

TOWN OF JEAN LAFITTE, LOUISIANA**FINANCIAL REPORT****For the Year Ended
June 30, 2006**

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 5-9-07

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FINANCIAL SECTION

REBOWE & COMPANY

CERTIFIED PUBLIC ACCOUNTANTS
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A PROFESSIONAL CORPORATION

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INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of Jean Lafitte, Louisiana, as of and for the year ended June 30, 2006, which collectively comprise the Town of Jean Lafitte's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the management of the Town of Jean Lafitte, Louisiana. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of Jean Lafitte, Louisiana as of June 30, 2006, and the respective changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated April 10, 2007 on our consideration of the Town of Jean Lafitte's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and 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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the result of our audit.

The Management's Discussion and Analysis and the budgetary comparison information on pages 3 through 8 and page 25, respectively, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Jean Lafitte's basic financial statements. The supplemental schedule on page 27 is presented for purposes of additional analysis and is not a required part of the basic financial statements. The supplemental schedule on page 27 has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements of the Town of Jean Lafitte. Such information has been subjected to the auditing procedures applied by us in the audit of the basic financial statements and, in our opinion, based on our audit, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Rebowe & Company

April 10, 2007

REQUIRED SUPPLEMENTARY INFORMATION - PART I

TOWN OF JEAN LAFITTE, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2006

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, 2006. It should be read in conjunction with the financial statements and the notes to the financial statements.

FINANCIAL HIGHLIGHTS

- The assets of the Town exceeded its liabilities at June 30, 2006 by \$6,012,322. Of this amount, \$1,131,657 is unrestricted and as such, may be used to meet the Town's ongoing obligations to citizens and creditors.
- The Town's total net assets increased by \$1,435,789. Most of this increase is attributable to an increase in intergovernmental revenues received during the year ended June 30, 2006.
- At June 30, 2006, the Town's governmental fund reported an ending fund balance of \$136,182, a decrease of \$319,552 in comparison with the prior year. The portion of the fund balance that is available for spending at the Town's discretion was \$136,182.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

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

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

Both of the government-wide financial statements distinguish functions of the Town that are financed primarily by taxes, intergovernmental revenues, and charges for services. The Town's governmental activities included general government, public safety, and culture and recreation.

TOWN OF JEAN LAFITTE, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
June 30, 2006

OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

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

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

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

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

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

**TOWN OF JEAN LAFITTE, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
June 30, 2006**

GOVERNMENT-WIDE FINANCIAL ANALYSIS

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

	Net Assets	
	Governmental Activities	
	June 30,	
	<u>2006</u>	<u>2005</u>
Current assets	\$ 1,568,944	\$ 594,437
Capital assets	<u>4,880,665</u>	<u>4,123,269</u>
Total assets	<u>6,449,609</u>	<u>4,717,706</u>
Current liabilities	<u>437,287</u>	<u>141,473</u>
Total liabilities	<u>437,287</u>	<u>141,473</u>
Net Assets		
Invested in capital assets, net of related debt	4,880,665	4,123,269
Unrestricted	<u>1,131,659</u>	<u>453,264</u>
Total net assets	<u>\$ 6,012,322</u>	<u>\$ 4,576,533</u>

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

TOWN OF JEAN LAFITTE, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
June 30, 2006

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

Changes in Net Assets		
Governmental Activities		
June 30,		
	2006	2005
Revenues		
Program revenues:		
Charges for services	\$ 1,103,413	\$ 600,819
Operating grants and contributions	1,406,609	196,572
Capital grants and contributions	522,335	578,019
General revenues:		
Taxes	161,636	166,782
Unrestricted investment earnings	12,800	5,239
Insurance proceeds	46,107	-
Gain on impairment of assets	192,837	-
Other revenues	58,576	-
Total revenues	3,504,313	1,547,431
Expenses		
General government	1,916,464	1,162,738
Public safety	32,769	21,738
Public works	-	20,000
Culture and recreation	119,291	117,473
Total expenses	2,068,524	1,321,949
Change in net assets	1,435,789	225,482
Net assets - beginning	4,576,533	4,351,051
Net assets - ending	\$ 6,012,322	\$ 4,576,533

