

England Economic and Industrial Development District

Alexandria, Louisiana

June 30, 2010

England Economic and Industrial Development District

June 30, 2010

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PAYNE, MOORE & HERRINGTON, LLP

CERTIFIED PUBLIC ACCOUNTANTS

Established 1946

Independent Auditor's Report

The Board of Commissioners
England Economic and Industrial Development District

We have audited the accompanying basic financial statements of the England Economic and Industrial Development District, Alexandria, Louisiana, as of and for the year ended June 30, 2010, as listed in the table of contents. These financial statements are the responsibility of the England Economic and Industrial Development District's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the 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 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, 2010, and the changes in financial position and its cash flows 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 December 22, 2010, on our consideration of the England Economic and Industrial Development District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

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PAYNE, MOORE & HERRINGTON, LLP

The Board of Commissioners
England Economic and Industrial Development District

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 12 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements of the England Economic and Industrial Development District. The accompanying financial information listed as "Additional Information" in the table of contents, including the 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*, is presented for purposes of additional analysis and is not a required part of the basic financial statements of the England Economic and Industrial Development District. This additional information, including the accompanying schedule of expenditures of federal awards, is the responsibility of management and was derived from and related directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Payne, Moore & Herrington, LLP

Certified Public Accountants

December 22, 2010

**Required Supplemental Information
Management's Discussion and Analysis**

**England Economic and Industrial Development District
June 30, 2010**

Management's Discussion and Analysis (MD&A)

Introduction

The Management's Discussion and Analysis (MD&A) of the England Economic & Industrial Development District's (District) financial performance provides an overall review of the District's financial activities for the fiscal year ended June 30, 2010. The intent of this discussion and analysis is to look at the District's financial performance as a whole. Readers should also review the financial statements and the notes to the financial statements to enhance their understanding of the England Economic & Industrial Development District's financial performance.

Financial and Operating Highlights

A summary of the District's financial and operating highlights for the year ended **June 30, 2010** is as follows:

- Assets exceeded liabilities by \$167,613,748 at June 30, 2010. Of this amount \$161,467,589 is related to capital assets. \$5,817,776 is unrestricted and \$328,383 is passenger facility charge fees that have been collected and unspent as of year end and that are dedicated for the repayment of bonds issued for the construction of a new terminal building.
- Net assets increased \$8,068,287. This was primarily due to capital grants received for various airport projects during the year totaling \$10,611,483.
- \$8,494,229 in new construction improvements were added to the Airpark.
- Alexandria International Airport (AEX), during the current fiscal year, had 166,325 enplanements, 142,816 deplanements and 36,017 air operations.
- AEX handled 21,897 pounds of commercial air freight and 17,243,550 pounds of military air freight, 116,670 parked cars and sold 4,212,762 gallons of fuel this fiscal year.
- 1,094,057 square feet of commercial space were leased on the Airpark by over 60 tenants. The District also leased 158 residential units onsite.

A summary of the District's financial and operating highlights for the year ended **June 30, 2009** is as follows:

- Assets exceeded liabilities by \$159,545,461 at June 30, 2009. Of this amount \$155,406,782 is related to capital assets. \$4,130,699 is unrestricted and \$7,980 is passenger facility charge fees that have been collected and unspent as of year end and that are dedicated for the repayment of bonds issued for the construction of a new terminal building.
- Net assets increased \$4,238,326. This was primarily due to capital grants received for various airport projects during the year totaling \$7,409,248.
- \$3,923,809 in new construction improvements were added to the Airpark.
- Alexandria International Airport (AEX), during the current fiscal year, had 148,673 enplanements, 148,143 deplanements and 38,372 air operations.
- AEX handled 37,321 pounds of commercial air freight and 20,195,270 pounds of military air freight, 118,806 parked cars and sold 3,673,437 gallons of fuel this fiscal year.
- 1,117,454 square feet of commercial space were leased on the Airpark by over 60 tenants. The District also leased 157 residential units onsite.

**England Economic and Industrial Development District
June 30, 2010**

Management's Discussion and Analysis (MD&A)

Overview of the Financial Statements

The District's basic financial statements are prepared in accordance with generally accepted accounting principles promulgated by the Governmental Accounting Standards Board (GASB). The District is structured as single enterprise fund using proprietary fund (enterprise fund) accounting. Under this method of accounting an economic resources measurement focus and an accrual basis of accounting is used. Revenue is recorded when earned and expenses are recorded when incurred.

The *Statement of Net Assets* presents information on all of the District's assets less liabilities which results in net assets. The statement is designed to display the financial position of the District as of the end of the fiscal year. Over time, increases and decreases in net assets help determine whether the District's financial position is improving or deteriorating.

The *Statement of Revenues, Expenses, and Changes in Net Assets* provides information which shows how the District's net assets changed as a result of the year's activities. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Therefore, certain revenues and expenses are reported in this statement for some items that will result in cash flows in future periods. Revenues are categorized as either operating or non-operating in accordance with definitions set forth in GASB 33 and GASB 34.

The *Statement of Cash Flows* reports information showing how the District's cash and cash equivalent position changed during the year. This statement classifies cash receipts and cash payments for the fiscal year resulting from operating activities, capital and related financing activities, and investing activities.

Notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the statements. The notes to the financial statements follow the basic financial statements.

Financial Analysis of the District

The following schedule presents a summary of net assets as of:

	<u>June 30, 2010</u>	<u>June 30, 2009</u>
Current and other assets	\$ 8,964,381	\$ 6,599,702
Capital assets	<u>166,629,311</u>	<u>160,805,782</u>
Total assets	\$ 175,593,692	\$ 167,405,484
Current and other liabilities	\$ 2,970,361	\$ 2,273,606
Noncurrent liabilities	<u>5,009,583</u>	<u>5,586,417</u>
Total liabilities	\$ 7,979,944	\$ 7,860,023
Net assets:		
Invested in capital assets, net of related debt	\$ 161,467,589	\$ 155,406,782
Restricted	328,383	7,980
Unrestricted	<u>5,817,776</u>	<u>4,130,699</u>
Total net assets	<u>\$ 167,613,748</u>	<u>\$ 159,545,461</u>

**England Economic and Industrial Development District
June 30, 2010**

Management's Discussion and Analysis (MD&A)

The District's assets exceeded liabilities by \$167,613,748 at June 30, 2010 and by \$159,545,461 at June 30, 2009. The majority of the District's net assets are invested in capital assets (land, buildings, and equipment) owned by the District. These assets are not available for future expenditures since they will not be sold. Restricted assets of the District are limited as to their use. These funds are restricted by law or some other outside source as to how they can be utilized. The restricted net assets are not available for new spending because they have already been committed as follows:

	<u>June 30, 2010</u>	<u>June 30, 2009</u>
Passenger facility charges	\$ 328,383	\$ 7,980
Total Restricted	<u>\$ 328,383</u>	<u>\$ 7,980</u>

Unrestricted net assets are the part of net assets that can be used to finance day-to-day operations without constraints established by enabling legislation, debt covenants, or other legal requirements. This amount consists of a 25% operating reserve along with funds designated by management to go towards existing capital projects.

