

**ENGLAND ECONOMIC AND  
INDUSTRIAL DEVELOPMENT DISTRICT**

**ALEXANDRIA, LOUISIANA**

**JUNE 30, 2003**

ENGLAND ECONOMIC AND INDUSTRIAL DEVELOPMENT DISTRICT

JUNE 30, 2003

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PAYNE, MOORE & HERRINGTON, LLP

CERTIFIED PUBLIC ACCOUNTANTS

**INDEPENDENT AUDITOR'S REPORT**

The Board of Commissioners  
England Economic and Industrial  
Development District

We have audited the accompanying general-purpose financial statements and the individual fund and account group financial statements of the England Economic and Industrial Development District, Alexandria, Louisiana, as of June 30, 2003 and for the year then ended as listed in the table of contents. These financial statements are the responsibility of the England Economic and Industrial Development District 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, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the provisions of Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 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.

In our opinion, the general-purpose financial statements referred to above present fairly, in all material respects, the financial position of the England Economic and Industrial Development District, as of June 30, 2003 and the results of its operations for the year then ended in conformity with accounting principles generally accepted in the United States of America. Also, in our opinion, the individual fund financial statements and the account group financial statements referred to above present fairly, in all material respects the financial position of each of the individual funds and account groups of the England Economic and Industrial Development District, as of June 30, 2003, and the results of operations of such funds for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 30, 2003, on our consideration of the internal control over financial reporting of the England Economic and Industrial Development District and our tests of its compliance with certain provisions of laws and regulations. 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.

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PAYNE, MOORE & HERRINGTON, LLP

The Board of Commissioners  
England Economic and Industrial  
Development District

Our audit was made for the purpose of forming an opinion on the general-purpose financial statements taken as a whole and on the individual fund and account group financial statements of the England Economic and Industrial Development District. The accompanying schedule of expenditures of federal awards as required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* listed as additional information in the table of contents is presented for purposes of additional analysis and is not a required part of the financial statements of the England Economic and Industrial Development District. This information has been subjected to the auditing procedures applied in the audit of the general-purpose, individual fund and account group financial statements and, in our opinion, is fairly presented in all material respects in relation to the financial statements of each of the respective individual funds and account groups taken as a whole.

*Payne, Moore & Herrington, LLP*  
Certified Public Accountants

October 30, 2003

## **GENERAL PURPOSE FINANCIAL STATEMENTS**

The general purpose financial statements, which include all funds and account groups of the District, are designed to provide an overview of the financial position and results of operations for the District as a whole. Information in the form of individual fund and account group statements is included elsewhere in this report to the extent such presentation expands on the financial information presented in these general purpose financial statements.

**ENGLAND ECONOMIC AND INDUSTRIAL DEVELOPMENT DISTRICT  
COMBINED BALANCE SHEET - ALL FUND TYPES AND ACCOUNT GROUPS  
JUNE 30, 2003**

EXHIBIT A

	<u>Governmental Funds</u>		<u>Account Groups</u>		<u>Total (Memorandum Only)</u>
	<u>General</u>	<u>Capital Projects</u>	<u>General Fixed Assets</u>	<u>General Long-term Debt</u>	
<b>ASSETS</b>					
Cash and cash equivalents	\$ 2,082,768	\$ 6,182,233	\$	\$	\$ 8,265,001
Receivables (net of allowance for uncollectibles)	733,116	1,559,210			2,292,326
Prepaid expenses	103,590				103,590
General fixed assets			42,909,899		42,909,899
Amount to be provided for retirement of long-term debt				482,757	482,757
<b><u>TOTAL ASSETS</u></b>	<b><u>\$ 2,919,474</u></b>	<b><u>\$ 7,741,443</u></b>	<b><u>\$ 42,909,899</u></b>	<b><u>\$ 482,757</u></b>	<b><u>\$ 54,053,573</u></b>
<b>LIABILITIES AND FUND EQUITY</b>					
<b>Liabilities</b>					
Accounts and contracts payable	\$ 255,960	\$ 1,256,706	\$	\$	\$ 1,512,666
Accrued expenses and other payables	39,749				39,749
Due to other governments	28,861				28,861
Deferred revenue	29,224				29,224
Tenant deposits	67,601				67,601
Contingent tenant rebates	135,109				135,109
Compensated absences payable				47,757	47,757
Certificates of indebtedness				435,000	435,000
<b>Total Liabilities</b>	<b>556,504</b>	<b>1,256,706</b>	<b>-</b>	<b>482,757</b>	<b>2,295,967</b>
<b>Fund equity</b>					
Investment in general fixed assets			42,909,899		42,909,899
Fund balance					
Reserved for PFC Projects	20,839	901,426			922,265
Unreserved - designated	2,342,131	5,583,311			7,925,442
<b>Total Fund equity</b>	<b>2,362,970</b>	<b>6,484,737</b>	<b>42,909,899</b>	<b>-</b>	<b>51,757,606</b>
<b><u>TOTAL LIABILITIES AND FUND EQUITY</u></b>	<b><u>\$ 2,919,474</u></b>	<b><u>\$ 7,741,443</u></b>	<b><u>\$ 42,909,899</u></b>	<b><u>\$ 482,757</u></b>	<b><u>\$ 54,053,573</u></b>

The accompanying notes are an integral part of the financial statements.

**ENGLAND ECONOMIC AND INDUSTRIAL DEVELOPMENT DISTRICT  
 COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
 ALL GOVERNMENTAL FUND TYPES  
 FOR THE YEAR ENDED JUNE 30, 2003**

**EXHIBIT B**

	General	Capital Projects	Total (Memorandum Only)
<b>REVENUES</b>			
Intergovernmental	\$	\$ 6,511,911	\$ 6,511,911
Lease revenue and related fees	7,063,362		7,063,362
Passenger facility charges		398,215	398,215
Investment income	130,349		130,349
Miscellaneous	23,402	75	23,477
Total Revenues	7,217,113	6,910,201	14,127,314
<b>EXPENDITURES</b>			
Current			
General government			
Executive division	138,191		138,191
Administrative division	846,866	7,676	854,542
Public safety	735,791		735,791
Operations			
Landside operations	590,568		590,568
Vehicle maintenance	245,956		245,956
Tenant services	140,239		140,239
Airport operations	1,313,534		1,313,534
General and administration	1,035,450		1,035,450
Economic development	300,769		300,769
Disadvantaged business enterprise program		240,000	240,000
Debt service	202,600		202,600
Capital outlay	82,732	7,640,158	7,722,890
Total Expenditures	5,632,696	7,887,834	13,520,530
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>			
	1,584,417	(977,633)	606,784
<b>OTHER FINANCING SOURCES (USES)</b>			
Operating transfers in (out)	(716,270)	716,270	-
<b>EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES</b>			
	868,147	(261,363)	606,784
<b>FUND BALANCE, BEGINNING OF YEAR</b>			
	1,494,823	6,746,100	8,240,923
<b>FUND BALANCE, END OF YEAR</b>			
	\$ 2,362,970	\$ 6,484,737	\$ 8,847,707

The accompanying notes are an integral part of the financial statements.