The total revenues increased by approximately 126% from the previous year due to an increase in intergovernmental revenues, gaming revenues and other revenues, such as insurance proceeds and gain on impairment of assets. The increase in intergovernmental revenues, insurance proceeds and gain on impairment of assets were mostly due to funds received to compensate the Town for damage to its buildings and for recovery-related expenses following Hurricanes Katrina and Rita in September, 2005. The increase in these revenues coincided with a corresponding increase in expenses. As a result, overall expenses increased by approximately 56% for the current year over the previous year.

TOWN OF JEAN LAFITTE, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
June 30, 2006

BUDGETARY HIGHLIGHTS

The Town's general fund actual revenues exceeded budgeted revenues by approximately \$28,000 or 1%. This is principally due to gaming revenues being higher than anticipated. The Town's general fund actual expenditures were under budget by approximately \$149,000 or 5%. This is principally due to fewer capital outlay expenditures incurred than originally anticipated, as well as certain general government expenditures being less than originally anticipated.

CAPITAL ASSETS

The following table reflects the Town's investment in capital assets, net of depreciation, as of June 30, 2006.

Capital Assets		
Governmental Activities		
June 30,		
	<u>2006</u>	<u>2005</u>
Land	\$ 502,786	\$ 487,319
Land improvements	161,906	165,908
Buildings	2,493,965	2,147,391
Building improvements	463,846	460,611
Furniture, fixtures, and equipment	93,732	112,167
Vehicles and heavy equipment	42,525	5,043
Construction in progress	<u>1,121,905</u>	<u>744,830</u>
 Total capital assets	 <u>\$ 4,880,665</u>	 <u>\$ 4,123,269</u>

The majority of the capital additions for the year were for construction in progress as the Town continues to make capital improvements and renovations to Town buildings damaged by the hurricanes in September, 2005. Depreciation expense for the year ended June 30, 2006 was \$161,352, as compared to \$313,941 for the year ended June 30, 2005.

Due to Hurricanes Cindy and Katrina, the Town's auditorium incurred property damage and the Town received insurance proceeds to offset the losses. The net amount included in the financial statements as a gain on impairment of assets and the breakdown is shown below:

Total insurance proceeds	\$ 295,323
Loss on building damage	<u>(133,439)</u>
 Gain on impairment of asset	 <u>\$ 161,884</u>

TOWN OF JEAN LAFITTE, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
June 30, 2006

Due to Hurricane Katrina, the Town's civic center also incurred property damage and the Town received insurance proceeds to offset the losses. The net amount included in the financial statements as a gain on impairment of assets and the breakdown is shown below:

Total insurance proceeds	\$ 33,634
Loss on building damage	<u>(2,681)</u>
Gain on impairment of asset	<u>\$ 30,953</u>

ECONOMIC OUTLOOK

The Town anticipates an increase in intergovernmental revenues from federal, state and local sources that will support capital projects and improvements, as well as support the Town as it continues repairs and renovations of hurricane damaged buildings. Additionally, intergovernmental revenues will help support the Town as it continues other hurricane recovery efforts. As a result, there is an expected increase in capital outlay expenditures and recovery-related expenditures. Major construction projects the Town expects to continue or begin includes the Rosethorne, Willie Mae Dolan and Fleming Canal Pump Stations, the Jean Lafitte Library, the Jean Lafitte Multipurpose building and a lighthouse/observation tower. Additionally, renovations will continue on the Town's civic center and auditorium for damage caused by the hurricanes.

