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# REPORT

WASHINGTON ECONOMIC  
DEVELOPMENT FOUNDATION, INC.  
Bogalusa, Louisiana

COMPILED FINANCIAL STATEMENTS  
AGREED UPON PROCEDURES REPORT  
For the Year Ended  
December 31, 2003

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 5.26.04

WASHINGTON ECONOMIC DEVELOPMENT FOUNDATION, INC.  
Bogalusa, Louisiana

Financial Statements  
As of and for the Year Ended December 31, 2003

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**WILLIAM R. DURDEN**

*Certified Public Accountant*

820 11<sup>TH</sup> AVENUE  
FRANKLINTON, LOUISIANA 70438  
(985)839-4413  
FAX (985)839-4402

MEMBER  
A.I.C.P.A.

MEMBER  
L.C.P.A.

To the Board of Washington  
Economic Development Foundation, Inc.  
Bogalusa, Louisiana

I have compiled the accompanying statement of financial position of Washington Economic Development Foundation, Inc. (a nonprofit corporation) as of December 31, 2003, and the related statements of activities and cash flows, for the year then ended, and the accompanying supplementary information contained in Schedule 1, 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 information that is the representation of management. I have not audited or reviewed the accompanying financial statements 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 May 6, 2004, on the results of our agreed-upon procedures.

  
\_\_\_\_\_  
William R Durden CPA, LLC

May 6, 2004

## FINANCIAL STATEMENTS

WASHINGTON ECONOMIC DEVELOPMENT FOUNDATION, INC.

STATEMENT OF FINANCIAL POSITION

December 31, 2003

**ASSETS**

Cash and Cash Equivalents	\$ 44,035
Short-Term Investments	100,000
Short-Term C D, Restricted for road construction	30,000
Prepaid Insurance	1,220
Capital Assets (Net of Accumulated Depreciation)	93,961
Total Assets	<u>\$ 269,216</u>

**LIABILITIES**

Current Liabilities:

Accounts payable	\$ 2,400
Payroll and sales taxes payable	-
Deferred Income-State Act 14 appropriations	11,250
Total Current Liabilities	<u>13,650</u>

**NET ASSETS**

Investment in capital assets	93,961
Restricted for road construction	30,000
Unrestricted	131,605
Total Net Assets	<u>255,566</u>
Total Liabilities and Net Assets	<u>\$ 269,216</u>

See accountant's report and accompanying notes to financial statements

WASHINGTON ECONOMIC DEVELOPMENT FOUNDATION, INC.

STATEMENT OF ACTIVITIES  
For the Year Ended December 31, 2003

**PUBLIC SUPPORT AND REVENUES:**

Membership dues	\$ 18,412
Business/economic development fee	34,200
Fund raisers	11,047
Art Council grant	5,194
Interest income	4,063
Rent income (net of \$2,453 depreciation expense)	3,847
State Act 14 Appropriations	3,750
Other revenue	2,540
Total Support and Revenue	<u>83,053</u>

**EXPENSES:**

Program services:	
Industrial development	69,388
Support services:	
General administrative	18,960
Art show	5,842
Fund raising	12,466
State Act 14	3,750
Total Expenses	<u>110,406</u>

<b>CHANGE IN NET ASSETS</b>	(27,353)
<b>NET ASSETS AS OF BEGINNING OF YEAR</b>	<u>282,919</u>
<b>NET ASSETS AS OF END OF YEAR</b>	<u>\$ 255,566</u>

See accountant's report and accompanying notes to financial statements

WASHINGTON ECONOMIC DEVELOPMENT FOUNDATION, INC.

