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Village of Albany, Louisiana

Annual Financial Report — Year Ended June 30, 2001

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

Release Date JAN 16 2002

Village of Albany, Louisiana

**General Purpose Financial Statements
As of and for the Year Ended June 30, 2001
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, 2001
With Supplemental Information Schedules

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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, 2001 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.

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.

In our opinion, 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, 2001, 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 23, 2001, on our consideration of the Village of Albany, Louisiana's internal control over financial reporting and our test of its compliance with certain provisions of laws, regulations, contracts and grants.

Our audit was made for the purpose of forming an opinion on the general purpose financial statements of the Village of Albany, Louisiana taken as a whole. The individual fund and account group financial statements and schedules listed in the table of contents are presented for purposes of additional analysis and are not a required part of the general purpose financial statements of the Village of Albany, Louisiana. Such information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, is fairly presented in all material respects in relation to the general purpose financial statements taken as a whole.



Bruce Harrell & Company, CPAs
A Professional Accounting Corporation

August 23, 2001

General Purpose Financial Statements

Village of Albany, Louisiana

Combined Balance Sheet - All Fund Types and Account Groups
June 30, 2001

	Governmental Fund Types		Proprietary Fund Type
	General Fund	Capital Project Fund	Enterprise Fund
Assets			
Cash and Cash Equivalents	\$ 138,497	\$ -	\$ 319,588
Taxes Receivable	6,401	-	-
Accounts Receivable, Net	-	-	39,483
Due From Other Fund	45,371	-	-
Due From Other Governments	17,018	-	-
Restricted Assets:			
Cash	-	-	374,321
Fixed Assets	-	-	4,168,795
Accumulated Depreciation	-	-	(1,268,196)
Total Assets	\$ 207,287	\$ -	\$ 3,633,991
Liabilities and Equity			
Liabilities:			
Accounts Payable	\$ 5,562	\$ -	\$ 9,653
Payroll Taxes Payable	6,782	-	-
Accrued Vacation Payable	1,240	-	623
Other Accrued Expenses	-	-	1,702
Due to DHH	-	-	1,080
Payable From Restricted Assets:			
Customer Deposits	-	-	52,565
Revenue Bonds	-	-	26,736
Due To Other Fund	-	-	45,371
Revenue Bonds Payable	-	-	1,317,058
Total Liabilities	13,584	-	1,454,788
Equity:			
Contributed Capital	-	-	2,221,914
Accumulated Amortization	-	-	(627,790)
Investment in General Fixed Assets	-	-	-
Retained Earnings:			
Reserved for RUS Bond Reserve	-	-	155,183
Reserved for RUS Bond Depreciation & Contingency	-	-	88,017
Unreserved	-	-	341,879
Fund Balance:			
Unreserved & Undesignated	171,703	-	-
Designated	22,000	-	-
Total Retained Earnings & Fund Balance	193,703	-	585,079
Total Equity	193,703	-	2,179,203
Total Liabilities & Equity	\$ 207,287	\$ -	\$ 3,633,991

The accompanying notes are an integral part of these statements.

Account Groups	Totals (Memorandum Only)	
	2001	2000
General		
Fixed Assets		
\$ -	\$ 458,085	\$ 498,000
-	6,401	6,184
-	39,483	44,839
-	45,371	63,924
-	17,018	20,269
-	374,321	336,626
173,460	4,342,255	4,302,774
-	(1,268,196)	(1,154,463)
<u>\$ 173,460</u>	<u>\$ 4,014,738</u>	<u>\$ 4,118,153</u>
\$ -	\$ 15,215	\$ 13,929
-	6,782	147
-	1,863	3,723
-	1,702	912
-	1,080	-
-	52,565	49,850
-	26,736	25,956
-	45,371	63,924
-	1,317,058	1,344,581
-	1,468,372	1,503,022
-	2,221,914	2,221,914
-	(627,790)	(572,242)
173,460	173,460	166,660
-	155,183	132,820
-	88,017	82,197
-	341,879	339,741
-	171,703	222,041
-	22,000	22,000
-	778,782	798,799
173,460	2,546,366	2,615,131
<u>\$ 173,460</u>	<u>\$ 4,014,738</u>	<u>\$ 4,118,153</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, 2001

	General Fund	Capital Project Fund	Total (Memo Only)
Revenues			
Taxes	\$ 148,700	\$ -	\$ 148,700
Licenses and Permits	42,811	-	42,811
Intergovernmental	22,127	-	22,127
Fines and Forfeits	16,878	-	16,878
Interest Income	7,230	-	7,230
Miscellaneous Income	3,755	-	3,755
Sidewalk Grant	-	58,444	58,444
Total Revenues	<u>241,501</u>	<u>58,444</u>	<u>299,945</u>
Expenditures			
General and Administrative	132,446	-	132,446
Public Safety	95,259	-	95,259
Streets and Sanitation	49,478	-	49,478
Sidewalk Project	-	73,100	73,100
Total Expenditures	<u>277,183</u>	<u>73,100</u>	<u>350,283</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(35,682)</u>	<u>(14,656)</u>	<u>(50,338)</u>
Other Financing Sources (Uses)			
Operating Transfer Out	(14,656)	-	(14,656)
Operating Transfer In	-	14,656	14,656
Total Other Financing Sources (Uses)	<u>(14,656)</u>	<u>14,656</u>	<u>-</u>
Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses	<u>(50,338)</u>	<u>-</u>	<u>(50,338)</u>
Fund Balance, Beginning of Year	244,041	-	244,041
Fund Balance, End of Year	<u>\$ 193,703</u>	<u>\$ -</u>	<u>\$ 193,703</u>

The accompanying notes are an integral part of these statements.

