

Town of Albany
Albany, Louisiana

Annual Financial Statements

As of and for the Year Then Ended June 30, 2017
With Supplemental Information Schedules



PHIL HEBERT
CERTIFIED PUBLIC ACCOUNTANT
A PROFESSIONAL ACCOUNTING CORPORATION

Town of Albany
Annual Financial Statements
As of and for the Year Ended June 30, 2017
With Supplemental Information Schedules

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With Supplemental Information Schedules

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A PROFESSIONAL ACCOUNTING CORPORATION

Independent Auditor's Report

To the Honorable Mayor Lloyd Gene Glascock and
the Members of the Board of Aldermen
Town of Albany, Louisiana

We have audited the accompanying financial statements of the governmental activities, the business activities, each major fund, and the aggregate remaining fund information of the Town of Albany as of and for the year ended June 30, 2017, and related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business activities, each major fund, and the aggregate remaining fund information of the Town of Albany as of June 30, 2017, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 9 through 18 and pages 56 through 57 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquires of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquires, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provided any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

The supplementary information contained in the schedules listed as "Other Supplemental Schedules" in the table of contents is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial or the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information contained in the schedules listed as "Other Supplemental Schedules" in the table of contents is fairly stated in all material respects in relation to the basic financial statements.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, I have also issued our report dated December 28, 2017 on my consideration of the Town of Albany, Louisiana's internal control over financial reporting and on 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 our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting and compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering Town of Albany, Louisiana's internal control over financial reporting and compliance.

Respectfully submitted,

Phil Hebert

Phil Hebert, CPA
A Professional Accounting Corporation
Albany, Louisiana

December 28, 2017

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

Town of Albany

Management's Discussion and Analysis As of and for the Year Ended June 30, 2017

Introduction

The Town of Albany (the Town) 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), as amended. The amendment of GASB 34, including the adoption of GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, and applicable standards are more fully described in Footnote 1 – *Summary of Significant Accounting Policies*.

The Town's discussion and analysis is designed to (a) assist the reader in focusing on significant financial issues, (b) provide an overview of the Town's financial activity, (c) identify changes in the Town's financial position, (d) identify any significant variations from the Town'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 Town's financial statements in this report.

Financial Highlights

- At June 30, 2017, the Town's assets exceeded its liabilities by \$4,061,873 (net position). Of this amount \$479,032 (unrestricted net position) may be used to meet the Town's ongoing obligations to its citizens.
- For the year ended June 30, 2017, the Town's total net position decreased by \$(14,460).
- At June 30, 2017, the Town's governmental funds reported a combined ending fund balance of \$152,914, an increase of \$121,372 for the year. Of this amount, approximately 96% or \$146,801 is available for spending at the Town's discretion (unassigned fund balances).
- At June 30, 2017, the Town's proprietary fund reported ending net position of \$3,704,876, an increase of \$114,848 for the year. Of this amount, approximately 9 percent or \$332,231 is available for spending at the Town's discretion (unrestricted net position).
- For the year ended June 30, 2017, the Town made principal payments on bonded debt for the proprietary fund of \$110,103, and incurred \$190,052 in interest expense, compared to \$195,274 of interest expense in the prior fiscal year.

Overview of the Annual Financial Report

The financial statement focus is on both the Town 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 Town'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 Town'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.

Town of Albany

Management's Discussion and Analysis As of and for the Year Ended June 30, 2017

Government-Wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the Town'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 Town determines that presentation of a component unit (which are other governmental units for which the Town 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 Town of Albany has no component units.

The Statement of Net Position presents information on the Town'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 position. Over time, the increases or decreases in net position and changes in the components of net position may serve as a useful indicator of whether the financial position of the Town is improving or deteriorating.

The Statement of Activities presents information showing how the Town's net position 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 Town'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 Town's activities are divided into two types:

Governmental activities - Most of the Town'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 Town charges a fee to customers to help it cover all of the cost of the services provided. The Town'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 Town, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related and legal requirements. The Town 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.

Town of Albany

Management's Discussion and Analysis As of and for the Year Ended June 30, 2017

Governmental funds are used to account for most of the Town'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 Town'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 Town's programs.

Proprietary funds account for water and sewer utility services provided by the Town 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 Town'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.

Town of Albany

Management's Discussion and Analysis As of and for the Year Ended June 30, 2017

Government-Wide Financial Analysis

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

	Net Position					
	Governmental Activities		Business-Type Activities		Total	
	2017	2016	2017	2016	2017	2016
Assets:						
Current and Other Assets	\$ 164,711	\$ 64,571	\$ 1,132,406	\$ 1,003,965	\$ 1,297,117	\$ 1,068,536
Capital Assets	211,064	457,102	7,215,101	7,188,634	7,426,165	7,645,736
Total Assets	375,775	521,673	8,347,507	8,192,599	8,723,282	8,714,272
Liabilities:						
Long-Term Debt Outstanding	6,981	2,339	4,327,010	4,437,112	4,333,991	4,439,451
Other Liabilities	11,797	33,029	315,621	165,459	327,418	198,488
Total Liabilities	18,778	35,368	4,642,631	4,602,571	4,661,409	4,637,939
Net Position:						
Net Investment in Capital Assets	204,083	454,763	2,888,091	2,751,522	3,092,174	3,206,285
Restricted	6,113	4,453	484,554	544,018	490,667	548,471
Unrestricted	146,801	27,089	332,231	294,488	479,032	321,577
Total Net Position	\$ 356,997	\$ 486,305	\$ 3,704,876	\$ 3,590,028	\$ 4,061,873	\$ 4,076,333

Approximately 76% of the Town's net position reflects 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 Town'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 12% of the Town's net position represents resources that are subject to external restriction on how they may be used. The Town's restricted net position consists of cash reserves required by revenue bond agreements and cash for customer deposits net of corresponding liabilities.

Approximately 12% of the Town's net position are unrestricted and may be used to meet the Town's ongoing obligations to its citizens.

Town of Albany

Management's Discussion and Analysis As of and for the Year Ended June 30, 2017

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

The Town's activities decreased its total net position by \$14,460, with governmental activities decreasing net position by \$129,308 and business-type activities increasing net position by \$114,848.

In order to further understand what makes up the changes in net position, the following table provides a summary of the results of the Town'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.

Town of Albany

**Management's Discussion and Analysis
As of and for the Year Ended June 30, 2017**

**Changes in Net Position
For the years ended June 30, 2017 and 2016**

	Governmental Activities		Business-Type Activities		Total	
	2017	2016	2017	2016	2017	2016
Revenues:						
Program Revenues:						
Charges for Services	\$ 137,213	\$ 131,119	\$ 1,218,107	\$ 1,064,236	\$ 1,355,320	\$ 1,195,355
Capital Grants and Contributions	-	-	67,300	-	67,300	-
General Revenues:						
Property Taxes	35,229	37,193	-	-	35,229	37,193
Sales Taxes	394,679	354,380	-	-	394,679	354,380
Franchise Taxes	45,121	48,151	-	-	45,121	48,151
Intergovernmental	32,450	31,251	-	-	32,450	31,251
Interest Income	112	47	418	239	530	286
Donated Assets	2,115	37,420	-	-	2,115	37,420
Miscellaneous	1,703	1,678	19,905	7,091	21,608	8,769
FEMA Reimbursements	132,323	-	284,230	-	416,553	-
Gain (Loss) on Disposal of Assets	(228,667)	-	(54,485)	-	(283,152)	-
Total Revenues	552,278	641,239	1,535,475	1,071,566	2,087,753	1,712,805
Expenses:						
General Government	387,737	358,585	-	-	387,737	358,585
Public Safety	316,467	308,889	-	-	316,467	308,889
Public Works	90,227	103,909	-	-	90,227	103,909
Recreation	535	56	-	-	535	56
Capital Lease Interest	37	497	-	-	37	497
Water and Sewer Utility	-	-	1,307,210	1,179,077	1,307,210	1,179,077
Total Expenses	795,003	771,936	1,307,210	1,179,077	2,102,213	1,951,013
Change in Net Position Before Transfers and Contributions	(242,725)	(130,697)	228,265	(107,511)	(14,460)	(238,208)
Transfers (Out) In	113,417	106,754	(113,417)	(106,754)	-	-
Change in Net Position	(129,308)	(23,943)	114,848	(214,265)	(14,460)	(238,208)
Net Position, Beginning	486,305	510,248	3,590,028	3,804,293	4,076,333	4,314,541
Net Position, Ending	\$ 356,997	\$ 486,305	\$ 3,704,876	\$ 3,590,028	\$ 4,061,873	\$ 4,076,333

Town of Albany

Management's Discussion and Analysis As of and for the Year Ended June 30, 2017

Governmental Activities

The Town's governmental net position decreased by \$129,308 to \$356,997. Charges for services increased by approximately \$6,100 or 5%, primarily due to an \$18,200 increase in business licenses and permits coupled with a decrease of \$12,115 in police fine revenues. General Government total expenses increased by approximately 8% or \$29,150 mainly due to an increase in flood expenditures of \$71,200, insurance of \$21,440, a decrease in professional fees of \$36,900, a decrease in depreciation expense of \$11,700 and a decrease in clerical salaries of \$10,900. Public Safety total expenses increased approximately 2% or \$7,500 due to a \$13,000 increase for flood expenditures, an \$8,100 increase for vehicle expenses, a \$6,000 decrease in other expenses, a \$5,000 decrease in fire protection, and a \$2,500 decrease in supplemental pay. Public works total expenses decreased approximately 13% or \$13,600 with a \$13,700 decrease in street salaries, a \$2,500 decrease in depreciation expense, and an increase of \$2,100 for materials and supplies.

Business-Type Activities

The Town's business-type net position increased by \$114,848 to \$3,704,876. The increase is approximately a 3 percent gain of ending net position. In comparison, the previous fiscal year had a 6 percent loss of ending net position. Capital, Grants and Contributions increased by \$67,300 due to an increase in grant revenue from Louisiana Community Development Block Grants and LGAP grants. Charges for services increased approximately 14% or \$153,800. In comparison, the previous fiscal year had a ten percent increase. Operating expenses increased by approximately \$128,100 or 11 percent, after a \$79,000 increase in the prior year. The largest contributors to the increases in expenses were an increase in flood expenses of \$196,000, a decrease in professional fees of \$20,100, a decrease in other operating expenses of \$18,400, a decrease in salaries of \$14,900, a decrease of \$7,900 in insurance expense, and a decrease of \$6,800 in repairs and maintenance.

Fund Financial Analysis

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

Governmental Funds

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

At the end of the current year, the Town's governmental funds reported combined ending fund balances of \$152,914. Of the total balance, \$146,801 is unassigned and available for spending at the Town's discretion and \$6,113 is restricted for Capital Projects and Debt Service. This represents an increase of \$121,372, or approximately 385% of the prior year's ending fund balances.

The general fund is the chief operating fund of the Town.

Proprietary Funds

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

Town of Albany

Management's Discussion and Analysis As of and for the Year Ended June 30, 2017

General Fund Budgetary Highlights

The Town of Albany adopts an annual operating budget in accordance with the requirements 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 the Town's actual expenditures and other uses were within five percent of budgeted expenditures and other uses. The budget provides an estimate for the current fiscal year of the proposed revenues and expenditures that will finance the operating of the Town. The operating budget is adopted before the end of the prior fiscal year and is amended by the Town if necessary. The analysis of budget variances is included in Schedule 1 as Required Supplementary Information, following the footnotes of the financial statements.

Capital Assets and Debt Administration

Capital Assets

The Town's investment in capital assets for its governmental and business-type activities as of June 30, 2017 amounts to \$7,426,165 (net of depreciation). The total decrease in the Town's investment in capital assets for the current fiscal year was \$219,571 (net of depreciation).

Major capital asset events during the current year included police radars purchased through a capital lease for \$7,180, the replacement of computers and office furniture for \$5,383 due to flood damage, a wood chipper for \$4,536, and police equipment of \$595. The Town also disposed of buildings, computers, and other equipment due to flood damage. The original cost of these destroyed items was \$498,080 with related accumulated depreciation of \$265,430.

Utility fund additions included water well improvements for \$206,488, water meter change out and related equipment for \$122,564, the replacement of generators for \$67,660 due to flood damage, computers and other office equipment replacement for \$12,826 due to flood damage, and sewer system equipment for \$6,840. The Town also disposed of computers and other equipment due to flood damage. The original cost of these destroyed items was \$172,311 with related accumulated depreciation of \$117,827.

The following table provides a summary of the Town'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.

Town of Albany

**Management's Discussion and Analysis
As of and for the Year Ended June 30, 2017**

**Capital Assets (Net of Depreciation)
2017 and 2016**

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Capital Assets						
Land	\$ 43,850	\$ 43,850	\$ 60,429	\$ 60,429	\$ 104,279	\$ 104,279
Buildings	-	98,800	87,432	87,432	87,432	186,232
Improvements	3,868	256,774	-	-	3,868	256,774
Vehicles and Equipment	165,192	293,872	290,749	382,574	455,941	676,446
Infrastructure - Sidewalks	322,153	322,153	-	-	322,153	322,153
Water Utility System	-	-	7,299,739	6,970,688	7,299,739	6,970,688
Sewer Utility System	-	-	3,787,169	3,780,329	3,787,169	3,780,329
Subtotal Capital Assets	535,063	1,015,449	11,525,518	11,281,452	12,060,581	12,296,901
Less: Accumulated Depreciation	<u>(323,999)</u>	<u>(558,347)</u>	<u>(4,310,417)</u>	<u>(4,092,818)</u>	<u>(4,634,416)</u>	<u>(4,651,165)</u>
Capital Assets, Net	<u>\$ 211,064</u>	<u>\$ 457,102</u>	<u>\$ 7,215,101</u>	<u>\$ 7,188,634</u>	<u>\$ 7,426,165</u>	<u>\$ 7,645,736</u>

Long-Term Debt

At June 30, 2017, the Town had total debt outstanding of \$4,333,991. Of this total, \$117,360 is due within one year and \$4,216,631 is due within greater than one year. The following table provides a summary of the Town'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
2017 and 2016**

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Capital Leases	\$ 6,981	\$ 2,339	\$ -	\$ -	\$ 6,981	\$ 2,339
Revenue Bonds	-	-	4,327,010	4,437,112	4,327,010	4,437,112
Total Outstanding Debt	<u>\$ 6,981</u>	<u>\$ 2,339</u>	<u>\$ 4,327,010</u>	<u>\$ 4,437,112</u>	<u>\$ 4,333,991</u>	<u>\$ 4,439,451</u>

Other Factors Affecting the Town

The Town of Albany's management approach is conservative. When possible, the Mayor and Aldermen attempt to provide services for the Town based on existing revenues and to finance long-term projects only when absolutely necessary.

