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# REPORT

Franklinton Area Economical  
Development Foundation, Inc.

Franklinton, Louisiana

**COMPILED FINANCIAL STATEMENTS  
AGREED UPON PROCEDURES REPORT  
For the Year Ended  
OCTOBER 31, 1999**

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 02/21/01

**FRANKLINTON AREA ECONOMIC DEVELOPMENT FOUNDATION, INC.**  
Franklinton, Louisiana

Financial Statements  
As of and for the Year Ended October 31, 1999  
With Supplemental Information Schedule

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*Durden and Alonzo*

CERTIFIED PUBLIC ACCOUNTANTS

820 11TH AVENUE  
FRANKLINTON, LOUISIANA 70438  
(504) 839-4413  
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*William R. Durden*

*Donna W. Alonzo*

To the Board of Franklinton Area  
Economic Development Foundation, Inc.  
Franklinton, Louisiana

We have compiled the accompanying statements of assets and net assets-modified cash basis of the Franklinton Area Economic Development Foundation, Inc. (a nonprofit organization) as of October 31, 1999 and the related statements of revenues, expenses, and other changes in net assets-modified cash basis, statement of cash flows – modified cash basis, for the year then ended, and the accompanying supplementary information-modified cash basis contained in Schedules I, which are presented only for supplementary analysis purposes, in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants.

A compilation is limited to presenting in the form of financial statements and supplementary schedules information that is the representation of management. We have not audited or reviewed the accompanying financial statements and supplementary schedules and, accordingly, do not express an opinion or any other form of assurance on them.

In accordance with the *Louisiana Governmental Audit Guide* and the provisions of state law, we have issued a report, dated January 23, 2001, on the results of our agreed-upon procedures.

*Durden and Alonzo CPAs*  
DURDEN AND ALONZO, CPAs

January 11, 2001

# FINANCIAL STATEMENTS

**FRANKLINTON AREA ECONOMIC DEVELOPMENT FOUNDATION, INC.**  
**STATEMENT OF ASSETS AND NET ASSETS - MODIFIED CASH BASIS**  
**October 31, 1999**

**ASSETS**

Current assets:

Cash and cash equivalents	\$ 49,962.00
Investments	153,534.20
Other current assets	150.00
	203,646.20

Total current assets	203,646.20
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Furniture, equipment, and sign  
(at cost net of depreciation)

1,479.89

Total assets	\$ 205,126.09
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**LIABILITIES AND NET ASSETS**

Current liabilities:

Accounts payable	\$ -
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Net assets:

Unrestricted:	
Operating	203,646.20
Fixed assets	1,479.89
	205,126.09

Total unrestricted net assets	205,126.09
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Total liabilities and net assets	\$ 205,126.09
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See accompanying notes and accountants' report.

**FRANKLINTON AREA ECONOMIC DEVELOPMENT FOUNDATION, INC.**  
**STATEMENTS OF REVENUES, EXPENSES, AND OTHER CHANGES**  
**IN NET ASSETS - MODIFIED CASH BASIS**  
**For the year ended October 31, 1999**

**Public Support, Dues, and Revenues**

Excess landfill revenue	\$ 51,317.00
Dues	9,860.00
Interest income	7,104.89
Total public support, dues, and revenues	<u>68,281.89</u>

**Program Expenses**

Salaries	7635.79
Payroll taxes	833.25
Accounting	1000
Advertising	1125
Contributions	3000
Depreciation	430.11
Dues & subscriptions	202.42
Postage	111.26
Insurance	1759.34
Internet service	184.7
Office supplies & expenses	552.56
Repairs & maintenance-building	27.07
Annual meeting	270.57
Telephone	1109.33
Utilities	1051.14
Miscellaneous	128.13
Total program expenditures	<u>19420.67</u>

Change in net assets	48,861.22
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Net assets at beginning of year	<u>156,264.87</u>
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Net assets at end of year	<u><u>\$ 205,126.09</u></u>
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See accompanying notes and accountants' report.

