

TOWN OF JEAN LAFITTE

FINANCIAL REPORT

**For the Year Ended
June 30, 2016**

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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, 2016, 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, 2016, 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, and Schedule of State Funding are presented for purposes of additional analysis and are not a required part of the basic financial statements. The Schedule of Expenditures of

Federal Awards ("SEFA") is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirement for Federal Awards* (Uniform Guidance), and is also 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 21, 2016, 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.

Cary Riggs & Ingram, L.L.C.

December 21, 2016

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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, 2016

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, 2016. 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, 2016.
- The assets of the Town exceeded its liabilities at June 30, 2016 by \$31,529,996. Of this amount, \$31,402,932 or 99.6% is invested in capital assets, such as land, buildings, equipment, vehicles and infrastructure. \$188,657 or 0.6% is restricted for capital projects and the remaining deficit of \$(61,593) or (0.2)% may be used to meet the Town's ongoing obligations to its citizens and creditors.
- The Town's total net position increased by \$4,589,658 during 2016. Although some recurring revenues (such as sales taxes) rose over last year, most of this increase is attributable to an increase in capital grants (related to the construction of the Auditorium, the Seafood/Fisherman's Market, and various drainage projects in the area). See the tables below explaining the changes in net position.
- At June 30, 2016, the Town's governmental funds reported an ending fund balance of \$189,110, a decrease of \$(117,303) from the prior year. The portion of the fund balance that is available for spending at the Town's discretion in the General Fund is \$193,387 or 102.3% of the total fund balance and 16.9% 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 \$468,570. 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 \$134,570 and deferred inflows were \$119,695.
- Subsequent to fiscal year end, the Town accepted a settlement offer from BP related to the 2010 Deepwater Horizon oil spill that severely impacted the area. The net amount received was \$1,500,000. This amount will be recognized in 2017.

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, 2016

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.

Single Audit Section. Due to the amount of federal funding, the Town is required to undergo an audit in accordance with OMB's Uniform Guidance (i.e., Single Audit). The 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 Questioned Costs.

TOWN OF JEAN LAFITTE, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
June 30, 2016

GOVERNMENT-WIDE FINANCIAL ANALYSIS

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

	Net Position Governmental Activities June 30,			
	2016		2015	
Current and other assets	\$	1,812,793	\$	2,181,170
Capital assets		31,402,932		27,030,270
Total assets		<u>33,215,725</u>		<u>29,211,440</u>
Deferred outflows - pension-related		<u>134,570</u>		<u>55,150</u>
Current liabilities		1,232,034		1,754,050
Non-current liabilities - other		-		-
Non-current liabilities - pension-related		468,570		369,061
Total liabilities		<u>1,700,604</u>		<u>2,123,111</u>
Deferred inflows - pension-related		<u>119,695</u>		<u>203,141</u>
Net Position				
Net investment in capital assets		31,402,932	99.6%	27,030,270 100.3%
Restricted for Capital Projects		188,657	0.6%	- 0.0%
Unrestricted				
Designated		-	0.0%	- 0.0%
Undesignated		(61,593)	-0.2%	(89,932) -0.3%
Total net position	\$	<u>31,529,996</u>	100.0%	\$ 26,940,338 100.0%

The "net investment in capital assets" totals \$31,402,932 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 Town shows \$188,657 as restricted for capital projects, which is restricted for the use of the Seafood Market. The remaining balance (deficit of \$61,593) 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, 2016

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,		
	<u>2016</u>	<u>2015</u>
Revenues		
Program Revenues:		
Charges for Services	\$ 188,392	\$ 214,526
Operating Grants and Contributions	286,060	1,631,712
Capital Grants and Contributions	5,081,000	6,022,450
General Revenues:		
Taxes	317,946	296,504
Gaming	346,053	337,979
Unrestricted Interest Earnings	165	90
Insurance Proceeds	-	4,309
Miscellaneous Revenues	15,513	25,098
Total Revenues	<u>6,235,129</u>	<u>8,532,668</u>
Expenses		
General Government	1,004,322	994,841
Public Safety	127,957	153,527
Public Works	167,216	366,242
Urban Development and Housing	4,727	1,099,475
Culture and Recreation	339,960	377,270
Interest on Long-term Debt	1,289	1,289
Total Expenses	<u>1,645,471</u>	<u>2,992,644</u>
Change in Net Position	4,589,658	5,540,024
Net Position - Beginning	26,940,338	21,400,314
Net Position - Ending	<u>\$ 31,529,996</u>	<u>\$ 26,940,338</u>

Charges for services include licenses and permits, facility rentals, gym membership fees, fines and forfeitures, royalties and special event charges. For 2016, this category was down \$(26,134) due to decrease in facility rentals of \$(38,570) due to BP renting part of Town Hall in the prior year for claims services. This drop was offset by an increase of \$13,819 in insurance premium license taxes.

TOWN OF JEAN LAFITTE, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
June 30, 2016

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 \$(1,345,652) compared to the prior year due to a significant decrease of \$(1,094,748) 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 last year. Due to delays, there was little activity in 2016. Also, in 2015 the Town received \$80,000 more in BP advertising money (related to the oil spill in 2010) and the Parish flowed \$200,000 through the Town to the Lafitte Area Independent Levee District for work on a ring-levee. These did not recur in 2016 resulting in part of the decrease noted.

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 \$(941,720) from last year due to the following: 1) FEMA disaster funds (up \$56,211), 2) CDBG Disaster Recovery Grants related to the construction of Seafood/Fisherman's Market, the Auditorium, and drainage work in the area (down \$(386,181)), 3) State Capital Outlay money for the Seafood Market (down \$(373,464)), 4) an increase in funding from Jefferson Parish for the auditorium project (up \$300,000), 5) a decrease in funding from Jefferson Parish for the seafood market project (down \$(509,360)), and 6) a decrease of \$(25,500) from Jefferson Parish for a police car in 2015.

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 \$21,442 due 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 \$8,074 mostly due to higher fees from the Boomtown Belle Casino boarding fee.

Insurance Proceeds and Miscellaneous Revenues were down \$(4,309) and \$(9,585), respectively. An insurance claim received in the prior year did not recur in 2016.

Expenses totaled \$1,645,471 for 2016, a decrease of \$(1,347,173). The majority of this decrease was seen in the **Urban Development and Housing Function** (down \$(1,094,748)) 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. Most of the work was done in 2015. Due to delays, very little work was done in 2016. **Public Works** was also down \$(199,026), mostly due to a \$200,000 payment to the Lafitte Area Independent Levee District for a ring-levee project in 2015 that did not recur in 2016. This money was a flow through from Jefferson Parish. **Culture and Recreation** dropped \$(37,310) due to a decrease in the funding for tourism ads. BP had previously been giving the Town money to help pay for an ad campaign. These funds were severely reduced in 2016. **Public Safety** costs went down \$(25,570) due to a drop in salaries and benefits (due to the retirement of a full-time officer who was not replaced), and a drop in depreciation expense.

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 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.

TOWN OF JEAN LAFITTE, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
June 30, 2016

As of June 30, 2016, the Town's governmental funds reported combined ending fund balances of \$189,110, a decrease of \$(117,303) from the prior year. \$84,021 or 44.4% is classified as *non-spendable fund balance*, \$188,657 or 99.8% is classified as *restricted fund balance*, and the balance of \$(83,568) or (44.2)% is classified as *unassigned fund balance*, which is available or spending at the Town's discretion. The *restricted fund balance* is shown in the Capital Projects fund and represents the balance of funds on hand from the Parish of Jefferson for the Seafood Market Equipment and Modifications project.

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, 2016, governmental revenues totaled \$5,954,523. Of this amount, \$1,239,242 was recorded in the General Fund and \$4,715,281 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 \$193,387, which is 102.3% 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 2016, the unassigned fund balance equaled 16.9% of the current year expenditures of the fund (up from 8.9% last year).