STATEMENT OF CASH FLOWS  
Increase (Decrease) in Cash and Cash Equivalents  
For the Year Ended December 31, 2003

<b>Cash flows from operating activities:</b>	
Cash received from members for dues	\$ 18,777
Cash received for economic development fee	34,200
Cash received from fund raisers	11,603
Cash received from grants	6,894
Cash received from state for Act 14	15,000
Cash payments to suppliers for goods and services	(41,951)
Cash payments to employees and professional contractors for services	(60,515)
Cash payments for grant expenses	(5,842)
Other operating revenue	840
Net cash provided by operating activities	<u>(20,994)</u>
<b>Cash flows from capital and related financing activities:</b>	
Acquisition of capital assets	(622)
Net cash used by capital financing activities	<u>(622)</u>
<b>Cash flows from investing activities:</b>	
Interest income	4,063
Rental receipts	6,300
Transfer from investments	30,000
Net cash provided by investing activities	<u>40,363</u>
<b>NET (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	18,747
CASH AND CASH EQUIVALENTS, JANUARY 1	<u>25,288</u>
CASH AND CASH EQUIVALENTS, DECEMBER 31	<u>\$ 44,035</u>

See accountant's report and accompanying notes to financial statements

WASHINGTON ECONOMIC DEVELOPMENT FOUNDATION, INC.

STATEMENT OF CASH FLOWS  
Increase (Decrease) in Cash and Cash Equivalents  
For the Year Ended December 31, 2003

Reconciliation of Change in Net Assets to Net  
Cash Provided by Operations:

Change in net assets	\$	(27,353)
Depreciation		5,010
Interest income		(4,063)
Rental income		(6,300)
Changes in assets and liabilities:		
(Increase) decrease in accounts receivable		3,539
(Increase) decrease in prepaid insurance		(689)
Increase (decrease) in accounts payable		(1,655)
Increase (decrease) in payroll taxes payable		(733)
Increase (decrease) in deferred income		11,250
Net cash provided by operations	\$	<u>(20,994)</u>

See accountant's report and accompanying notes to financial statements



## NOTES TO FINANCIAL STATEMENTS

WASHINGTON ECONOMIC DEVELOPMENT FOUNDATION, INC.  
Notes to Financial Statements  
December 31, 2003

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

**Organization and Nature of Activities**

The Washington Economic Development Foundation, Inc. (the Foundation) was organized as a nonprofit corporation on May 6, 1981, under the laws of the State of Louisiana. The Foundation's purpose is to promote economic development in Washington Parish through an intensive program to relocate or establish manufacturing and service firms in the parish in order to create a significant number of new job opportunities. The Foundation's primary support is derived from a "cooperative endeavor agreement" with the City of Bogalusa (note 4), and dues paid by individuals and members of the business community.

The Foundation is a nonprofit organization as described in Section 501(c)(3) of the Internal Revenue Code and is exempt from federal and state income taxes.

**Public Support and Revenue**

Annual membership dues are generally available for unrestricted use during the current year. Dues are recorded as revenue in the membership year pledged and any unpaid dues at year-end are recorded as receivables, at their net realizable value. There is no allowance for bad debts due to a history of having all dues paid on a current basis.

Grants are recorded as revenue when the corresponding reimbursable expenditures have been incurred.

Contributions of donated non-cash assets and services are recorded at their fair values in the period received.

**Basis of Accounting**

The accompanying financial statements have been prepared on the accrual basis of accounting. Under this basis, revenues and related assets are recognized when earned, and expenses are recognized when the obligation is incurred.

WASHINGTON ECONOMIC DEVELOPMENT FOUNDATION, INC.  
Notes to Financial Statements  
December 31, 2003

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**FINANCIAL STATEMENT PRESENTATION**

The Foundation adopted Statement of Financial Accounting Standards (SFAS) No. 117, "Financial Statements of Not-for-Profit Organizations." Under SFAS No. 117, the Foundation is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted, temporarily restricted, and permanently restricted. In addition, the Foundation is required to present a statement of cash flows. As of December 31, 2003, the Foundation has not received any permanently restricted contributions. The Foundation has discontinued its use of fund accounting and, accordingly, has reclassified its financial statements to present the two classes of net assets contained in their financial records.

