of the transaction precludes or obscures a comparison to the requirements of Article 7, Section 14, the practitioner should report the transaction as an exception.

No exceptions were noted.

- d) Report whether each expense and related documentation was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

No exceptions were noted.

Management's Response: The first travel cost being questioned had to do with a trip the Mayor took to Washington DC and apparently the hotel room charge was in excess of the GSA stated room rate. The Mayor stayed at the event hotel and the rate charged was reasonable given the circumstances. The other two items related to rooms for the Town Clerk and one of the Councilwomen attending the LMA conference in Alexandria. Again, they stayed at a hotel blocked out by the conference. Although the rate might have exceeded the stated GSA room rate, the amount charged was reasonable. All three of these trips had to be approved by the Mayor and/or the Council.

Contracts

20. Obtain a listing of all contracts in effect during the fiscal period or, alternately, obtain the general ledger and sort/filter for contract payments. Obtain management's representation that the listing or general ledger is complete.

We obtained a listing of all contracts in effect during the year ended June 30, 2017. We obtained management's representation that the listing was complete.

21. Using the listing above, select the five contract “vendors” that were paid the most money during the fiscal period (excluding purchases on state contract and excluding payments to the practitioner). Obtain the related contracts and paid invoices and:

- a) Report whether there is a formal/written contract that supports the services arrangement and the amount paid.

No exceptions were noted.

- b) Compare each contract’s detail to the Louisiana Public Bid Law or Procurement Code. Report whether each contract is subject to the Louisiana Public Bid Law or Procurement Code and:

- 1) If yes, obtain/compare supporting contract documentation to legal requirements and report whether the entity complied with all legal requirements (e.g., solicited quotes or bids, advertisement, selected lowest bidder)

No exceptions were noted.

- 2) If no, obtain supporting contract documentation and report whether the entity solicited quotes as a best practice.

No exceptions were noted.

- c) Report whether the contract was amended. If so, report the scope and dollar amount of the amendment and whether the original contract terms contemplated or provided for such an amendment.

No exceptions were noted.

- d) Select the largest payment from each of the five contracts, obtain the supporting invoice, compare the invoice to the contract terms, and report whether the invoice and related payment complied with the terms and conditions of the contract.

No exceptions were noted.

- e) Obtain/review contract documentation and board minutes and report whether there is documentation of board approval, if required by policy or law (e.g. Lawrason Act or Home Rule Charter).

No exceptions were noted.

Payroll and Personnel

22. Obtain a listing of employees (and elected officials, if applicable) with their related salaries, and obtain management’s representation that the listing is complete. Randomly select five employees/officials, obtain their personnel files, and:

We obtained a listing of employees and a representation from management that the listing was complete. We selected five employees and obtained their personnel files and performed the following:

- a) Review compensation paid to each employee during the fiscal period and report whether payments were made in strict accordance with the terms and conditions of the employment contract or pay rate structure.

We verified compensation was in accordance with the terms of the employment contracts for each of the five employees selected.

No exceptions were noted.

- b) Review changes made to hourly pay rates/salaries during the fiscal period and report whether those changes were approved in writing and in accordance with written policy.

For each employee selected in Step 22a, we obtained management's approval of the employee's pay rate. If the employee's pay rate changed during the year, we obtained specific approval of the change.

No exceptions were noted.

- 23. Obtain attendance and leave records and randomly select one pay period in which leave has been taken by at least one employee. Within that pay period, randomly select 25 employees/officials (or randomly select one-third of employees/officials if the entity had less than 25 employees during the fiscal period), and:

We selected one pay period in which leave was taken and performed the following:

- a) Report whether all selected employees/officials documented their daily attendance and leave (e.g., vacation, sick, compensatory). (Note: Generally, an elected official is not eligible to earn leave and does not document his/her attendance and leave. However, if the elected official is earning leave according to policy and/or contract, the official should document his/her daily attendance and leave.)

No exceptions were noted.

- b) Report whether there is written documentation that supervisors approved, electronically or in writing, the attendance and leave of the selected employees/officials.

No exceptions were noted.

- c) Report whether there is written documentation that the entity maintained written leave records (e.g., hours earned, hours used, and balance available) on those selected employees/officials that earn leave.

We noted that the Town did not maintain a record of sick or vacation hours earned or the current balance available for eligible employees.