Town of Albany

**Management's Discussion and Analysis
As of and for the Year Ended June 30, 2017**

Contacting the Town's Financial Management

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

Basic Financial Statements
Government-Wide Financial Statements

Town of Albany
Statement of Net Position
As of June 30, 2017

	Primary Government		Total
	Governmental Activities	Business-Type Activities	
Assets			
Current Assets:			
Cash and Cash Equivalents	\$ 104,245	\$ 331,258	\$ 435,503
Receivables, Net:			
Intergovernmental	38,167	-	38,167
Accounts	-	176,934	176,934
Franchise Taxes	10,998	-	10,998
Other	3,395	-	3,395
Due From Other Funds	-	3,049	3,049
Prepaid Insurance	1,793	3,317	5,110
Total Current Assets	158,598	514,558	673,156
Restricted Assets:			
Restricted Cash and Cash Equivalents	6,113	617,848	623,961
Total Restricted Assets	6,113	617,848	623,961
Capital Assets:			
Land	43,850	60,429	104,279
Capital Assets, Net	167,214	7,154,672	7,321,886
Total Capital Assets	211,064	7,215,101	7,426,165
Total Assets	375,775	8,347,507	8,723,282
Liabilities			
Current Liabilities:			
Accounts Payable	8,748	155,824	164,572
Accrued Interest	-	12,739	12,739
Bank Overdraft	-	22,916	22,916
Other Accrued Payables	-	3,587	3,587
Due To Other Funds	3,049	-	3,049
Customer Deposits	-	120,555	120,555
Bonds Payable	-	114,967	114,967
Capital Leases	2,393	-	2,393
Total Current Liabilities	14,190	430,588	444,778
Long Term Liabilities:			
Bonds Payable	-	4,212,043	4,212,043
Capital Leases	4,588	-	4,588
Total Long Term Liabilities	4,588	4,212,043	4,216,631
Total Liabilities	18,778	4,642,631	4,661,409
Net Position			
Net Investment in Capital Assets	204,083	2,888,091	3,092,174
Restricted for:			
Capital Projects and Debt Service	6,113	484,554	490,667
Unrestricted	146,801	332,231	479,032
Total Net Position	\$ 356,997	\$ 3,704,876	\$ 4,061,873

The accompanying notes are an integral part of these statements.

Town of Albany
Statement of Activities
For the year ended June 30, 2017

	Program Revenues					Net (Expenses) Revenues and Changes of Primary Government		
	Expenses	Charges for Services	Operating		Net (Expenses) Revenues	Governmental Activities	Business- Type	
			Grants & Contributions	Capital Grants & Contributions			Activities	Total
Governmental Activities								
General Government	\$ 387,737	\$ 105,452	\$ -	\$ -	\$ (282,285)	\$ (282,285)	\$ -	\$ (282,285)
Public Safety - Police	316,467	31,761	-	-	(284,706)	(284,706)	-	(284,706)
Public Works - Streets	90,227	-	-	-	(90,227)	(90,227)	-	(90,227)
Recreation	535	-	-	-	(535)	(535)	-	(535)
Capital Lease Interest	37	-	-	-	(37)	(37)	-	(37)
Total Governmental Activities	<u>\$ 795,003</u>	<u>\$ 137,213</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (657,790)</u>	<u>(657,790)</u>	<u>-</u>	<u>(657,790)</u>
Business-type Activities								
Water	\$ 976,896	\$ 1,069,631	-	\$ 67,300	\$ 160,035	-	160,035	160,035
Sewer	330,314	148,476	-	-	(181,838)	-	(181,838)	(181,838)
Total Business-type Activities	<u>\$ 1,307,210</u>	<u>\$ 1,218,107</u>	<u>\$ -</u>	<u>\$ 67,300</u>	<u>\$ (21,803)</u>	<u>-</u>	<u>(21,803)</u>	<u>(21,803)</u>
General Revenues:								
Taxes:								
Property Taxes						35,229	-	35,229
Sales Taxes						394,679	-	394,679
Franchise Taxes						45,121	-	45,121
Intergovernmental - FEMA						164,773	284,230	449,003
Interest Income						112	418	530
Donated Assets						2,115	-	2,115
Miscellaneous						1,703	19,905	21,608
Operating Transfers In (Out)						113,417	(113,417)	-
Gain (Loss) on Disposal of Assets						(228,667)	(54,485)	(283,152)
Total General Revenues						<u>528,482</u>	<u>136,651</u>	<u>665,133</u>
Change in Net Position						<u>(129,308)</u>	<u>114,848</u>	<u>(14,460)</u>
Net Position - Beginning						<u>486,305</u>	<u>3,590,028</u>	<u>4,076,333</u>
Net Position - Ending						<u>\$ 356,997</u>	<u>\$ 3,704,876</u>	<u>\$ 4,061,873</u>

The accompanying notes are an integral part of these statements.

Basic Financial Statements

Fund Financial Statements

Statement C

Town of Albany
Balance Sheet, Governmental Funds
As of June 30, 2017

	<u>General Fund</u>	<u>Total Governmental Funds</u>
Assets		
Cash and Equivalents	\$ 104,245	\$ 104,245
Receivables, Net:		
Franchise Taxes	10,998	10,998
Sales Taxes	31,825	31,825
Other	9,737	9,737
Prepaid Insurance	1,793	1,793
Restricted Cash	6,113	6,113
Total Assets	<u>\$ 164,711</u>	<u>\$ 164,711</u>
Liabilities and Fund Balances		
Liabilities:		
Accounts Payable	\$ 8,748	\$ 8,748
Due to Other Funds	3,049	3,049
Total Liabilities	<u>11,797</u>	<u>11,797</u>
Fund Balances:		
Restricted	6,113	6,113
Unassigned	146,801	146,801
Total Fund Balances	<u>152,914</u>	<u>152,914</u>
Total Liabilities and Fund Balances	<u>\$ 164,711</u>	<u>\$ 164,711</u>

The accompanying notes are an integral part of these statements.

Town of Albany
Reconciliation of the Governmental Funds Balance Sheet
to the Government-Wide Financial Statement of Net Position
As of June 30, 2017

Fund Balances, Total Governmental Funds (Statement C)	\$	152,914
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Amounts reported for governmental activities in the Statement of Net Position are different because:

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		211,064
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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		(6,981)
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Net Position of Governmental Activities (Statement A)	\$	<u><u>356,997</u></u>
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The accompanying notes are an integral part of these statements.

Statement E

Town of Albany
Statement of Revenues, Expenditures and
Changes in Fund Balances
For the year ended June 30, 2017

	<u>General Fund</u>	<u>Total Governmental Funds</u>
Revenues		
Taxes	\$ 475,029	\$ 475,029
Licenses and Permits	105,492	105,492
Intergovernmental	27,050	27,050
FEMA Reimbursements	132,323	132,323
Fines and Forfeitures	31,761	31,761
Grants	5,400	5,400
Interest	112	112
Donations	2,115	2,115
Miscellaneous	1,663	1,663
Total Revenues	<u>780,945</u>	<u>780,945</u>
Expenditures		
General Government	309,780	309,780
Public Safety:		
Police	295,913	295,913
Fire	-	-
Public Works - Streets	73,909	73,909
Capital Outlays	17,694	17,694
Debt Service		
Principal	-	-
Interest	37	37
Total Expenditures	<u>697,333</u>	<u>697,333</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>83,612</u>	<u>83,612</u>
Other Financing Sources (Uses)		
Operating Transfers In	113,417	113,417
Sale of Fixed Assets	3,982	3,982
Capital Lease Proceeds	7,180	7,180
Capital Lease Payments	(2,538)	(2,538)
Flood Expenses	(84,281)	(84,281)
Total Other Financing Sources (Uses)	<u>37,760</u>	<u>37,760</u>
Net Change in Fund Balances	<u>121,372</u>	<u>121,372</u>
Fund Balances, Beginning	31,542	31,542
Fund Balances, Ending	<u>\$ 152,914</u>	<u>\$ 152,914</u>

The accompanying notes are an integral part of these statements.

Town 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, 2017

Net Change in Fund Balances, Total Governmental Funds, Statement E \$ 121,372

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

Loan and capital lease proceeds provide current financial resources to governmental funds, but issuing debt or incurring long term leases increases long-term liabilities in the statement of net position. This is the amount of the capital lease proceeds recorded in the governmental funds. (7,180)

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

Expenditures for capital assets	\$ 17,694	
Less:		
Sale of assets	32,782	
Decrease in accumulated depreciation	(265,431)	
Current year depreciation	<u>(31,083)</u>	(246,038)

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

Principal payments - capital leases		<u>2,538</u>
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Change in Net Position of Governmental Activities, Statement B \$ (129,308)

The accompanying notes are an integral part of these statements.

Town of Albany
Statement of Net Position - Proprietary Funds
As of June 30, 2017

Statement G

		<u>Enterprise Fund</u>
Assets		
Current Assets:		
Cash and Cash Equivalents	\$	331,258
Receivables, Net:		
Accounts		176,934
Due From Other Funds		3,049
Prepaid Insurance		3,317
Total Current Assets		<u>514,558</u>
Restricted Assets:		
Restricted Cash and Cash Equivalents		617,848
Total Restricted Assets		<u>617,848</u>
Property, Plant, and Equipment		
Land		60,429
Property, Plant and Equipment, Net		7,154,672
Total Property, Plant, and Equipment		<u>7,215,101</u>
Total Assets		<u>8,347,507</u>
Liabilities		
Current Liabilities (Payable From Current Assets):		
Accounts Payable		155,824
Bank Overdraft		22,916
Other Accrued Payables		3,587
Total Current Liabilities (Payable From Current Assets)		<u>182,327</u>
Current Liabilities (Payable From Restricted Assets):		
Customer Deposits		120,555
Accrued Interest		12,739
Revenue Bonds Payable		114,967
Total Current Liabilities (Payable From Restricted Assets)		<u>248,261</u>
Long Term Liabilities:		
Bonds Payable		4,212,043
Total Long Term Liabilities		<u>4,212,043</u>
Total Liabilities		<u>4,642,631</u>
Net Position		
Net Investment in Capital Assets		2,888,091
Restricted for:		
Capital Projects and Debt Service		484,554
Unrestricted		332,231
Total Net Position	\$	<u>3,704,876</u>

The accompanying notes are an integral part of these statements.

Town of Albany
Statement of Revenues, Expenses and
Changes in Net Position - Proprietary Funds
For the year ended June 30, 2017

Statement H

	Enterprise Fund
Operating Revenues	
Water Sales	\$ 995,819
Sewer Service Charges	148,476
Other	93,717
Total Operating Revenues	1,238,012
Operating Expenses	
Salaries and Wages	208,092
Employee Benefits & Payroll Taxes	20,682
Billing Costs	4,040
Depreciation	335,426
Insurance	77,394
Professional Fees	30,171
Repairs and Maintenance	114,304
Supplies	12,625
Utilities	49,292
Vehicle Expenses	17,502
Other	51,677
Total Operating Expenses	921,205
Operating Income (Loss)	316,807
Nonoperating Revenues (Expenses)	
Interest Income	418
Interest Expense	(190,052)
Gain (Loss) on Disposal of Assets	(54,485)
Flood Expenses	(195,953)
Total Nonoperating Revenues (Expenses)	(440,072)
Income (Loss) Before Transfers	(123,265)
Transfers and Capital Contributions	
Capital Grants	
State	67,300
Federal	284,230
Operating Transfers In	-
Operating Transfers Out	(113,417)
Change in Net Position	114,848
Net Position, Beginning	3,590,028
Total Net Position, Ending	\$ 3,704,876

The accompanying notes are an integral part of these statements.

Town of Albany
Statement of Cash Flows
Proprietary Funds
For the year ended June 30, 2017

Statement I

	<u>Enterprise Fund</u>
Cash Flows From Operating Activities	
Received From Customers	\$ 1,116,746
Received for Meter Deposit Fees	(3,630)
Other Receipts	93,717
Payments for Interfund Services	3,683
Payments for Operations	(224,684)
Payments to Employees	(228,774)
Net Cash Provided (Used) by Operating Activities	<u>757,058</u>
Cash Flows From Noncapital Financing Activities	
Transfers From (To) Other Funds	<u>(113,417)</u>
Net Cash Provided (Used) by Noncapital Financing Activities	<u>(113,417)</u>
Cash Flows From Capital and Related Financing Activities	
Capital Grants Received	351,530
Payments for Flood	(195,953)
(Payments for) Capital Acquisitions	(416,377)
Principal Proceeds from (Repayments for) Long Term Debt	(110,102)
Interest Payments for Long Term Debt	(191,124)
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(562,026)</u>
Cash Flows From Investing Activities	
Receipt of Interest	<u>418</u>
Net Cash Provided (Used) by Investing Activities	<u>418</u>
Net Cash Increase (Decrease) in Cash and Cash Equivalents	82,033
Cash and Cash Equivalents, Beginning of Year	<u>844,157</u>
Cash and Cash Equivalents, End of Year	<u>\$ 926,190</u>
Reconciliation of Cash and Cash Equivalents to the Statement of Net Position:	
Cash and Cash Equivalents, Unrestricted	\$ 308,342
Cash and Cash Equivalents, Restricted	617,848
Total Cash and Cash Equivalents	<u>\$ 926,190</u>

The accompanying notes are an integral part of these statements.

Town of Albany
Statement of Cash Flows
Proprietary Funds
For the year ended June 30, 2017

Statement 1

		<u>Enterprise Fund</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used)		
by Operating Activities		
Operating Income (Loss)	\$	316,807
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided		
by Operating Activities:		
Depreciation		335,426
(Increase) decrease in Accounts Receivable		(27,549)
(Increase) decrease in Prepaid Insurance		374
(Increase) decrease in Due (to) and from Other Funds		3,683
Increase (decrease) in Accounts Payable		133,653
Increase (decrease) in Accrued Expenses		(1,706)
Increase (decrease) in Customer Deposits		(3,630)
Net Cash Provided by Operating Activities	\$	<u>757,058</u>

(Concluded)

The accompanying notes are an integral part of these statements.

Basic Financial Statements

Notes to the Financial Statements

Town of Albany
Notes to the Financial Statements
As of and for the Year Ended June 30, 2017

Introduction

The Town of Albany, Louisiana (formerly the Village of Albany) was incorporated October 7, 1953, under provision of the Lawrason Act (LSA-RS33:321). The Town operates under a Mayor /Board of Aldermen form of government. The Mayor and each of five 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 Town 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 Town. The Town's total population was 1,088, as reported by the U.S. Census Bureau, Census 2010. The Town provides police protection, services to maintain and develop streets, drainage, and sanitation, general and administrative services, and utilities services for areas residents. The Town provides services to 2,100 water customers and 389 sewer customers inside and outside of the Town limits. The Town employs fourteen full-time and five part-time employees in addition to the Mayor and Board of Aldermen.

Governmental Accounting Standards Board (GASB) Statement No. 14, *The Reporting Entity*, as amended, 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 Town 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, as amended, fiscally independent means that the Town 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 of the Town of Albany.

1. Summary of Significant Accounting Policies

A. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of position and the statement of activities) 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.

