

TOWN OF ALBANY, LOUISIANA
ANNUAL FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

Town of Albany
Annual Financial Statements
As of and for the Year Ended June 30, 2018
With Supplemental Information Schedules

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With Supplemental Information Schedules

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Independent Auditor's Report

The Honorable Mayor Lloyd "Gene" Glasscock
and Members of the Town Council
Town of Albany, Louisiana

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of the Town of Albany as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the Town of Albany'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 judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the 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 type activities, and each major fund of the Town of Albany as of June 30, 2018, 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 5 – 13 and 50 – 53 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Albany's basic financial statements. The Combining Schedule of Revenues, Expenses, and Changes in Net Position; Schedule of Revenues, Expenses, and Changes in Net Position Budget (GAAP Basis) and Actual – Proprietary Fund Type – Water Utility System; Schedule of Revenues, Expenses, and Changes in Net Position Budget (GAAP Basis) and Actual – Proprietary Fund Type – Sewer Utility System; Schedule of Water and Sewer Rates; Schedule of Number of Customers; Schedule of Insurance; Schedule of Compensation Paid to Board Members; and the Schedule of Compensation, Benefits, and Other Payments to Agency Head are presented for purposes of additional analysis and are not a required part of the basic financial statements.

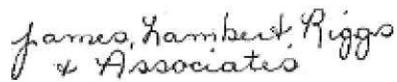
The Combining Schedule of Revenues, Expenses, and Changes in Net Position; Schedule of Revenues, Expenses, and Changes in Net Position Budget (GAAP Basis) and Actual – Proprietary Fund Type – Water Utility System; Schedule of Revenues, Expenses, and Changes in Net Position Budget (GAAP Basis) and Actual – Proprietary Fund Type – Sewer Utility System; Schedule of Water and Sewer Rates; Schedule of Number of Customers; Schedule of Insurance; Schedule of Compensation Paid to Board Members; and the Schedule of Compensation, Benefits, and Other Payments to Agency Head are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Combining Schedule of Revenues, Expenses, and Changes in Net Position; Schedule of Revenues, Expenses, and Changes in Net Position Budget (GAAP Basis) and Actual – Proprietary Fund Type – Water Utility System; Schedule of Revenues, Expenses, and Changes in Net Position Budget (GAAP Basis) and Actual – Proprietary Fund Type – Sewer Utility System; Schedule of Water and Sewer Rates; Schedule of Number of Customers; Schedule of Insurance; Schedule of Compensation Paid to Board Members; and the Schedule of

Town of Albany, Louisiana

Compensation, Benefits, and Other Payments to Agency Head are fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 12, 2018, on our consideration of the Town of Albany's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Town of Albany's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Albany's internal control over financial reporting and compliance.

A handwritten signature in cursive script that reads "James Lambert Riggs & Associates".

James, Lambert, Riggs and Associates, Inc.
Hammond, Louisiana

December 12, 2018

Required Supplemental Information (Part I)

Management's Discussion and Analysis

Town of Albany, Louisiana

Management's Discussion and Analysis As of and for the Year Ended June 30, 2018

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, 2018, the Town's assets exceeded its liabilities by \$4,605,701 (net position). Of this amount \$802,136 (unrestricted net position) may be used to meet the Town's ongoing obligations to its citizens.
- For the year ended June 30, 2018, the Town's total net position increased by \$491,513.
- At June 30, 2018, the Town's governmental funds reported a combined ending fund balance of \$109,180, a decrease of \$76,049 for the year. Of this amount, approximately 94% or \$102,567 is available for spending at the Town's discretion (unassigned fund balances).
- At June 30, 2018, the Town's proprietary fund reported ending net position of \$4,045,874, an increase of \$320,998 for the year. Of this amount, approximately 17 percent or \$699,569 is available for spending at the Town's discretion (unrestricted net position).
- For the year ended June 30, 2018, the Town made principal payments on bonded debt for the proprietary fund of \$117,112, and incurred \$182,548 in interest expense, compared to \$190,052 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, Louisiana

Management's Discussion and Analysis As of and for the Year Ended June 30, 2018

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, Louisiana

Management's Discussion and Analysis As of and for the Year Ended June 30, 2018

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, Louisiana

**Management's Discussion and Analysis
As of and for the Year Ended June 30, 2018**

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
2018 and 2017**

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2018</u>	<u>2017</u> (Restated)	<u>2018</u>	<u>2017</u> (Restated)	<u>2018</u>	<u>2017</u> (Restated)
Assets:						
Current and Other Assets	\$ 151,477	\$ 197,026	\$ 1,403,258	\$ 1,152,406	\$ 1,554,735	\$ 1,349,432
Capital Assets	455,235	211,064	7,012,117	7,215,101	7,467,352	7,426,165
Total Assets	<u>606,712</u>	<u>408,090</u>	<u>8,415,375</u>	<u>8,367,507</u>	<u>9,022,087</u>	<u>8,775,597</u>
Liabilities:						
Long-Term Debt Outstanding	4,588	6,981	4,209,898	4,327,010	4,214,486	4,333,991
Other Liabilities	42,297	11,797	159,603	315,621	201,900	327,418
Total Liabilities	<u>46,885</u>	<u>18,778</u>	<u>4,369,501</u>	<u>4,642,631</u>	<u>4,416,386</u>	<u>4,661,409</u>
Net Position:						
Net Investment in Capital Assets	450,647	204,083	2,802,219	2,888,091	3,252,866	3,092,174
Restricted	6,613	6,113	544,086	484,554	550,699	490,667
Unrestricted	102,567	179,116	699,569	352,231	802,136	531,347
Total Net Position	<u>\$ 559,827</u>	<u>\$ 389,312</u>	<u>\$ 4,045,874</u>	<u>\$ 3,724,876</u>	<u>\$ 4,605,701</u>	<u>\$ 4,114,188</u>

Approximately 71% 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 17% 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, Louisiana

**Management's Discussion and Analysis
As of and for the Year Ended June 30, 2018**

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 increased its total net position by \$491,513, with governmental activities increasing net position by \$170,515 and business-type activities increasing net position by \$320,998.

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.

Changes in Net Position						
For the years ended June 30, 2018 and 2017						
	Governmental Activities		Business-Type Activities		Total	
	2018	2017	2018	2017	2018	2017
		(Restated)		(Restated)		(Restated)
Revenues:						
Program Revenues:						
Charges for Services	\$ 157,710	\$ 137,213	\$ 1,457,345	\$ 1,218,107	\$ 1,615,055	\$ 1,355,320
Operating Grants and Contributions	18,442	-	-	-	18,442	-
Capital Grants and Contributions	-	-	-	67,300	-	67,300
General Revenues	<u>704,127</u>	<u>414,761</u>	<u>66,259</u>	<u>250,068</u>	<u>770,386</u>	<u>664,829</u>
Total Revenues	<u>880,279</u>	<u>551,974</u>	<u>1,523,604</u>	<u>1,535,475</u>	<u>2,403,883</u>	<u>2,087,449</u>
Expenses:						
Governmental Activities	763,623	795,003	-	-	763,623	795,003
Business-Type Activities	-	-	1,148,747	1,307,210	1,148,747	1,307,210
Total Expenses	<u>763,623</u>	<u>795,003</u>	<u>1,148,747</u>	<u>1,307,210</u>	<u>1,912,370</u>	<u>2,102,213</u>
Change in Net Position Before Transfers and Contributions	116,656	(243,029)	374,857	228,265	491,513	(14,764)
Transfers (Out) In	<u>53,859</u>	<u>113,417</u>	<u>(53,859)</u>	<u>(113,417)</u>	<u>-</u>	<u>-</u>
Change in Net Position	<u>170,515</u>	<u>(129,612)</u>	<u>320,998</u>	<u>114,848</u>	<u>491,513</u>	<u>(14,764)</u>
Net Position, Beginning	389,312	486,305	3,724,876	3,590,028	4,114,188	4,076,333
Prior Period Adjustments	-	32,619	-	20,000	-	52,619
Net Position, Ending	<u>\$ 559,827</u>	<u>\$ 389,312</u>	<u>\$ 4,045,874</u>	<u>\$ 3,724,876</u>	<u>\$ 4,605,701</u>	<u>\$ 4,114,188</u>

Town of Albany, Louisiana

Management's Discussion and Analysis As of and for the Year Ended June 30, 2018

Governmental Activities

The Town's governmental net position increased by \$170,515 to \$559,827. Charges for services increased by approximately \$20,497 or 15%, primarily due to a \$32,700 increase in police fine revenues. General revenues increased by \$289,366 or 69% due to the Town having a loss on disposal of assets in the prior year of \$228,667.

Business-Type Activities

The Town's business-type net position increased by \$320,998 to \$4,045,874. The increase is approximately a 9 percent gain of ending net position. In comparison, the previous fiscal year had a 3 percent gain of ending net position. Charges for services increased approximately 20% or \$239,238. In comparison, the previous fiscal year had a 14% increase. Operating expenses decreased by approximately \$158,463 or 12 percent. The largest contributors to the decreases in expenses were a decrease in flood expenses of \$130,136 and a decrease in loss on disposal of assets of \$54,485.

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 \$109,180. Of the total balance, \$102,567 is unassigned and available for spending at the Town's discretion and \$6,613 is restricted for Capital Projects and Debt Service. This represents a decrease of \$76,049, or approximately 41% 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, Louisiana

Management's Discussion and Analysis As of and for the Year Ended June 30, 2018

General Fund Budgetary Highlights

Significant variations between original and final budget amounts are as follows:

- The Town reduced its original budget for FEMA reimbursements by \$390,600. The town is still waiting on approval on some projects.
- The Town reduced its capital outlay budget for general and administration. The Town has started its construction for the new town hall and police building but will not be finished until the next fiscal year.

Significant variations from the general fund's final budget amounts and actual amounts are as follows:

- The Town budgeted to purchase a capital lease for a new police vehicle. The Town did not enter into the agreement as of June 30, 2018.

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, 2018 amounts to \$3,252,866 (net of depreciation). The total increase in the Town's investment in capital assets for the current fiscal year was \$160,692 (net of depreciation).

Major capital asset events during the current year included purchasing a new tractor with a tractor boom and a back hoe totaling \$192,074. FEMA reimbursed the town for 90% of the cost. The Town also began plans for construction for a new town hall and police station. The current construction in progress for these projects are \$67,513.

Utility fund additions included water meter change out and related equipment for \$122,564, improvements to the sewer lift station for \$28,876, and land purchased for \$70,000.

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, Louisiana

**Management's Discussion and Analysis
As of and for the Year Ended June 30, 2018**

	Governmental Activities		Business-Type Activities		Total	
	2018	2017	2018	2017	2018	2017
Capital Assets						
Land	\$ 43,850	\$ 43,850	\$ 130,429	\$ 60,429	\$ 174,279	\$ 104,279
Construction in Progress	67,513	-	5,504	-	73,017	-
Buildings	-	-	83,715	87,432	83,715	87,432
Improvements	3,868	3,868	-	-	3,868	3,868
Vehicles and Equipment	351,568	165,192	277,422	290,749	628,990	455,941
Infrastructure - Sidewalks	322,153	322,153	-	-	322,153	322,153
Water Utility System	-	-	7,320,182	7,299,739	7,320,182	7,299,739
Sewer Utility System	-	-	3,822,365	3,787,169	3,822,365	3,787,169
Subtotal Capital Assets	788,952	535,063	11,639,617	11,525,518	12,428,569	12,060,581
Less: Accumulated Depreciation	(333,717)	(323,999)	(4,627,500)	(4,310,417)	(4,961,217)	(4,634,416)
Capital Assets, Net	\$ 455,235	\$ 211,064	\$ 7,012,117	\$ 7,215,101	\$ 7,467,352	\$ 7,426,165

Long-Term Debt

At June 30, 2018, the Town had total debt outstanding of \$4,214,486. Of this total, \$92,466 is due within one year and \$4,122,020 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
2018 and 2017**

	Governmental Activities		Business-Type Activities		Total	
	2018	2017	2018	2017	2018	2017
Capital Leases	\$ 4,588	\$ 6,981	\$ -	\$ -	\$ 4,588	\$ 6,981
Revenue Bonds	-	-	4,209,898	4,327,010	4,209,898	4,327,010
Total Outstanding Debt	\$ 4,588	\$ 6,981	\$ 4,209,898	\$ 4,327,010	\$ 4,214,486	\$ 4,333,991

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, Louisiana
Management's Discussion and Analysis
As of and for the Year Ended June 30, 2018

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, Louisiana

Statement A

**Statement of Net Position
As of June 30, 2018**

	Primary Government		Total
	Governmental Activities	Business-Type Activities	
Assets			
Current Assets:			
Cash and Cash Equivalents	\$ 92,155	\$ 494,665	\$ 586,820
Receivables, Net:			
Intergovernmental	81,414	-	81,414
Accounts	-	179,580	179,580
Franchise Taxes	11,306	-	11,306
Internal Balances	(40,011)	40,011	-
Inventory	-	20,000	20,000
Total Current Assets	<u>144,864</u>	<u>734,256</u>	<u>879,120</u>
Restricted Assets:			
Restricted Cash and Cash Equivalents	6,613	669,002	675,615
Total Restricted Assets	<u>6,613</u>	<u>669,002</u>	<u>675,615</u>
Capital Assets:			
Land	43,850	130,429	174,279
Construction in Progress	67,513	5,504	73,017
Capital Assets, Net	<u>343,872</u>	<u>6,876,184</u>	<u>7,220,056</u>
Total Capital Assets	<u>455,235</u>	<u>7,012,117</u>	<u>7,467,352</u>
Total Assets	<u>606,712</u>	<u>8,415,375</u>	<u>9,022,087</u>
Liabilities			
Current Liabilities:			
Accounts Payable	23,239	27,000	50,239
Accrued Interest	-	11,601	11,601
Accrued Salaries	2,906	1,113	4,019
Accrued Vacation	5,162	3,277	8,439
Other Accrued Liabilities	10,990	3,297	14,287
Customer Deposits	-	113,315	113,315
Bonds Payable	-	90,073	90,073
Capital Leases	2,393	-	2,393
Total Current Liabilities	<u>44,690</u>	<u>249,676</u>	<u>294,366</u>
Long Term Liabilities:			
Bonds Payable	-	4,119,825	4,119,825
Capital Leases	2,195	-	2,195
Total Long Term Liabilities	<u>2,195</u>	<u>4,119,825</u>	<u>4,122,020</u>
Total Liabilities	<u>46,885</u>	<u>4,369,501</u>	<u>4,416,386</u>
Net Position			
Net Investment in Capital Assets	450,647	2,802,219	3,252,866
Restricted for:			
Capital Projects and Debt Service	6,613	544,086	550,699
Unrestricted	102,567	699,569	802,136
Total Net Position	<u>\$ 559,827</u>	<u>\$ 4,045,874</u>	<u>\$ 4,605,701</u>

The accompanying notes are an integral part of this statement.