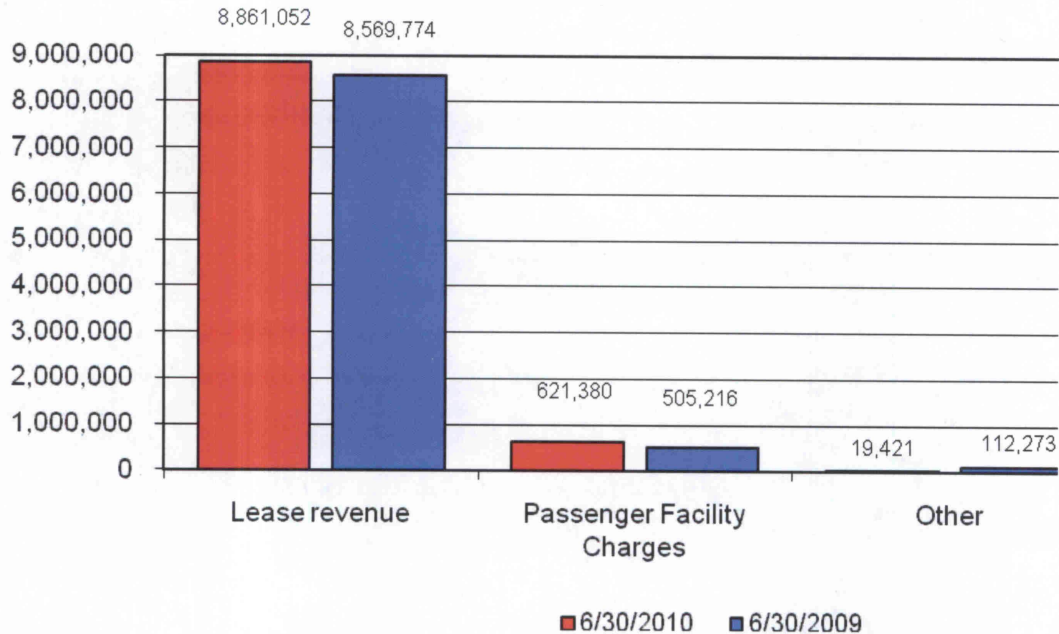
A summary of the District's changes in net assets are reflected in the following schedule:

	<u>June 30, 2010</u>	<u>June 30, 2009</u>
Operating Revenues		
(Leases revenues, passenger facility charges and other)	\$ 9,501,853	\$ 9,187,263
Operating Expenses	<u>20,482,985</u>	<u>14,544,821</u>
Operating Income (Loss)	\$ (10,981,132)	\$ (5,357,558)
Non-operating revenues (expenses)	<u>8,436,151</u>	<u>359,282</u>
Income (Loss) Before Contributions	\$ (2,544,981)	\$ (4,998,276)
Capital grants and contributions	<u>10,613,268</u>	<u>9,236,602</u>
Changes in net assets	\$ 8,068,287	\$ 4,238,326

England Economic and Industrial Development District
June 30, 2010

Management's Discussion and Analysis (MD&A)

The following is a graphic representation of the components of operating revenues:



- Lease revenue includes revenues derived from leases for commercial buildings and equipment, residential housing, and fees from other types of services at the Airpark. This revenue source increased by \$291,278 basically because of the implementation of a contract facility charge imposed on car rentals during the current fiscal year.
- Passenger facility charges (PFC's) are fees imposed when an airline ticket is purchased and can be used only for purposes outlined in the District's PFC application. The current use for these fees is to pay debt service on the outstanding bonds for the construction costs of the new terminal project. These fees increased \$116,164 over last year due to an increase in the number of passengers enplaned at Alexandria International Airport.
- Other revenues include various charges for property damages, missing inventory items and other assorted fees. This amount decreased in fiscal year ended June 30, 2010 primarily due to an insurance settlement related to storm damage at some of the buildings received in the prior year.

Non-operating revenues (expenses) include interest revenues, grant proceeds that are received for non capital purposes, the gain or loss recorded on the sale or disposition of property, and interest expense on bonds and other debt.

Capital grants and public contributions include Federal airport improvement program funds, state aviation trust fund grants, and state capital outlay funds along with contributions from the general public and donations of property from other agencies.

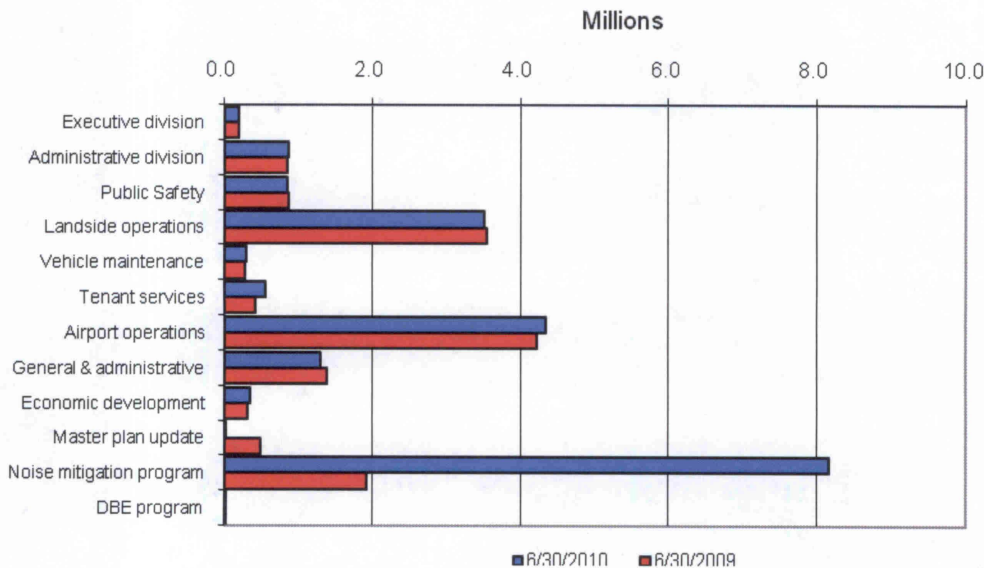
A summary of the District's operating expenses, including depreciation, are reflected in the following schedule:

**England Economic and Industrial Development District
June 30, 2010**

Management's Discussion and Analysis (MD&A)

	<u>June 30, 2010</u>	<u>June 30, 2009</u>
Executive division	\$ 198,414	\$ 196,371
Administrative division	866,059	859,085
Public Safety	852,760	870,786
Landside operations	3,508,970	3,541,002
Vehicle maintenance	296,947	288,829
Tenant services	564,945	411,971
Airport operations	4,344,967	4,219,722
General and administration	1,298,900	1,392,351
Economic development	358,695	316,751
Master plan update	12,335	494,413
Noise mitigation program	8,170,453	1,929,996
Disadvantaged Business Enterprise program	<u>9,540</u>	<u>23,544</u>
Total Operating Expenses	<u>\$ 20,482,985</u>	<u>\$ 14,544,821</u>

The following is a graphic representation of operating expenses:



- The executive division includes the Executive Director and his staff. The costs of this department basically remained the same compared to prior year costs.
- The administrative division includes the finance function and supporting activities. These costs were similar to the prior year.
- Public safety covers the security and fire protection for the Airpark. The category decreased slightly by \$18,026 due to reduced depreciation costs in this fiscal year.
- Landside operations include the maintenance and upkeep of building and grounds that are not related to the airfield. These expenses decreased by \$32,032 because of an unoccupied personnel position.
- Vehicle maintenance consists of the maintenance of all vehicles that are owned and operated by the District. These costs remained constant compared to the prior year.

See independent auditor's report.

**England Economic and Industrial Development District
June 30, 2010**

Management's Discussion and Analysis (MD&A)

- Tenant services covers costs that are directly associated with facilities that are occupied by current tenants. This increased by \$152,974 primarily because of a roof replacement on a building damaged by a storm, the replacement of major air conditioning units in another building and the District taking over maintenance on some larger buildings.
- Airport operations encompass the activities of the airport terminal as well as buildings and equipment that are directly related to airfield side of the Airpark. These expenses increased by \$125,245 mainly because of increased depreciation expense, and additional maintenance costs for the new terminal.
- General and administrative includes the costs associated with the general running of all the operations departments. Reductions in the utility consumption led to a decreasing of these costs by \$93,451.
- Economic Development incorporates the marketing of the Airpark and tenant relations. These amounts increased by \$41,944 due to final phases of an incentive program that was in full effect to support increased air service to AEX.
- Master plan update is the process for developing a plan to assist in the future direction and development of Alexandria International Airport. These costs decreased \$482,078 as the project was basically completed this year.
- Noise mitigation program improves the compatibility between aircraft operations and off-airport noise sensitive land uses while allowing the airport to continue in its role to serve the community. These costs increased \$6,240,457 because the program was fully implemented, was in full swing and made many land purchases this year.
- Disadvantaged Business Enterprises (DBE) program is a program designed to assist small and economically disadvantaged businesses obtain contracts for their services. These costs decreased by \$14,004 due to a portion of these costs being reimbursed through various grants.

Capital Assets

The District has invested in capital assets including land; construction in progress; vehicles, machinery and equipment; buildings and improvements; and infrastructure in the following amounts. These amounts are net of accumulated depreciation to date.

	<u>June 30, 2010</u>	<u>June 30, 2009</u>
Land	\$ 14,286,763	\$ 10,091,674
Construction in progress	6,919,618	4,618,370
Vehicles, machinery and equipment	1,375,150	1,660,442
Buildings and improvements	107,624,021	113,283,624
Infrastructure	36,423,759	31,151,672
Net Assets	<u>\$ 166,629,311</u>	<u>\$ 160,805,782</u>

**England Economic and Industrial Development District
June 30, 2010**

Management's Discussion and Analysis (MD&A)

Major capital assets events during the current fiscal year included the following:

- Demolition of buildings, in accordance with the District's long-term plan, was completed during the current year at a cost of \$1,527,283.
- \$2,667,806 of land that was purchased through the District's noise mitigation program during the current fiscal year.
- Construction in progress added during the year was \$2,301,249. Total Construction in Progress at year-end included various projects as follows:

Taxiway E	\$ 5,649,447
Fuel Farm Relocation	652,823
Southwest Ramp Rehabilitation	265,901
UTC Land Development	160,718
Others	<u>190,729</u>
Total	<u>\$ 6,919,618</u>

- Construction project that were in progress in prior years and that were completed totaled \$6,192,980 as follows.

Rehabilitation of Runway 14/32	\$ 5,732,152
Airport Parking Lot Expansion	<u>460,828</u>
Total	<u>\$ 6,192,980</u>

Additional information on the District's capital assets is presented in the notes to the basic financial statements.

Debt Administration

The District had the following balances in notes and compensated absences outstanding at year end. Additional information on the District's long-term debt is presented in the notes to the basic financial statements.

	<u>June 30, 2010</u>	<u>June 30, 2009</u>
Bonds payable	\$ 3,910,000	\$ 4,290,000
Certificates of Indebtedness	1,012,000	1,109,000
Capitalized leases	239,722	318,352
Compensated absences	<u>107,801</u>	<u>93,408</u>
Total long-term debt	<u>\$ 5,269,523</u>	<u>\$ 5,810,760</u>

The District reduced its bonds payable \$380,000 during the fiscal year 2010. The District also reduced its certificates of indebtedness by \$97,000.

England Economic and Industrial Development District
June 30, 2010

Management's Discussion and Analysis (MD&A)

State law does not provide a limitation on the amount of debt that may be issued by the District. The bonds issued by the District are not rated.

Economic Factors and Next Year's Budget

The following are currently known economic factors considered in going into the 2010-2011 fiscal year.