The General Fund's revenues totaled \$1,239,242 for 2016.

- Taxes totaled \$317,946, including sales taxes of \$228,006 and franchise taxes of \$89,940. In total, this was an increase of \$21,442 or 7.2% over last year.
- Intergovernmental revenues totaled \$363,583, including \$103,458 from federal grants, \$191,596 from state grants and allocations, and \$68,529 from parish/local grants. In total, this was a decrease of \$(1,304,824) or 78.2% from last year. As noted previously, the majority of this decrease had to do with the JP/CDBG Home Investment Program and the ring-levee flow through which had significant activity in 2015.
- Licensees and permits totaled \$76,408, which was an increase of \$13,128 or 20.7% from last year, mostly in insurance premium taxes.
- Service charges, rentals and fees totaled \$95,988. In total, this was a decrease of \$(39,527) or 29.2% from last year (mostly due to BP discontinuing the rental of the Town Hall area for claims service).
- Fines and forfeitures totaled \$8,685, which was a decrease of \$(5,416) or 38.4% from last year.
- Gaming fees and commissions totaled \$346,053, including \$344,722 from the Boomtown Casino boarding fees and \$1,331 from video poker allocations. In total, this was an increase of \$8,074 or 2.4% over last year.
- Other income totaled \$30,414, which is \$(105,623) or 77.6% lower than last year. The majority of this decrease had to do with a \$100,000 advertising grant related to the BP oil spill (down \$92,410 from last year). Donations also decreased \$(5,000) and insurance proceeds dropped by \$(4,309).

Expenditures of the General Fund totaled \$1,141,596, which was \$(1,409,393) or 55.2% less than last year. The largest decrease was seen in Urban Planning and Housing, which saw the JP/CDBG Housing Assistance Program go down by \$(1,094,748). Due to delays, this project had little activity in 2016. Public works was down \$(199,026) mostly due to a non-recurring \$200,000 pass through grant to the Lafitte Area Independent Levee District for a ring-levee project that happened in 2015. Other than these two major items, the General Fund saw an increase in salaries and benefits of \$70,090 due to small raise given early in the year for both the Council and the regular employees, a decrease in general and administrative costs of \$(66,775) - due to various increases and decreases in several line-items (accounting and auditing, architect/engineering, consultants, emergency response costs, repairs and maintenance, and travel - conventions). The Public Safety function went down \$(14,391) due to the retirement of a full-time officer who was not replaced. Finally, capital outlay went down \$(66,620) due to a decrease in purchases of land, building, and improvements, and a decrease in vehicles and heavy equipment (due to the purchase of a new police car last year).

TOWN OF JEAN LAFITTE, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
June 30, 2016

The **Capital Projects Fund** incurred \$4,930,230 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 \$273,035 in architect fees, \$4,628,028 in construction costs, and \$29,167 in other expenditures. \$4,715,281 was recognized as revenue after recording \$276,955 as deferred inflows - unavailable grant revenues. The General Fund also transferred \$126,651 to this fund.

GENERAL FUND BUDGETARY HIGHLIGHTS

The General Fund budgeted revenues were increased \$116,200 or 11.0% to reflect changes in activity. The largest of these adjustments came in parish/local grants (up \$68,525) to reflect a \$50,000 tourism grant and a library grant. Service Charges, Rentals and Fees were increased \$21,200 or 27.4% to reflect an anticipated increase in facility rentals. Gaming Fees and commissions were increased \$12,450 to reflect an increase in Boomtown fees. Other revenues were increased \$16,115 to reflect an additional \$7600 in BP advertising grants and \$6,000 from the Senior Citizens fund. Expenditures were increased \$213,635 to reflect the additional costs associated with the revenues noted above. General and Administrative costs were increased \$126,600 (mostly for increases in accounting/auditing, insurance, emergency response costs, and repairs and maintenance). Culture and Recreation went up \$51,500 to reflect tourism advertising costs associated with the Parish grant. Public Safety went up \$32,300 mostly in salaries, supplies, and grant-related costs. Finally, General Government Salaries and Benefits increased \$21,050 to reflect the raises given during the year as well as part-time workers utilized.

The Town's General Fund actual revenues were over budget by approximately \$16,817 or 1.4%. This is principally due to the Town collecting slightly more than expected in sales taxes, insurance premium taxes, and Boomtown gaming fees. The Town's general fund actual expenditures were under budget by approximately \$13,439 or 1.2%. The majority of this variance was in the Public Safety Function (under budget by \$26,489) as salaries and grant-related costs were less than anticipated. General Government Function was over budget by \$17,221 mainly in salaries and benefits and repairs and maintenance.

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, 2016.

Capital Assets, Net Governmental Activities June 30,		
	2016	2015
Land	\$ 690,985	\$ 690,985
Land Improvements	275,708	296,128
Buildings	10,436,715	10,802,382
Building Improvements	1,382,741	1,461,511
Furniture, Fixtures, and Equipment	59,187	70,160
Vehicles and Heavy Equipment	122,155	151,399
Infrastructure (Roads and Drainag)	4,825,046	2,049,007
Construction in Progress	13,610,395	11,508,698
Net Investment in Capital Assets	<u>\$ 31,402,932</u>	<u>\$ 27,030,270</u>

TOWN OF JEAN LAFITTE, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
June 30, 2016

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, 2016 was \$567,464, as compared to \$585,799 for the year ended June 30, 2015.

Long-term Debt. At year end, the Town had long-term debt of \$77,024. This amount is made up of \$68,719 of principal due on a Community Disaster Loan from FEMA for Hurricane Gustav, along with \$8,305 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 \$468,570. This represents the Town's proportionate share of the Net Pension Liabilities of the Municipal Employees' Retirement System (\$370,458) and the Municipal Police Employees' Retirement System (\$98,112). Under GASB Statement No. 68, the Town recognizes its share of the pension liabilities on its government-wide financial statements. This liability saw a significant increase in the current year (up \$99,509) due to 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 6.1 percent, which is 0.2 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 an auditorium, a Seafood/Fisherman's Market, a Seafood Market Equipment and Modification project, and various street drainage projects.

FURTHER INFORMATION

This financial report is designed to provide our citizens, taxpayers, and creditors with a general overview of the Town's finances and to demonstrate the Town's accountability for the money it receives. If you have any questions about this report or need additional information, contact the 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, 2016

	Governmental Activities
ASSETS	
Current Assets:	
Cash	\$ 511,558
Investments	31,646
Receivables	1,185,568
Prepaid items	84,021
Total current assets	<u>1,812,793</u>
Capital Assets, net of depreciation	<u>31,402,932</u>
Total Assets	<u>33,215,725</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows - pension-related	<u>134,570</u>
LIABILITIES	
Current Liabilities:	
Accounts payable	1,115,208
Salaries and benefits payable	27,141
Unearned revenues	12,661
Loans payable - Community Disaster Loan	68,719
Accrued interest payable - Community Disaster Loan	8,305
Non-Current Liabilities:	
Net pension liability	468,570
Total current liabilities	<u>1,700,604</u>
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows - pension-related	<u>119,695</u>
NET POSITION	
Net investment in capital assets	31,402,932
Restricted for capital projects	188,657
Unrestricted	(61,593)
Total Net Position	<u>\$ 31,529,996</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, 2016