**ENGLAND ECONOMIC AND INDUSTRIAL DEVELOPMENT DISTRICT  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL - GENERAL FUND  
FOR THE YEAR ENDED JUNE 30, 2003**

**EXHIBIT C**

	Budget	Actual	Variance Favorable (Unfavorable)
<b>REVENUES</b>			
Lease revenue and related fees	\$ 6,999,078	\$ 7,063,362	\$ 64,284
Investment income	133,156	130,349	(2,807)
Miscellaneous	56,708	23,402	(33,306)
Total Revenues	7,188,942	7,217,113	28,171
<b>EXPENDITURES</b>			
Current			
General government			
Executive division	138,234	138,191	43
Administrative division	923,987	846,866	77,121
Public safety	741,514	735,791	5,723
Operations			
Landside operations	689,770	590,568	99,202
Vehicle maintenance	250,651	245,956	4,695
Tenant services	179,409	140,239	39,170
Airport operations	1,327,539	1,313,534	14,005
General and administrative	1,108,006	1,035,450	72,556
Economic development	258,237	300,769	(42,532)
Debt service	202,600	202,600	-
Capital outlay	-	82,732	(82,732)
Total Expenditures	5,819,947	5,632,696	187,251
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	1,368,995	1,584,417	215,422
<b>OTHER FINANCING SOURCES (USES)</b>			
Operating transfers out	(1,264,832)	(716,270)	548,562
<b>EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES</b>	104,163	868,147	763,984
<b>FUND BALANCE, BEGINNING OF YEAR</b>	1,494,823	1,494,823	-
<b><u>FUND BALANCE, END OF YEAR</u></b>	<u>\$ 1,598,986</u>	<u>\$ 2,362,970</u>	<u>\$ 763,984</u>

The accompanying notes are an integral part of the financial statements.



# ENGLAND ECONOMIC AND INDUSTRIAL DEVELOPMENT DISTRICT

JUNE 30, 2003

## NOTES TO FINANCIAL STATEMENTS

### INTRODUCTION

England Economic and Industrial Development District (the District) was created by the State of Louisiana Legislature for the following purposes:

- Accepting title from the United States of America to property included in the England Air Force Base.
- Utilizing that and other property, and all assistance available from the United States government and all other sources, to replace and enhance the economic benefits generated by the former air base with diversified activities.

A Board of Commissioners appointed by various governmental units located within Rapides Parish governs the District. The District has the power to incur debt and issue revenue and general obligation bonds, certificates of indebtedness, anticipation notes, refunding bonds, and the power of taxation, subject to the limitations provided in the revised statutes governing the District.

### 1. SIGNIFICANT ACCOUNTING POLICIES

#### Basis of Presentation

The financial statements of the District have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles.

#### Reporting Entity

GASB Statement No. 14, *The Reporting Entity*, as amended, established criteria for determining the governmental reporting entity and component units that should be included within the reporting entity. Under provisions of this Statement, the District is considered a primary government, since it is a special purpose government that has a separately appointed governing body, is legally separate, and is fiscally independent of other state or local governments. As used in GASB Statement No. 14, fiscally independent means that the District may, without the approval or consent of another governmental entity, determine or modify its own budget, levy its own taxes or set rates or charges, and issue bonded debt. The District also has no component units; defined by GASB Statement No. 14 as other legally separate organizations for which the board members are financially accountable. There are no other primary governments with which the District has a significant relationship.

#### Fund Accounting

The District uses funds and account groups to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities.

# ENGLAND ECONOMIC AND INDUSTRIAL DEVELOPMENT DISTRICT

JUNE 30, 2003

## NOTES TO FINANCIAL STATEMENTS

A fund is a separate accounting entity with a self-balancing set of accounts. An account group, on the other hand, is a financial reporting device designed to provide accountability for certain assets and liabilities that are not recorded in the funds because they do not directly affect net expendable available financial resources.

Governmental funds account for the District's activities, including the collection and disbursement of earmarked monies (special revenue funds), the acquisition or construction of general fixed assets (capital projects funds), and the servicing of general long-term debt (debt service funds). The general fund accounts for all activities of the general government not accounted for in some other fund. At present the District maintains only a general fund and a capital projects fund.

The General Fixed Asset Account Group accounts for fixed assets owned by the District.

The General Long-Term Debt Account Group accounts for the District's long-term debt.

### **Basis of Accounting**

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All government funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

All governmental fund types use the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). "Measurable" means the amount of the transaction can be determined and "available" means the amount is collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The District considers most revenues available if they are collected within 60 days after the fiscal year end. Expenditures are recorded when the related fund liability is incurred.

Those revenues subject to accrual include grants, leases and related fees, and passenger facility charges.

The District may report deferred revenue on its combined balance sheet. Deferred revenues arise when potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period. Deferred revenues also arise when the District receives resources before it has a legal claim to them, as when grant monies are received prior to incurring qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met or when the District has a legal claim to the resources, the liability for deferred revenue is removed from the balance sheet and revenue is recognized.

# ENGLAND ECONOMIC AND INDUSTRIAL DEVELOPMENT DISTRICT

JUNE 30, 2003

## NOTES TO FINANCIAL STATEMENTS

### **Budgets**

The Board of Commissioners adopts an annual operating budget of proposed expenditures and the means of financing them for its general fund in accordance with state law. As allowed by state law, the Board of Commissioners may amend the budget as conditions change. The budget is prepared in accordance with accounting standards generally accepted in the United States of America. All unexpended appropriations expire at the close of the fiscal year.