These financial statements are presented in accordance with GASB Statement No. 34, *Basic Financial Statements, Management's Discussion and Analysis, for State and Local Governments*. Statement No. 34 established standards for financial reporting, with presentation requirements originally including a statement of net assets (or balance sheet), a statement of activities, and a statement of cash flows. The definition and composition of these statements, as originally defined in GASB Statement No. 34, are as amended by GASB Statements included in the following paragraphs. The Town has also adopted the provisions of GASB Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions*, which require capital contributions to the Town to be presented as a change in net position.

GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, effective for financial statement periods ending after December 15, 2012, provides guidance for reporting deferred outflows of resources, deferred inflows of resources, and net position in a statement of financial position and related disclosures. Concepts Statement No. 4, *Elements of Financial Statements*, introduced and defined *Deferred Outflows of Resources* as a consumption of net

Town of Albany
Notes to the Financial Statements
As of and for the Year Ended June 30, 2017

assets by the government that is applicable to a future reporting period, and *Deferred Inflows of Resources* as an acquisition of net assets by the government that is applicable to a future reporting period, respectively. Previous financial reporting standards do not include guidance for reporting those financial statement elements, which are distinct from assets and liabilities. GASB Concepts Statement 4 identifies net position as the residual of all other elements presented in a statement of financial position. This Statement amends the net asset reporting requirements in Statement No. 34, *Basic Financial Statements— and Management's Discussion and Analysis—for State and Local Governments*, and other pronouncements by incorporating deferred outflows of resources and deferred inflows of resources into the definitions of the required components of the residual measure and by renaming that measure as net position, rather than net assets. The definition and reporting of net position is further described in *Footnote J – Net Position and Fund Balance*. As required by the Governmental Accounting Standards Board (GASB), the Town implemented GASB Statement No. 63 during the year ending June 30, 2013. The Town did not have any deferred outflows or deferred inflows of resources at June 30, 2017.

The Town has also adopted GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*. This Statement establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. The application of this standard to long-term debt offerings of the Town is more fully described in *Footnote I – Long-Term Debt Offerings*.

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 and proprietary funds. Major individual governmental funds and major individual enterprise funds are presented as separate columns in the fund financial statements.

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.

Town of Albany
Notes to the Financial Statements
As of and for the Year Ended June 30, 2017

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 Town reports the following major governmental funds:

The *General Fund* is the Town'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* is used to account for and report financial resources that are restricted, committed, or assigned to expenditure capital outlays, including the acquisition or construction of capital facilities and other capital assets not reported in the other governmental funds. Capital projects exclude those types of capital related outflows financed by proprietary funds or for assets that will be held in trust for individuals, private organizations or other governments. The Town did not report a *capital project fund* for the current fiscal year ended.

The Town 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.

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 Town's policy to use restricted resources first, then unrestricted resources as they are needed.

When restricted, committed, assigned, or unassigned fund balances are available for use, the Town considers amounts to have been spent first out of restricted funds, committed funds, then assigned funds,

Town of Albany
Notes to the Financial Statements
As of and for the Year Ended June 30, 2017

and finally unassigned funds as needed, unless the Town has provided otherwise in commitment or assignment actions.

C. Deposits and Investments

The Town'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 Town's investment policy allow the Town 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 Town 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.

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:

	Authorized Millage	Levied Millage	Expiration Date
General Corporate Purposes	7.04 mills	7.04 mills	None

Sales and use taxes are levied at one percent for perpetuity. 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.

Town of Albany
Notes to the Financial Statements
As of and for the Year Ended June 30, 2017

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 Town 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.

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

<u>Description</u>	<u>Estimated Lives</u>
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

H. Compensated Absences

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

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

The Town 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 5/12th 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.

Town of Albany
Notes to the Financial Statements
As of and for the Year Ended June 30, 2017

I. Long-Term Debt Offerings

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 position. Bond premiums and discounts are amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Issuance costs, whether or not withheld from the actual debt proceeds received, are now expensed in the period incurred under GASB 65.

The Town has implemented GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, and with the implementation of GASB 65, the recognition of bond-related costs, including the costs related to issuance and refunding of debt, are revised. This standard was intended to complement GASB Statement No. 63 *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. Bond issuance costs, whether or not withheld from the actual debt proceeds received, are now expensed in the period incurred under GASB 65. The Town did not have any bond related costs in the year ending June 30, 2017.

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. Net Position and Fund Balance

GASB Statement No. 34, *Basic Financial Statements, Management's Discussion and Analysis, for State and Local Governments*, required reclassification of net assets into three separate components. GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, revised the terminology by incorporating deferred outflows of resources and deferred inflows of resources into the definitions of the required components of the residual measure and by renaming that measure as net position, rather than net assets. GASB Statement No. 63 requires the following components of net position:

- **Net Investment in Capital Assets Component of Net Position** - The *net investment in capital assets* component of net position consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt also should be included in this component of net position. If there are significant unspent related debt proceeds or deferred inflows of resources at the end of the reporting period, the portion of the debt or deferred inflows of resources attributable to the unspent amount should not be included in the calculation of net investment in capital assets. Instead, that portion of the debt or deferred inflows of resources should be included in the same net position component (restricted or unrestricted) as the unspent amount.
- **Restricted Component of Net Position** - The *restricted* component of net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. Generally, a liability relates to restricted assets if the asset results from a resource flow that also

Town of Albany
Notes to the Financial Statements
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results in the recognition of a liability or if the liability will be liquidated with the restricted assets reported.

- **Unrestricted Component of Net Position** - The *unrestricted* component of net position is the net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted component of net position.

In the fund statements, governmental fund equity is classified as fund balance. The Town adopted GASB 54 for the year ended June 30, 2011. As such, fund balances of governmental funds are classified as follows:

- **Nonspendable.** These are amounts that cannot be spent either, because they are in a nonspendable form or because they are legally or contractually required to be maintained intact.
- **Restricted.** These are amounts that can be spent only for specific purposes, because of constitutional provisions, enabling legislation or constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.
- **Committed.** These are amounts that can be used only for specific purposes determined by a formal vote of the Board, which is the highest level of decision making authority for the Town.
- **Assigned.** These are amounts that do not meet the criteria to be classified as restricted or committed, but are intended to be used for specific purposes based on the discretion of the Board.
- **Unassigned.** These are all other spendable amounts. This also includes expenditure amounts incurred for specific purposes which exceed the amounts restricted, committed, or assigned to those purposes.

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.

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 Town, 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.

Town of Albany
Notes to the Financial Statements
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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 position 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 Town uses the following budget practices:

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

For the year ended June 30, 2017, actual revenues and other sources were within five percent of budgeted revenues and other sources, and the Town's actual expenditures and other uses were within five percent of budgeted expenditures and other uses.

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Notes to the Financial Statements
As of and for the Year Ended June 30, 2017

3. Cash and Cash Equivalents

At June 30, 2017, the Town has cash and cash equivalents (book balances) as follows:

	June 30,
	2017
Cash on Hand	\$ 25
Demand Deposits	999,050
Time and Savings Accounts	566
Louisiana Asset Management Pool (LAMP)	59,823
	\$ 1,059,464

These deposits are stated at cost, which approximates market. 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. 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. At June 30, 2017, the Town has \$1,058,867 in deposits. Collected bank balances, other than LAMP, consisted of \$1,058,301 in demand deposits and \$566 in time and savings deposits. The demand and time deposits are secured by \$250,000 of federal deposit insurance. The remaining \$808,867 of deposits are exposed to custodial credit risk because while the amount is secured by pledged securities, such securities are held by the custodial bank in the name of the fiscal agent bank (GASB Category 3).

Even though the pledged securities are considered uncollateralized (Category 3) under the provisions of GASB Statement 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 Town that the fiscal agent has failed to pay deposited funds upon demand.

LAMP is designed to be highly liquid to give its participants immediate access to their account balances. The Town records its LAMP deposits within cash and cash equivalents.

4. Investments

Investments are categorized into these three categories of credit risk:

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

In accordance with GASB Codification Section I50.165, the investment in LAMP at June 30, 2017, is not categorized in the three risk categories provided by GASB Codification Section I50.164 because the investment is in the pool of funds and therefore not evidenced by securities that exist in physical or book entry form. The investment in LAMP is stated at the value of the pool shares, which is the same as the fair value, and has been categorized as cash equivalents. LAMP is administered by LAMP, Inc., a nonprofit corporation organized under the laws of the State of Louisiana, which was formed by an

Town of Albany
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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.

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.

While LAMP is not required to be a registered investment company under the Investment Company Act of 1940, its investment policies are similar to those established by Rule 2a7, which governs registered money market funds. 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 in accordance with LSA-R.S. 33:2955.

GASB 40, Deposit and Investment Risk Disclosure, requires disclosure of credit risk, custodial credit risk, concentration of credit risk, interest risk, and foreign currency risk for all public entity investments.

LAMP is a 2a7-like investment pool. The following facts are relevant for 2a7 like investment pools:

1. Credit risk: LAMP is rated AAA by Standard and Poor's
2. Custodial credit risk: LAMP participants' investments in the pool are evidenced by shares of the pool. Investments in pools should be disclosed, but not categorized because they are not evidenced by securities that exist in physical or book-entry form. The public entity's investment pool, not the securities that make up the pool; therefore, no disclosure is required.
3. Concentration of credit risk: Pooled investments are excluded from the five percent disclosure requirement.
4. Interest rate risk: 2a7-like investment pools are excluded from this disclosure requirement per paragraph 15 of the GASB 40 statement. However, LAMP prepares its own interest rate risk disclosure using the weighted average maturity (WAM) method. The WAM of LAMP assets is restricted to not more than 60 days, and consists of no securities with a maturity in excess of 397 days. The WAM for LAMP's total investments, as provided by LAMP, is 39 days as of June 30, 2017.
5. Foreign currency risk: Not applicable to 2a7-like pools.

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 external investment pool is the same as the net asset value of the pool shares.

LAMP, Inc. is subject to the regulatory oversight of the state treasurer and the board of directors. LAMP is not registered with SEC as an investment company. LAMP, Inc. issues an annual publicly available financial report that includes financial statements and required supplementary information for LAMP, Inc. That report may be obtained by calling (800) 249-5267.

In the current year the Town did not have any assets classified as investments. The Town records its LAMP deposits within cash and cash equivalents.

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Interest Rate Risk: The Town 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.

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, 2017 consist of the following:

Government Receivables	General Fund	Total
	<u> </u>	<u> </u>
Taxes:		
Public Utility Franchise	\$ 10,998	\$ 10,998
Sales and Use	31,825	31,825
Intergovernmental:		
State of Louisiana, Beer Tax	942	942
Due From State-Grant	5,400	5,400
Other	3,395	3,395
Total Government Receivables	\$ <u>52,560</u>	\$ <u>52,560</u>

Town of Albany
Notes to the Financial Statements
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The Enterprise Fund accounts receivable at June 30, 2017 consist of the following:	Year Ended June 30, 2017
Accounts Receivable	
Current	\$ 121,703
31 - 60 Days	(1,616)
61 - 90 Days	2,509
Over 90 Days	<u>8,409</u>
Subtotal	131,005
Less Allowance for Bad Debt	<u>6,232</u>
Accounts Receivables, Net	124,773
Accrued Billings	<u>52,161</u>
Total Accounts Receivable	<u>\$ 176,934</u>

6. Interfund Receivables/Payables

Interfund receivables or payables in the fund financial statements were as follows as of June 30, 2017.

Interfund Balances	<u>Due From Other Funds</u>	<u>Due To Other Funds</u>
General Fund		
Enterprise Fund	\$ -	\$ 3,049
Enterprise Fund		
General Fund	<u>3,049</u>	<u>-</u>
Total Interfund Balances	<u>\$ 3,049</u>	<u>\$ 3,049</u>

These interfund balances were related to FEMA revenues and expenses.

7. Restricted Assets

Restricted assets for the Enterprise Fund at June 30, 2017 were as follows:

	June 30, 2017
Restricted Cash and Cash Equivalents	
Customer Deposits	\$ 143,961
Bond Reserve Account -Original Non-Parity & Lien Bonds	80,803
Bond Reserve Accounts - Series 2010 Parity Bonds	120,777
Bond Contingency Account	81,386
Bond Redemption Account	39,613
Bond Short-Lived Asset Account	<u>151,308</u>
Total Restricted Assets	<u>\$ 617,848</u>

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 bonds.

Town of Albany
Notes to the Financial Statements
As of and for the Year Ended June 30, 2017

8. Capital Assets

Capital assets and depreciation activity as of and for the year ended June 30, 2017 for governmental activities is as follows:

Governmental Activities Capital Assets:	Beginning Balance	Increases	Decreases	Ending Balance
Capital Assets Not Being Depreciated:				
Land	\$ 43,850	\$ -	\$ -	\$ 43,850
Total Capital Assets Not Being Depreciated	<u>43,850</u>	<u>-</u>	<u>-</u>	<u>43,850</u>
Capital Assets Being Depreciated:				
Buildings	98,800	-	98,800	-
Improvements	256,774	-	252,906	3,868
Vehicles and Equipment	293,872	17,694	146,373	165,193
Infrastructure - Sidewalks	322,153	-	-	322,153
Total Capital Assets Being Depreciated	<u>971,599</u>	<u>17,694</u>	<u>498,080</u>	<u>491,214</u>
Less Accumulated Depreciation for:				
Buildings	36,370	433	36,803	-
Improvements	84,984	2,067	83,570	3,481
Vehicles and Equipment	271,969	12,475	145,057	139,387
Infrastructure - Sidewalks	165,024	16,108	-	181,132
Total Accumulated Depreciation	<u>558,347</u>	<u>31,083</u>	<u>265,430</u>	<u>324,000</u>
Total Capital Assets Being Depreciated, Net	<u>413,252</u>	<u>(13,389)</u>	<u>232,650</u>	<u>167,214</u>
Total Governmental Activities Capital Assets, Net	<u>\$ 457,102</u>	<u>\$ (13,389)</u>	<u>\$ 232,650</u>	<u>\$ 211,064</u>

Depreciation was charged to governmental functions as follows:

General Government	\$ 7,267
Public Safety	7,498
Public Works	16,318
	<u>\$ 31,083</u>

Major capital asset events during the current year included police radars purchased through a capital lease for \$7,180, the replacement of computers and office furniture for \$5,383 due to flood damage, a wood chipper for \$4,536, and police equipment of \$595. The Town also disposed of buildings, computers, and other equipment due to flood damage. The original cost of these destroyed items was \$498,080 with related accumulated depreciation of \$265,430.