Village of Albany, Louisiana

Statement of Revenues, Expenditures, and Changes in Fund Balance
 Budget (GAAP Basis) and Actual
 Governmental Fund Type
 For the Year Ended June 30, 2001

	General Fund		
	Budget	Actual	Variance Favorable (Unfavorable)
Revenues			
Taxes	\$ 152,400	\$ 148,700	\$ (3,700)
Licenses and Permits	40,300	42,811	2,511
Intergovernmental	18,800	22,127	3,327
Fines and Forfeits	16,200	16,878	678
Interest Income	7,500	7,230	(270)
Miscellaneous	3,600	3,755	155
Sidewalk Grant	-	-	-
Total Revenues	<u>238,800</u>	<u>241,501</u>	<u>2,701</u>
Expenditures			
General and Administrative	134,664	132,446	2,218
Public Safety	91,900	95,259	(3,359)
Streets and Sanitation	48,250	49,478	(1,228)
Sidewalk Project	-	-	-
Total Expenditures	<u>274,814</u>	<u>277,183</u>	<u>(2,369)</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(36,014)</u>	<u>(35,682)</u>	<u>332</u>
Other Financing Sources (Uses)			
Operating Transfer In	-	(14,656)	(14,656)
Operating Transfer Out	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>(14,656)</u>	<u>(14,656)</u>
Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses	\$ <u>(36,014)</u>	(50,338)	\$ <u>(14,324)</u>
Fund Balance, Beginning of Year		<u>244,041</u>	
Fund Balance, End of Year		\$ <u>193,703</u>	

The accompanying notes are an integral part of these statements.

<u>Capital Project Fund</u>		
<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
\$ -	\$ -	\$ -
-	-	-
-	-	-
-	-	-
-	-	-
<u>57,481</u>	<u>58,444</u>	<u>963</u>
<u>57,481</u>	<u>58,444</u>	<u>963</u>
-	-	-
-	-	-
-	-	-
<u>73,100</u>	<u>73,100</u>	<u>-</u>
<u>73,100</u>	<u>73,100</u>	<u>-</u>
<u>(15,619)</u>	<u>(14,656)</u>	<u>963</u>
-	-	-
-	14,656	14,656
<u>-</u>	<u>14,656</u>	<u>14,656</u>
\$ <u><u>(15,619)</u></u>	\$ -	\$ <u><u>15,619</u></u>
	\$ <u><u>-</u></u>	

Village of Albany, Louisiana

Statement D

Statement of Revenues, Expenses, and Changes in Unreserved Retained Earnings
 Proprietary Fund Type - Enterprise Fund
 For the Year Ended June 30, 2001

	<u>Enterprise Fund</u>
Operating Revenues	
Water Sales	\$ 252,864
Sewer Charges	72,461
Service Connections	14,350
Penalties	8,835
DHH Fees	578
Total Operating Revenues	<u>349,088</u>
Operating Expenses	
Water Department	188,449
Sewer Department	144,092
Total Operating Expenses	<u>332,541</u>
Operating Income	<u>16,547</u>
Nonoperating Revenues (Expenses)	
Interest Income	31,376
Bond Interest Expense	(73,150)
Total Nonoperating Revenues (Expenses)	<u>(41,774)</u>
Net Income (Loss)	(25,227)
Unreserved Retained Earnings, Beginning of Year	339,741
Amortization of Contributions	55,548
Increase in Reserves	(28,183)
Unreserved Retained Earnings, End of Year	<u>\$ 341,879</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
 Years Ended June 30, 2001 and 2000

	<u>Enterprise Fund</u>
Cash Flows From Operating Activities	
Operating Income	\$ 16,547
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities:	
Depreciation	113,733
Changes in Accounts Receivable	5,356
Changes in Accounts Payable	(514)
Changes in Accrued Vacation Payable	(208)
Changes in Due to DHH	1,080
Changes in Other Accrued Expenses	790
Changes in Due To Other Fund	(18,554)
Changes in Customer Deposits Payable	2,715
Net Cash Provided by Operating Activities	<u>120,945</u>
Cash Flows From Capital and Related Financing Activities	
Payments for Capital Acquisitions	(32,681)
Interest Income	31,376
Interest Expense	(73,150)
Principal Repayments	(26,743)
Net Cash Used by Capital and Related Financing Activities	<u>(101,198)</u>
Net Increase (Decrease) in Cash	19,747
Cash, Beginning of Year	674,162
Cash, End of Year	<u>\$ 693,909</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, 2001

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, Louisiana 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 Organizations*.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. BASIS OF PRESENTATION

The accompanying general purpose financial statements of the Village of Albany, Louisiana 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 financial 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. These criteria include:

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, 2001**

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.

Capital Projects Fund

The Capital Project Fund accounts for financial resources received and used for the acquisition, construction, or improvement of capital facilities not reported in the other governmental funds.

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, 2001

Enterprise Fund

The Enterprise Fund is used to account for operations 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, 2001

E. BUDGET PRACTICES

The Village uses the following budget practices:

1. The Village clerk prepares a proposed budget and submits same to the Mayor and Board of Aldermen no later than fifteen days prior to the beginning of each fiscal year.
2. A summary of the proposed budget is published and the public notified that the proposed budget is available for public inspection. At the same time, a public hearing is called.
3. A public hearing is held on the proposed budget at least ten days after publication of the call for the hearing.
4. After the holding of the public hearing and completion of all action necessary to finalize and implement the budget, the budget is adopted through passage of an ordinance prior to the commencement of the fiscal year for which the budget is being adopted.
5. Budgetary amendments involving the transfer of funds from one department, program or function to another or involving the increase in expenditures resulting from revenues exceeding amounts estimated, require the approval of the Board of Aldermen.
6. All budgetary appropriations lapse at the end of each fiscal year.
7. Budgets for the General, Capital Projects, and Enterprise Funds are adopted on a basis consistent with generally accepted accounting principles (GAAP). Budgeted amounts are as originally adopted, or as amended from time to time by the Board of Aldermen.

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.

The Village maintains investments in the Louisiana Asset Management Pool (LAMP), a nonprofit corporation formed by an initiative of the State Treasurer and organized under the laws of Louisiana, which operates a local government investment pool. LAMP invests its assets only in securities and other obligations permissible under Louisiana law for local governments.

Village of Albany, Louisiana

**Notes to Financial Statements
As of and for the Year Ended June 30, 2001**

LAMP is an external investment pool that is not registered with the SEC as an investment company, but nevertheless operates in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940. GASB 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, requires the reporting of investment positions in 2a7-like pools (such as LAMP) be based on the pool's share price.

