

Village of Albany, Louisiana
Annual Financial Statements

As of June 30, 2008 and for the Year Then Ended

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

Release Date 1/14/09

LEROY J. CHUSTZ
CERTIFIED PUBLIC ACCOUNTANT
A Professional Accounting Corporation

Village of Albany, Louisiana
Annual Financial Statements

As of June 30, 2008 and for the Year Then Ended

Village of Albany

**Annual Financial Statements
As of and for the Year Ended June 30, 2008
With Supplemental Information Schedules**

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Independent Auditor's Report on the Basic Financial Statements

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

I have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of the Village of Albany, Louisiana as of and for the year ended June 30, 2008, which collectively comprise the Village's Basic Financial Statements as listed in the table of contents. These financial statements are the responsibility of the Village of Albany, Louisiana's management. My responsibility is to express my opinion on these basic financial statements based on my audit.

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

In my opinion, the basic financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and each major fund of the Village of Albany, Louisiana, as of June 30, 2008, and the respective changes in financial position and cash flows, where applicable, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Governmental Auditing Standards*, I have also issued my report dated December 2, 2008, on my consideration of the Village of Albany, Louisiana's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of my audit.

The management's discussion and analysis required supplementary information (RSI) - part one, budgetary comparison information, RSI part two, and other supplemental schedules on pages 7 through 21, and 51 through 64 of this report are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. I have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, I did not audit the information and express no opinion on it.

Leroy J. Chustz
Certified Public Accountant
December 2, 2008

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

Village of Albany

Management's Discussion and Analysis As of and for the Year Ended June 30, 2008

Introduction

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

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

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

Financial Highlights

- At June 30, 2008, the Village's assets exceeded its liabilities by \$3,044,571 (net assets). Of this amount, \$378,198 (unrestricted net assets) may be used to meet the Village's ongoing obligations to its citizens.
- For the year ended June 30, 2008, the Village's total net assets decreased by \$(70,264).
- At June 30, 2008, the Village's governmental funds reported a combined ending fund balance of \$192,459, a decrease of \$13,877 for the year. All of this amount is available for spending at the Village's discretion (unreserved fund balances).
- At June 30, 2008, the Village's proprietary fund reported ending net assets of \$2,490,984, a decrease of \$104,452 for the year. Of this amount, approximately 7%, or \$185,739, is available for spending at the Village's discretion (unrestricted net assets).
- For the year ended June 30, 2008, the Village's made principal payments on total debt for the proprietary fund of \$39,402, and incurred \$69,691 in interest expense, compared to \$53,125 of interest expense in the prior fiscal year.

Overview of the Annual Financial Report

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

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

Village of Albany

Management's Discussion and Analysis As of and for the Year Ended June 30, 2008

Government-Wide Financial Statements

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

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

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

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

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

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

Fund Financial Statements

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

Village of Albany

Management's Discussion and Analysis As of and for the Year Ended June 30, 2008

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

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

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

Notes to the Financial Statements

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

Village of Albany

**Management's Discussion and Analysis
As of and for the Year Ended June 30, 2008**

Government-Wide Financial Analysis

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

**Net Assets
2008 and 2007**

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>
Assets:						
Current and Other Assets	\$ 248,882	\$ 267,612	\$ 627,551	\$ 670,644	\$ 876,433	\$ 938,256
Capital Assets	361,128	313,063	3,360,903	3,433,710	3,722,031	3,746,773
Total Assets	<u>610,010</u>	<u>580,675</u>	<u>3,988,454</u>	<u>4,104,354</u>	<u>4,598,464</u>	<u>4,685,029</u>
Liabilities:						
Long-Term Debt Outstanding	-	-	1,303,431	1,342,833	1,303,431	1,342,833
Other Liabilities	56,423	61,276	194,039	166,085	250,462	227,361
Total Liabilities	<u>56,423</u>	<u>61,276</u>	<u>1,497,470</u>	<u>1,508,918</u>	<u>1,553,893</u>	<u>1,570,194</u>
Net Assets:						
Invested in Capital Assets, Net of Related Debt	361,128	313,063	2,057,472	2,090,877	2,418,600	2,403,940
Restricted	-	-	247,773	239,443	247,773	239,443
Unrestricted	192,459	206,336	185,739	265,116	378,198	471,452
Total Net Assets	<u>\$ 553,587</u>	<u>\$ 519,399</u>	<u>\$ 2,490,984</u>	<u>\$ 2,595,436</u>	<u>\$ 3,044,571</u>	<u>\$ 3,114,835</u>

Approximately 79% of the Village's net assets reflect its investment in capital assets (land, buildings, equipment, infrastructure, and improvements) net of any outstanding related debt used to acquire those capital assets. These capital assets are used to provide services to citizens and do not represent resources available for future spending. Although the Village's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets cannot be used to liquidate these liabilities.

Approximately 8% of the Village's net assets represent resources that are subject to external restriction on how they may be used. The Village's restricted net assets consist of cash reserves required by revenue bond agreements and cash for customer deposits net of corresponding liabilities.

Approximately 13% of the Village's net assets are unrestricted and may be used to meet the Village's ongoing obligations to its citizens.

Village of Albany

Management's Discussion and Analysis As of and for the Year Ended June 30, 2008

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

The Village's activities decreased its total net assets by \$70,264, with governmental activities increasing net assets by \$34,188 and business-type activities decreasing net assets by \$104,452.

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

Changes in Net Assets For the years ended June 30, 2008 and 2007

	Governmental Activities		Business-Type Activities		Total	
	2008	2007	2008	2007	2008	2007
Revenues:						
Program Revenues:						
Charges for Services	\$ 87,385	\$ 98,868	\$ 463,965	\$ 464,938	\$ 551,350	\$ 563,806
Operating Grants and Contributions	-	-	-	-	-	-
Capital Grants and Contributions	-	30,000	-	20,282	-	50,282
General Revenues:						
Property Taxes	26,021	24,256	-	-	26,021	24,256
Sales Taxes	277,648	218,149	-	-	277,648	218,149
Franchise Taxes	47,185	42,017	-	-	47,185	42,017
Intergovernmental	46,885	16,643	-	-	46,885	16,643
Interest Income	5,098	7,175	13,890	17,535	18,988	24,710
Miscellaneous	578	6,965	141	4,891	719	11,856
Total Revenues	490,800	444,073	477,996	507,646	968,796	951,719
Expenses:						
General Government	231,180	174,894	-	-	231,180	174,894
Public Safety	186,002	165,715	-	-	186,002	165,715
Public Works	39,430	36,207	-	-	39,430	36,207
Water and Sewer Utility	-	-	582,448	564,155	582,448	564,155
Total Expenses	456,612	376,816	582,448	564,155	1,039,060	940,971
Change in Net Assets Before Transfers and Contributions	34,188	67,257	(104,452)	(56,509)	(70,264)	10,748
Transfers (Out) In	-	-	-	-	-	-
Change in Net Assets	34,188	67,257	(104,452)	(56,509)	(70,264)	10,748
Net Assets, Beginning before prior period adjustments	516,621	452,142	2,623,543	2,651,945	3,140,164	3,104,087
Prior Period Adjustments	2,778	-	(28,107)	-	(25,329)	-
Net Assets, Beginning	519,399	452,142	2,595,436	2,651,945	3,114,835	3,104,087
Net Assets, Ending	\$ 553,587	\$ 519,399	\$ 2,490,984	\$ 2,595,436	\$ 3,044,571	\$ 3,114,835

Governmental Activities

Village of Albany

**Management's Discussion and Analysis
As of and for the Year Ended June 30, 2008**

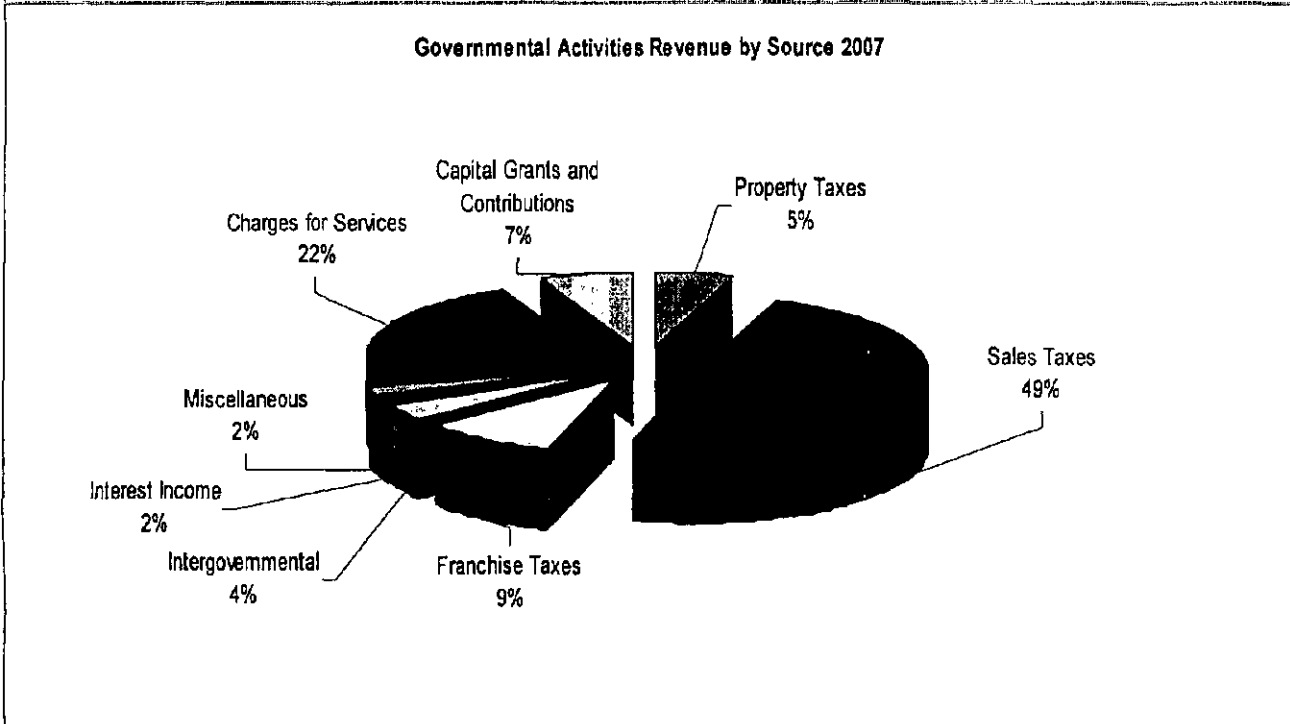
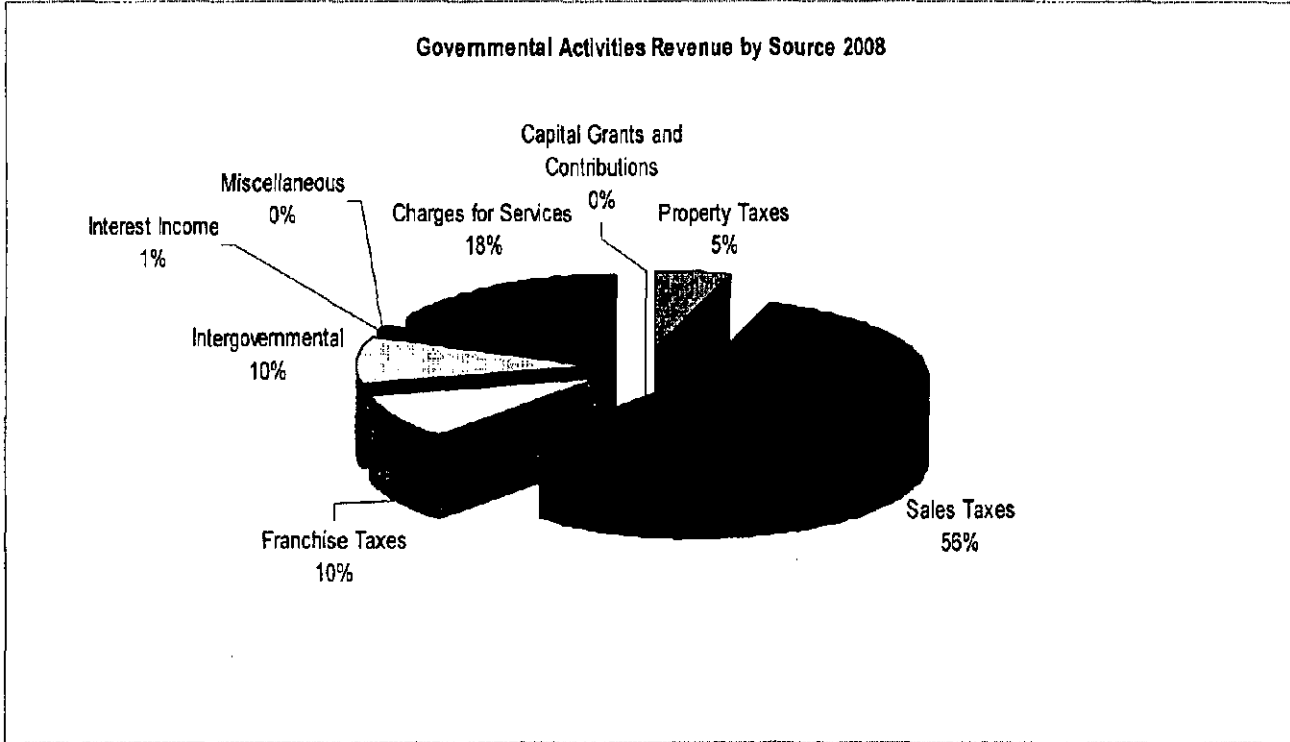
The Village's governmental net assets increased by \$34,188 to \$553,587. The overall increase is a result of an increase in sales tax revenue along with a reduction in public works expenses. Sales tax revenues increased 27%, or approximately \$59,000, which is similar to the prior fiscal year which had an increase of approximately \$56,000. General government insurance expenses increased approximately \$20,000.

