



**Auditor of State
Betty Montgomery**

VILLAGE OF ALBANY
ATHENS COUNTY

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**Auditor of State
Betty Montgomery**

INDEPENDENT ACCOUNTANTS' REPORT

Village of Albany
Athens County
P.O. Box 153
5358 West Clinton Street
Albany, Ohio 45710

To the Village Council:

We have audited the accompanying financial statements of Village of Albany, Athens County, Ohio (the Village), as of and for the years ended December 31, 2003 and 2002. These financial statements are the responsibility of the Village's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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. We believe that our audit provides a reasonable basis for our opinion.

As discussed in Note 1, the Village prepares its financial statements on the basis of accounting prescribed or permitted by the Auditor of State, which is a comprehensive basis of accounting other than generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances of the Village of Albany, Athens County, as of December 31, 2003 and 2002, and its combined cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated May 21, 2004, on our consideration of the Village'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 our audit.

Village of Albany
Athens County
Independent Accountants' Report
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This report is intended solely for the information and use of management, the Village Council and other officials authorized to receive this report under § 117.26, Ohio Revised Code, and is not intended to be, and should not be used by anyone other than these specified parties.

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Betty Montgomery
Auditor of State

May 21, 2004

**VILLAGE OF ALBANY
ATHENS COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2003**

	<u>Governmental Fund Types</u>		Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	
Cash Receipts:			
Property Tax and Other Local Taxes	\$20,787	\$40,962	\$61,749
Intergovernmental Receipts	26,255	69,909	96,164
Fines, Licenses, and Permits	5,835	1,722	7,557
Earnings on Investments	3,999	189	4,188
Miscellaneous	7,702	1,056	8,758
	<u>64,578</u>	<u>113,838</u>	<u>178,416</u>
Total Cash Receipts			
Cash Disbursements:			
Current:			
Security of Persons and Property	7,703	29,088	36,791
Leisure Time Activities	300	793	1,093
Basic Utility Services	4,366		4,366
Transportation	12,298	52,427	64,725
General Governmenta	71,614	965	72,579
	<u>96,281</u>	<u>83,273</u>	<u>179,554</u>
Total Cash Disbursements			
Total Cash Receipts Over/(Under) Cash Disbursements	<u>(31,703)</u>	<u>30,565</u>	<u>(1,138)</u>
Other Financing Receipts/(Disbursements):			
Transfers-In		16,748	16,748
Other Financing Sources	3,900		3,900
Advances-In	10,250		10,250
Transfers-Out	0	(16,748)	(16,748)
	<u>14,150</u>	<u>0</u>	<u>14,150</u>
Total Other Financing Receipts/(Disbursements)			
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(17,553)	30,565	13,012
Fund Cash Balances, January 1	<u>129,548</u>	<u>101,213</u>	<u>230,761</u>
Fund Cash Balances, December 31	<u>\$111,995</u>	<u>\$131,778</u>	<u>\$243,773</u>

The notes to the financial statements are an integral part of this statement.

**VILLAGE OF ALBANY
ATHENS COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL PROPRIETARY AND SIMILAR FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2003**

	Proprietary Fund Types	Fiduciary Fund Types		Totals (Memorandum Only)
	Enterprise	Nonexpendable Trust	Agency	
Operating Cash Receipts:				
Charges for Services	\$139,270	\$	\$	\$139,270
Total Operating Cash Receipts	139,270	0	0	139,270
Operating Cash Disbursements:				
Personal Services	65,337			65,337
Contractual Services	97,705			97,705
Supplies and Materials	14,043			14,043
Capital Outlay	8,043			8,043
Other	1,372	260		1,632
Total Operating Cash Disbursements	186,500	260	0	186,760
Operating Income/(Loss)	(47,230)	(260)	0	(47,490)
Non-Operating Cash Receipts:				
Sale of Notes	892,366			892,366
Earnings on Investments		40		40
Other Non-Operating Receipts			6,225	6,225
Total Non-Operating Cash Receipts	892,366	40	6,225	898,631
Non-Operating Cash Disbursements:				
Debt Service	837,969			837,969
Other Non-Operating Cash Disbursements	3,900		6,245	10,145
Total Non-Operating Cash Disbursements	841,869	0	6,245	848,114
Excess of Cash Receipts Over/(Under) Cash Disbursements Before Interfund Transfers and Advances	3,267	(220)	(20)	3,027
Advances-Out	(10,250)			(10,250)
Net Cash Receipts Over/(Under) Cash Disbursements	(6,983)	(220)	(20)	(7,223)
Fund Cash Balances, January 1	113,928	1,240	240	115,408
Fund Cash Balances, December 31	\$106,945	\$1,020	\$220	\$108,185