Town of Albany, Louisiana

Statement B

Statement of Activities
For the Year Ended June 30, 2018

	Program Revenues				Net (Expenses) Revenues	Net (Expenses) Revenues and Changes of Primary Government		
	Expenses	Charges for Services	Operating Grants & Contributions	Capital Grants & Contributions		Governmental Activities	Business- Type Activities	Total
Governmental Activities								
General Government	\$ 321,050	\$ 93,249	\$ -	\$ -	\$ (227,801)	\$ (227,801)	\$ -	\$ (227,801)
Public Safety	346,510	64,461	18,442	-	(263,607)	(263,607)	-	(263,607)
Public Works - Streets	94,963	-	-	-	(94,963)	(94,963)	-	(94,963)
Court Cost	1,100	-	-	-	(1,100)	(1,100)	-	(1,100)
Total Governmental Activities	\$ 763,623	\$ 157,710	\$ 18,442	\$ -	\$ (587,471)	(587,471)	-	(587,471)
Business-type Activities								
Water	\$ 906,783	\$ 1,288,717	-	\$ -	\$ 381,934	-	381,934	381,934
Sewer	241,964	168,628	-	-	(73,336)	-	(73,336)	(73,336)
Total Business-type Activities	\$ 1,148,747	\$ 1,457,345	\$ -	\$ -	\$ 308,598	-	308,598	308,598
General Revenues:								
Taxes:								
Property Taxes						34,468	-	34,468
Sales Taxes						415,174	-	415,174
Franchise Taxes						50,000	-	50,000
Alcoholic Beverage Tax						3,707	-	3,707
Intergovernmental - FEMA						190,934	65,354	256,288
Interest Income						173	905	1,078
Donations						500	-	500
Miscellaneous						2,631	-	2,631
Gain (Loss) on Disposal of Assets						6,540	-	6,540
Transfers						53,859	(53,859)	-
Total General Revenues and Transfers						757,986	12,400	770,386
Change in Net Position						170,515	320,998	491,513
Net Position - Beginning						356,997	3,704,876	4,061,873
Prior Period Adjustments (Note 23)						32,315	20,000	52,315
Net Position - Beginning (Restated)						389,312	3,724,876	4,114,188
Net Position - Ending						\$ 559,827	\$ 4,045,874	\$ 4,605,701

The accompanying notes are an integral part of this statement.

Basic Financial Statements

Fund Financial Statements

Town of Albany, Louisiana

Statement C

**Balance Sheet, Governmental Funds
As of June 30, 2018**

	General Fund	Total Governmental Funds
Assets		
Cash and Equivalents	\$ 92,155	\$ 92,155
Receivables, Net:		
Franchise Taxes	11,306	11,306
Sales Taxes	80,182	80,182
Other	1,232	1,232
Due From Other Funds	8,573	8,573
Restricted Cash	6,613	6,613
Total Assets	\$ 200,061	\$ 200,061
 Liabilities and Fund Balances		
Liabilities:		
Accounts Payable	\$ 23,239	\$ 23,239
Accrued Salaries	2,906	2,906
Accrued Vacation	5,162	5,162
Other Accrued Liabilities	10,990	10,990
Due to Other Funds	48,584	48,584
Total Liabilities	90,881	90,881
 Fund Balances:		
Restricted	6,613	6,613
Unassigned	102,567	102,567
Total Fund Balances	109,180	109,180
 Total Liabilities and Fund Balances	\$ 200,061	\$ 200,061

The accompanying notes are an integral part of this statement.

Town of Albany, Louisiana

Statement D

**Reconciliation of the Governmental Funds Balance Sheet
to the Government-Wide Financial Statement of Net Position
As of June 30, 2018**

Fund Balances, Total Governmental Funds (Statement C)	\$	109,180
<p>Amounts reported for governmental activities in the Statement of Net Position are different because:</p>		
<p>Capital assets used in governmental activities are not financial resources and are therefore not reported in the governmental funds.</p>		
Governmental capital assets net of depreciation		455,235
Long-term liabilities including capital leases are not due and payable in the current period and, therefore, are not reported in the governmental funds.		(4,588)
Net Position of Governmental Activities (Statement A)	\$	<u><u>559,827</u></u>

The accompanying notes are an integral part of this statement.

Town of Albany, Louisiana

Statement E

**Statement of Revenues, Expenditures and
Changes in Fund Balance
For the Year Ended June 30, 2018**

	General Fund	Total Governmental Funds
Revenues		
Taxes	\$ 499,642	\$ 499,642
Licenses and Permits	93,249	93,249
Intergovernmental	22,149	22,149
FEMA Reimbursements	190,934	190,934
Fines and Forfeitures	64,461	64,461
Grants	-	-
Interest	173	173
Donations	500	500
Miscellaneous	2,631	2,631
Total Revenues	873,739	873,739
Expenditures		
General Government	307,240	307,240
Public Safety:		
Police	340,083	340,083
Fire	300	300
Mayor's Court	1,100	1,100
Public Works - Streets	78,856	78,856
Capital Outlays	280,215	280,215
Capital Lease Payments	2,393	2,393
Total Expenditures	1,010,187	1,010,187
Excess (Deficiency) of Revenues Over (Under) Expenditures	(136,448)	(136,448)
Other Financing Sources (Uses)		
Transfers In	53,859	53,859
Sale of Fixed Assets	10,380	10,380
Flood Expenses	(3,840)	(3,840)
Total Other Financing Sources (Uses)	60,399	60,399
Net Change in Fund Balance	(76,049)	(76,049)
Fund Balance, Beginning	152,914	152,914
Prior Period Adjustments (Note 23)	32,315	32,315
Fund Balances, Beginning (Restated)	185,229	185,229
Fund Balance, Ending	\$ 109,180	\$ 109,180

The accompanying notes are an integral part of this statement.

Town of Albany, Louisiana

Statement F

**Reconciliation of the Statement Revenues, Expenditures,
and Changes in Fund Balance of Governmental Funds
to the Statement of Activities
For the Year Ended June 30, 2018**

Net Change in Fund Balances, Total Governmental Funds, Statement E \$ (76,049)

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

Capital outlays are reported in governmental funds as expenditures. However in the statement of activities, the cost of these assets is allocated over their estimated useful lives as depreciation expense. These differences consist of:

Capital Outlay	280,215
Depreciation Expense	(36,044)

Repayment of capital lease principal is an expenditure in governmental funds, but the repayment reduces long-term liabilities in the statement of net position.	2,393
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Change in Net Position of Governmental Activities, Statement B \$ 170,515

The accompanying notes are an integral part of this statement.

Town of Albany, Louisiana

Statement G

**Statement of Net Position – Proprietary Funds
As of June 30, 2018**

	Business-Type Activities -		
	Enterprise Funds		
	<u>Water</u>	<u>Sewer</u>	<u>Total</u>
Assets			
Current Assets:			
Cash and Cash Equivalents	\$ 440,685	\$ 53,980	\$ 494,665
Receivables, Net:			
Accounts	158,030	21,550	179,580
Due From Other Funds	48,584	-	48,584
Inventory	20,000	-	20,000
Total Current Assets	<u>667,299</u>	<u>75,530</u>	<u>742,829</u>
Restricted Assets:			
Restricted Cash and Cash Equivalents	605,012	63,990	669,002
Total Restricted Assets	<u>605,012</u>	<u>63,990</u>	<u>669,002</u>
Property, Plant, and Equipment			
Land	130,429	-	130,429
Construction in Progress	5,504	-	5,504
Property, Plant and Equipment, Net	<u>5,263,167</u>	<u>1,613,017</u>	<u>6,876,184</u>
Total Property, Plant, and Equipment	<u>5,399,100</u>	<u>1,613,017</u>	<u>7,012,117</u>
Total Assets	<u>6,671,411</u>	<u>1,752,537</u>	<u>8,423,948</u>
Liabilities			
Current Liabilities (Payable From Current Assets):			
Accounts Payable	11,935	15,065	27,000
Accrued Salary	753	360	1,113
Accrued Vacation	1,889	1,388	3,277
Other Accrued Payables	2,577	720	3,297
Due To Other Funds	<u>5,779</u>	<u>2,794</u>	<u>8,573</u>
Total Current Liabilities (Payable From Current Assets)	<u>22,933</u>	<u>20,327</u>	<u>43,260</u>
Current Liabilities (Payable From Restricted Assets):			
Customer Deposits	113,315	-	113,315
Accrued Interest	10,917	684	11,601
Revenue Bonds Payable	<u>74,936</u>	<u>15,137</u>	<u>90,073</u>
Total Current Liabilities (Payable From Restricted Assets)	<u>199,168</u>	<u>15,821</u>	<u>214,989</u>
Long Term Liabilities:			
Bonds Payable	<u>3,809,180</u>	<u>310,645</u>	<u>4,119,825</u>
Total Long Term Liabilities	<u>3,809,180</u>	<u>310,645</u>	<u>4,119,825</u>
Total Liabilities	<u>4,031,281</u>	<u>346,793</u>	<u>4,378,074</u>
Net Position			
Net Investment in Capital Assets	1,514,984	1,287,235	2,802,219
Restricted for:			
Capital Projects and Debt Service	480,780	63,306	544,086
Unrestricted	<u>644,366</u>	<u>55,203</u>	<u>699,569</u>
Total Net Position	<u>\$ 2,640,130</u>	<u>\$ 1,405,744</u>	<u>\$ 4,045,874</u>

The accompanying notes are an integral part of these statements.

The accompanying notes are an integral part of this statement.

Town of Albany, Louisiana

Statement H

**Statement of Revenues, Expenses and
Change of Net Position – Proprietary Funds
For the Year Ended June 30, 2018**

	Bussiness-Type Activities- Enterprise Funds		
	<u>Water</u>	<u>Sewer</u>	<u>Total</u>
Operating Revenues			
Water Sales	\$ 1,168,536	\$ -	\$ 1,168,536
Sewer Service Charges	-	167,671	167,671
Other	120,181	-	120,181
Total Operating Revenues	<u>1,288,717</u>	<u>167,671</u>	<u>1,456,388</u>
Operating Expenses			
Salaries and Wages	115,996	58,657	174,653
Bad Debts	14,464	696	15,160
Depreciation	229,257	115,835	345,092
DHH Fees	30,067	-	30,067
Insurance	70,655	-	70,655
Payroll Taxes	9,093	4,477	13,570
Professional Fees	36,705	3,613	40,318
Repairs and Maintenance	24,585	16,807	41,392
Retirement	3,211	325	3,536
Supplies	37,079	-	37,079
Utilities	34,135	22,602	56,737
Vehicle Expenses	19,164	3,623	22,787
Other	49,336	-	49,336
Total Operating Expenses	<u>673,747</u>	<u>226,635</u>	<u>900,382</u>
Operating Income (Loss)	<u>614,970</u>	<u>(58,964)</u>	<u>556,006</u>
Nonoperating Revenues (Expenses)			
Interest Income	905	-	905
Bond Interest Expense	(167,219)	(15,329)	(182,548)
Flood Expenses	(65,817)	-	(65,817)
Billing Fees	-	957	957
Total Nonoperating Revenues (Expenses)	<u>(232,131)</u>	<u>(14,372)</u>	<u>(246,503)</u>
Income (Loss) Before Transfers & Contributions	<u>382,839</u>	<u>(73,336)</u>	<u>309,503</u>
Transfers and Capital Contributions			
Capital Grants	35,753	29,601	65,354
Operating Transfers Out	(53,859)	-	(53,859)
Change in Net Position	<u>364,733</u>	<u>(43,735)</u>	<u>320,998</u>
Net Position, Beginning	2,255,399	1,449,477	3,704,876
Prior Period Adjustments (Note 23)	20,000	-	20,000
Net Position - Beginning (Restated)	<u>2,275,399</u>	<u>1,449,477</u>	<u>3,724,876</u>
Total Net Position, Ending	<u>\$ 2,640,132</u>	<u>\$ 1,405,742</u>	<u>\$ 4,045,874</u>

The accompanying notes are an integral part of this statement.