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	\$ 1,004,322	\$ 172,396	\$ 247,754	\$ 64,141	\$ (520,031)
Public Safety	127,957	8,685	25,989	6,094	(87,189)
Public Works	167,216	-	-	3,312,751	3,145,535
Urban Development and Housing	4,727	-	4,727	-	-
Culture and Recreation	339,960	7,311	7,590	1,698,014	1,372,955
Interest on Long-term Debt	1,289	-	-	-	(1,289)
Total Governmental Activities	<u>\$ 1,645,471</u>	<u>\$ 188,392</u>	<u>\$ 286,060</u>	<u>\$ 5,081,000</u>	<u>3,909,981</u>
General Revenues:					
Taxes					
Sales taxes					228,006
Franchise taxes					89,940
Gaming					
Boomtown fees					344,722
Video poker					1,331
Unrestricted interest					165
Insurance proceeds					-
Miscellaneous revenues					15,513
Total General Revenues					<u>679,677</u>
Change in net position					4,589,658
Net Position - Beginning of year					26,940,338
Net Position - end of year					<u>\$ 31,529,996</u>

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

TOWN OF JEAN LAFITTE, LOUISIANA

BALANCE SHEET - GOVERNMENTAL FUNDS

June 30, 2016

	General Fund	Capital Projects Fund	Total Governmental Funds
ASSETS			
Cash	\$ 511,558	\$ -	\$ 511,558
Investments	31,646	-	31,646
Receivables	278,427	907,141	1,185,568
Due from other funds	-	325,074	325,074
Prepaid items	84,021	-	84,021
Total Assets	<u>\$ 905,652</u>	<u>\$ 1,232,215</u>	<u>\$ 2,137,867</u>
LIABILITIES			
Accounts payable	\$ 71,650	\$ 1,043,558	\$ 1,115,208
Salaries and benefits payable	27,141	-	27,141
Due to other funds	325,074	-	325,074
Unearned grant revenues	12,661	-	12,661
Total liabilities	<u>436,526</u>	<u>1,043,558</u>	<u>1,480,084</u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable grant revenue	<u>191,718</u>	<u>276,955</u>	<u>468,673</u>
FUND BALANCES			
Non-spendable	84,021	-	84,021
Restricted	-	188,657	188,657
Committed	-	-	-
Assigned	-	-	-
Unassigned	193,387	(276,955)	(83,568)
Total fund balances	<u>277,408</u>	<u>(88,298)</u>	<u>189,110</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 905,652</u>	<u>\$ 1,232,215</u>	<u>\$ 2,137,867</u>

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, 2016**

Total fund balances at June 30, 2016 - Governmental Funds	\$ 189,110
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.	468,673
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.	
Capital assets	44,528,888
Less accumulated depreciation	(13,125,956)
Deferred outflows are not available to pay for current-period expenditures and, therefore, are deferred and expensed as consumed.	
Deferred outflows - pension-related	134,570
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	(8,305)
Net pension liability	(468,570)
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	(119,695)
Net position of governmental activities at June 30, 2016	<u>\$ 31,529,996</u>

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, 2016

	General Fund	Capital Projects Fund	Total Governmental Funds
REVENUES			
Taxes	\$ 317,946	\$ -	\$ 317,946
Intergovernmental			
Federal	103,458	3,989,675	4,093,133
State	191,596	129,286	320,882
Parish/local	68,529	596,320	664,849
Licenses and permits	76,408	-	76,408
Service charges, rentals and fees	95,988	-	95,988
Fines and forfeitures	8,685	-	8,685
Gaming fees and commissions	346,053	-	346,053
Interest	165	-	165
Other	30,414	-	30,414
Total Revenues	<u>1,239,242</u>	<u>4,715,281</u>	<u>5,954,523</u>
EXPENDITURES			
Current:			
General government	926,221	-	926,221
Public safety	126,811	-	126,811
Public works	974	-	974
Urban development and housing	4,727	-	4,727
Culture and recreation	72,355	-	72,355
Debt Service:			
Principal	-	-	-
Interest	-	-	-
Capital Outlay	10,508	4,930,230	4,940,738
Total Expenditures	<u>1,141,596</u>	<u>4,930,230</u>	<u>6,071,826</u>
Excess of Revenues over Expenditures	97,646	(214,949)	(117,303)
OTHER FINANCING SOURCES (USES)			
Transfers in	-	126,651	126,651
Transfers out	(126,651)	-	(126,651)
Total Other Financing Sources (Uses)	<u>(126,651)</u>	<u>126,651</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	(29,005)	(88,298)	(117,303)
FUND BALANCES			
Beginning of year	306,413	-	306,413
End of year	<u>\$ 277,408</u>	<u>\$ (88,298)</u>	<u>\$ 189,110</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, 2016

Net Change in Fund Balances - Total Governmental Funds	\$	(117,303)
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.		272,231
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	\$	4,940,126
Depreciation Expense		(567,464)
		4,372,662
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		(1,289)
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		16,391
Current year amortization of certain deferred inflows and outflows		(4,670)
Recognition of On-Behalf Payments made to pension plan by non-employer entities		8,375
Deferral of current year pension contributions made by employer		43,261
Changes in Net Position of Governmental Activities	\$	<u>4,589,658</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, 2016

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, 2016

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, 2016

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, 2016 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, 2016

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:

Asset Category	Estimated Life in Years
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, 2016 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 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, 2016

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, 2016

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. RECLASSIFICATIONS

Some of the amounts presented have been reclassified from how they were presented in previous years in order to facilitate comparisons to how they are presented in the current year. In total, the amounts are the same; they are simply classified differently than in the past.

13. SUBSEQUENT EVENTS

The Town has evaluated subsequent events through December 21, 2016, 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, 2016

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. 484. Revenues of the General Fund were increased \$162,500 to reflect 1) an increase of \$13,500 in taxes (mostly sales taxes), 2) an increase of \$56,335 in federal grants (primarily for an increase in the Victim's Assistance Grant - up by \$11,000 and FEMA assistance - up \$41,000), 3) a decrease of \$12,000 in Parish Transportation Act Funds due to cutbacks at the state level, 4) an increase of \$68,525 in parish/local grants (\$18,525 for library operations and \$50,000 for tourism activities), 5) an increase of \$21,200 in service charges, rentals and fees (primarily an increase in facility rentals - up \$22,000), 6) a decrease of \$11,000 in fines and forfeitures, 7) an increase of \$12,450 in gaming fees and commissions due to an increase in Boomtown fees received, and 8) an increase of \$16,115 in other income (due to additional advertising funds from BP - \$7,600 and \$6,000 from the Senior Citizens Fund activities).

Expenditures were increased \$211,135. The most significant of the changes made are described below.

Fund/Function	Original Budget	Amendments	Final Budget
General Government	\$ 782,400	\$ 126,600	\$ 909,000
Public Safety	121,000	32,300	153,300
Public Works	500	500	1,000
Urban Development and Housing	-	2,735	2,735
Culture and Recreation	22,500	51,500	74,000
Debt Service	-	-	-
Capital Outlay	17,500	(2,500)	15,000
	<u>\$ 943,900</u>	<u>\$ 211,135</u>	<u>\$ 1,155,035</u>

General Government costs increased \$126,600 mostly due to 1) an increase of \$21,050 in salaries and benefits (related to a raise in salaries given during the year, offset by drops in retirement and workman's compensation), 2) an increase of \$57,050 in insurance (due to the addition of the auditorium and seafood market), 3) an increase of \$17,500 in repairs and maintenance, 4) an increase of \$15,000 in accounting and auditing, and 5) an increase of \$11,000 in emergency response costs (due to costs associated with a consultant being used to close out various FEMA project worksheets).

TOWN OF JEAN LAFITTE, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
June 30, 2016

NOTE 2 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (CONTINUED)

Public Safety increased \$32,300 due to 1) an increase in salaries of \$20,000 (due to a raise given during the year), 2) a drop of \$(10,100) in retirement due the retirement of a police officer who was not replaced), 3) an increase of \$12,150 in police supplies, and 4) an increase in the Victim's Assistance Grant expenditures.

Culture and Recreation went up \$51,500 mostly due to additional funds being received from the Parish of Jefferson for advertising/tourism.

C) Expenditures in Excess of Budget

The General Fund's actual expenditures were less than the final budget by \$15,939. While the General Fund expenditures were within 1.4 percent of budget in total, the following functions had expenditures in excess of budget.