**FRANKLINTON AREA ECONOMIC DEVELOPMENT FOUNDATION, INC.**  
**STATEMENT OF CASH FLOWS - MODIFIED CASH BASIS**  
**For the year ended October 31, 1999**

<b>Program activities</b>	
Change in net assets	\$ 48,861.22
Adjustments to reconcile changes in net assets to net cash provided by program activities:	
Depreciation	430.11
Other current assets	387.30
Accounts payable and accrued liabilities	<u>(435.83)</u>
Net cash provided by program activities	<u>49,242.80</u>
<b>Investing activities</b>	
Change in fixed asset investment	<u>(400.00)</u>
Net cash used in investing activities	<u>(400.00)</u>
<b>Financing</b>	
Transfers to investments	(30,000.00)
Interest reinvested in investments	<u>(101.00)</u>
Net cash used in financing activities	<u>(30,101.00)</u>
Net increase in cash and cash equivalents	18,741.80
Cash and cash equivalents as of beginning of year	<u>31,220.20</u>
Cash and cash equivalents as of end of year	<u><u>\$ 49,962.00</u></u>

See accompanying notes and accountant's report.

## **NOTES TO FINANCIAL STATEMENTS**



FRANKLINTON AREA ECONOMIC DEVELOPMENT FOUNDATION, INC.  
Notes to Financial Statements  
October 31, 1999

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Organization and Nature of Activities**

The Franklinton Area Economic Development Foundation, Inc. (the Foundation) was organized as a nonprofit corporation on February 15, 1991, under the laws of the State of Louisiana. The Foundation's purpose is to promote economic development in the Franklinton area through encouraging manufacturing, processing and service firms to locate in the Franklinton area and rendering assistance to promote stability and growth to Franklinton area firms and industry that are currently providing employment opportunities. The Foundation's support comes primarily from the Town of Franklinton's funds derived from the parish's sales tax rededication concerning the landfill operating excess. The Town of Franklinton shares these funds on a percentage established each year by the Board of Alderman and gives 90 days notice, prior to December 1, to the Foundation.

The Foundation is a tax exempt organization as described in Section 501(a) of the Internal Revenue Code and thus, is exempt from federal and state income taxes.

**Public Support and Revenue**

Annual membership is available to individuals or corporations who meet the membership qualifications, complete a membership application, subject to approval by the Board of Directors, and pay the annual dues amount. Each member in good standing shall be entitled to one vote. Membership fees are generally available for unrestricted use and recognized as revenue when received.

**Basis of Accounting**

The accompanying financial statements have been prepared on the modified cash basis of accounting. Under that basis, certain revenues and the related assets are recognized when received rather than when earned, and certain expenses are recognized when paid rather than when the obligation is incurred. Consequently, the Foundation has not recognized accounts receivable from members or the Town or accounts payable to vendors and their related effects on earnings in the accompanying financial statements.

**Use of Estimates**

The preparation of financial statements in conformity with the modified cash receipts and disbursements basis of accounting requires management to make estimates and assumptions that affect certain reported amounts and disclosures in the financial statements. Actual results could differ from those estimates.

**Property and Equipment**

Property and equipment is carried at cost. Depreciation is provided using the straight – line method over the estimated useful lives of the assets.

FRANKLINTON AREA ECONOMIC DEVELOPMENT FOUNDATION, INC.  
Notes to Financial Statements  
October 31, 1999

**Income Taxes**

Income taxes are not provided for in the financial statements since the Foundation is exempt from federal and state income taxes under code section 501(a) of the Internal Revenue Code and similar state provisions. The Foundation is also exempt from filing an annual report, form 990, with the Internal Revenue Service under Rev. Proc. 95-48, Section 3.1, due to the fact that the majority of its income is derived from a distribution of sales tax from the Town of Franklinton.

**Cash Equivalents**

For purposes of the statement of cash flows, the Foundation considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents. All of the Foundation's cash deposits at financial institutions are fully insured from credit risk by Federal Deposit Insurance from the FDIC.