The notes to the financial statements are an integral part of this statement.

**VILLAGE OF ALBANY
ATHENS COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2002**

	<u>Governmental Fund Types</u>		Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	
Cash Receipts:			
Property Tax and Other Local Taxes	\$19,114	\$37,620	\$56,734
Intergovernmental Receipts	50,599	35,304	85,903
Charges for Services	4,201		4,201
Fines, Licenses, and Permits	3,472		3,472
Earnings on Investments	6,248	232	6,480
Miscellaneous	139	1,430	1,569
	<u>83,773</u>	<u>74,586</u>	<u>158,359</u>
Cash Disbursements:			
Current:			
Security of Persons and Property	8,038	18,070	26,108
Leisure Time Activities	200		200
Community Environment		22	22
Transportation	2,602	48,380	50,982
General Government	102,103	930	103,033
	<u>112,943</u>	<u>67,402</u>	<u>180,345</u>
Total Cash Receipts Over/(Under) Cash Disbursements	<u>(29,170)</u>	<u>7,184</u>	<u>(21,986)</u>
Other Financing Receipts/(Disbursements):			
Other Financing Sources	3,900		3,900
Sale of Fixed Assets		6,525	6,525
Advances-Out	(10,250)		(10,250)
	<u>(6,350)</u>	<u>6,525</u>	<u>175</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(35,520)	13,709	(21,811)
Fund Cash Balances, January 1	165,068	87,504	252,572
Fund Cash Balances, December 31	<u>\$129,548</u>	<u>\$101,213</u>	<u>\$230,761</u>

The notes to the financial statements are an integral part of this statement.

**VILLAGE OF ALBANY
ATHENS COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL PROPRIETARY AND SIMILAR FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2002**

	Proprietary Fund Types	Fiduciary Fund Types		Totals (Memorandum Only)
	Enterprise	Nonexpendable Trust	Agency	
Operating Cash Receipts:				
Charges for Services	\$133,908	\$	\$	\$133,908
Total Operating Cash Receipts	133,908	0	0	133,908
Operating Cash Disbursements:				
Personal Services	44,175			44,175
Contractual Services	176,869			176,869
Supplies and Materials	10,416			10,416
Total Operating Cash Disbursements	231,460	0	0	231,460
Operating Income/(Loss)	(97,552)	0	0	(97,552)
Non-Operating Cash Receipts:				
Earning on Investments		40		40
Sale of Fixed Assets	5,500			5,500
Sale of Notes	62,272			62,272
Other Non-Operating Receipts	707		2,759	3,466
Total Non-Operating Cash Receipts	68,479	40	2,759	71,278
Non-Operating Cash Disbursements:				
Other Non-Operating Cash Disbursements	5,623		2,873	8,496
Total Non-Operating Cash Disbursements	5,623	0	2,873	8,496
Excess of Cash Receipts Over/(Under) Cash Disbursements Before Interfund Transfers and Advances	(34,696)	40	(114)	(34,770)
Advances-In	10,250			10,250
Net Cash Receipts Over/(Under) Cash Disbursements	(24,446)	40	(114)	(24,520)
Fund Cash Balances, January 1	138,374	1,200	354	139,928
Fund Cash Balances, December 31	\$113,928	\$1,240	\$240	\$115,408

The notes to the financial statements are an integral part of this statement.