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

Village of Albany, Louisiana
Notes to Financial Statements
As of and for the Year Ended June 30, 2001

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 five (5) years service is given ten (10) days vacation leave; each employee with ten (10) years service is given fifteen (15) days vacation leave; each employee with fifteen (15) years service will be given twenty (20) days vacation leave; each employee with twenty (20) years service will be given twenty-five (25) days vacation leave; employees with twenty-five (25) years service will be given the maximum thirty (30) days vacation leave. The Village employees are required to take all accrued vacation before December 31, of each year except employees with ten or more years of service may be paid up to a maximum of ten days of accrued 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.

Village of Albany, Louisiana
Notes to Financial Statements
As of and for the Year Ended June 30, 2001

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. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

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, Louisiana 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 February 22, 2001, the Village approved an ordinance to assess a 6.65 mill ad valorem tax for 2000. The proceeds of this ad valorem tax are dedicated to general corporate purposes. 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, 2000, were \$19,314. These taxes were due upon taxpayers' receipt of their tax bill and became delinquent April 15, 2001. 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, 2001, the Village has cash and cash equivalents (book balances) totaling \$832,406, as follows:

Cash on Hand	\$	351
Interest-Bearing Demand Deposits		551,070
Louisiana Asset Management Pool		170,490
Time Deposits		110,495
Total	\$	832,406

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, 2001, the Village has \$839,208 in deposits (collected bank balances). These deposits are secured from risk by \$200,000 of federal deposit insurance and \$639,208 of pledged securities held by the custodial bank in the name of the fiscal agent bank (GASB Category 3).

Village of Albany, Louisiana

Notes to Financial Statements
As of and for the Year Ended June 30, 2001

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

Investments are categorized into these three categories of credit risk:

1. Insured or registered, or securities held by the Village or its agent in the Village's name
2. Uninsured and unregistered, with securities held by the counterparty's trust department or agent in the Village's name
3. Uninsured and unregistered, with securities held by the counterparty, or by its trust department or agent but not in the Village's name.

All investments held by the Village of Albany, Louisiana fall into category 1 credit risk, defined as "insured or registered, or securities held by the Village of Albany, Louisiana or its agent in the Village of Albany, Louisiana's name." In accordance with GASB 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, all investments are carried at fair market value, with the estimated fair market value based on quoted market prices.

Investments held by the Village of Albany, Louisiana at June 30, 2001, are as follows:

Type of Investment	Fair Value	Total Carrying Amount
LAMP	\$170,490	\$170,490

In accordance with GASB Codification Section 150.165, the investment in LAMP at June 30, 2001, is not categorized in the three risk categories provided by GASB Codification Section 150.164 because the investment is in the pool of funds and therefore not evidenced by securities that exist in physical or book entry form. LAMP is administered by LAMP, Inc., a nonprofit corporation organized under the laws of the State of Louisiana, which was formed by an initiative of the State Treasurer in 1993. The corporation is governed by a board of directors comprising the State Treasurer, representatives from various organizations of local government, the Government Finance Office Association of Louisiana, and the Society of Louisiana CPAs. Only local governments having contracted to participate in LAMP have an investment interest in its pool of assets. 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. Accordingly, LAMP investments are restricted to securities issued, guaranteed, or backed by the U.S. Treasury, the U.S. Government, or one of its agencies, enterprises, or instrumentalities, as well as repurchase agreements collateralized by those securities. The dollar weighted average portfolio maturity of LAMP assets is restricted to not more than 90 days, and consists of no securities with a maturity in excess of 397 days. LAMP is designed to be highly liquid to give its participants immediate access to their account balances.

At June 30, 2001, all investments held by the Village are classified as cash equivalents.

Village of Albany, Louisiana
Notes to Financial Statements
As of and for the Year Ended June 30, 2001

5. RECEIVABLES

The General Fund receivables at June 30, 2001 consist of the following:

Public Utility Franchise Tax	\$ <u>6,401</u>
------------------------------	-----------------

The Enterprise Fund accounts receivable at June 30, 2001 consist of the following:

Current	\$ 8,253
31- 60 Days	2,917
61- 90 Days	633
Over 90 Days	1,582
Less Credit Balances	<u>(952)</u>
Subtotal	12,433
Allowance for Doubtful Accounts	<u>(2,500)</u>
Accounts Receivable, Net	9,933
Accrued Billings	<u>29,550</u>
	\$ <u>39,483</u>

6. INTERFUND RECEIVABLE/PAYABLE

Interfund receivable/payable for the year ended June 30, 2001 is as follows:

	Interfund Receivable	Interfund Payable
General Fund	\$ 45,371	\$ -
Enterprise Fund	-	45,371
Total	\$ <u>45,371</u>	\$ <u>45,371</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	\$ 688
Livingston Parish School Board:	
Sales Tax Distribution	<u>16,330</u>
Total	\$ <u>17,018</u>

Village of Albany, Louisiana

**Notes to Financial Statements
As of and for the Year Ended June 30, 2001**

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	\$ 57,325
RUS Bond Reserve	155,183
RUS Depreciation & Contingency	88,017
Meter Deposits	73,796
Total	\$ 374,321

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	6,259	-	-	6,259
Vehicles and Equipment	98,714	6,800	-	105,514
Total	\$ 166,660	\$ 6,800	\$ -	\$ 173,460

Village of Albany, Louisiana

Notes to Financial Statements
As of and for the Year Ended June 30, 2001

A summary of proprietary fund type property, plant and equipment at June 30, 2001 follows:

Description	Life Years	Cost	Accumulated Depreciation	Net	Depreciation This Year
Land	-	\$ 50,429	\$ -	\$ 50,429	\$ -
Buildings	20	33,480	16,728	16,752	1,674
Shelves	7	250	74	176	36
Utility Equipment	10	94,809	89,550	5,259	4,551
Utility Truck	5	22,891	22,891	-	436
Office Equipment	10	42,551	21,540	21,011	3,680
Well Fence	10	952	952	-	53
Utility Shed	10	3,451	3,451	-	317
Water System	40	459,791	231,896	227,895	11,495
Water System	40	39,977	20,482	19,495	999
Water System	40	356,500	182,713	173,787	8,913
Sewer System	40	649,973	191,792	458,181	16,905
Sewer System	40	540,751	171,238	369,513	13,519
Sewer System	40	1,621,091	287,068	1,334,023	40,527
Water System	40	38,499	6,644	31,855	989
Sewer System	40	139,263	16,774	122,489	7,785
Water System	40	11,832	1,420	10,412	296
Sewer System	40	62,305	2,983	59,322	1,558
Total		\$ 4,168,795	\$ 1,268,196	\$ 2,900,599	\$ 113,733

A summary of changes in proprietary fund type property, plant and equipment at June 30, 2001 follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Cost	\$ 4,136,114	\$ 32,681	\$ -	\$ 4,168,795
Accumulated Depreciation	(1,154,463)	(113,733)	-	(1,268,196)
Net	<u>\$ 2,981,651</u>	<u>\$ (81,052)</u>	<u>\$ -</u>	<u>\$ 2,900,599</u>

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, 2001 totaled \$113,733.

