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# Village of Albany, Louisiana

Annual Financial Report

Year Ended June 30, 1999

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Release Date JAN 12 2000

**Village of Albany, Louisiana**

**General Purpose Financial Statements  
As of and for the Year Ended June 30, 1999  
With Supplemental Information Schedules**

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Village of Albany, Louisiana

General Purpose Financial Statements  
As of and for the Year Ended June 30, 1999  
With Supplemental Information Schedules

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Bruce C. Harrell, CPA

Warren A. Wool, CPA  
Michael P. Estay, CPA  
Dale H. Jones, CPA  
Charles P. Hebert, CPA  
James D. Rabalais, CPA

**BRUCE HARRELL & CO.**  
CERTIFIED PUBLIC ACCOUNTANTS  
A Professional Accounting Corporation

109 West Minnesota Park  
Park Place Suite 7  
Hammond, LA 70403  
VOICE: (504) 542-6372  
FAX: (504) 345-3156

KENTWOOD OFFICE  
P.O. Box 45 - 602 Fifth St.  
Kentwood, LA 70444  
VOICE: (504) 229-5955  
FAX: (504) 229-5951

MEMBERS  
American Institute of CPAs  
Society of Louisiana CPAs

## INDEPENDENT AUDITOR'S REPORT

The Honorable Mayor, Thomas Stewart  
and Members of the Board of Aldermen  
Village of Albany, Louisiana

We have audited the accompanying general purpose financial statements of the Village of Albany, Louisiana, as of and for the year ended June 30, 1999 as listed in the table of contents. These general purpose financial statements are the responsibility of the Village's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

Except as discussed in the following paragraph, we conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Governmental 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 general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall general purpose financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

Governmental Accounting Standards Technical Bulletin 98-1, Disclosures About Year 2000 Issues, as amended by Governmental Accounting Standards Board Technical Bulletin 99-1, Disclosures About Year 2000 Issues - an Amendment to Technical Bulletin 98-1, requires disclosure of certain matters regarding the year 2000 issue. The Village of Albany, Louisiana has included such disclosures in Note 17. Because of the unprecedented nature of the year 2000 issue, its effects and the success of related remediations efforts will not be fully determinable until the year 2000 and thereafter. Accordingly, insufficient audit evidence exists to support the Village of Albany, Louisiana's disclosure with respect to the year 2000 issue made in Note 17. Further, we do not provide assurance that the Village of Albany, Louisiana's year 2000 remediation efforts will be successful in whole or in part, or that parties with which the Village of Albany, Louisiana does business will be year 2000 ready.

In our opinion, except for the effects of such adjustments, if any, as might have been determined to be necessary had we been able to examine evidence regarding year 2000 disclosures, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the Village of Albany, Louisiana as of June 30, 1999, and the results of its operations and the cash flows of its proprietary fund type for the year then ended in conformity with generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued our report dated August 26, 1999, on our consideration of the Village of Albany's internal control over financial reporting and our test of its compliance with certain provisions of laws, regulations, contracts and grants.

# General Purpose Financial Statements

Village of Albany, Louisiana

Combined Balance Sheet - All Fund Types and Account Groups  
June 30, 1999

	<u>Governmental Fund Type</u>	<u>Proprietary Fund Type</u>
	<u>General</u>	<u>Enterprise</u>
<b>Assets</b>		
Cash and Cash Equivalents	\$ 210,686	\$ 376,414
Taxes Receivable	6,081	-
Accounts Receivable, Net	-	34,717
Due From Other Funds	54,002	-
Due From Other Governments	20,583	-
Due From Others	-	-
Restricted Assets:		
Cash	-	305,977
Fixed Assets	-	4,070,665
Accumulated Depreciation	-	(1,040,463)
Total Assets	<u>\$ 291,352</u>	<u>\$ 3,747,310</u>
<b>Liabilities and Equity</b>		
Liabilities:		
Accounts Payable	\$ 3,774	\$ 12,273
Payroll Taxes Payable	938	-
Other Accrued Expenses	-	471
Retainage Payable	-	5,050
Payable From Restricted Assets:		
Customers' Deposits	-	47,677
Revenue Bonds	-	24,217
Due to Other Funds	-	54,002
Revenue Bonds Payable	-	1,371,335
Total Liabilities	<u>4,712</u>	<u>1,515,025</u>
Equity:		
Contributed Capital	-	2,221,914
Accumulated Amortization	-	(516,694)
Investment in General Fixed Assets	-	-
Retained Earnings:		
Reserved for RUS Bond Reserve	-	113,376
Reserved for RUS Bond Depreciation & Contingency	-	76,377
Unreserved	-	337,312
Fund Balance:		
Unreserved - Undesignated	264,640	-
Designated	22,000	-
Total Retained Earnings & Fund Balance	<u>286,640</u>	<u>527,065</u>
Total Equity	<u>286,640</u>	<u>2,232,285</u>
Total Liabilities & Equity	<u>\$ 291,352</u>	<u>\$ 3,747,310</u>

The accompanying notes are an integral part of these statements.



**Statement A**

Account Groups	Totals (Memorandum Only)	
	1999	1998
General		
Fixed		
Assets		
-	\$ 587,100	\$ 641,103
-	6,081	5,451
-	34,717	31,943
-	54,002	53,486
-	20,583	10,051
-	-	1,000
-	305,977	278,093
138,164	4,208,829	4,100,737
-	(1,040,463)	(932,149)
<u>\$ 138,164</u>	<u>\$ 4,176,826</u>	<u>\$ 4,189,715</u>
-		
-	\$ 16,047	\$ 27,355
-	938	3,627
-	471	547
-	5,050	-
-	47,677	44,803
-	24,217	23,517
-	54,002	53,486
-	1,371,335	1,396,360
-	<u>1,519,737</u>	<u>1,549,695</u>
-		
-	2,221,914	2,221,914
-	(516,694)	(461,274)
138,164	138,164	136,409
-	113,376	96,092
-	76,377	70,557
-	337,312	307,222
-	264,640	247,100
-	22,000	22,000
-	<u>813,705</u>	<u>742,971</u>
138,164	<u>2,657,089</u>	<u>2,640,020</u>
<u>\$ 138,164</u>	<u>\$ 4,176,826</u>	<u>\$ 4,189,715</u>

Village of Albany, Louisiana

Statement B

Statement of Revenues, Expenditures, and Changes in Fund Balance  
Governmental Fund Type  
For the Year Ended June 30, 1999

	<u>General Fund</u>
<b>Revenues</b>	
Taxes	\$ 151,872
Licenses and Permits	50,738
Intergovernmental	34,297
Fines and Forfeits	13,039
Miscellaneous	5,411
Total Revenues	<u>255,357</u>
<b>Expenditures</b>	
General and Administrative	125,072
Public Safety	74,065
Streets and Sanitation	36,926
Capital Outlays	1,754
Total Expenditures	<u>237,817</u>
<b>Excess of Revenues</b>	17,540
<b>Fund Balance, Beginning of Year</b>	269,100
<b>Fund Balance, End of Year</b>	<u>\$ 286,640</u>

The accompanying notes are an integral part of these statements.



Village of Albany, Louisiana

Statement C

Statement of Revenues, Expenditures, and Changes in Fund Balance  
 Budget (GAAP Basis) and Actual  
 Governmental Fund Type - General Fund  
 For the Year Ended June 30, 1999

	Budget	Actual	Variance Favorable (Unfavorable)
<b>Revenues</b>			
Taxes	\$ 142,200	\$ 151,872	\$ 9,672
Licenses and Permits	48,000	50,738	2,738
Intergovernmental	29,900	34,297	4,397
Fines and Forfeits	13,000	13,039	39
Miscellaneous	3,400	5,411	2,011
Total Revenues	<u>236,500</u>	<u>255,357</u>	<u>18,857</u>
<b>Expenditures</b>			
General and Administrative	119,900	125,072	(5,172)
Public Safety	68,000	74,065	(6,065)
Streets and Sanitation	38,100	36,926	1,174
Capital Outlays	5,400	1,754	3,646
Total Expenditures	<u>231,400</u>	<u>237,817</u>	<u>(6,417)</u>
<b>Excess of Revenues</b>	<u>\$ 5,100</u>	17,540	<u>\$ 12,440</u>
<b>Fund Balance, Beginning of Year</b>		269,100	
<b>Fund Balance, End of Year</b>		<u>\$ 286,640</u>	

The accompanying notes are an integral part of these statements.

