

REPORT

**Franklinton Area Economic
Development Foundation, Inc.**

Franklinton, Louisiana

**Compiled Financial Statements
For the Years Ended
October 31, 2003 and October 31, 2002
and
Agreed Upon Procedures Report
For the Year Ended
October 31, 2003**

FRANKLINTON AREA ECONOMIC DEVELOPMENT FOUNDATION, INC.

Franklinton, Louisiana

Financial Statements
As of and for the Years Ended
October 31, 2003 and October 31, 2002
With Supplemental Information Schedule

C O N T E N T S

	<u>Page No.</u>
ACCOUNTANT'S COMPILATION REPORT	1
FINANCIAL STATEMENTS	
Statement of Assets and Net Assets – Modified Cash Basis	2
Statement of Revenues, Expenses, and Other Changes In Net Assets – Modified Cash Basis	3
Statement of Cash Flows – Modified Cash Basis	4
NOTES TO FINANCIAL STATEMENTS	5 – 8
ACCOUNTANT'S REPORT ON AGREED-UPON PROCEDURES	9 - 11
SUPPLEMENTAL INFORMATION	
Statements of Revenues, Expenses, and other Changes in Net Assets – Modified Cash Basis – Budget / Actual	12
MANAGEMENT'S REPRESENTATIONS	
Louisiana Attestation Questionnaire	13 - 14

WILLIAM R DURDEN, LLC
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MEMBER
A.I.C.P.A.

MEMBER
L.C.P.A.

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

I 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, 2003 and October 31, 2002, and the related statements of revenues, expenses, and other changes in net assets-modified cash basis, and the statements of cash flows – modified cash basis, for the years then ended, and the accompanying supplementary information-modified cash basis contained in Schedule I, which is 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. I have not audited or reviewed the accompanying financial statements and supplementary schedule 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, I have issued a report, dated December 5, 2003, on the results of our agreed-upon procedures.



WILLIAM R. DURDEN, CPA

December 5, 2003

FINANCIAL STATEMENTS

FRANKLINTON AREA ECONOMIC DEVELOPMENT FOUNDATION, INC.
STATEMENT OF ASSETS AND NET ASSETS - MODIFIED CASH BASIS
AS AT OCTOBER 31

	2003	2002
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 5,991.18	\$ 116,885.55
Investments		
Unrestricted	271,382.86	21,293.80
Restricted for business park	-	300,000.00
Other current assets	381.15	427.80
Total current assets	277,755.19	438,607.15
Furniture, equipment, and sign (at cost net of depreciation)	1,263.40	1,674.97
Total assets	\$ 279,018.59	\$ 440,282.12
LIABILITIES AND NET ASSETS		
Current liabilities:		
Accounts payable	\$ -	\$ -
Net assets:		
Restricted for business park	-	300,000.00
Unrestricted:		
Operating	277,755.19	138,607.15
Investment in fixed assets	1,263.40	1,674.97
Total unrestricted net assets	279,018.59	140,282.12
Total liabilities and net assets	\$ 279,018.59	\$ 440,282.12

See accompanying notes and accountants' report.

FRANKLINTON AREA ECONOMIC DEVELOPMENT FOUNDATION, INC.
STATEMENT OF REVENUES, EXPENSES, AND OTHER CHANGES
IN NET ASSETS - MODIFIED CASH BASIS
For the years ended OCTOBER 31,

	2003	2002
Public Support, Dues, and Revenues		
Garbage tax rebate	\$ 85,124.50	\$ 81,244.50
Dues	7,810.00	8,045.00
Donations	210.00	-
Interest income	5,451.02	14,142.83
Total Revenues	98,595.52	103,432.33
Program Expenses		
Accounting	1,800.00	1,800.00
Contributions	13,431.82	8,600.00
Depreciation	411.57	500.70
Donation refund	-	3,650.00
Dues & subscriptions	1,739.84	1,717.42
Postage	148.00	173.00
Insurance	702.28	702.28
Internet service	241.40	239.40
Office supplies & expenses	487.34	210.06
Repairs & maintenance-building	162.00	605.94
Annual meeting	313.95	30.00
Management service	1,995.00	2,340.00
Lawn service	360.00	645.00
Telephone	1,196.50	1,152.29
Utilities	913.24	856.46
Miscellaneous	135.97	136.98
CLED Seminar	1,582.13	-
Investment in Industrial Park	234,238.01	-
Total program expenditures	259,859.05	23,359.53
Change in net assets	(161,263.53)	80,072.80
Net assets as of beginning of year	440,282.12	360,209.32
Net assets as of end of year	\$ 279,018.59	\$ 440,282.12

See accompanying notes and accountants' report.