Village of Albany, Louisiana

**Notes to Financial Statements
As of and for the Year Ended June 30, 2001**

10. ACCOUNTS AND OTHER PAYABLES

The following is a summary of payables at June 30, 2001:

Class of Payable	General Fund	Enterprise Fund	Total
Payroll Taxes & Retirement	\$ 6,782	\$ -	\$ 6,782
Accounts	5,562	9,653	15,215
Accrued Vacation	1,240	623	1,863
Other Accrued Expenses	-	1,702	1,702
Due to DHH (Safe Drinking Water Fee)	-	1,080	1,080
Total	<u>\$ 13,584</u>	<u>\$ 13,058</u>	<u>\$ 26,642</u>

11. 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>(627,790)</u>
Net Contributed Capital	<u>\$ 1,594,124</u>

Village of Albany, Louisiana
Notes to Financial Statements
As of and for the Year Ended June 30, 2001

12. 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, 2001:

Bonds Payable, July 1, 2000	\$ 1,370,537
Bonds Issued	-
Bonds Retired	<u>(26,743)</u>
Bonds Payable, June 30, 2001	<u>\$ 1,343,794</u>

Bonds Payable at June 30, 2001 are comprised of the following individual issues:

<p>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%</p>	\$ 346,000
<p>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%</p>	503,963
<p>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%</p>	424,004
<p>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%</p>	69,827 <u>\$ 1,343,794</u>

Village of Albany, Louisiana

**Notes to Financial Statements
As of and for the Year Ended June 30, 2001**

The annual requirements to amortize all debt outstanding as of June 30, 2001, including interest payments of \$1,200,988 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
2002	\$ 30,625	\$ 37,277	\$ 27,464	\$ 4,527	\$ 99,893
2003	29,975	37,277	27,464	4,527	99,243
2004	30,300	37,277	27,464	4,527	99,568
2005	30,575	37,277	27,464	4,527	99,843
2006	29,825	37,277	27,464	4,527	99,093
2007 - 2011	151,500	186,385	137,320	22,635	497,840
2012 - 2016	169,775	186,385	137,320	22,635	516,115
2017 - 2021	59,775	186,385	137,320	22,635	406,115
2022 - 2026	-	186,385	137,320	22,635	346,340
2027 - 2031	-	62,128	137,320	22,635	222,083
2032 - 2033	-	-	50,349	8,300	58,649
	<u>\$ 532,350</u>	<u>\$ 994,053</u>	<u>\$ 874,269</u>	<u>\$ 144,110</u>	<u>\$ 2,544,782</u>

13. 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, Louisiana, 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, Louisiana, 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

Village of Albany, Louisiana

**Notes to Financial Statements
As of and for the Year Ended June 30, 2001**

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, 2001, the Sinking Fund was fully funded with a balance of \$57,325.

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, 2001, the Reserve Fund was fully funded with a balance of \$155,183.

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, 2001, the Depreciation and Contingency Fund was fully funded with a balance of \$88,017.

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.

14. RESERVED AND DESIGNATED RETAINED EARNINGS/FUND BALANCE

Reserved retained earnings, totaling \$240,706, 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, Louisiana 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, Louisiana designated \$22,000 received from the sale of the old town hall, toward the future construction of a community center in Albany.

Village of Albany, Louisiana

**Notes to Financial Statements
As of and for the Year Ended June 30, 2001**

15. 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, 2001, 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.

16. EMPLOYEE RETIREMENT PLAN

The Village of Albany, Louisiana participates in a Simple IRA Retirement Plan administered by Edward Jones. The plan covers employees who are reasonably expected to earn five thousand dollars in compensation for the calendar year. The Village will contribute a matching contribution of 3 percent of each employee's annual income. Retirement expense for the year ended June 30, 2001 was \$5,880 for the General Fund and \$789 for the Utility Fund.

Village of Albany, Louisiana

Notes to Financial Statements
As of and for the Year Ended June 30, 2001

17. 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	\$ 7,260	01/01/99 Through 12/31/02
Jessie Fletcher, Alderman Post Office Box 417 Albany, LA 70711 225/567-9867	920	01/01/99 Through 09/24/00
Lloyd Martin, Alderman Post Office Box 146 Albany, LA 70711 225/567-2093	3,250	01/01/99 Through 12/31/02
Edmond Harris, Alderman Post Office Box 105 Albany, LA 70711 225/567-3133	810	09/29/00 Through 12/31/02
Gene Glasscock, Alderman Post Office Box 89 Albany, LA 70711 225/567-9486	3,250	01/01/99 Through 12/31/02
Russell Hutchinson, Police Chief Post Office Box 273 Albany, LA 70711 225/567-3962	26,805	01/01/99 Through 12/31/02
	<u>\$ 42,295</u>	

18. CONSTRUCTION COMMITMENT

The Village of Albany, Louisiana entered into an agreement with the Department of Transportation and Development that will consist generally of constructing a total of approximately 7,980 feet of concrete sidewalks east along US 190 from Reeves Rd. to its intersection with Hwy. 43 then turning north along Hwy. 43 to the Village limits. The cost of this project will be a joint participation between the Village of Albany, Louisiana and the Federal Highway Administration, with the Village of Albany, Louisiana paying 5 percent of the construction cost and 100 percent of all design and construction engineering costs. The Federal Highway Administration will pay 95 percent of the construction cost, through the Department of Transportation and Development. At June 30, 2001, the Village has completed phase I of this project at a cost of \$73,100. Phase II of this project, which will begin in the next fiscal year, has been approved by the Department of Transportation and Development with an approximate cost of \$162,500.