The charts on the following pages detail the change in the percentage breakdown in revenues by source and total expenses of governmental activities.

Village of Albany

Management's Discussion and Analysis
As of and for the Year Ended June 30, 2008

A comparative breakdown of governmental activities revenue by source for the years ending June 30, 2008 and 2007 is as follows:

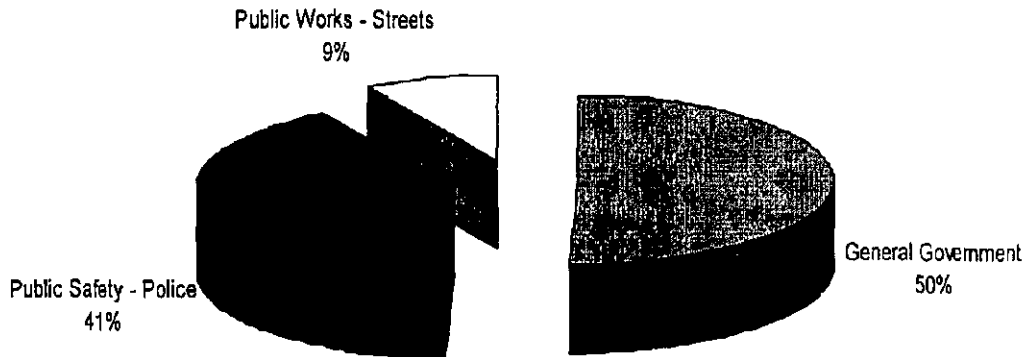


A comparative breakdown of governmental activities total expenses for the years ending June 30, 2008 and 2007 is as follows:

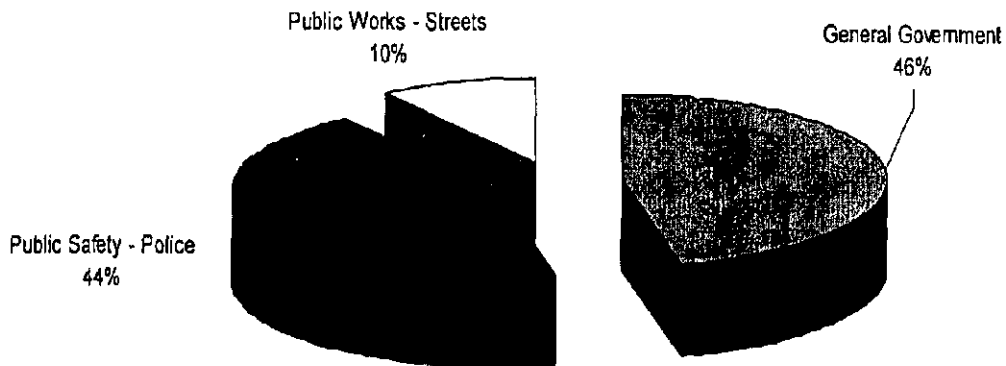
Village of Albany

Management's Discussion and Analysis
As of and for the Year Ended June 30, 2008

Governmental Activities Total Expenses 2008



Governmental Activities Total Expenses 2007



Business-Type Activities

The Village's business-type net assets decreased by \$104,452 to \$2,490,984. The loss before transfers is approximately a four percent loss of ending net assets. In comparison the previous fiscal year had a one

Village of Albany

**Management's Discussion and Analysis
As of and for the Year Ended June 30, 2008**

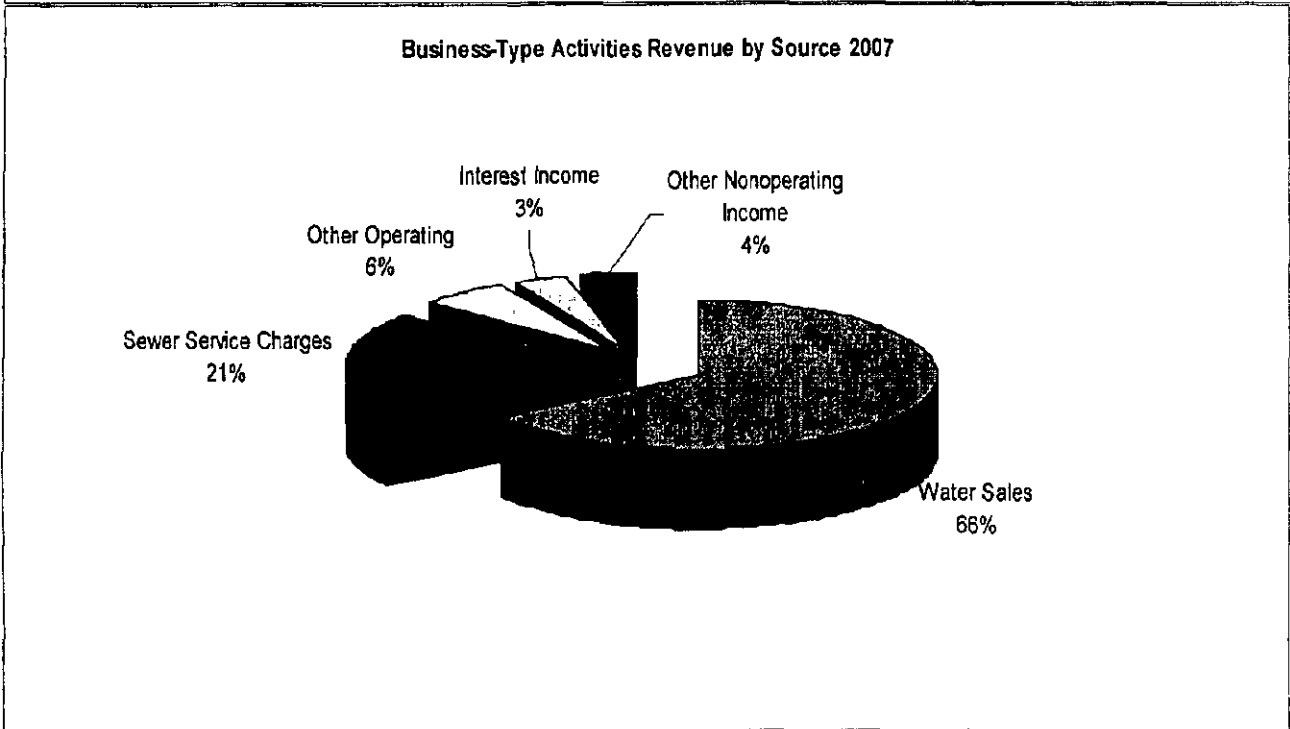
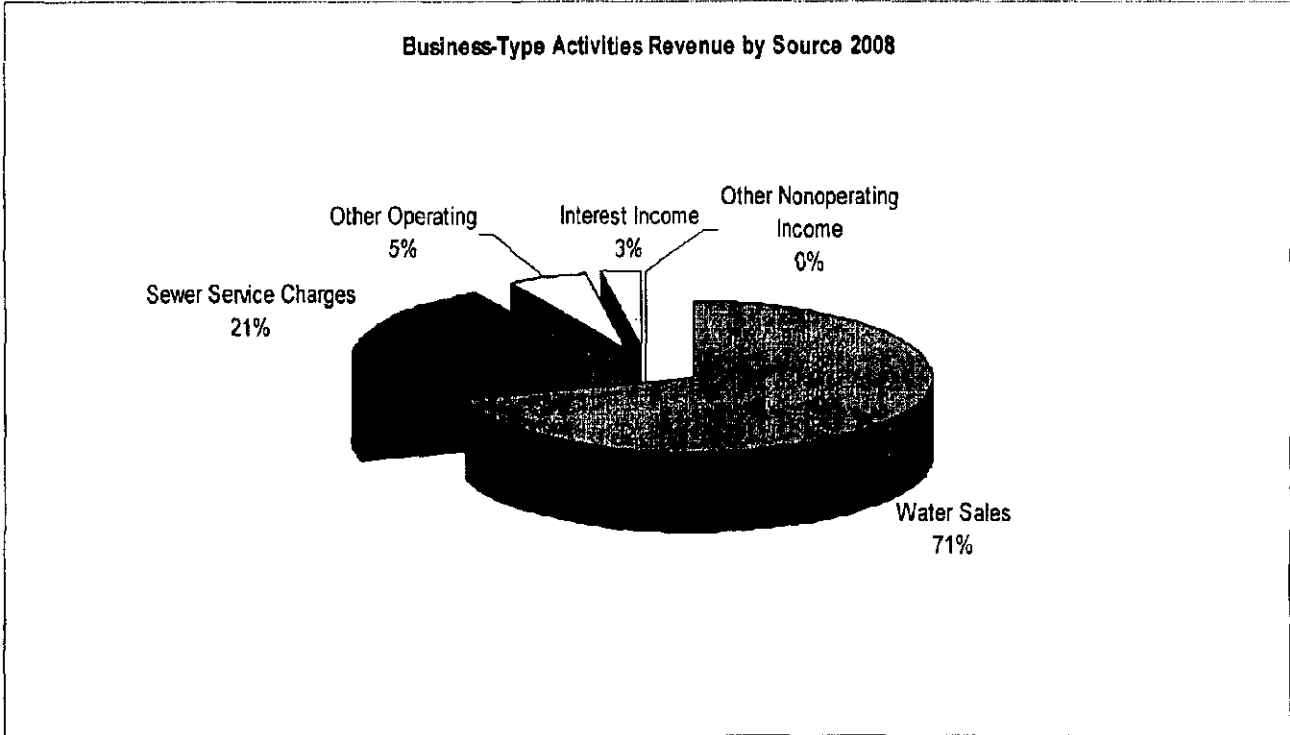
percent loss of ending net assets. Charges for services remained relatively static, while operating expenses increased by approximately \$18,000 or three percent. The largest contributors to the increases in expenses were interest on bonded debt increased approximately \$16,000 and depreciation increased \$15,000.