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Notes to the Financial Statements
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Capital assets and depreciation activity as of and for the year ended June 30, 2017 for business-type activities is as follows:

Business - Type Activities Capital Assets:	Beginning Balance	Increases	Decreases	Ending Balance
Capital Assets Not Being Depreciated:				
Land	\$ 60,429	\$ -	\$ -	\$ 60,429
Construction in Progress	-	-	-	-
Total Capital Assets Not Being Depreciated	60,429	-	-	60,429
Capital Assets Being Depreciated:				
Buildings and Improvements	87,432	-	-	87,432
Vehicles and Equipment	382,574	80,486	172,311	290,749
Water Utility System	6,970,688	329,051	-	7,299,739
Sewer Utility System	3,780,329	6,840	-	3,787,169
Total Capital Assets Being Depreciated	11,221,023	416,377	172,311	11,465,089
Less Accumulated Depreciation for:				
Buildings and Improvements	44,868	3,050	-	47,918
Vehicles and Equipment	262,091	24,670	117,827	168,934
Water Utility System	1,726,215	208,288	-	1,934,503
Sewer Utility System	2,059,644	99,418	-	2,159,062
Total Accumulated Depreciation	4,092,818	335,426	117,827	4,310,417
Total Capital Assets Being Depreciated, Net	7,128,205	80,951	54,484	7,154,672
Total Business - Type Activities Capital Assets, Net	\$ 7,188,634	\$ 80,951	\$ 54,484	\$ 7,215,101

Utility fund additions included water well improvements for \$206,488, water meter change out and related equipment for \$122,564, the replacement of generators for \$67,660 due to flood damage, computers and other office equipment replacement for \$12,826 due to flood damage, and sewer system equipment for \$6,840. The Town also disposed of computers and other equipment due to flood damage. The original cost of these destroyed items was \$172,311 with related accumulated depreciation of \$117,827.

9. Accounts, Salaries, and Other Payables

Short term payables at June 30, 2017 are as follows:

	General Fund	Enterprise Fund	Total
Accounts	\$ 6,952	\$ 153,875	\$ 160,827
Accrued Interest	-	12,739	12,739
Accrued Payroll Taxes	-	-	-
Due to State Unclaimed Checks	321	2,308	2,629
Accrued Salaries	1,475	3,228	4,703
Total	\$ 8,748	\$ 172,150	\$ 180,898

Town of Albany
Notes to the Financial Statements
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10. Short-Term Debt

The Town had no short-term debt outstanding at June 30, 2017, other than the current portions of revenue bonds payables described in the long term debt footnote.

11. Capital Leases

The Town has the following capital lease: a capital lease covering Police Radars acquired during the fiscal year ending June 30, 2017, totaling \$7,180 for 0% interest for 36 months. The lease ends in May 2020.

Total expected payments on the lease are as follows:

Year Ending June 30,	Capital Lease Governmental Activities		
	Police Radars Principal	Interest	Total
2018	\$ 2,393	\$ -	\$ 2,393
2019	2,393	-	2,393
2020	2,195	-	2,195
	<u>\$ 6,981</u>	<u>\$ -</u>	<u>\$ 6,981</u>

The total cost of the radars was \$7,180 and the related accumulated depreciation was \$256 at June 30, 2017.

12. Long-Term Obligations

The following is a summary of long-term obligation transactions for the year ended June 30, 2017:

	Governmental Activities		Business-Type Activities		Total Long-Term Obligations
	Capital Leases	Revenue Bonds	Capital Leases	Revenue Bonds	
Beginning Balance	\$ 2,339	\$ -	\$ -	\$ 4,437,112	\$ 4,439,451
Additions	7,180	-	-	-	7,180
Deletions	2,538	-	-	110,102	112,640
Ending Balance	<u>\$ 6,981</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,327,010</u>	<u>\$ 4,333,991</u>

Interest incurred and recorded as an expense in the Statement of Activities was \$37 for the Governmental Activities and \$190,052 for the Business-Type Activities.

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:

	Governmental Activities		Business-Type Activities		Total Long-Term Obligations
	Capital Leases	Revenue Bonds	Capital Leases	Revenue Bonds	
Current Portion	\$ 2,393	\$ -	\$ -	\$ 114,967	\$ 117,360
Long-Term Portion	4,588	-	-	4,212,043	4,216,631
	<u>\$ 6,981</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,327,010</u>	<u>\$ 4,333,991</u>

Town of Albany
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Bonds Payable as of June 30, 2017 are as follows:

	Bonds Payable End of Year	Due Within One Year
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%	\$ 29,000	\$ 29,000
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%	295,227	20,299
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%	293,981	12,324
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%	48,310	2,039
Business Type Fund: \$ 191,000		
Water Revenue Bonds - RUS Bonds 91-07 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%	166,930	2,885
Business Type Fund: \$ 3,706,000		
Water Revenue Bonds - RUS Bonds Series 2010 sold to Rural Utility Services		
Dated 7/20/2011 due in monthly installments of principal and interest of		
\$ 15,973 through July 17, 2051 with interest at 4.125%	3,493,562	48,420
	\$ 4,327,010	\$ 114,967

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As of and for the Year Ended June 30, 2017

The annual requirements to amortize all bonded debt outstanding at June 30, 2017, including interest payments of \$3,409,008 are as follows:

Year Ending June 30	Rural Utility Services						Total
	Water Bonds 91-01 \$ 523,000	Water Bonds 91-02 \$ 575,000	Sewer Bonds 92-03 \$ 455,000	Sewer Bonds 92-05 \$ 75,000	Water Bonds 06-01 \$ 191,000	Water Bonds Series 2010 \$ 3,706,000	
2018	\$ 29,725	\$ 37,277	\$ 27,468	\$ 4,527	\$ 10,131	\$ 191,676	\$ 300,804
2019	-	37,277	27,468	4,527	10,131	191,676	271,079
2020	-	37,277	27,468	4,527	10,131	191,676	271,079
2021	-	37,277	27,468	4,527	10,131	191,676	271,079
2022	-	37,277	27,468	4,527	10,131	191,676	271,079
2023 to 2027	-	186,386	137,340	22,635	50,653	958,380	1,355,394
2028 to 2032	-	37,278	137,340	22,635	50,653	958,380	1,206,286
2033 to 2037	-	-	22,890	3,773	50,653	958,380	1,035,696
2038 to 2042	-	-	-	-	50,653	958,380	1,009,033
2043 to 2047	-	-	-	-	43,899	958,380	1,002,279
2048 to 2052	-	-	-	-	-	742,210	742,210
	<u>\$ 29,725</u>	<u>\$ 410,049</u>	<u>\$ 434,910</u>	<u>\$ 71,678</u>	<u>\$ 297,166</u>	<u>\$ 6,492,490</u>	<u>\$ 7,736,018</u>

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

Long-term debt as of June 30, 2017 consists of six utility bonds as described in the Long Term Debt Obligations footnote. The terms and details of each revenue bond issue are described below.

The voters of the Town 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 Non-Parity 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 Town was approved for grants from Rural Utility Service (RUS) of the United States of America in the amount of \$356,500. The Town 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 Town, 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 Town after provision has been made for payment of the reasonable and necessary expenses of administering, operating, and maintaining the system.

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Notes to the Financial Statements
As of and for the Year Ended June 30, 2017

A resolution authorizing the issuance of \$575,000 of Water Revenue Parity Bonds of the Town of Albany, Louisiana, State of Louisiana, to acquire and construct improvements and extensions to the waterworks system of the Town was adopted December 14, 1987. The bonds were sold to Rural Utility 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 Town 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 Town, 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 Town 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 Non-Parity Bonds of the Town of Albany, Louisiana, State of Louisiana, for the improvement and construction of a sewerage system of the Town was adopted October 14, 1991. The bonds were sold to Rural Utility 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 Town may repay the whole or any part of the principal amount at any time. Under the terms of the bond proceeds to the Town, 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 Town 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 Parity Bonds of the Town 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 Utility 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 Town may repay the whole or any part of the principal amount at any time. Under the terms of the bond proceeds to the Town, 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 Town after provision has been made for payment of the reasonable and necessary expenses of administering, operating, and maintaining the system.

The Town of Albany issued \$3,706,000 of Water Revenue Parity Bonds, Series 2010, dated July 20, 2011 and sold to the United States of America, Rural Development. Under a Letter of Conditions, dated January 18, 2007 with the United States Department of Agriculture (USDA), Rural Development, the Town was be provided a maximum of \$3,706,000 in loan funds, and a maximum of \$1,038,000 from a Rural Development Grant for completion of the construction project. The bonds are due in monthly installments of \$15,973 for forty years with interest at a rate of 4.125 percent per annum. Under the terms of the bond proceeds to the Town, the bonds, equally with outstanding parity bonds, are secured in regards to payment of principal and interest by the revenue derived from the operation of the water utility system of the Town after provision has been made for payment of reasonable and necessary expenses of operating and maintaining the system. The Series 2010, Water Revenue Bonds, were issued to pay the construction interim financings costs and to pay the costs of loan closing.

Principal payments of \$13,629 and interest payments of \$18,329 were made on the sewer bonds. The gross sewer utility revenue recognized during the current year was \$148,476. Principal payments of \$96,474 and interest payments of \$171,722 were made on the water bonds. The gross water utility revenue recognized during the current year was \$1,089,536.

Town of Albany
Notes to the Financial Statements
As of and for the Year Ended June 30, 2017

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. At fiscal year-end, only two of the bonds (Bond 91-01 at an original issue of \$523,000, and Bond 91-02 at an original issue of \$575,000) require monthly sinking fund installments, with the remaining bond sinking fund payments drafted monthly from the accounts of the Town of Albany. As of June 30, 2017, the Sinking Fund account balance was \$39,613, and was fully funded.

Provisions for the "Utility System Bond Reserve Fund" (the Reserve Fund) require deposit of a sum equal to five percent of the monthly bond payment, with the maximum funding requirement equal to the highest succeeding annual debt service requirement. With the funding of the Water Revenue Parity Bonds, Series 2010, the deposit requirements were split between non-parity and bonds issued in parity. As of June 30, 2017, non-parity debt issues consist of the following:

- 1) Bond 91-01 at an original issue of \$523,000.
- 2) Bonds 92-03 at an original issue of \$455,000.
- 3) Bond 92-05 at an original issue of \$75,000.

The Reserve Fund for non-parity issues at June 30, 2017 totaled \$80,803, and was fully-funded, exceeding the highest succeeding annual installment for the non-parity debt issues of \$80,716. Within the bond listing above, Bond 91-01 (1977 Bonds) is referred to as "Outstanding Prior Lien Bonds" in the Series 2010 bond documents. However, only the parity bonds listed below have separate combined bond payment requirements:

- 1) Bond 91-02 at an original issue of \$575,000.
- 2) Bond 91-07 at an original issue of \$191,000.
- 3) Bond 92-08 (the Series 2010 Issue) at an original issue of \$3,706,000.

Since the parity bonds have combined payment requirements for the Series 2010 Reserve Fund, the balance remaining in the original Reserve Fund, after fully funding the non-parity bond issues listed above, was transferred to a separate Series 2010 Reserve Fund. The actual balance for the Series 2010 Reserve Fund at June 30, 2017, of \$120,777, equaled the required balance. The monthly payment requirement for the Series 2010 Reserve Fund increased to \$996 per month effective July 2012. As of June 30, 2017, the Series 2010 Reserve Fund for parity bonds maintained a balance of \$120,777, below the highest annual debt service of \$239,084 in succeeding years.

For the non-parity bond issues listed above, the original bond covenants required that that a total of \$454 per month (\$180 per month for Bond 91-01, and 5% of the monthly bond payment for bonds 92-03 at \$127 per month, and 92-05 at \$147 per month) will also be set into a "Depreciation and Contingency Fund" after completion of the projects financed with bond funds. Bond 91-01 required a continual monthly payment of \$180, whereas Bonds 92-03 and 92-05 required monthly payments of 5% of the monthly bond installment until the accumulated amounts in the fund equal to the maximum succeeding annual installment. Monthly bond installments at June 30, 2017, for Bonds 92-03 and 92-05 exceeded the maximum succeeding annual installments of \$31,991, leaving a continuing monthly required deposit of

Town of Albany
Notes to the Financial Statements
As of and for the Year Ended June 30, 2017

\$180 per month for Bond 91-01. The Series 2010 Bonds (Bond 92-08) require that proceeds for the non-parity and parity bond issues be placed into a separate Series 2010 Bond Depreciation and Contingency Fund. For the bonds issued in parity with the Series 2010 Bonds (as listed above), bond covenants require, by the 20th of each month, deposit of a sum equal to five percent of the monthly bond payment, and when the balance of the Series 2010 Bond Depreciation and Contingency reaches an amount equal to Bond Reserve Requirement, the 5% monthly installment is to be placed in the Series 2010 Reserve Fund. Beginning August 2011, the 5% monthly installment for the Series 2010 Reserve Fund totaled \$835 per month, increasing to \$996 on August 20, 2012. The money in this fund will be used for making extraordinary repairs or replacements to the system which are necessary to keep the system in operating condition, enhance its revenue-producing capacity, or provide for a higher degree of service for which money is not available as a maintenance and operation expense. Money in this fund may also be used to pay principal and interest on the bonds falling due at any time there is not sufficient money for the other bond funds. During the fiscal year ending June 30, 2017, the Series 2010 Depreciation and Contingency Fund payments were made and the account was fully funded at June 30, 2017, with a balance of \$81,386.

The Series 2010 Bond Covenants also require that monthly deposits be made into a "Short Lived Asset Fund" after completion of the project at the rate of \$2,917 per month for parity bonds over the life of the bonds. During the fiscal year ending June 30, 2017, the Short Lived Asset Fund was fully-funded with a balance of \$151,308.

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 Town of Albany has bonds inside its enterprise fund inside its utility department with separate revenue streams funding the repayment of those bonds. The schedule of net position for the utility 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 position information in a departmental only presentation. However, capital assets by department can be seen in Note 8.

Town of Albany
Notes to the Financial Statements
As of and for the Year Ended June 30, 2017

A condensed schedule of changes for the year ended June 30, 2017 is shown below.

Condensed Combining Schedule of Revenues, Expenses and Changes in Net Position
Proprietary Fund Type, Utility Departments
For the year ended June 30, 2017

	<u>Water</u>	<u>Sewer</u>	<u>Total</u>
Operating Revenues			
Water Sales	\$ 995,819	\$ -	\$ 995,819
Sewer Service Charges	-	148,476	148,476
Other	93,717	-	93,717
Total Operating Revenues	<u>1,089,536</u>	<u>148,476</u>	<u>1,238,012</u>
Operating Expenses			
Employee Expenses	153,533	75,241	228,774
Depreciation	222,148	113,278	335,426
Other Operating Expenses	333,637	23,368	357,005
Total Operating Expenses	<u>709,318</u>	<u>211,887</u>	<u>921,205</u>
Operating Income (Loss)	<u>380,218</u>	<u>(63,411)</u>	<u>316,807</u>
Nonoperating Revenues (Expenses)			
Interest Income	418	-	418
Interest Expense	(171,723)	(18,329)	(190,052)
Gain (Loss) on Disposal of Assets	(54,485)	-	(54,485)
Flood Expenses	(95,855)	(100,098)	(195,953)
Other Expense	-	-	-
Total Nonoperating Revenues (Expenses)	<u>(321,645)</u>	<u>(118,427)</u>	<u>(440,072)</u>
Income (Loss) Before Contributions and Transfers	<u>58,573</u>	<u>(181,838)</u>	<u>(123,265)</u>
Transfers and Capital Contributions			
Capital Grants	251,432	100,098	351,530
Operating Transfers Out	(113,417)	-	(113,417)
Change in Net Position	<u>196,588</u>	<u>(81,740)</u>	<u>114,848</u>
Total Net Position, Beginning			<u>3,590,028</u>
Total Net Position, Ending			<u>\$ 3,704,876</u>

See accountant's report.