Town of Albany, Louisiana

Statement I

**Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2018**

	Bussiness-Type Activities-		
	Enterprise Funds		
	<u>Water</u>	<u>Sewer</u>	<u>Total</u>
Cash Flows From Operating Activities			
Received From Customers	\$ 1,166,208	\$ 167,353	\$ 1,333,561
Received for Meter Deposit Fees	(7,240)	-	(7,240)
Other Receipts	120,181	-	120,181
Payments for Interfund Services	(39,757)	2,795	(36,962)
Payments for Operations	(452,771)	(36,557)	(489,328)
Payments to Employees	(125,659)	(61,710)	(187,369)
Net Cash Provided (Used) by Operating Activities	<u>660,962</u>	<u>71,881</u>	<u>732,843</u>
Cash Flows From Noncapital Financing Activities			
Transfers From (To) Other Funds	(53,859)	-	(53,859)
Billing Fees	-	957	957
Payments for Flood	(65,817)	-	(65,817)
Net Cash Provided (Used) by Noncapital Financing Activities	<u>(119,676)</u>	<u>957</u>	<u>(118,719)</u>
Cash Flows From Capital and Related Financing Activities			
Capital Grants Received	35,753	29,601	65,354
(Payments for) Capital Acquisitions	(102,270)	(39,838)	(142,108)
Principal Proceeds from (Repayments for) Long Term Debt	(100,604)	(16,508)	(117,112)
Interest Payments for Long Term Debt	(168,205)	(15,481)	(183,686)
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(335,326)</u>	<u>(42,226)</u>	<u>(377,552)</u>
Cash Flows From Investing Activities			
Receipt of Interest	905	-	905
Net Cash Provided (Used) by Investing Activities	<u>905</u>	<u>-</u>	<u>905</u>
Net Cash Increase (Decrease) in Cash and Cash Equivalents	206,865	30,612	237,477
Cash and Cash Equivalents, Beginning of Year	838,832	87,358	926,190
Cash and Cash Equivalents, End of Year	<u>\$ 1,045,697</u>	<u>\$ 117,970</u>	<u>\$ 1,163,667</u>
Reconciliation of Cash and Cash Equivalents to the Statement of Net			
Cash and Cash Equivalents, Unrestricted	\$ 440,685	\$ 53,980	\$ 494,665
Cash and Cash Equivalents, Restricted	605,012	63,990	669,002
Total Cash and Cash Equivalents	<u>\$ 1,045,697</u>	<u>\$ 117,970</u>	<u>\$ 1,163,667</u>

The accompanying notes are an integral part of this statement.

Town of Albany, Louisiana

Statement I

**Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2018**

	Bussiness-Type Activities-		
	Enterprise Funds		
	Water	Sewer	Total
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used)			
Operating Income (Loss)	\$ 614,970	\$ (58,964)	\$ 556,006
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by Operating Activities:			
Depreciation	229,257	115,835	345,092
(Increase) decrease in Accounts Receivable	(2,328)	(318)	(2,646)
(Increase) decrease in Prepaid Insurance	3,317	-	3,317
(Increase) decrease in Due (to) and from Other Funds	(39,757)	2,795	(36,962)
Increase (decrease) in Accounts Payable	(140,502)	11,678	(128,824)
Increase (decrease) in Accrued Expenses	3,245	855	4,100
Increase (decrease) in Customer Deposits	(7,240)	-	(7,240)
Net Cash Provided by Operating Activities	\$ 660,962	\$ 71,881	\$ 732,843

(Concluded)

The accompanying notes are an integral part of this statement.

Basic Financial Statements

Notes to the Financial Statements

Town of Albany, Louisiana
Notes to the Financial Statements
As of and for the Year Ended June 30, 2018

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 councilmen are elected at large for four-year terms. The Mayor and Council 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 2,140 water customers and 427 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.

Town of Albany, Louisiana
Notes to the Financial Statements
As of and for the Year Ended June 30, 2018

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 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, 2018.

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, Louisiana
Notes to the Financial Statements
As of and for the Year Ended June 30, 2018

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.

Town of Albany, Louisiana
Notes to the Financial Statements
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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, 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, Louisiana
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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>					
	<u>1</u>	<u>5</u>	<u>10</u>	<u>15</u>	<u>20</u>	<u>25</u>
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, Louisiana
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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 expended 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 expended 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 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

Town of Albany, Louisiana
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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.

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.

Town of Albany, Louisiana
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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, 2018, 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.

Town of Albany, Louisiana
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3. Cash and Cash Equivalents

At June 30, 2018, the Town has cash and cash equivalents (book balances) as follows:

	<u>June 30,</u> <u>2018</u>
Cash on Hand	\$ 25
Non-Interest Bearing Demand Deposits	229,840
Interest Bearing Demand Deposits	971,966
Louisiana Asset Management Pool (LAMP)	60,606
	<u>\$ 1,262,437</u>

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, 2018, the Town has \$1,262,437 in deposits. Collected bank balances, other than LAMP, consisted of \$1,229,001 in demand deposits. The demand and time deposits are secured by \$484,364 of federal deposit insurance. The remaining \$744,637 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, 2018, 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

Town of Albany, Louisiana
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the laws of the State of Louisiana, which was formed by an initiative of the State Treasurer in 1993. The corporation is governed by a board of directors comprised of the State Treasurer, representatives from various organizations of local government, the Government Finance Office Association of Louisiana, and the Society of Louisiana CPAs. Only local governments having contracted to participate in LAMP have an investment interest in its pool of assets. The primary objective of LAMP is to provide a safe environment for the placement of public funds in short-term, high-quality investments. The LAMP portfolio includes only securities and other obligations in which local governments in Louisiana are authorized to invest.

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.

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.

Town of Albany, Louisiana
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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, 2018 consist of the following:

Government Receivables	<u>General Fund</u>	<u>Total</u>
Taxes:		
Public Utility Franchise	\$ 11,306	\$ 11,306
Sales and Use	80,182	80,182
Intergovernmental:		
State of Louisiana, Beer Tax	1,232	1,232
Total Government Receivables	<u><u>\$ 92,720</u></u>	<u><u>\$ 92,720</u></u>

The Enterprise Fund accounts receivable at June 30, 2018 consist of the following:

	<u>Year Ended</u> <u>June 30, 2018</u>
Accounts Receivable	
Current	\$ 126,367
31 - 60 Days	(3,268)
61 - 90 Days	2,653
Over 90 Days	<u>18,113</u>
Subtotal	143,865
Less Allowance for Bad Debt	<u>(20,000)</u>
Accounts Receivables, Net	123,865
Accrued Billings	<u>55,715</u>
Total Accounts Receivable	<u><u>\$ 179,580</u></u>

Town of Albany, Louisiana
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6. Interfund Receivables/Payables

Interfund receivables or payables in the fund financial statements were as follows as of June 30, 2018.

	Due From Other Funds	Due To Other Funds
General Fund	\$ 8,573	\$ 48,584
Enterprise Fund	48,584	8,573
	\$ 57,157	\$ 57,157
		-
	Transfers In	Transfers Out
General Fund	\$ 53,859	\$ -
Enterprise Fund	-	53,859
	\$ 53,859	\$ 53,859

These interfund balances were related to FEMA revenues and expenses. Transfers made from the enterprise fund are made to pay for budgeted expenditures for the general fund.

7. Restricted Assets

Restricted assets for the Enterprise Fund at June 30, 2018 were as follows:

	June 30 2018
Restricted Cash and Cash Equivalents	
Customer Deposits	\$ 143,795
Bond Reserve Account -Original Non-Parity & Lien Bonds	31,995
Bond Reserve Accounts - Series 2010 Parity Bonds	205,898
Bond Contingency Account	93,518
Bond Redemption Account	12,426
Bond Short-Lived Asset Account	181,370
Total Restricted Assets	\$ 669,002

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, Louisiana
Notes to the Financial Statements
As of and for the Year Ended June 30, 2018

8. Capital Assets

Capital assets and depreciation activity as of and for the year ended June 30, 2018 for governmental activities is as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental Activities Capital Assets:				
Capital Assets Not Being Depreciated:				
Land	\$ 43,850	\$ -	\$ -	\$ 43,850
Construction in Progress	-	67,513	-	67,513
Total Capital Assets Not Being Depreciated	<u>43,850</u>	<u>67,513</u>	<u>-</u>	<u>111,363</u>
Capital Assets Being Depreciated:				
Buildings	-	-	-	-
Improvements	3,868	-	-	3,868
Vehicles and Equipment	165,193	212,702	(26,327)	351,568
Infrastructure - Sidewalks	322,153	-	-	322,153
Total Capital Assets Being Depreciated	<u>491,214</u>	<u>212,702</u>	<u>(26,327)</u>	<u>677,589</u>
Less Accumulated Depreciation for:				
Buildings	-	-	-	-
Improvements	(3,481)	-	-	(3,481)
Vehicles and Equipment	(139,387)	(19,936)	26,327	(132,996)
Infrastructure - Sidewalks	(181,132)	(16,108)	-	(197,240)
Total Accumulated Depreciation	<u>(324,000)</u>	<u>(36,044)</u>	<u>26,327</u>	<u>(333,717)</u>
Total Capital Assets Being Depreciated, Net	<u>167,214</u>	<u>176,658</u>	<u>-</u>	<u>343,872</u>
Total Governmental Activities Capital Assets, Net	<u>\$ 211,064</u>	<u>\$ 244,171</u>	<u>\$ -</u>	<u>\$ 455,235</u>

Depreciation was charged to governmental functions as follows:

General Government	\$ 861
Public Safety	9,176
Public Works	26,007
	<u>\$ 36,044</u>

Town of Albany, Louisiana
Notes to the Financial Statements
As of and for the Year Ended June 30, 2018

Capital assets and depreciation activity as of and for the year ended June 30, 2018 for business-type activities is as follows:

Business - Type Activities Capital Assets:	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital Assets Not Being Depreciated:				
Land	\$ 60,429	\$ 70,000	\$ -	\$ 130,429
Construction in Progress	-	5,504	-	5,504
Total Capital Assets Not Being Depreciated	<u>60,429</u>	<u>75,504</u>	<u>-</u>	<u>135,933</u>
Capital Assets Being Depreciated:				
Buildings and Improvements	87,432	1,680	(5,400)	83,712
Vehicles and Equipment	290,749	9,285	(22,609)	277,425
Water Utility System	7,299,739	20,443	-	7,320,182
Sewer Utility System	3,787,169	35,196	-	3,822,365
Total Capital Assets Being Depreciated	<u>11,465,089</u>	<u>66,604</u>	<u>(28,009)</u>	<u>11,503,684</u>
Less Accumulated Depreciation for:				
Buildings and Improvements	(47,918)	(6,108)	5,400	(48,626)
Vehicles and Equipment	(168,934)	(25,860)	22,609	(172,185)
Water Utility System	(1,934,503)	(210,219)	-	(2,144,722)
Sewer Utility System	(2,159,062)	(102,905)	-	(2,261,967)
Total Accumulated Depreciation	<u>(4,310,417)</u>	<u>(345,092)</u>	<u>28,009</u>	<u>(4,627,500)</u>
Total Capital Assets Being Depreciated, Net	<u>7,154,672</u>	<u>(278,488)</u>	<u>-</u>	<u>6,876,184</u>
Total Business - Type Activities Capital Assets, Net	<u>\$ 7,215,101</u>	<u>\$ (202,984)</u>	<u>\$ -</u>	<u>\$ 7,012,117</u>

9. Accounts, Salaries, and Other Payables

Short term payables at June 30, 2018 are as follows:

	<u>General Fund</u>	<u>Enterprise Fund</u>	<u>Total</u>
Accounts	\$ 23,239	\$ 13,606	\$ 160,827
Accrued Interest	-	11,601	12,739
Accrued Payroll Taxes	10,671	-	-
Other Accrued Payables	319	3,297	2,629
Accrued Vacation	5,162	3,277	-
Accrued Salaries	2,906	1,113	4,703
Total	<u>\$ 42,297</u>	<u>\$ 32,894</u>	<u>\$ 180,898</u>

Town of Albany, Louisiana
Notes to the Financial Statements
As of and for the Year Ended June 30, 2018

10. Short-Term Debt

The Town had no short-term debt outstanding at June 30, 2018, 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, 2018, 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
2019	\$ 2,393	\$ -	\$ 2,393
2020	2,195	-	2,195
	<u>\$ 4,588</u>	<u>\$ -</u>	<u>\$ 4,588</u>

The total cost of the radars was \$7,180 and the related accumulated depreciation was \$1,026 at June 30, 2018.

12. Long-Term Obligations

The following is a summary of long-term obligation transactions for the year ended June 30, 2018:

	Governmental Activities		Business-Type Activities		Total Long-Term Obligations
	Capital Leases	Revenue Bonds	Capital Leases	Revenue Bonds	
Beginning Balance	\$ 6,981	\$ -	\$ -	\$ 4,327,010	\$ 4,333,991
Additions	-	-	-	-	-
Deletions	2,393	-	-	117,112	119,505
Ending Balance	<u>\$ 4,588</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,209,898</u>	<u>\$ 4,214,486</u>

Interest incurred and recorded as an expense in the Statement of Activities was \$182,548 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	\$ -	\$ -	\$ 90,073	\$ 92,466
Long-Term Portion	2,195	-	-	4,119,825	4,122,020
	<u>\$ 4,588</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,209,898</u>	<u>\$ 4,214,486</u>

Town of Albany, Louisiana
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Bonds Payable as of June 30, 2018 are as follows:

	Bonds Payable End of Year	Due Within One Year
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%	\$ 274,928	\$ 21,469
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%	281,658	12,991
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%	44,125	2,146
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%	164,045	3,011
Business Type Fund: \$ 3,706,000		
Water Revenue Bonds - RUS Bonds Series 2010 sold to Rural Utility Services (RUS)		
Dated 7/20/2011 due in monthly installments of principal and interest of		
\$ 15,973 through July 17, 2051 with interest at 4.125%	3,445,142	50,456
	\$ 4,209,898	\$ 90,073

Town of Albany, Louisiana
Notes to the Financial Statements
As of and for the Year Ended June 30, 2018

The annual requirements to amortize all bonded debt outstanding at June 30, 2018, including interest payments of \$3,225,316 are as follows:

Year Ending June 30	Rural Utility Services					Total
	Water Bonds 91-02	Sewer Bonds 92-03	Sewer Bonds 92-05	Water Bonds 06-01	Water Bonds Series 2010	
	\$ 575,000	\$ 455,000	\$ 75,000	\$ 191,000	\$ 3,706,000	
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	37,277	27,468	4,527	10,131	191,676	271,079
2024 to 2028	186,387	137,340	22,635	50,653	958,380	1,355,395
2029 to 2033		132,762	21,881	50,653	958,380	1,163,676
2034 to 2038	-	-	-	50,653	958,380	1,009,033
2039 to 2043	-	-	-	50,653	958,380	1,009,033
2044 to 2048	-	-	-	33,768	958,380	992,148
2049 to 2052	-	-	-	-	550,534	550,534
	<u>\$ 372,772</u>	<u>\$ 407,442</u>	<u>\$ 67,151</u>	<u>\$ 287,035</u>	<u>\$ 6,300,814</u>	<u>\$ 7,435,214</u>

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

Long-term debt as of June 30, 2018 consists of five utility bonds as described in the Long Term Debt Obligations footnote. The terms and details of each revenue bond issue are described below.