The charts on the following pages detail the change in the percentage breakdown in revenues by source and total expenses of business-type activities.

Village of Albany

Management's Discussion and Analysis
As of and for the Year Ended June 30, 2008

A comparative breakdown of business-type activities revenue by source for the years ending June 30, 2008 and 2007 is as follows:

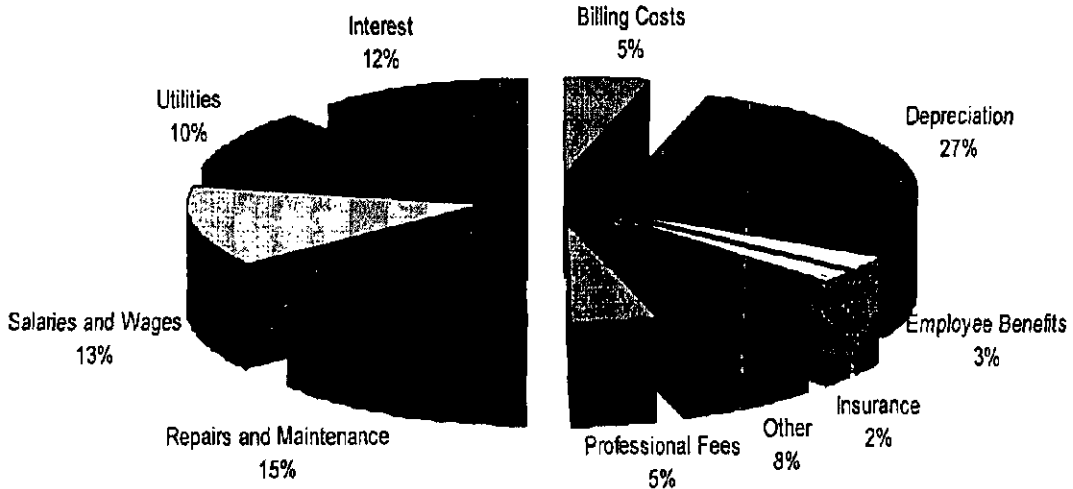


A comparative breakdown of business-type activities total expenses for the years ending June 30, 2008 and 2007 is as follows:

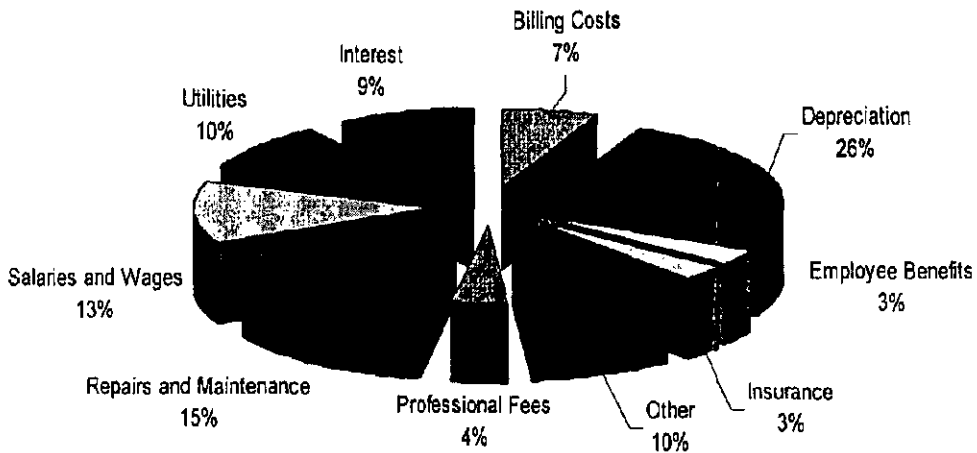
Village of Albany

Management's Discussion and Analysis
As of and for the Year Ended June 30, 2008

Business-Type Activities Total Expenses 2008



Business-Type Activities Total Expenses 2007



Village of Albany

Management's Discussion and Analysis As of and for the Year Ended June 30, 2008

Fund Financial Analysis

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

Governmental Funds

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

At the end of the current year, the Village's governmental funds reported combined ending fund balances of \$192,459, all of which is unreserved and available for spending at the Village's discretion. This represents a decrease of \$13,877, or 7% of the prior year's ending balances.

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

Proprietary Funds

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

General Fund Budgetary Highlights

The Village of Albany demonstrated legal compliance by adopting and amending its budget in accordance with provisions of the Local Government Budget Act. As required by state law, actual revenues and other sources were within five percent of budgeted revenues and other sources, and actual expenditures did not exceed budgeted expenditures and other uses by five percent.

For the general fund, actual revenues and other sources exceeded final budgeted revenue amounts by \$12,178 or three percent. Actual expenditures and other uses were below the final budgeted amounts by \$29,474 or six percent.

Village of Albany

**Management's Discussion and Analysis
As of and for the Year Ended June 30, 2008**

Capital Assets and Debt Administration

Capital Assets

The Village's investment in capital assets for its governmental and business-type activities as of June 30, 2008 amounts to \$3,722,031 (net of depreciation). The total decrease in the Village's investment in capital assets for the current fiscal year was \$24,742 (net of depreciation).

Major capital asset events during the current year included Reeves street improvements and renovations to the police department building of approximately \$20,000 each under governmental activities. In business type activities, the village made upgrades to the city hall water well of approximately \$38,000 and sewer system improvements of \$20,000.

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

**Capital Assets (Net of Depreciation)
2008 and 2007**

	Governmental Activities		Business-Type Activities		Total	
	2008	2007	2008	2007	2008	2007
Capital Assets						
Land	\$ 10,350	\$ 10,350	\$ 50,429	\$ 50,429	\$ 60,779	\$ 60,779
Construction in Progress	-	-	-	172,595	-	172,595
Buildings	93,650	93,650	47,130	35,430	140,780	129,080
Improvements	54,008	20,938	-	-	54,008	20,938
Vehicles and Equipment	140,899	127,454	108,547	108,547	249,446	236,001
Infrastructure - Sidewalks	227,744	196,194	-	-	227,744	196,194
Water Utility System	-	-	2,108,332	1,897,037	2,108,332	1,897,037
Sewer Utility System	-	-	3,214,338	3,175,690	3,214,338	3,175,690
Subtotal Capital Assets	526,651	448,586	5,528,776	5,439,728	6,055,427	5,888,314
Less: Accumulated Depreciation	<u>(165,523)</u>	<u>(135,523)</u>	<u>(2,167,873)</u>	<u>(2,006,018)</u>	<u>(2,333,396)</u>	<u>(2,141,541)</u>
Capital Assets, Net	<u>\$ 361,128</u>	<u>\$ 313,063</u>	<u>\$ 3,360,903</u>	<u>\$ 3,433,710</u>	<u>\$ 3,722,031</u>	<u>\$ 3,746,773</u>

Village of Albany

**Management's Discussion and Analysis
As of and for the Year Ended June 30, 2008**

Long-Term Debt

At June 30, 2008, the Village had total debt outstanding of \$1,303,431. Of this total, \$41,318 is due within one year and \$1,262,113 is due within greater than one year. The following table provides a summary of the Village's outstanding debt at the end of the current year as compared to the prior year. For more detailed information, see Note 11 to the financial statements in this report.

**Outstanding Debt
2008 and 2007**

	Governmental Activities		Business-Type Activities		Total	
	2008	2007	2008	2007	2008	2007
Capital Leases	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Revenue Bonds	-	-	1,303,431	1,342,833	1,303,431	1,342,833
Total Outstanding Debt	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,303,431</u>	<u>\$ 1,342,833</u>	<u>\$ 1,303,431</u>	<u>\$ 1,342,833</u>

Other Factors Affecting the Village

The Village of Albany's management approach is conservative. When possible, the Mayor and Aldermen attempt to provide services for the Village based on existing revenues and to finance long-term projects only when absolutely necessary. In an effort to improve services and provide water services to additional customers, the Village was recently awarded a loan/grant award, not to exceed a total of \$4,776,500, from the United States Department of Agriculture, Rural Utilities Service. Under the terms of the award, the Village qualified for a maximum grant of \$1,038,000, a loan not to exceed \$3,706,000, with the Village providing applicant contributions of \$32,500. As of June 30, 2008, the Village is securing the customer sign-up required under the USDA loan/grant award. The Village also attempts to keep utility rates at the minimum required to cover the costs of utility system operation, but may be required to consider increases in rates for sewer services because of increased costs of operations including costs imposed by governmental agencies.