Town of Albany
Notes to the Financial Statements
As of and for the Year Ended June 30, 2017

15. Pension Plans

The Town 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 Town will contribute a matching contribution of three percent for each employee's annual income. Retirement expense for the year ended June 30, 2017 was \$14,252.

16. Restricted, Committed, and Assigned Fund Balances/ Restricted Net Position

At June 30, 2017, the proprietary fund had restricted net position of \$484,554, representing the Town's funds restricted by revenue bond debt covenants and contracts with customers for meter deposits, net of the related liability.

17. Risk Management

The Town 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 Town purchases commercial insurance policies and bonds for claims related to the aforementioned risks. The Town'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.

18. Contingent Liabilities

At June 30, 2017, the Town was not involved in any outstanding litigation or claims requiring adjustment or disclosure.

19. Cooperative Endeavor Agreement

The Town entered into a cooperative endeavor agreement with the Livingston Parish School Board on September 14, 2015 for the establishment of a community park inside the city limits. The Livingston Parish School Board donated land valued at \$33,500 for this purpose. The Town of Albany agrees to construct and operate a community park and like facilities on this land. Construction of said community park and facilities shall commence within a period of five (5) years from the execution date of the agreement or the transfer of property shall be deemed null and void and the property will revert back to the Livingston Parish School Board.

20. On-Behalf Payments for Fringe Benefits and Salaries

For the fiscal year ended June 30, 2017, the State of Louisiana made on behalf payments in the form of supplemental pay to the Town's policemen. In accordance with GASB 24, the Town recorded \$23,500 of on-behalf payments as revenue and as an expenditure in the General Fund.

21. Construction Commitments

There are no construction commitments at June 30, 2017.

Town of Albany
Notes to the Financial Statements
As of and for the Year Ended June 30, 2017

22. Lease agreements

On August 14, 2016, the Town Hall of Albany was completely destroyed by flooding. In addition to the complete destruction of the Town Hall building, a police unit was also destroyed due to flooding. The Town entered into an agreement for rental of an old health unit building for a temporary Town Hall location. In August 2017, the Town extended this lease through September 30, 2018.

23. Subsequent Events

Subsequent events have been evaluated by management through December 28, 2017, the date the financial statements were available for issuance. The following events were noted that require recording or disclosure in the financial statements for the fiscal year ending June 30, 2017.

On August 14, 2017, the Town of Albany extended the lease for rental of an old health unit building for a temporary Town Hall location through September 30, 2018.

On September 11, 2017 in a Town Hall meeting, a cooperative endeavor agreement with the Livingston Parish Council was approved for the billing of Acadian Trace sewer fees for one year. The fee is a flat rate of \$30. The Town will keep \$5 and remit \$25 to the Livingston Parish Council.

Required Supplemental Information (Part II)

Town of Albany
 Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
 General Fund - Detail
 For the year ended June 30, 2017

Revenues	Budgeted Amounts		Actual Amounts GAAP Basis	Variance Favorable (Unfavorable)
	Original	Final		
Taxes				
Ad Valorem	\$ 33,250	\$ 33,650	\$ 35,229	\$ 1,579
Sales Taxes	379,500	391,200	394,679	3,479
Franchise Taxes	49,000	41,000	45,121	4,121
Total Taxes	<u>461,750</u>	<u>465,850</u>	<u>475,029</u>	<u>9,179</u>
Intergovernmental and Grants				
Federal - FEMA Reimbursements	-	20,000	132,323	112,323
State and Local Grants	6,250	2,850	5,400	2,550
Louisiana Beer Tax Distribution	3,600	3,600	3,550	(50)
Supplemental Pay - Police	26,500	26,500	23,500	(3,000)
Total Intergovernmental and Grants	<u>36,350</u>	<u>52,950</u>	<u>164,773</u>	<u>111,823</u>
Miscellaneous Revenues				
Licenses and Permits	90,000	85,000	105,492	20,492
Fines and Forfeitures	48,000	35,000	31,761	(3,239)
Interest	50	100	112	12
Donations	-	2,115	2,115	-
Miscellaneous	4,000	7,000	1,663	(5,337)
Total Miscellaneous Revenues	<u>142,050</u>	<u>129,215</u>	<u>141,143</u>	<u>11,928</u>
Total Revenues	<u>640,150</u>	<u>648,015</u>	<u>780,945</u>	<u>132,930</u>

(Continued)

See Auditor's Report.

Town of Albany
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
General Fund - Detail
For the year ended June 30, 2017

<u>Expenditures</u>	<u>Budgeted Amounts</u>		<u>Actual Amounts GAAP Basis</u>	<u>Variance Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
General Government				
Salaries	153,150	153,150	142,745	10,405
Benefits	4,250	4,250	3,845	405
Payroll Taxes	34,050	37,200	34,807	2,393
Insurance	75,500	80,500	79,414	1,086
Other operating	37,100	37,300	19,752	17,548
Professional Fees	71,600	71,600	26,172	45,428
Repairs and Maintenance	2,000	2,500	2,021	479
Telephone	2,500	2,500	1,024	1,476
Total General Government	380,150	389,000	309,780	79,220
Public Safety:				
Police				
Salaries	254,100	254,050	247,263	6,787
Benefits	5,200	6,500	6,253	247
Other operating	19,100	15,600	5,532	10,068
Supplies	4,000	4,000	989	3,011
Telephone	10,500	10,500	8,437	2,063
Utilities	-	-	1,998	(1,998)
Vehicle Expenses	28,000	25,000	25,441	(441)
Total Police	<u>320,900</u>	<u>315,650</u>	<u>295,913</u>	<u>19,737</u>
Fire				
Other operating	5,000	5,000	-	5,000
Total Fire	<u>5,000</u>	<u>5,000</u>	<u>-</u>	<u>5,000</u>
Total Public Safety	325,900	320,650	295,913	24,737
Public Works				
Salaries	45,250	45,250	45,517	(267)
Other operating	12,200	12,200	3,286	8,914
Supplies	4,850	4,850	6,131	(1,281)
Utilities	21,600	21,600	18,575	3,025
Vehicle Expenses	600	600	400	200
Total Public Works	84,500	84,500	73,909	10,591
Capital Outlays	30,000	20,550	17,694	2,856
Debt Service				
Principal	-	-	-	-
Interest	50	50	37	13
Total Expenditures	820,600	814,750	697,333	117,417
Excess Revenues (Expenditures)	(180,450)	(166,735)	83,612	250,347
Other Financing Sources (Uses)				
Operating Transfers In	185,000	210,000	113,417	(96,583)
Sale of Fixed Assets	1,000	4,000	3,982	(18)
Capital Lease Proceeds	-	-	7,180	7,180
Capital Lease Payments	(2,350)	(2,350)	(2,538)	(188)
Flood Expenses	-	(75,000)	(84,281)	(9,281)
Total Other Financing Sources (Uses)	183,650	136,650	37,760	(98,890)
Net Change in Fund Balances	3,200	(30,085)	121,372	151,457
Fund Balances, Beginning	31,542	31,542	31,542	-
Fund Balances, Ending	\$ 34,742	\$ 1,457	\$ 152,914	\$ 151,457

(Concluded)

See Auditor's Report.

Other Supplemental Information

Schedule 2

Town of Albany
Schedule of Net Position
Proprietary Fund Type
As of June 30, 2017
(With Comparative Totals as of June 30, 2016)

	Enterprise Funds	
	2017	2016
Assets		
Current Assets:		
Cash and Cash Equivalents	\$ 331,258	\$ 162,144
Receivables, Net :		
Accounts	176,934	149,385
Due From Other Funds	3,049	6,732
Prepaid Insurance	3,317	3,691
Total Current Assets	<u>514,558</u>	<u>321,952</u>
Restricted Assets:		
Restricted Cash and Cash Equivalents	617,848	682,013
Total Restricted Assets	<u>617,848</u>	<u>682,013</u>
Property, Plant, and Equipment		
Land	60,429	60,429
Property, Plant and Equipment, Net	7,154,672	7,128,205
Total Property, Plant, and Equipment	<u>7,215,101</u>	<u>7,188,634</u>
Total Assets	<u>8,347,507</u>	<u>8,192,599</u>
Liabilities		
Current Liabilities (Payable From Current Assets):		
Accounts Payable	155,824	22,171
Other Accrued Payables	3,587	5,293
Bank Overdraft	22,916	-
Total Current Liabilities (Payable From Current Assets)	<u>182,327</u>	<u>27,464</u>
Current Liabilities (Payable From Restricted Assets):		
Customer Deposits	120,555	124,185
Accrued Interest	12,739	13,810
Revenue Bonds Payable	114,967	110,055
Total Current Liabilities (Payable From Restricted Assets)	<u>248,261</u>	<u>248,050</u>
Long Term Liabilities:		
Bonds Payable	4,212,043	4,327,057
Total Long Term Liabilities	<u>4,212,043</u>	<u>4,327,057</u>
Total Liabilities	<u>4,642,631</u>	<u>4,602,571</u>
Net Position		
Net Investment in Capital Assets	2,888,091	2,751,522
Restricted for:		
Capital Projects and Debt Service	484,554	544,018
Unrestricted	332,231	294,488
Total Net Position	<u>\$ 3,704,876</u>	<u>\$ 3,590,028</u>

See Auditor's Report.

Schedule 3

Town of Albany
Schedule of Revenues, Expenses, and Changes in Net Position
Proprietary Fund Type
For the year ended June 30, 2017
(With Comparative Totals as of June 30, 2016)

	Enterprise Funds	
	2017	2016
Operating Revenues		
Water Sales	\$ 995,819	\$ 859,449
Sewer Service Charges	148,476	135,319
Other	93,717	76,559
Total Operating Revenues	<u>1,238,012</u>	<u>1,071,327</u>
Operating Expenses		
Salaries and Wages	208,092	222,974
Employee Benefits	20,682	20,969
Billing Costs	4,040	-
Depreciation	335,426	330,089
Insurance	77,394	85,294
Professional Fees	30,171	50,318
Repairs and Maintenance	114,304	121,086
Supplies	12,625	15,019
Utilities	49,292	48,970
Vehicle Expenses	17,502	18,995
Other	51,677	70,089
Total Operating Expenses	<u>921,205</u>	<u>983,803</u>
Operating Income (Loss)	<u>316,807</u>	<u>87,524</u>
Nonoperating Revenues (Expenses)		
Interest Income	418	239
Interest Expense	(190,052)	(195,274)
Gain (Loss) on Disposal of Assets	(54,485)	-
Flood Expenses	(195,953)	-
Total Nonoperating Revenues (Expenses)	<u>(440,072)</u>	<u>(195,035)</u>
Transfers and Capital Contributions		
Capital Grants	351,530	-
Transfers In (Out)	(113,417)	(106,754)
Change in Net Position	<u>114,848</u>	<u>(214,265)</u>
Total Net Assets, Beginning	<u>3,590,028</u>	<u>3,804,293</u>
Total Net Position, Ending	<u>\$ 3,704,876</u>	<u>\$ 3,590,028</u>

See Auditor's Report.

Town of Albany
Schedule of Cash Flows
Proprietary Fund Type
For the Year Ended June 30, 2017
(With Comparative Totals for the Year Ended June 30, 2016)

	<u>Enterprise Fund</u>	
	<u>2017</u>	<u>2016</u>
Cash Flows From Operating Activities		
Received From Customers	\$ 1,116,746	\$ 967,250
Received for Meter Deposit Fees	(3,630)	8,855
Other Receipts	93,717	76,559
Received (Payments) for Interfund Services	3,683	(6,732)
Payments for Operations	(224,684)	(425,620)
Payments to Employees	(228,774)	(243,943)
Net Cash Provided by Operating Activities	<u>757,058</u>	<u>376,369</u>
Cash Flows From Noncapital Financing Activities		
Transfers From (To) Other Funds	(113,417)	(106,754)
Net Cash (Used) by Noncapital Financing Activities	<u>(113,417)</u>	<u>(106,754)</u>
Cash Flows From Capital and Related Financing Activities		
Capital Grants Received	351,530	-
Payments for Flood	(195,953)	-
(Payments for) Capital Acquisitions	(416,377)	(25,210)
Principal Proceeds from (Repayments for) Long Term Debt	(110,102)	(105,369)
Interest Payments for Long Term Debt	(191,124)	(196,231)
Net Cash (Used) by Capital and Related Financing Activities	<u>(562,026)</u>	<u>(326,810)</u>
Cash Flows From Investing Activities		
Receipt of Interest	418	239
Net Cash Provided by Investing Activities	<u>418</u>	<u>239</u>
Net Cash Increase (Decrease) in Cash and Cash Equivalents	82,033	(56,956)
Cash and Cash Equivalents, Beginning of Year	844,157	901,113
Cash and Cash Equivalents, End of Year	<u>\$ 926,190</u>	<u>\$ 844,157</u>
Reconciliation of Cash and Cash Equivalents to the Statement of Net Position:		
Cash and Cash Equivalents, Unrestricted	\$ 308,342	\$ 162,144
Cash and Cash Equivalents, Restricted	617,848	682,013
Total Cash and Cash Equivalents	<u>\$ 926,190</u>	<u>\$ 844,157</u>

(Continued)

Town of Albany
Schedule of Cash Flows
Proprietary Fund Type
For the Year Ended June 30, 2017
(With Comparative Totals for the Year Ended June 30, 2016)

	Enterprise Fund	
	2017	2016
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities		
Operating Income (Loss)	\$ 316,807	\$ 87,524
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by Operating Activities:		
Depreciation	335,426	330,089
(Increase) decrease in Accounts Receivable	(27,549)	(27,518)
(Increase) decrease in Prepaid Insurance	374	(690)
(Increase) decrease in Due (to) and from Other Funds	3,683	(6,732)
Increase (decrease) in Accounts Payable	133,653	(15,773)
Increase (decrease) in Accrued Expenses	(1,706)	614
Increase (decrease) in Customer Deposits	(3,630)	8,855
Net Cash Provided by Operating Activities	<u>\$ 757,058</u>	<u>\$ 376,369</u>

(Concluded)

See Auditor's Report.