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

	2003	2002
Program Activities		
Change in net assets	\$ (161,263.53)	\$ 80,072.80
Adjustments to reconcile changes in net assets to net cash provided by program activities:		
Depreciation	411.57	500.70
Increase(decrease) in other current assets	46.65	(277.80)
Net cash provided by program activities	(160,805.31)	80,573.50
Financing Activities		
Transfers from (to) investments	49,910.94	17,523.74
Net cash provided by financing activities	49,910.94	17,523.74
Investing Activities		
Purchase of office equipment	-	(1,556.00)
Net cash used by investing activities	-	(1,556.00)
Net increase in cash and cash equivalents	(110,894.37)	96,541.24
Cash and cash equivalents - beginning of year	116,885.55	20,344.31
Cash and cash equivalents - end of year	\$ 5,991.18	\$ 116,885.55

See accompanying notes and accountants' report.

NOTES TO FINANCIAL STATEMENTS

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 render assistance to promote stability and growth to Franklinton area firms and industry that are currently providing employment opportunities. The Foundation's primary support is derived from a parish sales tax rededication concerning the landfill operating excess revenues, which flows through the Town of Franklinton from the Washington Parish Government. The Town of Franklinton allocates these funds based on a percentage established each year by the Board of Alderman. The Town is required to provide this percentage 90 days prior to December 1st.

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 and businesses who meet the membership qualifications of completing a membership application, subject to approval by the Board of Directors, and paying 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, 2003

Continued

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. The Foundation had certain credit risk because bank deposits in one bank exceeded the amount of FDIC insurance. At October 31, 2002 the Foundation had collected bank balances at Hancock Bank of \$156,560, creating a credit risk of \$56,560.

Investments

Investments are stated at fair value, and consist solely of Certificates of Deposit at local, Washington Parish financial institutions. The certificates have varying dates of maturity from 6 to 24 months.

NOTE 2: PROPERTY AND EQUIPMENT

Property and equipment consist of the following:

	<u>11/1/2002</u>	<u>Additions</u>	<u>Deletions</u>	<u>10/31/2003</u>
Furniture and Fixtures	\$ 147.84	\$ -	\$ -	\$ 147.84
Office Equipment	3,716.31	-	-	3,716.31
Sign	1,003.73	-	-	1,003.73
Less: Accum. Depreciation	<u>(3,192.91)</u>	<u>(411.57)</u>	<u>-</u>	<u>(3,604.48)</u>
	<u>\$ 1,674.97</u>	<u>\$ (411.57)</u>	<u>\$ -</u>	<u>\$ 1,263.40</u>

FRANKLINTON AREA ECONOMIC DEVELOPMENT FOUNDATION, INC.
Notes to Financial Statements
October 31, 2003

Continued

NOTE 3: INVESTMENT IN INDUSTRIAL PARK

The Foundation entered into an agreement with the Town of Franklinton to provide 66% of the purchase price of a 102-acre tract of land for the Town to develop into an industrial park. On November 21, 2002 the property was purchased for \$351,239. The Foundation's portion of the land cost was \$234,159. The land is titled in the name of the Town of Franklinton and the Town will retain 100% ownership in the property. Thus the investment in the land is recorded on the books and records of the Foundation as an expenditure, and not a capital asset.

NOTE 4: CONTRIBUTED SERVICES

On October 10, 1996, the Washington-St. Tammany Electric Cooperative, Inc., agreed to furnish the building for the office for 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.

NOTE 5: 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 agreement was amended October 9, 2001, requiring the Foundation to make available for inspection and review by the Town's auditor, Mayor and Aldermen or duly authorized representatives, its books and records. In addition, the Foundation shall provide a copy of their annual financial statements completed by an independent certified public accountant or the Legislative Auditor of the State of Louisiana to the Town. The activities of the Foundation will be reported to the Town after each monthly meeting by the Town's representative appointed to the Foundation board. 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 over operating expenses of the parish landfill operation, for the year ended June 30, 2002. The funds, totaling \$85,124.50, were received by the Foundation in January 2003.

FRANKLINTON AREA ECONOMIC DEVELOPMENT FOUNDATION, INC.
Notes to Financial Statements
October 31, 2003

Continued

NOTE 6: LITIGATION AND CLAIMS

As of October 31, 2003, there were no litigations or claims against the Foundation.