Contacting the Village's Financial Management

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

Basic Financial Statements
Government-Wide Financial Statements

Statement A

Village of Albany
Statement of Net Assets
As of June 30, 2008

	Primary Government		Total
	Governmental Activities	Business-Type Activities	
Assets			
Current Assets:			
Cash and Cash Equivalents	\$ 121,374	\$ 153,010	\$ 274,384
Receivables, Net:			
Intergovernmental	35,044	-	35,044
Accounts	-	63,442	63,442
Other	16,197	-	16,197
Due From Other Funds	56,267	44,030	100,297
Prepaid Assets	20,000	-	20,000
Total Current Assets	248,882	260,482	509,364
Restricted Assets:			
Restricted Cash and Cash Equivalents	-	367,069	367,069
Total Restricted Assets	-	367,069	367,069
Capital Assets:			
Land	10,350	50,429	60,779
Construction in Progress	-	-	-
Capital Assets, Net	350,778	3,310,474	3,661,252
Total Capital Assets	361,128	3,360,903	3,722,031
Total Assets	610,010	3,988,454	4,598,464
Liabilities			
Current Liabilities:			
Accounts Payable	4,709	14,727	19,436
Accrued Interest	-	15,213	15,213
Other Accrued Payables	7,684	1,422	9,106
Due To Other Funds	44,030	56,267	100,297
Customer Deposits	-	106,410	106,410
Bonds Payable	-	41,318	41,318
Total Current Liabilities	56,423	235,357	291,780
Long Term Liabilities:			
Bonds Payable	-	1,262,113	1,262,113
Total Long Term Liabilities	-	1,262,113	1,262,113
Total Liabilities	56,423	1,497,470	1,553,893
Net Assets			
Invested in Capital Assets, Net of Related Debt	361,128	2,057,472	2,418,600
Restricted for:			
Capital Projects and Debt Service	-	247,773	247,773
Unrestricted	192,459	185,739	378,198
Total Net Assets	\$ 553,587	\$ 2,490,984	\$ 3,044,571

The accompanying notes are an integral part of this financial statement.

Village of Albany
Statement of Activities
For the year ended June 30, 2008

	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net (Expenses) Revenues and Changes of Primary Government</u>		
		<u>Charges for Services</u>	<u>Capital Grants & Contributions</u>	<u>Net (Expenses) Revenues</u>	<u>Governmental Activities</u>	<u>Business- Type Activities</u>	<u>Total</u>
Governmental Activities							
General Government	\$ 231,180	\$ 62,495	\$ -	\$ (168,685)	\$ (168,685)	\$ -	\$ (168,685)
Public Safety - Police	186,002	24,890	-	(161,112)	(161,112)	-	(161,112)
Public Works - Streets	39,430	-	-	(39,430)	(39,430)	-	(39,430)
Total Governmental Activities	<u>456,612</u>	<u>87,385</u>	<u>-</u>	<u>(369,227)</u>	<u>(369,227)</u>	<u>-</u>	<u>(369,227)</u>
Business-type Activities							
Water	340,735	361,842	-	21,107	-	21,107	21,107
Sewer	241,713	102,123	-	(139,590)	-	(139,590)	(139,590)
Total Business-type Activities	<u>\$ 582,448</u>	<u>\$ 463,965</u>	<u>\$ -</u>	<u>\$ (118,483)</u>	<u>-</u>	<u>(118,483)</u>	<u>(118,483)</u>
General Revenues:							
Taxes:							
Property Taxes					26,021	-	26,021
Sales Taxes					277,648	-	277,648
Franchise Taxes					47,185	-	47,185
Intergovernmental					46,885	-	46,885
Interest Income					5,098	13,890	18,988
Miscellaneous					578	141	719
Total General Revenues					<u>403,415</u>	<u>14,031</u>	<u>417,446</u>
Change in Net Assets					<u>34,188</u>	<u>(104,452)</u>	<u>(70,264)</u>
Net Assets - Beginning					516,621	2,623,543	3,140,164
Prior Period Adjustments (Note 15)					<u>2,778</u>	<u>(28,107)</u>	<u>(25,329)</u>
Net Assets - Beginning (Restated)					<u>519,399</u>	<u>2,595,436</u>	<u>3,114,835</u>
Net Assets - Ending					<u>\$ 553,587</u>	<u>\$ 2,490,984</u>	<u>\$ 3,044,571</u>

The accompanying notes are an integral part of this financial statement.

Basic Financial Statements
Fund Financial Statements

Statement C

Village of Albany
Balance Sheet, Governmental Funds
As of June 30, 2008

	General Fund	Total Governmental Funds
Assets		
Cash and Equivalents	\$ 121,374	\$ 121,374
Receivables, Net:		-
Franchise Taxes	16,147	16,147
Sales Taxes	34,644	34,644
Other	450	450
Due From Other Funds	56,267	56,267
Prepaid Lease	20,000	20,000
Total Assets	\$ 248,882	\$ 248,882
Liabilities and Fund Balances		
Liabilities:		
Accounts Payable	\$ 4,709	\$ 4,709
Other Accrued Liabilities	7,684	7,684
Due to Other Funds	44,030	44,030
Total Liabilities	56,423	56,423
Fund Balances:		
Unreserved Fund Balances	192,459	192,459
Reserved Fund Balances	-	-
Total Fund Balances	192,459	192,459
Total Liabilities and Fund Balances	\$ 248,882	\$ 248,882

The accompanying notes are an integral part of this financial statement.

Village of Albany
Reconciliation of the Governmental Funds Balance Sheet
to the Government-Wide Financial Statement of Net Assets
As of June 30, 2008

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

Fund Balances, Total Governmental Funds (Statement C)	\$ 192,459
 Capital assets used in governmental activities are not financial resources and are therefore not reported in the governmental funds.	
Governmental capital assets net of depreciation	361,128
 Net Assets of Governmental Activities (Statement A)	 <u>\$ 553,587</u>

The accompanying notes are an integral part of this financial statement.

Statement E

**Village of Albany
Statement of Revenues, Expenditures and
Changes in Fund Balances
For the year ended June 30, 2008**

	General Fund		Total Governmental Funds
	<u> </u>		<u> </u>
Revenues			
Taxes	\$ 350,854	\$	350,854
Licenses and Permits	62,495		62,495
Intergovernmental	18,015		18,015
Fines and Forfeitures	24,890		24,890
Grants	28,870		28,870
Interest	5,097		5,097
Miscellaneous	578		578
Total Revenues	<u>490,799</u>		<u>490,799</u>
 Expenditures			
General Government	229,610		229,610
Public Safety:			
Police	172,330		172,330
Public Works - Streets	24,671		24,671
Capital Outlays	78,065		78,065
Total Expenditures	<u>504,676</u>		<u>504,676</u>
 Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(13,877)</u>		<u>(13,877)</u>
 Net Change in Fund Balances	<u>(13,877)</u>		<u>(13,877)</u>
 Fund Balances, Beginning			
Before Prior Period Adjustments	203,558		203,558
Prior Period Adjustments	2,778		2,778
Fund Balances, Beginning After Prior Period Adjustments	<u>206,336</u>		<u>206,336</u>
Fund Balances, Ending	<u>\$ 192,459</u>	\$	<u>192,459</u>

The accompanying notes are an integral part of this financial statement.

Village of Albany
Reconciliation of the Statement of Revenues, Expenditures,
and Changes in Fund Balances of Governmental Funds
to the Statement of Activities
For the year ended June 30, 2008

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

Net Change in Fund Balances, Total Governmental Funds, Statement E \$ (13,877)

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

Expenditures for capital assets	\$ 78,065	
Other	1	
Less:		
Current year depreciation	<u>(30,001)</u>	<u>48,065</u>

Change in Net Assets of Governmental Activities, Statement B \$ 34,188

The accompanying notes are an integral part of this financial statement.

Statement G

Village of Albany
Statement of Net Assets - Proprietary Funds
As of June 30, 2008

Assets

Current Assets:

Cash and Cash Equivalents	\$ 153,010
Receivables, Net:	
Accounts	63,442
Due From Other Funds	44,030
Total Current Assets	<u>260,482</u>

Restricted Assets:

Restricted Cash and Cash Equivalents	367,069
Total Restricted Assets	<u>367,069</u>

Property, Plant, and Equipment

Land	50,429
Construction in Progress	-
Property, Plant and Equipment, Net	3,310,474
Total Property, Plant, and Equipment	<u>3,360,903</u>

Total Assets

3,988,454

Liabilities

Current Liabilities (Payable From Current Assets):

Accounts Payable	14,727
Accrued Interest	15,213
Other Accrued Payables	1,422
Due To Other Funds	56,267
Revenue Bonds Payable	41,318
Total Current Liabilities (Payable From Current Assets)	<u>128,947</u>

Current Liabilities (Payable From Restricted Assets):

Customer Deposits	106,410
Total Current Liabilities (Payable From Restricted Assets)	<u>106,410</u>

Long Term Liabilities:

Bonds Payable	1,262,113
Total Long Term Liabilities	<u>1,262,113</u>

Total Liabilities

1,497,470

Net Assets

Invested in Capital Assets, Net of Related Debt	2,057,472
Restricted for:	
Capital Projects and Debt Service	247,773
Unrestricted	185,739
Total Net Assets	<u>\$ 2,490,984</u>

The accompanying notes are an integral part of this financial statement.

Village of Albany
Statement of Revenues, Expenses and
Changes in Net Assets - Proprietary Fund
For the year ended June 30, 2008

Statement H

	Enterprise Fund
Operating Revenues	
Water Sales	\$ 337,216
Sewer Service Charges	102,123
Other	24,767
Total Operating Revenues	464,106
Operating Expenses	
Salaries and Wages	78,525
Employee Benefits	15,766
Billing Costs	26,754
Depreciation	161,855
Insurance	10,304
Professional Fees	27,137
Repairs and Maintenance	87,055
Supplies	8,961
Utilities	57,139
Vehicle Expenses	12,045
Other	27,216
Total Operating Expenses	512,757
Operating Income (Loss)	(48,651)
Nonoperating Revenues (Expenses)	
Interest Income	13,890
Interest Expense	(69,691)
Total Nonoperating Revenues (Expenses)	(55,801)
Change in Net Assets	(104,452)
Net Assets, Beginning	
Before Prior Period Adjustments	2,623,543
Prior Period Adjustments	(28,107)
Net Assets, Beginning after Prior Period Adjustments	2,595,436
Total Net Assets, Ending	\$ 2,490,984

The accompanying notes are an integral part of this financial statement.

Village of Albany
Statement of Cash Flows
Proprietary Funds
For the year ended June 30, 2008

Statement I

		<u>Enterprise Fund</u>
Cash Flows From Operating Activities		
Received From Customers	\$	431,343
Received for Meter Deposit Fees		10,890
Other Receipts		24,767
Received for Interfund Services		29,177
Payments for Interfund Services		-
Payments for Operations		(268,071)
Payments to Employees		(94,291)
Net Cash Provided (Used) by Operating Activities		<u>133,815</u>
Cash Flows From Capital and Related Financing Activities		
Capital Contributions Received		-
(Payments for) Capital Acquisitions		(89,048)
Principal Proceeds from (Repayments for) Long Term Debt		(39,402)
Interest Payments for Long Term Debt		(70,344)
Net Cash Provided (Used) by Capital and Related Financing Activities		<u>(198,794)</u>
Cash Flows From Investing Activities		
Receipt of Interest		13,890
Net Cash Provided (Used) by Investing Activities		<u>13,890</u>
Net Cash Increase (Decrease) in Cash and Cash Equivalents		(51,089)
Cash and Cash Equivalents, Beginning of Year		571,168
Cash and Cash Equivalents, End of Year	\$	<u><u>520,079</u></u>
Reconciliation of Cash and Cash Equivalents to the Statement of Net Assets:		
Cash and Cash Equivalents, Unrestricted	\$	153,010
Cash and Cash Equivalents, Restricted		367,069
Total Cash and Cash Equivalents	\$	<u><u>520,079</u></u>

Village of Albany
Statement of Cash Flows
Proprietary Funds
For the year ended June 30, 2008

Statement I

	<u>Enterprise Fund</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used)	
by Operating Activities	
Operating Income (Loss)	\$ (48,651)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided	
by Operating Activities:	
Depreciation	161,855
(Increase) decrease in Accounts Receivable	(7,996)
(Increase) decrease in Due (to) and from Other Funds	29,177
Increase (decrease) in Accounts Payable	(10,996)
Increase (decrease) in Accrued Expenses	(464)
Increase (decrease) in Customer Deposits	10,890
Net Cash Provided by Operating Activities	<u>\$ 133,815</u>

The accompanying notes are an integral part of this financial statement.