**Investments**

Investments are valued at cost which approximates market at year end. Investments consist solely of Certificates of Deposit at local, Washington Parish financial institutions, with varying dates of maturity from 6 to 24 months and interest rates from 4.25% to 5.3%.

**NOTE 2: PROPERTY AND EQUIPMENT**

	Balance 11/1/98	Additions	Deletions	Balance 10/31/99
Furniture and Fixtures	\$ 147.84	\$ -	\$ -	\$ 147.84
Office Equipment	2,160.31	-	-	2,160.31
Sign	1,003.73	-	-	1,003.73
Less: Accum. Depreciation	(1,401.88)	(430.11)	-	(1,831.99)
	<u>\$ 1,910.00</u>	<u>\$ (430.11)</u>	<u>\$ -</u>	<u>\$ 1,479.89</u>

**NOTE 3: CONTRIBUTED SERVICES**

On October 10, 1996, the Washington-St. Tammany Electric Cooperative, Inc., agreed to furnish the building to house the Franklinton Area Economic Development Foundation, Inc. There is no formal lease agreement, nor is any time period specified in the letter of donation from the Cooperative.

FRANKLINTON AREA ECONOMIC DEVELOPMENT FOUNDATION, INC.  
Notes to Financial Statements  
October 31, 1999

**NOTE 4: INTERGOVERNMENTAL AGREEMENT**

On June 23, 1992, the Town of Franklinton and the Franklinton Area Economic Development Foundation, Inc., entered into an agreement whereby, in exchange for certain services in connection with economic development in the Franklinton area, the Town obligates itself to make certain payments to the Foundation. The Foundation will provide to the Town for each calendar quarter, a written report in which the Foundation will set forth the work completed during that time period in compliance with its obligations pursuant to the agreement stated previously. The Foundation agrees to comply with the reporting requirements as set forth by the Louisiana Legislative Auditor and state statute regarding Quasi-public entities. The Foundation also agrees that if the Foundation dissolves or ceases to function as an economic development arm of the Town of Franklinton, all funds under its control at that time which were received from the Town shall revert to the Town of Franklinton in full ownership and control. The Town of Franklinton remitted to the Foundation 50% of the funds received from the Washington Parish Government for excess sales tax collections, in connection with the parish landfill, for the year ended October 31, 1999, amounting to \$51,317.00.

**NOTE 5: LITIGATION AND CLAIMS**

As of October 31, 1999, there were no litigations or claims against the Foundation.

**NOTE 6: RELATED PARTY TRANSACTIONS**

The Franklinton Area Economic Development Foundation, Inc., had no related party transactions during the period covered by these financial statements.

**NOTE 7: YEAR Y2K CONCERNS**

The Foundation owns a computer that it uses for administrative purposes and has had the computer tested, successfully, for year 2000 compliance. The Foundation does not have insurance coverage providing liability coverage in the event of equipment failure due to the year 2000 anticipated problems. At this time, the Foundation does not expect complications from the year 2000 compliance concern.

**ACCOUNTANT'S REPORT ON AGREED-UPON  
PROCEDURES**

# *Durden and Alonzo*

CERTIFIED PUBLIC ACCOUNTANTS

820 11TH AVENUE  
FRANKLINTON, LOUISIANA 70438  
(504) 839-4413  
FAX (504) 839-4402

*William R. Durden*

*Donna W. Alonzo*

## Independent Accountant's Report On Applying Agreed-Upon Procedures

To the Management of Franklinton Area  
Economic Development Foundation, Inc.:

We have performed the procedures included in the *Louisiana Governmental Audit Guide* and have enumerated below, which were agreed to by the management of Franklinton Area Economic Development Foundation, Inc., the Legislative Auditor, State of Louisiana, and the Town of Franklinton, solely to assist the users in evaluating management's assertions about Franklinton Area Economic Development Foundation, Inc.'s compliance with certain laws and regulations during the year ended October 31, 1999 included in the accompanying *Louisiana Attestation Questionnaire*. This agreed-upon procedures engagement was performed in accordance with standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of the specified users of the report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