Village of Albany, Louisiana

Statement D

Statement of Revenues, Expenses, and Changes in Retained Earnings  
 Proprietary Fund Type - Enterprise Fund  
 For the Year Ended June 30, 1999

<b>Operating Revenues</b>	
Water Sales	\$ 245,751
Sewer Charges	71,513
Service Connections	11,300
Penalties	8,125
Miscellaneous	1,022
Total Operating Revenues	<u>337,711</u>
<b>Operating Expenses</b>	
Water Department	157,793
Sewer Department	131,975
Total Operating Expenses	<u>289,768</u>
<b>Net Operating Income</b>	<u>47,943</u>
<b>Nonoperating Revenues (Expenses)</b>	
Interest Income	25,623
Bond Interest Expense	(75,792)
Total Nonoperating Revenues (Expenses)	<u>(50,169)</u>
<b>Net Income (Loss)</b>	(2,226)
<b>Unreserved Retained Earnings, Beginning of Year</b>	307,222
<b>Amortization of Contributions</b>	55,420
<b>Increase in Reserves</b>	(23,104)
<b>Unreserved Retained Earnings, End of Year</b>	\$ <u><u>337,312</u></u>

The accompanying notes are an integral part of these statements.

Village of Albany, Louisiana

Statement E

Statement of Cash Flows  
 Proprietary Fund Type - Enterprise Fund  
 For the Year Ended June 30, 1999

<b>Cash Flows From Operating Activities</b>	
Operating Income	\$ 47,943
Adjustments to Reconcile Net Operating Income to Net Cash Provided (Used) by Operating Activities:	
Depreciation	108,314
Changes in Accounts Receivable	(2,773)
Changes in Accounts Payable	(8,938)
Changes in Other Accrued Expenses	(76)
Changes in Due To Other Funds	516
Changes in Customer Deposits Payable	2,874
Changes in Retainage Payable	5,050
Net Cash Provided by Operating Activities	<u>152,910</u>
<b>Cash Flows From Capital and Related Financing Activities</b>	
Payments for Capital Acquisitions	(106,337)
Interest Income	25,623
Interest Expense	(75,792)
Principal Repayments	(24,326)
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(180,832)</u>
<b>Net Increase (Decrease) in Cash</b>	(27,922)
<b>Cash, Beginning of Year</b>	710,313
<b>Cash, End of Year</b>	<u>\$ 682,391</u>

The accompanying notes are an integral part of these statements.

**Village of Albany, Louisiana**  
**Notes to Financial Statements**  
**As of and for the Year Ended June 30, 1999**

**INTRODUCTION**

The Village of Albany, Louisiana was incorporated October 7, 1953, under the provisions of the Lawrason Act (LSA-RS 33:321). The Village operates under a Mayor/ Board of Aldermen form of government. The accounting and reporting policies of the Village of Albany conform to generally accepted accounting principles as applicable to governments. Such accounting and reporting procedures also conform to the requirements of Louisiana Revised Statutes 24:513 and 24:517 and to the guides set forth in the *Louisiana Governmental Audit Guide*, and to the AICPA Industry Audit Guide, *Audits of State, Local Governments, and Non-Profit Organization*.

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. BASIS OF PRESENTATION**

The accompanying general purpose financial statements of the Village of Albany 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.

**B. REPORTING ENTITY**

As the municipal governing authority for reporting purposes, the Village of Albany, Louisiana is considered a separate reporting entity. The financial reporting entity consists of (a) the primary government (Village of Albany, Louisiana), (b) organizations for which the primary government is financially accountable, and (c) other organizations for which nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

GASB Statement No.14 established criteria for determining which component units should be considered part of the Village of Albany, Louisiana for financial reporting purposes. The basic criterion for including a potential component unit within the reporting entity is financial accountability. The GASB has set forth criteria to be considered in determining financial accountability. This criteria includes:

1. Appointing a voting majority of an organizations's governing body, and
  - a. The ability of the Village to impose its will on that organization and/or
  - b. The potential for the organization to provide specific financial benefits to or impose specific financial burdens on the Village of Albany, Louisiana.
2. Organizations for which the Village of Albany, Louisiana does not appoint a voting majority but are fiscally dependent on the Village of Albany, Louisiana.
3. Organizations for which the reporting entity financial statements would be misleading if data of the organization is not included because of the nature or significance of the relationship.

**Village of Albany, Louisiana**  
**Notes to Financial Statements**  
**As of and for the Year Ended June 30, 1999**

Based on the previous criteria, the Village of Albany, Louisiana has no component units.

Considered in the determination of components units of the reporting entity were the Livingston Parish Council, Sheriff, Clerk of Court, Assessor, and School Board and the District Attorney and Judges for the 21st Judicial District. It was determined that these governmental entities are not component units of the Village of Albany, Louisiana reporting entity because they are separately elected governing bodies, are legally separate, and are *fiscally independent of the Village of Albany, Louisiana*.

### **C. FUND ACCOUNTING**

The Village uses funds and account groups to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions relating to certain government functions or activities.

A fund is a separate accounting entity with a self-balancing set of accounts. On the other hand, an account group is a financial reporting device designed to provide accountability for certain assets and liabilities that are not recorded in the funds because they do not directly affect net expendable available financial resources.

*Funds of the Village are classified into two categories: governmental and proprietary. In turn, each category is divided into separate fund types. The fund classifications and description of each existing fund type follow:*

#### **Governmental Funds**

Governmental funds are used to account for all or most of the municipality's general activities, including the collection and disbursement of specific or legally restricted monies, the acquisition or construction of general fixed assets, and the servicing of general long-term debt. Governmental funds include:

##### **General Fund**

*The General Fund is the principal fund of the Village's office and accounts for the operations of the Village's office. The Village's primary source of revenue is a sales tax authorized by LSA-RS 33:2711. Other sources of revenue include ad valorem taxes, franchise taxes, licenses, permits and fines. General operating expenditures are paid from this fund.*

#### **Proprietary Funds**

Proprietary funds are used to account for activities similar to those found in the private sector, where the determination of net income is necessary or useful to sound financial administration. Proprietary funds differ from governmental funds in that their focus is on income measurement, which, together with the maintenance of equity, is an important financial indicator. Proprietary funds include:



**Village of Albany, Louisiana**

**Notes to Financial Statements  
As of and for the Year Ended June 30, 1999**

**Enterprise Fund**

The Enterprise Fund is used to account for operations that are financed and operated in a manner similar to private business enterprise, where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or where the governing body has decided the periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

**D. BASIS OF ACCOUNTING**

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. Operating statements of these funds present increases and decreases in net current assets. The modified accrual basis of accounting is used by all governmental funds. The governmental funds use the following practices in recording revenues and expenditures:

**Revenues**

Governmental funds utilize the modified accrual basis of accounting. Under this method, revenues are recognized when they become measurable and available as current assets. Licenses and permits, charges for services, fines and forfeits, and miscellaneous revenues are recorded as revenues when received in cash. Generally property taxes, self-assessed taxes, and investment earnings are recorded when earned (when they are measurable and available).

**Expenditures**

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred, except that principal and interest on general long-term debt are recognized when due. Purchases of various operating supplies are regarded as expenditures at the time purchased.

**Other Financing Sources (Uses)**

Transfers between funds that are not expected to be repaid are accounted for as other financing sources (uses). These other financing sources (uses) are recognized at the time the underlying events occur.

All proprietary funds are accounted for on a flow of economic resources measurement focus and a determination of net income and capital maintenance. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the balance sheet. The proprietary funds use the accrual basis of accounting. Revenues are recognized when earned, and expenses are recognized at the time liabilities are incurred.

**Village of Albany, Louisiana**  
**Notes to Financial Statements**  
**As of and for the Year Ended June 30, 1999**

**E. BUDGET PRACTICES**

The Village adopts budgets for the general fund and enterprise fund each year.

**F. CASH AND CASH EQUIVALENTS**

Cash includes amounts in demand deposits, interest-bearing demand deposits, and time deposits. Cash equivalents include amounts in time deposits and those investments with original maturities of 90 days or less. Under state law, the Village may deposit funds in demand deposits, interest-bearing demand deposits, or time deposits with state banks organized under Louisiana law or any other state of the United States, or under the laws of the United States.

**G. INVESTMENTS**

Investments are limited by Louisiana RS 33:2955 and the Village's investment policy. If the original maturities of investments exceed ninety days, they are classified as investments; if the original maturities are ninety days or less, they are classified as cash equivalents. However, the village has no investments.