Project length financial plans are adopted for the capital projects fund. Because these non-operating budgets primarily serve a management control function and related appropriations are continuing in nature, no comparison between budgeted and actual amounts for the capital projects funds is provided in this document.

Although budgets are adopted on a line item basis, the overall level of control is on a cost center basis, i.e., administration, operations, and economic development.

### **Encumbrance Accounting**

Purchase orders, contracts, and other commitments to engage in future expenditures are referred to as encumbrances. Encumbrances are recorded in order to reserve a portion of the applicable appropriation for the anticipated expenditure. All encumbrances expire at the close of the fiscal year.

### **Cash and Cash Equivalents**

Amounts reported as cash and cash equivalents include all cash on hand, cash in bank accounts, certificates of deposit with maturity of three months or less when acquired, and highly liquid investments held in the Louisiana Asset Management Program.

### **Receivables**

Receivables are shown net of the estimated allowance for uncollectible amounts. The uncollectible amounts are based on collection experience and review of the status of existing receivables.

### **Interfund Receivables and Payables**

Interfund receivables and payables occur when transactions between individual funds are executed. These balances are typically liquidated within one year of origination. These interfund receivables and payables, if any, are not eliminated in the preparation of combined financial statements.

### **General Fixed Assets**

General fixed assets are not capitalized in the funds used to acquire or construct them. Instead, capital acquisition and construction are reflected as expenditures in governmental funds, and the related assets are reported in the general fixed assets account group. General fixed assets are reported at historical cost or, if donated, at estimated fair value at the time of receipt.

# ENGLAND ECONOMIC AND INDUSTRIAL DEVELOPMENT DISTRICT

JUNE 30, 2003

## NOTES TO FINANCIAL STATEMENTS

Public domain ("infrastructure") general fixed assets consisting of roads, bridges, curbs and gutters, streets and sidewalks, drainage systems, and lighting systems are not capitalized, as these assets are immovable and of value only to the District.

Assets in the general fixed assets account group are not depreciated.

### **Contingent Tenant Rebates**

Tenants leasing residential homes (houses only, not apartments) are eligible to receive a rebate equal to a maximum of 10% of the first three years of rental payments if the tenant leaves in good standing and applies the rebate to the purchase of a home within Rapides Parish. If these conditions are not met, the rebate reverts to the District and is recorded as lease income.

### **Compensated Absences**

Vested or accumulated vacation leave that is expected to be liquidated with expendable available financial resources is reported as an expenditure and a fund liability of the governmental fund that will pay it. Amounts of vested or accumulated vacation leave of governmental funds not expected to be liquidated with expendable available financial resources are reported in the general long-term debt account group. No accrued current expenditures are reported in the governmental funds, as the amounts are considered immaterial. No liability is recorded for compensated absences that relate to future services or that are contingent on a specific event that is outside the control of the employer and employee.

### **Fund Equity**

Reserves, if any, represent those portions of fund equity legally segregated for a specific future use. Designations, if any, represent tentative plans for future use of financial resources.

### **Use of Estimates**

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

### **Total Columns on Combined Statements – Overview**

Total columns on the combined statements are captioned "memorandum only" to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position, results of operations, or changes in fund balance in conformity with accounting principles generally accepted in the United States of America. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

ENGLAND ECONOMIC AND INDUSTRIAL DEVELOPMENT DISTRICT

JUNE 30, 2003

NOTES TO FINANCIAL STATEMENTS

2. CASH

At year-end, cash and cash equivalents consisted of the following:

Petty Cash	\$	1,200
Cash in bank		1,636,571
Highly liquid investments in the Louisiana Asset Management Pool		<u>6,627,230</u>
	\$	<u>8,265,001</u>

The District's cash in bank, at year-end, was entirely covered by federal depository insurance or by collateral held by the District or its agent in the District's name.

The highly liquid investments held in the Louisiana Asset Management Pool (LAMP), a local government investment pool, are not categorized in the three risk categories provided by GASB because the investment is in the pool of funds and, therefore, not evidenced by securities that exist in physical or book entry form.

LAMP is administered by LAMP, Inc., a non-profit corporation organized under the laws of the State of Louisiana. Only local government entities having contracted to participate in LAMP have an investment interest in its pool of assets. The primary objective of LAMP is to provide a safe environment for the placement of public funds in short-term, high quality investments. The LAMP portfolio includes only securities and other obligations in which local governments in Louisiana are authorized to invest in accordance with state law. Accordingly, LAMP investments are restricted to securities issued, guaranteed, or backed by the United States of America or one of its agencies, as well as repurchase agreements collateralized by those securities, and investment grade (A-1/P-1) commercial paper of domestic United States corporations.

LAMP is designed to be highly liquid to give its participants immediate access to their account balances. The investments in LAMP are stated at fair value based on quoted market rates. LAMP, Inc. is subject to the regulatory oversight of the state treasurer and its board of directors. LAMP is not registered with the SEC as an investment company.

3. RECEIVABLES

	General	Capital Projects
Accounts receivable	\$ 55,842	\$ 61,080
Leases receivable	209,020	
Intergovernmental		1,498,130
Economic development loan	<u>600,000</u>	
Gross receivables	864,862	1,559,210
Allowance for uncollectibles	<u>(131,746)</u>	
Net receivables	\$ 733,116	\$ 1,559,210

**ENGLAND ECONOMIC AND INDUSTRIAL DEVELOPMENT DISTRICT**

**JUNE 30, 2003**

**NOTES TO FINANCIAL STATEMENTS**

The economic development loan consists of a loan to finance part of the construction of a hotel on District property. The interest rate on this loan shall equal the Hibernia National Bank Repo Sweep Standard Overnight Pricing rate plus 0.5% with a minimum of 3.25% and a maximum of 5.00%. The loan shall be repaid in 180 monthly payments, starting in November 2001, with the first 60 payments consisting of the then accrued interest on the outstanding principal balance.

