

# VILLAGE OF ALBANY

## Annual Financial Statements

As of and for the Year Ended June 30, 2010  
With Supplemental Information Schedules

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

Release Date 2/2/11



# VILLAGE OF ALBANY

## Annual Financial Statements

As of and for the Year Ended June 30, 2010  
With Supplemental Information Schedules

**Village of Albany  
Annual Financial Statements  
As of and for the Year Ended June 30, 2010  
With Supplemental Information Schedules**

**TABLE OF CONTENTS**

	<b>Statement</b>	<b>Page</b>
Independent Auditor’s Report on the Basic Financial Statements .....		5
Required Supplemental Information (Part I):		
Management’s Discussion and Analysis.....		9
Basic Financial Statements:		
Government-Wide Financial Statements:		
Statement of Net Assets.....	A	19
Statement of Activities .....	B	20
Fund Financial Statements:		
Governmental Funds Financial Statements:		
Balance Sheet, Governmental Funds .....	C	22
Reconciliation of the Governmental Funds Balance Sheet to the Government-Wide Financial Statement of Net Assets .....	D	23
Statement of Revenues, Expenditures and Changes in Fund Balances .....	E	24
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities .....	F	25
Proprietary Fund Financial Statements:		
Statement of Net Assets .....	G	26
Statement of Revenues, Expenses and Changes in Net Assets .....	H	27
Statement of Cash Flows .....	I	28
Notes to the Financial Statements.....		31

**Village of Albany  
Annual Financial Statements  
As of and for the Year Ended June 30, 2010  
With Supplemental Information Schedules**

**TABLE OF CONTENTS**

	<b>Schedule</b>	<b>Page</b>
<b>Required Supplemental Information (Part II):</b>		
Schedule of Revenues, Expenditures, and Changes in Fund Balances Budget and Actual—General Fund—Detail .....	1	51
<b>Other Supplemental Schedules:</b>		
<b>Proprietary Funds – Enterprise Fund:</b>		
Comparative Schedule of Net Assets .....	2	54
Comparative Schedule of Revenues, Expenses and Changes in Net Assets .....	3	55
Comparative Schedule of Cash Flows.....	4	56
Combining Schedule of Revenues, Expenses and Changes in Net Assets.....	5	58
Schedule of Revenues, Expenses and Changes in Net Assets Budget (GAAP Basis) and Actual—Proprietary Fund Type—Water Utility System..	6	59
Schedule of Revenues, Expenses and Changes in Net Assets Budget (GAAP Basis) and Actual—Proprietary Fund Type—Sewer Utility System..	7	60
Schedule of Water and Sewer Rates and Schedule of Number of Customers .....	8	61
Schedule of Insurance .....	9	62
Schedule of Compensation Paid to Board Members.....	10	63
Schedule of Expenditures of Federal Awards .....	11	64
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With <i>Government Auditing Standards</i> .....		65
Report on Compliance with Requirements That Could Have a Direct and Material Effect on Each Major Program and on Internal Control Over Compliance in Accordance With Circular A-133.....		67
Schedule of Findings and Questioned Costs.....		69
Schedule of Prior Year Findings and Questioned Costs.....		70
Governance Letter.....		71

*This Page Intentionally Left Blank*



**BRANDY WESTCOTT, LLC**  
CERTIFIED PUBLIC ACCOUNTANT  
P.O. BOX 1147 • SPRINGFIELD, LA • 70462  
225.351.9292 • FAX 225.294.2584

## **Independent Auditor's Report on the Basic Financial Statements**

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

I have audited the accompanying financial statements of the governmental activities, business-type activities, and each major fund of the Village of Albany, Louisiana (the "Village") as of and for the year ended June 30, 2010, which collectively comprise the Village's basic financial statements as listed in the Table of Contents. These financial statements are the responsibility of the Village's management. My responsibility is to express an opinion on these basic financial statements based on my audit.

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

In my opinion, the basic financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, and each major fund of the Village as of June 30, 2010, and the respective changes in financial position, and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, I have also issued my report dated December 22, 2010, on my consideration of the Village's internal control over financial reporting and my tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of my audit.

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 9 through 17 and budget comparison information on pages 51 through 52 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for

placing the basic financial statements in an appropriate operational, economic, or historical context. I have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Village's financial statements as a whole. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the financial statements. The accompanying information listed as *Other Supplemental Schedules in the Table of Contents* is also presented for purposes of additional analysis and is not a required part of the financial statements. The Schedule of Expenditures of Federal Awards and the *Other Supplemental Schedules* are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The 2010 information included in *Other Supplemental Schedules* and the *Schedule of Expenditures of Federal Awards* have been subjected to the auditing procedures applied in my audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the 2010 information included in the *Other Supplemental Schedules* and the *Schedule of Expenditures of Federal Awards* are fairly stated in all material respects in relation to the financial statements as a whole. The Village's financial statements for the year ended June 30, 2009, which are not presented with the accompanying financial statements, were audited by other auditors whose report thereon dated December 24, 2009, expressed unqualified opinions on the respective financial statements of the governmental activities, the business-type activities, and each major fund. The 2009 information included in the *Other Supplemental Schedules* has not been subjected to auditing procedures applied in my audit of the basic financial statements and, accordingly, I express no opinion on it.

Sincerely,

BRANDY WESTCOTT, LLC



---

Brandy Westcott Garcia, CPA  
Member

December 22, 2010

*This Page Intentionally Left Blank*

**Required Supplemental Information (Part I)**  
**Management's Discussion and Analysis**

**Village of Albany**  
**Management's Discussion and Analysis**  
**As of and for the Year Ended June 30, 2010**

**Introduction**

The Village of Albany (the Village) is pleased to present its Annual Financial Statements developed in compliance with Governmental Accounting Standards Board Statement No. 34, *Basic Financial Statements - Management's Discussion and Analysis - For State and Local Governments* (GASB 34), and related standards.

The Village's discussion and analysis is designed to (a) assist the reader in focusing on significant financial issues, (b) provide an overview of the Village's financial activity, (c) identify changes in the Village's financial position, (d) identify any significant variations from the Village's financial plan, and (e) identify individual fund issues or concerns.

Since Management's Discussion and Analysis (MD&A) is designed to focus on the current year's activities, resulting changes, and currently known facts, please read it in conjunction with the Village's financial statements in this report.

**Financial Highlights**

- At June 30, 2010, the Village's assets exceeded its liabilities by \$3,172,981 (net assets). Of this amount \$506,240 (unrestricted net assets) may be used to meet the Village's ongoing obligations to its citizens.
- For the year ended June 30, 2010, the Village's total net assets decreased by \$(64,662).
- At June 30, 2010, the Village's governmental funds reported a combined ending fund balance of \$174,443, a decrease of (\$145,900) for the year. All of this amount is available for spending at the Village's discretion (unreserved fund balances).
- At June 30, 2010, the Village's proprietary fund reported ending net assets of \$2,448,663, a decrease of \$(40,511) for the year. Of this amount, approximately 13%, or \$331,797, is available for spending at the Village's discretion (unrestricted net assets).
- For the year ended June 30, 2010, the Village made principal payments on total debt for the proprietary fund of \$44,459, and incurred \$64,801 in interest expense, compared to \$66,666 of interest expense in the prior fiscal year.

**Overview of the Annual Financial Report**

The financial statement focus is on both the Village as a whole and on the major individual funds. Both perspectives, government-wide and major funds, allow the user to address relevant questions, broaden a basis for comparison, and enhance the Village's accountability. The statements then proceed to provide an increasingly detailed look at specific financial activities.

The MD&A is intended to serve as an introduction to the Village's basic financial statements, which consist of three components: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements.

**Village of Albany**  
**Management's Discussion and Analysis**  
**As of and for the Year Ended June 30, 2010**

**Government-Wide Financial Statements**

The government-wide financial statements are designed to provide readers with a broad overview of the Village's finances in a manner similar to a private-sector business. Governmental activities, which normally are supported by taxes and intergovernmental revenues, and business-type activities, which rely to a significant extent on fees and charges for support are presented in separate columns along with a total column for the primary government. If the Village determines that presentation of a component unit (which are other governmental units for which the Village can exercise significant influences or for which the Primary Government financial statements would be misleading if component unit information is not presented) is necessary to allow the reader to determine the relationship of the component unit and primary government, the component unit information is presented in a separate column of the financial statements or in a separate footnote. For the current fiscal year, the Village of Albany has no component units.

The Statement of Net Assets presents information on the Village's assets and liabilities using the accrual basis of accounting, in a manner similar to the accounting used by private business enterprises. The difference between the assets and liabilities is reported as net assets. Over time, the increases or decreases in net assets and changes in the components of net assets may serve as a useful indicator of whether the financial position of the Village is improving or deteriorating.

The Statement of Activities presents information showing how the Village's net assets changed during the most recent fiscal year, focusing on both the gross and net costs of various activities, both governmental and business-type, that are supported by the Village's general tax and other revenues. This is intended to summarize and simplify the reader's analysis of the cost of various governmental services and/or subsidy to various business-type activities.

In both of the government-wide financial statements, the Village's activities are divided into two types:

Governmental activities - Most of the Village's basic services are reported here, including general government, public safety, streets and sanitation. These activities are financed primarily by property taxes, franchise taxes, sales taxes, and fines.

Business-type activities - The Village charges a fee to customers to help it cover all of the cost of the services provided. The Village's water and sewer utility systems are reported in this section.

**Fund Financial Statements**

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Village, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related and legal requirements. The Village uses two categories of funds to account for financial transactions: governmental funds and proprietary funds. Traditional users of governmental financial statements will find the fund financial statements presentation more familiar.

**Village of Albany  
Management's Discussion and Analysis  
As of and for the Year Ended June 30, 2010**

Governmental funds are used to account for most of the Village's basic services. However, unlike the government-wide financial statements, governmental fund financial statements focus on how money flows into and out of those funds and the balances that are left at year-end that are available for spending. These funds are reported using the modified accrual basis of accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the Village's general government operations and the basic services it provides. Governmental fund information helps to determine whether there are more or fewer financial resources that can be spent in the near future to finance the Village's programs.

Proprietary funds account for water and sewer utility services provided by the Village to its customers. Proprietary funds statements provide the same type of information as the government-wide financial statements, but the fund presentation provides more detail.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, there are differences in the information presented for government funds and for governmental activities in the government-wide financial statements. Review of these differences provides the reader of the financial statements insight on the long-term impact of the Village's more immediate decisions on the current use of financial resources. Both the governmental fund Balance Sheet and the governmental fund Statement of Revenues, Expenditures and Changes in Fund Balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

**Notes to the Financial Statements**

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

**Village of Albany  
Management's Discussion and Analysis  
As of and for the Year Ended June 30, 2010**

**Government-Wide Financial Analysis**

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. The following table provides a summary of the Village's net assets for the current year as compared to the prior year. For more detailed information, see the Statement of Net Assets in this report.

	<b>Net Assets</b>					
	<b>2010 and 2009</b>					
	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
<b>Assets:</b>				<b>(Restated)</b>		<b>(Restated)</b>
Current and Other Assets	\$ 192,484	\$ 349,782	\$ 782,985	\$ 641,784	\$ 975,469	\$ 991,566
Capital Assets	590,881	481,860	4,870,960	3,228,234	5,461,841	3,710,094
<b>Total Assets</b>	<u>783,365</u>	<u>831,642</u>	<u>5,653,945</u>	<u>3,870,018</u>	<u>6,437,310</u>	<u>4,701,660</u>
<b>Liabilities:</b>						
Long-Term Debt Outstanding	41,006	53,734	1,216,788	1,261,247	1,257,794	1,314,981
Other Liabilities	18,041	29,439	1,988,494	119,597	2,006,535	149,036
<b>Total Liabilities</b>	<u>59,047</u>	<u>83,173</u>	<u>3,205,282</u>	<u>1,380,844</u>	<u>3,264,329</u>	<u>1,464,017</u>
<b>Net Assets:</b>						
Invested in Capital Assets, Net of Related Debt	549,875	428,126	1,839,444	1,966,987	2,389,319	2,395,113
Restricted	-	-	277,422	275,695	277,422	275,695
Unrestricted	174,443	320,343	331,797	246,492	506,240	566,835
<b>Total Net Assets</b>	<u>\$ 724,318</u>	<u>\$ 748,469</u>	<u>\$ 2,448,663</u>	<u>\$ 2,489,174</u>	<u>\$ 3,172,981</u>	<u>\$ 3,237,643</u>

Approximately 75% of the Village's net assets reflect its investment in capital assets (land, buildings, equipment, infrastructure, and improvements) net of any outstanding related debt used to acquire those capital assets. These capital assets are used to provide services to citizens and do not represent resources available for future spending. Although the Village's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets cannot be used to liquidate these liabilities.

Approximately 9% of the Village's net assets represent resources that are subject to external restriction on how they may be used. The Village's restricted net assets consist of cash reserves required by revenue bond agreements and cash for customer deposits net of corresponding liabilities.