Basic Financial Statements
Notes to the Financial Statements

Village of Albany
Notes to the Financial Statements
As of and for the Year Ended June 30, 2008

Introduction

The Village of Albany, Louisiana was incorporated October 7, 1953, under provision of the Lawrason Act (LSA-RS33:321). The Village operates under a Mayor /Board of Aldermen form of government. The Mayor and each of three aldermen are elected at large for four-year terms. The Mayor and Aldermen are compensated per diem for each meeting attended; in addition, the Mayor receives a salary. The Village is located approximately 30 miles east of Baton Rouge, Louisiana, on LA Highway 43 (Montpelier Avenue) north of Interstate 12, with U.S. Highway 190 intersecting the northern part of the Village. The Village's total population is 865, as reported by the U.S. Census Bureau, Census 2000. The Village provides police protection, services to maintain and develop streets, drainage, and sanitation, general and administrative services, and utilities services for areas residents. The Village provides services to 1,434 water customers and 364 sewer customers inside and outside of the Village limits. The Village employs six full-time employees in addition to the Mayor and Board of Aldermen.

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

1. Summary of Significant Accounting Policies

A. Government-Wide and Fund Financial Statements

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

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

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

Village of Albany
Notes to the Financial Statements
As of and for the Year Ended June 30, 2008

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

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

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

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

The Village reports the following major governmental funds:

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

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

The Village reports the following major proprietary fund:

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

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

Village of Albany
Notes to the Financial Statements
As of and for the Year Ended June 30, 2008

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 nonoperating 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 nonoperating revenues and expenses.

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

C. Deposits and Investments

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

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

D. Receivables and Payables

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

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

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

Village of Albany
Notes to the Financial Statements
As of and for the Year Ended June 30, 2008

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	6.65 mills	6.65 mills	None

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

E. Inventories and Prepaid Items

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

F. Restricted Assets

Certain proceeds of the enterprise fund revenue bonds, as well as certain resources set aside for their repayment, are classified as restricted assets because their use is limited by applicable bond covenants.

G. Capital Assets

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

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

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

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

Description	Estimated Lives
Buildings & Improvements	20 - 40 Years
Vehicles and Equipment	5 - 15 Years
Infrastructure	20 - 40 Years
Water System	20 - 40 Years
Sewer System	20 - 40 Years

Village of Albany
Notes to the Financial Statements
As of and for the Year Ended June 30, 2008

H. Compensated Absences

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

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

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

Each employee earns sick leave at a rate of 5/12th 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.

I. Long-Term Obligations

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

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

J. Fund Equity

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

K. Comparative Data/Reclassifications

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

L. Extraordinary and Special Items

Village of Albany
Notes to the Financial Statements
As of and for the Year Ended June 30, 2008

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

M. Estimates

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

N. Reconciliations of Government-Wide and Fund Financial Statements

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

2. Stewardship, Compliance and Accountability

The Village uses the following budget practices:

1. The Village Clerk prepares a proposed budget and submits same to the Mayor and Board of Aldermen no later than fifteen days prior to the beginning of each fiscal year.
2. A summary of the proposed budget is published and the public notified that the proposed budget is available for public inspection. At the same time, a public hearing is called.
3. A public hearing is held on the proposed budget at least ten days after publication of the call for the hearing.
4. After the holding of the public hearing and completion of all action necessary to finalize and implement the budget, the budget is adopted through passage of an ordinance prior to the commencement of the fiscal year for which the budget is being adopted.
5. Budgetary amendments involving the transfer of funds from one department, program or function to another or involving the increase in expenditures resulting from revenues exceeding amounts estimated, require the approval of the Board of Aldermen.
6. All budgetary appropriations lapse at the end of each fiscal year.
7. Budgets for the general and enterprise funds are adopted on a basis consistent with generally accepted accounting principles (GAAP). Budgets for enterprise funds are presented on the accrual basis of accounting. Other governmental funds are presented on the modified accrual basis of accounting. Accordingly, the budgetary comparison schedules present actual expenditures in accordance with the accounting principles generally accepted in the United States on a basis consistent with the legally adopted budgets as amended. All budgetary amounts presented reflect the original budget and the

Village of Albany
Notes to the Financial Statements
As of and for the Year Ended June 30, 2008

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

3. Cash and Cash Equivalents

At June 30, 2008, the Village has cash and cash equivalents (book balances) as follows:

	<u>June 30, 2008</u>	<u>June 30, 2007</u>
Cash on Hand	\$ 25	\$ 25
Interest-Bearing Demand Deposits	244,902	351,462
Time Deposits	318,210	342,586
Louisiana Asset Management Pool (LAMP)	<u>78,316</u>	<u>75,313</u>
	<u>\$ 641,453</u>	<u>\$ 769,386</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.

At June 30, 2008, the Village has \$546,139 in deposits (collected bank balances other than LAMP), consisting of \$261,717 in demand deposits and \$284,422 in time and savings deposits. The demand deposits are secured from risk by \$100,000 of federal deposit insurance and \$161,717 of pledged securities held by the custodial bank in the name of the fiscal agent bank (GASB Category 3). The time and savings deposits are secured from risk by \$100,000 of federal deposit insurance and \$184,422 of pledged securities held by the custodial bank in the name of the fiscal agent bank (GASB Category 3).

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

4. Investments

Investments are categorized into these three categories of credit risk:

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

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

Village of Albany
Notes to the Financial Statements
As of and for the Year Ended June 30, 2008

All investments are stated on the balance sheet (carrying value) at market value. All investments are in the name of the Village and are held at the Village's office. Because these investments are in the name of the Village and are held by the Village or the Village's agent, the investments are considered insured and registered, Category (1), in applying the credit risk of GASB Codification Section I50.164.

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

In accordance with GASB Codification Section I50.165, the investment in LAMP at June 30, 2008, 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. LAMP is administered by LAMP, Inc., a nonprofit corporation organized under the laws of the State of Louisiana, which was formed by an initiative of the State Treasurer in 1993. The corporation is governed by a board of directors comprising the State Treasurer, representatives from various organizations of local government, the Government Finance Office Association of Louisiana, and the Society of Louisiana CPAs. Only local governments having contracted to participate in LAMP have an investment interest in its pool of assets. The primary objective of LAMP is to provide a safe environment for the placement of public funds in short-term, high-quality investments. The LAMP portfolio includes only securities and other obligations in which local governments in Louisiana are authorized to invest. Accordingly, LAMP investments are restricted to securities issued, guaranteed, or backed by the U. S. Treasury, the U. S. Government, or one of its agencies, enterprises, or instrumentalities, as well as repurchase agreements collateralized by those securities. The dollar weighted average portfolio maturity of LAMP assets is restricted to not more than 90 days, and consists of no securities with a maturity in excess of 397 days. LAMP is designed to be highly liquid to give its participants immediate access to their account balances.

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.

Village of Albany
Notes to the Financial Statements
As of and for the Year Ended June 30, 2008

The Governmental Fund receivables at June 30, 2008 consist of the following:

Government Receivables	General Fund	Capital Projects Fund	Total
Taxes:			
Public Utility Franchise	\$ 16,147	\$ -	\$ 16,147
Sales and Use	34,644	-	34,644
Intergovernmental:			
State of Louisiana, Beer Tax	400	-	400
Other	50	-	50
Total Government Receivables	\$ 51,241	\$ -	\$ 51,241

The Enterprise Fund accounts receivable at June 30, 2008 and 2007 consist of the following:

	Year Ended June 30, 2008	Year Ended June 30, 2007
Accounts Receivable		
Current	\$ 44,306	\$ 39,404
31 - 60 Days	935	27,532
61 - 90 Days	353	1,242
Over 90 Days	2,120	(27,121)
Subtotal	47,714	41,057
Less Allowance for Bad Debt	2,500	2,500
Accounts Receivables, Net	45,214	38,557
Accrued Billings	18,228	16,889
Total Accounts Receivable	\$ 63,442	\$ 55,446

6. Interfund Receivables/Payables

The following is a list of interfund balances reported in the fund financial statements on June 30, 2008:

Interfund Balances	Due From Other Funds	Due To Other Funds
General Fund		
Capital Projects Fund	\$ -	\$ -
Enterprise Fund	56,267	44,030
Capital Projects Fund		
General Fund	-	-
Enterprise Fund	-	-
Enterprise Fund		
General Fund	44,030	56,267
Capital Projects Fund	-	-
Total Interfund Balances	\$ 100,297	\$ 100,297

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

7. Restricted Assets

Restricted assets for the Enterprise Fund at June 30, 2008 and 2007 were as follows:

Village of Albany
Notes to the Financial Statements
As of and for the Year Ended June 30, 2008

	June 30, 2008	June 30, 2007
Restricted Cash and Cash Equivalents		
Customer Deposits	\$ 120,136	\$ 108,675
Bond Reserve Account	131,530	128,124
Bond Contingency Account	67,656	92,313
Bond Redemption Account	34,861	5,851
Construction Account	12,886	12,886
Total Restricted Assets	\$ 367,069	\$ 347,849

8. Capital Assets

Capital assets and depreciation activity as of and for the year ended June 30, 2008 for governmental activities is as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities Capital Assets:				
Capital Assets Not Being Depreciated:				
Land	\$ 10,350	\$ -	\$ -	\$ 10,350
Total Capital Assets Not Being Depreciated	10,350	-	-	10,350
Capital Assets Being Depreciated:				
Buildings	93,650	-	-	93,650
Improvements	20,938	33,070	-	54,008
Vehicles and Equipment	127,454	13,445	-	140,899
Infrastructure - Sidewalks	196,194	31,550	-	227,744
Total Capital Assets Being Depreciated	438,236	78,065	-	516,301
Less Accumulated Depreciation for:				
Buildings	14,634	2,341	-	16,975
Improvements	5,162	946	-	6,108
Vehicles and Equipment	80,468	16,510	-	96,978
Infrastructure - Sidewalks	35,258	10,204	-	45,462
Total Accumulated Depreciation	135,522	30,001	-	165,523
Total Capital Assets Being Depreciated, Net	302,714	48,064	-	350,778
Total Governmental Activities Capital Assets, Net	\$ 313,064	\$ 48,064	\$ -	\$ 361,128