FURTHER INFORMATION

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

BASIC FINANCIAL STATEMENTS

TOWN OF JEAN LAFITTE, LOUISIANA
STATEMENT OF NET ASSETS
JUNE 30, 2006

	<u>Governmental Activities</u>
ASSETS	
Current assets:	
Cash	\$ 197,427
Investments	104,874
Receivables:	
Sales taxes	24,028
Franchise fees	11,938
Intergovernmental	1,146,454
Miscellaneous	22,962
Prepays	61,261
Total current assets	<u>1,568,944</u>
Capital assets (net of accumulated depreciation)	<u>4,880,665</u>
Total assets	<u>6,449,609</u>
LIABILITIES	
Current liabilities:	
Accounts payable	350,059
Accrued expenses	2,258
Deferred revenues	82,500
Capital lease obligation	1,860
Accrued interest payable	610
Total current liabilities	<u>437,287</u>
NET ASSETS	
Invested in capital assets, net of related debt	4,880,665
Unrestricted	<u>1,131,657</u>
Total net assets	<u>\$ 6,012,322</u>

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

**TOWN OF JEAN LAFITTE, LOUISIANA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2006**

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net (Expense) Revenue and Changes in Net Assets</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	
Governmental activities:					
General government	\$ 1,916,464	\$ 983,227	\$ 1,389,216	\$ 150,000	\$ 605,979
Public safety	32,769	4,287	17,393	-	(11,089)
Public works	-	-	-	372,335	372,335
Culture and recreation	119,291	115,899	-	-	(3,392)
 Total governmental activities	 <u>\$ 2,068,524</u>	 <u>\$ 1,103,413</u>	 <u>\$ 1,406,609</u>	 <u>\$ 522,335</u>	 <u>\$ 963,833</u>
		General Revenues:			
		Taxes:			
				Sales	\$ 111,944
				Beer	4,372
				Franchise	45,320
				Unrestricted investment earnings	12,800
				Insurance proceeds	46,107
				Gain on impairment of assets	192,837
				Other revenues	58,576
				Total general revenues	<u>471,956</u>
				Change in net assets	1,435,789
				Net assets - beginning	<u>4,576,533</u>
				Net assets - ending	<u>\$ 6,012,322</u>

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

TOWN OF JEAN LAFITTE, LOUISIANA
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2006

	General
ASSETS	
Cash	\$ 197,427
Investments	104,874
Receivables:	
Sales taxes	24,028
Franchise fees	11,938
Intergovernmental	1,146,454
Miscellaneous	22,962
Prepays	61,261
 Total assets	 \$ 1,568,944
 LIABILITIES AND FUND BALANCE	
Liabilities:	
Accounts payable	\$ 350,059
Accrued expenses	2,258
Deferred revenues	1,080,445
Total liabilities	1,432,762
 Fund Balance:	
Unreserved, undesignated	136,182
Total fund balance	136,182
 Total liabilities and fund balance	 \$ 1,568,944

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

TOWN OF JEAN LAFITTE, LOUISIANA
RECONCILIATION OF THE GOVERNMENTAL FUNDS
BALANCE SHEET TO THE STATEMENT OF NET ASSETS
June 30, 2006

Total fund balance at June 30, 2006 - Governmental Funds \$ 136,182

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

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

Capital assets	12,911,897
Less accumulated depreciation	(8,031,232)

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

Capital lease	(1,860)
Accrued interest	(610)

Intergovernmental receivables received more than 60 days after year-end are not reportable in the governmental fund.