**H. INTERFUND RECEIVABLES/PAYABLES**

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as due from other funds or due to other funds on the balance sheet. Short-term interfund loans are classified as interfund receivables/payables.

**I. INVENTORIES**

Purchase of various operating supplies are regarded as expenditures at the time purchased. Inventories of such supplies (if any) are not recorded as assets at the close of the fiscal year.

**J. RESTRICTED ASSETS**

Certain proceeds of the Enterprise Fund revenue bonds, as well as certain resources set aside for their repayment, are classified as restricted assets on the balance sheet because their use is limited by applicable bond covenants. Cash held for customers' meter deposits and reserves required by bond covenants have been set aside in separate cash accounts and are also classified as restricted assets on the balance sheet.

**K. FIXED ASSETS**

Fixed assets of governmental funds are recorded as expenditures at the time purchased or constructed, and the related assets are capitalized (reported) in the general fixed assets account group. Public domain or infrastructure are not capitalized. Interest costs incurred during construction are capitalized. No depreciation has been provided on general fixed assets. All fixed assets are valued at historical cost or estimated cost (the extent to which fixed asset costs have been estimated and the methods of estimation should be disclosed) if historical cost is not available.

Fixed assets used in the Enterprise Fund operations are included on the balance sheet of the fund. Interest costs incurred during construction are capitalized. Depreciation of all exhaustible fixed assets is charged as an expense



**Village of Albany, Louisiana**

**Notes to Financial Statements  
As of and for the Year Ended June 30, 1999**

against operations. Depreciation is computed using the straight line method over the estimated useful lives of 5 to 40 years.

**L. COMPENSATED ABSENCES**

The Village has the following policy relating to vacation and sick leave:

Each employee with one (1) year service is given five (5) days vacation leave; each employee with two (2) years service is given ten (10) days vacation leave.

Each employee earns sick leave at the rate of 5/12 day for each month worked. Sick leave is accumulated for an indefinite period with a maximum sick leave of twenty-five (25) days.

The cost of leave privileges, computed in accordance with GASB Codification Section C60, is recognized as a current-year expenditure in the governmental fund when leave is taken. Since the cost of leave privileges not requiring current resources is immaterial, no amount has been recorded in the general long-term obligation account group.

**M. LONG-TERM LIABILITIES**

Long-term liabilities are recognized within the Enterprise Fund.

**N. FUND EQUITY**

**Contributed Capital**

Grants, entitlements, or shared revenues received that are restricted for the acquisition or construction of capital assets are recorded as contributed capital. Contributed capital is amortized based on the depreciation recognized on that portion of the assets acquired from such contributions. This depreciation is closed to the contributed capital account and is reflected as an adjustment to fund equity.

**Reserves**

Reserves represent those portions of fund equity legally segregated for a specific future use.

**Designated Fund Balance**

Designated fund balance represents tentative plans for future use of financial resources.

**O. TOTAL COLUMNS ON COMBINED STATEMENTS**

Total Columns on the combined statements are captioned "Memorandum Only" to indicate that they are presented only to facilitate financial analysis. Data in these columns do not represent financial position, results of operations, or changes in financial position in conformity with generally accepted accounting principles. Interfund transactions have not been eliminated from the total column of each financial statement.

Village of Albany, Louisiana

Notes to Financial Statements  
As of and for the Year Ended June 30, 1999

**P. USE OF ESTIMATES IN THE PREPARATION OF FINANCIAL STATEMENTS**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**2. LEVIED TAXES**

On December 1, 1975, the Village of Albany was authorized to levy a one percent sales and use tax. The proceeds of this sales and use tax are dedicated to general corporate purposes.

On October 12, 1998, the Village approved an ordinance to reassess a 6.65 millage ad valorem tax for 1998. This is a permanent tax per constitutional authority, and is subject to annual renewal by the Village Board of Aldermen. Total Ad Valorem Taxes levied for the year ended December 31, 1998, were \$14,625. These taxes were due upon taxpayers' receipt of their tax bill and became delinquent January 1, 1999. Interest on unpaid Ad Valorem Taxes is added to the tax bill during March, 1999. Due to immateriality and cost factor of collections, no liens are put against assessed property upon uncollectibility of taxes.

**3. CASH AND CASH EQUIVALENTS**

At June 30, 1999, the Village has cash and cash equivalents (book balances) totaling \$893,077, as follows:

Cash on Hand	\$	351
Interest-Bearing Demand Deposits		585,335
Time Deposits		307,391
Total	\$	<u>893,077</u>

These deposits are stated at cost, which approximates market. Under state law, these deposits (or resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties.

At June 30, 1999, the Village has \$902,769 in deposits (collected bank balances). These deposits are secured from risk by \$100,000 of federal deposit insurance and \$802,769 of pledged securities held by the custodial bank in the name of the fiscal agent bank (GASB Category 3).

Even though the pledged securities are considered uncollateralized (Category 3) under the provisions of GASB Statement No. 3, R.S. 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified that the fiscal agent has failed to pay deposited funds upon demand.

**4. INVESTMENTS**

At June 30, 1999, the Village had no investments.

Village of Albany, Louisiana

Notes to Financial Statements  
As of and for the Year Ended June 30, 1999

5. RECEIVABLES

Receivables of \$40,798 at June 30, 1999, are as follows:

	General Fund	Enterprise Fund
Public Utility Franchise Tax	\$ 6,081	\$ -
Accounts Receivable	-	34,717
Total	<u>\$ 6,081</u>	<u>\$ 34,717</u>

6. INTERFUND RECEIVABLE/PAYABLE

Interfund receivable/payable for the year ended June 30, 1999 is as follows:

	Interfund Receivable	Interfund Payable
General Fund	\$ 54,002	\$ -
Enterprise Fund	-	54,002
Total	<u>\$ 54,002</u>	<u>\$ 54,002</u>

7. DUE FROM OTHER GOVERNMENTAL UNITS

Amounts due from other governmental units consisted of the following:

	General Fund
State of Louisiana:	
Beverage Tax Distribution	\$ 600
Tobacco Tax Distribution	872
Video Poker Tax Distribution	685
Livingston Parish School Board:	
Sales Tax Distribution	18,426
Total	<u>\$ 20,583</u>

8. RESTRICTED ASSETS - ENTERPRISE FUND

Restricted assets were applicable to revenue bonds issued by the Rural Utilities Service (RUS) as follows:

RUS Bond & Interest Redemption	\$ 57,100
RUS Bond Reserve	113,376
RUS Depreciation & Contingency	76,377
Meter Deposits	59,124
Total	<u>\$ 305,977</u>

Village of Albany, Louisiana

Notes to Financial Statements  
As of and for the Year Ended June 30, 1999

9. PROPERTY, PLANT AND EQUIPMENT

A summary of changes in general fixed assets follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Land	\$ 41,000	\$ -	\$ -	\$ 41,000
Office Improvements	20,687	-	-	20,687
Furniture and Fixtures	5,729	530	-	6,259
Vehicles and Equipment	68,993	1,225	-	70,218
Total	\$ 136,409	\$ 1,755	\$ -	\$ 138,164

A summary of proprietary fund type property, plant and equipment at June 30, 1999 follows:

Description	Life Years	Cost	Accumulated Depreciation	Net	Depreciation This Year
Land	-	\$ 50,429	\$ -	\$ 50,429	\$ -
Buildings	20	33,480	13,379	20,101	1,484
Shelves	7	250	3	247	3
Utility Equipment	10	94,809	78,768	16,041	6,760
Utility Truck	5	22,891	22,018	873	436
Office Equipment	10	21,387	13,799	7,588	3,720
Well Fence	10	952	845	107	54
Utility Shed	10	3,451	2,789	662	345
Water System	40	459,791	208,906	250,885	11,495
Water System	40	39,977	18,484	21,493	999
Water System	40	356,500	164,888	191,612	8,912
Sewer System	40	649,973	157,983	491,990	16,904
Sewer System	40	540,751	144,201	396,550	13,519
Sewer System	40	1,621,091	206,013	1,415,078	40,527
Water System	40	37,699	4,712	32,987	942
Sewer System	40	64,277	2,846	61,431	1,918
Water System	40	11,832	829	11,003	296
Construction in Progress	40	61,125	-	61,125	-
Total		\$ 4,070,665	\$ 1,040,463	\$ 3,030,202	\$ 108,314

A summary of changes in proprietary fund type property, plant and equipment at June 30, 1999 follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Cost	\$ 3,964,328	\$ 106,337	\$ -	\$ 4,070,665
Accumulated Depreciation	(932,149)	(108,314)	-	(1,040,463)
Net	\$ 3,032,179	\$ (1,977)	\$ -	\$ 3,030,202



Village of Albany, Louisiana

Notes to Financial Statements  
As of and for the Year Ended June 30, 1999

Construction in Progress at June 30, 1999, consists of \$61,125 for sewer improvements for Meadow Circle Subdivision.