Function	Actual Costs	Budget	Excess
General Government	\$ 926,221	\$ 909,000	\$ 17,221
Urban Development and Housing	4,727	2,735	1,992

The General Government Function was over budget primarily in salaries (more part-time help than anticipated) and repairs and maintenance (increased repairs and maintenance on additional buildings).

The Urban Development and Housing Function was over budget due to a year-end accrual of a bill on the housing assistance project that drove the actual costs 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, 2016, the carrying amount of the Town's cash deposits was \$511,558 and the bank balance was \$554,389, 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, 2016 consist of \$31,646 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, 2016

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, 2016 consist of the following:

Receivable	General Fund	Capital Fund	Total
Taxes	\$ 42,319	\$ -	\$ 42,319
Service charges and fees	4,838	-	4,838
Intergovernmental			
Federal - FEMA	191,718	-	191,718
Federal - Other	8,256	845,268	853,524
State	17,211	61,873	79,084
Parish/Local	-	-	-
Licenses and permits	90	-	90
Gaming	13,995	-	13,995
Other	-	-	-
	<u>\$ 278,427</u>	<u>\$ 907,141</u>	<u>\$ 1,185,568</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 \$191,718 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 \$853,524 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, 2016

NOTE 5 - CAPITAL ASSETS

Capital asset activity of the governmental funds for the year ended June 30, 2016 was as follows:

	Balance 6/30/2015	Additions	Deletions	Transfers	Balance 6/30/2016
Governmental Activities:					
Capital assets not being depreciated:					
Land	\$ 690,985	\$ -	\$ -	\$ -	\$ 690,985
Construction in progress	11,508,698	4,940,126	-	(2,838,429)	13,610,395
Total capital assets not being depreciated	12,199,683	4,940,126	-	(2,838,429)	14,301,380
Capital assets being depreciated:					
Land improvements	435,835	-	-	-	435,835
Buildings	14,187,682	-	-	-	14,187,682
Building improvements	2,113,982	-	-	-	2,113,982
Furniture, fixtures, and equipment	484,982	-	-	-	484,982
Vehicles and heavy equipment	520,717	-	-	-	520,717
Infrastructure (roads/drainage)	9,645,881	-	-	2,838,429	12,484,310
Total capital assets being depreciated	27,389,079	-	-	2,838,429	30,227,508
Less accumulated depreciation for:					
Land improvements	(139,707)	(20,420)	-	-	(160,127)
Buildings	(3,385,300)	(365,667)	-	-	(3,750,967)
Building improvements	(652,471)	(78,770)	-	-	(731,241)
Furniture, fixtures, and equipment	(414,822)	(10,973)	-	-	(425,795)
Vehicles and heavy equipment	(369,318)	(29,244)	-	-	(398,562)
Infrastructure (roads/drainage)	(7,596,874)	(62,390)	-	-	(7,659,264)
Total accumulated depreciation	(12,558,492)	(567,464)	-	-	(13,125,956)
Capital assets being depreciated, net					
Land improvements	296,128	(20,420)	-	-	275,708
Buildings	10,802,382	(365,667)	-	-	10,436,715
Building improvements	1,461,511	(78,770)	-	-	1,382,741
Furniture, fixtures, and equipment	70,160	(10,973)	-	-	59,187
Vehicles and heavy equipment	151,399	(29,244)	-	-	122,155
Infrastructure (roads/drainage)	2,049,007	(62,390)	-	2,838,429	4,825,046
Total capital assets being depreciated, net	14,830,587	(567,464)	-	2,838,429	17,101,552
Total Governmental Activities capital assets, net	\$ 27,030,270	\$ 4,372,662	\$ -	\$ -	\$ 31,402,932

TOWN OF JEAN LAFITTE, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
June 30, 2016

NOTE 5 - CAPITAL ASSETS (CONTINUED)

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

Function	
General Government	\$ 117,163
Public Safety	17,066
Public Works	166,242
Urban Development and Housing	-
Culture and Recreation	266,993
	<u>\$ 567,464</u>

Construction in progress at June 30, 2016 consisted of the following projects:

Project	Construction In Progress	Expended During 2016
Auditorium Demolition and Construction	\$ 6,213,169	\$ 1,158,995
Seafood/Fisherman's Market Construction	3,920,709	397,142
Seafood/Fisherman's Market Equipment & Modifications	61,343	61,343
CDBG Disaster Recovery Drainage Projects:		
Town Streets Drainage	3,375,174	3,066,236
NE Streets Drainage	-	246,515
General Fund - Sidewalk Beautification	40,000	9,895
	<u>\$ 13,610,395</u>	<u>\$ 4,940,126</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 funding with Community Development Disaster Recovery Grant (CDBG) funds, Parish grants and local funds and is estimated to cost \$5,586,227. Through year end, \$6,213,169 has been spent on this project (\$416,848 on demolition and \$5,796,321 on construction). During the current year, \$1,158,995 was recognized as revenue on this project (\$858,995 from the CDBG Grant and \$300,000 from a Parish Grant), although \$215,082 was reversed out and shown as a deferred inflow for unavailable grant funds. This includes a receivable at year-end of \$230,353 on the CDBG Grant, which was accrued in the Capital Projects Fund (see Note 4).

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, \$397,141 was recognized as revenues on these various grants - \$191,159 was recognized as revenue from the State Capital Outlay (including a receivable at year-end of \$61,873), \$33,011 was recognized on the additional CDBG grant, \$46,320 was recognized from the Parish's funding, and \$126,651 was recognized in Town/local funding (including \$126,651 accrued as Due From the General Fund). All of these amounts were accrued in the Capital Projects Fund (see Note 4). 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.

TOWN OF JEAN LAFITTE, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
June 30, 2016

NOTE 5 - CAPITAL ASSETS (CONTINUED)

The Town opened a project during the 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 \$ 61,343 on the project and has received \$250,000 from the Parish of Jefferson to fund the project. The \$188,657 balance of the funds received has been recorded on the Capital Project Fund Balance Sheet as Restricted Fund Balance and as Restricted Net Position on the Government-wide Statement of Net Position as these funds can only be spent on this project (See Note 8).

The CDBG Disaster Recovery Grant is also paying for various street drainage projects throughout the Town. At year-end, one project was still ongoing – Town Streets Drainage. The Northeast (NE) Streets Drainage project was completed during the year. During the current year, \$3,312,751 was recognized as revenue from the grant (\$3,066,236 on the Town Streets and \$246,515), including a receivable at year-end of \$614,915, which was accrued in the Capital Projects Fund (see Note 4).

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, 2016:

TOWN OF JEAN LAFITTE, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
June 30, 2016

NOTE 6 - LONG-TERM DEBT (CONTINUED)

Type of Debt	Balance 6/30/2015	Additions	Reductions	Balance 6/30/2016	Due Within One Year
Governmental Activities:					
FEMA Community Disaster Loan #2 - Gustav/Ike	\$ 75,735	\$ 1,289	\$ -	\$ 77,024	\$ 77,024
Total Governmental Activities	\$ 75,735	\$ 1,289	\$ -	\$ 77,024	\$ 77,024

Included in the \$77,024 is principal due on the loan of \$68,719, plus accrued interest of \$8,305.

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 \$325,074. 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 2016, the General Fund had to make a transfer to the Capital Project Fund of \$126,651 to cover Town/local costs associated with the Seafood Market 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, 2016

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 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.

At June 30, 2016, the Town reported \$84,021 in the non-spendable category to reflect that the assets in prepaid items that are not in spendable form. The remaining balance of \$193,387 is categorized as unassigned in the General Fund. The Capital Projects Fund reports \$188,657 in the restricted category to reflect the restriction on these funds received from the Parish of Jefferson for expenditure on the Seafood Market Equipment & Modifications Project and an unassigned fund balance of \$(276,955) to reflect 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, 2016, 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 2016, these taxes generated \$206,928, 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 2016, this tax generated \$21,078.