NOTE 7: RELATED PARTY TRANSACTIONS

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

ACCOUNTANT'S REPORT ON AGREED-UPON
PROCEDURES

WILLIAM R DURDEN, LLC
Certified Public Accountant

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MEMBER
A.I.C.P.A.

MEMBER
L.C.P.A.

Independent Accountant's Report
On Applying Agreed-Upon Procedures

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

I 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, 2003, 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, I 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 1st each year. The Foundation received \$85,124 in revenue from the Town of Franklinton during the year ended October 31, 2003. 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, I randomly selected seven disbursements during the period under examination for testing.

3. For the items selected in procedure 2, I traced the seven disbursements to supporting documentation as to proper amount and payee.

For the items tested, all were proper as to the amount and payee.

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

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

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

For the items tested, proper approval was evident for all items.

Meetings

6. I 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 notice of each meeting and the accompanying agenda on the door at the Foundation's office building where meetings are held. During the period under examination, the foundation appears to be in compliance with public notification of its meetings.

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. However, the Foundation does prepare an operating budget. The budget was adopted at the Foundation's annual general membership meeting in December 2002. The budget was amended at the January 14 board meeting to include the investment in the purchase of a new industrial park for the Town of Franklinton. At each board meeting a budget/actual report is reviewed. For the year ended October 31, 2003, variances for income were favorable and variances for expenditures did not exceed 5%.

Prior Comments and Recommendations

8. There was no prior year findings noted in the Foundation's report from the previous year.

I was 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, I do not express such an opinion. Had I performed additional procedures, other matters might have come to my 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.


WILLIAM R. DURDEN, CPA

December 5, 2003

SUPPLEMENTARY INFORMATION

FRANKLINTON AREA ECONOMIC DEVELOPMENT FOUNDATION, INC.
STATEMENTS OF REVENUE, EXPENSES, AND OTHER CHANGES
IN NET ASSETS - MODIFIED CASH BASIS - BUDGET/ACTUAL - SCHEDULE I
For the year ended October 31, 2003

	<u>ORIGINAL BUDGET</u>	<u>AMENDED BUDGET</u>	<u>ACTUAL</u>
Public Support, Dues, and Revenues			
Excess landfill revenue	\$ 75,000.00	\$ 75,000.00	\$ 85,124.50
Dues	9,000.00	9,000.00	7,810.00
C L E D Donations	-	6,000.00	4,805.85
Donations	-	-	210.00
Interest income	3,000.00	3,000.00	5,451.02
Total public support, dues, and revenues	<u>87,000.00</u>	<u>93,000.00</u>	<u>103,401.37</u>
Program Expenses			
Accounting	600.00	600.00	600.00
Economic Development	2,500.00	2,500.00	10,000.00
Advertising	500.00	500.00	-
Annual compilation	1,200.00	1,200.00	1,200.00
Conferences & conventions	300.00	300.00	-
Contributions	1,500.00	1,500.00	3,431.82
Depreciation	-	-	411.57
Dues & subscriptions	2,500.00	2,500.00	1,818.54
Lawn service	700.00	700.00	360.00
Legal fees	300.00	300.00	-
Postage	400.00	400.00	148.00
Insurance	1,500.00	1,500.00	702.28
Internet service	250.00	250.00	241.40
Office supplies & expenses	500.00	500.00	487.34
Repairs & maintenance-building	400.00	400.00	162.00
Annual meeting	200.00	200.00	313.95
Management service	2,600.00	2,600.00	1,995.00
Telephone	1,200.00	1,200.00	1,196.50
Travel	300.00	300.00	-
Utilities	1,000.00	1,000.00	913.24
C L E D Disbursements	-	6,000.00	6,387.98
Investment in industrial park	-	234,159.31	234,159.31
Miscellaneous	600.00	600.00	135.97
Total program expenditures	<u>19,050.00</u>	<u>259,209.31</u>	<u>264,664.90</u>
Change in net assets	<u>\$ 67,950.00</u>	<u>\$ (166,209.31)</u>	<u>\$ (161,263.53)</u>

See accompanying notes and accountants' report.

MANAGEMENT'S REPRESENTATIONS

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

(Date Transmitted)

Franklinton Area Economic Development Foundation

William R. Durden, CPA (Auditor)

In connection with your compilation of our financial statements as of _____ 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/representation).

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.

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 Hovushell</u>	Secretary	<u>Dallas Hovushell</u>	Date	<u>12-2-03</u>
<u>Dallas Hovushell</u>	Treasurer	<u>Dallas Hovushell</u>	Date	<u>4</u>
<u>Sam Jensen</u>	President		Date	<u>11-20-03</u>