Equipment, furniture and fixtures are depreciated using useful lives of 5 to 10 years. The water and sewer distribution system uses a useful life of 40 years. Buildings are depreciated using a useful life of 20 years. All assets are depreciated under the straight-line method. Depreciation expense for the fiscal year ending June 30, 1999 totaled \$108,314.

**10 ACCOUNTS AND OTHER PAYABLES.**

The following is a summary of payables at June 30, 1999:

Class of Payable	General Fund	Enterprise Fund	Total
Withholding	\$ 938	\$ -	\$ 938
Accounts	3,774	12,273	16,047
Other	-	471	471
Total	\$ <u>4,712</u>	\$ <u>12,744</u>	\$ <u>17,456</u>

**11. CO-OPERATIVE ENDEAVOR AGREEMENT**

On March 9, 1998, the Village of Albany entered into an agreement in which the Village will pay the lessor of a sum of \$80,000 or actual construction costs to install sewer and water system lines and a lift station along Leslie Street in Meadow Circle Subdivision in the limits of the Village of Albany. The Village will be liable for the costs of the lift station. Any costs in excess of the sum of \$80,000 to complete construction will be paid by the property owners. The property owners will be completely liable for and will install an identical sewer and water system project along Jacob Street in Meadow Circle Subdivision to coincide with the project along Leslie Street. The property owners will obligate themselves to stub out 42 potential Village sewer and water customers in Meadow Circle Subdivision. Within 36 months after completion of the sewer and water system construction project along Leslie Street, the property owners will pay the Village of Albany the lessor of any remaining balance of the \$50,000 costs or any remaining balance of the costs paid by the Village for the project after deduction for the lift station costs and after crediting the property owners for all the tie-in connection fees and net revenues from all sewer and water customers in Meadow Circle Subdivision paid to the Village of Albany. On August 3, 1998, bids for the construction project were opened and tabulated. The contract was awarded to the low bidder for the amount of \$67,787. Subsequent change orders have reduced the contract to \$61,125. At June 30, 1999, the construction was substantially complete with a final retainage payment of \$5,050 due upon final inspection. The retainage was paid on August 27, 1999.

**Village of Albany, Louisiana**

**Notes to Financial Statements  
As of and for the Year Ended June 30, 1999**

**12. CONTRIBUTED CAPITAL**

Contributions toward the cost of utility plant and engineering services have been received as follows:

U.S. Government - RUS	\$	356,500
U.S. Government - EPA		623,340
Louisiana Department of Transportation		39,977
Village of Albany, Louisiana General Fund		5,098
U.S. Government - LCDBG		37,699
U.S. Government - RUS		1,147,300
Private - Cavenham Project		12,000
Total Contributions		<u>2,221,914</u>
Accumulated Amortization		<u>(516,694)</u>
Net Contributed Capital	\$	<u><u>1,705,220</u></u>

**13. CHANGES IN LONG-TERM DEBT**

The following is a summary of bond transactions of the Village of Albany, Louisiana for the year ended June 30, 1999:

Bonds Payable, July 1, 1998	\$	1,419,877
Bonds Issued		-
Bonds Retired		<u>(24,325)</u>
Bonds Payable, June 30, 1999	\$	<u><u>1,395,552</u></u>

**Village of Albany, Louisiana**

**Notes to Financial Statements  
As of and for the Year Ended June 30, 1999**

Bonds Payable at June 30, 1999 are comprised of the following individual issues:

Water System Revenue Bonds - RUS Bonds 91-01: \$523,000 utility bonds sold to Rural Utility Service (RUS) dated 4/4/78, due in annual installments of \$5,000-\$29,000 through August 1, 2017; interest at 5%	\$ 371,000
Water System Revenue Bonds - RUS Bonds 91-02: \$575,000 water revenue bonds sold to Rural Utility Service (RUS) dated 2/25/88, due in annual installments over a 40 year period after the system becomes revenue producing; interest at 5 3/4%	519,232
Sewer System Revenue Bonds - RUS Bonds 92-03: \$455,000 sewer revenue bonds sold to Rural Utility Service (RUS) dated 4/13/93, due in monthly installments of \$2,289 through April 13, 2033; interest at 5 1/4%	433,862
Sewer System Revenue Bonds - RUS Bonds 92-05: \$75,000 sewer revenue bonds sold to Rural Utility Service (RUS) dated 4/13/93, due in monthly installments of \$377 through April 13, 2033; interest at 5 1/4%	71,458
	\$ 1,395,552

The annual requirements to amortize all debt outstanding as of June 30, 1999, including interest payments of \$1,348,641 are as follows:

Year Ended June 30	RUS Bonds 91-01	RUS Bonds 91-02	RUS Bonds 92-03	RUS Bonds 92-05	Total Payments
2000	\$ 30,250	\$ 37,277	\$ 27,464	\$ 4,527	\$ 99,518
2001	30,625	37,277	27,464	4,527	99,893
2002	29,975	37,277	27,464	4,527	99,243
2003	30,300	37,277	27,464	4,527	99,568
2004	30,575	37,277	27,464	4,527	99,843
2005 - 2009	150,875	186,385	137,320	22,635	497,215
2010 - 2014	151,500	186,385	137,320	22,635	497,840
2015 - 2019	139,125	186,385	137,320	22,635	485,465
2020 - 2024	-	186,385	137,320	22,635	346,340
2025 - 2028	-	136,682	137,320	22,635	296,637
2029 - 2033	-	-	105,277	17,354	122,631
	\$ 593,225	\$ 1,068,607	\$ 929,197	\$ 153,164	\$ 2,744,193



Village of Albany, Louisiana

Notes to Financial Statements  
As of and for the Year Ended June 30, 1999

**14. FLOW OF FUNDS - RESTRICTIONS ON USE (WATER AND SEWER SYSTEM REVENUE BONDS)**

The voters of the Village of Albany, Louisiana approved the issuance of \$530,000 Utility Revenue Bonds in an election held May 7, 1977. The governing authority adopted a resolution on July 12, 1977, and subsequently amended on August 9, 1977, and January 5, 1978, authorizing issuance of \$523,000 of Utility Revenue Bonds. The proceeds of the bonds are restricted for use in acquiring through purchase, improvement and construction of a waterworks system and subject to the provisions of the above referenced resolutions. In connection with the project, the Village was approved for grants from Rural Utility Service (RUS) of the United States of America in the amount of \$356,500. The Village sold \$523,000 of the authorized bonds to Rural Utility Service. The bonds were issued for forty(40) years payable with interest at the rate of five percent (5%) per annum. The bonds and any installment may be paid prior to the due date and maturity thereof at a price of par and accrued interest to the date of prepayment.

\$65,000 of the proceeds were used prior to June 30, 1978, to acquire an existing water system and \$842,624 has been used in improvements and additional construction of the new waterworks system. During the fiscal year ended June 30, 1980, the Village received a grant of \$39,977 from the State of Louisiana, Department of Transportation and Development to be used in the project.

A resolution authorizing the issuance of \$575,000 of Water Revenue Bonds of the Village of Albany, State of Louisiana, to acquire and construct improvements and extensions to the waterworks system of the Village was adopted December 14, 1987. The bonds were sold to Rural Utility Service (RUS) and are due in forty(40) annual payments with interest calculated on unpaid principal at a rate of five and three-fourths percent (5 3/4%) per annum. The Village may prepay the whole or any part of the principal amount of any installment at any time in inverse chronological order at the principal amount thereof and accrued interest to the date fixed for prepayment.

A resolution authorizing the issuance of \$530,000 of Sewer Revenue Bonds of the Village of Albany, State of Louisiana, for the improvement and construction of a sewerage system of the Village was adopted October 14, 1991. The bonds were sold to Rural Utility Service (RUS) and are due in monthly installments of \$2,666 for forty(40) years with interest at a rate of five and one-fourth percent (5 1/4%) per annum. The Village may repay the whole or any part of the principal amount at any time. Under the terms of the bond proceeds to the Village, the revenue bonds are payable as to principal and interest solely from the income and revenues derived from the operation of the combined utility system of the Village after provision has been made for payment of the reasonable and necessary expenses of administering, operating, and maintaining the system. These bonds do not constitute an indebtedness or pledge of the general credit of the Village within the meaning of any constitutional or statutory limitation of indebtedness.