Town of Albany
Combining Schedule of Revenues, Expenses and Changes in Net Position
Proprietary Fund Type, Utility Departments
For the year ended June 30, 2017

	<u>Water</u>	<u>Sewer</u>	<u>Total</u>
Operating Revenues			
Water Sales	\$ 995,819	\$ -	\$ 995,819
Sewer Service Charges	-	148,476	148,476
Other	93,717	-	93,717
Total Operating Revenues	<u>1,089,536</u>	<u>148,476</u>	<u>1,238,012</u>
Operating Expenses			
Salaries and Wages	140,127	67,965	208,092
Employee Benefits	13,406	7,276	20,682
Billing Costs	4,040	-	4,040
Depreciation	222,148	113,278	335,426
Insurance	77,394	-	77,394
Professional Fees	27,817	2,354	30,171
Repairs and Maintenance	107,692	6,612	114,304
Supplies	12,625	-	12,625
Utilities	34,890	14,402	49,292
Vehicle Expenses	17,502	-	17,502
Other	51,677	-	51,677
Total Operating Expenses	<u>709,318</u>	<u>211,887</u>	<u>921,205</u>
Operating Income (Loss)	<u>380,218</u>	<u>(63,411)</u>	<u>316,807</u>
Nonoperating Revenues (Expenses)			
Interest Income	418	-	418
Interest Expense	(171,723)	(18,329)	(190,052)
Gain (Loss) on Disposal of Assets	(54,485)	-	(54,485)
Flood Expenses	(95,855)	(100,098)	(195,953)
Total Nonoperating Revenues (Expenses)	<u>(321,645)</u>	<u>(118,427)</u>	<u>(440,072)</u>
Income (Loss) Before Contributions and Transfers	<u>58,573</u>	<u>(181,838)</u>	<u>(123,265)</u>
Transfers and Capital Contributions			
Capital Contributions	-	-	-
Capital Grants	251,432	100,098	351,530
Operating Transfers In	-	-	-
Operating Transfers Out	(113,417)	-	(113,417)
Change in Net Position	<u>196,588</u>	<u>(81,740)</u>	<u>114,848</u>
Total Net Position, Beginning			<u>3,590,028</u>
Total Net Position, Ending			<u>\$ 3,704,876</u>

See Auditor's Report.

Town of Albany
Schedule of Revenues, Expenses and Changes in Net Position
Budget (GAAP Basis) and Actual, Proprietary Fund Type, Water Utility System
For the year ended June 30, 2017

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Operating Revenues			
Water Sales	\$ 1,000,000	\$ 995,819	\$ (4,181)
Other	92,000	93,717	1,717
Total Operating Revenues	<u>1,092,000</u>	<u>1,089,536</u>	<u>(2,464)</u>
Operating Expenses			
Salaries and Wages	139,300	140,127	(827)
Employee Benefits	14,650	13,406	1,244
Billing Costs	7,500	4,040	3,460
Depreciation	242,000	222,148	19,852
Insurance	99,500	77,394	22,106
Professional Fees	50,600	27,817	22,783
Repairs and Maintenance	128,900	107,692	21,208
Supplies	22,000	12,625	9,375
Utilities	40,000	34,890	5,110
Vehicle Expenses	25,000	17,502	7,498
Other	100,335	51,677	48,658
Total Operating Expenses	<u>869,785</u>	<u>709,318</u>	<u>160,467</u>
Operating Income (Loss)	<u>222,215</u>	<u>380,218</u>	<u>158,003</u>
Nonoperating Revenues (Expenses)			
Interest Income	350	418	68
Interest Expense	(176,200)	(171,723)	4,477
Gain (Loss) on Disposal of Assets	-	(54,485)	(54,485)
Flood Expenses	(116,000)	(95,855)	20,145
Other Expense	(7,500)	-	7,500
Total Nonoperating Revenues (Expenses)	<u>(299,350)</u>	<u>(321,645)</u>	<u>(22,295)</u>
Income (Loss) Before Contributions and Transfers	<u>(77,135)</u>	<u>58,573</u>	<u>135,708</u>
Contributions and Transfers			
Capital Grants	184,000	251,432	67,432
Operating Transfers Out	(210,000)	(113,417)	96,583
Change in Net Position	<u>\$ (103,135)</u>	<u>\$ 196,588</u>	<u>\$ 299,723</u>

See Auditor's Report.

Town of Albany
Schedule of Revenues, Expenses and Changes in Net Position
Budget (GAAP Basis) and Actual, Proprietary Fund Type, Sewer Utility System
For the year ended June 30, 2017

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Operating Revenues			
Sewer Charges	\$ 149,000	\$ 148,476	\$ (524)
Other	1,000	-	(1,000)
Total Operating Revenues	<u>150,000</u>	<u>148,476</u>	<u>(1,524)</u>
Operating Expenses			
Salaries and Wages	70,000	67,965	2,035
Employee Benefits	7,550	7,276	274
Billing Costs	1,000	-	1,000
Depreciation	117,500	113,278	4,222
Professional Fees	5,750	2,354	3,396
Repairs and Maintenance	13,500	6,612	6,888
Utilities	25,000	14,402	10,598
Other	1,050	-	1,050
Total Operating Expenses	<u>241,350</u>	<u>211,887</u>	<u>29,463</u>
Operating Income (Loss)	<u>(91,350)</u>	<u>(63,411)</u>	<u>27,939</u>
Nonoperating Revenues (Expenses)			
Interest Income	-	-	-
Interest Expense	(21,800)	(18,329)	3,471
Flood Expenses	-	(100,098)	(100,098)
Total Nonoperating Revenues (Expenses)	<u>(21,800)</u>	<u>(118,427)</u>	<u>(96,627)</u>
Income (Loss) Before Contributions and Transfers	<u>(113,150)</u>	<u>(181,838)</u>	<u>(68,688)</u>
Contributions and Transfers			
Capital Grants	-	100,098	100,098
Change in Net Position	<u>\$ (113,150)</u>	<u>\$ (81,740)</u>	<u>\$ 31,410</u>

See Auditor's Report.

Town of Albany
 Schedule of Water and Sewer Rates
 Proprietary Fund Type
 For the year ended June 30, 2017

Water	
Residential Rates - Inside City Limits	Commercial Rates - Inside City Limits
\$ 27.68 - First 2,500 Gallons	\$ 50.68 - First 10,000 Gallons
1.50 - Per 1,000 Gallons of Water over 2,500 Gallons	1.50 - Per 1,000 Gallons of Water over 10,000 Gallons
Residential Rates - Outside City Limits	Commercial Rates - Outside City Limits
\$ 35.68 - First 2,500 Gallons	\$ 58.68 - First 10,000 Gallons
2.50 - Per 1,000 Gallons of Water over 2,500 Gallons	2.50 - Per 1,000 Gallons of Water over 10,000 Gallons
Sewer	
Residential Rates	Commercial Rates
\$ 23.75 - Flat fee plus \$1.00 per thousand Gallons	\$ 33.75 - Flat fee plus \$1.05 per thousand Gallons

**Schedule of Number of Customers
 Proprietary Fund Type
 For the year ended June 30, 2017**

	Residential	Commercial	Total
Water	1,997	103	2,100
Sewer	333	56	389
Total	2,330	159	2,489

See Auditor's Report.

**Town of Albany
Schedule of Insurance
For the year ended June 30, 2017**

Insurance Company / Policy Number	Coverage	Amount	Period		
			7/17/2016 to	7/17/2017	
The Travelers Indemnity Company ZLP-14S2140A-16-PB	Commercial General Liability				
	General Aggregate Limit	\$ 2,000,000			
	Products- Completed Operations Aggregate Limit	2,000,000			
	Personal & Advertising Injury Limit	1,000,000			
	Each Occurrence Limit	1,000,000			
	Each Event Limit	1,000,000			
	Damage to Premises Rented to You Limit (any one premises)	500,000			
	Medical Expense Limit (any one person)	Excluded			
	Failure to supply limit- Each Occurrence	250,000			
	Sewage Back-Up limit-Each Occurrence	250,000			
	Law Enforcement Liability:				
	Aggregate Limit	2,000,000			
	Each Wrongful Act Limit	1,000,000			
	Each Wrongful Act Deductible	10,000			
	Public Entity Management Liability:				
	Aggregate Limit	2,000,000			
	Each Wrongful Act Limit	1,000,000			
	Each Wrongful Act Deductible	5,000			
	Limited Special Expenses Coverage-Key Employees				
	Aggregate Limit	25,000			
	Participation Percentage	10%			
	Policy # H-810-3034P589	Business Auto:			
		Liability Limit Per Any One Accident or Loss	1,000,000		
		Auto Medical Payments-each person	1,000		
	Policy #H-660-4226R998	Uninsured Motorists Per Accident	1,000,000		
		Commercial Property:			
		Buildings	2,483,573		
	Business Personal Property	200,000			
	Electronic Data Processing Equipment	50,000			
	Electronic Data Processing Data & Media	50,000			
	Business Income and Extra Expense				
	Alterations and New Buildings	Policy Limit			
	Interruption of Computer Operations-Aggregate Limit	25,000			
Delayed Net Income Loss	Policy Limit				
Policy Deductible unless a different or more specific deductible is indicated within the applicable policy	5,000				
Additional Coverages					
Debris Removal-additional amount at each described premises	25,000				
Pollution Cleanup and Removal-12 Month Aggregate Limit	25,000				
Preservation of Property	Policy Limit				
Fire Department Service Charge	5,000				
Reward Coverage-Maximum Coverage	5,000				
Increased Cost of Construction-At each described premises	10,000				
Fire Protective Equipment Discharge	5,000				
Electronic Data Processing Equipment and Data & Media-Limited	10,000				
Theft Damage to Rented Property	Policy Limit				
Commercial Inland Marine Coverage					
Items Listed in Policy	139,142				
Newly Acquired Contractors Equipment	250,000				
Replacement Items:					
Rental Cost per Item	5,000				
Loss to Any One Replacement Item	100,000				
Government Crime Coverage					
Employee Theft-Per Loss Coverage	10,000				
Forgery or Alteration	25,000				
Inside the Premises-Theft of Money and Securities	20,000				
Outside the Premises	10,000				
Money Order and Counterfeit Paper Currency	25,000				
Risk Management, Inc. WC-153	Workers' Compensation	Statutory Limits	1/1/2017 to	1/1/2018	
CNA Surety Bond 01507681	Fidelity Bond	5,000	10/15/2016 to	10/15/2017	
CNA Surety Bond 18143978	Fidelity Bond	200,000	2/13/2017 to	2/13/2018	
CAN Surety Bond 01628690	Fidelity Bond	7,220	4/15/2017 to	4/15/2018	

See Auditor's Report.

Town of Albany
Schedule of Compensation Paid to Board Members
For the year ended June 30, 2017

Schedule 10

Name	Address/Phone Number	Compensation Received
Lloyd Gene Glasscock, Mayor	Post Office Box 89 Albany, LA 70711 (225) 567-9486	\$ 9,600
Kim Stewart, Councilman	Post Office Box 1346 Albany, LA 70711 (985) 320-0801	5,160
Edmond Harris, Councilman	Post Office Box 105 Albany, LA 70711 (225) 567-3133	5,160
Jerry Glascock, Councilman	Post Office Box 1183 Albany, LA 70711 (985) 969-4945	5,160
Lloyd Martin, Councilman	Post Office Box 146 Albany, LA 70711 (225) 567-2093	5,160
Stewart Gerald Stilley, Councilman	Post Office Box 363 Albany, LA 70711 (225) 567-9723	5,160
		<u>\$ 35,400</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 12/31/18.

See Auditor's Report.

Village of Albany
Schedule of Compensation, Benefits, and Other Payments to Agency Head
For the year ended June 30, 2017

Agency Head Name: Lloyd Gene Glascock, Mayor

Purpose	Amount
Salary	\$ 9,600
Employer Paid Medicare & Social Security	734
Travel-Mileage	240
Conference travel	325
Total	\$ <u>10,899</u>

See Auditor's Report.

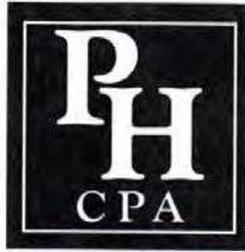
Other Required Reports

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Phil Hebert, CPA

A PROFESSIONAL ACCOUNTING CORPORATION

Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards*

The Honorable Gene Glascock, Mayor and
Members of the Board of Aldermen
Town of Albany, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund of the Town of Albany, Louisiana, as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the Town of Albany's basic financial statements and have issued our report thereon dated December 28, 2017.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Town of Albany's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town of Albany's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town of Albany's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or 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. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify certain deficiencies in internal control, described in the accompanying Schedule of Current Year Finding, Recommendations, and Responses that we consider to be material weaknesses. 2017-1 through 2017-5.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town of Albany's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying Schedule of Current Year Findings, Recommendations, and Responses as items 2017-6 through 2017-9.

Town of Albany's Response to Findings

Town of Albany's response to the findings identified in our audit are described in the accompanying Schedule of Current Year Findings, Recommendations and Responses. The Town of Albany's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Respectfully submitted,

Phil Hebert

Phil Hebert, CPA
A Professional Accounting Corporation
Albany, Louisiana

December 28, 2017

Town of Albany

Schedule of Current Year Findings, Recommendations, and Responses For the Year Ended June 30, 2017

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Governmental Auditing Standards, issued by the Comptroller General of the United States, the financial statements of the governmental activities, business-type activities, each major fund of the Tow of Albany, Louisiana, as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements, and have issued our report thereon dated December 28, 2017. Our audit of the financial statements resulted in an unmodified opinion.

Section I Summary of Auditor's Report

Internal Control			
Material Weakness	Yes	Significant Deficiency	No
Compliance			
Non-compliance Material to the Financial Statements			Yes

Section II Financial Statement Findings

Internal Control

2017-1 Lack of Segregation of Duties (Material Weakness)

Criteria:

Proper segregation of incompatible duties requires that there be different individuals responsible for authorizing transactions, recording transactions, preparing reconciliations and maintaining custody of related assets.

Condition:

Incompatible duties are being performed by the Town's Utility Billing Clerk and the Town Clerk.

Cause:

The Town's staff is not sufficient size to allow for proper and appropriate segregation of duties.

Effect:

Without segregation of incompatible duties, the Town is exposed to many risks including, but not limited to, the risk of improper or unauthorized transactions; misappropriation of assets, and incomplete, inaccurate or fraudulent financial reporting. The lack of segregation of incompatible duties represents a material weakness in the design of the internal controls over financial reporting.

Recommendation:

The Louisiana Legislative Auditor provides a Checklist of Best Practices in Government. We recommend that members of management and the governing body review the checklist and identify incompatible functions. As a compensating control we recommend the bank statements be received unopened by members of the finance committee for their review.

Management's Response:

Management will designate a board member to review the bank statements. Management and the board will be given a copy of the Checklist of Best Practices in Government for their review. Responsible Party, Mayor Lloyd Gene Glascock. (225) 567-1101

Town of Albany

Schedule of Current Year Findings, Recommendations, and Responses For the Year Ended June 30, 2017

2017-2 Personnel Files

Criteria:

A personnel file should be maintained for each employee that contains, at a minimum, (1) the employment application form that includes background information (employee's name, address, date of birth, emergency contact) and work experience of the employee; (2) the approved starting salary or rate of pay amount; (3) the Federal Employee's Withholding Allowance Certificate Form W-4 and Louisiana Employee Withholding Exemption Certificate Form L-4; (4) approved salary or hourly pay rate increases/decreases; (5) employee authorized deductions (e.g., insurance, deferred compensation plan); (6) performance appraisals; (7) promotions; and (8) disciplinary actions.