### ***Federal, State, and Local Awards***

1. The foundation did not receive any federal or state awards during the period under examination, however, they did receive funding from the Town of Franklinton in the form of an allocation of excess sales taxes collected from the parish landfill operation. The town sets the "shared" percentage by a vote of the Board of Aldermen each year, with 90 days notice to the Foundation prior to December 1<sup>st</sup> each year. The Foundation received \$51,317.00 in revenue from the Town of Franklinton during the year ended October 31, 1999. The "Memorandum of Understanding" between the two parties, only specifies that the Foundation is to "do certain things in connection with economic development in the Franklinton area" and that "if the Foundation dissolves or ceases to function as an economic development arm of the Town of Franklinton, all funds under its control at that time which were received from the Town of Franklinton shall revert to the Town in full ownership and control."
2. This being the only source of public funds, we randomly selected six disbursements during the period under examination for testing.
3. For the items selected in procedure 2, we traced the six disbursements to supporting documentation as to proper amount and payee.

We examined supporting documentation for each of the six selected disbursements and found that payment was for the proper amount and made to the correct payee.

4. For the items selected in procedure 2, we determined if the six disbursements were properly coded to the correct fund and general ledger account.

All of the payments tested were properly coded to the correct fund and general ledger account.

5. For the items selected in procedure 2, we determined whether the six disbursements received approval from proper authorities.

Inspection of documentation supporting each of the disbursements tested did not show evidence of approval by the Board Treasurer or President, however, each disbursement was traced to the entity's minute book where they were approved by the full board.

### ***Meetings***

6. We examined evidence indicating that agendas for meetings recorded in the minute book were posted as an open meeting as required by LSA-RS 42:1 through 42:12 (the open meetings law).

The Franklinton Area Economic Development Foundation, Inc., is only required to post a notice of each meeting and the accompanying agenda on the door of the Foundation's office building. Management has asserted that they did not post such documents as they were not aware of the requirement, however, effective January 2001, they will adhere to this requirement and post notice of all meetings with an accompanying agenda.

### ***Comprehensive Budget***

7. The Foundation does not receive any grants or other funds requiring the submission or preparation of a comprehensive Budget. The "Memorandum of Understanding" between the Foundation and Town of Franklinton does not require any type of budget preparation or submission to the Town detailing expenditure of the funds they remit to the Foundation. There were no procedures performed concerning the budget.

### ***Prior Comments and Recommendations***

8. This is the first engagement of this type performed for the Foundation, therefore there were no prior comments or recommendations to review.

We were not engaged to, and did not, perform an examination, the objective of which

would be the expression of an opinion on management's assertions. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended for the use of management of The Franklinton Area Economic Development Foundation, Inc., the Legislative Auditor (State of Louisiana), and the applicable local grantor agency and should not be used by those who have not agreed to the procedures and taken responsibility for the sufficiency of the procedures for their purposes. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

  
DURDEN AND ALONZO, CPAs

January 27 , 2001

## **SUPPLEMENTARY INFORMATION**



**FRANKLINTON AREA ECONOMICAL DEVELOPMENT FOUNDATION, INC.**  
**STATEMENTS OF REVENUES, EXPENSES, AND OTHER CHANGES**  
**IN NET ASSETS - MODIFIED CASH BASIS - BUDGET/ACTUAL**  
**For the year ended October 31, 1999**