**Use of Estimates**

The preparation of financial statements, in conformity with generally accepted accounting principles, requires management to make estimates that affect certain reported amounts and disclosures. Therefore, actual results could differ from those estimates.

**Property and Equipment**

The Foundation capitalizes all expenditures for equipment with a useful life in excess of one year regardless of value. Property and equipment are recorded at cost or at estimated fair value at date of gift, if donated. Depreciation is provided using the straight-line method over the estimated useful lives of the assets as follows:

Buildings	31.5 yrs
Improvements	10-30 yrs
Furniture & Fixtures	7-10 yrs
Office Equipment	4-5yrs

**Cash and Cash Equivalents**

The Foundation considers all highly liquid investments, with a maturity of three months or less, when purchased, to be cash equivalents.

WASHINGTON ECONOMIC DEVELOPMENT FOUNDATION, INC.  
Notes to Financial Statements  
December 31, 2003

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**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 12 months

**NOTE 2: CASH AND CASH EQUIVALENTS**

At December 31, 2003, the Foundation has unrestricted cash and cash equivalents (book balances) totaling \$44,035 in demand deposits, and cash on hand. Additional bank balances are certificates of deposit reported as investments. These certificates of deposits total \$130,000 giving the Foundation total funds deposited in banks of \$174,035.

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 bank. These securities are to be held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties.

At December 31, 2003, the Foundation deposits (collected bank balances) in Hibernia National Bank totaled \$172,000. These deposits were secured from risk by \$100,000 of federal deposit insurance, and pledged securities in the amount of \$254,000. The pledged securities are registered in the name of the fiscal agent bank and are held by the Federal Reserve Bank of New Orleans, Louisiana. Because the pledged security is not registered in the District's name, the deposits are considered un-collateralized (category 3) under the provisions of GASB Statement Number 3.

**NOTE 3: PROPERTY, EQUIPMENT, AND IMPROVEMENTS**

Property, equipment, and improvements consist of the following:

	Cost	Accumulated Depreciation	Net
Buildings	\$ 58,500	\$ 25,661	\$ 32,839
Bldg. Improvements	44,494	19,778	24,716
Office Fixtures & Equip.	21,257	20,402	855
Other	12,877	9,826	3,051
Land	32,500	-	32,500
<b>Totals</b>	<b>\$ 169,628</b>	<b>\$ 75,667</b>	<b>\$ 93,961</b>

All fixed assets are stated at historical cost. Depreciation is computed on a straight-line basis for financial statement purposes. Total depreciation for 2003 totaled \$5,010

WASHINGTON ECONOMIC DEVELOPMENT FOUNDATION, INC.  
Notes to Financial Statements  
December 31, 2003

**NOTE 4: DEFERRED INCOME**

Total funds of \$15,000 were received from the State Act 14 Appropriation in November 2003. The appropriation was for the year July 1, 2003-June 30, 2004. Salary expenses for six and one half weeks (\$3,750) were recorded as expenditures from the date of receipt of the funds through December 31, 2003. The balance of the appropriation (\$11,250) is set up as deferred income in order to match the expenditures as they occur. Expenditures are projected to end May 7, 2004.

**NOTE 5: TEMPORARILY RESTRICTED NET ASSETS**

Temporarily restricted net assets are available for the following purposes or periods:

Restricted for periods after December 31, 2001:	
Industrial Park Road construction	\$30,000.

**NOTE 6: BUSINESS/ECONOMIC DEVELOPMENT FEE**

The Foundation entered into a "cooperative endeavor agreement" with the City of Bogalusa, under the Louisiana Constitution of 1974 Section 14©. The Foundation proposed to perform certain functions to the benefit of the City, its residents, and residents surrounding Bogalusa. These functions, which have a governmental purpose would ordinarily be performed by the City. They include:

- A. Business/Economic Development
- B. Assisting the City in administering the Bogalusa Industrial Park
- C. Advising the City on uses of the Industrial Park
- D. Arranging for presentations and meetings with Industrial Park Prospects and advising the City on said prospects.