Depreciation was charged to governmental functions as follows:

General Government	\$ 4,570
Public Safety	13,672
Public Works	11,759
	\$ 30,001

Capital assets and depreciation activity as of and for the year ended June 30, 2008 for business-type activities is as follows:

Village of Albany
Notes to the Financial Statements
As of and for the Year Ended June 30, 2008

Business - Type Activities Capital Assets:	Beginning Balance	Increases	Decreases	Ending Balance
Capital Assets Not Being Depreciated:				
Land	\$ 50,429	\$ -	\$ -	\$ 50,429
Construction in Progress	172,595	-	(172,595)	-
Total Capital Assets Not Being Depreciated	223,024	-	(172,595)	50,429
Capital Assets Being Depreciated:				
Buildings and Improvements	35,430	11,700	-	47,130
Vehicles and Equipment	108,547	-	-	108,547
Water Utility System	1,897,037	211,295	-	2,108,332
Sewer Utility System	3,175,690	38,648	-	3,214,338
Total Capital Assets Being Depreciated	5,216,704	261,643	-	5,478,347
Less Accumulated Depreciation for:				
Buildings and Improvements	27,997	2,346	-	30,343
Vehicles and Equipment	108,547	-	-	108,547
Water Utility System	667,300	59,729	-	727,029
Sewer Utility System	1,202,174	99,780	-	1,301,954
Total Accumulated Depreciation	2,006,018	161,855	-	2,167,873
Total Capital Assets Being Depreciated, Net	3,210,686	99,788	-	3,310,474
Total Business - Type Activities Capital Assets, Net	\$ 3,433,710	\$ 99,788	\$ (172,595)	\$ 3,360,903

9. Accounts, Salaries, and Other Payables

Short term payables at June 30, 2008 are as follows:

	General Fund	Capital Projects Fund	Enterprise Fund	Total
Accounts	\$ 4,709	\$ -	\$ 14,727	\$ 19,436
Accrued Interest	-	-	15,213	15,213
Other Accrued Payables				
Accrued Payroll Taxes	4,899	-	-	4,899
Accrued Retirement	1,701	-	-	1,701
Accrued Salaries	1,084	-	1,388	2,472
Other	-	-	34	34
Total	\$ 12,393	\$ -	\$ 31,362	\$ 43,755

Village of Albany
Notes to the Financial Statements
As of and for the Year Ended June 30, 2008

10. Short-Term Debt

The Village had no short-term debt outstanding at June 30, 2008, other than the current portion of revenue bonds payable to the U.S. Rural Utilities Service.

11. Long-Term Obligations

The following is a summary of long-term obligation transactions for the year ended June 30, 2008:

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total Long-Term Obligations</u>
	<u>Capital Leases</u>	<u>Revenue Bonds</u>	<u>Capital Leases</u>	<u>Revenue Bonds</u>	
Beginning Balance	\$ -	\$ -	\$ -	\$ 1,342,833	\$ 1,342,833
Additions	-	-	-	-	-
Deletions	-	-	-	39,402	39,402
Ending Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,303,431</u>	<u>\$ 1,303,431</u>

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

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total Long-Term Obligations</u>
	<u>Capital Leases</u>	<u>Revenue Bonds</u>	<u>Capital Leases</u>	<u>Revenue Bonds</u>	
Current Portion	\$ -	\$ -	\$ -	\$ 41,318	\$ 41,318
Long-Term Portion	-	-	-	1,262,113	1,262,113
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,303,431</u>	<u>\$ 1,303,431</u>

Bonds Payable as of June 30, 2008 are as follows:

Village of Albany
Notes to the Financial Statements
As of and for the Year Ended June 30, 2008

	Bonds Payable	Due Within One
	End of Year	Year
Business Type Fund: \$ 523,000		
Water Revenue Bonds - RUS Bonds 91-01 sold to Rural Utility Service (RUS)		
Dated 4/4/1978 due in annual installments of principal and interest of		
\$5,000 to \$29,000 through 8/1/2017 interest at 5.00%	\$ 238,000	\$ 19,000
Business Type Fund: \$ 575,000		
Water Revenue Bonds - RUS Bonds 91-02 sold to Rural Utility Service (RUS)		
Dated 2/25/1988 due in annual installments of principal and interest of		
\$ 37,277 over a 40 year period with interest at 5.75%	434,828	12,274
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%	380,109	7,715
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%	62,563	1,285
Business Type Fund: \$ 191,000		
Water Revenue Bonds - RUS Bonds 96-01 sold to Rural Utility Service (RUS)		
Dated 10/17/2006 due in monthly installments of principal and interest of		
\$ 844 through October 17, 2046 with interest at 4.375%	187,931	1,044
	\$ 1,303,431	\$ 41,318

The annual requirements to amortize all debt outstanding at June 30, 2008, including interest payments of \$940,879 are as follows:

Village of Albany
Notes to the Financial Statements
As of and for the Year Ended June 30, 2008

The annual requirements to amortize all debt outstanding at June 30, 2008, including interest payments of \$872,125 are as follows:

Rural Utility Services						
Year Ending 6/30/08	Water Bonds 91-01	Water Bonds 91-02	Sewer Bonds 92-03	Sewer Bonds 92-05	91-06	Total
	\$ 523,000	\$ 575,000	\$ 455,000	\$ 75,000	\$ 191,000	
2009	\$ 30,425	\$ 37,277	\$ 27,468	\$ 4,527	\$ 10,131	\$ 109,828
2010	30,450	37,277	27,468	4,527	10,131	109,853
2011	30,425	37,277	27,468	4,527	10,131	109,828
2012	30,350	37,277	27,468	4,527	10,131	109,753
2013	30,225	37,277	27,468	4,527	10,131	109,628
2014 to 2018	120,550	186,386	137,340	22,635	50,653	517,564
2019 to 2023	29,725	186,386	134,340	22,635	50,653	423,739
2024 to 2028	-	158,428	134,340	22,635	50,653	366,056
2029 to 2033	-	-	119,028	19,617	50,653	189,298
2034 to 2038	-	-	-	-	50,653	50,653
2039 to 2043	-	-	-	-	50,653	50,653
2044 to 2047	-	-	-	-	28,703	28,703
	<u>\$ 302,150</u>	<u>\$ 717,585</u>	<u>\$ 668,388</u>	<u>\$ 110,157</u>	<u>\$ 383,276</u>	<u>\$ 2,175,556</u>

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

Long-term debt as of June 30, 2008 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.

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

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

A resolution authorizing the issuance of \$530,000 of Sewer Revenue Bonds of the Village of Albany, Louisiana, State of Louisiana, for the improvement and construction of a sewerage system of the Village was adopted October 14, 1991. The bonds were sold to Rural Utility Service (RUS) at separate revenue

Village of Albany
Notes to the Financial Statements
As of and for the Year Ended June 30, 2008

bond issue amounts of \$455,000 and \$75,000 (totaling \$530,000) and are due in monthly installments of \$2,666 (\$2,289 for the \$455,000 bonds and \$377 for the \$75,000 bonds) for forty years with interest at a rate of five and one-fourth percent per annum. The Village may repay the whole or any part of the principal amount at any time. Under the terms of the bond proceeds to the Village, the revenue bonds are payable as to principal and interest solely from the income and revenues derived from the operation of the combined utility system of the Village after provision has been made for payment of the reasonable and necessary expenses of administering, operating, and maintaining the system. These bonds do not constitute an indebtedness or pledge of the general credit of the Village within the meaning of any constitutional or statutory limitation of indebtedness.

A resolution authorizing the issuance of \$191,000 of Water Revenue Bonds of the Village of Albany, Louisiana, State of Louisiana, for the construction and completion of water improvements was adopted February 13, 2006. The bonds were sold to Rural 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 Village may repay the whole or any part of the principal amount at any time.

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

Each month there will be set aside into a fund called "Bond and Interest Sinking (Redemption) Fund" a sum equal to one-twelfth of the interest due on the next interest payment due, and, in addition, a sum equal to one-twelfth of the principal payment due, together with such proportionate sum as may be required as the same respectfully become due on such date. Money in the Sinking Funds shall be deposited as Trust Funds and shall be fully sufficient to assure the prompt payment of the principal and interest installments as they become due, and may be used only for such payments. As of June 30, 2008, the Sinking Fund account balance was \$34,861, and was fully funded.

There shall also be set aside into a "Utility System Bond Reserve Fund" a sum equal to five percent of the monthly bond payment, or \$534 after the construction becomes revenue producing until there is accumulated therein an amount equal to the highest annual debt service payment in any future year. Such amounts may be used only for the payment of maturing bonds and interest coupons for which sufficient funds are not on deposit in the Bond and Interest Sinking Fund as to which there would otherwise be default. As of June 30, 2008, the Reserve Fund maintained a balance of \$131,530 and was fully funded, exceeding the highest annual debt service of \$128,124 in succeeding years.

Funds will also be set into a "Depreciation and Contingency Fund" after completion of the project at the rate of \$770 per month until the balance in this fund amounts to the maximum required by RUS. Money in this fund will be used for making extraordinary repairs or replacements to the system which are necessary to keep the system in operating condition, enhance its revenue-producing capacity, or provide for a higher degree of service for which money is not available as a maintenance and operation expense. Money in this fund may also be used to pay principal and interest on the bonds falling due at any time there is not sufficient money for the other bond funds. During the fiscal year ending June 30, 2008, the Depreciation and Contingency Fund payments were made and the account was fully funded at June 30, 2008, with a balance of \$67,656.

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.

Village of Albany
Notes to the Financial Statements
As of and for the Year Ended June 30, 2008

13. Pension Plans

The Village of Albany participates in a Simple IRA Retirement Plan administered by Edward Jones. The plan covers employees who are reasonably expected to earn five thousand dollars in compensation for the calendar year. The Village will contribute a matching contribution of three percent for each employee's annual income. Retirement expense for the year ended June 30, 2008 was \$4,713 for the General Fund and \$791 for the Utility Fund.

14. Reserved and Designated Fund Balances/Net Assets

At June 30, 2008, the proprietary fund had restricted net assets of \$247,773, representing the Village's funds restricted by revenue bond debt covenants and contracts with customers for meter deposits, net of the related liability.

15. Prior Period Adjustments

In the general fund, a prior period adjustment of \$2,778 was made adjusting for an incorrect accrual of vacation payable. This adjustment changed the beginning net assets on the government-wide financial statements from \$516,621 to \$519,399. On the fund basis, the beginning fund balance for the general fund was corrected from \$203,558 to \$206,336.

In the enterprise fund, a prior period adjustment of -\$28,107 was made correcting the customer receivables balance. This prior period adjustment corrected beginning net assets in the enterprise fund from \$2,623,543 to \$2,595,436.

16. Risk Management

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

17. Contingent Liabilities

At June 30, 2008, the Village was not involved in any outstanding litigation or claims.

18. On-Behalf Payments for Fringe Benefits and Salaries

For the fiscal year ended June 30, 2008, the State of Louisiana made on behalf payments in the form of supplemental pay to the Village's policemen. In accordance with GASB 24, the Village recorded \$14,925 of on behalf payments as revenue and as an expenditure in the General Fund.