- The District finished updating its existing Master Plan. This plan will outline the direction of the District over the next 20 years.
- The District is progressing on the noise compatibility program. This program will last approximately 5 years. In addition to the \$22.5 million already received for this project, the District anticipates receiving additional funding to continue this project.
- Significant contracts to acquire property and mitigate noise have been executed and are ongoing.
- Work is continuing on the design and engineering of the extension of runway 14/32. This project will enable AEX to perform its mission as a major relief point during disaster recovery.
- The District anticipates acquiring the necessary property in 2010-2011 for implementation of the runway 14/32 extension project.
- The design work for the revamped gateway into England Airpark along with a new traffic roundabout, at the intersection of Vandenburg and England Drive, is progressing. Landscaping is in the early stage of being completed.
- Over \$850,000 in grant funding has been secured to acquire a new airport and firefighting vehicle and continue runway obstacle removal around the airfield.
- Another \$735,000 in grant money was obtained to start the southwest apron rehabilitation.
- The design services for the industrial development near the Union Tank Car facility are completed. Construction work has begun on the expansion.
- The District is continuing work on the construction of a new taxiway to improve the flow of air traffic. This project will cost about \$5.2 million.
- A small amount of additional acreage has been deeded to England Airpark. The remaining acreage within the boundaries of the District that are currently owned by the U.S. Air Force is scheduled to be deeded over to the District in the near future as soon as environmental issues are worked out.

**England Economic and Industrial Development District
June 30, 2010**

Management's Discussion and Analysis (MD&A)

Contacting the District's Financial Management

This financial report is designed to provide citizens, taxpayers, investors, and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact Kevin J. Brown, CPA, CGFO, Finance Manager, 1611 Arnold Drive, Alexandria, LA 71303, or call (318) 427-6406 during regular office hours, Monday through Friday, from 8:00 a.m. to 5:00 p.m., Central Standard Time.

Basic Financial Statements

England Economic and Industrial Development District
Statement of Net Assets
June 30, 2010

Exhibit A

Assets

Current Assets

Cash and cash equivalents	\$ 5,088,002
Receivables - net of allowance for doubtful accounts	2,839,711
Prepaid expenses	48,443
Total Current Assets	7,976,156

Noncurrent Assets

Restricted cash and equivalents	458,211
Note receivable	504,407
Other noncurrent assets	25,607
Capital assets	
Land and construction in progress	21,206,381
Other capital assets, net of depreciation	145,422,930
Total Noncurrent Assets	167,617,536

Total Assets 175,593,692

Liabilities

Current Liabilities

Accounts and contracts payable	2,118,593
Accrued expenses and other payables	165,315
Deferred revenue	101,604
Capitalized leases	81,849
Certificates of indebtedness	103,000
Bonds payable	400,000
Total Current Liabilities	2,970,361

Noncurrent Liabilities

Tenant deposits	131,615
Contingent tenant rebates	193,294
Compensated absences	107,801
Capitalized leases	157,873
Certificates of indebtedness	909,000
Bonds payable	3,510,000
Total Noncurrent Liabilities	5,009,583

Total Liabilities 7,979,944

Net Assets

Investment in capital assets, net of related debt	161,467,589
Restricted for PFC Projects	328,383
Unrestricted	5,817,776
	5,817,776

Total Net Assets \$ 167,613,748

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

**England Economic and Industrial Development District
Statement of Revenues, Expenses, and Changes in Net Assets
Year Ended June 30, 2010**

Exhibit B

Operating Revenues

Lease revenue and related fees	\$ 8,861,052
Passenger facility charges	621,380
Miscellaneous	19,421
Total Operating Revenues	9,501,853

Operating Expenses

Executive division	198,414
Administrative division	866,059
Public safety	852,760
Landside operations	3,508,970
Vehicle maintenance	296,947
Tenant services	564,945
Airport operations	4,344,967
General and administrative	1,298,900
Economic development	358,695
Master plan update	12,335
Noise mitigation program	8,170,453
Disadvantaged Business Enterprise program	9,540
Total Operating Expenses	20,482,985

Operating Income (Loss) (10,981,132)

Non-Operating Revenues (Expenses)

Investment income	45,030
Operating grants	8,692,843
Interest expense	(301,722)
Total Non-Operating Revenues (Expenses)	8,436,151

Income (Loss) Before Contributions (2,544,981)

Capital Contributions

Capital grants	10,611,483
Public contributions	1,785
Total Capital Contributions	10,613,268

Change in Net Assets 8,068,287

Net Assets, Beginning of Year 159,545,461

Net Assets, End of Year \$ 167,613,748

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

**England Economic and Industrial Development District
Statement of Cash Flows
Year Ended June 30, 2010**

**Exhibit C
(Continued)**

Cash Flows from Operating Activities

Received from operations	\$ 8,964,122
Payments to employees	(1,412,267)
Payments to vendors and others	(12,478,635)
Net Cash Provided (Used) by Operating Activities	<u>(4,926,780)</u>

Cash Flows from Noncapital Financing Activities

Operating grants	7,575,978
Net Cash Provided (Used) by Noncapital Financing Activities	<u>7,575,978</u>

Cash Flows from Capital and Related Financing Activities

Capital contributions	10,022,058
Purchase and construction of capital assets	(10,995,232)
Principal paid on capital debt	(555,630)
Interest paid on capital debt	(303,498)
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(1,832,302)</u>

Cash Flows from Investing Activities

Collections on note receivable	37,555
Interest received on operating funds	45,030
Net Cash Provided (Used) by Investing Activities	<u>82,585</u>

Change in Cash and Equivalents

899,481

Cash and Equivalents, Beginning of Year

4,646,732

Cash and Equivalents, End of Year

\$ 5,546,213

Cash and Equivalents Consist of:

Unrestricted cash and equivalents	\$ 5,088,002
Restricted cash and equivalents	<u>458,211</u>

Cash and Equivalents, End of Year

\$ 5,546,213

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

**England Economic and Industrial Development District
Statement of Cash Flows
Year Ended June 30, 2010**

**Exhibit C
(Concluded)**

**Reconciliation of Operating Income (Loss) to
Net Cash Provided (Used) by Operating Activities**

Operating income (loss)	\$ (10,981,132)
Adjustments to reconcile operating loss to net cash provided by operating activities	
Depreciation	5,489,442
Changes in assets and liabilities	
Accounts receivable	(92,695)
Prepaid expenses	283,467
Other noncurrent assets	6,794
Accounts payable and contracts payable	796,289
Accrued expenses and other payables	1,698
Deferred revenue	(438,658)
Tenant deposits	(20,767)
Contingent tenant rebates	14,389
Compensated absences	14,393
	14,393
Net Cash Provided (Used) by Operating Activities	\$ (4,926,780)

Additional required disclosure:

Noncash capital and related financing activities consisted of the donation of buildings and infrastructure valued at \$1,785. There were no material noncash operating or noncapital financing activities.