Approximately 16% of the Village's net assets are unrestricted and may be used to meet the Village's ongoing obligations to its citizens.

**Village of Albany**  
**Management's Discussion and Analysis**  
**As of and for the Year Ended June 30, 2010**

At the end of the current fiscal year, the Village was able to report positive balances in all three categories of net assets, both for the Village as a whole, as well as for separate governmental and business-type activities. The same held true for the prior fiscal year.

The Village's activities decreased its total net assets by \$(64,662), with governmental activities decreasing net assets by \$(24,151) and business-type activities decreasing net assets by \$(40,511).

In order to further understand what makes up the changes in net assets, the following table provides a summary of the results of the Village's activities for the current year as compared to the prior year. An analysis of the primary sources of these changes follows the table. For more detailed information, see the Statement of Activities in this report.

**Village of Albany  
Management's Discussion and Analysis  
As of and for the Year Ended June 30, 2010**

**Changes in Net Assets  
For the years ended June 30, 2010 and 2009**

	Governmental Activities		Business-Type Activities		Total	
	2010	2009	2010	2009	2010	2009
<b>Revenues:</b>				<b>(Restated)</b>		<b>(Restated)</b>
<b>Program Revenues:</b>						
Charges for Services	\$ 95,407	\$ 145,324	\$ 615,978	\$ 527,299	\$ 711,385	\$ 672,623
Operating Grants and Contributions	-	-	-	-	-	-
Capital Grants and Contributions	10,000	76,669	-	-	10,000	76,669
<b>General Revenues:</b>						
Property Taxes	33,443	28,768	-	-	33,443	28,768
Sales Taxes	311,160	422,472	-	-	311,160	422,472
Franchise Taxes	42,429	44,599	-	-	42,429	44,599
Intergovernmental	33,569	46,900	-	-	33,569	46,900
Interest Income	76	998	189	2,368	265	3,366
Miscellaneous	1,154	5,584	5,128	4,650	6,282	10,234
Gain on Sale of Assets	800	-	-	-	800	-
<b>Total Revenues</b>	<b>528,038</b>	<b>771,314</b>	<b>621,295</b>	<b>534,317</b>	<b>1,149,333</b>	<b>1,305,631</b>
<b>Expenses:</b>						
General Government	233,794	239,424	-	-	233,794	239,424
Public Safety	193,287	209,481	-	-	193,287	209,481
Public Works	123,169	61,275	-	-	123,169	61,275
Capital Lease Interest	1,939	-	-	-	1,939	-
Water and Sewer Utility	-	-	661,806	616,879	661,806	616,879
<b>Total Expenses</b>	<b>552,189</b>	<b>510,180</b>	<b>661,806</b>	<b>616,879</b>	<b>1,213,995</b>	<b>1,127,059</b>
<b>Change in Net Assets Before Transfers and Contributions</b>	<b>(24,151)</b>	<b>261,134</b>	<b>(40,511)</b>	<b>(82,562)</b>	<b>(64,662)</b>	<b>178,572</b>
<b>Transfers (Out) In</b>	<b>-</b>	<b>(63,752)</b>	<b>-</b>	<b>63,752</b>	<b>-</b>	<b>-</b>
<b>Transfers to Other Governments</b>	<b>-</b>	<b>(2,500)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(2,500)</b>
<b>Change in Net Assets</b>	<b>(24,151)</b>	<b>194,882</b>	<b>(40,511)</b>	<b>(18,810)</b>	<b>(64,662)</b>	<b>176,072</b>
<b>Net Assets, Beginning before prior period adjustments</b>	<b>748,469</b>	<b>553,587</b>	<b>2,484,424</b>	<b>2,490,984</b>	<b>3,232,893</b>	<b>3,044,571</b>
<b>Prior Period Adjustments</b>	<b>-</b>	<b>-</b>	<b>4,750</b>	<b>17,000</b>	<b>4,750</b>	<b>17,000</b>
<b>Net Assets, Beginning</b>	<b>748,469</b>	<b>553,587</b>	<b>2,489,174</b>	<b>2,507,984</b>	<b>3,237,643</b>	<b>3,061,571</b>
<b>Net Assets, Ending</b>	<b>\$ 724,318</b>	<b>\$ 748,469</b>	<b>\$ 2,448,663</b>	<b>\$ 2,489,174</b>	<b>\$ 3,172,981</b>	<b>\$ 3,237,643</b>

**Village of Albany  
Management's Discussion and Analysis  
As of and for the Year Ended June 30, 2010**

**Governmental Activities**

The Village's governmental net assets decreased by \$24,151 to \$724,318. The overall decrease is a result of decreases in revenue sources in the charges for services category, by approximately \$50,000 after a \$58,000 increase in the prior year. In charges for services, business licenses decreased \$26,000 and police fines decreased \$23,000. In the current year, capital grants were reduced by \$67,000 based on a reduction in public works capital outlay activity. Sales taxes were down 26% or \$111,312 after a 52% increase in the prior year or \$144,824 (which included a one-time correction of approximately \$60,000 in sales tax collections). Public Safety and General Government expense decreased by eight and three percent respectively, primarily due to decreases in salaries. Public works expenses were up \$62,000 or 90%, due to increases of \$8,000 in maintenance, \$26,000 in supplies, and \$26,000 in salaries.

**Business-Type Activities**

The Village's business-type net assets decreased by \$(40,511) to \$2,448,663. The loss is approximately a two percent loss of ending net assets. In comparison the previous fiscal year had a three percent loss of ending net assets. Charges for services increased approximately seventeen percent or \$89,000. Operating expenses increased by approximately \$45,000 or seven percent. The largest contributors to the increases in expenses were water department salaries which increased approximately \$18,000 and repairs and maintenance expenses by \$17,000.

**Fund Financial Analysis**

As noted earlier, the Village uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

**Governmental Funds**

The focus of the Village's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Village's financing requirements. In particular, unreserved fund balance may serve as a useful measure of the Village's net resources available for spending at the end of the year.

At the end of the current year, the Village's governmental funds reported combined ending fund balances of \$174,443, all of which is unreserved and available for spending at the Village's discretion. This represents a decrease of \$145,900, or 46% of the prior year's ending balances.

The general fund is the chief operating fund of the Village. At the end of the current year, the general fund accounted for all of the combined ending fund balance due to a zero fund balance in the capital projects fund.

**Proprietary Funds**

The Village's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

**General Fund Budgetary Highlights**

The Village of Albany demonstrated legal compliance by adopting and amending its budget in accordance with provisions of the Local Government Budget Act. As required by state law, actual revenues and other sources were within five percent of budgeted revenues and other sources, and actual expenditures and other uses were within five percent of budgeted expenditures and other uses.

**Village of Albany  
Management's Discussion and Analysis  
As of and for the Year Ended June 30, 2010**

**Capital Assets and Debt Administration**

**Capital Assets**

The Village's investment in capital assets for its governmental and business-type activities as of June 30, 2010 amounts to \$5,461,841 (net of depreciation). The total increase in the Village's investment in capital assets for the current fiscal year was \$1,751,747 (net of depreciation).

Major capital asset events during the current year included the Town Hall renovations and additions for approximately \$127,000, police radios for approximately \$4,000 and a vehicle for the police department for \$26,000. In business type activities, the Village added a handicap parking cover for \$4,000 and had construction in progress additions on the Albany Waterline Improvement Project of \$1,799,698.

The following table provides a summary of the Village's capital assets (net of depreciation) at the end of the current year as compared to the prior year. For more detailed information, see Note 8 to the financial statements in this report.

**Capital Assets (Net of Depreciation)  
2010 and 2009**

Capital Assets	Governmental Activities		Business-Type Activities		Total	
	2010	2009	2010	2009	2010	2009
Land	\$ 10,350	\$ 10,350	\$ 50,429	\$ 50,429	\$ 60,779	\$ 60,779
Construction in Progress	-	-	1,807,958	8,260	1,807,958	8,260
Buildings	93,650	93,650	51,080	47,130	144,730	140,780
Improvements	202,912	75,419	-	-	202,912	75,419
Vehicles and Equipment	239,969	228,985	124,244	124,244	364,213	353,229
Infrastructure - Sidewalks	282,792	282,792	-	-	282,792	282,792
Water Utility System	-	-	2,109,432	2,108,332	2,109,432	2,108,332
Sewer Utility System	-	-	3,226,146	3,226,146	3,226,146	3,226,146
Subtotal Capital Assets	829,673	691,196	7,369,289	5,564,541	8,198,962	6,255,737
Less: Accumulated Depreciation	(238,792)	(209,336)	(2,498,329)	(2,336,307)	(2,737,121)	(2,545,643)
<b>Capital Assets, Net</b>	<b>\$ 590,881</b>	<b>\$ 481,860</b>	<b>\$ 4,870,960</b>	<b>\$ 3,228,234</b>	<b>\$ 5,461,841</b>	<b>\$ 3,710,094</b>

**Village of Albany  
Management's Discussion and Analysis  
As of and for the Year Ended June 30, 2010**

**Long-Term Debt**

At June 30, 2010, the Village had total debt outstanding of \$1,257,794. Of this total, \$59,992 is due within one year and \$1,197,802 is due within greater than one year. The following table provides a summary of the Village's outstanding debt at the end of the current year as compared to the prior year. For more detailed information, see Note 12 to the financial statements in this report.

**Outstanding Debt  
2010 and 2009**

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
Capital Leases	\$ 41,006	\$ 53,734	\$ -	\$ -	\$ 41,006	\$ 53,734
Revenue Bonds	-	-	1,216,788	1,261,247	1,216,788	1,261,247
Total Outstanding Debt	<u>\$ 41,006</u>	<u>\$ 53,734</u>	<u>\$ 1,216,788</u>	<u>\$ 1,261,247</u>	<u>\$ 1,257,794</u>	<u>\$ 1,314,981</u>

As of June 30, 2010, the Village also has short-term interim financing of \$1,523,215 to finance improvements for the Albany Waterline Improvement Project. Permanent financing is to be provided by the United States Department of Agriculture, Rural Development, as detailed in the next section below.

**Other Factors Affecting the Village**

The Village of Albany's management approach is conservative. When possible, the Mayor and Aldermen attempt to provide services for the Village based on existing revenues and to finance long-term projects only when absolutely necessary. In an effort to improve services and provide water services to additional customers, as noted in the prior fiscal year the Village was awarded a loan/grant award, not to exceed a total of \$4,776,500, from the United States Department of Agriculture, Rural Utilities Service. Under the terms of the award, the Village qualified for a maximum grant of \$1,038,000, a loan not to exceed \$3,706,000, with the Village providing applicant contributions of \$32,500. The Village of Albany obtained the required number of signups and began construction for the Albany Waterline Improvement Project, incurring \$1,807,958 in construction expenditures as of June 30, 2010. The Village also attempts to keep utility rates at the minimum required to cover the costs of utility system operation, but may be required to consider increases in rates for sewer services because of increased costs of operations including costs imposed by governmental agencies.

**Contacting the Village's Financial Management**

This financial report is designed to provide the Village's citizens, taxpayers, creditors and investors with a general overview of the Village's finances and show the Village's accountability for the money it receives. Questions regarding this report or requests for additional information should be addressed to the Village of Albany, Post Office Box 1000, Albany, Louisiana 70711, telephone (225) 567-1101.

**Basic Financial Statements**  
Government-Wide Financial Statements

## Statement A

Village of Albany  
Statement of Net Assets  
As of June 30, 2010

	Primary Government		Total
	Governmental Activities	Business-Type Activities	
<b>Assets</b>			
Current Assets:			
Cash and Cash Equivalents	\$ 137,241	\$ 284,223	\$ 421,464
Receivables, Net:			
Intergovernmental	26,261	-	26,261
Accounts	-	96,169	96,169
Other	10,473	-	10,473
Due From Other Funds	18,509	7,550	26,059
<b>Total Current Assets</b>	<b>192,484</b>	<b>387,942</b>	<b>580,426</b>
Restricted Assets:			
Restricted Cash and Cash Equivalents	-	395,043	395,043
<b>Total Restricted Assets</b>	<b>-</b>	<b>395,043</b>	<b>395,043</b>
Capital Assets:			
Land	10,350	50,429	60,779
Construction in Progress	-	1,807,958	1,807,958
Capital Assets, Net	580,531	3,012,573	3,593,104
<b>Total Capital Assets</b>	<b>590,881</b>	<b>4,870,960</b>	<b>5,461,841</b>
<b>Total Assets</b>	<b>783,365</b>	<b>5,653,945</b>	<b>6,437,310</b>
<b>Liabilities</b>			
Current Liabilities:			
Accounts Payable	8,642	33,541	42,183
Accrued Interest	-	13,651	13,651
Construction Related Payables	-	1,814,728	1,814,728
Other Accrued Payables	1,849	4,095	5,944
Due To Other Funds	7,550	18,509	26,059
Customer Deposits	-	103,970	103,970
Bonds Payable	-	46,805	46,805
Capital Leases	13,187	-	13,187
<b>Total Current Liabilities</b>	<b>31,228</b>	<b>2,035,299</b>	<b>2,066,527</b>
Long Term Liabilities:			
Bonds Payable	-	1,169,983	1,169,983
Capital Leases	27,819	-	27,819
<b>Total Long Term Liabilities</b>	<b>27,819</b>	<b>1,169,983</b>	<b>1,197,802</b>
<b>Total Liabilities</b>	<b>59,047</b>	<b>3,205,282</b>	<b>3,264,329</b>
<b>Net Assets</b>			
Invested in Capital Assets, Net of Related Debt	549,875	1,839,444	2,389,319
Restricted for:			
Capital Projects and Debt Service	-	277,422	277,422
Unrestricted	174,443	331,797	506,240
<b>Total Net Assets</b>	<b>\$ 724,318</b>	<b>\$ 2,448,663</b>	<b>\$ 3,172,981</b>

The accompanying notes are an integral part of this statement.