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.

Town of Albany, Louisiana
Notes to the Financial Statements
As of and for the Year Ended June 30, 2018

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 \$16,508 and interest payments of \$15,329 were made on the sewer bonds. The gross sewer utility revenue recognized during the current year was \$167,671. Principal payments of \$100,604 and interest payments of \$167,219 were made on the water bonds. The gross water utility revenue recognized during the current year was \$1,288,717.

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, one bond (Bond 91-02 at an original issue of \$575,000) requires 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, 2018, the Sinking Fund account balance was \$12,426, 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, 2018, non-parity debt issues consist of the following:

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

The Reserve Fund for non-parity issues at June 30, 2018 totaled \$31,995, and was fully-funded, exceeding the highest succeeding annual installment for the non-parity debt issues of \$31,995. Within the bond listing above,

Town of Albany, Louisiana
Notes to the Financial Statements
As of and for the Year Ended June 30, 2018

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, 2018, of \$97,832, 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, 2018, the Series 2010 Reserve Fund for parity bonds maintained a balance of \$205,898, 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, 2018, for Bonds 92-03 and 92-05 exceeded the maximum succeeding annual installments of \$31,995. The Town made its final payment on Bonds 91-01 during the fiscal year June 30, 2018 so there will no longer be a requirement to set \$180 into the "Depreciation and Contingency Fund." 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, 2018, the Series 2010 Depreciation and Contingency Fund payments were made and the account was fully funded at June 30, 2018, with a balance of \$100,236.

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, 2018, the Short Lived Asset Fund was fully-funded with a balance of \$181,370.

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

Town of Albany, Louisiana
Notes to the Financial Statements
As of and for the Year Ended June 30, 2018

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.

A condensed schedule of changes for the year ended June 30, 2018 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, 2018

	<u>Water</u>	<u>Sewer</u>	<u>Total</u>
Operating Revenues			
Water Sales	\$ 1,168,536	\$ -	\$ 1,168,536
Sewer Service Charges	-	167,671	167,671
Other	120,181	-	120,181
Total Operating Revenues	<u>1,288,717</u>	<u>167,671</u>	<u>1,456,388</u>
Operating Expenses			
Employee Expenses	128,300	63,459	191,759
Depreciation	229,257	115,835	345,092
Other Operating Expenses	316,190	47,341	363,531
Total Operating Expenses	<u>673,747</u>	<u>226,635</u>	<u>900,382</u>
Operating Income (Loss)	<u>614,970</u>	<u>(58,964)</u>	<u>556,006</u>
Nonoperating Revenues (Expenses)			
Interest Income	905	-	905
Interest Expense	(167,219)	(15,329)	(182,548)
Flood Expenses	(65,817)		(65,817)
Billing Fees	-	957	957
Total Nonoperating Revenues (Expenses)	<u>(232,131)</u>	<u>(14,372)</u>	<u>(246,503)</u>
Income (Loss) Before Contributions and Transfers	<u>382,839</u>	<u>(73,336)</u>	<u>309,503</u>
Transfers and Capital Contributions			
Capital Grants	35,753	29,601	65,354
Operating Transfers Out	(53,859)	-	(53,859)
Change in Net Position	<u>196,588</u>	<u>(81,740)</u>	<u>320,998</u>
Total Net Position, Beginning			3,704,876
Prior Period Adjustments (Note 21)			20,000
Net Position, Beginning (Restated)			<u>3,724,876</u>
Total Net Position, Ending			<u>\$ 4,045,874</u>

Town of Albany, Louisiana
Notes to the Financial Statements
As of and for the Year Ended June 30, 2018

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, 2018 was \$11,927.

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

At June 30, 2018, the proprietary fund had restricted net position of \$544,086, 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, 2018, 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, 2018, 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 \$18,442 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, 2018.

Town of Albany, Louisiana
Notes to the Financial Statements
As of and for the Year Ended June 30, 2018

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 for \$5,335 per month. In August 2018, the Town extended this lease through February, 2019. At June 30, 2018, rent expense totaling \$64,020 was recorded in the Utility Fund as Flood Expenses.

23. Prior Period Adjustments

Enterprise Fund

Beginning Net Position, Before Prior Period Adjustment	\$ 3,704,876
To record inventory on hand from prior years	
Inventory	<u>20,000</u>
Restated Beginning Net Postion, After Prior Period Adjustment	<u><u>\$ 3,724,876</u></u>

Governmental Activities

Beginning Net Position, Before Prior Period Adjustment	\$ 356,997
To record additional receivable for sales taxes	
Additional sales tax receivable	<u>32,315</u>
Restated Beginning Net Postion, After Prior Period Adjustment	<u><u>\$ 389,312</u></u>

General Fund

Beginning Fund Balance, Before Prior Period Adjustment	\$ 152,914
To record additional receivable for sales taxes	
Additional sales tax receivable	<u>32,315</u>
Restated Beginning Net Postion, After Prior Period Adjustment	<u><u>\$ 185,229</u></u>

24. Subsequent Events

Subsequent events have been evaluated by management through December 12, 2018, 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, 2018.

The Town of Albany is currently rebuilding the Town Hall and Police Station that was destroyed from the flood in August, 2016. The total expected cost is \$1,100,000. The Town is expecting to receive 90% of the funding through FEMA.

The Town will also begin repairs to the wastewater treatment plant that was damaged during the flood. The total expected cost is \$440,000. This Town is expecting to receive 90% of the funding through FEMA.

Required Supplemental Information (Part II)

Town of Albany, Louisiana

Schedule 1

**Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget to Actual
General Fund
For the Year Ended June 30, 2018**

	<u>Budgeted Amounts</u>		<u>Actual Amounts GAAP Basis</u>	<u>Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Taxes:				
Sales and Use Taxes	\$ 395,000	\$ 396,300	\$ 415,174	\$ 18,874
Ad Valorem Tax	35,000	35,000	34,468	(532)
Public Utility Franchise Taxes	40,000	40,000	50,000	10,000
Licenses, Permits and Fees:				
Business Licenses	90,000	105,500	93,249	(12,251)
Intergovernmental:				
FEMA Reimbursements	585,000	194,400	190,934	(3,466)
Louisiana Beer Tax Distribution	3,600	3,600	3,707	107
Police Revenue:				
Fines and Forfeitures	48,000	61,600	64,461	2,861
State Supplemental Pay	26,500	18,400	18,442	42
State Grants				
Law Enforcement Grants	2,850	4,253	-	(4,253)
Other Revenues				
Park Donations	2,500	-	500	500
Interest	125	200	173	(27)
Miscellaneous	7,000	3,200	2,631	(569)
Total Revenues	<u>1,235,575</u>	<u>862,453</u>	<u>873,739</u>	<u>11,286</u>

(Continued)

See auditor's report.

Town of Albany, Louisiana

Schedule 1

Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget to Actual
 General Fund
 For the Year Ended June 30, 2018

	Budgeted Amounts		Actual Amounts GAAP Basis	Variance
	Original	Final		Favorable (Unfavorable)
Expenditures				
General Government				
Advertising & Printing	\$ 1,900	\$ 1,300	\$ 459	\$ 841
Assessor	-	500	-	500
Building & Ground Maintenance	2,000	5,700	6,628	(928)
Building Inspector	2,500	-	225	(225)
Capital Outlays, Building	730,000	67,500	67,512	(12)
Conferences	4,100	200	538	(338)
Contract Labor	1,300	1,100	900	200
Coroner's Fees	1,500	400	1,690	(1,290)
Dues, Subscriptions, Meetings	3,600	1,800	3,024	(1,224)
Election Expense	500	-	-	-
Insurance	35,500	49,200	51,095	(1,895)
Internet	-	1,100	1,150	(50)
Janitorial Salary & Supplies	9,300	9,200	8,395	805
Kitchen Supplies	5,500	3,000	3,116	(116)
Legal	-	400	-	400
Miscellaneous Expense	8,200	3,900	4,869	(969)
Office Expenditures	4,300	6,800	7,873	(1,073)
Official Journal	-	1,600	-	1,600
Payroll Tax Expense	38,850	11,300	11,652	(352)
Professional Services	71,600	43,300	39,502	3,798
Retirement	4,500	3,100	2,816	284
Salaries, Building Officeial	45,800	45,800	47,544	(1,744)
Salaries, Clerical	68,150	65,300	70,658	(5,358)
Salaries, Mayor & Alderman	37,000	38,300	37,525	775
Telephone	2,500	1,800	1,633	167
Training	5,000	400	-	400
Unemployment	200	300	253	47
Worker's Compensation	40,000	5,700	5,695	5
Total General Government	1,123,800	369,000	374,752	(5,752)

(Continued)

See auditor's report.

Town of Albany, Louisiana

Schedule 1

Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget to Actual

General Fund

For the Year Ended June 30, 2018

	Budgeted Amounts		Actual Amounts GAAP Basis	Variance
	Original	Final		Favorable (Unfavorable)
Public Safety				
Auto Fuel	\$ 12,000	\$ 14,600	\$ 15,932	\$ (1,332)
Auto Repairs	15,000	18,600	19,023	(423)
Capital Outlays	30,000	42,900	10,755	32,145
Conferences	300	300	-	300
Other Police Expense	12,000	6,000	3,765	2,235
Payroll Taxes	-	18,400	19,151	(751)
Retirement	6,500	5,100	5,122	(22)
Salaries, Police Department	255,000	219,300	230,934	(11,634)
Salaries, Supplemental Pay	26,100	18,500	18,442	58
Salaries, Grant Overtime	-	4,300	4,279	21
Supplies	4,000	6,900	1,958	4,942
Telephone & Utilities	10,500	7,300	7,134	166
Training	3,000	-	-	-
Law Enforcement	-	5,500	531	4,969
Lease Payments, Interest	1,350	-	-	-
Lease Payments, Principal	9,500	-	2,393	(2,393)
Witness Fees	700	600	500	100
Workers Compensation	-	10,200	13,312	(3,112)
Total Police Department	<u>385,950</u>	<u>378,500</u>	<u>353,231</u>	<u>25,269</u>
Mayor's Court				
Court Magistrate	-	1,200	1,100	100
Total Mayor's Court	<u>-</u>	<u>1,200</u>	<u>1,100</u>	<u>100</u>
Streets, Drainage, & Sanitation				
Animal Control	100	100	-	100
Capital Outlays	15,000	175,100	201,948	(26,848)
Dump Truck, Streets	800	800	675	125
Equipment Repairs	2,500	-	-	-
Materials & Supplies	4,850	3,100	1,940	1,160
Other Expenses, Streets	6,500	500	399	101
Payroll Taxes	-	3,400	3,654	(254)
Retirement	-	100	453	(353)
Salaries	46,600	44,000	49,532	(5,532)
Sanitation, Collection Expenses	3,100	3,400	3,336	64
Street Lights	21,500	21,200	18,867	2,333
Total Streets and Parks	<u>100,950</u>	<u>251,700</u>	<u>280,804</u>	<u>(29,104)</u>

(Continued)

See auditor's report.

Town of Albany, Louisiana

Schedule 1

Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget to Actual

General Fund

For the Year Ended June 30, 2018

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Favorable</u>
	<u>Original</u>	<u>Final</u>	<u>GAAP Basis</u>	<u>(Unfavorable)</u>
Other				
Fire Protection	\$ 5,000	\$ 5,000	\$ 300	\$ 4,700
J&N Park Expenses	1,000	1,000	-	1,000
Total Other	<u>6,000</u>	<u>6,000</u>	<u>300</u>	<u>5,700</u>
Total Expenditures	<u>1,616,700</u>	<u>1,006,400</u>	<u>1,010,187</u>	<u>(3,787)</u>
Excess Revenues (Expenditures)	(381,125)	(143,947)	(136,448)	7,499
Other Financing Sources (Uses)				
Transfers In	195,000	80,000	53,859	(26,141)
Lease Proceeds	30,000	32,000	-	(32,000)
CDBG - DR Funds	200,000	-	-	-
Flood Expense	(2,150)	-	(3,840)	3,840
Sale of Fixed Assets	1,000	-	10,380	10,380
Total Other Financing Sources (Uses)	<u>423,850</u>	<u>112,000</u>	<u>60,399</u>	<u>(43,921)</u>
Net Change in Fund Balance	<u>42,725</u>	<u>(31,947)</u>	<u>(76,049)</u>	<u>(44,102)</u>
Fund Balance, Beginning	1,457	152,914	152,914	-
Prior Period Adjustment (See Note 23)	-	-	32,315	-
Fund Balance, Beginning (Restated)	<u>-</u>	<u>-</u>	<u>185,229</u>	<u>-</u>
Fund Balance, Ending	<u>\$ 44,182</u>	<u>\$ 120,967</u>	<u>\$ 109,180</u>	<u>\$ (44,102)</u>

See auditor's report.