997,945

Net assets of governmental activities at June 30, 2006

\$ 6,012,322

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

TOWN OF JEAN LAFITTE, LOUISIANA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - GOVERNMENTAL FUNDS
For the Year Ended June 30, 2006

	General
REVENUES	
Intergovernmental	
Federal grants	\$ 648,067
State and local grants	509,710
Gaming	629,098
Other revenues	601,120
Taxes	161,636
Licenses and permits	57,523
Rental income	18,247
Interest	12,800
Fines and forfeitures	4,287
	<u>2,642,488</u>
Total revenues	<u>2,642,488</u>
 EXPENDITURES	
Current:	
General government	1,826,858
Public safety	21,441
Culture and recreation	58,873
Capital outlay	1,054,868
	<u>2,962,040</u>
Total expenditures	<u>2,962,040</u>
Deficiency of revenues under expenditures	(319,552)
Fund balance - beginning	<u>455,734</u>
Fund balance - ending	<u>\$ 136,182</u>

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

TOWN OF JEAN LAFITTE, LOUISIANA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2006

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

Net change in fund balances - total governmental funds	\$ (319,552)
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Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlays in the current period.	757,396
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Governmental funds do not report intergovernmental receivables received more than 60 days after year-end. This amount was received after 60 days past the year-end.	<u>997,945</u>
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Change in net assets of governmental activities	<u>\$ 1,435,789</u>
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The notes to the financial statements are an integral part of this statement.

TOWN OF JEAN LAFITTE, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2006

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

a) Financial Reporting Entity

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

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

b) Basis of Presentation

GOVERNMENT-WIDE FINANCIAL STATEMENTS:

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

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

TOWN OF JEAN LAFITTE, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
June 30, 2006

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

b) Basis of Presentation (Continued)

FUND FINANCIAL STATEMENTS (Continued):

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

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

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

c) Basis of Accounting and Measurement Focus

GOVERNMENT-WIDE FINANCIAL STATEMENTS:

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

FUND FINANCIAL STATEMENTS:

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

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

TOWN OF JEAN LAFITTE, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
June 30, 2006

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

c) Basis of Accounting and Measurement Focus (Continued)

FUND FINANCIAL STATEMENTS (Continued):

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

d) Budgetary Accounting

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

e) Assets, Liabilities, and Fund Equity

CASH, CASH EQUIVALENTS, AND INVESTMENTS

Cash includes demand deposits and petty cash. There were no cash equivalents as of June 30, 2006.

Louisiana Revised Statutes, LSA - R.S. 33:2955, authorize the Town to invest in (1) United States bonds, treasury notes, or certificates, or time certificates of deposit of state banks organized under the laws of Louisiana and national banks having their principal offices in the State of Louisiana, an investment as stipulated in LSA-R.S. 39:1271, or any other federally insured investment, or (2) mutual or trust fund institutions which are registered with the Securities and Exchange Commission under the Securities Act of 1933 and the Investment Act of 1940, and which have underlying investments consisting solely of and limited to securities of the U.S. government or its agencies. In addition, local governments in Louisiana are authorized to invest in the Louisiana Asset Management Pool, Inc. (LAMP), a state sponsored external investment pool. Because these investments are not evidenced by securities that exist in physical or book entry form they are not categorized. LAMP is administered by LAMP, Inc., a

TOWN OF JEAN LAFITTE, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
June 30, 2006

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

ACCOUNTS RECEIVABLE

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

INVENTORIES AND PREPAID ITEMS

The costs of materials and supplies acquired by the governmental funds are recorded as expenditures at the time of purchase. The inventory of such materials and supplies at June 30, 2006 would not be material to the financial statements.

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

CAPITAL ASSETS

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

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

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

TOWN OF JEAN LAFITTE, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
June 30, 2006

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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

DEFERRED REVENUES

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

COMPENSATED ABSENCES

Annual and sick leave is expended when claimed by the employees rather than when earned. Employees may not carry over or accumulate annual or sick leave. Employees are required to use their annual leave during the year following his/her anniversary date of employment. In the opinion of the Town's Administration, the liability due at June 30, 2006 would not be material to the financial statements.

NET ASSETS

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

TOWN OF JEAN LAFITTE, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
June 30, 2006

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

ACCOUNTING ESTIMATES

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

NOTE 2 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

a) Budget

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

- 1) Not less than 30 days before the end of the fiscal year, the Mayor recommends to the Council a proposed operating budget for the ensuing fiscal year. The operating budget includes proposed expenditures and the means of financing them.
- 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 June 30, 2006.