**VILLAGE OF ALBANY
ATHENS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003 AND 2002**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The Village of Albany, Athens County (the Village), is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Village is directed by a publicly-elected six-member Council. The Village provides general governmental services, including maintenance of streets, police protection, fire protection, recreational services and water utility services.

The Village's management believes these financial statements present all activities for which the Village is financially accountable.

B. Basis of Accounting

These financial statements follow the basis of accounting prescribed or permitted by the Auditor of State, which is similar to the cash receipts and disbursements basis of accounting. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as prescribed or permitted by the Auditor of State.

C. Cash and Investments

Certificates of deposit are valued at cost and the savings bond is recorded at face value.

D. Fund Accounting

The Village uses fund accounting to segregate cash and investments that are restricted as to use. The Village classifies its funds into the following types:

1. General Fund

The General Fund is the general operating fund. It is used to account for all financial resources except those required to be accounted for in another fund.

2. Special Revenue Funds

These funds are used to account for proceeds from specific sources (other than from trusts or for capital projects) that are restricted to expenditure for specific purposes. The Village had the following significant Special Revenue Funds:

Street Construction, Maintenance and Repair Fund - This fund receives gasoline tax and motor vehicle tax money for constructing, maintaining and repairing Village streets.

Street Levy Fund - This fund receives money from a tax approved by the voters to maintain Village Streets.

VILLAGE OF ALBANY
ATHENS COUNTY

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003 AND 2002
(Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund Accounting (Continued)

3. Enterprise Funds

These funds account for operations that are similar to private business enterprises where management intends that the significant costs of providing certain goods or services will be recovered through user charges. The Village had the following significant Enterprise Funds:

Water Fund - This fund receives charges for services from residents to cover the cost of providing this utility.

Sewer Construction Fund - This fund receives loan proceeds from Ohio Water Development Authority and Ohio Public Works Commission to fund the construction of the sanitary sewer system.

4. Fiduciary Funds (Trust and Agency Funds)

Trust funds are used to account for resources restricted by legally binding trust agreements. If the agreement requires the Village to maintain the corpus of the trust, the fund is classified as a nonexpendable trust fund. Other trust funds are classified as expendable. Funds for which the Village is acting in an agency capacity are classified as agency funds. The Village had the following significant Fiduciary Funds:

Library Fund - This Fund receives interest from a savings bond, which must be kept by the Village in accordance with the will of the individual who donated it, and is classified as a Nonexpendable Trust Fund.

Mayor's Court Fund - This Fund accounts for the financial activity of the Mayor's Court and is classified as an Agency Fund.

E. Budgetary Process

The Ohio Revised Code requires that each fund (except certain agency funds) be budgeted annually.

1. Appropriations

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund level of control, and appropriations may not exceed estimated resources. The Council must annually approve appropriation measures and subsequent amendments. The County Budget Commission must also approve the annual appropriation measure. Appropriations lapse at year end.

**VILLAGE OF ALBANY
ATHENS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003 AND 2002
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Budgetary Process (Continued)

2. Estimated Resources

Estimated resources include estimates of cash to be received (budgeted receipts) plus cash as of January 1. The County Budget Commission must also approve estimated resources.

3. Encumbrances

The Ohio Revised Code requires the Village to reserve (encumber) appropriations when commitments are made. Encumbrances outstanding at year end are canceled, and reappropriated in the subsequent year.

A summary of 2003 and 2002 budgetary activity appears in Note 3.

F. Property, Plant and Equipment

Acquisitions of property, plant and equipment are recorded as disbursements when paid. These items are not reflected as assets on the accompanying financial statements.

2. EQUITY IN POOLED CASH AND INVESTMENTS

The Village maintains a cash and investment pool used by all funds. The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of cash and investments at December 31 was as follows:

	2003	2002
Demand Deposits	\$250,918	\$235,129
Certificates of Deposit	100,000	110,000
Petty Cash	40	40
Total Deposits	350,958	345,169
U.S. Savings Bonds	1,000	1,000
Total Investments	1,000	1,000
Total Deposits and Investments	\$351,958	\$346,169

Deposits: Deposits are either insured by the Federal Deposit Insurance Corporation, or collateralized by the financial institution's public entity deposit pool.