19. Subsequent Events

Subsequent to fiscal year end, the Village of Albany received an award from the United States Department of Agriculture, Rural Utilities Service, for a loan/grant program not to exceed \$4,776,500. The award consists of a Rural Development Grant totaling \$1,038,000, a Rural Development Loan not to exceed \$3,706,000, with \$32,500 provided by applicant contributions. As of June 30, 2008 the Village was obtaining the customer sign-ups required per the Rural Utilities Service Letter of Conditions.

Required Supplemental Information (Part II)

Schedule 1

Village of Albany
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
General Fund - Detail
For the year ended June 30, 2008

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>	<u>GAAP Basis</u>	<u>Favorable</u>
Taxes				
Ad Valorem	\$ 26,800	\$ 26,021	\$ 26,021	\$ -
Sales Taxes	214,200	270,900	277,648	6,748
Franchise Taxes	39,900	44,700	47,185	2,485
Total Taxes	<u>280,900</u>	<u>341,621</u>	<u>350,854</u>	<u>9,233</u>
Intergovernmental and Grants				
Federal - FEMA Rebimbursements	-	5,500	5,475	(25)
State Grants	16,100	21,100	23,395	2,295
Louisiana Beer Tax Distribution	3,100	3,000	3,090	90
Supplemental Pay - Police	9,800	14,700	14,925	225
Total Intergovernmental and Grants	<u>29,000</u>	<u>44,300</u>	<u>46,885</u>	<u>2,585</u>
Miscellaneous Revenues				
Licenses and Permits	63,900	62,000	62,495	495
Fines and Foreitures	24,700	24,000	24,890	890
Interest	4,800	5,200	5,097	(103)
Miscellaneous	2,500	1,500	578	(922)
Total Miscellaneous Revenues	<u>95,900</u>	<u>92,700</u>	<u>93,060</u>	<u>360</u>
Total Revenues	<u>405,800</u>	<u>478,621</u>	<u>490,799</u>	<u>12,178</u>

(Continued)

Village of Albany
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
General Fund - Detail
For the year ended June 30, 2008

	Budgeted Amounts		Actual Amounts	Variance
	Original	Final	GAAP Basis	Favorable
General Government				
Salaries	87,500	92,700	93,027	(327)
Benefits	14,200	14,100	13,906	194
Payroll Taxes	19,450	20,400	17,802	2,598
Insurance	31,500	48,000	46,677	1,323
Other operating	19,000	22,150	21,556	594
Professional Fees	33,000	32,000	29,215	2,785
Repairs and Maintenance	500	2,700	5,812	(3,112)
Telephone	1,200	1,600	1,615	(15)
Total General Government	206,350	233,650	229,610	4,040
Public Safety:				
Police				
Salaries	109,800	124,400	124,726	(326)
Benefits	4,500	4,600	4,712	(112)
Other operating	13,000	12,300	11,715	585
Supplies	1,000	600	580	20
Telephone	5,000	5,500	4,653	847
Vehicle Expenses	30,900	28,500	25,944	2,556
Total Police	164,200	175,900	172,330	3,570
Public Works				
Other operating	5,050	4,600	3,962	638
Repairs and Maintenance	20,000	1,000	489	511
Supplies	1,000	1,700	1,669	31
Utilities	18,500	18,000	17,876	124
Vehicle Expenses	3,000	800	675	125
Total Public Works	47,550	26,100	24,671	1,429
Capital Outlays	9,500	98,500	78,065	20,435
Total Expenditures	427,600	534,150	504,676	29,474
Excess Revenues (Expenditures)	(21,800)	(55,529)	(13,877)	41,652
Net Change in Fund Balances	(21,800)	(55,529)	(13,877)	41,652
Fund Balances, Beginning				
Before Prior Period Adjustments	203,558	203,558	203,558	-
Prior Period Adjustments	-	-	2,778	2,778
Fund Balances, Beginning After Prior Period Adjustments	203,558	203,558	206,336	2,778
Fund Balances, Ending	\$ 181,758	\$ 148,029	\$ 192,459	\$ 44,430

(Concluded)

Other Supplemental Information

Schedule 2

Village of Albany
Comparative Schedule of Net Assets
Proprietary Fund Type
As of June 30, 2008 and 2007

	<i>Enterprise Funds</i>	
	<u>2008</u>	<u>2007</u>
Assets		
Current Assets:		
Cash and Cash Equivalents	\$ 153,010	\$ 223,319
Receivables, Net :		
Accounts	63,442	55,446
Due From Other Funds	44,030	44,030
Total Current Assets	<u>260,482</u>	<u>322,795</u>
Restricted Assets:		
Restricted Cash and Cash Equivalents	367,069	347,849
Total Restricted Assets	<u>367,069</u>	<u>347,849</u>
Property, Plant, and Equipment		
Land	50,429	50,429
Construction in Progress	-	172,595
Property, Plant and Equipment, Net	3,310,474	3,210,686
Total Property, Plant, and Equipment	<u>3,360,903</u>	<u>3,433,710</u>
Total Assets	<u>3,988,454</u>	<u>4,104,354</u>
Liabilities		
Current Liabilities (Payable From Current Assets):		
Accounts Payable	14,727	25,723
Accrued Interest	15,213	15,866
Other Accrued Payables	1,422	1,886
Due To Other Funds	56,267	27,090
Revenue Bonds Payable	41,318	38,619
Total Current Liabilities (Payable From Current Assets)	<u>128,947</u>	<u>109,184</u>
Current Liabilities (Payable From Restricted Assets):		
Customer Deposits	106,410	95,520
Total Current Liabilities (Payable From Restricted Assets)	<u>106,410</u>	<u>95,520</u>
Long Term Liabilities:		
Bonds Payable	1,262,113	1,304,214
Total Long Term Liabilities	<u>1,262,113</u>	<u>1,304,214</u>
Total Liabilities	<u>1,497,470</u>	<u>1,508,918</u>
Net Assets		
Invested in Capital Assets, Net of Related Debt	2,057,472	2,090,877
Restricted for:		
Capital Projects and Debt Service	247,773	239,443
Unrestricted	185,739	265,116
Total Net Assets	<u>\$ 2,490,984</u>	<u>\$ 2,595,436</u>

Schedule 3

Village of Albany
Comparative Schedule of Revenues, Expenses, and Changes in Net Assets
Proprietary Fund Type
For the years ended June 30, 2008 and 2007

	Enterprise Funds	
	2008	2007
Operating Revenues		
Water Sales	\$ 337,216	\$ 332,791
Sewer Service Charges	102,123	106,319
Other	24,767	30,719
Total Operating Revenues	<u>464,106</u>	<u>469,829</u>
Operating Expenses		
Salaries and Wages	78,525	72,504
Employee Benefits	15,766	16,184
Billing Costs	26,754	37,487
Depreciation	161,855	146,528
Insurance	10,304	17,366
Professional Fees	27,137	21,811
Repairs and Maintenance	87,055	85,279
Supplies	8,961	11,178
Utilities	57,139	56,848
Vehicle Expenses	12,045	13,442
Other	27,216	32,403
Total Operating Expenses	<u>512,757</u>	<u>511,030</u>
Operating Income (Loss)	<u>(48,651)</u>	<u>(41,201)</u>
Nonoperating Revenues (Expenses)		
Interest Income	13,890	17,535
Interest Expense	(69,691)	(53,125)
Other Income	-	20,282
Other Expense	-	-
Total Nonoperating Revenues (Expenses)	<u>(55,801)</u>	<u>(15,308)</u>
Change in Net Assets	(104,452)	(56,509)
Total Net Assets, Beginning	<u>2,595,436</u>	<u>2,651,945</u>
Total Net Assets, Ending	<u>\$ 2,490,984</u>	<u>\$ 2,595,436</u>

Village of Albany
Comparative Schedule of Cash Flows
Proprietary Fund Type
For the year ended June 30, 2008

	<u>Enterprise Funds</u>	
	<u>2008</u>	<u>2007</u>
Cash Flows From Operating Activities		
Received From Customers	\$ 431,343	\$ 451,875
Received for Meter Deposit Fees	10,890	20,457
Other Receipts	24,767	31,366
Received for Interfund Services	29,177	7,409
Payments for Interfund Services	-	-
Payments for Operations	(268,071)	(278,912)
Payments to Employees	(94,291)	(88,688)
Net Cash Provided by Operating Activities	<u>133,815</u>	<u>143,507</u>
Cash Flows From Capital and Related Financing Activities		
Capital Contributions Received	-	20,282
(Payments for) Capital Acquisitions	(89,048)	(223,219)
Principal Proceeds from (Repayments for) Long Term Debt	(39,402)	152,588
Interest Payments for Long Term Debt	(70,344)	(53,795)
Net Cash (Used) by Capital and Related Financing Activities	<u>(198,794)</u>	<u>(104,144)</u>
Cash Flows From Investing Activities		
Receipt of Interest	13,890	17,535
Net Cash Provided by Investing Activities	<u>13,890</u>	<u>17,535</u>
Net Cash Increase (Decrease) in Cash and Cash Equivalents	(51,089)	56,898
Cash and Cash Equivalents, Beginning of Year	<u>571,168</u>	<u>514,270</u>
Cash and Cash Equivalents, End of Year	<u>\$ 520,079</u>	<u>\$ 571,168</u>
Reconciliation of Cash and Cash Equivalents to the Statement of Net Assets:		
Cash and Cash Equivalents, Unrestricted	\$ 153,010	\$ 223,319
Cash and Cash Equivalents, Restricted	367,069	347,849
Total Cash and Cash Equivalents	<u>\$ 520,079</u>	<u>\$ 571,168</u>

(Continued)

Schedule 4

Village of Albany
Comparative Schedule of Cash Flows
Proprietary Fund Type
For the year ended June 30, 2008

	Enterprise Funds	
	<u>6/30/08</u>	<u>6/30/07</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used)		
by Operating Activities		
Operating Income (Loss)	\$ (48,651)	\$ (13,094)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided		
by Operating Activities:		
Depreciation	161,855	146,528
(Gain) Loss from sale of capital assets	-	-
(Increase) decrease in Accounts Receivable	(7,996)	(14,695)
(Increase) decrease in Unbilled Receivable	-	-
(Increase) decrease in Inventory	-	-
(Increase) decrease in Prepaid Insurance	-	-
(Increase) decrease in Bond Issue Cost	-	-
(Increase) decrease in Due (to) and from Other Funds	29,177	7,409
Increase (decrease) in Accounts Payable	(10,996)	(3,164)
Increase (Decrease) in Compensated Absences	-	-
Increase (decrease) in Accrued Expenses	(464)	66
Increase (decrease) in Customer Deposits	10,890	20,457
Net Cash Provided by Operating Activities	<u>\$ 133,815</u>	<u>\$ 143,507</u>

(Concluded)

Village of Albany
Combining Schedule of Revenues, Expenses and Changes in Net Assets
Proprietary Fund Type, Utility Funds
For the year ended June 30, 2008