Conditions:

As part of our procedures we reviewed a sample of personnel files. We noted the files did not contain the approved starting salary or subsequent changes to pay rates.

Cause:

This appears to be an oversight by management.

Effect:

We were not able to determine if the employees in our sample were paid the correct rate of pay.

Recommendation:

We recommend management include in each employee's file (1) the employment application form that includes background information (employee's name, address, date of birth, emergency contact) and work experience of the employee; (2) the approved starting salary or rate of pay amount; (3) the Federal Employee's Withholding Allowance Certificate Form W-4 and Louisiana Employee Withholding Exemption Certificate Form L-4; (4) approved salary or hourly pay rate increases/decreases; (5) employee authorized deductions (e.g., insurance, deferred compensation plan); (6) performance appraisals; (7) promotions; and (8) disciplinary actions.

Management's Response:

Management will begin including all information recommended in each employee's personnel file. Responsible Party, Mayor Lloyd Gene Glascock. (225) 567-1101

2017-3 Approval of Payroll

Criteria:

Since payroll is the largest expenditure of a local government, it is important that controls over payroll are in place and working properly.

Condition:

The Town Clerk overpaid herself by \$4,385.60. The town also had to pay an additional amount to the Clerk's retirement of \$131.36 and payroll taxes of \$335.50. In addition some of the employees were paid overtime at an incorrect rate of pay.

Town of Albany

Schedule of Current Year Findings, Recommendations, and Responses For the Year Ended June 30, 2017

Cause:

Management did not review paystubs, payroll summary, payroll bank statement or compare the rate of pay to an approved rate of pay such as the ordinance.

Effect:

The Town Clerk was overpaid and in violation of the Town Ordinance and also some of the police officers overtime rate of pay was incorrectly calculated.

Recommendation:

We recommend the mayor or finance chairman at a minimum obtain the payroll bank statement directly (unopened) from the bank and review the canceled checks to determine (a) checks are paid to valid employees and the amounts paid appear reasonable (b) all checks include the authorized signatures (c) obtain a payroll summary or paystubs and verify the correct rates are listed.

Management's Response:

Management will review paystubs, payroll summaries, and bank statements. Responsible Party, Mayor Lloyd Gene Glascock. (225) 567-1101

2017-4 Written Policies and Procedures

Condition:

The Town does not have written policies and procedures for its operations.

Criteria:

Formal/written procedures are necessary as a clear understanding of what should be done, how it should be done, who should do it, and when it should be done and ensure the procedures followed meet management's expectations.

Cause:

Management was not aware that policies and procedures should be in written format.

Effect:

The Town does not have written procedures that aid in the continuity of operation and for cross-training of staff.

Recommendation:

We recommend management adopt written policies and procedures for all financial/business functions of the Town.

Management's Response:

The Town will prepare a written policy and procedures manual. Responsible Party, Mayor Lloyd Gene Glascock. (225) 567-1101

2017-5 Time Sheets for Employees

Condition:

As part of our procedures we reviewed time sheets for the Town's employees and compared the calculated time to the pay stubs. We noted that the Police officers are not required to provide a time sheet for hours worked.

Town of Albany

Schedule of Current Year Findings, Recommendations, and Responses For the Year Ended June 30, 2017

Criteria:

Time reports documenting hours worked are necessary controls to safeguard payroll.

Cause:

The Police Chief does not require his officers to complete time sheets or document hours worked. Rather police officers are paid by the officer's scheduled shift which is written on a calendar by the Chief.

Effect:

There are no attendance sheets documenting the officer's time worked.

Recommendation:

We recommend all employees complete time reports to document hours worked requiring the time reports be approved by the appropriate supervisor maintaining simple records to account for vacation and sick leave earned and taken by employees.

Management's Response:

All employees will begin to document their time worked and will be approved by the appropriate supervisor. Responsible Party, Mayor Lloyd Gene Glascock. (225) 567-1101

Compliance**2017-6 Overpayment to Town Employee****Criteria:**

In Chapter 4 Section 2 of the Town of Albany ordinance, the Town Clerk is to be paid \$4,344 per month totaling \$52,128 per year.

Condition:

The Town Clerk overpaid herself by \$4,385.60 in wages. In addition she also paid an additional amount to the Clerk's retirement of \$131.36 and payroll taxes of \$335.50.

Cause:

She tried to convert her monthly salary into an hourly rate of pay. In doing so she miscalculated the hourly rate by dividing the monthly salary by 160 hours. This assumes there are 4 weeks in every month and therefore 48 weeks in the year.

Effect:

The hourly rate was overstated and the clerk was paid weekly for 52 weeks. This resulted in the overpayment stated above.

Recommendation:

We recommend the Town recoup the overpayment from the Town Clerk. We also recommend the Town investigate prior years to determine if there were any additional funds to be recouped.

Management's Response:

Management has recouped the overpayment from the period audited. Management will hire an outside accounting firm to investigate any prior year overpayments. Responsible Party, Mayor Lloyd Gene Glascock. (225) 567-1101

Town of Albany

Schedule of Current Year Findings, Recommendations, and Responses For the Year Ended June 30, 2017

2017-7 Payment of Overtime when Vacation, Sick Leave or Holiday time is taken in Lieu of Hours Worked

Criteria:

According to the Fair Labor Standards Act, an employer must generally provide one and a half times a non-exempt employee's regular hourly rate for each hour or part of an hour that the employee actually works in excess of 40 hours.

Condition:

Some employees were paid overtime in weeks where they had taken a vacation, or sick day or holiday and did not work more than 40 hours in a work week.

Cause:

This appears to be an oversight by management.

Effect:

Employees were paid at the overtime rate due to counting paid leave, vacation, or holiday leave towards the 40 hour limit.

Recommendation:

We recommend management stop paying employees at the overtime rate for weeks that employees did not work more than 40 hours.

Management's Response:

Management will cease this practice. Responsible Party, Mayor Lloyd Gene Glascock. (225) 567-1101

2017-8 Incorrect Calculation of Overtime Rate

Criteria:

According to the Fair Labor Standards Act, an employer must generally provide one and a half times a non-exempt employee's regular hourly rate for each hour or part of an hour that the employee actually works in excess of 40 hours.

Condition:

When reviewing overtime paid, it appears that some salaried employees' overtime rate is being miscalculated.

Cause:

The rate is being calculated by dividing the employee's monthly salary by 160 hours and multiplying it by time and a half. This assumes there are 48 weeks in the year.

Effect:

Employees are being paid overtime at an incorrect rate.

Recommendation:

We recommend the Town calculate the overtime rate at the correct rate.

Town of Albany

Schedule of Current Year Findings, Recommendations, and Responses
For the Year Ended June 30, 2017

Management's Response:

Management will calculate the overtime rate at its correct rate. Responsible Party, Mayor Lloyd Gene Glascock. (225) 567-1101

2017-9 Reimbursement of Fuel

Criteria:

According to the Louisiana Legislative Auditor's best practices, *if a personal vehicle is used for business purposes, the employee must document the business purpose and submit vehicle odometer readings (beginning and ending) and the number of miles traveled for business. Claims for mileage reimbursement will be paid in accordance with the mileage allowance authorized in the State of Louisiana's Travel Guide in effect on the dates of travel.*

Condition:

The Town was reimbursing an employee for use of his personal vehicle based on his gas receipts and not on actual miles traveled for business.

Cause:

The Town does not have a written travel policy therefore this appeared to be an acceptable method of reimbursement.

Effect:

The Town is reimbursing the employee for use of a personal vehicle incorrectly.

Recommendation:

We recommend management adopt a written travel policy such as the one in Louisiana Legislative Auditor's Best Practices as stated in the Criteria listed above.

Management's Response:

Management will address this issue when creating the written policies and procedures manual. Responsible Party, Mayor Lloyd Gene Glascock. (225) 567-1101.

Town of Albany

Schedule of Prior Year Findings For the Year Ended June 30, 2017

Finding 2016-1 Lack of Segregation of Duties (Material Weakness)

Condition:

Incompatible duties are being performed by the Town's Utility Billing Clerk and the Town Clerk.

Recommendation:

The Louisiana Legislative Auditor provides a Checklist of Best Practices in Government. We recommend that members of management and the governing body review the checklist and identify incompatible functions. As a compensating control we recommend the bank statements be received unopened by members of the finance committee for their review.

Resolved: Unresolved

Finding 2016-2 Traffic Tickets and Misdemeanor Summonses (Material Weakness)

Condition:

Police tickets are hand written in a register in numerical sequence by the court clerk. There were several tickets that were not accounted for on the register. The actual tickets were lost in the flood.

Recommendation:

All written tickets and voided tickets must be properly accounted for in the register. The clerk should inquire of officers when tickets are written out of sequence or not returned to her.

Resolved: Fully

Finding 2016-3 Incorrect Utility Rates (Material Weakness)

Condition:

As part of our testing we discovered that 19 commercial sewer customers were billed the residential rate. Two commercial customers were billed the residential water rate. One commercial customer was billed a flat rate of \$18.

Recommendation:

We recommend a member of management and the utility billing clerk review the rates charged to each customer.

Resolved: Fully

Finding 2016-4 Minutes, Ordinances and Resolutions Timely Published in the Official Journal

Condition:

Minutes of the meetings were not published in the official journal.

Recommendation:

We recommend the Town produce and publish all minutes, ordinances, resolutions, budgets and other official proceedings in the official journal in accordance with state law R.S. 43: 143-144.

Resolved: Fully

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A PROFESSIONAL ACCOUNTING CORPORATION

INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

To the Honorable Mayor Lloyd Gene Glascock,
the Council Member of the Town of Albany, Louisiana
and the Louisiana Legislative Auditor:

We have performed the procedures enumerated below, which were agreed to by the Town of Albany, Louisiana and the Louisiana Legislative Auditor (LLA) on the control and compliance (C/C) areas identified in the LLA's Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period July 1, 2016 through June 30, 2017. The Town's management is responsible for those C/C areas identified in the SAUPs.

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. The sufficiency of these procedures is solely the responsibility of the specified users of this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

The procedures and associated findings are as follows:

1. Obtain the entity's written policies and procedures and report whether those written policies and procedures address each of the following financial/business functions (or report that the entity does not have any written policies and procedures), as applicable:
 - a) **Budgeting**, including preparing, adopting, monitoring, and amending the budget
 - b) **Purchasing**, including (1) how purchases are initiated; (2) how vendors are added to the vendor list; (3) the preparation and approval process of purchase requisitions and purchase orders; (4) controls to ensure compliance with the public bid law; and (5) documentation required to be maintained for all bids and price quotes.
 - c) **Disbursements**, including processing, reviewing, and approving
 - d) **Receipts**, including receiving, recording, and preparing deposits
 - e) **Payroll/Personnel**, including (1) payroll processing, and (2) reviewing and approving time and attendance records, including leave and overtime worked.

- f) **Contracting**, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process
- g) **Credit Cards (and debit cards, fuel cards, P-Cards, if applicable)**, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers, and (5) monitoring card usage
- h) **Travel and expense reimbursement**, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers
- i) **Ethics**, including (1) the prohibitions as defined in Louisiana Revised Statute 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) requirement that all employees, including elected officials, annually attest through signature verification that they have read the entity's ethics policy. Note: Ethics requirements are not applicable to nonprofits.
- j) **Debt Service**, including (1) debt issuance approval, (2) EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.

Results:

The town does not currently have a written policies and procedures manual.

- 2. Obtain and review the board/committee minutes for the fiscal period, and:
 - a) Report whether the managing board met (with a quorum) at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, or other equivalent document.
 - b) Report whether the minutes referenced or included monthly budget-to-actual comparisons on the General Fund and any additional funds identified as major funds in the entity's prior audit (GAAP-basis).
 - If the budget-to-actual comparisons show that management was deficit spending during the fiscal period, report whether there is a formal/written plan to eliminate the deficit spending for those entities with a fund balance deficit. If there is a formal/written plan, report whether the meeting minutes for at least one board meeting during the fiscal period reflect that the board is monitoring the plan.
 - c) Report whether the minutes referenced or included non-budgetary financial information (e.g. approval of contracts and disbursements) for at least one meeting during the fiscal period.

Results:

The board meets at least on a monthly basis.

The board does not received budget to actual financial statements on a monthly basis. The minutes do not make any reference to the monthly budget-to-actual comparisons on any funds. The minutes do reference non-budgetary information.

3. Obtain a listing of client bank accounts from management and management's representation that the listing is complete.

Results:

I obtained a listing of all the client's bank accounts.

4. Using the listing provided by management, select all of the entity's bank accounts (if five accounts or less) or one-third of the bank accounts on a three year rotating basis (if more than 5 accounts). If there is a change in practitioners, the new practitioner is not bound to follow the rotation established by the previous practitioner. *Note: School student activity fund accounts may be excluded from selection if they are otherwise addressed in a separate audit or AUP engagement.* For each of the bank accounts selected, obtain bank statements and reconciliations for all months in the fiscal period and report whether:
 - a) Bank reconciliations have been prepared;
 - b) Bank reconciliations include evidence that a member of management or a board member (with no involvement in the transactions associated with the bank account) has reviewed each bank reconciliation;
 - c) If applicable, management has documentation reflecting that it has researched reconciling items that have been outstanding for more than 6 months as of the end of the fiscal period.

Results:

All bank reconciliations have been prepared.

No bank reconciliations provide evidence that a member of management or a board member has reviewed each bank reconciliation.

Management has no documentation reflecting that it has researched reconciling items that have been outstanding for more than 6 months as of the end of the fiscal year ending June 30, 2017.

5. Obtain a listing of cash/check/money order (cash) collection locations and management's representation that the listing is complete.

Results:

Obtained a list of all cash/check/money order collection locations.

No exceptions were noted during the above procedures.

6. Using the listing provided by management, select all of the entity's cash collection locations (if five locations or less) or one-third of the collection locations on a three year rotating basis (if more than 5 locations). If there is a change in practitioners, the new practitioner is not bound to follow the rotation established by the previous practitioner. *Note: School student activity funds may be excluded from selection if they are otherwise addressed in a separate audit or AUP engagement.* For each cash collection location selected:
 - a) Obtain existing written documentation (e.g. insurance policy, policy manual, job description) and report whether each person responsible for collecting cash is (1) bonded, (2) not responsible for depositing the cash in the bank, recording the related transaction, or reconciling the related bank account (report if there are compensating controls performed by an outside party), and (3) not required to share the same cash register or drawer with another employee.
 - b) Obtain existing written documentation (e.g. sequentially numbered receipts, system report, reconciliation worksheets, policy manual) and report whether the entity has a formal process to reconcile cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions, by a person who is not responsible for cash collections in the cash collection location selected.
 - c) Select the highest (dollar) week of cash collections from the general ledger or other accounting records during the fiscal period and:
 - Using entity collection documentation, deposit slips, and bank statements, trace daily collections to the deposit date on the corresponding bank statement and report whether the deposits were made within one day of collection. If deposits were not made within one day of collection, report the number of days from receipt to deposit for each day at each collection location.
 - Using sequentially numbered receipts, system reports, or other related collection documentation, verify that daily cash collections are completely supported by documentation and report any exceptions.