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

England Economic and Industrial Development District

June 30, 2010

Notes to Financial Statements

1. Organization and Significant Accounting Policies

Organization

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.

The accompanying financial statements of the District are 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. GAAP includes all relevant GASB pronouncements. Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, have been applied unless those pronouncements conflict with or contradict GASB pronouncements, in which case GASB prevails.

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, except for the sub-district described below, which is treated as a blended component unit for reporting purposes. There are no other primary governments with which the District has a significant relationship.

England Economic and Industrial Development District

June 30, 2010

Notes to Financial Statements

England Sub-District No. 1

On October 28, 2004 the District created England Sub-District No. 1 (Sub-District) for the purpose of acquiring the land on which a rail car manufacturing facility was constructed. The Sub-District has the power to incur debt, issue certificates, revenue and general obligation bonds, as well as refunding bonds, and levy sales taxes and use taxes, in the same manner as the District. The Sub-District is governed by a ten member Board of Commissioners, which is populated by the sitting board of the District. The staff of the District is the staff of the Sub-District. For reporting purposes the Sub-District is considered a blended component unit of the District.

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. These principles require a statement of net assets, a statement of revenues, expenses and changes in net assets, and a statement of cash flows. It requires the classification of net assets into three components – invested in capital assets, net of related debt; restricted; and unrestricted. These classifications are defined as follows:

- Invested in capital assets, net of related debt: This component of net assets consists of capital assets, net of accumulated depreciation, and reduced by the outstanding balances of bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction or improvement of those assets.
- Restricted net assets: This component of net assets consists of constraints imposed by creditors (such as through debt covenants), contributors, laws or regulations of other governments, or through constitutional provisions or enabling legislation.
- Unrestricted net assets: This component of net assets consists of net assets that do not meet the definition of “restricted” or “invested in capital assets, net of related debt.”

Fund Accounting

The accounts of the District are organized on the basis of an enterprise fund. Enterprise funds are used to account for operations that are financed and operated in a manner similar to private business enterprises – where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods and services to the general public on a continuing basis be financed primarily through user charges or where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

England Economic and Industrial Development District

June 30, 2010

Notes to Financial Statements

Basis of Accounting

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. Enterprise funds are accounted for on a flow of economic measurement focus. With this measurement focus, all assets and liabilities associated with the operation of these funds are included on the balance sheet. The operating statement presents increases (revenues) and decreases (expenses) in total net assets.

The accrual basis of accounting is utilized by enterprise funds. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred.

Enterprise funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with its principal ongoing operations. The principal operating revenues of the District are lease revenue and related fees. Operating expenses include costs of providing services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

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 doubtful amounts. The uncollectible amounts are based on collection experience and review of the status of existing receivables.

Capital Assets

Capital assets are capitalized and depreciated on a straight-line basis over the following estimated useful lives:

Vehicles, machinery, and equipment	5 to 25 years
Buildings and improvements	7 to 40 years
Infrastructure	20 to 40 years

Public domain (infrastructure) capital assets consisting of roads, bridges, drainage system, and similar items are capitalized. The valuation basis for capital assets is historical cost, or when historical cost is not available, estimated historical cost. Donated assets are valued at estimated fair value on date of donation. The minimum capitalization threshold is any individual item with a total cost greater than \$2,500 for machinery, equipment, and vehicles and \$25,000 for building, building improvements, and infrastructure.

England Economic and Industrial Development District

June 30, 2010

Notes to Financial Statements

Interest is capitalized on assets acquired with tax-exempt debt. The amount of interest capitalized is calculated by offsetting interest expense incurred from the date of borrowing until completion of the project with interest earned on invested proceeds over the same period. No interest was capitalized for the year ended June 30, 2010, in accordance with this policy.

Deferred Revenue

The District may report deferred revenue on its statement of net assets. Deferred revenues 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 the District has a legal claim to the resources, the liability for deferred revenue is removed from the statement of net assets and revenue is recognized.

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 leave is accrued in the period the liability is incurred. 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.

Restricted Net Assets

Restricted net assets are amounts restricted by the Federal Aviation Administration's Record of Decision for the Passenger Facilities Charge (PFC) program. In accordance with the Record of Decision, these amounts may only be used for debt service on the revenue bonds.

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.

2. Cash and Cash Equivalents and Investments

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

	<u>Unrestricted</u>	<u>Restricted</u>	<u>Total</u>
Petty cash	\$ 900	\$ -	\$ 900
Cash in bank	4,864,163	328,383	5,192,546
Cash with paying agent	-	129,828	129,828
Louisiana Asset Management Pool	<u>222,939</u>	<u>-</u>	<u>222,939</u>
	<u>\$ 5,088,002</u>	<u>\$ 458,211</u>	<u>\$ 5,546,213</u>

England Economic and Industrial Development District

June 30, 2010

Notes to Financial Statements

Custodial Credit Risk: Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the government will not be able to recover its deposits. At year-end, the District's deposits were covered by depository insurance or collateral held by the District or its agent in the District's name.

Management considers the highly liquid investments held in the Louisiana Asset Management Pool (LAMP), a local government investment pool, to have minimal custodial credit risk.

Credit Risk: LAMP is rated AAAM by Standard & Poor's. 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.

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.

Investments: The District may invest in United States bonds, treasury notes, or time certificates of deposit of any bank domiciled or having a branch office in the State of Louisiana, investments as stipulated in state law, or any other federally insured investment. Certificates of deposit that have a maturity date of more than 3 months are classified as investments. At year-end, the District had no investments.