The City reduced the payment to the Foundation by \$3,800, due to economic restraints on the City. The total annual payment went from \$38,000 to \$34,200. The contract became effective on January 1, 1997. It automatically renews each year unless a notice of termination is presented by either party 10 days prior to the beginning of each calendar year. Both parties agreed to the reduction in the annual fee.

**NOTE 7: DONATED SERVICES**

The Foundation receives donated services from a variety of unpaid volunteers assisting the Foundation in the pursuit of economic development programs. No amounts have been recognized in the accompanying statement of activities because the criteria for recognition of such volunteer effort under SAFS No. 116 have not been satisfied.

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

**WILLIAM R. DURDEN**  
*Certified Public Accountant*

820 11<sup>TH</sup> AVENUE  
FRANKLINTON, LOUISIANA 70438  
(985)839-4413  
FAX (985)839-4402

MEMBER  
A.I.C.P.A.

MEMBER  
L.C.P.A.

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

To the Management of Washington  
Economic Development Foundation, Inc.:

I have performed the procedures, included in the *Louisiana Governmental Audit Guide for Quasi-Public Entities* and enumerated below, which were agreed to by the management of Washington Economic Development Foundation, Inc., the Legislative Auditor, and the State of Louisiana, solely to assist the users in evaluating management's assertions about Washington Economic Development Foundation, Inc.'s compliance with certain laws and regulations during the year ended December 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. Louisiana Decentralized Arts Funding Program:
  - a. I examined the "Final Report Receipt Schedule" prepared by the Foundation, for the Funding Program. Contained in the report were all the supporting documents for expenditures for the art show.
  - b. I traced all of the disbursements to the supporting documents and to the "Receipt Schedule". The amounts and payee were proper.
  - c. I traced the disbursements to the expense classifications on the "Receipt Schedule". They were all properly coded.
  - d. All disbursements examined did have proper approval.

The "Final Report Receipt Schedule" for the Art Council grant is the only report required to be filed by the Foundation and the amounts on the report agree with the records of the Foundation.

**2. State Act 14 Appropriation:**

- a. I examined the "Comprehensive Budget and Expenditure Reporting Form" for Act 14 for 2003. The Foundation used these funds for reimbursement of salaries, based on a calculation of a weekly amount, for a 24 week period. Payroll records supported the above calculation.
- b. The reporting period for the above form is from July 1, 2003 through June 30, 2004. The report is to be filed bi-annually in January and July of each year. The foundation was delinquent in filing of the January report. The report was filed March 2004. The final report for the year ended June 2004 will be filed July 2004.

**Meetings**

I inquired of management concerning the notices of meetings and posting of of agenda as required by LSA-RS 42:1 through 42:12. The Director stated that notices of the meetings and their respective agendas were posted in accordance with the instructions listed below.

The Washington Economic Development Foundation, Inc. is only required to post notices of each meeting and the accompanying agenda on building where the meetings are held. During the period under examination the Foundation posted the notices & agendas for each meeting on the Foundation office door and on the door where the meeting was to be held. A board member initialed the agenda for verification of proper posting. The Foundation does appear to be in compliance with the public notification of it's meetings.



## Comprehensive Budget

The Foundation signed a cooperative endeavor agreement with the City of Bogalusa (Note 5) to perform certain functions concerning economic development for the benefit of the City, its residents, and residents surrounding Bogalusa. The Foundation adopts a comprehensive budget for the expenditure of these funds, which are paid in advance by the City at the beginning of each year. The budget for the year 2003 was approved by the Board, at the December 10, 2002 meeting. The amended 2003 budget was presented at the December 2003 meeting and approved at the February 2004 meeting. It would appear that the requirements for a comprehensive budget have been met by the Foundation, for the period under examination.