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 the State 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 and State Police Retirement System of Louisiana (the Police System).

TOWN OF JEAN LAFITTE, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
June 30, 2016

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, 2016

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 $3\frac{1}{3}^{\text{rd}}$ 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 $2\frac{1}{2}$ 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, 2016

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, 2016

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, 2015, 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 2016, the actual employer contribution rate was 19.75% for Plan A, while the employee contribution rate was 9.50%. Employer and employee contributions to Municipal System – Plan A for fiscal year 2016 were as follows:

<u>Source</u>	<u>Amount</u>	<u>Covered Payroll</u>	<u>Percent of Covered Payroll</u>
Employee	\$ 17,847	\$ 187,847	9.50%
Employer	37,100	187,847	19.75%

TOWN OF JEAN LAFITTE, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
June 30, 2016

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 \$6,158 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, 2015, the actuarial required employer and employee combined contribution rate for June 30, 2015 was 39.80%, while the total actual employer and employee contribution rate was 41.50%. 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 31.50% for the employer and 10.00% for the employee. For all Non-Hazardous Duty members hired subsequent to January 1, 2013, the rates were 33.50% 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 34.0% and 7.5%, respectively.

For 2016, the actual employer contribution rate was 29.50%, while the employee contribution rate was 10.00%. Employer and employee contributions to Municipal System for fiscal year 2016 were as follows:

Source	Amount	Covered Payroll	Percent of Covered Payroll
Employee	\$ 1,956	\$ 19,560	10.00%
Employer	6,161	19,560	31.50%

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 \$2,217 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, 2016

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, 2016, the Town reported a combined liability of \$468,570 for its proportionate share of the Net Pension Liabilities (NPL) of the Municipal System and the Police System. The amount for each plan was \$370,458 and \$98,112, respectively. The NPL for each system was measured as of June 30, 2015, 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, 2015, the most recent measurement date, the Town's proportionate share for each system was:

	The Municipal System	The Police System
Town's Proportionate Share	0.103707%	0.012524%
Decrease from prior year	-0.008589%	-0.000401%

For the year ended June 30, 2016, the Town recognized a total pension expense (benefit) of \$(11,721), with \$(1,962) related to the Municipal System and \$(9,759) 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	\$ 44,406	\$ 8,528
Town's amortization of its change in proportionate share	(47,296)	(22,029)
Town's amortization of actual contributions over its proportionate share of contributions	928	3,742
Total Pension Expense (Benefit) Recognized by Town	<u>\$ (1,962)</u>	<u>\$ (9,759)</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, 2016

NOTE 10 - EMPLOYEE PENSION PLANS (CONTINUED)

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
<u><i>The Municipal System</i></u>		
a) Differences between expected and actual experience	\$ -	\$ 15,317
b) Net change in assumptions	30,947	-
c) Net difference between projected and actual earnings on pension plan investments	47,060	-
d) Changes in proportion to NPL	-	55,711
e) Differences between the Town's contributions and its proportionate share of contributions	998	141
f) Town's contributions subsequent to the June 30, 2015 measurement date	37,100	-
	<u>\$ 116,105</u>	<u>\$ 71,169</u>
<u><i>The Police System</i></u>		
a) Differences between expected and actual experience	\$ -	\$ 1,803
b) Net change in assumptions	8,561	14
c) Net difference between projected and actual earnings on pension plan investments	-	1,863
d) Changes in proportion to NPL	-	44,840
e) Differences between the Town's contributions and its proportionate share of contributions	3,743	6
f) Town's contributions subsequent to the June 30, 2015 measurement date	6,161	-
	<u>\$ 18,465</u>	<u>\$ 48,526</u>
Grand Total	<u>\$ 134,570</u>	<u>\$ 119,695</u>

Deferred outflows of resources related to pensions resulting from the Town's contributions subsequent to the measurement date (June 30, 2015) totaled \$43,261 (\$37,100 for the Municipal System and \$6,161 for the Police System). These amounts will be recognized as a reduction of the NPL in the year ended June 30, 2016. 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 Ended June 30,	Amount of Amortization	
	The Municipal System	The Police System
2016	\$ (31,831)	\$ (17,770)
2017	13,049	(21,513)
2018	10,222	205
2019	16,396	2,856

TOWN OF JEAN LAFITTE, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
June 30, 2016

NOTE 10 - EMPLOYEE PENSION PLANS (CONTINUED)

Actuarial Assumptions

The total pension liability for each system in the respective June 30, 2015 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, 2015	June 30, 2015
Actuarial Cost Method	Entry Age Normal	Entry Age Normal
Actuarial Assumptions:		
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, 2016

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%	2.95%
Public Fixed Income	15.0%	0.89%
Alternative Investments	35.0%	2.06%
Other	0.0%	0.00%
Totals	<u>100.0%</u>	<u>5.90%</u>
Inflation		2.40%
Expected Arithmetic Rate of Return		<u>8.30%</u>
<i><u>The Police System</u></i>		
Public Equity	52.0%	3.47%
Public Fixed Income	20.0%	0.46%
Alternative Investments	23.0%	1.15%
Other	5.0%	0.20%
Totals/Average	<u>100.0%</u>	<u>5.28%</u>
Inflation		3.00%
Expected Arithmetic Rate of Return		<u>8.28%</u>

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, 2016

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	\$ 484,816	\$ 370,458	\$ 273,023

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	\$ 136,415	\$ 98,112	\$ 66,016

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 2015 financial reports. These reports may be obtained by visiting the Louisiana Legislative Auditor's website at www.lla.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, 2016, the Town had payables to the pension plans totaling \$4,603 (\$4,603 to the Municipal System and \$-0- to the Police System) for the June 2016 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.

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.

TOWN OF JEAN LAFITTE, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
June 30, 2016

NOTE 11 – COMMITMENTS AND CONTINGENCIES (CONTINUED)

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 2015, the Federal courts authorized BP to offer settlements to local government agencies for these estimated losses. The Town rejected the initial offer for a variety of reasons and began pursuing legal action in 2016 via several avenues available to it under the law. Subsequent to year end, 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 will be recognized as revenue in 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.

Hurricane Cindy (1601-DR-LA)

The Town was affected by Hurricane Cindy in July 2005. To date, claims totaling \$46,256 have been filed with the Federal Emergency Management Agency (FEMA) under the Public Disaster Assistance program. After adjusting for insurance, admin fees and ineligible costs, \$25,750 has been obligated and approved by FEMA. The Town’s share of the approved claims was 25 percent or \$6,250. The balance of \$19,500 has been paid by FEMA to the Town in prior years. There was no activity on these projects during 2016. The Town is awaiting close-out of these projects by FEMA.

Hurricane Katrina (1603-DR-LA)

The Town was affected by Hurricane Katrina in August 2005. To date, claims totaling \$2,561,869 have been filed with the Federal Emergency Management Agency (FEMA) under the Public Disaster Assistance program. After adjusting for insurance and ineligible costs, \$1,782,223 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.

TOWN OF JEAN LAFITTE, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
June 30, 2016

NOTE 11 – COMMITMENTS AND CONTINGENCIES (CONTINUED)

There was no activity on these projects during 2016 other than to adjust the receivable down due to the collection of \$9,207 in newly authorized funds. 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 \$755,833 have been filed with the Federal Emergency Management Agency (FEMA) under the Public Disaster Assistance program. After adjusting for insurance and ineligible costs, \$586,606 has been obligated by FEMA. The Town's share of the approved claims was -0- percent. To date, \$577,700 has been authorized plus an additional \$12,554 of administrative costs, for a total of \$590,254. To date, the Town has received \$590,254 from FEMA, with the balance of \$-0- being accrued at year-end in the General Fund. There was no activity on these projects during 2016. 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 accrued/deferred at year-end in the General Fund. There was no activity on these projects during 2016 other than to collect some newly authorized funds of \$2,648. 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 \$1,979,198 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, \$1,257,609 has been obligated by FEMA. The Town's share of the approved claims was 10 percent in some cases for a total of \$37,138. To date, \$1,161,619 has been authorized for payment. To date, the Town has received \$1,157,137 from FEMA, with the balance of \$4,482 being accrued in the General Fund at year-end. There was no activity on these projects during 2016 other than to collect some newly authorized funds of \$49,206 and to adjust the receivable up by \$4,482 for eligible costs. The Town is awaiting completion and close-out of these projects by FEMA.