Investments: U.S. Treasury Bonds are held in book-entry form by the Federal Reserve, in the name of the Village's financial institution.

**VILLAGE OF ALBANY
ATHENS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003 AND 2002
(Continued)**

3. BUDGETARY ACTIVITY

Budgetary activity for the years ended December 31, 2003 and 2002 follows:

2003 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$90,347	\$78,728	(\$11,619)
Special Revenue	104,870	130,586	25,716
Enterprise	1,111,243	1,031,636	(\$79,607)
Nonexpendable Trust	40	40	0
Total	<u>\$1,306,500</u>	<u>\$1,240,990</u>	<u>(\$65,510)</u>

2003 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$230,697	\$96,281	\$134,416
Special Revenue	197,793	100,021	97,772
Enterprise	1,235,142	1,038,619	196,523
Nonexpendable Trust	1,280	1,280	0
Total	<u>\$1,664,912</u>	<u>\$1,234,921</u>	<u>\$429,991</u>

2002 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$86,932	\$87,673	\$741
Special Revenue	78,624	81,111	2,487
Enterprise	240,321	212,637	(27,684)
Nonexpendable Trust	40	40	0
Total	<u>\$405,917</u>	<u>\$381,461</u>	<u>(\$24,456)</u>

2002 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$166,797	\$123,193	\$43,604
Special Revenue	126,320	67,402	58,918
Enterprise	301,770	237,083	64,687
Nonexpendable Trust	160	0	160
Total	<u>\$595,047</u>	<u>\$427,678</u>	<u>\$167,369</u>

**VILLAGE OF ALBANY
ATHENS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003 AND 2002
(Continued)**

4. PROPERTY TAX

Real property taxes become a lien on January 1 preceding the October 1 date for which rates are adopted by Village Council. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. Homestead and rollback amounts are then paid by the State, and are reflected in the accompanying financial statements as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to make semiannual payment, the first half is due December 31. The second half payment is due the following June 20.

Public utilities are also taxed on personal and real property located within the Village.

Tangible personal property tax is assessed by the property owners, who must file a list of such property to the County by each April 30.

The County is responsible for assessing property, and for billing, collecting, and distributing all property taxes on behalf of the Village.

5. DEBT

Debt outstanding at December 31, 2003 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
Ohio Public Works Commision Loan	\$8,043	0.00%
Ohio Water Development Authority Planning Loan #3	850,958	1.96%
Total	<u>\$859,001</u>	

The Ohio Public Works Commission Loan was for the sanitary sewer system project. The loan was approved in the amount of \$300,000. As of December 31, 2003, \$8,043 has been drawn down on this loan. Repayment terms of this loan will be determined after the completion of the sanitary sewer system project. The Ohio Water Development Authority Planning Loan #3 relates to the sanitary sewer system project. OWDA has approved up to \$3,724,000 in loans to the Village for the project. The amount drawn down as of December 31, 2003 is \$850,958. \$837,969 of this was used to repay OWDA planning loans #1 and #2. The loan will be repaid including interest beginning January 1, 2006. Amounts to be repaid will be based upon the total amount drawn down at the completion of the project.

6. RETIREMENT SYSTEMS

Village elected officials and employees belong to the Public Employees Retirement System (PERS) of Ohio. PERS is a cost-sharing, multiple-employer plan. This plan provides retirement benefits, including postretirement healthcare, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code.

Contribution rates are also prescribed by the Ohio Revised Code. PERS members contributed 8.5% of their wages. The Village contributed an amount equal to 13.55% of PERS participants' gross salaries for 2003 and 2002. The Village has paid all contributions required through December 31, 2003.

**VILLAGE OF ALBANY
ATHENS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003 AND 2002
(Continued)**

7. RISK MANAGEMENT

Risk Pool Membership

The Village belongs to the Public Entities Pool of Ohio ("PEP"), a risk-sharing pool available to Ohio local governments. PEP provides property and casualty insurance for its members. PEP is a member of the American Public Entity Excess Pool (APEEP). Member governments pay annual contributions to fund PEP. PEP pays judgments, settlements and other expenses resulting from covered claims that exceed the members' deductibles.