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

Comparative Balance Sheet
Governmental Fund Type
June 30, 2001 and 2000

	General Fund	
	2001	2000
Assets		
Cash and Cash Equivalents	\$ 138,497	\$ 160,464
Taxes Receivable:		
Public Utility Franchise Tax	6,401	6,184
Due From Other Funds:		
Enterprise Fund	45,371	63,924
Due From Other Governments:		
State of Louisiana:		
Tobacco Tax Distribution	-	872
Beverage Tax Distribution	688	1,453
Livingston Parish School Board:		
Sales Tax	16,330	17,944
Total Assets	\$ 207,287	\$ 250,841
Liabilities and Fund Balance		
Liabilities:		
Accounts Payable	\$ 5,562	\$ 3,761
Payroll Taxes Payable	6,782	147
Accrued Vacation Payable	1,240	2,892
Total Liabilities	13,584	6,800
Fund Balance:		
Unreserved & Undesignated	171,703	222,041
Designated	22,000	22,000
Total Fund Balance	193,703	244,041
Total Liabilities and Fund Balance	\$ 207,287	\$ 250,841

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 - Governmental Fund Type
 Year Ended June 30, 2001 With Comparative Actual Amounts For Year Ended June 30, 2000

	General Fund			
	2001		Variance Favorable (Unfavorable)	2000
	Budget	Actual		Actual
Revenues				
Taxes:				
Sales and Use Taxes	\$ 103,500	\$ 100,966	\$ (2,534)	\$ 105,655
Ad Valorem Taxes	19,200	17,937	(1,263)	15,928
Public Utility Franchise Taxes	29,700	29,797	97	25,306
Licenses and Permits:				
Business Privilege Licenses	40,300	42,811	2,511	46,932
Intergovernmental:				
Tobacco Tax Distribution	-	-	-	3,488
Beverage Tax Distribution	1,400	915	(485)	2,365
Video Poker Tax Distribution	-	-	-	253
Commission on Law Enforcement	1,300	1,500	200	2,189
LA State Highway Commission	1,100	1,112	12	-
Rural Development Grant	15,000	15,000	-	-
State Supplemental Pay	-	3,600	3,600	3,600
Fines and Forfeits	16,200	16,878	678	20,280
Interest Earned	7,500	7,230	(270)	5,303
Insurance Reimbursement	-	-	-	17,950
Miscellaneous	3,600	3,755	155	495
Total Revenues	238,800	241,501	2,701	249,744

(Continued)

The accompanying notes are an integral part of these statements.

Village of Albany, Louisiana

Schedule 2
(Continued)

Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget (GAAP Basis) and Actual - Governmental Fund Type
Year Ended June 30, 2001 With Comparative Actual Amounts For Year Ended June 30, 2000

	General Fund			
	2001		Variance Favorable (Unfavorable)	2000
	Budget	Actual		Actual
General and Administrative				
Mayor and Aldermen	\$ 15,300	\$ 15,490	\$ (190)	\$ 14,150
Clerical Salaries	31,600	30,221	1,379	26,223
Advertising	1,200	1,218	(18)	1,188
Beautification	1,100	1,206	(106)	570
Building & Ground Maintenance	300	287	13	1,640
Coroner	200	200	-	400
Dues, Subscriptions, and Printing	4,700	6,067	(1,367)	4,619
Election Expense	-	-	-	-
Gasoline Expense - All Departments	7,300	7,227	73	7,741
Health Insurance	6,100	6,139	(39)	5,396
Insurance and Bonds	12,100	12,067	33	17,289
Janitorial Salary	300	176	124	131
Miscellaneous	1,100	897	203	2,909
Office Supplies and Postage	2,200	2,212	(12)	2,298
Payroll Taxes - All Departments	11,200	11,229	(29)	10,118
Professional Services	16,000	15,343	657	16,364
Retirement Expense	6,400	5,880	520	2,331
Summer Youth Salaries	7,100	7,437	(337)	11,032
Tax Roll	449	449	-	420
Unemployment Insurance	215	217	(2)	-
Utilities and Telephone	1,900	1,866	34	3,013
Workers Compensation	7,900	6,618	1,282	-
Capital Outlay	-	-	-	-
Total General and Administrative	<u>134,664</u>	<u>132,446</u>	<u>2,218</u>	<u>127,832</u>
Public Safety				
Salaries	71,900	74,433	(2,533)	66,831
Auto Expense	9,600	9,825	(225)	13,099
Other Expense	2,300	3,130	(830)	4,549
Prisoner Expense	200	172	28	51
Supplies	1,100	899	201	1,775
Capital Outlay	6,800	6,800	-	49,506
Total Public Safety	<u>91,900</u>	<u>95,259</u>	<u>(3,359)</u>	<u>135,811</u>

(Continued)

The accompanying notes are an integral part of these statements.

Village of Albany, Louisiana

Schedule 2
(Continued)

Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget (GAAP Basis) and Actual - Governmental Fund Type
Year Ended June 30, 2001 With Comparative Actual Amounts For Year Ended June 30, 2000

	General Fund			2000 Actual
	2001 Budget	2001 Actual	Variance Favorable (Unfavorable)	
Street and Sanitation				
Dump Truck Expense	\$ 400	\$ 340	\$ 60	\$ -
Electricity	13,900	13,939	(39)	12,035
Material & Supplies	200	170	30	1,092
Sanitation Collection Fee	900	887	13	615
Other Street Expense	11,300	12,592	(1,292)	14,698
Capital Outlay Street	21,550	21,550	-	260
Total Street and Sanitation	<u>48,250</u>	<u>49,478</u>	<u>(1,228)</u>	<u>28,700</u>
Total Expenditures	<u>274,814</u>	<u>277,183</u>	<u>(2,369)</u>	<u>292,343</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(36,014)</u>	<u>(35,682)</u>	<u>332</u>	<u>(42,599)</u>
Other Financing Sources (Uses)				
Operating Transfer Out	-	(14,656)	(14,656)	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>(14,656)</u>	<u>(14,656)</u>	<u>-</u>
Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses	<u>\$ (36,014)</u>	<u>(50,338)</u>	<u>\$ (14,324)</u>	<u>(42,599)</u>
Fund Balance, Beginning of Year		<u>244,041</u>		<u>286,640</u>
Fund Balance, End of Year		<u>\$ 193,703</u>		<u>\$ 244,041</u>