Management's Response: We disagree with this exception. The Town Clerk does maintain a record of leave balances on the full-time employees who are allowed to accrue leave. The employee in question was a part-time employee who had worked some special events for the Town and was given some "compensatory" time off. The time cards were inadvertently marked as sick leave when they should have been marked as "comp time" leave. We will make sure that this does not recur in the future.

24. Obtain from management a list of those employees/officials that terminated during the fiscal period and management's representation that the list is complete. If applicable, select the two largest termination payments (e.g., vacation, sick, compensatory time) made during the fiscal period and obtain the personnel files for the two employees/officials. Report whether the termination payments were made in strict accordance with policy and/or contract and approved by management.

We obtained a list of terminations and a representation that the list was complete. We selected termination payments and verified that they were made in accordance with the employee's contract and were approved by management.

No exceptions were noted.

25. Obtain supporting documentation (e.g. cancelled checks, EFT documentation) relating to payroll taxes and retirement contributions during the fiscal period. Report whether the employee and employer portions of payroll taxes and retirement contributions, as well as the required reporting forms, were submitted to the applicable agencies by the required deadlines.

We examined supporting documentation and verified that required payments of payroll taxes and retirement contributions as well as the required reporting forms were made in a timely manner. No exceptions were noted.

Ethics

26. Using the five randomly selected employees/officials from procedure #22 under “Payroll and Personnel” above, obtain ethics compliance documentation from management and report whether the entity maintained documentation to demonstrate that required ethics training was completed.

We noted one (1) out of five (5) employees selected that did not have documentation of completing the required ethics training. (LA R.S. 42:1170A)

Management’s Response: This employee who did not complete the required training was a part-time employee. The Town was under the impression that this requirement only applied to all full-time employees. This was an oversight on our part that this was not caught in time to ensure compliance. We will make sure this does not recur.

27. Inquire of management whether any alleged ethics violations were reported to the entity during the fiscal period. If applicable, review documentation that demonstrates whether management investigated alleged ethics violations, the corrective actions taken, and whether management’s actions complied with the entity’s ethics policy. Report whether management received allegations, whether management investigated allegations received, and whether the allegations were addressed in accordance with policy.

Management represented that no ethics violations were reported to them during the fiscal period.

Debt Service

28. If debt was issued during the fiscal period, obtain supporting documentation from the entity, and report whether State Bond Commission approval was obtained.

No exceptions were noted.

29. If the entity had outstanding debt during the fiscal period, obtain supporting documentation from the entity and report whether the entity made scheduled debt service payments and maintained debt reserves, as required by debt covenants.

No exceptions were noted.

30. If the entity had tax millages relating to debt service, obtain supporting documentation and report whether millage collections exceed debt service payment by more than 10% during the fiscal period. Also, report any millages that continue to be received for debt that has been paid off.

No exceptions were noted.

Other

31. Inquire of management whether the entity had any misappropriations of public funds or assets. If so, obtain/review supporting documentation and report whether the entity reported the misappropriation to the legislative auditor and the district attorney of the parish in which the entity is domiciled.

Management represented that there were no misappropriations of public funds. In addition, management signed a management representation letter stating that there had been no misappropriation of public funds.

32. Observe and report whether the entity has posted on its premises and website, the notice required by R.S. 24:523.1. This notice (available for download or print at www.la.gov/hotline) concerns the reporting of misappropriation, fraud, waste, or abuse of public funds.

We noted that the Town did not have the notice required by LA R.S. 24:523.1 posted on its website or posted on the Town's premises.

Management's Response: The poster used to be posted on the front door of the Town Hall but the doors were recently replaced after years of wear and tear and the posters were not rehung by mistake. The poster has since been rehung in Town Hall and our website host has been contacted about adding the poster to our website.

33. If the practitioner observes or otherwise identifies any exceptions regarding management's representations in the procedures above, report the nature of each exception

No exceptions were noted.

We were not engaged to and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on those C/C areas identified in the SAUPs. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

The purpose of this report is solely to describe the scope of procedures performed on those C/C areas identified in the SAUPs, and the result of the procedures performed, and not to provide an opinion on control or compliance. Accordingly, this report is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the LLA as a public document.

Caru, Riggs & Ingram, L.L.C.

December 27, 2017