3. Receivables

At year end receivables consisted of the following:

Accounts receivable	\$ 212,987
Leases receivable	434,240
Intergovernmental	<u>2,468,469</u>
Gross receivables	3,115,696
Allowance for doubtful accounts	<u>(275,985)</u>
Net Receivables	\$ 2,839,711

4. Note Receivable

The note receivable consists of an economic development loan to finance part of the construction of a hotel on District property. The loan is subordinated to certain mortgages listed in the agreement not to exceed \$3,600,000. This economic development loan was renegotiated during the year ended June 30, 2010. Under the new terms, payments of principal and interest were deferred for 36 months from May 2010 to April 2013. However, interest continues to accrue on the loan at a rate of 3.25%. From May 2013 to April 2015, monthly principal payments are required. During this period interest continues to accrue and is added to the principal balance. From May 2015 through October 2016, monthly payments of principal and interest of \$25,031 are required.

England Economic and Industrial Development District

June 30, 2010

Notes to Financial Statements

The note is reported in the statement of net assets as follows:

Current	\$	-
Noncurrent		<u>504,407</u>
	\$	504,407

Scheduled future receivables, based on terms in effect on June 30, 2010, are as follows. Principal, as shown below, includes future accrued interest that will be added to principal as explained above.

<u>Year Ended June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2011	\$ -	\$ -	\$ -
2012	-	-	-
2013	11,649	-	11,649
2014	71,231	-	71,231
2015	108,898	2,314	111,212
2016 - 2017	<u>391,416</u>	<u>9,072</u>	<u>400,488</u>
	\$ 583,194	\$ 11,386	\$ 594,580

5. Capital Assets and Depreciation

	<u>Beginning</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending</u>
Capital assets not being depreciated				
Land	\$ 10,091,674	\$ 4,195,089	\$ -	\$ 14,286,763
Construction in progress	<u>4,618,369</u>	<u>8,494,229</u>	<u>(6,192,980)</u>	<u>6,919,618</u>
Totals	14,710,043	12,689,318	(6,192,980)	21,206,381
Capital assets being depreciated				
Other capital assets				
Vehicles, machinery, and equipment	4,550,985	-	-	4,550,985
Buildings and improvements	156,284,481	1,786	(2,440,970)	153,845,297
Infrastructure	<u>37,934,590</u>	<u>6,192,980</u>	<u>-</u>	<u>44,127,570</u>
Totals	198,770,056	6,194,766	(2,440,970)	202,523,852
Accumulated depreciation				
Vehicles, machinery, and equipment	(2,890,543)	(285,292)	-	(3,175,835)
Buildings and improvements	(43,000,857)	(4,283,257)	1,062,839	(46,221,275)
Infrastructure	<u>(6,782,919)</u>	<u>(920,893)</u>	<u>-</u>	<u>(7,703,812)</u>
Totals	<u>(52,674,319)</u>	<u>(5,489,442)</u>	<u>1,062,839</u>	<u>(57,100,922)</u>
Other Assets, Net of Depreciation	<u>146,095,737</u>	<u>705,324</u>	<u>(1,378,131)</u>	<u>145,422,930</u>
Net capital assets	\$ 160,805,780	\$ 13,394,642	\$ (7,571,111)	\$ 166,629,311

England Economic and Industrial Development District

June 30, 2010

Notes to Financial Statements

Depreciation was charged to functions as follows:

Executive division	\$	106
Administrative division		37,668
Public safety		33,873
Landside operations		2,726,411
Vehicle maintenance		51,059
Airport operations		2,635,082
General and administrative		5,243
	\$	<u>5,489,442</u>

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>
Landside Projects				
Infrastructure	\$ 1,624,561	\$ 160,718	\$ 13,374	None (A)
Gateways and roundabout	2,457,180	84,792	150,425	None (A)
Airport Projects				
Taxiway E	5,695,953	5,649,447	46,502	None (B)
Fuel farm relocation	10,129,889	652,823	6,438,140	None (B)
Southwest FBO ramp	1,593,158	265,901	416,800	None (B)

(A) These projects are funded by operating revenues.

(B) The project is funded by federal and state grants.

6. Tenant Deposits, Contingent Tenant Rebates, and Compensated Absences

Net changes in tenant deposits, contingent tenant rebates, and compensated absences are summarized below:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Amounts Due Within One Year</u>
Tenant deposits	\$ 152,382	\$ -	\$ (20,767)	\$ 131,615	\$ -
Contingent tenant rebates	178,905	14,389	-	193,294	-
Compensated absences	93,408	14,393	-	107,801	-

7. Capitalized Leases, Bonds, and Certificates Payable

	<u>Maturity Date</u>	<u>Interest Rates</u>	<u>Ending Balances</u>
Capitalized leases – machinery and equipment	2013	3.60 - 6.97%	\$ 239,722
Revenue bonds, Series 2003 – capital projects	2018	5.50%	3,910,000
Certificates of Indebtedness, Series 2007 – capital projects	2018	4.01- 6.41%	1,012,000
			<u>\$ 5,161,722</u>

England Economic and Industrial Development District

June 30, 2010

Notes to Financial Statements

The revenue bonds are secured by and payable from, first, revenues from passenger facility charges and, second, the excess of annual revenues above statutory, necessary, and usual charges incurred by the District.

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

The following changes occurred in bonds and certificates payable during the year:

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due Within One Year
Capitalized leases	\$ 318,352	\$ -	\$ (78,630)	\$ 239,722	\$ 81,849
Revenue bonds	4,290,000	-	(380,000)	3,910,000	400,000
Certificates of indebtedness	1,109,000	-	(97,000)	1,012,000	103,000
	\$ 5,717,352	\$ -	\$ (555,630)	\$ 5,161,722	\$ 584,849

The annual requirements to amortize outstanding capital leases, bonds, and certificates of indebtedness are as follows:

Year Ended June 30,	Principal Payments	Interest Payments	Total
2011	\$ 584,849	\$ 274,193	\$ 859,042
2012	619,209	243,360	862,569
2013	637,664	210,720	848,384
2014	592,000	178,471	770,471
2015	629,000	146,011	775,011
2016 - 2018	2,099,000	222,803	2,321,803
	\$ 5,161,722	\$ 1,275,558	\$ 6,437,280

Conduit Debt Obligations

On March 20, 1996, 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, 2010, the principal outstanding on these bonds was \$20,000,000.