Other Supplemental Information

Town of Albany, Louisiana

Schedule 2

Combining Schedule of Revenues, Expenses and Changes in Net Position
 Proprietary Fund Type, Utility Departments
 For the Year Ended June 30, 2018

	<u>Water</u>	<u>Sewer</u>	<u>Total</u>
Operating Revenues			
Water Sales	\$ 1,168,536	\$ -	\$ 1,168,536
Sewer Service Charges	-	167,671	167,671
Other	120,181	-	120,181
Total Operating Revenues	<u>1,288,717</u>	<u>167,671</u>	<u>1,456,388</u>
Operating Expenses			
Salaries and Wages	115,996	58,657	174,653
Bad Debt	14,464	696	15,160
Depreciation	229,257	115,835	345,092
DHH Fees	30,067	-	30,067
Insurance	70,655	-	70,655
Payroll Taxes	9,093	4,477	13,570
Professional Fees	36,705	3,613	40,318
Repairs and Maintenance	24,585	16,807	41,392
Retirement	3,211	325	3,536
Supplies	37,079	-	37,079
Utilities	34,135	22,602	56,737
Vehicle Expenses	19,164	3,623	22,787
Other	49,336	-	49,336
Total Operating Expenses	<u>673,747</u>	<u>226,635</u>	<u>900,382</u>
Operating Income (Loss)	<u>614,970</u>	<u>(58,964)</u>	<u>556,006</u>
Nonoperating Revenues (Expenses)			
Interest Income	905	-	905
Bond Interest Expense	(167,219)	(15,329)	(182,548)
Flood Expenses	(65,817)	-	(65,817)
Billing Fees	-	957	957
Total Nonoperating Revenues (Expenses)	<u>(232,131)</u>	<u>(14,372)</u>	<u>(246,503)</u>
Income (Loss) Before Contributions and Transfers	<u>382,839</u>	<u>(73,336)</u>	<u>309,503</u>
Transfers and Capital Contributions			
Capital Grants	35,753	29,601	65,354
Operating Transfers Out	(53,859)	-	(53,859)
Change in Net Position	<u>364,733</u>	<u>(43,735)</u>	<u>320,998</u>
Total Net Position, Beginning			3,704,876
Prior Period Adjustment (Note 23)			20,000
Net Position, Beginning (Restated)			<u>3,724,876</u>
Total Net Position, Ending			<u>\$ 4,045,874</u>

See auditor's report.

Town of Albany, Louisiana

Schedule 3

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, 2018

	Budget	Actual	Variance Favorable (Unfavorable)
Operating Revenues			
Water Sales	\$ 1,275,000	\$ 1,168,536	\$ (106,464)
Other	6,800	120,181	113,381
Total Operating Revenues	<u>1,281,800</u>	<u>1,288,717</u>	<u>6,917</u>
Operating Expenses			
Salaries and Wages	114,400	115,996	(1,596)
Bad Debt	800	14,464	(13,664)
Depreciation	242,000	229,257	12,743
DHH Fees	28,800	30,067	(1,267)
Insurance	77,200	70,655	6,545
Payroll Taxes	9,100	9,093	7
Professional Fees	44,900	36,705	8,195
Repairs and Maintenance	19,100	24,585	(5,485)
Retirement	3,400	3,211	189
Supplies	48,500	37,079	11,421
Utilities	39,700	34,135	5,565
Vehicle Expenses	20,800	19,164	1,636
Other	47,200	49,336	(2,136)
Total Operating Expenses	<u>695,900</u>	<u>673,747</u>	<u>22,153</u>
Operating Income (Loss)	<u>585,900</u>	<u>614,970</u>	<u>29,070</u>
Nonoperating Revenues (Expenses)			
Interest Income	700	905	205
Bond Interest Expense	(174,800)	(167,219)	7,581
Flood Expenses	(117,800)	(65,817)	51,983
Total Nonoperating Revenues (Expenses)	<u>(291,900)</u>	<u>(232,131)</u>	<u>59,769</u>
Income (Loss) Before Contributions and Transfers	<u>294,000</u>	<u>382,839</u>	<u>88,839</u>
Contributions and Transfers			
Capital Grants	24,700	35,753	11,053
Operating Transfers Out	(80,000)	(53,859)	26,141
Change in Net Position	<u>\$ 238,700</u>	<u>\$ 364,733</u>	<u>\$ 126,033</u>

See auditor's report.

Town of Albany, Louisiana

Schedule 4

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, 2018

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Operating Revenues			
Sewer Charges	\$ 167,000	\$ 167,671	\$ 671
Total Operating Revenues	<u>167,000</u>	<u>167,671</u>	<u>671</u>
Operating Expenses			
Salaries and Wages	57,000	58,657	(1,657)
Bad Debt	800	696	104
Depreciation	130,000	115,835	14,165
Payroll Taxes	4,400	4,477	(77)
Professional Fees	3,800	3,613	187
Repairs and Maintenance	45,200	16,807	28,393
Retirement	100	325	(225)
Supplies	5,000	-	5,000
Utilities	24,800	22,602	2,198
Other	4,400	3,623	777
Total Operating Expenses	<u>275,500</u>	<u>226,635</u>	<u>48,865</u>
Operating Income (Loss)	<u>(108,500)</u>	<u>(58,964)</u>	<u>49,536</u>
Nonoperating Revenues (Expenses)			
Interest Income	100	-	(100)
Billing Fees	-	957	957
Bond Interest Expense	(18,400)	(15,329)	3,071
Total Nonoperating Revenues (Expenses)	<u>(18,300)</u>	<u>(14,372)</u>	<u>3,928</u>
Income (Loss) Before Contributions and	<u>(126,800)</u>	<u>(73,336)</u>	<u>53,464</u>
Contributions and Transfers			
Capital Grants	35,500	29,601	(5,899)
Change in Net Position	<u>\$ (91,300)</u>	<u>\$ (43,735)</u>	<u>\$ 47,565</u>

See auditor's report.

Town of Albany, Louisiana

Schedule 5

**Schedule of Water and Sewer Rates – Proprietary Fund Type
For the Year Ended June 30, 2018**

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

See auditor's report.

Town of Albany, Louisiana

Schedule 6

Schedule of Number of Customers – Proprietary Fund Type
For the Year Ended June 30, 2018

	<u>Residential</u>	<u>Commercial</u>	<u>Total</u>
Water	2,039	101	2,140
Sewer	373	54	427
Total	<u>2,412</u>	<u>155</u>	<u>2,567</u>

See auditor's report.

Town of Albany, Louisiana

Schedule 7

Schedule of Insurance
For the Year Ended June 30, 2018

Insurance Company / Policy Number	Coverage	Amount	Period	
			7/17/2017 to	7/17/2018
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	
		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	
		Uninsured Motorists Per Accident	1,000,000	
		Policy #H-660-4226R998		
		Commercial Property:		
		Business Personal Property	1,775,996	
		Electronic Data Processing Equipment	50,000	
		Electronic Data Processing Data & Media	50,000	
		Business Income and Extra Expense	100,000	
		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	
		Commercial Inland Marine Coverage		
		Items Listed in Policy	285,465	
		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	1/1/2018 to 1/1/2019
CNA Surety Bond 01507681	Fidelity Bond		5,000	10/15/2017 to 10/15/2018
CNA Surety Bond 18143978	Fidelity Bond		200,000	2/13/2018 to 2/13/2019
CAN Surety Bond 01628690	Fidelity Bond		7,220	4/15/2018 to 4/15/2019

See auditor's report.

Town of Albany, Louisiana

Schedule 8

**Schedule of Compensation Paid to Board Members
For the Year Ended June 30, 2018**

<u>Name</u>	<u>Address/Phone Number</u>	<u>Compensation Received</u>
Lloyd Gene Glasscock, Mayor	Post Office Box 89 Albany, LA 70711 (225) 567-9486	\$ 13,200
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>39,000</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.

Town of Albany, Louisiana

Schedule 9

Schedule of Compensation, Benefits, and Other Payments to Agency
For the Year Ended June 30, 2018

Agency Head Name: Lloyd Gene Glascock, Mayor

Purpose	Amount
Salary	\$ 13,200
Cell Phone	538
Total	\$ <u>13,738</u>

See auditor's report.

Other Independent Auditor's Reports and Findings and Recommendations

Dennis E. James, CPA
Lyle E. Lambert, CPA
Paul M. Riggs, Jr., CPA

J. Bryan Ehricht, CPA
Samantha D. Wagner, CPA
Christie J. Barado
Megan E. Lynch
B. Jacob Steib
Debbie G. Faust, EA
Ramona K. Huckabee, EA



JAMES
LAMBERT RIGGS
& ASSOCIATES, INC.
CERTIFIED PUBLIC ACCOUNTANTS
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Member of
American Institute of CPAs
Society of Louisiana CPAs

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 Mayor Lloyd "Gene" Glasscock
and Members of the Town Council
Town of Albany, Louisiana

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 *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, and each major fund, of the Town of Albany as of and for the year ended June 30, 2018, 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 12, 2018.

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 a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. *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 have not been identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and responses that we consider to be material weaknesses and are identified as items 2018-001 to 2018-009.

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*

Town of Albany, Louisiana

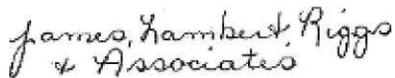
and which are described in the accompanying schedule of findings and responses as items 2018-010 through 2018-013.

Town of Albany, Louisiana’s Response to Findings

The Town of Albany’s response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. 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.



James, Lambert, Riggs and Associates, Inc.
Hammond, Louisiana

December 12, 2018

Town of Albany, Louisiana

Schedule of Findings and Responses
For the Year Ended June 30, 2018

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 Government Auditing Standards, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, and each major fund, of the Town of Albany as of and for the year ended June 30, 2018, 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 12, 2018. Our audit of the basic financial statements resulted in an unmodified opinion.

Section I - Summary of Auditor's Reports

1. Report on Internal Control and Compliance Material to the Financial Statements

Internal Control:

Material Weakness X Yes ___ No
Significant Deficiencies X Yes ___ No

Compliance:

Compliance Material to the Financial Statements X Yes ___ No

2. Management Letter

Was a management letter issued? ___ Yes X No

Section II - Financial Statement Findings

Internal Control over Financial Reporting

2018-001 - Lack of Segregation of Duties

Condition:

The Town does not currently have an adequate segregation of duties between employees to maintain an effective system of internal control over financial reporting. Incompatible duties are being performed by the Town Clerk and the Town's Utility Billing Clerks. The Town Clerk, who reconciles and records transactions, also is able to collect cash as a backup to the other Utility Billing Clerks. It was also noted that a full-time Utility Billing Clerk, who is able to collect traffic citation fees, is also employed part-time by the Town's police department as a patrol officer and is able to issue traffic citations.

This condition was noted in the prior fiscal year.

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.

Cause:

The Town's staff is not sufficient size to allow for proper and appropriate segregation of duties to maintain an effective system of internal controls.

Town of Albany, Louisiana

Schedule of Findings and Responses
For the Year Ended June 30, 2018

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 and their review be documented on the bank statement and reconciliations. We also recommend that the Town Clerk, who is responsible for reconciling the bank statements and recording transactions, not be allowed to collect cash. Additionally, we recommend the Town Utility Billing Clerk, who collects cash for fines and forfeitures, not be allowed to issue tickets.

Management's Response:

See management's response dated December 13, 2018.

2018-002 – Written Policies and Procedures

Condition:

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

This condition was noted in the prior fiscal year.

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 to 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:

See management's response dated December 13, 2018.

Town of Albany, Louisiana

Schedule of Findings and Responses
For the Year Ended June 30, 2018

2018-003 – Personnel Files

Condition:

As part of our internal control 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.

This condition was noted in the prior fiscal year.

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 / decrease; (5) employee authorized deductions (e.g., insurance, deferred compensation plan); (6) performance appraisals; (7) promotions; and (8) disciplinary actions.

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. We also recommend the Town Council approve all current pay rates for employees to save as a record in each personnel file to document proper pay rates going forward.

Management's Response:

See management's response dated December 13, 2018.

2018-004 – Approval of Payroll

Condition:

During the June 30, 2017, annual audit, it was discovered that the Town Clerk overpaid herself by \$4,385.60 in wages. In addition, the prior auditors noted that the Town also paid an additional amount to the Clerk's retirement of \$131.36 and payroll taxes of \$335.50. Due to this discovery by the prior auditors, she resigned from her position as Town Clerk on December 5, 2017.

Town of Albany, Louisiana

**Schedule of Findings and Responses
For the Year Ended June 30, 2018**

During our current year audit and testing of payroll processing, we also noted that not all employee time had documented review of approval for hours worked and approval in personnel file for applicable rate of pay. Additionally, it was noted that the current Employee Handbook appears to be a template and contains information not relevant to the Town and missing is information that is specific to their operations.

This condition was noted in the prior fiscal year.

Criteria:

Since payroll is the largest expenditure of a local government, it is important that controls over payroll are in place and working properly, and that a relevant employee handbook is available for management and employees to reference.

Cause:

The Town's personnel policies and procedures, time and attendance procedures, and payroll processing procedures have not been developed correctly. Management did not review paystubs, a payroll summary, timesheets, or compare the rate of pay to an approved rate of pay such as the ordinance.

Effect:

The Town Clerk was overpaid in violation of Town Ordinances. In addition, some Police Officers' overtime rate of pay was incorrectly calculated.

Failure to institute and adhere to strong internal controls over personnel policies and procedures, time and attendance procedures, and payroll processing procedures creates an environment in which employees could be paid the incorrect pay rate, employees could be paid for work not performed, and other errors and irregularities could occur and not be detected timely by employees performing their assigned tasks.