**4. GENERAL FIXED ASSETS**

A summary of changes in general fixed assets is presented below:

	<u>Beginning of Year</u>	<u>Additions</u>	<u>Deletions</u>	<u>End of Year</u>
Land	\$ 2,600,721	\$	\$	\$ 2,600,721
Vehicles, machinery, and equipment	2,897,740	83,544		2,981,284
Buildings and improvements	14,831,343	16,226,066		31,057,409
Capital improvements - plans and studies	1,293,273			1,293,273
Construction in progress	<u>15,638,070</u>	<u>5,236,835</u>	<u>(15,897,693)</u>	<u>4,977,212</u>
	\$37,261,147	\$21,546,445	\$(15,897,693)	\$42,909,899

A summary of significant construction and renovation projects is presented below:

	<u>Project Authorization</u>	<u>Expended To Date</u>	<u>Commitments</u>	<u>Required Further Financing</u>
Airport Projects				
Terminal	\$23,489,552	\$ 4,545,106	\$ 1,278,200	(A)
Taxiways	<u>9,083,778</u>	<u>2,438,177</u>	<u>3,806,772</u>	(A)
	\$32,573,330	\$ 6,983,283	\$ 5,084,972	

(A) The airport projects are funded by federal and state grants, and operating transfers from the General Fund. In addition, the District plans to issue approximately \$6,000,000 in revenue bonds in a future fiscal year to complete construction of the terminal and other projects.

**5. GENERAL LONG-TERM DEBT**

At year-end, general long-term debt consisted of the following:

	<u>Interest Rate</u>	<u>Amount</u>
Accrued compensated absences		\$ 47,757
Certificates of Indebtedness		
Series 1995 – capital projects	6.0%	<u>435,000</u>
		\$ 482,757

The certificates of indebtedness are secured by and payable from a pledge of the excess of annual revenues above statutory, necessary and usual charges incurred by the District.

ENGLAND ECONOMIC AND INDUSTRIAL DEVELOPMENT DISTRICT

JUNE 30, 2003

NOTES TO FINANCIAL STATEMENTS

The annual requirements to amortize outstanding long-term debt, other than compensated absences, including interest of \$40,350 is as follows:

<u>Year Ended June 30<sup>th</sup></u>	
2004	\$ 157,050
2005	158,650
2006	<u>159,650</u>
	\$ 475,350

**Conduit Debt Obligations**

The District issued industrial revenue bonds, to provide financial assistance to private sector entities for the construction of industrial facilities deemed to be in the public interest. These bonds are secured by the property financed and are payable solely from payments received from the underlying mortgage loan. Upon repayment of these bonds, ownership of the acquired facilities transfers to the private-sector entities served by the bond issuance. Neither the District, nor the State, nor any political subdivision thereof is obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements. As of June 30, 2003, the aggregate principal outstanding on these bonds was \$20,740,000.

**6. FUND BALANCES**

**Reserved Fund Balance**

The District is authorized by the Federal Aviation Administration (FAA) to collect Passenger Facility Charges (PFC). In connection with the PFC, the FAA issued a record of decision, which specifies how the PFC funds may be spent. At June 30, 2003, due to the limitations imposed by the record of decision, fund balances in the amount of \$922,265 in the General and Capital Projects Funds are reserved for these specified projects. The amount presented as reserved is based on the amount of unexpended PFC funds that are held by the District plus interest earned on the unexpended PFC funds.

**Designated Fund Balances**

Designations represent tentative plans for the future use of financial resources. At year-end, the Board of Commissioners has designated fund balances for use in the following manner:

	<u>General Fund</u>	<u>Capital Projects Funds</u>
Capital improvements	\$ 2,342,131	\$ 5,583,311
Operating reserve	<u>2,342,131</u>	<u>5,583,311</u>
	\$ 2,342,131	\$ 5,583,311

# ENGLAND ECONOMIC AND INDUSTRIAL DEVELOPMENT DISTRICT

JUNE 30, 2003

## NOTES TO FINANCIAL STATEMENTS

### 7. RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks of loss are covered by a comprehensive commercial insurance policy and workers compensation insurance. Claims resulting from these risks have historically not exceeded insurance coverage.

### 8. CONTINGENCIES

The District is party to legal proceedings involving suits filed against the District for various reasons. Some of these suits claim damages that are material in amount. The amount of losses, if any, that may arise from these suits cannot be reasonably estimated. Management does not believe that the District is exposed to any material losses not covered by insurance. No provision for losses is included in the financial statements.

The District receives grants for specific purposes that are subject to review and audit by the grantor agencies. Such audits could result in a request for reimbursement for disallowed costs under the terms of the grant agreements. In the opinion of management, such disallowance, if any, would be insignificant.

### 9. LEASES

As mentioned previously, the District is responsible for utilizing the property formerly known as England Air Force Base. In order to fulfill this responsibility, the District has executed a lease agreement with the United States Air Force. In order to replace and enhance the economic benefits generated by the former air base, the District leases a portion of the property to tenants in a manner that is expected to have a positive effect on the local economy. Details regarding the District's leasing activities are provided as follows:

#### **Lease Agreement with the United States Air Force**

Title to a portion formally known as England Air Force Base has been granted to the District. The District occupies the remainder of the property under a lease agreement with the United States Air Force. As consideration for the rights received under the lease, the District is required to maintain the property, provide security and furnish fire protection.

The lease has an initial term of 55 years; however, the District expects to receive title to the remaining leased property before the initial term expires. If necessary, the District has an option to renew the lease for an additional term upon expiration of the initial term. Furthermore, either party may cancel the lease without cause provided the party canceling the lease furnishes 30 days written notice.

#### **Leasing Operations**

One of the District's primary activities and sources of income is leasing property to various tenants. Since most of the property utilized in this activity is subject to the District's lease arrangement with the United States Air Force, its lease agreements with the tenants are structured as subleases.



ENGLAND ECONOMIC AND INDUSTRIAL DEVELOPMENT DISTRICT

JUNE 30, 2003

NOTES TO FINANCIAL STATEMENTS

The subleases' terms include provisions for automatic termination of the subleases if the primary lease with the Air Force is terminated.

Future minimum rentals on non-cancelable subleases for the next five years and in aggregate are presented as follows:

<u>Year Ended June 30<sup>th</sup></u>	<u>Future Minimum Lease Payments</u>
2004	\$ 2,673,704
2005	1,085,035
2006	829,675
2007	611,720
2008	441,485
	<u>\$ 5,641,619</u>

Contingent rental income included in the accompanying financial statements as lease revenues and related fees totaled \$683,567.