**Village of Albany**  
**Statement of Activities**  
**For the year ended June 30, 2010**

	<u>Program Revenues</u>				<u>Net (Expenses) Revenues and Changes of Primary Government</u>		
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Capital Grants &amp; Contributions</u>	<u>Net (Expenses) Revenues</u>	<u>Governmental Activities</u>	<u>Business- Type Activities</u>	<u>Total</u>
<b>Governmental Activities</b>							
General Government	\$ 233,794	\$ 77,390	\$ -	\$ (156,404)	\$ (156,404)	\$ -	\$ (156,404)
Public Safety - Police	193,287	18,017	-	(175,270)	(175,270)	-	(175,270)
Public Works - Streets	123,169	-	10,000	(113,169)	(113,169)	-	(113,169)
Capital Lease Interest	1,939	-	-	(1,939)	(1,939)	-	(1,939)
<b>Total Governmental Activities</b>	<u>552,189</u>	<u>95,407</u>	<u>10,000</u>	<u>(446,782)</u>	<u>(446,782)</u>	<u>-</u>	<u>(446,782)</u>
<b>Business-type Activities</b>							
Water	452,797	491,036	-	38,239	-	38,239	38,239
Sewer	209,009	124,942	-	(84,067)	-	(84,067)	(84,067)
<b>Total Business-type Activities</b>	<u>\$ 661,806</u>	<u>\$ 615,978</u>	<u>\$ -</u>	<u>\$ (45,828)</u>	<u>-</u>	<u>(45,828)</u>	<u>(45,828)</u>
<b>General Revenues:</b>							
Taxes:							
Property Taxes					33,443	-	33,443
Sales Taxes					311,160	-	311,160
Franchise Taxes					42,429	-	42,429
Intergovernmental					33,569	-	33,569
Interest Income					76	189	265
Miscellaneous					1,154	5,128	6,282
Operating Transfers In (Out)					-	-	-
Gain on Sale of Assets					800	-	800
<b>Total General Revenues</b>					<u>422,631</u>	<u>5,317</u>	<u>427,948</u>
<b>Change in Net Assets</b>					<u>(24,151)</u>	<u>(40,511)</u>	<u>(64,662)</u>
<b>Net Assets - Beginning</b>					748,469	2,484,424	3,232,893
Prior Period Adjustments (Note 17)					-	4,750	4,750
<b>Net Assets - Beginning (Restated)</b>					<u>748,469</u>	<u>2,489,174</u>	<u>3,237,643</u>
<b>Net Assets - Ending</b>					<u>\$ 724,318</u>	<u>\$ 2,448,663</u>	<u>\$ 3,172,981</u>

The accompanying notes are an integral part of this statement.

# Basic Financial Statements

## Fund Financial Statements

**Village of Albany**  
**Balance Sheet, Governmental Funds**  
**As of June 30, 2010**

**Statement C**

	<u>General Fund</u>		<u>Total Governmental Funds</u>
<b>Assets</b>			
Cash and Equivalents	\$ 137,241	\$	137,241
Receivables, Net:			
Franchise Taxes	9,937		9,937
Sales Taxes	25,285		25,285
Other	1,512		1,512
Due From Other Funds	18,509		18,509
<b>Total Assets</b>	<u>\$ 192,484</u>	<u>\$</u>	<u>192,484</u>
<b>Liabilities and Fund Balances</b>			
<b>Liabilities:</b>			
Accounts Payable	\$ 8,642	\$	8,642
Other Accrued Liabilities	1,849		1,849
Due to Other Funds	7,550		7,550
<b>Total Liabilities</b>	<u>18,041</u>		<u>18,041</u>
<b>Fund Balances:</b>			
Unreserved Fund Balances	174,443		174,443
Reserved Fund Balances	-		-
<b>Total Fund Balances</b>	<u>174,443</u>		<u>174,443</u>
<b>Total Liabilities and Fund Balances</b>	<u>\$ 192,484</u>	<u>\$</u>	<u>192,484</u>

The accompanying notes are an integral part of this statement.

**Statement D**

**Village of Albany  
Reconciliation of the Governmental Funds Balance Sheet  
to the Government-Wide Financial Statement of Net Assets  
As of June 30, 2010**

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

<b>Fund Balances, Total Governmental Funds (Statement C)</b>	<b>\$ 174,443</b>
Capital assets used in governmental activities are not financial resources and are therefore not reported in the governmental funds.	
Governmental capital assets net of depreciation	590,881
Long-term liabilities including bonds payable, loans payable, and compensated absences are not due and payable in the current period and, therefore, are not reported in the governmental funds.	
Capital Leases Payable	(41,006)
<b>Net Assets of Governmental Activities (Statement A)</b>	<b>\$ <u>724,318</u></b>

The accompanying notes are an integral part of this statement.

**Village of Albany**  
**Statement of Revenues, Expenditures and**  
**Changes in Fund Balances**  
**For the year ended June 30, 2010**

**Statement E**

	<u>General</u> <u>Fund</u>		<u>Total</u> <u>Governmental</u> <u>Funds</u>
<b>Revenues</b>			
Taxes	\$ 387,032	\$	387,032
Licenses and Permits	77,390		77,390
Intergovernmental	17,496		17,496
Fines and Forfeitures	18,017		18,017
Grants	26,073		26,073
Interest	76		76
Miscellaneous	1,954		1,954
<b>Total Revenues</b>	<u>528,038</u>		<u>528,038</u>
<b>Expenditures</b>			
General Government	226,470		226,470
Public Safety:			
Police	177,300		177,300
Public Works - Streets	96,621		96,621
Capital Outlays	158,880		158,880
<b>Total Expenditures</b>	<u>659,271</u>		<u>659,271</u>
<b>Excess (Deficiency) of Revenues Over</b>			
<b>(Under) Expenditures</b>	<u>(131,233)</u>		<u>(131,233)</u>
<b>Other Financing Sources (Uses)</b>			
Operating Transfers In	-		-
Operating Transfers (Out)	-		-
Capital Lease Payments	(14,667)		(14,667)
<b>Total Other Financing Sources (Uses)</b>	<u>(14,667)</u>		<u>(14,667)</u>
<b>Net Change in Fund Balances</b>	<u>(145,900)</u>		<u>(145,900)</u>
<b>Fund Balances, Beginning</b>	<u>320,343</u>		<u>320,343</u>
<b>Fund Balances, Ending</b>	<u>\$ 174,443</u>	\$	<u>174,443</u>

The accompanying notes are an integral part of this statement.

**Village of Albany**  
**Reconciliation of the Statement of Revenues, Expenditures,**  
**and Changes in Fund Balances of Governmental Funds**  
**to the Statement of Activities**  
**For the year ended June 30, 2010**

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

**Net Change in Fund Balances, Total Governmental Funds, Statement E** **\$ (145,900)**

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of these assets are allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.

Expenditures for capital assets	\$ 158,880	
Less:		
Current year depreciation	<u>(49,859)</u>	109,021

Repayment of capital lease principal is an expenditure in governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.

Principal payments - capital leases		<u>12,728</u>
-------------------------------------	--	---------------

**Change in Net Assets of Governmental Activities, Statement B** **\$ (24,151)**

The accompanying notes are an integral part of this statement.

**Village of Albany**  
**Statement of Net Assets - Proprietary Funds**  
**As of June 30, 2010**

**Statement G**

	<b>Enterprise Fund</b>
<b>Assets</b>	
Current Assets:	
Cash and Cash Equivalents	\$ 284,223
Receivables, Net:	
Accounts	96,169
Due From Other Funds	7,550
<b>Total Current Assets</b>	<b>387,942</b>
Restricted Assets:	
Restricted Cash and Cash Equivalents	395,043
<b>Total Restricted Assets</b>	<b>395,043</b>
Property, Plant, and Equipment	
Land	50,429
Construction in Progress	1,807,958
Property, Plant and Equipment, Net	3,012,573
<b>Total Property, Plant, and Equipment</b>	<b>4,870,960</b>
<b>Total Assets</b>	<b>5,653,945</b>
<b>Liabilities</b>	
Current Liabilities (Payable From Current Assets):	
Accounts Payable	33,541
Other Accrued Payables	4,095
Due To Other Funds	18,509
<b>Total Current Liabilities (Payable From Current Assets)</b>	<b>56,145</b>
Current Liabilities (Payable From Restricted Assets):	
Customer Deposits	103,970
Accrued Interest	13,651
Contractor Payable	225,461
Retainage Payable	66,052
Construction Financing Payable	1,523,215
Revenue Bonds Payable	46,805
<b>Total Current Liabilities (Payable From Restricted Assets)</b>	<b>1,979,154</b>
Long Term Liabilities:	
Bonds Payable	1,169,983
<b>Total Long Term Liabilities</b>	<b>1,169,983</b>
<b>Total Liabilities</b>	<b>3,205,282</b>
<b>Net Assets</b>	
Invested in Capital Assets, Net of Related Debt	1,839,444
Restricted for:	
Capital Projects and Debt Service	277,422
Unrestricted	331,797
<b>Total Net Assets</b>	<b>\$ 2,448,663</b>

The accompanying notes are an integral part of this statement.

**Village of Albany**  
**Statement of Revenues, Expenses and**  
**Changes in Net Assets - Proprietary Funds**  
**For the year ended June 30, 2010**

**Statement H**

	<b>Enterprise Fund</b>
<b>Operating Revenues</b>	
Water Sales	\$ 458,266
Sewer Service Charges	124,292
Other	38,548
<b>Total Operating Revenues</b>	621,106
 <b>Operating Expenses</b>	
Salaries and Wages	118,045
Employee Benefits	25,678
Billing Costs	32,156
Depreciation	162,022
Insurance	25,996
Professional Fees	28,650
Repairs and Maintenance	90,805
Supplies	8,801
Utilities	46,175
Vehicle Expenses	18,396
Other	40,281
<b>Total Operating Expenses</b>	597,005
<b>Operating Income (Loss)</b>	24,101
 <b>Nonoperating Revenues (Expenses)</b>	
Interest Income	189
Interest Expense	(64,801)
<b>Total Nonoperating Revenues (Expenses)</b>	(64,612)
 <b>Income (Loss) Before Transfers</b>	(40,511)
<b>Transfers</b>	
Operating Transfers In	-
Operating Transfers Out	-
<b>Change in Net Assets</b>	(40,511)
<b>Net Assets, Beginning</b>	
Before Prior Period Adjustments	2,484,424
Prior Period Adjustments	4,750
Net Assets, Beginning after Prior Period Adjustments	2,489,174
<b>Total Net Assets, Ending</b>	\$ 2,448,663

The accompanying notes are an integral part of this statement.

**Village of Albany**  
**Statement of Cash Flows**  
**Proprietary Funds**  
**For the year ended June 30, 2010**

**Statement I**

	<u>Enterprise Fund</u>
<b>Cash Flows From Operating Activities</b>	
Received From Customers	\$ 559,034
Received for Meter Deposit Fees	11,770
Other Receipts	38,548
Payments for Interfund Services	18,509
Payments for Operations	(266,781)
Payments to Employees	(143,723)
Net Cash Provided (Used) by Operating Activities	<u>217,357</u>
<b>Cash Flows From Capital and Related Financing Activities</b>	
(Payments for) Capital Acquisitions	9,980
Principal Proceeds from (Repayments for) Long Term Debt	(44,459)
Interest Payments for Long Term Debt	(65,390)
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(99,869)</u>
<b>Cash Flows From Investing Activities</b>	
Receipt of Interest	<u>189</u>
Net Cash Provided (Used) by Investing Activities	<u>189</u>
<b>Net Cash Increase (Decrease) in Cash and Cash Equivalents</b>	117,677
<b>Cash and Cash Equivalents, Beginning of Year</b>	<u>561,589</u>
<b>Cash and Cash Equivalents, End of Year</b>	<u>\$ 679,266</u>
<b>Reconciliation of Cash and Cash Equivalents to the Statement of Net Assets:</b>	
Cash and Cash Equivalents, Unrestricted	\$ 284,223
Cash and Cash Equivalents, Restricted	<u>395,043</u>
Total Cash and Cash Equivalents	<u>\$ 679,266</u>

The accompanying notes are an integral part of this statement.