SCHEDULE I

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE</u>
<b>Public Support, Dues, and Revenues</b>			
Excess landfill revenue	\$ 33,375.00	\$ 51,317.00	\$ 17,942.00
Dues	5,500.00	9,860.00	4,360.00
Interest income	6,300.00	7,104.89	804.89
Fund raisers	2,500.00	-	(2,500.00)
Total public support, dues, & revenues	<u>47,675.00</u>	<u>68,281.89</u>	<u>20,606.89</u>
<b>Program Expenses</b>			
Salaries	24,450.00	7,635.79	(16,814.21)
Payroll taxes	2,630.00	833.25	(1,796.75)
Accounting	600.00	1,000.00	400.00
Economic development	1,500.00		(1,500.00)
Advertising	-	1,125.00	1,125.00
Audit	1,000.00		(1,000.00)
Contributions	-	3,000.00	3,000.00
Depreciation	-	430.11	430.11
Dues & subscriptions	600.00	202.42	(397.58)
Postage	1,000.00	111.26	(888.74)
Insurance	1,650.00	1,759.34	109.34
Internet service	135.00	184.70	49.70
Office supplies & expenses	1,600.00	552.56	(1,047.44)
Repairs & maintenance-building	900.00	27.07	(872.93)
Conferences/convention	250.00		(250.00)
Annual meeting	400.00	270.57	(129.43)
Telephone	2,000.00	1,109.33	(890.67)
Travel	3,500.00		(3,500.00)
Capital expenditures	3,000.00		(3,000.00)
Utilities	2,000.00	1,051.14	(948.86)
Miscellaneous	460.00	128.13	(331.87)
Total program expenditures	<u>47,675.00</u>	<u>19,420.67</u>	<u>(28,254.33)</u>
<b>Change in net assets</b>	<u>\$ -</u>	<u>\$ 48,861.22</u>	<u>\$ 48,861.22</u>

See accountants' report.

## **MANAGEMENT'S REPRESENTATIONS**

**LOUISIANA ATTESTATION QUESTIONNAIRE**  
**(For Attestation Engagements of Quasi-public Entities)**

1/11/01 (Date Transmitted)

Durden and Alonco, CPA,s  
820 11<sup>th</sup> Avenue.  
Franklinton, LA 70438 (Auditors)

In connection with your compilation of our financial statements as of October 31, 1999 and for the period then ended, and as required by Louisiana Revised Statute 24:513 and the *Louisiana Governmental Audit Guide*, we make the following representations to you. We accept full responsibility for our compliance with the following laws and regulation and the internal controls over compliance with such laws and regulations. We have evaluated our compliance with the following laws and regulations prior to making these representations.

These representations are based on the information available to us as of (date of completion/respresentation).

**Federal, State, and Local Awards**

We have detailed for you the amount of Federal, state and local award expenditures for the fiscal year, by grant and grant year.

*We received no Federal Grants*

Yes [ ] No

All transactions relating to federal, state, and local grants have been properly recorded within our accounting records and reported to the appropriate state, federal, and grantor officials.

Yes [ ] No

The reports filed with federal, state, and local agencies are properly supported by books of original entry and supporting documentation.

Yes [ ] No

We have complied with all applicable specific requirements of all federal, state, and local programs we administer, to include matters contained in the Compliance Supplement, matters contained in the grant awards, eligibility requirements, activities allowed and unallowed, and reporting and budget requirements.

Yes [ ] No

**Open Meetings**

Our meetings, as they relate to public funds, have been posted as an open meeting as required by LSA-RS 42:1 through 42:12 (the open meetings law).

Yes  No [ ]

**Budget**

For each federal, state, and local grant we have filed with the appropriate grantor agency a comprehensive budget for those grants that included the purpose and duration, and for state grants included specific goals and objectives and measures of performance

Yes  No [ ]

**Prior Year Comments**

We have resolved all prior-year recommendations and/or comments.

Yes  No [ ]

We have disclosed to you all known noncompliance of the foregoing laws and regulations, as well as any contradictions to the foregoing representations. We have made available to you documentation relating to the federal, state, and local grants, to include the applicable laws and regulations.

We have provided you with any communications from regulatory agencies or other sources concerning any possible noncompliance with the foregoing laws and regulations, including any communications received between the end of the period under examination and the issuance of this report. We will also disclose to you, the Legislative Auditor, and the applicable state grantor agency/agencies any known noncompliance which may occur up to the date of your report.

<u>Dallas W Hornshell</u>	Secretary	<u>1-11-01</u>	Date
<u>Dallas W Hornshell</u>	Treasurer	<u>1-11-01</u>	Date
<u>[Signature]</u>	President	<u>1/11/01</u>	Date