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. To date, the Town has received \$179,003 from FEMA, with the balance of \$192,263 being accrued in the General Fund at year-end. There was no activity on these projects during 2016. 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, 2016

NOTE 11 – COMMITMENTS AND CONTINGENCIES (CONTINUED)

Hurricane Isaac (4080-DR-LA)

The Town was affected by Hurricane Ike 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 2016, there was no 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 2016, the Town expended \$4,727 on this project, bringing the total-to-date expenditure to \$1,110,202. During 2016, the Town received \$240,254, bringing the total revenues to date figure to \$1,119,366. This includes an accrued receivable of \$4,727 at year-end for engineering fees. The difference between the revenues and expenditures is \$(9,164). This amount is recorded on the balance as a receivable of \$4,727 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.

NOTE 12 – NEW ACCOUNTING AND REPORTING PRONOUNCEMENTS

As of June 30, 2016, the Government Accounting Standards Board (GASB) has issued several statements that require implementation in 2016 or beyond. The Statements, which may or may not impact the Town, are as follows:

- **Governmental Accounting Standards Board Statement No. 72 (GASB 72), *Fair Value Measurement and Application*.** Issued in February 2015, applicable for periods beginning after June 15, 2015. This statement did not affect the Town.
- **Governmental Accounting Standards Board Statement No. 73 (GASB) 73, *Accounting and Financial Reporting for Pensions and Related Assets that are not within the Scope of GASB 68*.** Issued in June 2015, applicable for periods beginning after June 15, 2015. This statement did not affect the Town.
- **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 will not affect the Town.

TOWN OF JEAN LAFITTE, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
June 30, 2016

NOTE 12 – NEW ACCOUNTING AND REPORTING PRONOUNCEMENTS (CONTINUED)

- **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 30, 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.
- **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.

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) 2016	(1) 2015	(2) 2014	(2) 2013	(2) 2012	(2) 2011	(2) 2010	(2) 2009	(2) 2008	(2) 2007
Town's proportion of the net pension liability (asset)	0.103707%	0.112296%	0.149929%	-	-	-	-	-	-	-
Town's proportionate share of the net pension liability (asset)	\$ 370,458	\$ 288,201	\$ 464,691	-	-	-	-	-	-	-
Town's covered-employee payroll (CEP)	\$ 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)	209.30%	140.84%	253.28%	-	-	-	-	-	-	-
Plan fiduciary net position as a percentage of the total pension liability	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) 2016	(1) 2015	(1) 2014	(2) 2013	(2) 2011	(2) 2010	(2) 2009	(2) 2008	(2) 2007	(2) 2006
Town's contractually required contribution	(3) \$ 37,100	\$ 34,958	\$ 38,370	\$ 26,144	-	-	-	-	-	-
Contributions by Town in relation to the contractually required contribution	37,100	35,113	38,769	26,144	-	-	-	-	-	-
Contribution deficiency (excess)	(4) \$ -	\$ (155)	\$ (399)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Town's covered-employee payroll (CEP)	\$ 187,847	\$ 176,999	\$ 204,634	\$ 183,467	-	-	-	-	-	-
Contractually required contributions as a percentage of covered-employee payroll (CEP)	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) 2016	(1) 2015	(1) 2014	(2) 2013	(2) 2012	(2) 2011	(2) 2010	(2) 2009	(2) 2008	(2) 2007
Town's proportion of the net pension liability (asset)	0.012524%	0.012925%	0.023565%	-	-	-	-	-	-	-
Town's proportionate share of the net pension liability (asset)	\$ 98,112	\$ 80,860	\$ 188,247	-	-	-	-	-	-	-
Town's covered-employee payroll (CEP)	\$ 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)	292.87%	121.59%	154.02%	-	-	-	-	-	-	-
Plan fiduciary net position as a percentage of the total pension liability	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

		(1) 2016	(1) 2015	(1) 2014	(2) 2013	(2) 2012	(2) 2011	(2) 2010	(2) 2009	(2) 2008	(2) 2007
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)		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.

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, 2016

	Actual Amounts	Final Budget	Variance with Final Budget Positive (Negative)	Original Budget
REVENUES				
Taxes	\$ 317,946	\$ 308,750	\$ 9,196	\$ 295,250
Intergovernmental				
Federal	103,458	111,335	(7,877)	55,000
State	191,596	191,200	396	203,200
Parish/local	68,529	68,525	4	-
Licenses and permits	76,408	62,600	13,808	65,250
Service charges, rentals and fees	95,988	98,600	(2,612)	77,400
Fines and forfeitures	8,685	9,000	(315)	20,000
Gaming fees and commissions	346,053	339,200	6,853	326,750
Interest	165	100	65	75
Other	30,414	33,115	(2,701)	17,000
Total Revenues	<u>1,239,242</u>	<u>1,222,425</u>	<u>16,817</u>	<u>1,059,925</u>
EXPENDITURES				
Current:				
General government	926,221	909,000	(17,221)	782,400
Public safety	126,811	153,300	26,489	121,000
Public works	974	1,000	26	500
Urban development and housing	4,727	2,735	(1,992)	-
Culture and recreation	72,355	74,000	1,645	22,500
Debt Service:				
Principal	-	-	-	-
Interest	-	-	-	-
Capital Outlay	10,508	15,000	4,492	17,500
Total Expenditures	<u>1,141,596</u>	<u>1,155,035</u>	<u>13,439</u>	<u>943,900</u>
Excess (Deficiency) of Revenues over Expenditures	97,646	67,390	30,256	116,025
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	(126,651)	-	(126,651)	-
Total Other Financing Sources (Uses)	<u>(126,651)</u>	<u>-</u>	<u>(126,651)</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	(29,005)	67,390	(96,395)	116,025
FUND BALANCE				
Beginning of year	306,413	306,413	-	351,814
End of year	<u>\$ 277,408</u>	<u>\$ 373,803</u>	<u>\$ (96,395)</u>	<u>\$ 467,839</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, 2016