**Village of Albany  
Statement of Cash Flows  
Proprietary Funds  
For the year ended June 30, 2010**

**Statement I**

		<u>Enterprise Fund</u>
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities</b>		
Operating Income (Loss)	\$	24,101
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by Operating Activities:		
Depreciation		162,022
(Increase) decrease in Accounts Receivable		(23,524)
(Increase) decrease in Due (to) and from Other Funds		18,509
Increase (decrease) in Accounts Payable		22,140
Increase (decrease) in Accrued Expenses		2,339
Increase (decrease) in Customer Deposits		<u>11,770</u>
Net Cash Provided by Operating Activities	\$	<u><u>217,357</u></u>

(Concluded)

The accompanying notes are an integral part of this statement.

**Basic Financial Statements**  
**Notes to the Financial Statements**

**Village of Albany**  
**Notes to the Financial Statements**  
**As of and for the Year Ended June 30, 2010**

**Introduction**

The Village of Albany, Louisiana was incorporated October 7, 1953, under provision of the Lawrason Act (LSA-RS33:321). The Village operates under a Mayor /Board of Aldermen form of government. The Mayor and each of three Aldermen are elected at large for four-year terms. The Mayor and Aldermen are compensated per diem for each meeting attended; in addition, the Mayor receives a salary. The Village is located approximately 30 miles east of Baton Rouge, Louisiana, on LA Highway 43 (Montpelier Avenue) north of Interstate 12, with U.S. Highway 190 intersecting the northern part of the Village. The Village's total population was 865, as reported by the U.S. Census Bureau, Census 2000. The Village provides police protection, services to maintain and develop streets, drainage, and sanitation, general and administrative services, and utilities services for areas residents. The Village provides services to 1,468 water customers and 351 sewer customers inside and outside of the Village limits. The Village employs six full-time employees in addition to the Mayor and Board of Aldermen.

Governmental Accounting Standards Board (GASB) Statement No. 14, *The Reporting Entity*, established criteria for determining the governmental reporting entity and component units that should be included within the reporting entity. Under provisions of this statement, the Village is considered a primary government, since it is a special purpose government that has a separately elected governing body, is legally separate, and is fiscally independent of other state and local governments. As used in GASB Statement No. 14, fiscally independent means that the Village may, without the approval or consent of another governmental entity, determine or modify its own budget, levy its own taxes or set rates or charges, and issue bonded debt. There are no component units which the Village of Albany has an oversight relationship.

**1. Summary of Significant Accounting Policies**

**A. Government-Wide and Fund Financial Statements**

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all non-fiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include: 1) charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are presented as separate columns in the fund financial statements.

**Village of Albany**  
**Notes to the Financial Statements**  
**As of and for the Year Ended June 30, 2010**

**B. Measurement Focus, Basis of Accounting, and Financial Statement Presentation**

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessment receivable, if any, due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The Village reports the following major governmental funds:

The *General Fund* is the Village's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The *Capital Projects Fund* accounts for financial resources received and used for the acquisition, construction, or improvement of capital facilities not reported in the other governmental funds. The Village did not report a *capital project fund* for the current fiscal year ended.

The Village reports the following major proprietary fund:

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

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The government has elected not to follow subsequent private-sector guidance.

**Village of Albany**  
**Notes to the Financial Statements**  
**As of and for the Year Ended June 30, 2010**

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule, if applicable, are payments-in-lieu of taxes and other charges between the government's enterprise operations. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the proprietary funds are user charges for the services provided by the enterprise funds. Operating expenses for enterprise funds and internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the Village's policy to use restricted resources first, then unrestricted resources as they are needed.

**C. Deposits and Investments**

The Village's cash and cash equivalents are considered to be cash on hand, demand deposits, time deposits, and short-term investments with original maturities of three months or less from the date of acquisition. State law and the Village's investment policy allow the Village to invest in collateralized certificates of deposit, government-backed securities, commercial paper, the state-sponsored investment pool, and mutual funds consisting solely of government-backed securities.

Investments for the Village are reported at fair market value. The state investment pool, LAMP, operates in accordance with state laws and regulations. The reported value of the pool is the same as the fair value of the pool shares.

**D. Receivables and Payables**

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

All trade and property tax receivables are shown net of an allowance for uncollectible amounts.

**Village of Albany**  
**Notes to the Financial Statements**  
**As of and for the Year Ended June 30, 2010**

Property taxes are levied on a calendar year basis and become due on January 1 of each year. The following is a summary of authorized and levied ad valorem taxes:

	<b>Authorized Millage</b>	<b>Levied Millage</b>	<b>Expiration Date</b>
General Corporate Purposes	6.65 mills	6.65 mills	None

Sales and use taxes are levied at one percent. The proceeds of these sales and use taxes are dedicated to general corporate purposes.

**E. Inventories and Prepaid Items**

All inventories are valued at cost using the first-in/first-out method. Inventories of the governmental funds are recorded as expenditures when consumed rather than when purchased. Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

**F. 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 because their use is limited by applicable bond covenants.

**G. Capital Assets**

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are capitalized at historical cost or estimated cost if historical cost is not available. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation. The Village maintains a threshold level of \$500 or more for capitalizing capital assets.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. For the current fiscal year, the Village did not incur construction period interest costs.

All capital assets, other than land, are depreciated using the straight-line method over the following useful lives:

<b>Description</b>	<b>Estimated Lives</b>
Buildings & Improvements	5 - 40 Years
Vehicles and Equipment	5 - 15 Years
Infrastructure	20 - 40 Years
Water System	5 - 40 Years
Sewer System	10 - 40 Years

**Village of Albany**  
**Notes to the Financial Statements**  
**As of and for the Year Ended June 30, 2010**

**H. Compensated Absences**

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

	Minimum Years of Service					
	1	5	10	15	20	25
Vacation Leave - Days Earned per Year	5	10	15	20	25	30

The Village employees are required to take all accrued vacation leave before December 31, of each year except those employees with ten or more years of service who may be paid up to a maximum of ten days of accrued vacation leave.

Each employee earns sick leave at a rate of 5/12<sup>th</sup> of a day for each month worked. Sick leave is accumulated for an indefinite period with a maximum of twenty-five 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.

In accordance with GASB-16, *Accounting for Compensated Absences*, no liability has been accrued for unused employee sick leave.

**I. Long-Term Obligations**

In the government-wide financial statements and the proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts as well as bond issuance costs during the current period. The face amount of the debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

**J. Fund Equity**

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

**K. Comparative Data/Reclassifications**

Certain amounts presented in the prior year data have been reclassified in order to be consistent with the current year's presentation.

**Village of Albany**  
**Notes to the Financial Statements**  
**As of and for the Year Ended June 30, 2010**

**L. Extraordinary and Special Items**

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events within the control of the Village, which are either unusual in nature or infrequent in occurrence.

**M. Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amount 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 reported period. Actual results could differ from those estimates.

**N. Reconciliations of Government-Wide and Fund Financial Statements**

Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net assets is presented in Statement D of the basic financial statements. Explanation of certain differences between the governmental fund statement of revenues, expenses, and changes in fund balances and the government-wide statement of activities is presented in Statement F of the basic financial statements.

**2. Stewardship, Compliance and Accountability**

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 and enterprise funds are adopted on a basis consistent with generally accepted accounting principles (GAAP). Budgets for enterprise funds are presented on the accrual basis of accounting. Other governmental funds are presented on the modified accrual basis of accounting. Accordingly, the budgetary comparison schedules present actual expenditures in accordance with the accounting principles generally accepted in the United States on a basis consistent with the legally adopted budgets as amended. All budgetary amounts presented reflect the original budget and the

**Village of Albany**  
**Notes to the Financial Statements**  
**As of and for the Year Ended June 30, 2010**

amended budget (which have been adjusted for legally authorized revisions of the annual budget during the year).

There were no variances that would result in unfavorable variances in violation of the Local Government Budget Act, for the fiscal year ended June 30, 2010.

**3. Cash and Cash Equivalents**

At June 30, 2010, the Village has cash and cash equivalents (book balances) as follows:

	<b>June 30, 2010</b>
Cash on Hand	\$ 25
Demand Deposits	734,310
Time and Savings Accounts	2,765
Louisiana Asset Management Pool (LAMP)	<u>79,407</u>
	<u>\$ 816,507</u>

These deposits are stated at cost, which approximates market. Custodial credit risk, as it relates to cash deposits, is the risk that in the event of a bank failure, the government's deposits may not be returned. Under state law, these deposits (or the 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, 2010, the Village has \$783,594 in deposits (collected bank balances other than LAMP), consisting of \$780,712 in demand deposits and \$2,882 in time and savings deposits. The demand deposits are secured by \$250,000 of federal deposit. The remaining \$530,712 on deposit is exposed to custodial credit risk because while the amount is secured by \$530,712 of pledged securities, such securities are held by the custodial bank in the name of the fiscal agent bank (GASB Category 3). The time and savings deposits are secured by federal deposit insurance.

Even though the pledged securities are considered uncollateralized (Category 3) under the provisions of GASB Statement 3, Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the Village that the fiscal agent has failed to pay deposited funds upon demand.

**Village of Albany**  
**Notes to the Financial Statements**  
**As of and for the Year Ended June 30, 2010**

**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

In the current year the Village did not have any assets classified as investments.

*Interest Rate Risk:* The Village does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value arising from increasing interest rates.

In accordance with GASB Codification Section 150.165, the investment in LAMP at June 30, 2010, 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 comprised of 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. The investments in LAMP are stated at fair value based on quoted market rates. The fair value is determined on a weekly basis by LAMP and the value of the position in the pool is the same as the value of the pool shares.

LAMP is subject to the regulator oversight of the State Treasurer and the Board of Directors. LAMP is not registered with the SEC as an investment company.

**Village of Albany**  
**Notes to the Financial Statements**  
**As of and for the Year Ended June 30, 2010**

**5. Receivables**

In the government-wide statements, receivables consist of all revenues earned at year-end and not yet received. Allowances for uncollectible accounts are based upon historical trends and the period aging and write-off of accounts receivable. Major receivables balances for the governmental activities include sales taxes, franchise taxes, occupational licenses, and fines. Business-type activities report utilities earnings as their major receivable.

In the fund financial statements, material receivables in governmental funds include revenue accruals such as sales tax, franchise taxes, occupational licenses, fines, and other similar intergovernmental revenues since they are usually both measurable and available. Non-exchange transactions collectible but not available are deferred in the fund financial statements in accordance with modified accrual, but not deferred in the government-wide financial statements in accordance with the accrual basis. Interest and investment earnings are recorded only if paid within 60 days since they would be considered both measurable and available. Proprietary fund revenues consist of all revenues earned at year-end and not yet received. Utility accounts receivable comprise the majority of proprietary fund receivables. Allowances for uncollectible accounts receivable are based upon historical trends and the periodic aging and write-off of accounts receivable.

The Governmental Fund receivables at June 30, 2010 consist of the following:

<b>Government Receivables</b>	<u><b>General Fund</b></u>	<u><b>Total</b></u>
Taxes:		
Public Utility Franchise	\$ 9,937	\$ 9,937
Sales and Use	25,285	25,285
Intergovernmental:		
State of Louisiana, Beer Tax	976	976
Other	536	536
<b>Total Government Receivables</b>	<u>\$ 36,734</u>	<u>\$ 36,734</u>

The Enterprise Fund accounts receivable at June 30, 2010 consist of the following:

	<b>Year Ended June 30, 2010</b>
Accounts Receivable	
Current	\$ 63,660
31 - 60 Days	3,784
61 - 90 Days	479
Over 90 Days	8,026
Subtotal	75,949
Less Allowance for Bad Debt	2,500
Accounts Receivables, Net	73,449
Accrued Billings	22,720
<b>Total Accounts Receivable</b>	<u>\$ 96,169</u>

**Village of Albany**  
**Notes to the Financial Statements**  
**As of and for the Year Ended June 30, 2010**

**6. Interfund Receivables/Payables**

The following is a list of interfund balances reported in the fund financial statements on June 30, 2010:

<b>Interfund Balances</b>	<b><u>Due From</u></b>	<b><u>Due To</u></b>
<b>General Fund</b>	<b><u>Other Funds</u></b>	<b><u>Other Funds</u></b>
Enterprise Fund	\$ 18,509	\$ 7,550
<b>Enterprise Fund</b>		
General Fund	<u>7,550</u>	<u>18,509</u>
<b>Total Interfund Balances</b>	<b><u>\$ 26,059</u></b>	<b><u>\$ 26,059</u></b>

The reason for the interfund receivables/payables balances is the General Fund pays the payroll expenses for the Enterprise Fund.