On June 15, 2005, the England Sub-District No. 1 (Sub-District) issued revenue bonds to pay for a portion of the costs of acquisition, construction, equipping, installation and improvements of a rail car manufacturing facility and administrative offices. These bonds are secured by a pledge of all rights and interests of the Sub-District in, to and under the Cooperative Endeavor agreement between the Sub-District and the State of Louisiana (Agreement). In accordance with the Agreement, the State of

England Economic and Industrial Development District

June 30, 2010

Notes to Financial Statements

Louisiana has agreed to make all payments on this bond issue. Neither the District nor the Sub-District is obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported in the accompanying financial statements. As of June 30, 2010, the aggregate principal outstanding on these bonds was \$25,940,000.

As of June 30, 2010, the total aggregate principal outstanding on conduit debt obligations was \$45,940,000.

8. 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.

9. 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.

10. Lease Revenue

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 approximately 75% of what was 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.

England Economic and Industrial Development District

June 30, 2010

Notes to Financial Statements

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. The subleases' terms include provisions for automatic conversion of the subleases to primary leases 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,</u>	<u>Future Minimum Lease Payments</u>
2011	\$ 4,397,755
2012	3,319,415
2013	2,483,903
2014	1,422,331
2015	<u>1,422,331</u>
	\$ 13,045,735

Contingent rental income included in the accompanying financial statements as lease revenues and related fees totaled \$426,481.

11. Operating Lease Expenses

The District entered into operating leases for certain golf course equipment. Future minimum lease payments due under these leases are listed below. These lease payments are contingent on the District appropriating funds each fiscal year for payment of these leases.

<u>Year Ended June 30,</u>	<u>Future Minimum Lease Payments</u>
2011	\$ 84,636
2012	84,636
2013	84,636
2014	54,900
2015	<u>50,325</u>
	\$ 359,133

Additional Information

**England Economic and Industrial Development District
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2010**

Schedule 1

Federal Grantor/ Program Title	Federal CFDA Number	Federal Expenditures
Department of Transportation		
Direct		
Airport Improvement Program	20.106	\$ 12,007,557
ARRA - Airport Improvement Program	20.106	3,144,094
Total - CFDA Number 20.106		<u>15,151,651</u>
Payments for Small Community Air Service	20.930	141,107
Total Department of Transportation		<u>15,292,758</u>
Total		<u><u>\$ 15,292,758</u></u>

The accompanying schedule of expenditures of federal awards is presented on the 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 financial statements.

No federal funds were awarded to subrecipients during the year ended June 30, 2010.

See independent auditor's report.

**England Economic and Industrial Development District
Schedule of General Fund Revenues and Expenditures -
Budget (Non-GAAP) and Actual
Year Ended June 30, 2010**

Schedule 2

	Budget	Actual	Variance Favorable (Unfavorable)
Revenues			
Lease revenue and related fees	\$ 8,603,093	\$ 8,632,333	\$ 29,240
Intergovernmental revenues	92,857	48,759	(44,098)
Investment income	46,500	44,945	(1,555)
Other	838,959	17,349	(821,610)
Total Operating Revenues	9,581,409	8,743,386	(838,023)
Expenditures			
Executive division	198,305	198,308	(3)
Administrative division	3,251,802	3,114,503	137,299
General and administrative	1,562,379	1,293,657	268,722
Landside operations	882,150	768,166	113,984
Vehicle maintenance	245,570	245,888	(318)
Public safety	836,892	818,887	18,005
Tenant services	498,500	654,944	(156,444)
Airport operations	1,667,809	1,643,515	24,294
Economic development	284,823	190,874	93,949
Debt service	153,179	153,179	-
Total Expenditures	9,581,409	9,081,921	499,488
Excess (Deficiency) of Revenues Over Expenditures	\$ -	\$ (338,535)	\$ (338,535)

See independent auditor's report.

The District is not required to adopt a budget in accordance with accounting principles generally accepted in the United States of America because it reports as an enterprise fund. For budgetary purposes the District maintains a general fund and a capital projects fund. For reporting purposes, these two funds are combined into a single enterprise fund in accordance with generally accepted accounting principles. A managerial budget is adopted for certain operating revenues and expenses of the general fund. Differences between the managerial budget and a budget adopted in accordance with generally accepted accounting principles include:

- Depreciation and amortization are not included in the managerial budget;
- Acquisition of certain capital assets are included in the managerial budget;
- Principal payments on certain long term debt are included in the managerial budget.

**Other Reports and Information Required by
Government Auditing Standards and
OMB Circular A-133**



PAYNE, MOORE & HERRINGTON, LLP

CERTIFIED PUBLIC ACCOUNTANTS

Established 1945

**Report on Internal Control Over Financial Reporting
and on Compliance and Other Matters 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 basic financial statements of the England Economic and Industrial Development District as of and for the year ended June 30, 2010, and have issued our report thereon dated December 22, 2010. 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the England Economic and Industrial Development District's internal control over financial reporting.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

MARVIN A. JUNEAU, C.P.A.
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ROBERT W. DYBRAK, C.P.A.
REBECCA B. MORRIS, C.P.A.

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CINDY L. HUMPHRIES, C.P.A.
DEBORAH R. DUNN, C.P.A.





PAYNE, MOORE & HERRINGTON, LLP

The Board of Commissioners
England Economic and Industrial Development District

Compliance and Other Matters

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, regulations, contracts, and grant agreements, 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 or other matters that are required to be reported under *Government Auditing Standards*.

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, federal and state awarding agencies, 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

December 22, 2010



PAYNE, MOORE & HERRINGTON, LLP

CERTIFIED PUBLIC ACCOUNTANTS

Established 1946

**Report on Compliance with Requirements
Applicable to Each Major Program and on 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 its major federal program for the year ended June 30, 2010. The England Economic and Industrial Development District's major federal program is 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 its major federal 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.

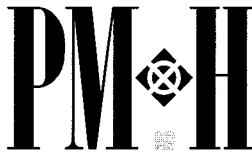
We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits 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 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 its major federal program for the year ended June 30, 2010.

MARVIN A. JUNEAN, C.P.A.
ERNEST F. SASSER, C.P.A.
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DEBORAH R. DUNN, C.P.A.