Recommendation:

We recommend the Town include in all personnel files a signed document approved by the Mayor or Council approving each employee's current pay rates, as well as future pay rates, when increases are given. Additionally, we recommend that all timesheets have written approval by the employee's direct supervisor.

Management's Response:

See management's response dated December 13, 2018.

2018-005 – Time Sheets for Employees

Condition:

As part of our internal control procedures, we reviewed time sheets for the Town's employees and compared the calculated time worked for each employee to their respective pay stubs. We noted that one Police Officer, who is not an elected official, is not providing a weekly time sheet for hours worked.

This condition was noted in the prior fiscal year.

Criteria:

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

Town of Albany, Louisiana

**Schedule of Findings and Responses
For the Year Ended June 30, 2018**

Cause:

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

Effect:

There are no attendance sheets documenting this officer's time worked. Additionally, leave time cannot be accurately calculated without proper documentation of time worked.

Recommendation:

We recommend all employees complete time reports to document hours worked. We also recommend that all time reports be approved by the appropriate department supervisor. In addition, we recommend that the both the Town and each department supervisor maintain records to account for vacation and sick leave earned and taken by employees.

Management's Response:

See management's response dated December 13, 2018.

2018-006 – Lack of Adequate Internal Controls over Moveable Property

Condition:

During our audit and testing of the internal control procedures over moveable property, we noted several weaknesses in internal controls over moveable property that if not corrected could result in errors, irregularities or fraud occurring that could be material to the financial statements and not be detected or prevented in a timely manner by employees performing their assigned functions. The weaknesses we noted are summarized as follows:

- The Town is not following best practices and state law that requires identification tags be affixed to all moveable property exceeding the Town's capitalization threshold.
- A master listing of moveable property is not kept by the Town for all items.
- The Town does not conduct an annual inventory of moveable property to determine if assets purchased with public funds are missing as is required by state law and best practices.

Criteria:

Internal controls over moveable property should be suitably designed so that errors, irregularities, or fraud can be prevented or detected and corrected in a timely manner by management or employees during in the normal course of performing their assigned duties.

Cause:

The cause of this condition appears to be poor design and operation of controls over moveable property.

Effect:

These internal control weaknesses create an environment in which errors or irregularities in the processing of moveable property could occur and not be either prevented or detected and corrected by Town employees in a timely manner.

Town of Albany, Louisiana

**Schedule of Findings and Responses
For the Year Ended June 30, 2018**

Recommendation:

We recommend that the Town follow best practices recommended by the Louisiana Legislative Auditor in regards to tagging all moveable property purchased exceeding the Town's capitalization threshold, maintain a master file listing as a permanent record of these tagged items, and conduct an annual inventory to determine that all tagged equipment is still in the Town's possession.

Management's Response:

See management's response dated December 13, 2018.

2018-007 – Fines and Forfeitures Processing

Condition:

During our audit and testing of fines and forfeitures processing, we noted the following weaknesses in internal control procedures that need to be improved:

- Unissued ticket books are not properly safeguarded in a locked filing cabinet with access limited to only one employee.
- Bench warrants are not being issued for failure to appear or failure to pay.
- Final disposition of each ticket is not permanently marked on the disposition section of the ticket and signed by the Mayor or designated court magistrate.

Criteria:

Strong internal controls over the processing of fines and forfeitures revenue are essential to help ensure written policies and procedures are followed; violators pay the correct amount of fines and court costs due as established by the fines schedule adopted by the Town Council; license suspensions are issued for violators who fail to appear; tickets reduced or dismissed have proper approval authority; and errors or other irregularities are discovered and corrected in a timely manner by employees performing their assigned tasks.

Cause:

The cause appears to be poor design and operation of controls over fines and forfeitures.

Effect:

Failure to institute and adhere to strong internal controls over processing of fines and forfeitures revenue creates an environment in which not all tickets issued are processed properly through traffic court. This leads to violators being charged and paying an incorrect amount and the possibility that tickets could be dismissed or otherwise reduced without proper legal authority of the Court Magistrate, resulting in reduced revenue to the Town.

Recommendation:

We recommend the Town immediately implement proper internal control procedures over the processing of fines and forfeitures revenue by placing all unissued ticket books under lock and key with access limited to one employee; issuing bench warrants and license suspensions to all violators who fail to pay or appear in court; and requiring the Court Magistrate to indicate the final disposition of all tickets in writing on the disposition section of each traffic citation.

Management's Response:

See management's response dated December 13, 2018.

Town of Albany, Louisiana

**Schedule of Findings and Responses
For the Year Ended June 30, 2018**

2018-008 – Internal Controls over Utility Billing

Condition:

During our audit and testing of the utility billing system, it was noted that there are several weaknesses in internal controls procedures that need to be improved:

- The current Utility Billing Clerks who receive payments from customers have administrative access rights in the computerized utility billing systems, which allows the cashiers to make rate changes, create credit memos, delete payment receipts, and make other adjustments to customer accounts without advanced approval from the Town Clerk or Mayor.
- There is no written documentation to substantiate the purpose of rate changes, credit memos, deleted payment receipts and other adjustments on individual customer utility accounts.
- There is no form, nor signatures, required to document why the customer account changes have occurred or if the changes have been approved by the Town Clerk or Mayor.
- Additionally, there appears to be no supervisory review procedures relating to rate changes, credit memos, or deleted payment receipts, in which a superior is sufficiently reviewing each individual change to a customer account.

Criteria:

Strong internal controls over the processing of utility billing system rate changes, credit memos, deleted payments receipts, or other adjustments is essential to help ensure written policies and procedures are followed and to help ensure that errors or other irregularities are discovered and corrected in a timely manner by employees performing their assigned tasks.

Cause:

The Town's current policies and procedures over the processing of utility billing system rate changes, credit memos, deleted payment receipts, or other adjustments are inappropriately designed to minimize errors or other irregularities.

Effect:

Failure to maintain adequate written documentation on utility billing system rate changes, credit memos, deleted payment receipts, and other adjustments creates an environment in which payments could be received from customers, the payment not deposited into the bank account or recorded in the utility billing system, or a credit memo or deleted payment receipt being made to the utility billing system to conceal the possible fraud.

Recommendation:

We recommend the Town immediately implement the following procedures:

- The Utility Billings Clerks' access rights to the utility billing system should be limited to their assigned function, and administrative rights removed from each user other than the Town Clerk.
- The Town Clerk, through user names and passwords, should prohibit anyone other than the Town Clerk from being able to make rate changes, credit memos, payment receipt deletions, or other adjustments in the utility billing system.

Town of Albany, Louisiana

**Schedule of Findings and Responses
For the Year Ended June 30, 2018**

- The Town should develop a form that states the customer's name, reasons for the rate change / credit memo / deleted payment / other adjustment, and the amount of the rate change and date. This form should be signed by the customer, the utility system manager if related to consumption issues (water leaks, meter reads, etc.) and the Town Clerk or Mayor documenting their review and approval for the adjustment to the individual utility billing system customers account.
- The Town should contact the software vendor who developed the utility billing system software and required that the delete payment receipt function be removed from the system.

Management's Response:

See management's response dated December 13, 2018.

2018-009 – Internal Controls over Cash Receipts Drawers / Bags

Condition:

During our audit and testing of the controls of cash receipts, it was noted that there are several weaknesses in internal controls procedures that need to be improved:

- The utility billing clerks' cash drawers for utility payments do not have locks or other security measures placed over them during the daily operations.
- The bank bags that contain all other payments (including fines and forfeitures, property taxes, occupational licenses, etc.) do not have locks or other security measures placed over them during the daily operations.

Criteria:

Strong internal controls over the security of cash receipts is essential to help ensure that errors or other irregularities are discovered and corrected in a timely manner by employees performing their assigned tasks.

Cause:

This internal control weakness seems to be a result of management oversight due to the Town occupying a temporary location for Town Hall since severe flooding of 2016. Due to the temporary facilities, strong internal controls and security measures were never implemented at this location.

Effect:

Failure to maintain security over cash receipts creates an environment of opportunity for currency to be stolen or missing and payments not deposited into the bank account or recorded to conceal possible fraud.

Recommendation:

We recommend the Town immediately implement the following procedures to begin the process to correct this finding:

- The Town should immediately have locks installed on each cash receipts drawer.
- The Town should also have the bank bags for cash receipts received outside of utility payments, locked in a cash drawer during the operational hours, and placed in the safe at night.

Management's Response:

See management's response dated December 13, 2018.

Town of Albany, Louisiana

Schedule of Findings and Responses
For the Year Ended June 30, 2018

Compliance and Other Matters

2018-010 – Overpayment to Town Employee

Condition:

During the June 30, 2017, annual audit, it was discovered that the Town Clerk overpaid herself by \$4,385.60 in wages. In addition, the prior auditors noted that the Town also paid an additional amount to the Clerk’s retirement of \$131.36 and payroll taxes of \$335.50. Due to this discovery by the prior auditors, she resigned from her position as Town Clerk on December 5, 2017.

In response to this prior audit finding, on January 4, 2018, the Town hired an accounting firm to perform a special agreed-upon procedures engagement for the period of July 1, 2006 through June 30, 2017, with respect to the compensation paid to the former Town Clerk. The results of this engagement are summarized as follows:

*“**Procedure:** Compute the excess or deficiency of actual compensation paid to the former Town Clerk during the Term of Office by comparing the maximum allowable compensation of the former Town Clerk as set by town ordinance during the Term of Office to the actual compensation paid to the former Town Clerk as evidenced by the Town’s payroll records.”*

*“**Results:** Due to severe flooding in the Town of Albany that took place in August 2016, the Town Hall was flooded with approximately 5 feet of water. As a result, electronic and physical copies of Town payroll records prior to around 2010 were not available. The following is a schedule of the actual compensation paid to the former Town Clerk for the period July 1, 2010 through December 5, 2017:”*

<u>Pay Period</u>	<u>Actual Pay</u>	<u>Approved Annual Pay</u>	<u>Overpayment</u>
07/01/10 - 06/30/11	41,929.60	38,040.00	3,889.60
07/01/11 - 06/30/12	45,510.40	42,000.00	3,510.40
07/01/12 - 06/30/13	45,510.40	42,000.00	3,510.40
07/01/13 - 06/30/14	46,724.80	43,260.00	3,464.80
07/01/14 - 06/30/15	48,134.40	44,556.00	3,578.40
07/01/15 - 06/30/16	56,843.60	52,128.00	4,715.60
07/01/16 - 06/30/17	56,513.60	52,128.00	4,385.60
07/01/17 - 06/30/18	19,481.48	52,128.00	-
		Total	<u><u>27,054.80</u></u>

This condition was noted in the prior fiscal year.

Criteria:

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

Cause:

The former Town Clerk 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 were 4 weeks in every month and therefore 48 weeks in the year.

Town of Albany, Louisiana

Schedule of Findings and Responses
For the Year Ended June 30, 2018

Effect:

The hourly rate was overstated and the clerk was paid weekly for 52 weeks. This resulted in the overpayments as noted in the agreed-upon procedures report.

Recommendation:

On September 10, 2018, the Town Council approved a motion to forward the special agreed upon procedures report results to the local District Attorney's Office as advised by their attorney for further review. We make no further recommendations concerning this matter at this time.

Management's Response:

See management's response dated December 13, 2018.

2018-011 – Incorrect Calculation of Overtime Rate

Condition:

When reviewing overtime pay, it appears that some salaried employees' overtime rate is being miscalculated. In addition, it was noted that a full-time utility billing clerk is also employed as a part-time police officer. When reviewing this employee's paychecks, we identified multiple instances where the employee worked 40 hours as a utility billing clerk and multiple hours as a part-time police officer, but was not paid any overtime.

This condition was noted in the prior fiscal year.

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.

Cause:

The cause appears to be oversight on the part of management as well as a lack of understanding of the specifics of the Fair Labor Standards Act.

Effect:

Employees are being paid overtime at an incorrect rate or not being paid required overtime.

Recommendation:

We recommend the Town calculate the overtime rate at the correct rate. We also recommend the Town seek counsel from an attorney to determine if the employee working as utility billing clerk and part-time police officer are incompatible under dual employment laws.

Management's Response:

See management's response dated December 13, 2018.

Town of Albany, Louisiana

**Schedule of Findings and Responses
For the Year Ended June 30, 2018**

2018-012 – Disposition & Reporting of Traffic Citations

Condition:

During our testing of fines and forfeitures, we tested a sample of 29 traffic citations out of a total population of approximately 650 traffic citations issued during the period July 1, 2017 through June 30, 2018. We noted the following during our testing:

- 12 of the 29 traffic citations tested (41%) appear to have been dismissed, or the respective fines reduced, without proper approval from the Court magistrate. The amount of these changes to the traffic citations in our test totaled \$1,859.
- For 13 of the 29 traffic citations tested (45%), no bench warrant was issued for nonpayment of the respective fine.
- None of the 29 traffic citations tested were reported to the Louisiana Department of Safety as required.