**7. Restricted Assets**

Restricted assets for the Enterprise Fund at June 30, 2010 were as follows:

	<b><u>June 30,</u></b>
	<b><u>2010</u></b>
Restricted Cash and Cash Equivalents	
Customer Deposits	\$ 132,340
Bond Reserve Account	132,096
Bond Contingency Account	88,330
Bond Redemption Account	35,905
Construction Account	<u>6,372</u>
<b>Total Restricted Assets</b>	<b><u>\$ 395,043</u></b>

Cash equal to customer deposits is restricted for repayment of such deposits. Cash in the Bond Accounts is restricted in accordance with the terms of the bonds. See Note 13 for further information on the restricted cash held related to the bonds. Cash currently held in the Construction Account relates to cash funded from the Bond Anticipation Notes for the Albany Waterline Improvement Project as described in Note 10 and is restricted for approved capital outlay related to the project.

**Village of Albany**  
**Notes to the Financial Statements**  
**As of and for the Year Ended June 30, 2010**

**8. Capital Assets**

Capital assets and depreciation activity as of and for the year ended June 30, 2010 for governmental activities is as follows:

<b>Governmental Activities Capital Assets:</b>	<b>Beginning Balance</b>	<b>Increases</b>	<b>Decreases</b>	<b>Ending Balance</b>
<b>Capital Assets Not Being Depreciated:</b>				
Land	\$ 10,350	\$ -	\$ -	\$ 10,350
<b>Total Capital Assets Not Being Depreciated</b>	<b>10,350</b>	<b>-</b>	<b>-</b>	<b>10,350</b>
<b>Capital Assets Being Depreciated:</b>				
Buildings	93,650	-	-	93,650
Improvements	75,419	127,493	-	202,912
Vehicles and Equipment	228,985	31,387	20,403	239,969
Infrastructure - Sidewalks	282,792	-	-	282,792
<b>Total Capital Assets Being Depreciated</b>	<b>680,846</b>	<b>158,880</b>	<b>20,403</b>	<b>819,323</b>
<b>Less Accumulated Depreciation for:</b>				
Buildings	19,316	2,341	-	21,657
Improvements	8,846	4,250	-	13,096
Vehicles and Equipment	123,407	29,128	20,403	132,132
Infrastructure - Sidewalks	57,767	14,140	-	71,907
<b>Total Accumulated Depreciation</b>	<b>209,336</b>	<b>49,859</b>	<b>20,403</b>	<b>238,792</b>
<b>Total Capital Assets Being Depreciated, Net</b>	<b>471,510</b>	<b>109,021</b>	<b>-</b>	<b>580,531</b>
<b>Total Governmental Activities Capital Assets, Net</b>	<b>\$ 481,860</b>	<b>\$ 109,021</b>	<b>\$ -</b>	<b>\$ 590,881</b>
Depreciation was charged to governmental functions as follows:				
General Government				\$ 7,324
Public Safety				15,987
Public Works				26,548
				<b>\$ 49,859</b>

Included in Vehicles and Equipment above is a John Deere 6430 tractor financed under a capital lease in the gross amount of \$73,734. Included in the related Accumulated Depreciation is the related accumulated depreciation of \$19,311.

**Village of Albany**  
**Notes to the Financial Statements**  
**As of and for the Year Ended June 30, 2010**

Capital assets and depreciation activity as of and for the year ended June 30, 2010 for business-type activities is as follows:

<b>Business - Type Activities Capital Assets:</b>	<b>Beginning Balance</b>	<b>Increases</b>	<b>Decreases</b>	<b>Ending Balance</b>
<b>Capital Assets Not Being Depreciated:</b>				
Land	\$ 50,429	\$ -	\$ -	\$ 50,429
Construction in Progress	8,260	1,799,698	-	1,807,958
<b>Total Capital Assets Not Being Depreciated</b>	<b>58,689</b>	<b>1,799,698</b>	<b>-</b>	<b>1,858,387</b>
<b>Capital Assets Being Depreciated:</b>				
Buildings and Improvements	47,130	3,950	-	51,080
Vehicles and Equipment	124,244	-	-	124,244
Water Utility System	2,108,332	1,100	-	2,109,432
Sewer Utility System	3,226,146	-	-	3,226,146
<b>Total Capital Assets Being Depreciated</b>	<b>5,505,852</b>	<b>5,050</b>	<b>-</b>	<b>5,510,902</b>
<b>Less Accumulated Depreciation for:</b>				
Buildings and Improvements	32,551	1,297	-	33,848
Vehicles and Equipment	111,687	3,139	-	114,826
Water Utility System	786,890	59,823	-	846,713
Sewer Utility System	1,405,179	97,763	-	1,502,942
<b>Total Accumulated Depreciation</b>	<b>2,336,307</b>	<b>162,022</b>	<b>-</b>	<b>2,498,329</b>
<b>Total Capital Assets Being Depreciated, Net</b>	<b>3,169,545</b>	<b>(156,972)</b>	<b>-</b>	<b>3,012,573</b>
<b>Total Business - Type Activities Capital Assets, Net</b>	<b>\$ 3,228,234</b>	<b>\$ 1,642,726</b>	<b>\$ -</b>	<b>\$ 4,870,960</b>

**9. Accounts, Salaries, and Other Payables**

Short term payables at June 30, 2010 are as follows:

	<b>General Fund</b>	<b>Enterprise Fund</b>	<b>Total</b>
Accounts	\$ 8,642	\$ 33,541	\$ 42,183
Accrued Interest	-	13,651	13,651
<b>Construction Related Payables</b>			
Contractor Payable	-	225,461	225,461
Retainage Payable	-	66,052	66,052
Construction Financing Payable	-	1,523,215	1,523,215
<b>Other Accrued Payables</b>			
Accrued Payroll Taxes	721	-	721
Accrued Retirement	-	-	-
Accrued Salaries	1,128	4,095	5,223
Other	-	-	-
<b>Total</b>	<b>\$ 10,491</b>	<b>\$ 1,866,015</b>	<b>\$ 1,876,506</b>

**Village of Albany**  
**Notes to the Financial Statements**  
**As of and for the Year Ended June 30, 2010**

**10. Short-Term Debt**

On April 8, 2010, the Village, pursuant to an ordinance adopted by the Board of Alderman on November 9, 2009, issued two Bond Anticipation Notes for the interim financing of an expansion of the water system (Albany Waterline Improvement Project). The notes were issued as two fully registered Notes numbered R-1 and R-2, in the denominations of \$3,151,000 and \$555,000 and bearing interest at the rate of 2.65% and 0% respectively. The Village received draws in the amount of \$968,215.03 on Note R-1 and \$555,000 on Note R-2. The notes will be refinanced with USDA funds as described in Note 12. Short-term debt activity for the year is summarized below.

	<u>Construction Payable</u>	<u>Total Short Term Debt</u>
Beginning Balance	\$ -	\$ -
Additions	1,523,215	1,523,215
Deletions	-	-
Ending Balance	<u>\$ 1,523,215</u>	<u>\$ 1,523,215</u>

The Village also has the current portion of revenue bonds payable to the U.S. Rural Utilities Service described in Note 12 and the current portion of the capital lease described in Note 11.

**11. Capital Leases**

The Village entered into a capital lease on a *John Deere 6430 Tractor* during the fiscal year ending June 30, 2009, totaling \$73,734. Total expected payments on the lease are as follows.

<u>Year Ending June 30,</u>	<u>Capital Lease</u>		
	<u>John Deere 6430 Tractor</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	
2011	\$ 13,187	\$ 1,480	\$ 14,667
2012	13,663	1,004	14,667
2013	14,156	511	14,667
	<u>\$ 41,006</u>	<u>\$ 2,995</u>	<u>\$ 44,001</u>

**12. Long-Term Obligations**

The following is a summary of long-term obligation transactions for the year ended June 30, 2010:

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total Long-Term Obligations</u>
	<u>Capital Leases</u>	<u>Revenue Bonds</u>	<u>Capital Leases</u>	<u>Revenue Bonds</u>	
Beginning Balance	\$ 53,734	\$ -	\$ -	\$ 1,261,247	\$ 1,314,981
Additions	-	-	-	-	-
Deletions	12,728	-	-	44,459	57,187
Ending Balance	<u>\$ 41,006</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,216,788</u>	<u>\$ 1,257,794</u>

**Village of Albany**  
**Notes to the Financial Statements**  
**As of and for the Year Ended June 30, 2010**

The following is a summary of the current (due in one year or less) and the long-term (due in more than one year) portions of the long-term obligations:

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total Long-Term Obligations</u>
	<u>Capital Leases</u>	<u>Revenue Bonds</u>	<u>Capital Leases</u>	<u>Revenue Bonds</u>	
Current Portion	\$ 13,187	\$ -	\$ -	\$ 46,805	\$ 59,992
Long-Term Portion	27,819	-	-	1,169,983	1,197,802
	<u>\$ 41,006</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,216,788</u>	<u>\$ 1,257,794</u>

At June 30, 2010, the Village of Albany also had a loan balance of \$1,523,215 for bond anticipation notes to finance construction costs of the Albany Waterline Improvement Project. Under a Letter of Conditions, dated January 18, 2007 with the United States Department of Agriculture (USDA), Rural Development, the Village is to be provided a maximum of \$3,706,000 in Rural Utilities Service loan funds, and a maximum of \$1,038,000 from a Rural Utilities Service Grant for completion of the construction project. The interim financing is categorized as short-term financing, with permanent financing to be provided by USDA, Rural Utilities Service (administered by USDA Rural Development).

Bonds Payable as of June 30, 2010 are as follows:

	<u>Bonds Payable End of Year</u>	<u>Due Within One Year</u>
Business Type Fund: \$ 523,000		
Water Revenue Bonds - RUS Bonds 91-01 sold to Rural Utility Service (RUS)		
Dated 4/4/1978 due in annual installments of principal and interest of \$5,000 to \$29,000 through 8/1/2017 interest at 5.00%	\$ 199,000	\$ 21,000
Business Type Fund: \$ 575,000		
Water Revenue Bonds - RUS Bonds 91-02 sold to Rural Utility Service (RUS)		
Dated 2/25/1988 due in annual installments of principal and interest of \$ 37,277 over a 40 year period with interest at 5.75%	409,573	13,726
Business Type Fund: \$ 455,000		
Sewer Revenue Bonds - RUS Bonds 92-03 sold to Rural Utility Service (RUS)		
Dated 4/13/1993 due in monthly installments of principal and interest of \$ 2,289 through April 13, 2033 with interest at 5.25%	364,316	8,541
Business Type Fund: \$ 75,000		
Sewer Revenue Bonds - RUS Bonds 92-05 sold to Rural Utility Service (RUS)		
Dated 4/13/1993 due in monthly installments of principal and interest of \$ 377 through April 13, 2033 with interest at 5.25%	59,949	1,413
Business Type Fund: \$ 191,000		
Water Revenue Bonds - RUS Bonds 06-01 sold to Rural Utility Service (RUS)		
Dated 10/17/2006 due in monthly installments of principal and interest of \$ 844 through October 17, 2046 with interest at 4.375%	183,950	2,125
	<u>\$ 1,216,788</u>	<u>\$ 46,805</u>

**Village of Albany**  
**Notes to the Financial Statements**  
**As of and for the Year Ended June 30, 2010**

The annual requirements to amortize all bonded debt outstanding at June 30, 2010, including interest payments of \$794,110 are as follows:

Year Ending June 30	Rural Utility Services					Total
	Water Bonds 91-01	Water Bonds 91-02	Sewer Bonds 92-03	Sewer Bonds 92-05	Water Bonds 06-01	
	\$ 523,000	\$ 575,000	\$ 455,000	\$ 75,000	\$ 191,000	
2011	\$ 30,425	\$ 37,277	\$ 27,468	\$ 4,527	\$ 10,131	\$ 109,828
2012	30,350	37,277	27,468	4,527	10,131	109,753
2013	30,225	37,277	27,468	4,527	10,131	109,628
2014	30,050	37,277	27,468	4,527	10,131	109,453
2015	29,825	37,277	27,468	4,527	10,131	109,228
2016 to 2020	90,400	186,386	137,340	22,635	50,653	487,414
2021 to 2025	-	186,386	137,340	22,635	50,653	397,014
2026 to 2030	-	111,832	137,340	22,635	50,653	322,460
2031 to 2035	-	-	77,826	12,827	50,653	141,306
2036 to 2040	-	-	-	-	50,653	50,653
2041 to 2045	-	-	-	-	50,653	50,653
2046 to 2047	-	-	-	-	13,508	13,508
	<u>\$ 241,275</u>	<u>\$ 670,989</u>	<u>\$ 627,186</u>	<u>\$ 103,367</u>	<u>\$ 368,081</u>	<u>\$ 2,010,898</u>

**13. Flow of Funds, Restrictions on Use – Utilities Revenues**

Long-term debt as of June 30, 2010 consists of five utility bonds as described in the Long Term Obligations footnote (Note 12). The terms and details of each revenue bond issue are described below.