	Water	Sewer	Total
Operating Revenues			
Water Sales	\$ 337,216	\$ -	\$ 337,216
Sewer Service Charges	-	102,123	102,123
Other	24,767	-	24,767
Total Operating Revenues	<u>361,983</u>	<u>102,123</u>	<u>464,106</u>
Operating Expenses			
Salaries and Wages	40,923	37,602	78,525
Employee Benefits	12,420	3,346	15,766
Billing Costs	20,374	6,380	26,754
Depreciation	60,902	100,953	161,855
Insurance	5,152	5,152	10,304
Professional Fees	23,527	3,610	27,137
Repairs and Maintenance	50,112	36,943	87,055
Supplies	8,961	-	8,961
Utilities	33,215	23,924	57,139
Vehicle Expenses	12,045	-	12,045
Other	26,842	374	27,216
Total Operating Expenses	<u>294,473</u>	<u>218,284</u>	<u>512,757</u>
Operating Income (Loss)	<u>67,510</u>	<u>(116,161)</u>	<u>(48,651)</u>
Nonoperating Revenues (Expenses)			
Interest Income	13,890	-	13,890
Interest Expense	(46,262)	(23,429)	(69,691)
Total Nonoperating Revenues (Expenses)	<u>(32,372)</u>	<u>(23,429)</u>	<u>(55,801)</u>
Change in Net Assets	<u>35,138</u>	<u>(139,590)</u>	<u>(104,452)</u>
Total Net Assets, Beginning			<u>2,595,436</u>
Total Net Assets, Ending			<u>\$ 2,490,984</u>

Village of Albany
Schedule of Revenues, Expenses and Changes in Net Assets
Budget (GAAP Basis) and Actual, Proprietary Fund Type, Water Utility System
For the year ended June 30, 2008

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Operating Revenues			
Water Sales	\$ 355,000	\$ 337,216	\$ (17,784)
Other	28,800	24,767	(4,033)
Total Operating Revenues	<u>383,800</u>	<u>361,983</u>	<u>(21,817)</u>
Operating Expenses			
Salaries and Wages	36,200	40,923	(4,723)
Employee Benefits	13,270	12,420	850
Billing Costs	21,000	20,374	626
Depreciation	37,100	60,902	(23,802)
Insurance	5,500	5,152	348
Professional Fees	30,000	23,527	6,473
Repairs and Maintenance	52,100	50,112	1,988
Supplies	9,500	8,961	539
Utilities	36,000	33,215	2,785
Vehicle Expenses	13,300	12,045	1,255
Other	50,050	26,842	23,208
Total Operating Expenses	<u>304,020</u>	<u>294,473</u>	<u>9,547</u>
Operating Income (Loss)	<u>79,780</u>	<u>67,510</u>	<u>(12,270)</u>
Nonoperating Revenues (Expenses)			
Interest Income	7,200	13,890	6,690
Interest Expense	(40,000)	(46,262)	(6,262)
Total Nonoperating Revenues (Expenses)	<u>(32,800)</u>	<u>(32,372)</u>	<u>428</u>
Change in Net Assets	<u>\$ 46,980</u>	<u>\$ 35,138</u>	<u>\$ (11,842)</u>

Village of Albany
 Schedule of Revenues, Expenses and Changes in Net Assets
 Budget (GAAP Basis) and Actual, Proprietary Fund Type, Sewer Utility System
 For the year ended June 30, 2008

	Budget	Actual	Variance Favorable (Unfavorable)
Operating Revenues			
Sewer Charges	\$ 97,300	\$ 102,123	\$ 4,823
Other	-	-	-
Total Operating Revenues	<u>97,300</u>	<u>102,123</u>	<u>4,823</u>
Operating Expenses			
Salaries and Wages	36,200	37,602	(1,402)
Employee Benefits	3,600	3,346	254
Billing Costs	6,400	6,380	20
Depreciation	86,500	100,953	(14,453)
Insurance	5,200	5,152	48
Professional Fees	3,500	3,610	(110)
Repairs and Maintenance	8,400	36,943	(28,543)
Supplies	500	-	500
Utilities	23,500	23,924	(424)
Other	400	374	26
Total Operating Expenses	<u>174,200</u>	<u>218,284</u>	<u>(44,084)</u>
Operating Income (Loss)	<u>(76,900)</u>	<u>(116,161)</u>	<u>(39,261)</u>
Nonoperating Revenues (Expenses)			
Interest Expense	(23,000)	(23,429)	(429)
Total Nonoperating Revenues (Expenses)	<u>(23,000)</u>	<u>(23,429)</u>	<u>(429)</u>
Change in Net Assets	<u>\$ (99,900)</u>	<u>\$ (139,590)</u>	<u>\$ (39,690)</u>

Schedule 8

Village of Albany
 Schedule of Water and Sewer Rates
 Proprietary Fund Type
 For the year ended June 30, 2008

Water

Residential Rates - Inside City Limits		Commercial Rates - Inside City Limits	
\$ 10.50	- First 2,500 Gallons	\$ 25.00	- First 10,000 Gallons
1.30	- Per 1,000 Gallons of Water for the next 2,000 Gallons	0.80	- Per 1,000 Gallons of Water over 10,000 Gallons
1.00	- Per 1,000 Gallons of Water for the next 6,000 Gallons		
0.80	- Per 1,000 Gallons of Water over 10,000 Gallons		
Residential Rates - Outside City Limits		Commercial Rates - Outside City Limits	
\$ 13.50	- First 2,500 Gallons	\$ 28.00	- First 10,000 Gallons
1.30	- Per 1,000 Gallons of Water for the next 2,000 Gallons	0.80	- Per 1,000 Gallons of Water over 10,000 Gallons
1.00	- Per 1,000 Gallons of Water for the next 6,000 Gallons		
0.80	- Per 1,000 Gallons of Water over 10,000 Gallons		

Sewer

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

Schedule of Number of Customers
 Proprietary Fund Type
 For the year ended June 30, 2008

	Residential	Commercial	Total
Water	1,382	52	1,434
Sewer	340	24	364
Total	1,722	76	1,798

**Village of Albany
Schedule of Insurance
For the year ended June 30, 2008**

<u>Insurance Company / Policy Number</u>	<u>Coverage</u>	<u>Amount</u>	<u>Period</u>	
St. Paul Fire and Marine Insurance Company GP09312822	Commercial General Liability		7/17/2007 to	7/17/2008
	General Total Limit	\$ 2,000,000		
	Products & Completed Work	2,000,000		
	Personal Injury Each Person	1,000,000		
	Advertising Injury - Each Person	1,000,000		
	Law Enforcement Liability:			
	Total Limit	2,000,000		
	Each Wrongful Act	1,000,000		
	Deductible Per Wrongful Act	10,000		
	Public Entity Management Liability			
	Total Limit	2,000,000		
	Each Wrongful Act	1,000,000		
	Deductible Per Wrongful Act	5,000		
	Business Auto:			
	Liability Limit	1,000,000		
	Uninsured Motorists	1,000,000		
	Commercial Property:			
	Buildings	311,250		
	Personal Property	74,578		
	Inland Marine	13,000		
Risk Management, Inc. WC-153	Workers' Compensation	Statutory Limits	1/1/2008 to	1/1/2009
CNA Surety 1507681	Fidelity Bond	5,000	10/15/2007 to	10/15/2008
	Fidelity Bond	200,000		

Schedule 10

Village of Albany
Schedule of Compensation Paid to Board Members
For the year ended June 30, 2008

<u>Name</u>	<u>Address/Phone Number</u>	<u>Compensation Received</u>
Thomas Stewart, Mayor	Post Office Box 1346 Albany, LA 70711 (225) 567-2714	\$ 9,360
Gene Glasscock, Alderman	Post Office Box 89 Albany, LA 70711 (225) 567-9486	4,860
Edmond Harris, Alderman	Post Office Box 105 Albany, LA 70711 (225) 567-3133	4,860
Lloyd Martin, Alderman	Post Office Box 146 Albany, LA 70711 (225) 567-2093	4,860
		\$ <u>23,940</u>

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

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

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

I have audited the financial statements of the governmental activities, the business-type activities, each major fund, of the Village of Albany, Louisiana, as of and for the year ended June 30, 2008, which collectively comprise the Village of Albany's basic financial statements and have issued my report thereon dated December 2, 2008. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

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

Compliance

As part of obtaining reasonable assurance about whether the Village of Albany, Louisiana's financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit and, accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance or other matters that are required to be reported under *Governmental Auditing Standards*.

This report is intended solely for the information and use of management, Village of Albany's Board of Alderman, others within the entity, and the Louisiana Legislative Auditor and is not intended to be and should not be used by anyone other than these specified parties.

Leroy J. Chustz

Certified Public Accountant, APAC

December 2, 2008

Village of Albany, Louisiana
Schedule of Findings and Questioned Costs
Year Ended June 30, 2008

A. SUMMARY OF AUDIT RESULTS

1. The auditors' report expresses an unmodified opinion on the basic financial statements of the Village of Albany, Louisiana.
2. No significant deficiencies were disclosed during the audit of the basic financial statements.
3. No instances of noncompliance was disclosed during the audit of the basic financial statements.
4. There were no federal awards received by Village of Albany, Louisiana.

B. FINDINGS--FINANCIAL STATEMENTS AUDIT

None

C. COMPLIANCE AND INTERNAL CONTROL FINDINGS

None

D. FINDINGS - FEDERAL PROGRAMS

None

**Village of Albany, Louisiana
Status of Prior Audit Findings
For The Year Ended June 30, 2008**

There were no prior year findings.

LEROY J. CHUSTZ, CPA, APAC

P.O. BOX 158
DENHAM SPRINGS, LA 70727
225/667-2700
Fax: 225/667-3553
E-Mail RChustzCPA@aol.com

December 2, 2008

To the Board of Commissioners of
Village of Albany

I have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Village of Albany for the year ended June 30, 2008, and have issued my report thereon dated December 2, 2008. Professional standards require that I provide you with the following information related to my audit.

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

As stated in my engagement letter dated June 30, 2008, my responsibility, as described by professional standards, is to express opinions about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. My audit of the financial statements does not relieve you or management of your responsibilities.

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

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

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

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

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

Planned Scope and Timing of the Audit

I performed the audit according to the planned scope and timing previously communicated to you in my Entrance Memorandum about planning matter on September 9, 2008

Significant Audit Findings

Qualitative Aspects of Accounting Practices

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

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

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

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

The disclosure of current values of investments in Note 4 to the financial statements. The values presented are market values provided by investment brokers and others as of June 30, 2008.

Difficulties Encountered in Performing the Audit

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

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. No adjustments were identified in the course of my audit.

Disagreements with Management

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

Management Representations

I have requested certain representations from management that are included in the management representation letter dated December 2, 2008.

Management Consultations with Other Independent Accountants

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

Other Audit Findings or Issues

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

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

Very truly yours,

Leroy J. Chustz

Leroy J. Chustz, CPA, APAC

December 2, 2008