Results:

Each person responsible for cash is bonded and not responsible for depositing the cash, entering the transaction or reconciling the bank account. Employees can use the same cash drawer as another employee. The entity has a formal process to reconcile cash collections to the general ledger by a person who is not responsible for cash collections. We selected the week with the highest dollar amount of collections. All deposits were deposited within one day of collection. All deposits during the week were supported by documentation.

7. Obtain existing written documentation (e.g. policy manual, written procedure) and report whether the entity has a process specifically defined (identified as such by the entity) to determine completeness of all collections, including electronic transfers, for each revenue source and agency fund additions (e.g. periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation) by a person who is not responsible for collections.

Results:

The Town's Clerk reconciles bank accounts and receivables for utility funds on a monthly basis but does not have any written policy for the procedures.

8. Obtain a listing of entity disbursements from management or, alternately, obtain the general ledger and sort/filter for entity disbursements. Obtain management's representation that the listing or general ledger population is complete.

Results:

Obtained the general ledger from management.

No exceptions were noted during the above procedures.

9. Using the disbursement population from #8 above, randomly select 25 disbursements (or randomly select disbursements constituting at least one-third of the dollar disbursement population if the entity had less than 25 transactions during the fiscal period), excluding credit card/debit card/fuel card/P-card purchases or payments. Obtain supporting documentation (e.g. purchase requisitions, system screens/logs) for each transaction and report whether the supporting documentation for each transaction demonstrated that:
 - a) Purchases were initiated using a requisition/purchase order system or an equivalent electronic system that separates initiation from approval functions in the same manner as a requisition/purchase order system.
 - b) Purchase orders, or an electronic equivalent, were approved by a person who did not initiate the purchase.
 - c) Payments for purchases were not processed without (1) an approved requisition and/or purchase order, or electronic equivalent; a receiving report showing receipt of goods purchased, or electronic equivalent; and an approved invoice.

Results:

There is no purchase order system in place. All disbursements did contain an invoice.

10. Using entity documentation (e.g. electronic system control documentation, policy manual, written procedure), report whether the person responsible for processing payments is prohibited from adding vendors to the entity's purchasing/disbursement system.

Results:

The person responsible for processing payments is not prohibited from adding vendors to the purchasing system.

11. Using entity documentation (e.g. electronic system control documentation, policy manual, written procedure), report whether the persons with signatory authority or who make the final authorization for disbursements have no responsibility for initiating or recording purchases.

Results:

The bills are presented to the Town Council on the second Monday of every month for final authorization.

The Town Clerk has signatory authority and also records the purchases.

12. Inquire of management and observe whether the supply of unused checks is maintained in a locked location, with access restricted to those persons that do not have signatory authority, and report any exceptions. Alternately, if the checks are electronically printed on blank check stock, review entity documentation (electronic system control documentation) and report whether the persons with signatory authority have system access to print checks.

Results:

We observed the supply of unused checks being stored in a locked location. The Town Clerk has access to the locked location and also has signatory authority.

13. If a signature stamp or signature machine is used, inquire of the signer whether his or her signature is maintained under his or her control or is used only with the knowledge and consent of the signer. Inquire of the signer whether signed checks are likewise maintained under the control of the signer or authorized user until mailed. Report any exceptions.

Results:

The Town Council does not have a signature stamp or machine.

No exceptions were noted during the above procedures.

14. Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and P-cards (cards), including the card numbers and the names of the persons who maintained possession of the cards. Obtain management's representation that the listing is complete.

Results:

The Town only has one credit card.

No exceptions were noted during the above procedures.

15. Using the listing prepared by management, randomly select 10 cards (or at least one-third of the cards if the entity has less than 10 cards) that were used during the fiscal period, rotating cards each year. If there is a change in practitioners, the new practitioner is not bound to follow the rotation established by the previous practitioner.

Obtain the monthly statements, or combined statements if multiple cards are on one statement, for the selected cards. Select the monthly statement or combined statement with the largest dollar activity for each card (for a debit card, select the monthly bank statement with the largest dollar amount of debit card purchases) and:

- a) Report whether there is evidence that the monthly statement or combined statement and supporting documentation was reviewed and approved, in writing, by someone other than the authorized card holder. [Note: Requiring such approval may constrain the legal authority of certain public officials (e.g., mayor of a Lawrason Act municipality); these instances should not be reported.]
- b) Report whether finance charges and/or late fees were assessed on the selected statements.

Results:

The Town only has one credit card. We selected the monthly statement with the largest activity. The mayor is the authorized card holder but all bills are approved by the board at the monthly board meeting. There was no finance charge.

No exceptions were noted during the above procedures.

16. Using the monthly statements or combined statements selected under #15 above, obtain supporting documentation for all transactions for each of the 10 cards selected (i.e. each of the 10 cards should have one month of transactions subject to testing).
 - a) For each transaction, report whether the transaction is supported by:
 - An original itemized receipt (i.e., identifies precisely what was purchased)
 - Documentation of the business/public purpose. For meal charges, there should also be documentation of the individuals participating.
 - Other documentation that may be required by written policy (e.g., purchase order, written authorization.)
 - b) For each transaction, compare the transaction's detail (nature of purchase, dollar amount of purchase, supporting documentation) to the entity's written purchasing/disbursement policies and the Louisiana Public Bid Law (i.e. transaction is a large or recurring purchase requiring the solicitation of bids or quotes) and report any exceptions.
 - c) For each transaction, compare the entity's documentation of the business/public purpose to the requirements of Article 7, Section 14 of the Louisiana Constitution, which prohibits the loan, pledge, or donation of funds, credit, property, or things of value, and report any exceptions (e.g. cash advances or non-business purchases, regardless whether they are reimbursed). If the nature of the transaction precludes or obscures a comparison to the requirements of Article 7, Section 14, the practitioner should report the transaction as an exception.

Results:

All transactions were supported by an itemized receipt, documentation of the business purpose, and a purchase requisition form.

No exceptions were noted during the above procedures.

17. Obtain from management a listing of all travel and related expense reimbursements, by person, during the fiscal period or, alternately, obtain the general ledger and sort/filter for travel reimbursements. Obtain management's representation that the listing or general ledger is complete.

Results:

Obtained from management a listing of all travel and related expense reimbursements.

No exceptions were noted during the above procedures.

18. Obtain the entity's written policies related to travel and expense reimbursements. Compare the amounts in the policies to the per diem and mileage rates established by the U.S. General Services Administration (www.gsa.gov) and report any amounts that exceed GSA rates.

Results:

The Town does not have policies and procedures on per diem and mileage rates.

19. Using the listing or general ledger from #17 above, select the three persons who incurred the most travel costs during the fiscal period. Obtain the expense reimbursement reports or prepaid expense documentation of each selected person, including the supporting documentation, and choose the largest travel expense for each person to review in detail. For each of the three travel expenses selected:

- a) Compare expense documentation to written policies and report whether each expense was reimbursed or prepaid in accordance with written policy (e.g., rates established for meals, mileage, lodging). If the entity does not have written policies, compare to the GSA rates (#18 above) and report each reimbursement that exceeded those rates.

- b) Report whether each expense is supported by:

- An original itemized receipt that identifies precisely what was purchased. [Note: An expense that is reimbursed based on an established per diem amount (e.g., meals) does not require a receipt.]
- Documentation of the business/public purpose (Note: For meal charges, there should also be documentation of the individuals participating).
- Other documentation as may be required by written policy (e.g., authorization for travel, conference brochure, certificate of attendance)

- c) Compare the entity's documentation of the business/public purpose to the requirements of Article 7, Section 14 of the Louisiana Constitution, which prohibits the loan, pledge, or donation of funds, credit, property, or things of value, and report any exceptions (e.g. hotel stays that extend beyond conference periods or payment for the travel expenses of a spouse). If the nature of the transaction precludes or obscures a comparison to the requirements of Article 7, Section 14, the practitioner should report the transaction as an exception.
- d) Report whether each expense and related documentation was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

Results:

The Town does not have written policies on travel and expense reimbursements. The Town reimbursed an employee by the gas receipt instead of basing it on the miles traveled. Except for the gas reimbursement, all other reimbursements were supported by the appropriate documentation. All reimbursements had a business/public purpose and were approved by a person not receiving the reimbursement.

- 20. Obtain a listing of all contracts in effect during the fiscal period or, alternately, obtain the general ledger and sort/filter for contract payments. Obtain management's representation that the listing or general ledger is complete.

Results:

The Town did not have any contracts for the fiscal year.

- 21. Using the listing above, select the five contract "vendors" that were paid the most money during the fiscal period (excluding purchases on state contract and excluding payments to the practitioner). Obtain the related contracts and paid invoices and:
 - a) Report whether there is a formal/written contract that supports the services arrangement and the amount paid.
 - b) Compare each contract's detail to the Louisiana Public Bid Law or Procurement Code. Report whether each contract is subject to the Louisiana Public Bid Law or Procurement Code and:
 - If yes, obtain/compare supporting contract documentation to legal requirements and report whether the entity complied with all legal requirements (e.g., solicited quotes or bids, advertisement, selected lowest bidder)
 - If no, obtain supporting contract documentation and report whether the entity solicited quotes as a best practice.
 - c) Report whether the contract was amended. If so, report the scope and dollar amount of the amendment and whether the original contract terms contemplated or provided for such an amendment.

- d) Select the largest payment from each of the five contracts, obtain the supporting invoice, compare the invoice to the contract terms, and report whether the invoice and related payment complied with the terms and conditions of the contract.
- e) Obtain/review contract documentation and board minutes and report whether there is documentation of board approval, if required by policy or law (e.g. Lawrason Act or Home Rule Charter).

Results:

The Town did not have any contracts at the end of the fiscal year.

22. Obtain a listing of employees (and elected officials, if applicable) with their related salaries, and obtain management's representation that the listing is complete. Randomly select five employees/officials, obtain their personnel files, and:
- a) Review compensation paid to each employee during the fiscal period and report whether payments were made in strict accordance with the terms and conditions of the employment contract or pay rate structure.
 - b) Review changes made to hourly pay rates/salaries during the fiscal period and report whether those changes were approved in writing and in accordance with written policy.

Results:

One town employee's pay rate was not in accordance with the town ordinance. The town employee was over paid \$4,385 for the fiscal year.

When reviewing the other employee's pay structure, there was no supporting documentation stating the employee's pay rate.

There were no changes to the employee's pay rates during the fiscal year.

23. Obtain attendance and leave records and randomly select one pay period in which leave has been taken by at least one employee. Within that pay period, randomly select 25 employees/officials (or randomly select one-third of employees/officials if the entity had less than 25 employees during the fiscal period), and:
- a) Report whether all selected employees/officials documented their daily attendance and leave (e.g., vacation, sick, compensatory). (Note: Generally, an elected official is not eligible to earn leave and does not document his/her attendance and leave. However, if the elected official is earning leave according to policy and/or contract, the official should document his/her daily attendance and leave.)
 - b) Report whether there is written documentation that supervisors approved, electronically or in writing, the attendance and leave of the selected employees/officials.
 - c) Report whether there is written documentation that the entity maintained written leave records (e.g., hours earned, hours used, and balance available) on those selected employees/officials that earn leave.

Results:

Daily attendance and leave is documented for all workers except the police employees. The police department does not use time sheets or attendance logs to record hours worked.

Supervisors approved all time sheets. The supervisor for the police department approves the shift schedule which is recorded on a calendar. One employee did not have approval for a vacation day taken.

24. Obtain from management a list of those employees/officials that terminated during the fiscal period and management's representation that the list is complete. If applicable, select the two largest termination payments (e.g., vacation, sick, compensatory time) made during the fiscal period and obtain the personnel files for the two employees/officials. Report whether the termination payments were made in strict accordance with policy and/or contract and approved by management.

Results:

No employees were terminated during the fiscal year.

No exceptions were noted during the above procedures.

25. Obtain supporting documentation (e.g. cancelled checks, EFT documentation) relating to payroll taxes and retirement contributions during the fiscal period. Report whether the employee and employer portions of payroll taxes and retirement contributions, as well as the required reporting forms, were submitted to the applicable agencies by the required deadlines.

Results:

All payroll taxes and retirement contributions as well as the required reporting forms were submitted to the applicable agencies by the required deadlines.

No exceptions were noted during the above procedures.

26. Using the five randomly selected employees/officials from procedure #22 under "Payroll and Personnel" above, obtain ethics compliance documentation from management and report whether the entity maintained documentation to demonstrate that required ethics training was completed.

Results:

We obtained from management the ethics documentation from all five randomly selected employees.

No exceptions were noted during the above procedures.

27. Inquire of management whether any alleged ethics violations were reported to the entity during the fiscal period. If applicable, review documentation that demonstrates whether management investigated alleged ethics violations, the corrective actions taken, and whether management's actions complied with the entity's ethics policy. Report whether management received allegations, whether management investigated allegations received, and whether the allegations were addressed in accordance with policy.

Results:

No ethics violations were reported to the entity during the fiscal period.

No exceptions were noted during the above procedures.

28. If debt was issued during the fiscal period, obtain supporting documentation from the entity, and report whether State Bond Commission approval was obtained.

Results:

No debt was issued during the fiscal year.

29. If the entity had outstanding debt during the fiscal period, obtain supporting documentation from the entity and report whether the entity made scheduled debt service payments and maintained debt reserves, as required by debt covenants.

Results:

We reviewed the schedule debt payments. The Town made all scheduled debt payments.

30. If the entity had tax millages relating to debt service, obtain supporting documentation and report whether millage collections exceed debt service payments by more than 10% during the fiscal period. Also, report any millages that continue to be received for debt that has been paid off.

Results:

The Town did not have any tax millages relating to debt service.

31. Inquire of management whether the entity had any misappropriations of public funds or assets. If so, obtain/review supporting documentation and report whether the entity reported the misappropriation to the legislative auditor and the district attorney of the parish in which the entity is domiciled.

Results:

One employee was overpaid during the year. Management contacted the Legislative Auditor, Town Attorney and District Attorney.

32. Observe and report whether the entity has posted on its premises and website, the notice required by R.S. 24:523.1. This notice (available for download or print at www.la.gov/hotline) concerns the reporting of misappropriation, fraud, waste, or abuse of public funds.

Results:

The notice is posted at the premises of the Town.

No exceptions were noted during the above procedures.

33. If the practitioner observes or otherwise identifies any exceptions regarding management's representations in the procedures above, report the nature of each exception.

Results:

We did not observe or otherwise identify any exceptions regarding management's representations.

No exceptions were noted during the above procedures.

We were not engaged to and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on those C/C areas identified in the SAUPs. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

The purpose of this report is solely to describe the scope of testing performed on those C/C areas identified in the SAUPs, and the result of that testing, and not to provide an opinion on control or compliance. Accordingly, this report is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the LLA as a public document.

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December 28, 2017