The voters of the Village of Albany, Louisiana originally approved the issuance of \$530,000 Utility Revenue Bonds in an election held May 7, 1977. The governing authority subsequently adopted resolutions on July 12, 1977, August 9, 1977, and January 5, 1978, authorizing issuance of \$523,000 of Utility Revenue Bonds. The proceeds of the bonds were 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 Utilities 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 years payable with interest at the rate of five percent 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. Under the terms of the bond proceeds to the Village, the revenue bonds are secured in regards to payment of principal and interest by the revenues derived from the operation of the water 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.

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 Utilities Service (RUS) at the authorized issue amount of \$575,000 and are due in forty annual payments with interest calculated on unpaid principal at a rate of five and three-fourths percent 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. Under the terms of the bond proceeds to the Village, the revenue bonds are secured in regards to payment

**Village of Albany**  
**Notes to the Financial Statements**  
**As of and for the Year Ended June 30, 2010**

of principal and interest by the revenues derived from the operation of the water 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.

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 Utilities Service (RUS) at separate revenue bond issue amounts of \$455,000 and \$75,000 (totaling \$530,000) and are due in monthly installments of \$2,666 (\$2,289 for the \$455,000 bonds and \$377 for the \$75,000 bonds) for forty years with interest at a rate of five and one-fourth percent 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 secured in regards to payment of principal and interest by the revenues derived from the operation of the sewer 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.

A resolution authorizing the issuance of \$191,000 of Water Revenue Bonds of the Village of Albany, Louisiana, State of Louisiana, for the construction and completion of water improvements was adopted February 13, 2006. The bonds were sold to Rural Utilities Service (RUS) at \$191,000 and are due in monthly installments of \$844 for forty years with interest at a rate of 4.375 percent 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 secured in regards to payment of principal and interest by the revenues derived from the operation of the water 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.

Principal payments of \$9,445 and interest payments of \$22,546 were made on the sewer bonds. The gross sewer utility revenue recognized during the current year was \$124,942. Principal payments of \$35,014 and interest payments of \$42,844 were made on the water bonds. The gross water utility revenue recognized during the current year was \$496,164.

Provisions of the utility revenue bonds require deposit of funds on a monthly basis to provide additional security for payment of bond sinking fund installments and to provide a reserve for system repairs and enhancements. Requirements and funding of these reserves are as follows:

Each month there will be set aside into a fund called "Bond and Interest Sinking (Redemption) Fund" a sum equal to one-twelfth of the interest due on the next interest payment due, and, in addition, a sum equal to one-twelfth 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, 2010, the Sinking Fund account balance was \$35,905, and was fully funded.

There shall also be set aside into a "Utility System Bond Reserve Fund" a sum equal to five percent of the monthly bond payment, or \$534 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, 2010, the Reserve Fund maintained a balance of \$132,096 and was fully funded, exceeding the highest annual debt service of \$128,124 in succeeding years.

Funds will also be set into a "Depreciation and Contingency Fund" after completion of the project at the rate of \$849 per month until the balance in this fund amounts to the maximum required by RUS. Money

**Village of Albany**  
**Notes to the Financial Statements**  
**As of and for the Year Ended June 30, 2010**

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. During the fiscal year ending June 30, 2010, the Depreciation and Contingency Fund payments were made and the account was fully funded at June 30, 2010, with a balance of \$88,330.

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. Condensed Utility Financial Information**

The Village of Albany has bonds for its water and sewer departments inside its Enterprise Fund with separate revenue streams funding the repayment of those bonds as described in Note 13. The schedule of net assets for the Enterprise Fund has been combined across departments due to the combined accounts for billing receivables and accruing liabilities. This common accounting prevents practical segregation and it is not feasible to extract statement of net asset information in a departmental only presentation. However, capital assets by department can be seen in Note 8.

A condensed schedule of changes for the year ended June 30, 2010 is shown below.

**Condensed Combining Schedule of Revenues, Expenses and Changes in Net Assets**  
**Proprietary Fund Type, Utility Departments**  
**For the year ended June 30, 2010**

	<u>Water</u>	<u>Sewer</u>	<u>Total</u>
<b>Operating Revenues</b>			
Water Sales	\$ 458,266	\$ -	\$ 458,266
Sewer Service Charges	-	124,292	124,292
Other	37,898	650	38,548
<b>Total Operating Revenues</b>	<u>496,164</u>	<u>124,942</u>	<u>621,106</u>
<b>Operating Expenses</b>			
Employee Expenses	111,516	32,207	143,723
Depreciation	62,041	99,981	162,022
Other Operating Expenses	237,020	54,240	291,260
<b>Total Operating Expenses</b>	<u>410,577</u>	<u>186,428</u>	<u>597,005</u>
<b>Operating Income (Loss)</b>	<u>85,587</u>	<u>(61,486)</u>	<u>24,101</u>
<b>Total Nonoperating Revenues (Expenses)</b>	<u>(42,031)</u>	<u>(22,581)</u>	<u>(64,612)</u>
<b>Change in Net Assets</b>	<u>43,556</u>	<u>(84,067)</u>	<u>(40,511)</u>
<b>Total Net Assets, Beginning</b>			
Before Prior Period Adjustments			2,484,424
Prior Period Adjustments			4,750
Net Assets, Beginning after Prior Period Adjustments			<u>2,489,174</u>
<b>Total Net Assets, Ending</b>			<u>\$ 2,448,663</u>

**Village of Albany**  
**Notes to the Financial Statements**  
**As of and for the Year Ended June 30, 2010**

**15. Pension Plans**

The Village of Albany 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 three percent for each employee's annual income. Retirement expense for the year ended June 30, 2010 was \$4,120 for the General Fund and \$2,581 for the Utility Fund.

**16. Reserved and Designated Fund Balances/Net Assets**

At June 30, 2010, the proprietary fund had restricted net assets of \$277,422, representing the Village's funds restricted by revenue bond debt covenants and contracts with customers for meter deposits, net of the related liability.

**17. Prior Period Adjustments**

In the Enterprise Fund, a prior period adjustment of \$4,750 was made correcting and reducing the customer meter deposit payable balance. This prior period adjustment corrected beginning net assets in the Enterprise Fund from \$2,484,424 to \$2,489,174.

**18. Risk Management**

The Village is exposed to various risks of loss related to theft, damage, or destruction of assets, torts, injuries, natural disasters, and many other unforeseeable events. The Village purchases commercial insurance policies and bonds for claims related to the aforementioned risks. The Village's payment of the insurance policy deductible is the only liability associated with these policies and bonds. There has been no significant decrease in insurance coverage from the prior year, and the amount of settlements has not exceeded the insurance coverage for the past three fiscal years.

**19. Contingent Liabilities**

At June 30, 2010, the Village was not involved in any outstanding litigation or claims.

**20. On-Behalf Payments for Fringe Benefits and Salaries**

For the fiscal year ended June 30, 2010, the State of Louisiana made on behalf payments in the form of supplemental pay to the Village's policemen. In accordance with GASB 24, the Village recorded \$13,275 of on behalf payments as revenue and as an expenditure in the General Fund.

**Village of Albany**  
**Notes to the Financial Statements**  
**As of and for the Year Ended June 30, 2010**

**21. Construction Commitments**

As previously noted, the Village received an award from the United States Department of Agriculture (USDA), Rural Utilities Service related to the Albany Waterline Improvement Project, for a loan/grant program not to exceed \$4,776,500 (administered by USDA, Rural Development). The award consists of a Rural Development Grant totaling \$1,038,000, a Rural Development Loan not to exceed \$3,706,000, with \$32,500 provided by applicant contributions. The Village obtained the required number of signups for the Holden Extension construction project and secured interim financing as outlined in footnote 10. On February 22, 2010 the Village entered into three construction contracts related to this project. On March 18, 2010 the Village entered into a purchase contract related to the project. The following details relate to the projected costs of the project along with the amount spent to date and the related commitments.

<u>Descriptions</u>	<u>Projected Costs</u>	<u>Amount Paid or Payable to Date</u>	<u>Remaining Commitment</u>
Equipment	\$ 86,760	\$ 29,790	\$ 56,970
South I-12 Albany Area	1,791,800	972,669	919,130
Holden Area	1,090,292	343,377	746,915
Albany Area	675,486	110,200	565,286
Engineering and Inspection	460,929	295,095	165,833
Construction Interest	239,205	-	239,205
Other Costs	352,022	57,425	294,597
Total Projected Costs	<u>\$ 4,696,494</u>	<u>\$ 1,808,556</u>	<u>\$ 2,987,936</u>

**22. Subsequent Events**

Subsequent events have been evaluated by management through December 22, 2010.

## Required Supplemental Information (Part II)

## Schedule 1

**Village of Albany**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual**  
**General Fund - Detail**  
**For the year ended June 30, 2010**

	Budgeted Amounts		Actual Amounts GAAP Basis	Variance Favorable (Unfavorable)
	Original	Final		
<b>Taxes</b>				
Ad Valorem	\$ 30,000	\$ 33,500	\$ 33,443	\$ (57)
Sales Taxes	325,000	318,000	311,160	(6,840)
Franchise Taxes	49,000	43,000	42,429	(571)
<b>Total Taxes</b>	404,000	394,500	387,032	(7,468)
<b>Intergovernmental and Grants</b>				
State Grants	30,000	36,800	26,073	(10,727)
Louisiana Beer Tax Distribution	3,500	3,500	4,221	721
Supplemental Pay - Police	15,300	13,500	13,275	(225)
<b>Total Intergovernmental and Grants</b>	48,800	53,800	43,569	(10,231)
<b>Miscellaneous Revenues</b>				
Licenses and Permits	90,000	75,000	77,390	2,390
Fines and Forfeitures	45,000	20,000	18,017	(1,983)
Interest	1,000	100	76	(24)
Miscellaneous	500	2,000	1,954	(46)
<b>Total Miscellaneous Revenues</b>	136,500	97,100	97,437	337
<b>Total Revenues</b>	589,300	545,400	528,038	(17,362)

(Continued)

See independent auditor's report.

## Schedule I

**Village of Albany**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual**  
**General Fund - Detail**  
**For the year ended June 30, 2010**

	<u>Budgeted Amounts</u>		<u>Actual Amounts GAAP Basis</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>		<u>Favorable (Unfavorable)</u>
<b>General Government</b>				
Salaries	105,910	92,100	90,764	1,336
Benefits	17,500	15,500	14,536	964
Payroll Taxes	24,500	21,500	20,621	879
Insurance	52,200	52,500	43,755	8,745
Other operating	30,650	27,850	28,552	(702)
Professional Fees	32,000	25,000	24,704	296
Repairs and Maintenance	4,500	5,800	1,679	4,121
Telephone	1,800	1,800	1,859	(59)
<b>Total General Government</b>	<u>269,060</u>	<u>242,050</u>	<u>226,470</u>	<u>15,580</u>
<b>Public Safety:</b>				
Police				
Salaries	177,300	133,500	131,757	1,743
Benefits	5,500	3,000	2,856	144
Other operating	14,500	9,300	8,733	567
Supplies	1,000	1,000	1,088	(88)
Telephone	7,200	8,600	5,793	2,807
Utilities	-	-	2,827	(2,827)
Vehicle Expenses	32,000	27,000	24,246	2,754
<b>Total Police</b>	<u>237,500</u>	<u>182,400</u>	<u>177,300</u>	<u>5,100</u>
<b>Public Works</b>				
Salaries	-	32,000	33,097	(1,097)
Other operating	7,120	12,700	6,640	6,060
Repairs and Maintenance	1,000	-	8,829	(8,829)
Supplies	1,800	1,800	31,937	(30,137)
Utilities	18,500	16,700	16,118	582
Vehicle Expenses	1,500	-	-	-
<b>Total Public Works</b>	<u>29,920</u>	<u>63,200</u>	<u>96,621</u>	<u>(33,421)</u>
<b>Capital Outlays</b>	<u>95,000</u>	<u>196,000</u>	<u>158,880</u>	<u>37,120</u>
<b>Total Expenditures</b>	<u>631,480</u>	<u>683,650</u>	<u>659,271</u>	<u>24,379</u>
<b>Excess Revenues (Expenditures)</b>	<u>(42,180)</u>	<u>(138,250)</u>	<u>(131,233)</u>	<u>7,017</u>
<b>Other Financing Sources (Uses)</b>				
Operating Transfers In	-	-	-	-
Operating Transfers (Out)	(70,000)	-	-	-
Capital Lease Payments	(14,667)	(14,800)	(14,667)	133
<b>Total Other Financing Sources (Uses)</b>	<u>(84,667)</u>	<u>(14,800)</u>	<u>(14,667)</u>	<u>133</u>
<b>Net Change in Fund Balances</b>	<u>(126,847)</u>	<u>(153,050)</u>	<u>(145,900)</u>	<u>7,150</u>
<b>Fund Balances, Beginning</b>	<u>320,343</u>	<u>320,343</u>	<u>320,343</u>	<u>-</u>
<b>Fund Balances, Ending</b>	<u>\$ 193,496</u>	<u>\$ 167,293</u>	<u>\$ 174,443</u>	<u>\$ 7,150</u>

(Concluded)

See independent auditor's report.