PAYNE, MOORE & HERRINGTON, LLP

The Board of Commissioners
England Economic and Industrial Development District

Internal Control Over Compliance

The management of England Economic and Industrial Development District is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the District's internal control over compliance with the 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, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the England Economic and Industrial Development District's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

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, federal awarding agencies, 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

December 22, 2010

**England Economic and Industrial Development District
Schedule of Findings and Questioned Costs
Year Ended June 30, 2010**

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued:	<i>Unqualified</i>		
Internal control over financial reporting:			
Material weaknesses identified?	_____ Yes	_____ <u>X</u> _____	No
Significant deficiency(ies) identified that are not considered to be material weaknesses?	_____ Yes	_____ <u>X</u> _____	None reported
Possible noncompliance material to financial statements noted?	_____ Yes	_____ <u>X</u> _____	No
Management's Corrective Action Plan	<i>Not Applicable</i>		
Management's Summary Schedule of Prior Audit Findings	<i>Not Applicable</i>		
Memorandum of Recommendations and Other Comments	<i>None</i>		

Federal Awards

Internal control over major programs:			
Material weaknesses identified?	_____ Yes	_____ <u>X</u> _____	No
Significant deficiency(ies) identified that are not considered to be material weaknesses?	_____ Yes	_____ <u>X</u> _____	None reported
Type of auditor's report issued on compliance for major programs:	<i>Unqualified</i>		
Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133?	_____ Yes	_____ <u>X</u> _____	No

**England Economic and Industrial Development District
Schedule of Findings and Questioned Costs
Year Ended June 30, 2010**

Identification of major programs:

CFDA Number
20.106

Name of Federal Program
Airport Improvement Program

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

\$458,783

Auditee identified as a low risk auditee?

 X Yes No

Section II - Financial Statement Findings

None.

Section III - Federal Award Findings and Questioned Costs

None.

**Report and Other Information Required by the
*Passenger Facility Charge Audit Guide for Public Agencies***



PAYNE, MOORE & HERRINGTON, LLP

CERTIFIED PUBLIC ACCOUNTANTS

Established 1945

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* and on the Schedule of Passenger Facility Charges Revenue and Disbursements

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, 2010. 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 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 its passenger facility program for the year ended June 30, 2010.

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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 England Economic and Industrial Development District is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws and regulations applicable to its passenger facility charge program. In planning and performing our audit, we considered the District's internal control over compliance with the 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 in accordance with the Guide, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the England Economic and Industrial Development District's internal control over compliance applicable to its passenger facility program.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance applicable to the England Economic and Industrial Development District's passenger facility program that we consider to be material weaknesses, as defined above.



PAYNE, MOORE & HERRINGTON, LLP

The Board of Commissioners
England Economic and Industrial Development District

Schedule of Expenditures of Passenger Facility Charges

We have audited the basic financial statements of the England Economic and Industrial Development District, as of and for the year ended June 30, 2010, and have issued our report thereon dated December 22, 2010. Our audit was conducted for the purpose of forming an opinion on basic financial statements of the England Economic and Industrial Development District as a whole. 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. The accompanying schedule of expenditures of passenger facility charges revenue and disbursements is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

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

December 22, 2010

**England Economic and Industrial Development District
Schedule of Passenger Facility Charges Revenue and Disbursements**

Schedule 3

	06/30/09 Cumulative Program Totals	Year Ended June 30, 2010				06/30/10 Cumulative Program Totals
		Quarter 1 Jul. - Sept.	Quarter 2 Oct. - Dec.	Quarter 3 Jan. - March	Quarter 4 Apr. - Jun.	
		FY - 10 Total				
Revenue						
Collections	\$ 4,380,519	\$ 149,296	\$ 142,976	\$ 137,810	\$ 164,781	\$ 4,975,382
Interest	89,329	9	25	19	32	85
Total Revenue	<u>4,469,848</u>	<u>149,305</u>	<u>143,001</u>	<u>137,829</u>	<u>164,813</u>	<u>5,064,796</u>
Disbursements						
APP 99-01-C-00-AEX						
ARFF vehicle	343,967	-	-	-	-	343,967
New terminal building program	4,039,852	-	-	274,546	-	4,314,398
PFC application fees	78,048	-	-	-	-	78,048
Total APP 99-01-C-00-AEX	<u>4,461,867</u>	<u>-</u>	<u>-</u>	<u>274,546</u>	<u>-</u>	<u>4,736,413</u>
Net PFC Revenue	<u>7,981</u>	<u>149,305</u>	<u>143,001</u>	<u>(136,717)</u>	<u>164,813</u>	<u>328,383</u>
Unexpended PFC Funds, Beginning of Period	-	7,981	157,286	300,287	163,570	7,981
PFC Account Balance, End of Period	<u>\$ 7,981</u>	<u>\$ 157,286</u>	<u>\$ 300,287</u>	<u>\$ 163,570</u>	<u>\$ 328,383</u>	<u>\$ 328,383</u>

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 basic financial statements. Note 1 to the financial statements provides additional information relative to the District's accounting policies.

See independent auditor's report.

**England Economic and Industrial Development District
 Passenger Facility Charge Program Audit Summary
 Year Ended June 30, 2010**

- | | | | |
|-----|--|---------------------------|---------------|
| 1. | Type of report issued on PFC financial statements. | <u> X </u> Unqualified | ___ Qualified |
| 2. | Type of report on PFC compliance. | <u> X </u> Unqualified | ___ Qualified |
| 3. | Quarterly Revenue and Disbursements reconcile with submitted quarterly reports and reported un-liquidated revenue match the District's general ledger and FAA PFC Quarterly Reports. | <u> X </u> Yes | ___ No |
| 4. | PFC Revenue and Interest is accurately reported on FAA Form 5100-127. | <u> X </u> Yes | ___ No |
| 5. | The Public Agency maintains a separate financial accounting record for each application. | <u> X </u> Yes | ___ 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> X </u> Yes
___ N/A | ___ No |
| 7. | Monthly carrier receipts were reconciled with quarterly carrier reports. | <u> X </u> Yes | ___ 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 | ___ No |
| 9. | Serving carriers were notified of PFC program actions/changes approved by the FAA. | ___ Yes
<u> X </u> N/A | ___ No |
| 10. | Quarterly Reports were transmitted (or available via website) to remitting carriers. | <u> X </u> Yes | ___ No |
| 11. | The Public Agency is in compliance with Assurances 5, 6, 7, and 8. | <u> X </u> Yes | ___ No |
| 12. | Project design and implementation is carried out in accordance with Assurance 9. | <u> X </u> Yes | ___ No |
| 13. | Program administration is carried out in accordance with Assurance 10. | <u> X </u> Yes | ___ 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. | ___ Yes
<u> X </u> N/A | ___ No |