## Prior Comments and Recommendations

Findings noted in the prior year were:

Agendas of meetings not posted for public notification-The Foundation posted the notice of the meetings on the door of the building where the meeting was to be held. However; the Foundation did not post the agenda for the meeting. The Notices and agendas were posted for all meetings for 2003.

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 Washington Economic Development Foundation, Inc., the Legislative Auditor (State of Louisiana), and the applicable state and or local grantor agencies 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, LLC

May 5, 2004

**SUPPLEMENTAL INFORMATION**

WASHINGTON ECONOMIC DEVELOPMENT FOUNDATION, INC.

SCHEDULE OF FUNCTIONAL EXPENSES  
For the year ended December 31, 2003

Item of Expense	Program Service	Support Services		Art Show	State Act 14 Appro.	Total Expenses
	Industrial Dev.	General Adm.	Fund Raising			
Salaries and payroll taxes	\$ 38,060	\$ 4,933	\$ 6,605	\$ 640	\$ 3,750	\$ 53,988
Employee benefits	3,204	1,281	854			5,339
Fund raising expense	-	-	4,304			4,304
Depreciation	1,279	1,278	-			2,557
Utilities	1,519	1,519	-			3,038
Office expense	968	968	-			1,936
Advertising	198					198
Auto expense	1,488	372	-			1,860
Annual meeting	596	232	-			828
Art show supplies	-			5,202		5,202
Dues & subscriptions	2,194	549	-			2,743
Miscellaneous expense	878	1,714	-			2,592
Legal and professional	-	2,750	-			2,950
Insurance	1,407	1,407	703			3,517
Travel and entertainment	1,693	-				1,693
Telephone	3,706	926				4,632
Repairs	1,031	1,031				2,062
Lafayette trip	1,146					1,146
Reservoir expense	10,021	-				10,021
<b>Totals</b>	<b>\$ 69,388</b>	<b>\$ 18,960</b>	<b>\$ 12,466</b>	<b>\$ 5,842</b>	<b>\$ 3,750</b>	<b>\$ 110,406</b>

See accountant's report and notes to financial statements

## **MANAGEMENT'S REPRESENTATIONS**

WASHINGTON ECONOMIC DEVELOPMENT FOUNDATION, INC.

Bogalusa, Louisiana

Summary Schedule of Prior Year Findings  
For the Year Ended December 31, 2003

<u>Ref. No.</u>	<u>Fiscal Year Finding Initially Occurred</u>	<u>Description of Finding</u>	<u>Corrective Action Taken Yes, No Partially</u>	<u>Planned Corrective Action/Partial Corrective Action Taken</u>
<b>Section 1 - Independent Accountant's Report on Applying Agreed-Upon Procedures:</b>				
2002-1	2001	Agenda of meetings not posted on building where meeting was to be held.	yes	Notices and agendas for all meetings for 2003 were properly posted to comply with the public meeting law. A board member initials the notice and agenda as evidence of their being posted.

WASHINGTON ECONOMIC DEVELOPMENT FOUNDATION, INC.

Bogalusa, Louisiana

Corrective Action Plan for Current Year Findings  
For the Year Ended December 31, 2003

<u>Ref. No.</u>	<u>Fiscal Year Finding Initially Occurred</u>	<u>Description of Finding</u>	<u>Corrective Action Taken Yes, No Partially</u>	<u>Planned Corrective Action/Partial Corrective Action Taken</u>
<u>Section 1 - Independent Accountant's Report on Applying Agreed-Upon Procedures:</u>				

No findings noted for the year  
ended December 31, 2003.

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

(Date Transmitted)

Washington Economic Development Foundation

William R. Durden, CPA (Auditor)

In connection with your compilation of our financial statements as of December 31, 2003 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><i>Ryan Hall</i></u>	Secretary	Date <u>1-05-04</u>
<u><i>Kenneth Smith</i></u>	Treasurer	Date <u>1-08-04</u>
<u>Joseph E. Ball</u>	President	Date <u>1-05-04</u>