Criteria:

The Town of Albany falls under the Lawrason Act requirements for municipalities and must conduct traffic court under the rules of Mayor’s Court, found in Louisiana Revised Statutes (LRS) 33:441 – 33:454. Specific State statutes related to the conditions noted above are as follows:

- Per LRS 32:398.2(B), “... *the original citation or copy of such traffic citation shall be disposed of only by trial in the court of proper jurisdiction or any other official action by a judge of the court, including forfeiture of the bail, or by the deposit of sufficient bail with the traffic violations bureau or payment of a fine to said bureau by the person to whom such traffic citation has been issued...*”
- Additionally, per LRS 32:398.2(C), “*It shall be unlawful for any traffic enforcement officer or any other officer or public employee to dispose of a traffic citation or copies thereof or of the record of the issuance of the citation in a manner other than as required herein.*”
- Additionally, per LRS 32:398.3(A), “*Any person who cancels or solicits the cancellation of any traffic citation, in any manner other than as provided in the part, shall be guilty of a misdemeanor, and shall upon conviction, be fined not more than five hundred dollars or imprisoned for not more than six months or both.*”
- Per LRS 32:393C(1)(b), “*If such person is convicted and sentenced thereupon, or his bail is forfeited as a result of a final judgment of forfeiture, or other final disposition be made, an abstract of the report, all parking convictions only excepted, shall be sent by the court or the district attorney, as the case may be, to the commissioner as follows:*
 - (i) *Not later than thirty days ...*
 - (ii) *In an electronic format not later than ten days ...*”

Cause:

The cause of this condition appears to be a failure of the Town of Albany to follow the requirements for Mayor’s court applicable to municipalities under the Lawrason Act and failure to follow the above listed state laws for traffic citations.

Effect:

The Town may have violated State Law and possibly have been negatively impacted by loss of revenue from fines and forfeitures.

Town of Albany, Louisiana

**Schedule of Findings and Responses
For the Year Ended June 30, 2018**

Recommendation:

We recommend management review the Louisiana Legislative Auditor’s Best Practices for Traffic Citations, follow the stated criteria listed above, and review the Mayor’s Court Handbook by the Louisiana Municipal Association. In addition, the designated Court Magistrate must document their approval of all violations as evidence of review, changes, or dismissals.

Management’s Response:

See management’s response dated December 13, 2018.

2018-013 – Failure to Comply With Various Revenue Bond Covenants

Condition:

During our testing of the Town’s compliance with the various covenants contained in the Bond Authorizing Resolutions for each of the outstanding Water System Revenue Bonds and Sewer System Revenue Bonds, we noted several instances in which the Town failed to follow the requirements of the bond resolutions detailed as follows:

\$575,000 Series 91-02 Water Revenue Bonds Authorizing Resolution Adopted December 14, 1987

Section 10(e) of the Bond Authorizing Resolution requires the establishment and maintenance of the “1988 Water Revenue Bond and Interest Sinking Fund.” The Town has one bank account titled “Reserve” into which required monthly transfers from four separate sinking, reserve, and contingency accounts have been deposited, with separate accounts maintained in the accounting records. Deposits in the combined Reserve account allocated in the accounting records to the 1988 Water Revenue Bond and Interest Sinking Fund appear to be adequate. However, the Town has not established a separate bank account titled “1988 Water Revenue Bond and Interest Sinking Fund” as required.

Section 13(d) of the Bond Authorizing Resolution requires all books and accounts of the Town to be audited no later than three (3) months from the close of the fiscal year. The audit report for the fiscal year ended June 30, 2018, was not completed by September 30, 2018, as required.

\$191,000 Series 91-07 Water Revenue Bonds Authorizing Resolution Adopted February 13, 2006

Section 11(c) of the Bond Authorizing Resolution requires the establishment and maintenance of the “1988 Water Revenue Bond Reserve Fund.” The Town has one bank account titled “Reserve” into which required monthly transfers from four separate sinking, reserve, and contingency accounts have been deposited, with separate accounts maintained in the accounting records. Deposits in the combined Reserve fund allocated in the accounting records to the 1988 Water Revenue Bond Reserve Fund appear to be adequate. However, the Town has not established a separate bank account titled “1988 Water Revenue Bond Reserve Fund” as required.

Section 11(d) of the Bond Authorizing Resolution requires the establishment and maintenance of the “1988 Water Depreciation and Contingency Fund.” The Town has one bank account titled “Reserve” into which required monthly transfers from four separate sinking, reserve, and contingency accounts have been deposited, with separate accounts maintained in the accounting records. Deposits in the combined Reserve fund allocated in the accounting records to the 1988 Water Depreciation and Contingency Fund appear to be adequate. However, the Town has not established a separate bank account titled “1988 Water Depreciation and Contingency Fund” as required.

Town of Albany, Louisiana

**Schedule of Findings and Responses
For the Year Ended June 30, 2018**

\$3,706,000 Series 2010 Water Revenue Bond Authorizing Resolution Adopted November 9, 2009

Section 11(c) of the Bond Authorizing Resolution requires the establishment and maintenance of the "1988 Water Revenue Bond Reserve Fund." The Town has one bank account titled "Reserve" into which required monthly transfers from four separate sinking, reserve, and contingency accounts have been deposited, with separate accounts maintained in the accounting records. Deposits in the combined Reserve fund allocated in the accounting records to the 1988 Water Revenue Bond Reserve Fund appear to be adequate. However, the Town has not established a separate bank account titled "1988 Water Revenue Bond Reserve Fund" as required.

Section 11(d) of the Bond Authorizing Resolution requires the establishment and maintenance of the "1988 Water Depreciation and Contingency Fund." The Town has one bank account titled "Reserve" into which required monthly transfers from four separate sinking, reserve, and contingency accounts have been deposited, with separate accounts maintained in the accounting records. Deposits in the combined Reserve fund allocated in the accounting records to the 1988 Water Depreciation and Contingency Fund appear to be adequate. However, the Town has not established a separate bank account titled "1988 Water Depreciation and Contingency Fund" as required.

\$455,000 Series 92-03 and \$75,000 Series 92-05 Sewer Revenue Bond Authorizing Resolution Adopted September 14, 1992

Section 9 of the Bond Authorizing Resolution requires that all income and revenues derived by the Town from the operation of the Sewer System to be deposited into a spate bank account to be designed as the "Sewer Revenue Fund". All revenues and expenses of both the Sewer Utility Fund and the Water Utility Fund are deposited into one bank account. As a result, the Town has not established a separate bank account titled "Sewer Revenue Fund" as required.

Section 9(d) of the Bond Authorizing Resolution requires the establishment and maintenance of the "Sewer Depreciation and Contingency Fund." The Town has one bank account titled "Reserve" into which required monthly transfers from four separate sinking, reserve, and contingency accounts have been deposited, with separate accounts maintained in the accounting records. Deposits in the combined Reserve fund allocated in the accounting records to the Sewer Depreciation and Contingency Fund do not appear to be adequate. As a result, the Town has not established a separate bank account titled "1988 Water Depreciation and Contingency Fund" and properly funded it as required.

Section 12(d) of the Bond Authorizing Resolution requires all books and accounts of the Town to be audited no later than three (3) months from the close of the fiscal year. The audit report for the fiscal year ended June 30, 2018, was not completed by September 30, 2018, as required.

Criteria:

Before issuing the Sewer Revenue and Water Revenue bonds to support improvements to each of the utility systems, the Town pursuant to each separate Bond Authorizing Resolution agreed to certain terms and conditions to protect the financial interests of the bondholders.

Cause:

These conditions appear to have been the result of the former Town clerk not understanding the specific requirements of each Bond Authorizing Resolution.

Town of Albany, Louisiana

**Schedule of Findings and Responses
For the Year Ended June 30, 2018**

Effect:

Failure to follow the strict requirements of the Sewer Revenue and Water Revenue Bond Authorizing Resolutions jeopardizes the financial interest of the bondholders and could place the Town in default on the bonds causing the bonds to be called and immediately due and payable.

Recommendation:

We recommend the following courses of action:

- Segregate the operations of the Sewer Fund from the Water Fund by opening a new bank account called the “Sewer Revenue Fund” and depositing all Sewer Fund money into and paying all Sewer Fund bills from this Sewer Revenue Fund.
- Open the following new bank accounts and segregate the money currently in the Reserve account into the following accounts:
 - 1988 Water Revenue Bond and Interest Sinking Fund
 - 1988 Water Revenue Bond Reserve Fund
 - 1988 Water Depreciation and Contingency Fund
 - Sewer Revenue Bond Reserve Fund
 - Sewer Depreciation and Contingency Fund
- Request in writing from the bondholders (Rural Utilities Service) a permanent waiver of the three-month audit requirement in order for the Town to be consistent with the six-month audit requirement in the most recent revenue bond authorizing resolutions.

Management’s Response:

See management’s response dated December 13, 2018.

Town of Albany, Louisiana
Summary Schedule of Prior Year Audit Findings
For the Year Ended June 30, 2018

Internal Control over Financial Reporting

2017-001 – Lack of Segregation of Duties (Material Weakness)

Condition:

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

Prior Year 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.

Resolution:

None taken

2017-002 – Personnel Files

Condition:

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,

Prior Year 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.

Resolution:

None taken

2017-003 – Approval of Payroll

Condition:

The Town Clerk overpaid herself by \$4,385.60. The town also had to pay an addition 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, Louisiana
Summary Schedule of Prior Year Audit Findings
For the Year Ended June 30, 2018

Prior Year Recommendation:

We recommend the mayor or finance chairman at a minimum obtain the payroll bank statement directly (unopened) from the bank and that the canceled checks be reviewed to determine that (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.

Resolution:

None taken

2017-004 – Written Policies and Procedures

Condition:

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

Prior Year Recommendation:

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

Resolution:

None taken

2017-005 – 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.

Prior Year Recommendation:

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

Resolution:

Partial action taken during the current audit year. All Police Officers except the Assistant Chief are required to prepare time sheets documenting their time worked.

Compliance and Other Matters

2017-006 – Overpayment to Town Employee

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.

Town of Albany, Louisiana
Summary Schedule of Prior Year Audit Findings
For the Year Ended June 30, 2018

Prior Year 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.

Resolution:

Resolved

2017-007 – Payment of Overtime when Vacation, Sick Leave, or Holiday Time is Taken in Lieu of Hours Worked

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 workweek.

Prior Year Recommendation:

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

Resolution:

Resolved

2017-008 – Incorrect Calculation of Overtime Rate

Condition:

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

Prior Year Recommendation:

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

Resolution:

None taken

2017-009 – Reimbursement of Fuel

Condition:

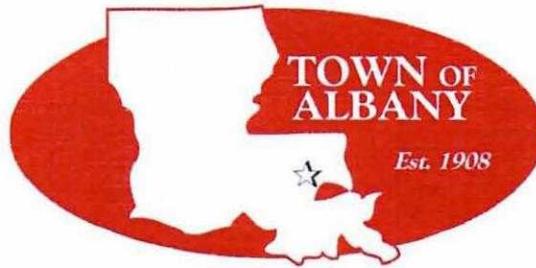
The Town was reimbursing an employee for use of his personal vehicle based on his gas receipts and not on actual miles traveled for business.

Prior Year 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.

Resolution:

Resolved



- MAYOR -
GENE GLASCOCK

-CLERK-
KIMBERLEE "JOEY"
COOPER

29565 S. MONTPELIER
P.O. BOX 1000
ALBANY, LOUISIANA 70711

- COUNCILMEN -
EDMOND HARRIS
LLOYD "BEE" MARTIN
GERALD STILLEY
JERRY GLASCOCK
KIM STEWART

December 13, 2018

James, Lambert, Riggs and Associates, Inc.
401 E Thomas St
Hammond, LA 70401

This letter is in response to the findings for the Fiscal Audit for the Town of Albany for the fiscal year ending June 30, 2018. The Town agrees with all of the current year findings. We will be working closely with the newly elected Mayor and the Town CPA, Phil Hebert, to correct numerous findings from the past year.

Overall the Town has found the audit process to be very beneficial. We appreciate the auditor's recommendations and plan to take steps in a positive manner.

Sincerely,

Gene Glascock, Mayor

TOWN OF ALBANY

STATEWIDE AGREED UPON PROCEDURES ENGAGEMENT

FOR THE YEAR ENDED JUNE 30, 2018

Dennis E. James, CPA
Lyle E. Lambert, CPA
Paul M. Riggs, Jr., CPA

J. Bryan Ehricht, CPA
Samantha D. Wagner, CPA
Christie J. Barado
Megan E. Lynch
B. Jacob Steib
Debbie G. Faust, EA
Ramona K. Huckabee, EA



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Society of Louisiana CPAs

Independent Accountants' Report on Applying Agreed-Upon Procedures

To Honorable Lloyd "Gene" Glascock, Mayor
Town of Albany and the Louisiana Legislative Auditor

We have performed the procedures enumerated below, which were agreed to by the Town of Albany and the Louisiana Legislative Auditor (LLA) on the control and compliance areas identified in the LLA's Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period July 1, 2017 through June 30, 2018. The Town of Albany's management is responsible for those control and compliance 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.

Our procedures and findings are detailed in Schedule "A"

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 control and compliance 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 control and compliance areas identified in the SAUPs, and the results 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 Legislative Auditor as a public document.

*James Lambert Riggs
& Associates*

James Lambert Riggs & Associates, Inc.
Hammond, Louisiana

December 12, 2018

Written Policies and Procedures

1. Obtain and inspect the entity's written policies and procedures and observe that they address each of the following categories and subcategories (if applicable to public funds and the entity's operations):

- a) **Budgeting**, including preparing, adopting, monitoring, and amending the budget

Results: The Town did not have any written policies and procedures for budgeting.

- 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.

Results: The Town did not have any written policies and procedures for purchasing.

- c) **Disbursements**, including processing, reviewing, and approving

Results: The Town did not have any written policies and procedures for disbursements.

- d) **Receipts / Collections**, including receiving, recording, and preparing deposits. Also, policies and procedures should include management's actions to determine the completeness of all collections for each type of revenue or 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).

Results: The Town did not have any written policies and procedures for receipts.

- e) **Payroll / Personnel**, including (1) payroll processing, and (2) reviewing and approving time and attendance records, including leave and overtime worked

Results: The Town did not have any written policies and procedures for payroll / personnel.

- 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

Results: The Town did not have any written policies and procedures for contracting.