## Other Supplemental Schedules

**Village of Albany**  
**Comparative Schedule of Net Assets**  
**Proprietary Fund Type**  
**As of June 30, 2010 and 2009**

	Enterprise Funds	
	2010	2009 (Restated)
<b>Assets</b>		
Current Assets:		
Cash and Cash Equivalents	\$ 284,223	\$ 179,454
Receivables, Net :		
Accounts	96,169	72,645
Due From Other Funds	7,550	7,550
Total Current Assets	<u>387,942</u>	<u>259,649</u>
Restricted Assets:		
Restricted Cash and Cash Equivalents	395,043	382,135
Total Restricted Assets	<u>395,043</u>	<u>382,135</u>
Property, Plant, and Equipment		
Land	50,429	50,429
Construction in Progress	1,807,958	8,260
Property, Plant and Equipment, Net	3,012,573	3,169,545
Total Property, Plant, and Equipment	<u>4,870,960</u>	<u>3,228,234</u>
<b>Total Assets</b>	<u>5,653,945</u>	<u>3,870,018</u>
<b>Liabilities</b>		
Current Liabilities (Payable From Current Assets):		
Accounts Payable	33,541	11,401
Other Accrued Payables	4,095	1,756
Due To Other Funds	18,509	-
Total Current Liabilities (Payable From Current Assets)	<u>56,145</u>	<u>13,157</u>
Current Liabilities (Payable From Restricted Assets):		
Customer Deposits	103,970	92,200
Accrued Interest	13,651	14,240
Contractor Payable	225,461	-
Retainage Payable	66,052	-
Construction Financing Payable	1,523,215	-
Revenue Bonds Payable	46,805	43,555
Total Current Liabilities (Payable From Restricted Assets)	<u>1,979,154</u>	<u>149,995</u>
Long Term Liabilities:		
Bonds Payable	1,169,983	1,217,692
Total Long Term Liabilities	<u>1,169,983</u>	<u>1,217,692</u>
<b>Total Liabilities</b>	<u>3,205,282</u>	<u>1,380,844</u>
<b>Net Assets</b>		
Invested in Capital Assets, Net of Related Debt	1,839,444	1,966,987
Restricted for:		
Capital Projects and Debt Service	277,422	275,695
Unrestricted	331,797	246,492
<b>Total Net Assets</b>	<u>\$ 2,448,663</u>	<u>\$ 2,489,174</u>

See independent auditor's report.

## Schedule 3

**Village of Albany**  
**Comparative Schedule of Revenues, Expenses, and Changes in Net Assets**  
**Proprietary Fund Type**  
**For the years ended June 30, 2010 and 2009**

	Enterprise Funds	
	2010	2009 (Restated)
<b>Operating Revenues</b>		
Water Sales	\$ 458,266	\$ 382,511
Sewer Service Charges	124,292	114,687
Other	38,548	34,751
<b>Total Operating Revenues</b>	<u>621,106</u>	<u>531,949</u>
<b>Operating Expenses</b>		
Salaries and Wages	118,045	98,292
Employee Benefits	25,678	21,231
Billing Costs	32,156	21,600
Depreciation	162,022	168,434
Insurance	25,996	22,919
Professional Fees	28,650	31,202
Repairs and Maintenance	90,805	73,636
Supplies	8,801	7,059
Utilities	46,175	46,039
Vehicle Expenses	18,396	19,605
Other	40,281	40,196
<b>Total Operating Expenses</b>	<u>597,005</u>	<u>550,213</u>
<b>Operating Income (Loss)</b>	<u>24,101</u>	<u>(18,264)</u>
<b>Nonoperating Revenues (Expenses)</b>		
Interest Income	189	2,368
Interest Expense	(64,801)	(66,666)
<b>Total Nonoperating Revenues (Expenses)</b>	<u>(64,612)</u>	<u>(64,298)</u>
<b>Transfers</b>		
Transfers In (Out)	-	63,752
<b>Change in Net Assets</b>	<u>(40,511)</u>	<u>(18,810)</u>
<b>Total Net Assets, Beginning</b>		
Before Prior Period Adjustments	2,484,424	2,490,984
Prior Period Adjustments	4,750	17,000
Net Assets, Beginning after Prior Period Adjustments	<u>2,489,174</u>	<u>2,507,984</u>
<b>Total Net Assets, Ending</b>	<u>\$ 2,448,663</u>	<u>\$ 2,489,174</u>

See independent auditor's report.

**Village of Albany**  
**Comparative Schedule of Cash Flows**  
**Proprietary Fund Type**  
**For the Years Ended June 30, 2010 and 2009**

	<b>Enterprise Fund</b>	
	<b>2010</b>	<b>2009</b>
<b>Cash Flows From Operating Activities</b>		
Received From Customers	\$ 559,034	\$ 483,245
Received for Meter Deposit Fees	11,770	7,540
Other Receipts	38,548	34,751
Received (Payments) for Interfund Services	18,509	(19,787)
Payments for Operations	(266,781)	(265,248)
Payments to Employees	(143,723)	(119,523)
Net Cash Provided by Operating Activities	<u>217,357</u>	<u>120,978</u>
<b>Cash Flows From Noncapital Financing Activities</b>		
Transfers From (To) Other Funds	-	63,752
Net Cash (Used) by Noncapital Financing Activities	<u>-</u>	<u>63,752</u>
<b>Cash Flows From Capital and Related Financing Activities</b>		
(Payments for) Financed Capital Acquisitions	9,980	(35,765)
Principal Proceeds from (Repayments for) Long Term Debt	(44,459)	(42,184)
Interest Payments for Long Term Debt	(65,390)	(67,639)
Net Cash (Used) by Capital and Related Financing Activities	<u>(99,869)</u>	<u>(145,588)</u>
<b>Cash Flows From Investing Activities</b>		
Receipt of Interest	189	2,368
Net Cash Provided by Investing Activities	<u>189</u>	<u>2,368</u>
<b>Net Cash Increase (Decrease) in Cash and Cash Equivalents</b>	117,677	41,510
<b>Cash and Cash Equivalents, Beginning of Year</b>	561,589	520,079
<b>Cash and Cash Equivalents, End of Year</b>	<u>\$ 679,266</u>	<u>\$ 561,589</u>
<b>Reconciliation of Cash and Cash Equivalents to the Statement of Net Assets:</b>		
Cash and Cash Equivalents, Unrestricted	\$ 284,223	\$ 179,454
Cash and Cash Equivalents, Restricted	395,043	382,135
Total Cash and Cash Equivalents	<u>\$ 679,266</u>	<u>\$ 561,589</u>

(Continued)

See independent auditor's report.

**Village of Albany**  
**Comparative Schedule of Cash Flows**  
**Proprietary Fund Type**  
**For the Years Ended June 30, 2010 and 2009**

	<u>Enterprise Fund</u>	
	<u>6/30/10</u>	<u>6/30/09</u>
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided (Used)</b>		
<b>by Operating Activities</b>		
Operating Income (Loss)	\$ 24,101	\$ (23,014)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided		
by Operating Activities:		
Depreciation	162,022	168,434
(Increase) decrease in Accounts Receivable	(23,524)	(9,203)
(Increase) decrease in Due (to) and from Other Funds	18,509	(19,787)
Increase (decrease) in Accounts Payable	22,140	(3,326)
Increase (decrease) in Accrued Expenses	2,339	334
Increase (decrease) in Customer Deposits	11,770	7,540
Net Cash Provided by Operating Activities	<u>\$ 217,357</u>	<u>\$ 120,978</u>

(Concluded)

See independent auditor's report.

## Schedule 5

**Village of Albany**  
**Combining Schedule of Revenues, Expenses and Changes in Net Assets**  
**Proprietary Fund Type, Utility Departments**  
**For the year ended June 30, 2010**

	<u>Water</u>	<u>Sewer</u>	<u>Total</u>
<b>Operating Revenues</b>			
Water Sales	\$ 458,266	\$ -	\$ 458,266
Sewer Service Charges	-	124,292	124,292
Other	37,898	650	38,548
<b>Total Operating Revenues</b>	<u>496,164</u>	<u>124,942</u>	<u>621,106</u>
<b>Operating Expenses</b>			
Salaries and Wages	88,089	29,956	118,045
Employee Benefits	23,427	2,251	25,678
Billing Costs	30,762	1,394	32,156
Depreciation	62,041	99,981	162,022
Insurance	25,996	-	25,996
Professional Fees	22,503	6,147	28,650
Repairs and Maintenance	63,000	27,805	90,805
Supplies	8,737	64	8,801
Utilities	29,054	17,121	46,175
Vehicle Expenses	18,396	-	18,396
Other	38,572	1,709	40,281
<b>Total Operating Expenses</b>	<u>410,577</u>	<u>186,428</u>	<u>597,005</u>
<b>Operating Income (Loss)</b>	<u>85,587</u>	<u>(61,486)</u>	<u>24,101</u>
<b>Nonoperating Revenues (Expenses)</b>			
Interest Income	189	-	189
Interest Expense	(42,220)	(22,581)	(64,801)
<b>Total Nonoperating Revenues (Expenses)</b>	<u>(42,031)</u>	<u>(22,581)</u>	<u>(64,612)</u>
<b>Income (Loss) Before Contributions and Transfers</b>	<u>43,556</u>	<u>(84,067)</u>	<u>(40,511)</u>
<b>Transfers</b>			
Operating Transfers In	-	-	-
Operating Transfers Out	-	-	-
<b>Change in Net Assets</b>	<u>43,556</u>	<u>(84,067)</u>	<u>(40,511)</u>
<b>Total Net Assets, Beginning</b>			
Before Prior Period Adjustments			2,484,424
Prior Period Adjustments			4,750
Net Assets, Beginning after Prior Period Adjustments			<u>2,489,174</u>
<b>Total Net Assets, Ending</b>			<u>\$ 2,448,663</u>

See independent auditor's report.

**Village of Albany**  
**Schedule of Revenues, Expenses and Changes in Net Assets**  
**Budget (GAAP Basis) and Actual, Proprietary Fund Type, Water Utility System**  
**For the year ended June 30, 2010**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<b>Operating Revenues</b>			
Water Sales	\$ 445,000	\$ 458,266	\$ 13,266
Other	56,800	37,898	(18,902)
<b>Total Operating Revenues</b>	<u>501,800</u>	<u>496,164</u>	<u>(5,636)</u>
<b>Operating Expenses</b>			
Salaries and Wages	85,500	88,089	(2,589)
Employee Benefits	22,800	23,427	(627)
Billing Costs	40,000	30,762	9,238
Depreciation	62,000	62,041	(41)
Insurance	26,000	25,996	4
Professional Fees	30,000	22,503	7,497
Repairs and Maintenance	52,500	63,000	(10,500)
Supplies	8,000	8,737	(737)
Utilities	28,500	29,054	(554)
Vehicle Expenses	18,800	18,396	404
Other	43,300	38,572	4,728
<b>Total Operating Expenses</b>	<u>417,400</u>	<u>410,577</u>	<u>6,823</u>
<b>Operating Income (Loss)</b>	<u>84,400</u>	<u>85,587</u>	<u>1,187</u>
<b>Nonoperating Revenues (Expenses)</b>			
Interest Income	200	189	(11)
Interest Expense	(45,500)	(42,220)	3,280
<b>Total Nonoperating Revenues (Expenses)</b>	<u>(45,300)</u>	<u>(42,031)</u>	<u>3,269</u>
<b>Income (Loss) Before Contributions and Transfers</b>	<u>39,100</u>	<u>43,556</u>	<u>4,456</u>
<b>Contributions and Transfers</b>			
Capital Contributions	-	-	-
Operating Transfers In	-	-	-
Operating Transfers Out	-	-	-
<b>Change in Net Assets</b>	<u>\$ 39,100</u>	<u>\$ 43,556</u>	<u>\$ 4,456</u>

See independent auditor's report.

## Schedule 7

**Village of Albany**  
**Schedule of Revenues, Expenses and Changes in Net Assets**  
**Budget (GAAP Basis) and Actual, Proprietary Fund Type, Sewer Utility System**  
**For the year ended June 30, 2010**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<b>Operating Revenues</b>			
Sewer Charges	\$ 124,000	\$ 124,292	\$ 292
Other	800	650	(150)
<b>Total Operating Revenues</b>	<u>124,800</u>	<u>124,942</u>	<u>142</u>
<b>Operating Expenses</b>			
Salaries and Wages	29,000	29,956	(956)
Employee Benefits	3,800	2,251	1,549
Billing Costs	2,000	1,394	606
Depreciation	100,000	99,981	19
Professional Fees	6,400	6,147	253
Repairs and Maintenance	9,000	27,805	(18,805)
Supplies	200	64	136
Utilities	16,500	17,121	(621)
Other	400	1,709	(1,309)
<b>Total Operating Expenses</b>	<u>167,300</u>	<u>186,428</u>	<u>(19,128)</u>
<b>Operating Income (Loss)</b>	<u>(42,500)</u>	<u>(61,486)</u>	<u>(18,986)</u>
<b>Nonoperating Revenues (Expenses)</b>			
Interest Expense	(22,500)	(22,581)	(81)
<b>Total Nonoperating Revenues (Expenses)</b>	<u>(22,500)</u>	<u>(22,581)</u>	<u>(81)</u>
<b>Change in Net Assets</b>	<u>\$ (65,000)</u>	<u>\$ (84,067)</u>	<u>\$ (19,067)</u>

See independent auditor's report.