**10. GASB 34 IMPLEMENTATION**

In June 1999, the Governmental Accounting Standards Board (GASB) approved Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*. GASB Statement No. 34 established new financial reporting requirements for all state and local governments, consisting of the following:

- A. Management Discussion and Analysis (MD&A) section providing an analysis of the government entity's overall financial position and results of operations.
- B. Basic Financial Statements:
  - 1) Government-wide financial statements prepared using the economic resources measurement focus and the accrual basis of accounting. These statements are designed to provide a broad overview of a government entity's finances, in a manner similar to private sector business.
  - 2) Fund financial statements, consisting of a series of statements that focus on a government's major governmental funds, using the modified accrual basis of accounting, and enterprise funds, if any.
  - 3) Notes to the financial statements that include various disclosures for the government-wide and fund financial statements to ensure that a complete picture is presented.
  - 4) Required supplementary information, such as budgetary comparison schedules.

# ENGLAND ECONOMIC AND INDUSTRIAL DEVELOPMENT DISTRICT

JUNE 30, 2003

## NOTES TO FINANCIAL STATEMENTS

In addition, this new GASB statement requires depreciation expense to be reported in the government-wide financial statements. However, depreciation expense will not be reported in the fund statements that use the modified accrual basis of accounting.

GASB 34 becomes effective for the District and the general provisions will be implemented for the fiscal year ending June 30, 2004.

### 11. SUBSEQUENT EVENT

On November 25, 2003, the District issued \$6,000,000 of revenue bonds for the purpose of constructing a new airport terminal building, roadway and parking aprons and acquiring all appurtenant equipment, accessories and properties, both real and personal and paying the costs incurred with the issuance thereof.

The revenue bonds will be payable from and secured by a pledge and dedication of first, revenues from Passenger Facility Charges and second, excess revenues of the District and after provision has been made for the payments required by any outstanding certificates of indebtedness. The bonds have an interest rate of 5.5% and will mature ratably until April 1, 2018.

**INDIVIDUAL FUND FINANCIAL STATEMENTS**

### **GENERAL FUND**

This fund is the general operating fund of the District. It accounts for operations traditionally associated with the District, which are not required to be accounted for in another fund.

**ENGLAND ECONOMIC AND INDUSTRIAL DEVELOPMENT DISTRICT  
GENERAL FUND  
BALANCE SHEET  
JUNE 30, 2003**

**EXHIBIT D-1**

**ASSETS**

Cash and cash equivalents		\$ 2,082,768
Receivables		
Accounts		55,842
Leases		209,020
Economic development loans		600,000
Allowance for uncollectibles		(131,746)
Prepaid expenses		<u>103,590</u>
<b><u>TOTAL ASSETS</u></b>		<b><u>\$ 2,919,474</u></b>

**LIABILITIES AND FUND EQUITY**

**LIABILITIES**

Accounts and contracts payable		\$ 255,960
Accrued expenses and other payables		39,749
Due to other governments		28,861
Deferred revenue		29,224
Tenant deposits		67,601
Contingent tenant rebates		<u>135,109</u>
Total Liabilities		556,504

**FUND BALANCE**

Reserved for PFC Projects		20,839
Unreserved - designated		<u>2,342,131</u>
Total Fund Balance		<u>2,362,970</u>

<b><u>TOTAL LIABILITIES AND FUND EQUITY</u></b>		<b><u>\$ 2,919,474</u></b>
---	--	----------------------------

The accompanying notes are an integral part of the financial statements.

**ENGLAND ECONOMIC AND INDUSTRIAL DEVELOPMENT DISTRICT  
GENERAL FUND  
STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2003**

EXHIBIT D-2  
(Continued)

	Budget	Actual	Variance Favorable (Unfavorable)
<b>REVENUES</b>			
Lease revenue and related fees			
Landside leases and related fees	\$ 3,679,685	\$ 3,727,912	\$ 48,227
Airport leases and related fees	3,319,393	3,335,450	16,057
Investment income	133,156	130,349	(2,807)
Miscellaneous	56,708	23,402	(33,306)
Total Revenues	7,188,942	7,217,113	28,171
<b>EXPENDITURES</b>			
Current			
General government			
Executive division			
Salaries	110,082	110,082	-
Employee benefits	28,152	28,109	43
Totals	138,234	138,191	43
Administrative division			
Salaries	192,878	192,879	(1)
Employee benefits	63,447	63,443	4
Professional services	128,886	127,830	1,056
Insurance	309,714	309,774	(60)
Telephone	23,648	21,450	2,198
Office supplies and expenses	52,803	43,046	9,757
Provision for doubtful accounts		8,405	(8,405)
Other	152,611	80,039	72,572
Totals	923,987	846,866	77,121
Public safety			
Fire protection	363,481	363,482	(1)
Security	378,033	372,309	5,724
Totals	741,514	735,791	5,723

The accompanying notes are an integral part of the financial statements.

**ENGLAND ECONOMIC AND INDUSTRIAL DEVELOPMENT DISTRICT  
GENERAL FUND  
STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2003**

**EXHIBIT D-2  
(Continued)**

	Budget	Actual	Variance Favorable (Unfavorable)
<b>Operations</b>			
Landside Operations			
Salaries	\$ 226,661	\$ 226,180	\$ 481
Employee benefits	72,170	72,262	(92)
Repairs and maintenance	279,002	185,932	93,070
Waste collection	50,227	45,949	4,278
Supplies	61,710	60,245	1,465
Totals	689,770	590,568	99,202
Vehicle maintenance			
Salaries	63,739	63,739	-
Employee benefits	19,818	19,872	(54)
Repairs and maintenance	134,351	132,588	1,763
Fuel and oil	32,743	29,757	2,986
Totals	250,651	245,956	4,695
Tenant services	179,409	140,239	39,170
Airport operations			
Salaries	226,496	226,826	(330)
Employee benefits	98,771	98,923	(152)
Professional services	48,257	25,349	22,908
Repairs and maintenance	36,486	39,910	(3,424)
Fire protection	577,534	572,374	5,160
Security	59,916	59,916	-
Supplies	280,079	290,236	(10,157)
Totals	1,327,539	1,313,534	14,005

The accompanying notes are an integral part of the financial statements.