*Each month there will be set aside into a fund called "Bond and Interest Sinking (Redemption) Fund" a sum equal to one-twelfth (1/12) of the interest due on the next interest payment due, and, in addition, a sum equal to one-twelfth (1/12) of the principal payment due, together with such proportionate sum as may be required as the same respectfully become due on such date. Money in the Sinking Funds shall be deposited as Trust Funds and shall be fully sufficient to assure the prompt payment of the principal and interest installments as they become due, and may be used only for such payments. As of June 30, 1999, the Sinking Fund was fully funded with a balance of \$57,100.*

**Village of Albany, Louisiana**

**Notes to Financial Statements  
As of and for the Year Ended June 30, 1999**

There shall also be set aside into a "Utility System Bond Reserve Fund" a sum equal to five percent (5%) of the monthly bond payment, or \$418 after the construction becomes revenue producing until there is accumulated therein an amount equal to the highest annual debt service payment in any future year. Such amounts may be used only for the payment of maturing bonds and interest coupons for which sufficient funds are not on deposit in the Bond and Interest Sinking Fund as to which there would otherwise be default. As of June 30, 1999, the Reserve Fund was fully funded with a balance of \$113,376.

Funds will also be set into a "Depreciation and Contingency Fund" after completion of the project at the rate of \$485 per month until the balance in this fund amounts to the maximum required by RUS. Money in this fund will be used for making extraordinary repairs or replacements to the system which are necessary to keep the system in operating condition, enhance its revenue-producing capacity, or provide for a higher degree of service for which money is not available as a maintenance and operation expense. Money in this fund may also be used to pay principal and interest on the bonds falling due at any time there is not sufficient money for the other bond funds. As of June 30, 1999, the Depreciation and Contingency Fund was fully funded with a balance of \$76,377.

All the revenues received in any fiscal year and not required to be paid in such fiscal year into any of the above noted funds shall be regarded as surplus and may be used for any lawful corporate purpose.

**15. RESERVED AND DESIGNATED RETAINED EARNINGS/FUND BALANCE**

Reserved retained earnings, totaling \$189,753, is created in conjunction with the issuance of revenue bonds and is funded by transfers from the revenue account based on assets held by the Village of Albany that are restricted for bond payments and emergency repairs. The purpose of the reserved retained earnings is to service the revenue bonds.

Within the General Fund, the Village of Albany designated \$22,000 received from the sale of the old town hall, toward the future construction of a community center in Albany.

**16. ON-BEHALF PAYMENTS FOR FRINGE BENEFITS AND SALARIES**

GASB Statement 24 requires that on-behalf payments for fringe benefits and salaries be recognized as revenue and expenditures or expenses. During the fiscal year ended June 30, 1999, a total of \$3,600 was received by police officers of the Village and was recognized as revenue and expenditures within the general fund financial statements of the Village of Albany, Louisiana.

**17. YEAR 2000 ISSUE**

The year 2000 issue is the result of shortcomings in many electronic data processing systems and other electronic equipment that may adversely affect the Village's operations as early as year 1999.

The Village has performed a preliminary inventory of computer systems and other electronic equipment that may be affected by the year 2000 issue, and has taken significant action to achieve year 2000 compliance. The Village has ordered hardware and operating system components and software to achieve year 2000 compliance, and is in the process of implementation and testing. For accounting and utility billing programs, software changes necessary to achieve year 2000 compliance are to be implemented during the calendar year 1999.

Village of Albany, Louisiana

Notes to Financial Statements  
As of and for the Year Ended June 30, 1999

Because of the unprecedented nature of the year 2000 issue, its effect and the success of related remediation efforts will not be fully determinable until year 2000 and thereafter. Management cannot assure that the Village will be year 2000 ready, the Village's remediation efforts will be successful in whole or in part, or that parties with whom the Village does business will be year 2000 ready.

18. COMPENSATION PAID ELECTED OFFICIALS

Name, Title, Address, Telephone	Compensation	Term of Office
Thomas Stewart, Mayor Post Office Box 1346 Albany, LA 70711 225/567-2714	\$ 7,470	01/01/99 Through 12/31/02
Jessie Fletcher, Alderman Post Office Box 417 Albany, LA 70711 225/567-9867	2,520	01/01/99 Through 12/31/02
Lloyd Martin, Alderman Post Office Box 146 Albany, LA 70711 225/567-2093	1,260	01/01/99 Through 12/31/02
Gene Glasscock, Alderman Post Office Box 89 Albany, LA 70711 225/567-9486	1,260	01/01/99 Through 12/31/02
Edmond Harris, Alderman Post Office Box 105 Albany, LA 70711 225/567-3133	1,260	01/01/95 Through 12/31/98
Betty Wild, Alderwoman Post Office Box 99 Albany, LA 70711 225/567-5789	1,260	01/01/95 Through 12/31/98
Russell Hutchinson, Police Chief Post Office Box 273 Albany, LA 70711 225/567-3962	24,600	01/01/99 Through 12/31/02
	<u>\$ 39,630</u>	

# Financial Statements of Individual Funds And Account Groups

# General Fund

To account for resources traditionally associated with governments which are not required to be accounted for in another fund.



Village of Albany, Louisiana

Schedule 1

Balance Sheet  
General Fund  
June 30, 1999

**Assets**

Cash and Cash Equivalents	\$	210,686
Taxes Receivable:		
Public Utility Franchise Tax		6,081
Due From Other Funds:		
Enterprise Fund		54,002
Due From Other Governments:		
State of Louisiana:		
Tobacco Tax Distribution		872
Beverage Tax Distribution		600
Video Poker Tax Distribution		685
Livingston Parish School Board:		
Sales Tax		18,426
Total Assets	\$	<u>291,352</u>

**Liabilities and Fund Balance**

Liabilities:		
Accounts Payable	\$	3,774
Payroll Taxes Payable		938
Total Liabilities		<u>4,712</u>
Fund Balance:		
Unreserved - Undesignated		264,640
Designated		22,000
Total Fund Balance		<u>286,640</u>
Total Liabilities and Fund Balance	\$	<u>291,352</u>

The accompanying notes are an integral part of these statements.

Village of Albany, Louisiana

Schedule 2

Schedule of Revenues, Expenditures, and Changes in Fund Balance  
Budget (GAAP Basis) and Actual  
General Fund  
For the Year Ended June 30, 1999

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<b>Revenues</b>			
Taxes:			
Sales (Less Vendor's Compensation)	\$ 101,200	\$ 112,798	\$ 11,598
Ad Valorem	14,200	14,244	44
Public Utility Franchise	26,800	24,830	(1,970)
Licenses and Permits:			
Business Privilege Licenses	48,000	50,738	2,738
Intergovernmental:			
Tobacco Tax Distribution	2,900	3,488	588
Beverage Tax Distribution	2,400	2,677	277
Video Poker Tax Distribution	6,300	6,233	(67)
Commission on Law Enforcement	2,000	1,999	(1)
Rural Development Grant	15,000	15,000	-
Parish Council Grant	1,300	1,300	-
State Supplemental Pay	-	3,600	3,600
Fines and Forfeits	13,000	13,039	39
Interest Earned	3,400	5,411	2,011
Miscellaneous	-	-	-
Total Revenues	<u>236,500</u>	<u>255,357</u>	<u>18,857</u>
<b>Expenditures</b>			
General and Administrative	119,900	125,072	(5,172)
Public Safety	68,000	74,065	(6,065)
Streets and Sanitation	38,600	36,926	1,674
Capital Outlays	5,400	1,754	3,646
Total Expenditures	<u>231,900</u>	<u>237,817</u>	<u>(5,917)</u>
<b>Excess of Revenues</b>	<u>\$ 4,600</u>	17,540	<u>\$ 12,940</u>
<b>Fund Balance, Beginning of Year</b>		269,100	
<b>Fund Balance, End of Year</b>		<u>\$ 286,640</u>	

The accompanying notes are an integral part of these statements.