Schedule 8

Village of Albany  
 Schedule of Water and Sewer Rates  
 Proprietary Fund Type  
 For the year ended June 30, 2010

Residential Rates - Inside City Limits		Commercial Rates - Inside City Limits	
\$ 12.65	- First 2,500 Gallons	\$ 35.00	- First 10,000 Gallons
1.40	- Per 1,000 Gallons of Water for the next 2,000 Gallons	1.00	- Per 1,000 Gallons of Water over 10,000 Gallons
1.10	- Per 1,000 Gallons of Water for the next 6,000 Gallons		
1.00	- Per 1,000 Gallons of Water over 10,000 Gallons		
Residential Rates - Outside City Limits		Commercial Rates - Outside City Limits	
\$ 18.00	- First 2,500 Gallons	\$ 40.00	- First 10,000 Gallons
2.00	- Per 1,000 Gallons of Water over 2,000 Gallons	2.00	- Per 1,000 Gallons of Water over 10,000 Gallons

  

Residential Rates		Commercial Rates	
\$ 18.00	- Flat fee plus \$0.80 per thousand Gallons	\$ 26.00	- Flat fee plus \$0.80 per thousand Gallons

Schedule of Number of Customers  
 Proprietary Fund Type  
 For the year ended June 30, 2010

	Residential	Commercial	Total
Water	1,415	53	1,468
Sewer	326	25	351
Total	1,741	78	1,819

## Schedule 9

**Village of Albany  
Schedule of Insurance  
For the year ended June 30, 2010**

<u>Insurance Company / Policy Number</u>	<u>Coverage</u>	<u>Amount</u>	<u>Period</u>	
			7/17/2009 to	7/17/2010
St. Paul Fire and Marine Insurance Company GP09312822	Commercial General Liability			
	General Total Limit	\$ 2,000,000		
	Products & Completed Work	2,000,000		
	Personal Injury Each Person	1,000,000		
	Advertising Injury - Each Person	1,000,000		
	Each Event Limit	1,000,000		
	Failure to supply limit	250,000		
	Medical expenses limit	-		
	Premises damage limit	500,000		
	Sewer back-up limit	250,000		
	Law Enforcement Liability:			
	Total Limit	2,000,000		
	Each Wrongful Act Limit	1,000,000		
	Each Wrongful Act Deductible	10,000		
	Public Entity Management Liability			
	Total Limit	2,000,000		
	Each Wrongful Act Deductible	5,000		
	Business Auto:			
	Liability Limit Per Accident	1,000,000		
	Uninsured Motorists Per Accident	1,000,000		
	Commercial Property:			
	Buildings	1,762,562		
	Personal Property	195,000		
	Equipment Breakdown Coverage			
	Expediting Expenses	250,000		
	Pollution Cleanup and Removal	250,000		
	Spoilage	250,000		
Risk Management, Inc. WC-153	Workers' Compensation	Statutory Limits	1/1/2009 to	1/1/2010
CNA Surety Bond 01507681	Fidelity Bond	5,000	10/15/2009 to	10/15/2010

**Schedule 10**

**Village of Albany  
Schedule of Compensation Paid to Board Members  
For the year ended June 30, 2010**

<u>Name</u>	<u>Address/Phone Number</u>	<u>Compensation Received</u>
Thomas Stewart, Mayor	Post Office Box 1346 Albany, LA 70711 (225) 567-2714	\$ 9,340
Gene Glasscock, Alderman	Post Office Box 89 Albany, LA 70711 (225) 567-9486	4,360
Edmond Harris, Alderman	Post Office Box 105 Albany, LA 70711 (225) 567-3133	4,360
Lloyd Martin, Alderman	Post Office Box 146 Albany, LA 70711 (225) 567-2093	4,360
		<u>\$ 22,420</u>

The schedule of compensation paid to board members is presented in compliance with House Concurrent Resolution No 54 of the 1979 Session of the Louisiana Legislature. All terms expire 12/31/10.

Schedule 11

**Village of Albany**  
**Schedule of Expenditures of Federal Awards**  
**For the year ended June 30, 2010**

<b>Federal Grantor, Pass-Through Grantor, Program Title</b>	<b>Federal CFDA Number</b>		<b>Federal Expenditures</b>
United States Department of Agriculture			
Rural Utilities Service			
Water and Waste Disposal Systems for Rural Communities (Major Program)	10.760*	\$	1,799,698
<b>Total Expenditures of Federal Awards</b>			<b>\$ 1,799,698</b>

\* - These expenditures were financed through private interim financing and a portion of these expenditures will be funded through a grant award through the USDA and a portion will be permanently financed through a loan through the USDA as described in note 21 of the financial statements, with a balance of \$1,523,215 at year end.

**Note 1 - Basis of Presentation**

The Schedule of Expenditures of Federal Awards includes the grant activity of the Village of Albany and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*; therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the basic financial statements.



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

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

I have audited the financial statements of the governmental activities, the business-type activities, and each major fund of the Village of Albany, Louisiana (the "Village") as of and for the year ended June 30, 2010, which collectively comprise the Village's basic financial statements and have issued my report thereon dated December 22, 2010. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Internal Control Over Financial Reporting**

In planning and performing my audit, I considered the Village's internal control over financial reporting as a basis for designing my auditing procedures for the purpose of expressing my opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Village's internal control over financial reporting. Accordingly, I do not express an opinion on the effectiveness of the Village's internal control over financial reporting.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

My consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. I did not identify any deficiencies in internal control over financial reporting that I consider to be material weaknesses, as defined above.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Village's financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit, and accordingly, I do not

express such an opinion. The results of my tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of management, the Village's Board of Alderman, others within the entity, federal awarding agencies, and the Louisiana Legislative Auditor and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Sincerely,

BRANDY WESTCOTT, LLC

A handwritten signature in black ink that reads "B. Garcia, CPA". The signature is written in a cursive style.

---

Brandy Westcott Garcia, CPA  
Member

December 22, 2010



**REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

**Independent Auditor's Report**

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

**Compliance**

I have audited the Village of Albany's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the Village of Albany's major federal programs for the year ended June 30, 2010. The Village of Albany's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the Village of Albany's management. My responsibility is to express an opinion on the Village of Albany's compliance based on my audit.

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

In my opinion, the Village of Albany complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2010.

**Internal Control Over Compliance**

Management of the Village of Albany is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants

applicable to federal programs. In planning and performing my audit, I considered the Village of Albany's internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, I do not express an opinion on the effectiveness of the Village of Albany's internal control over compliance.

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

My consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies, or material weaknesses. I did not identify any deficiencies in internal control over compliance that I consider to be *material weaknesses*, as defined above.

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

Sincerely,

BRANDY WESTCOTT, LLC



---

Brandy Westcott Garcia, CPA  
Member

December 22, 2010

**Village of Albany  
Schedule of Findings and Questioned Costs  
For the Year Ended June 30, 2010**

**Section I Summary of Auditor's Reports**

*Financial Statements*

Type of auditor's report issued: Unqualified

Internal Control over Financial Reporting:

- Material weakness(es) identified?                          yes      X  no
- Significant deficiency(ies) identified?                  yes      X  none reported

Noncompliance material to financial statements noted?                          yes      X  no

*Federal Awards*

Internal control over major programs:

- Material weakness(es) identified?                          yes      X  no
- Significant deficiency(ies) identified?                  yes      X  none reported

Type of auditor's report issued on compliance for major programs: Unqualified

Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of OMB Circular A-133?                          yes      X  no

Identification of Major Programs:

<b>CFDA Number(s)</b>	<b>Name of Federal Program (or Cluster)</b>
10.760	United States Department of Agriculture Water and Waste Disposal Systems For Rural Communities

Dollar threshold used to distinguish between Type A and Type B Programs: \$ 300,000

Is the auditee a low-risk auditee?                          yes      X  no

**Section II Financial Statement Findings**

No Section II Findings.

**Section III Federal Award Findings and Questioned Costs**

No Section III Findings.

**Village of Albany**  
**Schedule of Prior Year Findings and Questioned Costs**  
**For The Year Ended June 30, 2010**

**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.

This schedule was *prepared by management.*



To the Board of Alderman of  
Village of Albany, Louisiana

I have audited the financial statements of the governmental activities, business-type activities, and each major fund of the Village of Albany, Louisiana (the "Village"), for the year ended June 30, 2010, and have issued my report thereon dated December 22, 2010. Professional standards require that I provide you with information about my responsibilities under generally accepted auditing standards, as well as certain information related to the planned scope and timing of my audit. Professional standards also require that I communicate to you the following information related to my audit.

My Responsibility under U.S. Generally Accepted Auditing Standards and Government Auditing Standards

As stated in my engagement letter dated September 24, 2010, my responsibility, as described by professional standards, is to express opinions about whether the financial statements prepared by management with my oversight are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. My audit of the financial statements does not relieve you or management of your responsibilities.

As a part of my audit, I considered the Village's internal control over financial reporting. Such considerations were solely for the purpose of determining my audit procedures and not to provide any assurance concerning such internal control.

As a part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, I performed tests of the Village's compliance with certain provisions of laws, regulations, contracts and grant agreements. However, the objective of my tests was not to provide an opinion on compliance with such provisions.

My responsibility is to plan and perform the audit to obtain reasonable, but not absolute, assurance that the financial statements are free of material misstatement.

I am responsible for communicating significant matters related to the audit that are, in my professional judgment, relevant to my responsibilities in overseeing the financial reporting process. However, I am not required to design procedures specifically to identify such matters.

My responsibility for other information in documents containing the entity's financial statements and report does not extend beyond the financial information identified in the report. I do not have an obligation to perform any procedures to corroborate other information contained in these documents, such as management's discussion and analysis and supplementary budgetary statements.

## Planned Scope and Timing of the Audit

I performed the audit according to the planned scope and timing previously communicated to you in my Entrance Memorandum about planning matters on August 10, 2010

## Significant Audit Findings

### *Qualitative Aspects of Accounting Practices*

Management is responsible for the selection and use of appropriate accounting policies. In accordance with the terms of my engagement letter, I will advise management about the appropriateness of accounting policies and their application. The significant accounting policies used by the Village are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the fiscal year. I noted no transactions entered into by the governmental unit during the year for which there is a lack of authoritative guidance or consensus. There are no significant transactions that have been recognized in the financial statements in a different period than when the transaction occurred.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimate affecting the financial statements was:

Management's estimate of the depreciation expense and useful life of capital assets is based on policy guidelines. I evaluated the key factors and assumptions used to develop the capital asset policy in determining that it is reasonable in relation to the financial statements taken as a whole.

The disclosures in the financial statements are neutral, consistent and clear. Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting the financial statements were:

The disclosure of fair value of investments in Note 4 to the financial statements. The values presented are quoted market rates determined weekly by LAMP.

The disclosure of Utility Revenue flow of funds and restrictions on use in Note 13 to the financial statements.

The disclosure of construction commitments in Note 21 to the financial statements.

### *Difficulties Encountered in Performing the Audit*

I encountered no significant difficulties in dealing with management in performing and completing my audit.

### *Corrected and Uncorrected Misstatements*

Professional standards require me to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. There were seven uncorrected adjustments identified in the course of my audit. These adjustments have a net decrease effect of \$6,894.65 on Net Assets (\$3,608.00 prior period adjustment (increase in net assets) and \$10,502.65 current year net adjustment (decrease in net

assets)). Management has determined that the effects of the adjustments are immaterial, both individually and in the aggregate, to the financial statements taken as whole.

*Disagreements with Management*

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting or auditing matter, whether or not resolved to my satisfaction, that could be significant to the financial statements or the auditor's report. I am pleased to report that no such disagreements arose during the course of my audit.

*Management Representations*

I have requested certain representations from management that are included in the management representation letter dated December 22, 2010.

*Management Consultations with Other Independent Accountants*

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the government unit's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with me to determine that the consultant has all the relevant facts. To my knowledge, there were no such consultations with other accountants.

*Other Audit Findings or Issues*

I generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Village's auditor. However, these discussions occurred in the normal course of my professional relationship and my responses were not a condition to my retention.

This information is intended solely for the use of the members of the Board of Alderman of the Village of Albany, Louisiana and its management, and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

BRANDY WESTCOTT, LLC



---

Brandy Westcott Garcia, CPA  
Member

December 22, 2010