**ENGLAND ECONOMIC AND INDUSTRIAL DEVELOPMENT DISTRICT  
GENERAL FUND  
STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2003**

EXHIBIT D-2  
(Concluded)

	Budget	Actual	Variance Favorable (Unfavorable)
General and administrative			
Salaries	\$ 97,304	\$ 97,304	\$ -
Employee benefits	24,324	24,277	47
Professional services	228,109	228,607	(498)
Utilities	664,091	659,516	4,575
Repairs and maintenance	97	89	8
Telephone	19,879	18,743	1,136
Office supplies and expenses	4,762	5,479	(717)
Other	69,440	1,435	68,005
Totals	1,108,006	1,035,450	72,556
Economic development			
Salaries	68,103	68,103	-
Employee benefits	17,023	16,992	31
Marketing	173,111	215,674	(42,563)
Totals	258,237	300,769	(42,532)
Debt service	202,600	202,600	-
Capital outlay	-	82,732	(82,732)
Total Expenditures	5,819,947	5,632,696	187,251
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	1,368,995	1,584,417	215,422
<b>OTHER FINANCING SOURCES (USES)</b>			
Operating transfers out	(1,264,832)	(716,270)	548,562
<b>EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER USES</b>	104,163	868,147	763,984
<b>FUND BALANCE, BEGINNING OF YEAR</b>	1,494,823	1,494,823	-
<b><u>FUND BALANCE, END OF YEAR</u></b>	<u>\$ 1,598,986</u>	<u>\$ 2,362,970</u>	<u>\$ 763,984</u>

The accompanying notes are an integral part of the financial statements.



### **CAPITAL PROJECT FUND**

The Capital Project Fund accounts for financial resources used for the acquisition or construction of major capital additions.

**ENGLAND ECONOMIC AND INDUSTRIAL DEVELOPMENT DISTRICT  
CAPITAL PROJECTS FUND  
BALANCE SHEET  
JUNE 30, 2003**

**EXHIBIT E-1**

**ASSETS**

Cash and cash equivalents	\$ 6,182,233
Receivables	
Accounts	61,080
Intergovernmental	<u>1,498,130</u>
<b><u>TOTAL ASSETS</u></b>	<b><u>\$ 7,741,443</u></b>

**LIABILITIES AND FUND EQUITY**

**LIABILITIES**

Accounts and contracts payable	\$ 1,256,706
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**FUND BALANCE**

Reserved for PFC Projects	901,426
Unreserved - designated for capital projects	<u>5,583,311</u>
Total Fund Balance	<u>6,484,737</u>

**TOTAL LIABILITIES AND FUND EQUITY**

**\$ 7,741,443**

The accompanying notes are an integral part of the financial statements.

**ENGLAND ECONOMIC AND INDUSTRIAL DEVELOPMENT DISTRICT  
CAPITAL PROJECTS FUND  
STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE  
YEAR ENDED JUNE 30, 2003**

**EXHIBIT E-2**

**REVENUES**

Intergovernmental	
Federal	\$ 3,878,185
State	2,633,726
Passenger facility charges	398,215
Miscellaneous	<u>75</u>
Total Revenues	6,910,201

**EXPENDITURES**

Current	
PFC Application	7,676
Disadvantaged business enterprise program	240,000
Capital outlay	
Landside related projects	
Golf course expansion	2,576,035
Other	326,090
Airport related projects	
Terminal	2,517,854
Taxiways and aprons	1,821,825
Other	<u>398,354</u>
Total Expenditures	<u>7,887,834</u>

**EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES** (977,633)

**OTHER FINANCING SOURCES (USES)**

    Operating transfers in (out) 716,270

**EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING  
SOURCES OVER EXPENDITURES AND OTHER USES** (261,363)

**FUND BALANCE, BEGINNING OF YEAR** 6,746,100

**FUND BALANCE, END OF YEAR** \$ 6,484,737

The accompanying notes are an integral part of the financial statements.

**ADDITIONAL INFORMATION**

**ENGLAND ECONOMIC AND INDUSTRIAL DEVELOPMENT DISTRICT  
 SCHEDULE OF EXPENDITURES OF FEDERAL FINANCIAL ASSISTANCE  
 FOR THE YEAR ENDED JUNE 30, 2003**

**SCHEDULE 1**

	<u>Federal CFDA Number</u>	<u>Federal Expenditures</u>
<b>FEDERAL GRANTOR</b>		
US Department of Transportation		
Direct Programs		
Airport Improvement Program	20.106	\$ 3,878,185

**Notes:**

The accompanying schedule of expenditures of federal awards is presented on the modified accrual basis of accounting. Note 1 to the financial statements provides additional information relative to the District's accounting policies.

The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in or used in the preparation of the general purpose financial statements.

No federal funds were awarded to subrecipients during the year ended June 30, 2003.

See independent auditor's report.

**OTHER REPORTS AND INFORMATION REQUIRED BY  
GOVERNMENT AUDITING STANDARDS  
OR LOUISIANA GOVERNMENTAL AUDIT GUIDE**



PAYNE, MOORE & HERRINGTON, LLP

CERTIFIED PUBLIC ACCOUNTANTS

**Report On Compliance And On Internal Control Over Financial Reporting  
Based On An Audit Of Financial Statements Performed In  
Accordance With Government Auditing Standards**

The Board of Commissioners  
England Economic and Industrial Development District

We have audited the general-purpose financial statements and the individual fund and account group financial statements of the England Economic and Industrial Development District, as of and for the year ended June 30, 2003, and have issued our report thereon dated October 30, 2003. 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 England Economic and Industrial Development District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws and regulations, 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*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the England Economic and Industrial Development District 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 of 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.

MARVIN A. JONEAU, C.P.A.

ROBERT L. LITTON, C.P.A.

REBECCA B. MORRIS, C.P.A.

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PAYNE, MOORE & HERRINGTON, LLP

The Board of Commissioners  
England Economic and Industrial Development District

This report is intended solely for the information and use of the Board of Commissioners and management of the England Economic and Industrial Development District, and the Legislative Auditor of the State of Louisiana. It is not intended to be and should not be used by anyone other than these specified parties. However, under Louisiana Revised Statute 24:513, this report is in fact a public document.