(Concluded)

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 3

Comparative Balance Sheet
 Proprietary Fund Type
 June 30, 2001 and 2000

	Enterprise Fund	
	2001	2000
Assets		
Current Assets:		
Cash	\$ 319,588	\$ 337,536
Accounts Receivable, Net	39,483	44,839
Total Current Assets	<u>359,071</u>	<u>382,375</u>
Restricted Assets:		
Bond and Interest Redemption Account, Cash	57,325	57,400
Bond Reserve Account, Cash	155,183	132,820
Depreciation and Contingency Account, Cash	88,017	82,197
Customer Deposits, Cash	73,796	64,209
Total Restricted Assets	<u>374,321</u>	<u>336,626</u>
Property, Plant, and Equipment:		
Land	50,429	50,429
Building	33,730	33,730
Utility Plant, in Service	3,924,385	3,911,548
Equipment	160,251	140,407
Total Property, Plant, and Equipment	<u>4,168,795</u>	<u>4,136,114</u>
Accumulated Depreciation	<u>(1,268,196)</u>	<u>(1,154,463)</u>
Net Property, Plant, and Equipment	<u>2,900,599</u>	<u>2,981,651</u>
Total Assets	<u>\$ 3,633,991</u>	<u>\$ 3,700,652</u>

(Continued)

The accompanying notes are an integral part of these statements.

Village of Albany, Louisiana

Schedule 3
(Continued)

Comparative Balance Sheet
Proprietary Fund Type
June 30, 2001 and 2000

Liabilities and Equity

	Enterprise Fund	
	2001	2000
Liabilities:		
Current Liabilities (Payable from Current Assets):		
Accounts Payable	\$ 9,653	\$ 10,168
Accrued Vacation Payable	623	831
Other Accrued Expenses	1,702	912
Due to DHH	1,080	-
Due to Other Funds	45,371	63,924
Total Current Liabilities (Payable from Current Assets)	<u>58,429</u>	<u>75,835</u>
Current Liabilities (Payable from Restricted Assets):		
Customer Deposits	52,565	49,850
Revenue Bonds Payable, RUS	26,736	25,956
Total Current Liabilities (Payable from Restricted Assets)	<u>79,301</u>	<u>75,806</u>
Long-Term Liabilities:		
Revenue Bonds Payable, RUS	1,317,058	1,344,581
Total Long-Term Liabilities	<u>1,317,058</u>	<u>1,344,581</u>
Total Liabilities	<u>1,454,788</u>	<u>1,496,222</u>
Equity:		
Contributed Capital	2,221,914	2,221,914
Accumulated Amortization	(627,790)	(572,242)
Net Contributed Capital	<u>1,594,124</u>	<u>1,649,672</u>
Retained Earnings:		
Reserved for RUS Bond Reserve	155,183	132,820
Reserved for RUS Bond Depreciation and Contingency	88,017	82,197
Unreserved	341,879	339,741
Total Retained Earnings	<u>585,079</u>	<u>554,758</u>
Total Equity	<u>2,179,203</u>	<u>2,204,430</u>
Total Liabilities and Equity	<u>\$ 3,633,991</u>	<u>\$ 3,700,652</u>

(Concluded)

The accompanying notes are an integral part of these statements.

Village of Albany, Louisiana

Schedule 4

Schedule of Revenues, Expenses, and Changes in Unreserved Retained Earnings
 Budget (GAAP Basis) and Actual - Proprietary Fund Type
 Year Ended June 30, 2001 With Comparative Actual Amounts For Year Ended June 30, 2000

	Enterprise Fund			2000 Actual
	2001		Variance Favorable (Unfavorable)	
	Budget	Actual		
Operating Revenues				
Water Revenues:				
Water Sales	\$ 262,400	\$ 252,864	\$ (9,536)	\$ 258,838
Service Connections	15,400	14,350	(1,050)	15,755
Penalties	8,900	8,835	(65)	8,043
DHH Fees	300	578	278	-
Total Water Revenues	<u>287,000</u>	<u>276,627</u>	<u>(10,373)</u>	<u>282,636</u>
Sewer Revenues:				
Sewer Charges	73,100	72,461	(639)	72,221
Total Sewer Revenues	<u>73,100</u>	<u>72,461</u>	<u>(639)</u>	<u>72,221</u>
Total Operating Revenues	<u>360,100</u>	<u>349,088</u>	<u>(11,012)</u>	<u>354,857</u>
Operating Expenses				
Salaries	54,600	56,919	(2,319)	58,669
Advertising	-	-	-	488
Bad Debt Expense	600	550	50	455
Contract Services	13,400	13,192	208	15,816
Depreciation	115,400	113,733	1,667	114,000
Education/Certification	1,200	1,071	129	520
Insurance	16,900	14,702	2,198	13,308
Janitorial Services	4,100	4,425	(325)	3,543
Maintenance Materials	31,000	23,504	7,496	26,740
Meter Reading	5,500	5,565	(65)	5,286
Miscellaneous	-	273	(273)	120
Office Supplies and Expense	7,000	7,443	(443)	8,023
Payroll Taxes	3,200	3,498	(298)	3,811
Per diem	2,000	1,950	50	-
Postage	3,700	3,712	(12)	3,595
Professional Services	16,100	16,119	(19)	15,800
Repairs & Maintenance	13,600	17,460	(3,860)	17,990
Retirement	600	789	(189)	871
Truck Expense	8,400	8,161	239	12,859
Uniform Rental	1,000	1,071	(71)	863
Utilities	39,700	38,404	1,296	30,790
Total Operating Expenses	<u>338,000</u>	<u>332,541</u>	<u>5,459</u>	<u>333,547</u>
Operating Income	<u>22,100</u>	<u>16,547</u>	<u>(5,553)</u>	<u>21,310</u>

(Continued)

The accompanying notes are an integral part of these statements.