TOWN OF JEAN LAFITTE, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
June 30, 2006

NOTE 3 - CASH, CASH EQUIVALENTS AND INVESTMENTS

At June 30, 2006, the carrying amount of the Town's cash deposits was \$197,427 and the bank balance was \$323,529 all of which was covered by Federal depository insurance or by collateral consisting of securities held by the Town's agent in its name.

Investments held at June 30, 2006 consist of \$104,874 in the Louisiana Asset Management Pool, Inc. (LAMP), a state sponsored external investment pool.

NOTE 4 - SALES TAX

For the year ended June 30, 2006, the total sales tax levied on purchases within the Town limits was 8 3/4%. Of this amount, the State levies 4%, the Jefferson Parish Public School System levies 1 1/2%, the Jefferson Parish Sheriff's Office levies 1/4%, and the Parish of Jefferson levies the remaining 3%. Sales taxes, except sales tax on motor vehicles which is collected by the State, are collected by the Sheriff of Jefferson Parish, who receives a commission of 11% of the amount collected.

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

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

NOTE 5 - LEASES

The Town is obligated under a capital lease for an exhibit located at the Town's tourist center. The lease has a payment remaining in the amount of \$1,860 which was payable on April 15, 2006, but the lessors have passed away or left the area since the hurricanes. The Town will continue to try to locate the remaining lessor in order to make the remaining lease payment.

The following is a schedule of future minimum lease payments as of June 30, 2006.

Fiscal Year End 2007

Present value of minimum lease payments	\$ 1,860
Plus: amount representing interest	<u>610</u>
	<u>\$ 2,470</u>

TOWN OF JEAN LAFITTE, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
June 30, 2006

NOTE 5 - LEASES (CONTINUED)

The Town entered into ten year lease agreement beginning January 1, 2002 through December 31, 2011 in which they received an advance payment of \$150,000 for the rental of office space and for the parking of ambulances. Deferred revenue for this transaction has been reported in the financial statements in the amount of \$82,500. The future rental income to be recognized is detailed as follows at June 30, 2006:

<u>Fiscal Year End</u>	
2007	\$ 15,000
2008	15,000
2009	15,000
2010	15,000
2011	15,000
Thereafter	<u>7,500</u>
Total	<u>\$ 82,500</u>

NOTE 6 - CAPITAL ASSETS

Capital asset activity of the governmental funds for the year ended June 30, 2006 was as follows:

	<u>Balance 6/30/2005</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance 6/30/2006</u>
Governmental Activities:				
Capital assets not being depreciated:				
Land	\$ 487,319	\$ 15,467	\$ -	\$ 502,786
Construction in progress	<u>744,830</u>	<u>988,975</u>	<u>611,900</u>	<u>1,121,905</u>
Total capital assets not being depreciated	<u>1,232,149</u>	<u>1,004,442</u>	<u>611,900</u>	<u>1,624,691</u>
Capital assets being depreciated:				
Land improvements	196,370	-	-	196,370
Buildings	3,327,281	611,900	386,827	3,552,354
Building improvements	646,782	30,467	-	677,249
Furniture, fixtures, and equipment	310,225	6,042	-	316,267
Vehicles and heavy equipment	142,113	44,384	7,000	179,497
Roads	<u>6,365,469</u>	<u>-</u>	<u>-</u>	<u>6,365,469</u>
Total capital assets being depreciated	<u>10,988,240</u>	<u>692,793</u>	<u>393,827</u>	<u>11,287,206</u>
Less accumulated depreciation	<u>8,097,120</u>	<u>161,352</u>	<u>227,240</u>	<u>8,031,232</u>
Total capital assets being depreciated, net	<u>2,891,120</u>	<u>531,441</u>	<u>166,587</u>	<u>3,255,974</u>
Total governmental activities capital assets, net	<u>\$ 4,123,269</u>	<u>\$ 1,535,883</u>	<u>\$ 778,487</u>	<u>\$ 4,880,665</u>