*Payne, Moore & Herrington, LLP*  
Certified Public Accountants

October 30, 2003





PAYNE, MOORE & HERRINGTON, LLP

CERTIFIED PUBLIC ACCOUNTANTS

**Report On Compliance With Requirements  
Applicable To Each Major Program And Internal Control Over  
Compliance In Accordance With OMB Circular A-133**

The Board of Commissioners  
England Economic and Industrial Development District

**Compliance**

We have audited the compliance of the England Economic and Industrial Development District with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the year ended June 30, 2003. The England Economic and Industrial Development District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the England Economic and Industrial Development District's management. Our responsibility is to express an opinion on the England Economic and Industrial Development District's compliance based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the England Economic and Industrial Development District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the England Economic and Industrial Development District's compliance with those requirements.

In our opinion the England Economic and Industrial Development District complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2003.

MARVIN A. JUNEAU, C.P.A.

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PAYNE, MOORE & HERRINGTON, LLP

The Board of Commissioners  
England Economic and Industrial Development District

**Internal Control Over Compliance**

The management of the England Economic and Industrial Development District is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the England Economic and Industrial Development District's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirement of laws, regulations, contracts, and grants that would be material in relation to a major federal program 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 compliance and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of the Board of Commissioners and management of the England Economic and Industrial Development District, and the Legislative Auditor of the State of Louisiana. It is not intended to be and should not be used by anyone other than these specified parties. However, under Louisiana Revised Statute 24:513, this report is in fact a public document.

*Payne Moore & Herrington, LLP*  
Certified Public Accountants

October 30, 2003

**ENGLAND ECONOMIC AND INDUSTRIAL DEVELOPMENT DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2003**

**SECTION I - SUMMARY OF AUDITOR'S RESULTS**

**Financial Statements**

Type of auditor's report issued:	Unqualified	
Internal control over financial reporting:		
Material weaknesses identified?	<input type="checkbox"/> yes	<input checked="" type="checkbox"/> no
Reportable conditions identified that are not considered to be material weaknesses?	<input type="checkbox"/> yes	<input checked="" type="checkbox"/> none reported
Possible Noncompliance material to financial statements noted?	<input type="checkbox"/> yes	<input checked="" type="checkbox"/> no
<i>Management's Corrective Action Plan</i>	<i>Not Applicable</i>	
<i>Management's Summary Schedule of Prior Audit Findings</i>	<i>See Attached</i>	
<i>Memorandum of Recommendations and Other Comments</i>	None	

**Federal Awards**

Internal control over major programs:		
Material weaknesses identified?	<input type="checkbox"/> yes	<input checked="" type="checkbox"/> no
Reportable conditions identified that are not considered to be material weaknesses?	<input type="checkbox"/> yes	<input checked="" type="checkbox"/> none reported
Type of auditor's report issued on compliance for major programs:	Unqualified	
Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133?	<input type="checkbox"/> yes	<input checked="" type="checkbox"/> no

**ENGLAND ECONOMIC AND INDUSTRIAL DEVELOPMENT DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2003**

Identification of major programs:

**CFDA Number**

**Name of Federal Program**

20.106

Airport Improvement Program

Dollar threshold used to distinguish  
between type A and type B programs:

\$300,000

Auditee qualified as low-risk auditee?

yes

no

**SECTION II - FINANCIAL STATEMENT FINDINGS**

None.

**SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS**

None.

**ENGLAND ECONOMIC AND INDUSTRIAL DEVELOPMENT DISTRICT  
MANAGEMENT'S SCHEDULE OF PRIOR YEAR FINDINGS  
YEAR ENDED JUNE 30, 2003**

**FINDING 2002-01**

**QUESTION CONCERNING ARTICLE 7, SECTION 14**

Resolved.

**REPORT AND OTHER INFORMATION REQUIRED BY  
*PASSENGER FACILITY CHARGE AUDIT GUIDE FOR PUBLIC AGENCIES***



PAYNE, MOORE & HERRINGTON, LLP

CERTIFIED PUBLIC ACCOUNTANTS

**Report On Compliance Applicable To  
The Passenger Facility Charge Program and On Internal Control Over Compliance  
In Accordance With The *Passenger Facility Charge Audit Guide For Public Agencies***

The Board of Commissioners  
England Economic and Industrial Development District

**Compliance**

We have audited the compliance of the England Economic and Industrial Development District with the compliance requirements described in the *Passenger Facility Charge Audit Guide for Public Agencies*, issued by the Federal Aviation Administration (Guide), for its passenger facility charge program for the year ended June 30, 2003. Compliance with the requirements of laws and regulations applicable to its passenger facility charge program is the responsibility of the England Economic and Industrial Development District's management. Our responsibility is to express an opinion on the England Economic and Industrial Development District's compliance based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *Passenger Facility Charge Audit Guide for Public Agencies*, issued by the Federal Aviation Administration. Those standards and the Guide require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on the passenger facility charge program occurred. An audit includes examining, on a test basis, evidence about the England Economic and Industrial Development District's compliance with those requirements and performing such other procedures, as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the England Economic and Industrial Development District's compliance with those requirements.

In our opinion the England Economic and Industrial Development District complied, in all material respects, with the requirements referred to above that are applicable to each of its passenger facility program for the year ended June 30, 2003.

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L. PAUL WOOD, C.P.A.



PAYNE, MOORE & HERRINGTON, LLP

The Board of Commissioners  
England Economic and Industrial Development District

### **Internal Control Over Compliance**

The management of the England Economic and Industrial Development District is responsible for establishing and maintaining effective internal control over compliance with requirements of laws and regulations applicable to its passenger facility charge program. In planning and performing our audit, we considered the England Economic and Industrial Development District's internal control over compliance with requirements that could have a direct and material effect on its passenger facility charge program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance with the Guide.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirement of laws and regulations that would be material in relation to the passenger facility charge program 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 compliance and its operation that we consider to be material weaknesses.