- 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 of statements, and (5) monitoring card usage (e.g., determining the reasonableness of fuel card purchases)

Results: The Town did not have any written policies and procedures for credit cards.

- h) **Travel and expense reimbursement**, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers

Results: The Town did not have any written policies and procedures for travel and expense reimbursements.

- 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.

Results: The Town did not have any written policies and procedures for ethics.

- j) **Debt Service**, including (1) debt issuance approval, (2) continuing disclosure / EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements

Results: The Town did not have any written policies and procedures for debt service.

Board (or Finance Committee, if applicable)

2. Obtain and inspect the board / finance committee minutes for the fiscal period, as well as the board's enabling legislation, charter, bylaws, or equivalent document in effect during the fiscal period, and:

- a) Observe that the board / finance committee met with a quorum at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, bylaws, or other equivalent document.

Results: The Town Council met on a monthly basis.

- b) For those entities reporting on the governmental accounting model, observe that the minutes referenced or included monthly budget-to-actual comparisons on the general fund and major special revenue funds, as well as monthly financial statements (or budget-to-actual comparisons, if budgeted) for major proprietary funds. *Alternately, for those entities reporting on the non-profit accounting model, observe that the minutes referenced or included financial activity relating to public funds if those public funds comprised more than 10% of the entity's collections during the fiscal period.*

Results: The Town Council minutes referenced and included monthly financial statements, which included monthly budget-to-actual comparisons for all funds.

- c) For governmental entities, obtain the prior year audit report and observe the unrestricted fund balance in the general fund. If the general fund had a negative ending unrestricted fund balance in the prior year audit report, observe that the minutes for at least one meeting during the fiscal period referenced or included a formal plan to eliminate the negative unrestricted fund balance in the general fund.

Results: The Town maintained positive fund balance in the previous year and throughout the current year.

Bank Reconciliations

3. Obtain a listing of client bank accounts for the fiscal period from management and management's representation that the listing is complete. Ask management to identify the entity's main operating account. Select the entity's main operating account and randomly select 4 additional accounts (or all accounts if less than 5). Randomly select one month from the fiscal period, obtain and inspect the corresponding bank statement and reconciliation for each selected account, and observe that:

- a) Bank reconciliations include evidence that they were prepared within 2 months of the related statement closing date (e.g., initialed and dated, electronically logged);

Results: For the five (5) bank accounts selected, the bank reconciliations were prepared within 2 months of the related statement closing date.

- b) Bank reconciliations include evidence that a member of management / board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation (e.g., initialed and dated, electronically logged); and

Results: For the five (5) bank accounts selected, no evidence existed that a member of management / board member reviewed each bank reconciliation.

- c) Management has documentation reflecting that it has researched reconciling items that have been outstanding for more than 12 months from the statement closing date, if applicable.

Results: For the five (5) bank accounts selected, one (1) bank account had outstanding items over 12 months as of June 30, 2018; however, the Town has documentation that it is working to send these outstanding checks to the Louisiana Department of the Treasury, Unclaimed Property Division.

Collections

4. Obtain a listing of deposit sites for the fiscal period where deposits for cash / checks / money orders (cash) are prepared and management's representation that the listing is complete. Randomly select 5 deposit sites (or all deposit sites if less than 5).

Results: Management provided us with the required listing of cash collection locations as well as management's representation that the listing is complete.

5. For each deposit site selected, obtain a listing of collection locations and management's representation that the listing is complete. Randomly select one collection location for each deposit site (i.e. 5 collection locations for 5 deposit sites), obtain and inspect written policies and procedures relating to employee job duties (if no written policies or procedures, inquire of employees about their job duties) at each collection location, and observe that job duties are properly segregated at each collection location such that:

- a) Employees that are responsible for cash collections do not share cash drawers / registers.

Results: Two cash drawers are maintained at the payment windows; however, employees can share drawers during lunch, breaks, or unforeseen circumstances.

- b) Each employee responsible for collecting cash is not responsible for preparing / making bank deposits, unless another employee / official is responsible for reconciling collection documentation (e.g. pre-numbered receipts) to the deposit.

Results: The Town Clerk is a “backup” to the Utility Clerks and is able to collect cash, if necessary. The Town Clerk is responsible for preparing the deposit. No other employee / official is responsible for reconciling collection documentation to the daily deposit.

- c) Each employee responsible for collecting cash is not responsible for posting collection entries to the general ledger or subsidiary ledgers, unless another employee / official is responsible for reconciling ledger postings to each other and to the deposit.

Results: The Town Clerk is a “backup” to the Utility Clerks and is able to collect cash, if necessary. The Town Clerk is responsible for preparing the deposit and recording the deposit in the accounting software. No other employee / official is responsible for reconciling collection documentation to the daily deposit.

- d) The employee(s) responsible for reconciling cash collections to the general ledger and / or subsidiary ledgers, by revenue source and / or agency fund additions are not responsible for collecting cash, unless another employee verifies the reconciliation.

Results: The Town Clerk is a “backup” to the Utility Clerks and is able to collect cash, if necessary. The Town Clerk is responsible for preparing the deposit and recording the deposit in the accounting software. No other employee / official is responsible for reconciling collection documentation to the daily deposit.

6. Inquire of management that all employees who have access to cash are covered by a bond or insurance policy for theft.

Results: All employees who have access to cash are covered by a bond or insurance policy for theft.

7. Randomly select two deposit dates for each of the 5 bank accounts selected for procedure #3 under “Bank Reconciliations” above (select the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly select a deposit if multiple deposits are made on the same day). *Alternately, the practitioner may use a source document other than bank statements when selecting the deposit dates for testing, such as a cash collection log, daily revenue report, receipt book, etc.* Obtain supporting documentation for each of the 10 deposits and:

- a) Observe that receipts are sequentially pre-numbered.

Results: No exception to the procedure above.

- b) Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.

Results: No exception to the procedure above.

- c) Trace the deposit slip total to the actual deposit per the bank statement.

Results: No exception to the procedure above.

- d) Observe that the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than 10 miles from the collection location or the deposit is less than \$100).

Results: No exception to the procedure above.

- e) Trace the actual deposit per the bank statement to the general ledger.

Results: No exception to the procedure above.

Non-Payroll Disbursements (excluding card purchases / payments, travel reimbursements, and petty cash purchases)

8. Obtain a listing of locations that process payments for the fiscal period and management's representation that the listing is complete. Randomly select 5 locations (or all locations if less than 5).

Results: Management provided us with the required listing of disbursements as well as management's representation that the listing is complete.

9. For each location selected under #8 above, obtain a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures relating to employee job duties (if the agency has no written policies and procedures, inquire of employees about their job duties), and observe that job duties are properly segregated such that:

- a) At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order / making the purchase.

Results: Purchases are initiated by the Town Clerk. If a purchase is over \$250, a purchase requisition form is used and approved by the Mayor and Town Clerk.

- b) At least two employees are involved in processing and approving payments to vendors.

Results: At least two people are involved in processing and approving payments to vendors.

- c) The employee responsible for processing payments is prohibited from adding / modifying vendor files, unless another employee is responsible for periodically reviewing changes to vendor files.

Results: The Town Clerk is responsible for processing payments and is not prohibited from adding / modifying vendor files and no other employee is responsible for periodically reviewing changes to vendor files.

- d) Either the employee / official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments.

Results: No exceptions noted to the above procedure.

10. For each location selected under #8 above, obtain the entity's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtain management's representation that the population is complete. Randomly select 5 disbursements for each location, obtain supporting documentation for each transaction and:

- a) Observe that the disbursement matched the related original invoice / billing statement.

Results: For the five (5) disbursements tested, all transactions except one (1) included a purchase order, when applicable; and all transactions except one (1) had an approved invoice.

- b) Observe that the disbursement documentation included evidence (e.g., initial / date, electronic logging) of segregation of duties tested under #9, as applicable.

Results: For the five (5) disbursements tested, all transactions except one (1) included a purchase order, when applicable; and all transactions except one (1) had an approved invoice.

Travel and Travel Related Expense Reimbursement

11. Obtain from management a listing of all travel and related expense reimbursements during the fiscal period and management's representation that the listing or general ledger is complete. Randomly select 5 reimbursements, obtain the related expense reimbursement forms / prepaid expense documentation of each selected reimbursement, as well as the supporting documentation. For each of the 5 reimbursements selected:

Results: Management provided us with the required listing of travel and related expense reimbursements as well as management's representation that the listing is complete.

- a) If reimbursed using a per diem, agree the reimbursement rate to those rates established either by the State of Louisiana or the U.S. General Services Administration (www.gsa.gov).

Results: For two (2) of the five (5) reimbursements that were selected, no documentation was able to be located and provided; therefore, it could not be determined if reimbursement was paid per costs or per diem.

- b) If reimbursed using actual costs, observe that the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased.

Results: For two (2) of the five (5) reimbursements that were selected, no documentation was able to be located and provided; therefore, it could not be determined precisely what was purchased.

- c) Observe that each reimbursement is supported by documentation of the business / public purpose (for meal charges, observe that the documentation includes the names of those individuals participating) and other documentation required by written policy (procedure #1h).

Results: For two (2) of the five (5) reimbursements that were selected, no documentation was able to be located and provided; therefore, the business / public purpose of the reimbursement could not be determined.

- d) Observe that each reimbursement was reviewed and approved, in writing, by someone other than the person receiving the reimbursement.

Results: For two (2) of the five (5) reimbursements that were selected, no documentation was able to be located and provided; therefore, it could not be determined if the reimbursement was reviewed and approved, in writing, by someone other than the person receiving the reimbursement.

Payroll and Personnel

12. Obtain a listing of employees / elected officials employed during the fiscal period and management's representation that the listing is complete. Randomly select 5 employees / officials, obtain related paid salaries and personnel files, and agree paid salaries to authorized salaries / pay rates in the personnel files.

Results: The 5 randomly selected employee / official files did not contain information related to approving starting salary or subsequent changes to pay rates

13. Randomly select one pay period during the fiscal period. For the 5 employees / officials selected under #12 above, obtain attendance records and leave documentation for the pay period, and:

Results: For the 5 employees / officials files selected, there was no documentation of attendance records and leave documentation for the pay period sampled.

- a) Observe that 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.)

Results: Management provided us with the required list of employees and salaries as well as management's representation that the listing is complete. For the five (5) randomly selected employees, four (4) employees did not document their daily attendance and leave.

- b) Observe that supervisors approved the attendance and leave of the selected employees / officials.

Results: Management provided us with the required list of employees and salaries as well as management's representation that the listing is complete. For the five (5) randomly selected employees, there was no documentation of supervisors approving attendance and leave of the selected employees / officials.

- c) Observe that any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records.

Results: Management provided us with the required list of employees and salaries as well as management's representation that the listing is complete. For the five (5) randomly selected employees, there was no documentation in the cumulative leave records reflecting leave accrued or taken during the pay period.

14. Obtain a listing of those employees / officials that received termination payments during the fiscal period and management's representation that the list is complete. Randomly select two employees / officials, obtain related documentation of the hours and pay rates used in management's termination payment calculations, agree the hours and pay rates used in management's termination payment calculations, agree the hours to the employee / officials' cumulate leave records, and agree the pay rates to the employee / officials' authorized pay rates in the employee/officials' personnel files.

Results: There were no terminated employees during the fiscal period.

15. Obtain management's representation that employer and employee portions of payroll taxes, retirement contributions, health insurance payments, and workers' compensation premiums have been paid, and associated forms have been files, by required deadlines.

Results: No exceptions found performing the above procedure.

Other

16. Obtain a listing of misappropriations of public funds and assets during the fiscal period and management's representation that the listing is complete. Select all misappropriations on the listing, obtain supporting documentation and observe that the entity reported the misappropriations(s) to the legislative auditor and the district attorney of the parish in which the entity is domiciled.

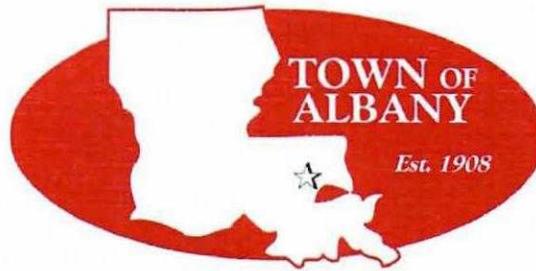
Results: The former Town Clerk was overpaid during the prior year (July 1, 2016 to June 30, 2017). Management contacted the Legislative Auditor, Town Attorney, and District Attorney. A special-purpose agreed-upon procedures engagement was performed to determine the extent of the overpayment going back to the former Town Clerk's original hire date. This report was submitted to the Legislative Auditor's office in August 2018.

17. Observe that the entity has posted on its premises and website, the notice required by R.S. 24:523.1 concerning the reporting of misappropriation, fraud, waste, or abuse of public funds.

Results: The notice was posted on the premises and on the Town's website.

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

Results: There were no exceptions regarding management's representations in the procedures above.



- MAYOR-
GENE GLASCOCK

-CLERK-
KIMBERLEE "JOEY"
COOPER

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- COUNCILMEN -
EDMOND HARRIS
LLOYD "BEE" MARTIN
GERALD STILLEY
JERRY GLASCOCK
KIM STEWART

December 13, 2018

James, Lambert, Riggs and Associates, Inc.
401 E Thomas St
Hammond, LA 70401

This letter is in response to the findings for the Statewide Agreed Upon Procedures Audit for the Town of Albany for the fiscal year ending June 30, 2018. The Town agrees with all of the current year findings. We will be working closely with the newly elected Mayor and the Town CPA, Phil Hebert, to correct numerous findings from the past year.

Overall the Town has found the audit process to be very beneficial. We appreciate the auditor's recommendations and plan to take steps in a positive manner.

Sincerely,

Gene Glascock, Mayor