TOWN OF JEAN LAFITTE, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
June 30, 2006

NOTE 6 - CAPITAL ASSETS (CONTINUED)

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

General government	\$ 89,606
Public safety	11,329
Culture and recreation	<u>60,417</u>
 Total depreciation expense	 <u>\$ 161,352</u>

Due to Hurricanes Cindy and Katrina, The Town's auditorium incurred property damage and the Town received insurance proceeds to offset the losses. The net amount included in the financial statements as a gain on impairment of assets and the breakdown is shown below:

Total insurance proceeds	\$ 295,323
Loss on building damage	<u>(133,439)</u>
 Gain on impairment of asset	 <u>\$ 161,884</u>

Due to Hurricane Katrina, The Town's civic center also incurred property damage and the Town received insurance proceeds to offset the losses. The net amount included in the financial statements as a gain on impairment of assets and the breakdown is shown below:

Total insurance proceeds	\$ 33,634
Loss on building damage	<u>(2,681)</u>
 Gain on impairment of asset	 <u>\$ 30,953</u>

As of June 30, 2006, the Town was not owed any insurance reimbursement for hurricane damage to its buildings.

NOTE 7 - EMPLOYEE BENEFIT PLAN

The Town has adopted a retirement plan with elective 401(k) provisions covering substantially all of its employees. An independent party has been selected to administer and act as trustee for the plan. The plan is a defined contribution plan, with all contribution amounts (if any) determined by the Council. There were no contributions to the plan for the year ended June 30, 2006. Plan assets are owned by the participants and are not included in the financial statements of the Town.

TOWN OF JEAN LAFITTE, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
June 30, 2006

NOTE 8 - CONTINGENT LIABILITIES

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

NOTE 9 - FEMA RECEIVABLE

In the Government-wide financial statements and the fund financial statements, the Statement of Net Assets and the Balance Sheet include a receivable from FEMA for reimbursement of expenses following Hurricanes Cindy, Katrina and Rita. This receivable is included in the total intergovernmental receivable of \$1,146,454. This receivable consisted of \$19,500 related to Hurricane Cindy, \$629,472 related to Hurricane Katrina and \$198,292 related to Hurricane Rita, for a total of \$847,264. In the fund financial statements, a portion of this receivable in the amount of \$756,070 is reported as deferred revenue in the Balance Sheet as this amount was not received by the Town within 60 days after the year ended of June 30, 2006. This amount is included in the total deferred revenue of \$1,080,445 in the fund financial statements. The Town's revenue recognition policy for the fund financial statements requires that revenue be received within 60 days of year-end to be recorded as revenue. The entire receivable is reported as revenue in the Government-wide financial statements.

REQUIRED SUPPLEMENTARY INFORMATION - PART II

TOWN OF JEAN LAFITTE, LOUISIANA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL - GENERAL FUND
For the Year Ended June 30, 2006

	Actual Amounts	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
REVENUES				
Taxes	\$ 161,636	\$ 168,000	\$ 164,300	\$ (2,664)
Licenses and permits	57,523	49,300	50,500	7,023
Rental income	18,247	14,000	24,400	(6,153)
Fines and forfeitures	4,287	10,000	4,000	287
Gaming	629,098	282,700	507,000	122,098
Intergovernmental	1,157,777	3,909,500	1,269,000	(111,223)
Interest	12,800	3,000	5,000	7,800
Other revenues	601,120	177,000	590,400	10,720
Total revenues	2,642,488	4,613,500	2,614,600	27,888
EXPENDITURES				
Current:				
General government	1,826,858	735,900	1,906,000	79,142
Public safety	21,441	10,000	21,000	(441)
Culture and recreation	58,873	74,500	66,400	7,527
Capital outlay	1,054,868	3,793,000	1,117,900	63,032
Total expenditures	2,962,040	4,613,400	3,111,300	149,260
Excess (deficiency) of revenue over expenditures	(319,552)	100	(496,700)	177,148
Fund balance - beginning	455,734	455,734	455,734	-
Fund balance - ending	\$ 136,182	\$ 455,834	\$ (40,966)	\$ 177,148