### **Schedule of Expenditures of Passenger Facility Charges**

We have audited the general-purpose financial statements and the individual fund and account group financial statements of the England Economic and Industrial Development District, as of and for the year ended June 30, 2003, and have issued our report thereon dated October 30, 2003. Our audit was made for the purpose of forming an opinion on the general-purpose financial statements taken as a whole and on the individual fund and account group financial statements of the England Economic and Industrial Development District. The accompanying schedule of passenger facility charges revenue and disbursements as required by the Federal Aviation Administration's *Passenger Facility Charge Audit Guide for Public Agencies*, is presented for purposes of additional analysis and is not a required part of the financial statements of the England Economic and Industrial Development District. Such information has been subjected to the auditing procedures applied in the audit of the general-purpose, individual fund and account group financial statements and, in our opinion, is fairly presented in all material respects in relation to the financial statements of each of the respective individual funds and account groups taken as a whole.





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PAYNE, MOORE & HERRINGTON, LLP

The Board of Commissioners  
England Economic and Industrial Development District

This report is intended solely for the information and use of the Board of Commissioners and management of the England Economic and Industrial Development District, the Legislative Auditor of the State of Louisiana, and the Federal Aviation Administration. It is not intended to be and should not be used by anyone other than these specified parties. However, under Louisiana Revised Statute 24:513, this report is in fact a public document.

*Payne Moore & Herrington, LLP*  
Certified Public Accountants

October 30, 2003

**ENGLAND ECONOMIC AND INDUSTRIAL DEVELOPMENT DISTRICT  
SCHEDULE OF PASSENGER FACILITY CHARGES REVENUE AND DISBURSEMENTS**

**SCHEDULE 2**

	6/30/02 Cumulative Program Totals	Year Ending June 30, 2003								6/30/03 Cumulative Program Totals	
		Quarter 1		Quarter 2		Quarter 3		Quarter 4			FY - 03 Total
		Jul. - Sept.	Oct. - Dec.	Jan. - March	Apr. - Jun.						
<b>Revenue</b>											
Collections	\$ 904,820	115,313	91,082	86,479	103,109	395,983				\$ 1,300,803	
Interest	10,936	2,316	2,516	2,359	2,713	9,904				20,840	
<b>Total Revenue</b>	<b>915,756</b>	<b>117,629</b>	<b>93,598</b>	<b>88,838</b>	<b>105,822</b>	<b>405,887</b>				<b>1,321,643</b>	
<b>Disbursements</b>											
APP 99-01-C-00-AEX											
ARFF Vehicle	343,967	-	-	-	-	-	-	-	-	343,967	
Terminal construction	-	-	-	-	-	-	-	-	-	-	
Terminal financing and interest	-	-	-	-	-	-	-	-	-	-	
PFC Application Fees	55,411	-	-	-	-	-	-	-	-	55,411	
<b>Total APP 99-01-C-00-AEX</b>	<b>399,378</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>399,378</b>	
<b>Net PFC Revenue</b>	<b>516,378</b>	<b>117,629</b>	<b>93,598</b>	<b>88,838</b>	<b>105,822</b>	<b>405,887</b>				<b>922,265</b>	
<b>Unexpended PFC Funds, Beginning of Period</b>		516,378	634,007	727,605	816,443	516,378					
<b>PFC Account Balance, End of Period</b>	<b>\$ 516,378</b>	<b>\$ 634,007</b>	<b>\$ 727,605</b>	<b>\$ 816,443</b>	<b>\$ 922,265</b>	<b>\$ 922,265</b>				<b>\$ 922,265</b>	

**Notes:**

The accompanying schedule of passenger facility charges revenue and disbursements is prepared on the cash basis of accounting in accordance with the requirements of the Federal Aviation Administration. Therefore, some amounts presented in this schedule may differ from amounts presented in or used in the preparation of the general purpose financial statements. Note 1 to the financial statements provides additional information relative to the District's accounting policies.

**ENGLAND ECONOMIC AND INDUSTRIAL DEVELOPMENT DISTRICT  
PASSENGER FACILITY CHARGE PROGRAM AUDIT SUMMARY  
FOR THE YEAR ENDED JUNE 30, 2003**

- |     |   |                          |                     |
|-----|---|--------------------------|---------------------|
| 1.  | Type of report issued on PFC financial statements.  | <u>  X  </u> Unqualified | <u>  </u> Qualified |
| 2.  | Type of report on PFC compliance.   | <u>  X  </u> Unqualified | <u>  </u> Qualified |
| 3.  | Quarterly Revenue and Disbursements reconcile with submitted quarterly reports and reported un-liquidated revenue matches actual amounts.         | <u>  X  </u> Yes         | <u>  </u> No        |
| 4.  | PFC Revenue and Interest is accurately reported on FAA Form 5100-127.   | <u>  X  </u> Yes         | <u>  </u> No        |
| 5.  | The Public Agency maintains a separate financial accounting record for each application.  | <u>  X  </u> Yes         | <u>  </u> No        |
| 6.  | Funds disbursed were for PFC eligible items as identified in the FAA Decision to pay only for the allowable costs of the projects.                | <u>  </u> Yes            | <u>  </u> No        |
|     | <b><i>No disbursements for PFC eligible items this year.</i></b>  | <u>  X  </u> N/A         |                     |
| 7.  | Monthly carrier receipts were reconciled with quarterly carrier reports.  | <u>  X  </u> Yes         | <u>  </u> No        |
| 8.  | PFC revenues were maintained in a separate interest-bearing capital account or commingled only with other interest-bearing airport capital funds. | <u>  X  </u> Yes         | <u>  </u> No        |
| 9.  | Serving carriers were notified of PFC program actions/changes approved by the FAA.  | <u>  X  </u> Yes         | <u>  </u> No        |
| 10. | Quarterly Reports were transmitted (or available via website) to remitting carriers.  | <u>  X  </u> Yes         | <u>  </u> No        |
| 11. | The Public Agency is in compliance with Assurances 5, 6, 7 and 8.   | <u>  X  </u> Yes         | <u>  </u> No        |
| 12. | Project design and implementation is carried out in accordance with Assurance 9.  | <u>  X  </u> Yes         | <u>  </u> No        |
| 13. | Program administration is carried out in accordance with Assurance 10.  | <u>  X  </u> Yes         | <u>  </u> No        |
| 14. | For those public agencies with excess revenue, a plan for the use of this revenue has been submitted to the FAA for review and concurrence.       | <u>  X  </u> Yes         | <u>  </u> No        |
|     |   | <u>  </u> N/A            |                     |