Village of Albany, Louisiana

Schedule 3

Schedule of Expenditures Compared to Budget (GAAP Basis)  
 General Fund  
 For the Year Ended June 30, 1999

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
<b>General and Administrative</b>			
Mayor and Aldermen	\$ 15,000	\$ 15,030	\$ (30)
Clerical Salaries	22,700	23,259	(559)
Advertising	3,900	3,819	81
Beautification	600	1,617	(1,017)
Building & Ground Maintenance	-	939	(939)
Coroner	600	650	(50)
Recreation	-	5,000	(5,000)
Dues, Subscriptions, and Printing	8,500	9,211	(711)
Election Expense	100	47	53
Garbage	500	518	(18)
Gasoline Expense - All Departments	5,600	5,095	505
Insurance and Bonds	23,900	21,655	2,245
Miscellaneous	100	973	(873)
Office Supplies and Postage	2,798	2,806	(8)
Payroll Taxes - All Departments	9,600	8,409	1,191
Professional Services	15,700	13,837	1,863
Summer Youth Salaries	7,900	9,432	(1,532)
Tax Roll	202	402	(200)
Utilities and Telephone	2,200	2,373	(173)
Total General and Administrative	<u>119,900</u>	<u>125,072</u>	<u>(5,172)</u>
<b>Public Safety</b>			
Police Department:			
Salaries	54,900	58,360	(3,460)
Auto Expense	8,300	9,338	(1,038)
Other Expense	2,400	3,939	(1,539)
Prisoner Expense	-	182	(182)
Supplies	2,400	2,246	154
Total Public Safety	<u>68,000</u>	<u>74,065</u>	<u>(6,065)</u>
<b>Street</b>			
Street Department:			
Dump Truck Expense	300	390	(90)
Electricity	10,400	10,580	(180)
Material & Supplies	2,400	2,284	116
Street Overlay	25,000	23,672	1,328
Sanitation collection expense	500	-	500
Total Street and Sanitation	<u>38,600</u>	<u>36,926</u>	<u>1,674</u>
<b>Capital Outlay</b>			
General and Administrative	1,900	1,754	146
Police	3,500	-	3,500
Total Capital Outlay	<u>5,400</u>	<u>1,754</u>	<u>3,646</u>
<b>Total Expenditures</b>	<u>\$ 231,900</u>	<u>\$ 237,817</u>	<u>\$ (5,917)</u>

The accompanying notes are an integral part of these statements.

# Proprietary Fund

Enterprise Fund - To account for the provision of water and sewer services to customers and residents of the Village. All activities necessary to provide such services are accounted for in this fund, including, but not limited to, administration, operations, maintenance, financing and related debt service, and billing and collection.

Village of Albany, Louisiana

Schedule 4

Balance Sheet  
Enterprise Fund  
June 30, 1999

Assets

Current Assets:

Cash	\$ 376,414
Accounts Receivable, Net	34,717
Total Current Assets	<u>411,131</u>

Restricted Assets:

Bond and Interest Redemption Account, Cash	57,100
Bond Reserve Account, Cash	113,376
Depreciation and Contingency Account, Cash	76,377
Customers' Deposits, Cash	59,124
Total Restricted Assets	<u>305,977</u>

Property, Plant, and Equipment:

Land	50,429
Building	33,730
Utility Plant, in Service	3,786,294
Equipment	139,087
Construction in Progress	61,125
Total Property, Plant, and Equipment	<u>4,070,665</u>
Accumulated Depreciation	<u>(1,040,463)</u>
Net Property, Plant, and Equipment	<u>3,030,202</u>
Total Assets	<u>\$ 3,747,310</u>

(Continued)

The accompanying notes are an integral part of these statements.

Village of Albany, Louisiana

Schedule 4

Balance Sheet  
Enterprise Fund  
June 30, 1999

Liabilities and Equity

Liabilities:

Current Liabilities (Payable from Current Assets):

Accounts Payable	\$ 12,273
Sales Tax Payable	471
Retainage Payable	5,050
Due to Other Funds	54,002
Total Current Liabilities (Payable from Current Assets)	<u>71,796</u>

Current Liabilities (Payable from Restricted Assets):

Customers' Deposits	47,677
Revenue Bonds Payable, RUS	24,217
Total Current Liabilities (Payable from Restricted Assets)	<u>71,894</u>

Long-Term Liabilities:

Revenue Bonds Payable, RUS	1,371,335
Total Long-Term Liabilities	<u>1,371,335</u>
Total Liabilities	<u>1,515,025</u>

Equity:

Contributed Capital	2,221,914
Accumulated Amortization	(516,694)
Net Contributed Capital	<u>1,705,220</u>

Retained Earnings:

Reserved for RUS Bond Reserve	113,376
Reserved for RUS Bond Depreciation and Contingency	76,377
Unreserved	337,312
Total Retained Earnings	<u>527,065</u>
Total Equity	<u>2,232,285</u>
Total Liabilities and Equity	<u>\$ 3,747,310</u>

(Concluded)

The accompanying notes are an integral part of these statements.

Village of Albany, Louisiana

Schedule 5

Schedule of Revenues, Expenses, and Changes in Retained Earnings  
Budget and Actual  
Enterprise Fund  
For the Year Ended June 30, 1999

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
<b>Operating Revenues</b>			
Water Revenues:			
Water Sales	\$ 254,900	\$ 245,751	\$ (9,149)
Service Connections	9,800	11,300	1,500
Penalties	8,400	8,125	(275)
Miscellaneous	-	-	-
Total Water Revenues	<u>273,100</u>	<u>265,176</u>	<u>(7,924)</u>
Sewer Revenues:			
Sewer Charges	71,400	71,513	113
Service Connections	-	-	-
Miscellaneous	-	1,022	1,022
Total Sewer Revenues	<u>71,400</u>	<u>72,535</u>	<u>1,135</u>
Total Operating Revenues	<u>344,500</u>	<u>337,711</u>	<u>(6,789)</u>
 <b>Operating Expenses</b>			
Salaries	45,400	46,689	(1,289)
Advertising	300	270	30
Bad Debt Expense	4,100	712	3,388
Contract Services	12,400	12,483	(83)
Depreciation	107,800	108,314	(514)
Education/Certification	-	150	(150)
Insurance	12,600	11,924	676
Janitorial Services	2,900	2,904	(4)
Maintenance Materials	22,000	23,009	(1,009)
Meter Reading	5,900	5,813	87
Miscellaneous	-	44	(44)
Office Supplies and Expense	9,100	7,665	1,435
Payroll Taxes	2,900	3,008	(108)
Postage	3,500	3,465	35
Professional Services	11,900	10,808	1,092
Repairs & Maintenance	16,400	13,430	2,970
Truck Expense	9,600	9,835	(235)
Uniform Rental	800	792	8
Utilities	29,000	28,453	547
Total Operating Expenses	<u>296,600</u>	<u>289,768</u>	<u>6,832</u>
 <b>Net Operating Income</b>	<u>47,900</u>	<u>47,943</u>	<u>43</u>

(Continued)

The accompanying notes are an integral part of these statements.

Village of Albany, Louisiana

Schedule 5

Schedule of Revenues, Expenses, and Changes in Retained Earnings  
 Budget and Actual  
 Enterprise Fund  
 For the Year Ended June 30, 1999

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<b>Nonoperating Revenues (Expenses)</b>			
Interest Income	\$ 21,000	\$ 25,623	\$ 4,623
Bond Interest Expense	(74,754)	(75,792)	(1,038)
Total Nonoperating Revenues (Expenses)	<u>(53,754)</u>	<u>(50,169)</u>	<u>3,585</u>
<b>Net Income (Loss)</b>	<u>\$ (5,854)</u>	(2,226)	<u>\$ 3,628</u>
<b>Unreserved Retained Earnings, Beginning of Year</b>		307,222	
<b>Amortization of Contributions</b>		55,420	
<b>Increase in Reserves</b>		(23,104)	
<b>Unreserved Retained Earnings, End of Year</b>		<u>\$ 337,312</u>	

(Concluded)

The accompanying notes are an integral part of these statements.