Village of Albany, Louisiana

Schedule 4
(Continued)

Schedule of Revenues, Expenses, and Changes in Unreserved Retained Earnings
Budget (GAAP Basis) and Actual - Proprietary Fund Type
Year Ended June 30, 2001 With Comparative Actual Amounts For Year Ended June 30, 2000

	Enterprise Fund			2000 Actual
	2001		Variance Favorable (Unfavorable)	
	Budget	Actual		
Nonoperating Revenues (Expenses)				
Interest Income	\$ 33,000	\$ 31,376	\$ (1,624)	\$ 25,338
Bond Interest Expense	(72,676)	(73,150)	(474)	(74,503)
Total Nonoperating Revenues (Expenses)	<u>(39,676)</u>	<u>(41,774)</u>	<u>(2,098)</u>	<u>(49,165)</u>
Net Income (Loss)	\$ <u>(17,576)</u>	(25,227)	\$ <u>(7,651)</u>	\$ <u>(27,855)</u>
Unreserved Retained Earnings,				
Beginning of Year		339,741		
Amortization of Contributions		55,548		
Increase in Reserves		(28,183)		
Unreserved Retained Earnings, End of Year		\$ <u>341,879</u>		

(Concluded)

The accompanying notes are an integral part of these statements.

Village of Albany, Louisiana

Schedule 5

**Schedule of Revenues and Expenses
Budget (GAAP Basis) and Actual - Water Department
Year Ended June 30, 2001 With Comparative Actual Amounts For Year Ended June 30, 2000**

	Water Fund			
	2001		Variance Favorable (Unfavorable)	2000
	Budget	Actual		Actual
Operating Revenues - Water				
Water Sales	\$ 262,400	\$ 252,864	\$ (9,536)	\$ 258,838
Service Connections	15,400	14,350	(1,050)	15,755
Penalties	8,900	8,835	(65)	8,043
DHH Fee	300	578	278	-
Total Operating Revenues - Water	<u>287,000</u>	<u>276,627</u>	<u>(10,373)</u>	<u>282,636</u>
Operating Expenses - Water				
Salaries	34,200	36,326	(2,126)	38,753
Advertising	-	-	-	488
Bad Debt Expense	600	550	50	455
Contract Services	11,200	10,865	335	14,833
Depreciation	36,100	34,997	1,103	36,906
Education/Certification	1,200	1,071	129	520
Insurance	10,200	9,113	1,087	6,917
Janitorial Service	4,100	4,425	(325)	3,543
Maintenance Materials	18,400	18,514	(114)	23,688
Meter Reading	5,500	5,565	(65)	5,286
Office Supplies and Expense	7,000	7,443	(443)	8,039
Payroll Taxes	2,100	2,361	(261)	2,778
Per diem	2,000	1,950	50	-
Postage	3,700	3,712	(12)	3,595
Professional Services	7,900	7,669	231	7,900
Repairs & Maintenance	5,300	6,543	(1,243)	1,463
Retirement	600	491	109	578
Truck Expense	8,400	8,161	239	12,859
Uniform Rental	1,000	1,071	(71)	863
Utilities	29,000	27,622	1,378	18,391
Total Operating Expenses - Water	<u>188,500</u>	<u>188,449</u>	<u>51</u>	<u>187,855</u>
Operating Income - Water	<u>98,500</u>	<u>88,178</u>	<u>(10,322)</u>	<u>94,781</u>
Nonoperating Revenues (Expenses) - Water				
Interest Income	16,500	15,688	(812)	12,669
Bond Interest Expense	(47,842)	(47,054)	788	(48,106)
Total Nonoperating Revenues (Expenses)	<u>(31,342)</u>	<u>(31,366)</u>	<u>(24)</u>	<u>(35,437)</u>
Net Income - Water	<u>\$ 67,158</u>	<u>\$ 56,812</u>	<u>\$ (10,346)</u>	<u>\$ 59,344</u>

The accompanying notes are an integral part of these statements.

Village of Albany, Louisiana

Schedule 6

**Schedule of Revenues and Expenses
Budget (GAAP Basis) and Actual - Sewer Department
Year Ended June 30, 2001 With Comparative Actual Amounts For Year Ended June 30, 2000**

	Sewer Fund			2000
	2001		Variance Favorable (Unfavorable)	Actual
	Budget	Actual		
Operating Revenues - Sewer				
Sewer Charges	\$ 73,100	\$ 72,461	\$ (639)	\$ 72,221
Total Operating Revenues - Sewer	<u>73,100</u>	<u>72,461</u>	<u>(639)</u>	<u>72,221</u>
Operating Expenses - Sewer				
Salaries	20,400	20,593	(193)	19,916
Bad Debt Expense	-	-	-	-
Contract Services	2,200	2,327	(127)	983
Depreciation	79,300	78,736	564	77,094
Insurance	6,700	5,589	1,111	6,391
Maintenance Materials	12,600	4,990	7,610	3,052
Miscellaneous	-	273	(273)	104
Payroll Taxes	1,100	1,137	(37)	1,033
Professional Services	8,200	8,450	(250)	7,900
Repairs & Maintenance	8,300	10,917	(2,617)	16,527
Retirement	400	298	102	293
Utilities	10,700	10,782	(82)	12,399
Total Operating Expenses - Sewer	<u>149,900</u>	<u>144,092</u>	<u>5,808</u>	<u>145,692</u>
Operating Income (Loss) - Sewer	<u>(76,800)</u>	<u>(71,631)</u>	<u>5,169</u>	<u>(73,471)</u>
Nonoperating Revenues (Expenses) - Sewer				
Interest Income	16,500	15,688	(812)	12,669
Bond Interest Expense	(24,834)	(26,096)	(1,262)	(26,397)
Total Nonoperating Revenues (Expenses)	<u>(8,334)</u>	<u>(10,408)</u>	<u>(2,074)</u>	<u>(13,728)</u>
Net Income (Loss) - Sewer	<u>\$ (85,134)</u>	<u>\$ (82,039)</u>	<u>\$ 3,095</u>	<u>\$ (87,199)</u>

The accompanying notes are an integral part of these statements.