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

TOWN OF JEAN LAFITTE, LOUISIANA
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
For the Year Ended June 30, 2006

NOTE 1 - BUDGETARY BASIS OF ACCOUNTING

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

OTHER SUPPLEMENTAL INFORMATION

TOWN OF JEAN LAFITTE, LOUISIANA
SCHEDULE OF COUNCIL'S PER DIEM
For the Year Ended June 30, 2006

	<u>Number of Special Meetings</u>	<u>Number of Regular Meetings</u>	<u>Amount</u>
Elaine Badeaux	2	12	\$ 4,550
Shirley Guille	2	12	4,550
Leo Kerner, Jr.	-	2	700
Christy Creppel	-	9	4,550
Calvin LeBeau	2	12	4,550
Verna Smith	2	12	<u>3,150</u>
 TOTAL PER DIEM			 <u>\$22,050</u>

SINGLE AUDIT SECTION

REBOWE & COMPANY

CERTIFIED PUBLIC ACCOUNTANTS
CONSULTANTS

A PROFESSIONAL CORPORATION

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

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

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of Jean Lafitte, as of and for the year ended June 30, 2006, which collectively comprise the Town of Jean Lafitte's basic financial statements and have issued our report thereon dated April 10, 2007. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Town of Jean Lafitte's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town of Jean Lafitte's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and 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*.

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

Rebowe & Company

April 10, 2007

REBOWE & COMPANY

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

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

Compliance

We have audited the compliance of the Town of Jean Lafitte (the "Town"), State of Louisiana, with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 *Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2006. The Town's major federal programs are identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the Town's management. Our responsibility is to express an opinion on the Town's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Town's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the Town's compliance with those requirements.

In our opinion, the Town complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2006.

Internal Control Over Compliance

The management of the Town is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the Town's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on the internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts, and grants caused by error or fraud that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

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

Rebowe & Company

April 10, 2007

**TOWN OF JEAN LAFITTE, LOUISIANA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2006**

<u>FEDERAL GRANTOR / PASS-THROUGH GRANTOR / PROGRAM TITLE</u>	<u>FEDERAL CFDA NUMBER</u>	<u>GRANT NUMBER</u>	<u>FEDERAL EXPENDITURES</u>
DEPARTMENT OF JUSTICE			
Passed Through Louisiana Commission Law Enforcement:			
Law Enforcement Response to Domestic Violence	16.579	C04-7-012	\$ 5,763
Law Enforcement Response to Domestic Violence	16.579	C05-7-010	4,838
Mentoring Program	16.726	J04-7-006	2,558
Mentoring Program	16.726	J05-7-005	2,655
TOTAL DEPARTMENT OF JUSTICE			<u>\$ 15,814</u>
FEDERAL EMERGENCY MANAGEMENT AGENCY			
Passed through Louisiana Office of Emergency Preparedness:			
Disaster # 1603 Relief (Hurricane Katrina)	83.544	1603-DR-LA	\$ 967,801
Disaster # 1607 Relief (Hurricane Rita)	83.544	1607-DR-LA	198,292
Disaster # 1601 Relief (Hurricane Cindy)	83.544	1601-DR-LA	19,500
TOTAL FEDERAL EMERGENCY MANAGEMENT AGENCY			<u>\$ 1,185,593</u>
DEPARTMENT OF LABOR			
Passed through Jefferson Parish:			
Workforce Investment Act	17.260	Unknown	\$ 202,729
TOTAL DEPARTMENT OF LABOR			<u>\$ 202,729</u>
TOTAL FEDERAL FINANCIAL ASSISTANCE			<u>\$ 1,404,136</u>