Casualty Coverage

PEP retains casualty risks up to \$250,000 per claim, including loss adjustment expenses. Claims exceeding \$250,000 are reinsured with APEEP up to \$1,750,000 per claim and \$5,000,000 in the aggregate per year. Governments can elect additional coverage, from \$2,000,000 to \$10,000,000, from the General Reinsurance Corporation.

If losses exhaust PEP's retained earnings, APEEP covers PEP losses up to \$5,000,000 per year, subject to a per-claim limit of \$2,000,000.

Property Coverage

PEP retains property risks, including automobile physical damage, up to \$10,000 on any specific loss with an annual aggregate of \$700,000 for 2001 and \$1,250,000 for 2002. The Travelers Indemnity Company reinsures losses exceeding \$10,000 if the annual aggregate is reached and all specific losses exceeding \$100,000. APEEP's Operating Fund and Guarantee Fund pay for losses and loss adjustment expenses should they exceed operating contributions.

The aforementioned casualty and property reinsurance agreements do not discharge PEP's primary liability for claims payments on covered losses. Claims exceeding coverage limits are the obligation of the respective government.

Financial Position

PEP's financial statements (audited by other accountants) conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31, 2002 and 2001 (the latest information available):

<u>Casualty Coverage</u>	<u>2002</u>	<u>2001</u>
Assets	\$20,174,977	\$19,358,458
Liabilities	<u>(8,550,749)</u>	<u>(8,827,588)</u>
Retained earnings	<u>\$11,624,228</u>	<u>\$10,530,870</u>

<u>Property Coverage</u>	<u>2002</u>	<u>2001</u>
Assets	\$2,565,408	1,890,323
Liabilities	<u>(655,318)</u>	<u>(469,100)</u>
Retained earnings	<u>\$1,910,090</u>	<u>\$1,421,223</u>

**VILLAGE OF ALBANY
ATHENS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003 AND 2002
(Continued)**

8. OUTSTANDING CONTRACTS

The Village had following outstanding contracts at December 31, 2003 for the sanitary sewer system project:

<u>Contractor</u>	<u>Purpose</u>	<u>Amount Outstanding</u>
Fields Excavating, Inc.	Collection Service	\$4,279,349
Doll-Layman LTD	General/Mechanical	\$1,390,597
KAL Electric, Inc.	Electrical	\$114,077

9. CONTINGENT LIABILITIES

The Ohio EPA has indicated that formal proceedings against the Village will be commenced unless the Village demonstrates progress toward installation of Sanitary Sewers. Preliminary cost estimates for this project are approximately seven million dollars. As a part of the cost, the Village has agreed to a contract for engineering services with URS Geiner. The Village has obtained loans to fund this project as described in Note 5. As of May 21, 2004, the Village has started construction of the sanitary sewers.

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**Auditor of State
Betty Montgomery**

**INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE AND ON
INTERNAL CONTROL REQUIRED BY *GOVERNMENT AUDITING STANDARDS***

Village of Albany
Athens County
P.O. Box 153
5358 West Clinton Street
Albany, Ohio 45701

To the Village Council:

We have audited the financial statements of Village of Albany, Athens County, Ohio (the Village), as of and for the year ended December 31, 2003 and 2002, and have issued our report thereon dated May 21, 2004. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Village's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance that we have reported to management of the Village in a separate letter dated May 21, 2004.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Village's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted certain matters involving the internal control over financial reporting and its operation that do not require inclusion in this report, that we have reported to management of the Village in a separate letter dated May 21, 2004

This report is intended for the information and use of management and the Village Council, and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

Betty Montgomery
Auditor of State

May 21, 2004



**Auditor of State
Betty Montgomery**

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Columbus, Ohio 43216-1140

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VILLAGE OF ALBANY

ATHENS COUNTY

CLERK'S CERTIFICATION

This is a true and correct copy of the report which is required to be filed in the Office of the Auditor of State pursuant to Section 117.26, Revised Code, and which is filed in Columbus, Ohio.

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
JUNE 22, 2004**