Village of Albany, Louisiana

Schedule 6

Schedule of Revenues and Expenses  
Budget and Actual  
Water Department  
For the Year Ended June 30, 1999

	Budget	Actual	Variance Favorable (Unfavorable)
<b>Operating Revenues - Water</b>			
Water Sales	\$ 254,900	\$ 245,751	\$ (9,149)
Service Connections	9,800	11,300	1,500
Penalties	8,400	8,125	(275)
Miscellaneous	-	-	-
Total Operating Revenues - Water	<u>273,100</u>	<u>265,176</u>	<u>(7,924)</u>
<b>Operating Expenses - Water</b>			
Salaries	26,300	27,578	(1,278)
Advertising	300	270	30
Bad Debt Expense	3,200	712	2,488
Contract Services	9,000	9,612	(612)
Depreciation	37,000	35,444	1,556
Education/Certification	-	150	(150)
Insurance	6,400	6,273	127
Janitorial Service	2,900	2,904	(4)
Maintenance Materials	16,400	16,561	(161)
Meter Reading	5,900	5,813	87
Miscellaneous	-	44	(44)
Office Supplies and Expense	9,100	7,558	1,542
Payroll Taxes	2,100	2,197	(97)
Postage	3,500	3,465	35
Professional Services	5,900	4,924	976
Repairs & Maintenance	6,400	7,896	(1,496)
Truck Expense	9,600	9,835	(235)
Uniform Rental	800	792	8
Utilities	17,400	15,765	1,635
Total Operating Expenses - Water	<u>162,200</u>	<u>157,793</u>	<u>4,407</u>
<b>Net Operating Income - Water</b>	<u>110,900</u>	<u>107,383</u>	<u>(3,517)</u>
<b>Nonoperating Revenues (Expenses) - Water</b>			
Interest Income	10,500	12,812	2,312
Bond Interest Expense	(49,920)	(49,109)	811
Total Nonoperating Revenues (Expenses)	<u>(39,420)</u>	<u>(36,297)</u>	<u>3,123</u>
<b>Net Income - Water</b>	<u>\$ 71,480</u>	<u>\$ 71,086</u>	<u>\$ (394)</u>

The accompanying notes are an integral part of these statements.



Village of Albany, Louisiana

Schedule 7

Schedule of Revenues and Expenses  
Budget and Actual  
Sewer Department  
For the Year Ended June 30, 1999

	Budget	Actual	Variance Favorable (Unfavorable)
<b>Operating Revenues - Sewer</b>			
Sewer Charges	\$ 71,400	\$ 71,513	\$ 113
Service Connections	-	-	-
Miscellaneous	-	1,022	1,022
Total Operating Revenues - Sewer	<u>71,400</u>	<u>72,535</u>	<u>1,135</u>
<b>Operating Expenses - Sewer</b>			
Salaries	19,100	19,111	(11)
Bad Debt Expense	900	-	900
Contract Services	3,400	2,871	529
Depreciation	70,800	72,870	(2,070)
Insurance	6,200	5,651	549
Maintenance Materials	5,600	6,448	(848)
Miscellaneous	-	-	-
Office Supplies and Expense	-	107	(107)
Payroll Taxes	800	811	(11)
Professional Services	6,000	5,884	116
Repairs & Maintenance	10,000	5,534	4,466
Utilities	11,600	12,688	(1,088)
Total Operating Expenses - Sewer	<u>134,400</u>	<u>131,975</u>	<u>2,425</u>
<b>Net Operating Income (Loss) - Sewer</b>	<u>(63,000)</u>	<u>(59,440)</u>	<u>3,560</u>
<b>Nonoperating Revenues (Expenses) - Sewer</b>			
Interest Income	10,500	12,811	2,311
Bond Interest Expense	(24,834)	(26,683)	(1,849)
Total Nonoperating Revenues (Expenses)	<u>(14,334)</u>	<u>(13,872)</u>	<u>462</u>
<b>Net Income (Loss) - Sewer</b>	<u>\$ (77,334)</u>	<u>\$ (73,312)</u>	<u>\$ 4,022</u>

The accompanying notes are an integral part of these statements.

Village of Albany, Louisiana

Schedule 8

Schedule of Cash Flows  
 Proprietary Fund Type - Enterprise Fund  
 For the Year Ended June 30, 1999

**Cash Flows From Operating Activities**

Operating Income	\$ 47,943
Adjustments to Reconcile Net Operating Income to Net Cash Provided (Used) by Operating Activities:	
Depreciation	108,314
Changes in Accounts Receivable	(2,773)
Changes in Accounts Payable	(8,938)
Changes in Other Accrued Expenses	(76)
Changes in Due To Other Funds	516
Changes in Customer Deposits Payable	2,874
Changes in Retainage Payable	5,050
Net Cash Provided (Used) by Operating Activities	<u>152,910</u>

**Cash Flows From Capital and Related Financing Activities**

Payments for Capital Acquisitions	(106,337)
Interest Income	25,623
Interest Expense	(75,792)
Principal Repayments	(24,326)
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(180,832)</u>

Net Increase (Decrease) in Cash	(27,922)
Cash, Beginning of Year	710,313
Cash, End of Year	<u>\$ 682,391</u>

The accompanying notes are an integral part of these statements.

Village of Albany, Louisiana

Schedule 9

Schedule of Changes in Assets Restricted for RUS Revenue Bond Debt Service  
Enterprise Fund  
For the Year Ended June 30, 1999

	Bond and Interest Redemption	Bond Reserve	Depreciation and Contingency	Total
Cash Balance, Beginning of Year	\$ 57,400	\$ 96,092	\$ 70,557	\$ 224,049
Cash Receipts	67,827	17,284	5,820	90,931
Cash Disbursements	(68,127)	-	-	(68,127)
Cash Balance, End of Year	<u>\$ 57,100</u>	<u>\$ 113,376</u>	<u>\$ 76,377</u>	<u>\$ 246,853</u>

The accompanying notes are an integral part of these statements.

Village of Albany, Louisiana

Schedule 10

Schedule of Water and Sewer Rates  
Enterprise Fund  
June 30, 1999

Water Rates

Residential:

- \$10.50 per month for the first 2,000 gallons
- \$1.30 per thousand or part thereof for the next 2,000 gallons
- \$1.00 per thousand or part thereof for the next 6,000 gallons
- \$0.80 per thousand or part thereof over 10,000 gallons

Commercial:

- \$20.00 per month for the first 10,000 gallons
- \$0.80 per thousand or part thereof over 10,000 gallons

Customers at June 30, 1999:

Residential	1,091
Commercial	19
Total	<u>1,110</u>

Sewer Rates

Residential:

- \$12.00 per month plus \$0.80 per thousand gallons

Commercial:

- \$20.00 per month plus \$0.80 per thousand gallons

Customers at June 30, 1999:

Residential	303
Commercial	15
Total	<u>318</u>

The accompanying notes are an integral part of these statements.

# General Fixed Assets

To account for fixed assets not used in proprietary fund operations.

Village of Albany, Louisiana

Schedule 11

Schedule of General Fixed Assets  
June 30, 1999

**General Fixed Assets, at Cost**

Land	\$ 41,000
Office Improvements	20,687
Furniture and Fixtures	6,259
Vehicles and Equipment	70,218
Total General Fixed Assets	<u>\$ 138,164</u>

**Investment in General Fixed Assets**

General Fund	\$ 129,392
State Grant	3,969
Police Emergency Fund	4,803
Total Investment in General Fixed Assets	<u>\$ 138,164</u>

The accompanying notes are an integral part of these statements.



Village of Albany, Louisiana

Schedule 12

Schedule of Changes in General Fixed Assets  
For the Year Ended June 30, 1999

	Balance July 1, 1998	Additions	Deletions	Balance June 30, 1999
Land	\$ 41,000	\$ -	\$ -	\$ 41,000
Office Improvements	20,687	-	-	20,687
Furniture and Fixtures	5,729	530	-	6,259
Vehicles and Equipment	68,994	1,224	-	70,218
Total	<u>\$ 136,410</u>	<u>\$ 1,754</u>	<u>\$ -</u>	<u>\$ 138,164</u>

The accompanying notes are an integral part of these statements.

# Summary Schedule of Prior Audit Findings

Summary Schedule of Prior Audit Findings  
Year Ended June 30, 1999

Section I - Internal Control and Compliance Material to the Financial Statements

Reference Number: 98-1

**Description of Findings:**

At June 30, 1998, the Village of Albany, Louisiana had \$933,413 in collected bank balances. Of the \$933,413 in collected bank balances, \$4,850 was not secured by FDIC or pledged securities. We recommend that the Village of Albany notify Hancock Bank immediately to pledge sufficient collateral.

**Corrective Action Taken:** Final

**Description of Corrective Action:**

Management of the Village of Albany, Louisiana notified Hancock Bank the market value of the securities pledged was not sufficient to cover the collected bank balances. At June 30, 1999, the market value of collateral pledged, plus FDIC coverage, was above the total collected bank balances of the Village of Albany.