	Actual Amounts	Final Budget	Variance with Final Budget Positive (Negative)	Original Budget
REVENUES				
Taxes				
Sales Taxes	\$ 228,006	\$ 213,000	\$ 15,006	\$ 203,000
Franchise Taxes	89,940	95,750	(5,810)	92,250
Total Taxes	317,946	308,750	9,196	295,250
Intergovernmental				
Federal				
FEMA - Public Assistance Grants	68,865	66,000	2,865	25,000
Police - Equipment Grants	6,094	6,100	(6)	5,000
Police - Highway Safety Grants	5,000	10,000	(5,000)	10,000
Victim's Assistance Grants	18,772	26,500	(7,728)	15,000
CDBG - Housing Assistance Grants	4,727	2,735	1,992	-
Total Federal	103,458	111,335	(7,877)	55,000
State				
Parish Transportation Fund	168,000	168,000	-	180,000
Beer Tax Allocation	3,596	3,200	396	3,200
Senior Citizen Utility Income	20,000	20,000	-	20,000
Total State	191,596	191,200	396	203,200
Parish/local				
Library Grant	18,529	18,525	4	-
Police Grants	-	-	-	-
Ring Levees	-	-	-	-
Tourism	50,000	50,000	-	-
Total Parish/Local	68,529	68,525	4	-
Total Intergovernmental	363,583	371,060	(7,477)	258,200
Licenses and permits				
Occupational Licenses	25,804	24,000	1,804	21,000
Insurance Premium Fees	40,121	27,500	12,621	30,000
Alcoholic Beverage Permits	955	1,500	(545)	1,500
Building, Electrical and Plumbing Permits	9,528	9,600	(72)	12,750
	76,408	62,600	13,808	65,250
Service charges, rentals and fees				
Facility Rentals	95,163	97,100	(1,937)	75,100
Gym Membership Fees	-	-	-	500
Royalties	825	1,500	(675)	1,800
	95,988	98,600	(2,612)	77,400
Fines and forfeitures	8,685	9,000	(315)	20,000
Gaming fees and commissions				
Boomtown Boarding Fees	344,722	337,500	7,222	325,000
Video Poker Fees	1,331	1,700	(369)	1,750
	346,053	339,200	6,853	326,750
Interest	165	100	65	75
Other				
Donations - BP Advertising	7,590	7,600	(10)	-
Donations - Other	-	-	-	-
Insurance Proceeds	-	1,015	(1,015)	-
Special Events and Festivals	-	1,000	(1,000)	1,000
Tourist Information Proceeds	1,568	1,500	68	1,000
Museum Utility Reimbursement	-	-	-	1,000
Senior Citizen Fund	5,743	6,000	(257)	-
Miscellaneous	15,513	16,000	(487)	14,000
	30,414	33,115	(2,701)	17,000
Total Revenues	\$ 1,239,242	\$ 1,222,425	\$ 16,817	\$ 1,059,925

TOWN OF JEAN LAFITTE, LOUISIANA

SCHEDULE OF EXPENDITURES - BUDGET TO ACTUAL

GENERAL FUND

For the Year Ended June 30, 2016

	Actual Amounts	Final Budget	Variance with Final Budget Positive (Negative)	Original Budget
EXPENDITURES				
Current:				
General Government				
Salaries and Benefits				
Salaries - Council	\$ 46,500	\$ 48,000	\$ 1,500	\$ 48,000
Salaries - Regular	311,811	290,000	(21,811)	257,500
Retirement	37,100	40,000	2,900	47,000
Payroll taxes	36,064	36,500	436	35,000
Health and life insurance	27,025	30,000	2,975	35,000
Health and life insurance - Mayor	5,025	4,500	(525)	-
Unemployment insurance	675	1,000	325	1,000
Workman's compensation insurance	13,474	12,550	(924)	17,500
Dental and other	3,410	4,750	1,340	5,250
	<u>481,084</u>	<u>467,300</u>	<u>(13,784)</u>	<u>446,250</u>
General and Administrative Costs				
Accounting and auditing	39,669	40,000	331	25,000
Appraisals/surveys	-	500	500	500
Architect/engineering	-	1,500	1,500	1,500
Auto and truck	10,749	11,500	751	15,000
Bank charges	2,259	2,000	(259)	1,750
Contract labor	-	5,000	5,000	8,250
Consultants	22,115	21,500	(615)	18,000
Court costs	134	250	116	250
Dues and subscriptions	407	750	343	750
Emergency response costs - BP oil spill	-	-	-	-
Emergency response costs - hurricanes	16,111	11,000	(5,111)	-
Insurance	123,993	124,500	507	67,450
Janitorial	4,248	4,250	2	3,250
Legal - attorney/magistrate	12,553	10,200	(2,353)	10,200
Mileage	-	500	500	500
Miscellaneous	5,307	5,500	193	5,000
Office supplies	14,676	12,500	(2,176)	10,000
Official journal	-	2,000	2,000	2,000
Rentals	1,248	1,250	2	1,250
Repairs and maintenance	68,426	57,500	(10,926)	40,000
Scholarship program	3,800	4,000	200	4,000
Travel - conventions	5,485	7,500	2,015	10,000
Travel - other	2,157	5,000	2,843	1,000
Uniforms	-	500	500	500
Utilities	111,800	112,500	700	110,000
	<u>445,137</u>	<u>441,700</u>	<u>(3,437)</u>	<u>336,150</u>
Total General Government	<u>926,221</u>	<u>909,000</u>	<u>(17,221)</u>	<u>782,400</u>

(Continued)

TOWN OF JEAN LAFITTE, LOUISIANA

SCHEDULE OF EXPENDITURES - BUDGET TO ACTUAL

GENERAL FUND

For the Year Ended June 30, 2016

	Actual Amounts	Final Budget	Variance with Final Budget Positive (Negative)	Original Budget
<u>Public Safety</u>				
Salaries - officers	89,681	100,000	10,319	80,000
Retirement - police	6,161	5,900	(261)	16,000
Supplies - police	19,078	22,150	3,072	10,000
Victims assistance grant costs	11,891	25,250	13,359	15,000
Total Public Safety	126,811	153,300	26,489	121,000
<u>Public Works</u>				
Road maintenance - supplies	974	1,000	26	500
Lafitte Levee - rock project	-	-	-	-
Total Public Works	974	1,000	26	500
<u>Urban Planning and Housing</u>				
CDBG housing assistance program	4,727	2,735	(1,992)	-
Total Urban Planning and Housing	4,727	2,735	(1,992)	-
<u>Culture and Recreation</u>				
Seafood festival costs	-	-	-	-
Senior Center expenditures	4,480	4,000	(480)	-
Special events - other	11,108	12,500	1,392	12,500
Tourism costs	56,767	57,500	733	10,000
Total Culture and Recreation	72,355	74,000	1,645	22,500
Debt Service:				
Principal	-	-	-	-
Interest	-	-	-	-
Total Debt Service	-	-	-	-
Capital Outlay				
Land, buildings and improvements	9,895	5,000	(4,895)	5,000
Furniture, fixtures and equipment	613	10,000	9,387	12,500
Vehicles and heavy equipment	-	-	-	-
Total Capital Outlay	10,508	15,000	4,492	17,500
Total Expenditures	\$ 1,141,596	\$ 1,155,035	\$ 13,439	\$ 943,900

TOWN OF JEAN LAFITTE, LOUISIANA

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - CAPITAL PROJECT FUND**

For the Year Ended June 30, 2016

	Capital Projects Fund
REVENUES	
Taxes	\$ -
Intergovernmental	
Federal	3,989,675
State	129,286
Parish/local	596,320
Interest	-
Other	-
Total Revenues	<u>4,715,281</u>
EXPENDITURES	
Capital Outlay	
Land	-
Architect/Engineering	273,035
Construction	4,628,028
Testing and Other	29,167
Total Expenditures	<u>4,930,230</u>
Excess (Deficiency) of Revenues over Expenditures	(214,949)
OTHER FINANCING SOURCES (USES)	
Transfers in	126,651
Transfers out	-
Total Other Financing Sources (Uses)	<u>126,651</u>
NET CHANGE IN FUND BALANCE	(88,298)
FUND BALANCE	
Beginning of year	-
End of year	<u>\$ (88,298)</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, 2016

<u>Councilperson</u>	<u>Amount</u>
Barry Bartholomew	\$ 9,300
Christy Creppel	9,300
Shirley Guillie	9,300
Calvin LeBeau	9,300
Verna Smith	9,300
TOTAL COUNCILPERSONS' COMPENSATION	<u>\$ 46,500</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, 2016

Agency Head Name/Title:

Timothy P. Kerner, Mayor

<u>Purpose</u>	<u>Amount</u>		
Salary	\$	79,538	(1)
Taxes - Federal (Social Security and Medicare)		6,180	(2)
Benefits - Retirement		15,709	(3)
Benefits - Insurance (Group Health)		5,025	(4)
Benefits - Other		1,192	(5)
Vehicle Provided by Agency		1,250	(6)
Per Diem		-	
Reimbursements		-	
Travel (meal per diems)		-	
Travel (gas and parking)		2,208	
Registration Fees		-	
Conference Travel		4,007	(7)
Continuing Professional Education Fees		-	
Housing		-	
Unvouchered Expenses		-	
Special Meals		2,228	(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 19.75% 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 2016.
- (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 2016, 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, 2016

<u>State Source</u>	<u>Amount</u>
Department of the Treasury - Tax/Fee Allocations	
Parish Transportation Funds	\$ 168,000
Beer Tax	3,596
	<u>171,596</u>
Facility Planning and Control	
State Capital Outlay - Fish/Seafood Market Construction	
Project No. FP&C 50-ME1-11-01	191,159
Less amount shown as deferred inflow	<u>(61,873)</u>
	<u>129,286</u>
Louisiana Office of Community Development	
Senior Citizens Utility Income Assistance	<u>20,000</u>
	<u>\$ 320,882</u>

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.