Village of Albany, Louisiana

Schedule 7

Schedule of Cash Flows
 Proprietary Fund Type - Enterprise Fund
 Years Ended June 30, 2001 and 2000

	Enterprise Fund	
	2001	2000
Cash Flows From Operating Activities		
Operating Income	\$ 16,547	\$ 21,310
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities:		
Depreciation	113,733	114,000
Changes in Accounts Receivable	5,356	(10,122)
Changes in Accounts Payable	(514)	(2,105)
Changes in Accrued Vacation Payable	(208)	831
Changes in Due to DHH	1,080	-
Changes in Other Accrued Expenses	790	441
Changes in Due to Other Funds	(18,554)	9,923
Changes in Customer Deposits Payable	2,715	2,173
Changes in Retainage Payable	-	(5,051)
Net Cash Provided by Operating Activities	<u>120,945</u>	<u>131,400</u>
Cash Flows From Capital and Related Financing Activities		
Payments for Capital Acquisitions	(32,681)	(65,449)
Interest Income	31,376	25,338
Interest Expense	(73,150)	(74,503)
Principal Repayments	(26,743)	(25,015)
Net Cash Used by Capital and Related Financing Activities	<u>(101,198)</u>	<u>(139,629)</u>
Net Increase (Decrease) in Cash	19,747	(8,229)
Cash, Beginning of Year	<u>674,162</u>	<u>682,391</u>
Cash, End of Year	<u>\$ 693,909</u>	<u>\$ 674,162</u>

The accompanying notes are an integral part of these statements.

Village of Albany, Louisiana

Schedule 8

Schedule of Changes in Assets Restricted for RUS Revenue Bond Debt Service
Enterprise Fund
For the Year Ended June 30, 2001

	Bond and Interest Redemption	Bond Reserve	Depreciation and Contingency	Total
Cash Balance, Beginning of Year	\$ 57,400	\$ 132,820	\$ 82,197	\$ 272,417
Cash Receipts	67,827	22,363	5,820	96,010
Cash Disbursements	(67,902)	-	-	(67,902)
Cash Balance, End of Year	<u>\$ 57,325</u>	<u>\$ 155,183</u>	<u>\$ 88,017</u>	<u>\$ 300,525</u>

The accompanying notes are an integral part of these statements.

Village of Albany, Louisiana

Schedule 9

Schedule of Water and Sewer Rates
Enterprise Fund
June 30, 2001

Water Rates

Residential:

- \$10.50 per month for the first 2,500 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:

- \$25.00 per month for the first 10,000 gallons
- \$0.80 per thousand or part thereof over 10,000 gallons

Sewer Rates

Residential:

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

Commercial:

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

Schedule of Water and Sewer Customers
Enterprise Fund
June 30, 2001

Water Customers

Residential	1,147
Commercial	30
Total	<u>1,177</u>

Sewer Customers

Residential	307
Commercial	16
Total	<u>323</u>

The accompanying notes are an integral part of these statements.

General Fixed Asset Account Group

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

Village of Albany, Louisiana

Schedule 10

Schedule of General Fixed Assets
June 30, 2001

General Fixed Assets, at Cost

Land	\$ 41,000
Office Improvements	20,687
Furniture and Fixtures	6,259
Vehicles and Equipment	105,514
Total General Fixed Assets	<u>\$ 173,460</u>

Investment in General Fixed Assets

General Fund	\$ 164,688
State Grant	3,969
Police Emergency Fund	4,803
Total Investment in General Fixed Assets	<u>\$ 173,460</u>

The accompanying notes are an integral part of these statements.

Village of Albany, Louisiana

Schedule 11

Schedule of Changes in General Fixed Assets
For the Year Ended June 30, 2001

	Balance July 1, 2000	Additions	Deletions	Balance June 30, 2001
Land	\$ 41,000	\$ -	\$ -	\$ 41,000
Office Improvements	20,687	-	-	20,687
Furniture and Fixtures	6,259	-	-	6,259
Vehicles and Equipment	98,714	6,800	-	105,514
Total	<u>\$ 166,660</u>	<u>\$ 6,800</u>	<u>\$ -</u>	<u>\$ 173,460</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, 2001

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

Reference Number: 00-1

Description of Finding:

The Village of Albany, Louisiana did not make daily deposits of its revenues as required by Louisiana Revised Statute 39:1212.

We recommend that the Village of Albany, Louisiana make daily deposits of its revenues whenever practical.

Corrective Action Planned:

The Village of Albany, Louisiana will make daily deposits of its revenues effective immediately.

Corrective Action Taken: Final

Description of Corrective Action:

The Village clerks are making deposits on a daily basis when practical.

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 four 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.

Summary Schedule of Prior Audit Findings
Year Ended June 30, 2001

We recommended 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.

Corrective Action Taken: Final

Description of Corrective Action:

The Village clerk is reconciling the accounts receivable on a monthly basis and maintains documentation to show that controls are being followed.

Corrective Action Plan for Current Year Audit Findings

Village of Albany, Louisiana

Schedule 13

**Corrective Action Plan for Current Year Audit Findings
Year Ended June 30, 2001**

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

No Section I Findings

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 14

Schedule of Insurance, All Fund Types
June 30, 2001

Insurance Company	Coverage	Amount	Period
St. Paul Fire and Marine Insurance Company Policy Number GP09305587	Commercial General Liability	\$ 2,000,000	07/17/00 - 07/17/01
St. Paul Fire and Marine Insurance Company Policy Number GP09305587	Errors or Omissions: Public Officials Liability Law Enforcement Liability	\$ 2,000,000	07/17/00 - 07/17/01
St. Paul Fire and Marine Insurance Company Policy Number GP09305587	Business Auto Policy Liability (Comprehensive & Collision coverage as scheduled)	\$ 2,000,000	07/17/00 - 07/17/01
St. Paul Fire and Marine Insurance Company Policy Number GP09305587	Commercial Property(as scheduled) Inland Marine	\$ 373,250 46,000	07/17/00 - 07/17/01
Risk Management, Inc. Policy Number 015300	Workers Compensation	\$ Statutory Limits	07/17/00 - 07/17/01
Western Surety Company Policy Number 01507681	Fidelity Bond	\$ 5,000	10/15/00 - 10/15/01
Western Surety Company Policy Number 01628690	Right of Way Bond	\$ 7,220	04/15/01 - 04/15/02
Western Surety Company Policy Number 18143978	Fidelity Bond	\$ 200,000	02/13/01 - 02/13/02

The accompanying notes are an integral part of these statements.

Other Auditor's Reports

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**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, 2001, and have issued our report thereon dated August 23, 2001. 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 no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

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. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements 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. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

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 23, 2001