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

TOWN OF JEAN LAFITTE, LOUISIANA
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2006

NOTE 1 - SCOPE OF AUDIT PURSUANT TO *GOVERNMENT AUDITING STANDARDS*, OMB CIRCULAR A-133, "AUDITS OF STATES, LOCAL GOVERNMENTS, AND NON-PROFIT ORGANIZATIONS" AND THE SINGLE AUDIT ACT OF 1984 AND 1996 AMENDMENTS

All federal grant operations of the Town of Jean Lafitte, Louisiana, are included in the scope of the single audit. Those programs which were major grants and which were selected for specific testing were:

Disaster Public Assistance - Katrina (CFDA No. 83.544)

NOTE 2 - FISCAL PERIOD AUDIT

Single audit testing procedures were performed for program transactions occurring during the year ended June 30, 2006.

NOTE 3 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF PRESENTATION

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

ACCRUED AND DEFERRED REIMBURSEMENT

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

PAYMENTS TO SUBRECIPIENTS

The Town did not make any payments to subrecipients for the year ended June 30, 2006.

TOWN OF JEAN LAFITTE, LOUISIANA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2006

A. SUMMARY OF AUDITOR'S RESULTS

1. The auditor's report expresses an unqualified opinion on the financial statements of the Town of Jean Lafitte, Louisiana.
2. No reportable conditions in internal control over financial reporting are reported in the *Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards*.
3. No instances of noncompliance material to the financial statements of the Town of Jean Lafitte, which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.
4. No reportable conditions relating to the audit of the major federal award programs are reported in the *Independent Auditor's Report on Compliance with Requirements Applicable to Each Major Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133*.
5. The auditor's report on compliance for the major federal award programs for the Town of Jean Lafitte expresses an unqualified opinion on all major federal programs.
6. There were no findings that are required to be reported in accordance with Section 510(a) of OMB Circular A-133.
7. The following programs were identified as major programs:

<u>CFDA Number</u>	<u>Name of Federal Program (or Cluster)</u>
83.544	Disaster Relief
8. The threshold for distinguishing Types A and B programs were \$300,000.
9. The Town of Jean Lafitte did not qualify as a low-risk auditee.
10. A management letter was not issued for the year ended June 30, 2006.

TOWN OF JEAN LAFITTE, LOUISIANA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
For the Year Ended June 30, 2006

B. FINDINGS - FINANCIAL STATEMENT AUDIT

There were no findings related to financial statements for the year ended June 30, 2006.

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

There were no findings related to federal awards for the year ended June 30, 2006.

TOWN OF JEAN LAFITTE, LOUISIANA
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS AND
QUESTIONED COSTS
For the Year Ended June 30, 2006

FINDINGS - FINANCIAL STATEMENT AUDIT

There are no findings related to financial statements for the year ended June 30, 2005.

FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARD PROGRAMS

There are no findings and questioned costs related to major federal awards for the year ended June 30, 2005.

MANAGEMENT LETTER

Observation 05-01 Segregation of Duties

Condition – As reported in prior years, there appears to be an inadequate segregation of duties within the accounting function. Due to a limited number of personnel, the Town Clerk has most of the responsibilities relating to the cash receipts and disbursement cycles. The Town does have various controls in place to mitigate this problem.

Recommendation – The Town should continue to be aware of the potential problems cause by an inadequate segregation of duties and should be cognizant of the importance of the mitigating controls.

Current Status - This observation has been resolved.

**TOWN OF JEAN LAFITTE, LOUISIANA
CORRECTIVE ACTION PLAN
For the Year Ended June 30, 2006**

There were no findings for the year ended June 30, 2006; therefore, a corrective action plan is not required.