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SINGLE AUDIT 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, 2016, 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 21, 2016.

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.

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

December 21, 2016



Carr, Riggs & Ingram, LLC
111 Veterans Memorial Blvd.
Suite 350
Metairie, Louisiana 70005

(504) 833-2436
(504) 484-0807 (fax)
www.CRIcpa.com

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR THE MAJOR PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

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

Report on Compliance for Each Major Federal Program

We have audited the Town of Jean Lafitte's (the "Town") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on the Town's major federal program for the year ended June 30, 2016. The Town's major federal program is identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for the Town's major federal program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative, Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Town's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on the Major Federal Program

In our opinion, the Town, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on the major federal program for the year ended June 30, 2016.

Report on Internal Control over Compliance

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

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the

requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Cam Riggs & Ingram, L.L.C.

December 21, 2016

TOWN OF JEAN LAFITTE, LOUISIANA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2016

GRANTOR/SOURCE	FEDERAL CFDA NO.	GRANT NUMBER	GRANT PERIOD	
			FROM	TO
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	Project Completion	
Public Disaster Assistance - Katrina	97.036	1603-DR-LA	Project Completion	
Public Disaster Assistance - Rita	97.036	1607-DR-LA	Project Completion	
Public Disaster Assistance - Gustav	97.036	1786-DR-LA	Project Completion	
Public Disaster Assistance - Ike	97.036	1792-DR-LA	Project Completion	
Public Disaster Assistance - TS Lee	97.036	4041-DR-LA	Project Completion	
Public Disaster Assistance - Isaac	97.036	4080-DR-LA	Project Completion	
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- 2015	16.575	2014-VA-04/02/01/03-2223	1/1/2015	12/31/2015
Victim's Assistance Program Grant- 2016	16.575	2014-VA-04/02/01/03-2840	1/1/2016	12/31/2016
Street Sales Disruption - 2015	16.738	2522	4/1/2015	12/31/2015
Street Sales Disruption - 2016	16.738	3136	1/1/2016	12/31/2016
Total Department of Justice				
Department of Transportation				
Passed Through Louisiana Dept of Public Safety				
Highway Safety Grant - 2015	20.600	2015-30-70-30	1/1/2015	12/31/2015
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	Project Completion	
Passed through Jefferson Parish Office of Community Development				
Community Development Block Grant - Disaster Recovery - Auditorium Demo & Construction	14.228	29PARA3202	Project Completion	
Community Development Block Grant - Disaster Recovery - Town Streets/Drainage	14.228	Unknown	Project Completion	
Community Development Block Grant - Disaster Recovery - NE Streets/Drainage	14.228	Unknown	Project Completion	
CDBG/Home Investment Partnership Program - Housing Assistance	14.239	Unknown	Project Completion	
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, 2015 to June 30, 2016. 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.

- (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, 2016, 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 \$68,865. The difference between this number and the \$764,140 shown above is the \$(4,725) current year change in deferred inflows in the General Fund. In the Capital Project funds, \$215,082 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, 2016 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.

PRIOR YEAR RECEIVABLE (DEFERRED)	CURRENT YEAR RECEIPTS	CURRENT YEAR RECEIVABLE (DEFERRED)	CURRENT YEAR REVENUES	FEDERAL EXPENDITURES
\$ -	\$ -	\$ -	\$ -	\$ -

\$ -	\$ -	\$ -	\$ -	\$ -	(2)
20,574	17,011	11,368	7,805	-	(2)
(24,452)	2,648	(24,452)	2,648	-	(2)
-	49,205	4,482	53,687	-	(1)
192,263	-	192,263	-	-	
8,057	-	8,057	-	-	
196,442	68,864	191,718	64,140	-	

3,226	10,555	-	7,329	7,329
-	5,183	6,260	11,443	11,443
3,226	15,738	6,260	18,772	18,772
-	6,094	-	6,094	6,094
-	6,094	-	6,094	6,094
3,226	21,832	6,260	24,866	24,866

7,500	12,500	-	5,000	5,000
7,500	12,500	-	5,000	5,000
7,500	12,500	-	5,000	5,000

135,694	168,705	-	33,011	33,011
135,694	168,705	-	33,011	33,011

302,344	930,986	230,353	858,995	858,995
-	2,451,321	614,915	3,066,236	3,066,236
714,699	961,214	-	246,515	246,515
1,017,043	4,343,521	845,268	4,171,746	4,171,746
226,362	240,254	(9,165)	4,727	4,727
1,379,099	4,752,480	836,103	4,209,484	4,209,484
\$ 1,586,267	\$ 4,855,676	\$ 1,034,081	\$ 4,303,490	\$ 4,239,350
\$ 1,586,267	\$ 4,855,676	\$ 1,034,081	\$ 4,303,490	\$ 4,239,350

Less amounts reported as changes in deferred inflows:

General Fund	4,725
Capital Projects Fund	(215,082)
Current year revenue	\$ 4,093,133

Recognized in:

General Fund - as current year revenues	\$ 103,458
Capital Project Fund - as current year revenues	3,989,675
	\$ 4,093,133

Town of Jean Lafitte, Louisiana
Notes to Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards has been prepared on the accrual basis of accounting. Grant revenues are recorded for financial reporting purposes when the Town has met the qualifications for the respective grants. Several programs are funded jointly by State of Louisiana appropriations and federal funds. Costs incurred in programs partially funded by federal grants are applied against federal grant funds to the extent of revenue available when they properly apply to the grant. The Town has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

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, 2016.

Town of Jean Lafitte, Louisiana
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2016

SECTION I - SUMMARY OF AUDITORS' RESULTS

1. The auditors' report expresses an unmodified opinion on the financial statements of the Town of Jean Lafitte, Louisiana ("The Town").
2. No material weaknesses or significant deficiencies in internal control over financial reporting are reported in *Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards*.
3. No instances of noncompliance material to the financial statements of the Town were 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*.
4. No material weaknesses or significant deficiencies relating to the audit of the major federal award programs are reported in the *Independent Auditors' Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance*.
5. The auditors' report on compliance for the major federal award program for the Town expresses an unmodified opinion on all major federal programs.
6. The auditors' report on compliance for the major federal award program disclosed no findings that are required to be reported in accordance with Section 200.516 of the Uniform Guidance.
7. The following programs were identified as major programs:

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

8. The threshold for distinguishing Types A and B programs was \$750,000.
9. The Town of Jean Lafitte qualified as a low-risk auditee.

Town of Jean Lafitte, Louisiana
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2016

SECTION II - FINDINGS - FINANCIAL STATEMENTS AUDIT

There were no findings required to be reported in this section.

SECTION III - FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARD PROGRAM

There were no findings required to be reported in this section.

**Town of Jean Lafitte, Louisiana
Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2016**

SECTION I - FINDINGS RELATED TO FINANCIAL STATEMENT AUDIT

There were no findings related to 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)