Section II - Internal Control and Compliance Material to Federal Awards

No Findings for Section II

Section III - Management Letter

Reference Numbers: 97-M1

Fiscal Year Ending June 30, 1997

**Accounts Receivable Reconciliation - Utility System**

**Description of Findings:**

In the three prior fiscal years, we noted that in order to insure that accounts receivable are properly valued, a monthly accounts receivable reconciliation procedure must be completed. This reconciliation procedure must begin with the prior month's reconciled accounts receivable balance, list current month utility billings, sales tax penalties, debit/credit memos, and payments on account, to balance to the customer transaction register balance run at month-end. The customer transaction listing must then be reconciled to the general ledger control accounts receivable control account. As a control on the reconciliation process, the amount used for customer payments is taken from the monthly bank reconciliation, and not the total of payments listings input into the utility billing system. The objective for the accounts receivable reconciliation process is to standardize procedures in the utility billing system, minimizing any adjustment to actual for accounts receivable.

We recommended that the Village of Albany complete monthly accounts receivable reconciliations, and submit these reconciliations to the Mayor for review by the 10<sup>th</sup> of the following month. This procedure is necessary to properly value accounts receivable and to insure that errors in utility billing processing are identified and corrected in a timely manner.

**Corrective Action Taken:** Partial

**Description of Partial Corrective Action:**

Corrective action taken is listed since the required accounts receivable monthly reconciliations were not completed for each month under review. In addition, we noted that there were numerous debit and credit adjustments required each month. These adjustments were mostly for incorrect billings. The primary control for detecting billing errors involves running a tape total of ending meter readings and comparing the tape total to "proof totals" printed by the utility billing program. Secondary controls involve review of the billing register and report of unusual usages, prior to issuing final billings.

We recommend that accounts receivable reconciliations be completed for each month of the fiscal year, and that documentation be maintained to show that controls have been followed for detecting billing errors.

Management of the Village of Albany has indicated that they will comply to the above recommendations immediately.

**Reference Numbers:** 97-M2

**Fiscal Year Ending June 30, 1997**

**Write-off of Bad Debts**

**Description of Findings:**

We noted that numerous customer accounts, approved for write-off as bad debts in the prior fiscal year, were still included in the accounts receivable balance at June 30, 1997. For accounts receivable to be properly valued, accounts written off should be removed from the active utility accounts receivable system as they are approved for write-off by the board of aldermen.

We recommended that the Village of Albany immediately update its utility billing system and delete any accounts approved for write-off. To maintain a permanent record of these accounts, customer balances written off may then be recorded separately.

**Corrective Action Taken:** Final

**Description of Corrective Action:**

The Village of Albany has removed the old accounts from the utility billing system that the board of directors has approved for write-offs.

**Reference Numbers: 97-M3**

**Fiscal Year Ending June 30, 1997**

**Payroll and Related Liabilities**

**Description of Findings:**

*We noted in the prior fiscal year that payroll records were difficult to reconcile due to the lack of a clear audit trail.*

Our audit recommendation was that payroll be computed and recorded on computer spreadsheets, in order to insure that payroll is properly valued, and an adequate audit trail is maintained.

**Corrective Action Taken: Final**

**Description of Corrective Action:**

The board of aldermen approved purchase of a payroll program. This program was implemented in January, 1998. The new payroll program enabled us to reconcile the payroll records.

# **Corrective Action Plan for Current Year Audit Findings**



Village of Albany, Louisiana

Schedule 14

Corrective Action Plan for Current Year Audit Findings  
Year Ended June 30, 1999

Section I - Internal Control and Compliance Material to the Financial Statements

Reference Number: 99-1

**Description of Finding:**

It was noted in Footnote 17 (Year 2000 Issue) of the Notes to the Financial Statements that the Village of Albany, Louisiana has performed a preliminary inventory of computer systems and other electronic equipment that may be affected by the year 2000 issue, and that significant action has been taken to achieve year 2000 compliance. This action consists of inventory of existing hardware and operating systems for required year 2000 changes, with implementation of the proposed changes currently in progress. For accounting and utility billing programs, required changes to achieve year 2000 compliance should be completed during the calendar year 1999. In addition, it is noted that for the utility system, year 2000 compliance may be affected by the operation of electrical components within utility plants.

We recommend that the Village of Albany, Louisiana continue efforts to achieve year 2000 compliance, implementing any updates to accounting and utility billing programs as soon as possible, in order to allow adequate time for validation and testing.

**Corrective Action Planned:**

We will continue our efforts to achieve year 2000 compliance, and will, to the extent possible, implement the remaining changes in a timely manner to allow time for validation and testing of year 2000 system changes.

**Name of Contact Person:**

Thomas Stewart, Mayor  
Village of Albany  
(504) 567-1101

Section II-Internal Control and Compliance Material to Federal Awards

No Section II Findings.

Section III - Management Letter

No Section III Findings.

# Supplemental Information

Village of Albany, Louisiana

Schedule 15

SCHEDULE OF INSURANCE - ALL FUND TYPES  
June 30, 1999

Insurance Company	Coverage	Amount	Period
Twin City Fire Insurance Company Policy Number 43CESQH2681	Commercial General Liability	\$ 2,000,000	07/17/98 - 07/17/99
Twin City Fire Insurance Company Policy Number 43CLSQH2682	Errors or Omissions: Public Officials Liability	\$ 2,000,000	07/17/98 - 07/17/99
Twin City Fire Insurance Company Policy Number PN - 0014217	Law Enforcement Officers Liability	\$ 2,000,000	07/17/98 - 07/17/99
Hartford Casualty Insurance Co Policy Number 43CESQH2683	Business Auto Policy Liability (Comprehensive & Collision coverage as scheduled)	\$ 2,000,000	07/17/98 - 07/17/99
Property & Casualty of Hartford Policy Number 43PK 5QH2680	Commercial Property(as scheduled) Inland Marine	\$275,000 46,000	07/17/98 - 07/17/99
Risk Management, Inc. Policy Number 015300	Workers Compensation	\$ Statutory Limits	07/17/98 - 07/17/99
Western Surety Company Policy Number 01507681	Fidelity Bond	\$ 5,000	10/15/98 - 10/15/99
Western Surety Company Policy Number 01628690	Right of Way Bond	\$ 7,220	04/15/99 - 04/15/00
Western Surety Company Policy Number 18143978	Fidelity Bond	\$ 200,000	02/13/99 - 02/13/00

The accompanying notes are an integral part of these statements.

## Other Auditor's Reports

Bruce C. Harrell, CPA

Warren A. Wool, CPA  
Michael P. Estay, CPA  
Dale H. Jones, CPA  
Charles P. Hebert, CPA  
James D. Rabalais, CPA

**BRUCE HARRELL & CO.**  
CERTIFIED PUBLIC ACCOUNTANTS  
A Professional Accounting Corporation

109 West Minnesota Park  
Park Place Suite 7  
Hammond, LA 70403  
VOICE: (504) 542-6372  
FAX: (504) 345-3156

KENTWOOD OFFICE  
P.O. Box 45 - 602 Fifth St.  
Kentwood, LA 70444  
VOICE: (504) 229-5955  
FAX: (504) 229-5951

MEMBERS  
American Institute of CPAs  
Society of Louisiana CPAs

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

The Honorable Mayor, Thomas Stewart  
and Members of the Board of Aldermen  
Village of Albany, Louisiana

We have audited the general purpose financial statements of the Village of Albany, Louisiana, as of and for the year ended June 30, 1999, and have issued our report thereon dated August 26, 1999, which was qualified because insufficient audit evidence exists to support the Village of Albany, Louisiana's disclosure with respect to the year 2000 issue. Except as discussed in the preceding sentence, we conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States.

**Compliance**

As part of obtaining reasonable assurance about whether the Village of Albany, Louisiana's general purpose financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material affect 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 instances of noncompliance that are required to be reported under *Government Auditing Standards* which are described in the accompanying *Corrective Action Plan for Current Year Audit Findings as Reference Number 99-1*.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the Village of Albany, Louisiana's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the general purpose financial statements and not to provide assurance on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgement, could adversely affect the Village of Albany's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements.

Due to lack of personnel, the Village of Albany, Louisiana is not able to have proper segregation of duties.



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Page 2

A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the general purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control structure that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, of the reportable conditions described above, we consider items 99-1 to be a material weakness.

This report is intended for the information of management, the Louisiana Legislative Auditor and the Federal Cognizant Agency. This restriction is not intended to limit the distribution of this report, which is a matter of public record.



Bruce Harrell & Company, CPAs  
A Professional Accounting Corporation

August 26, 1999