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**ENGLAND ECONOMIC AND INDUSTRIAL
DEVELOPMENT DISTRICT**

ALEXANDRIA, LOUISIANA

JUNE 30, 2008

England Economic and Industrial Development District

June 30, 2008

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PAYNE, MOORE & HERRINGTON, LLP

CERTIFIED PUBLIC ACCOUNTANTS

Established 1945

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, 2008, 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, 2008, and the results of its operations 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 10, 2008, 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 important for assessing the results of our audit.

Management's discussion and analysis on pages 4 through 11, is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

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The Board of Commissioners
England Economic and Industrial Development District

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 information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as whole.

Payne, Moore & Herrington, LLP

Certified Public Accountants

December 10, 2008

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

**England Economic and Industrial Development District
June 30, 2008**

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, 2008. 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, 2008** is as follows:

- Assets exceeded liabilities by \$155,307,135 at June 30, 2008, of which \$151,687,307 is related to capital assets. \$15,769 of this excess 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 decreased \$1,595,819. This was due primarily to current depreciation expense of \$5,272,612. Without regard to depreciation, the net assets increased \$3,676,793.
- \$3,722,424 in construction projects were completed.
- Alexandria International Airport (AEX) during the current fiscal year had 137,899 enplanements, 134,411 deplanements and 46,602 air operations.
- AEX handled 70,879 pounds of commercial air freight and 9,360,700 pounds of military air freight, 127,302 parked cars and sold 4,098,354 gallons of fuel this fiscal year.
- 1,107,779 square feet of commercial space were leased on the Airpark by over 60 tenants. The District also leased 159 residential units onsite.

A summary of the District's financial and operating highlights for the year ended **June 30, 2007** is as follows:

- Assets exceeded liabilities by \$156,902,954 at June 30, 2007, of which \$154,355,169 is related to capital assets. \$39,994 of this excess 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 \$12,557,798. This was due in large part to federal and state grants received for various capital projects of \$15,903,857 offset by depreciation expense of \$4,536,941.
- \$58,389,182 in construction projects were completed.
- Alexandria International Airport (AEX) during the current fiscal year had 139,943 enplanements, 138,630 deplanements and 53,598 air operations.
- AEX handled 159,642 pounds of commercial air freight and 16,589,100 pounds of military air freight, 117,564 parked cars and sold 4,242,478 gallons of fuel this fiscal year.
- 1,022,403 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, 2008

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 a 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. This 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, 2008</u>	<u>June 30, 2007</u>
Current and other assets	\$ 5,003,437	\$ 4,789,418
Capital assets	<u>157,537,307</u>	<u>159,345,169</u>
Total assets	\$ 162,540,744	\$ 164,134,587
Current and other liabilities	\$ 1,426,902	\$ 2,185,912
Noncurrent liabilities	<u>5,806,707</u>	<u>5,045,721</u>
Total liabilities	\$ 7,233,609	\$ 7,231,633
Net assets:		
Invested in capital assets, net of related debt	\$ 151,687,307	\$ 154,355,169
Restricted	15,769	39,994
Unrestricted	<u>3,604,059</u>	<u>2,507,791</u>
Total net assets	<u>\$ 155,307,135</u>	<u>\$ 156,902,954</u>

See independent auditor's report

**England Economic and Industrial Development District
June 30, 2008**

Management's Discussion and Analysis (MD&A)

The District's assets exceeded liabilities by \$155,307,135 at June 30, 2008 and by \$156,902,954 at June 30, 2007. 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, 2008</u>	<u>June 30, 2007</u>
Passenger facility charges	\$ 15,769	\$ 39,994
Total Restricted	\$ 15,769	\$ 39,994

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, 2008</u>	<u>June 30, 2007</u>
Operating Revenues		
(Leases revenues, passenger facility charges and other)	\$ 8,793,725	\$ 8,183,919
Operating Expenses	<u>12,842,666</u>	<u>11,526,879</u>
Operating Income (Loss)	\$ (4,048,941)	\$ (3,342,960)
Non-operating revenues (expenses)	<u>211,713</u>	<u>(3,099)</u>
Income (Loss) Before Contributions	\$ (3,837,228)	\$ (3,346,059)
Capital grants and contributions	<u>2,241,409</u>	<u>15,903,857</u>
Changes in net assets	\$ (1,595,819)	\$ 12,557,798

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



**England Economic and Industrial Development District
June 30, 2008**

Management's Discussion and Analysis (MD&A)

- 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 \$580,662 because of new leases being entered into, CPI lease adjustments, and the addition of a fourth airline at Alexandria International Airport (AEX) and the revision of parking rates at AEX.
- 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, which currently is for debt service on the outstanding bonds for the construction costs of the new terminal project.
- Other revenues include fees for insurance claim reimbursements, various charges for property damages, missing inventory items and assorted reimbursements. This amount increased in fiscal year ended June 30, 2008 primarily due to a large write off of amounts owed in the prior year plus a one time sale of topsoil in the current year.

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

Capital grants and 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.

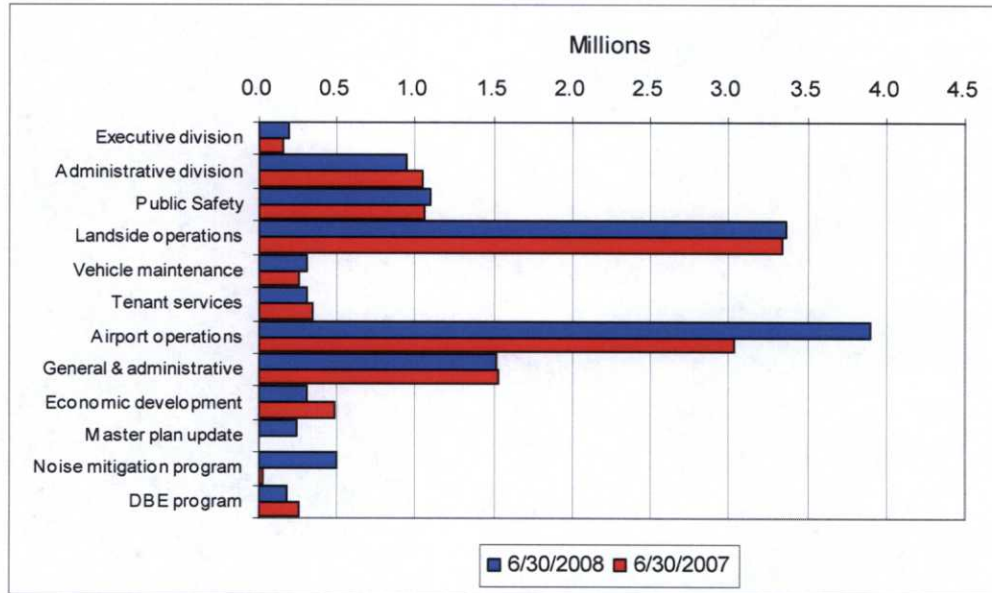
A summary of the District's operating expenses, including depreciation, are reflected in the following schedule:

	<u>June 30, 2008</u>	<u>June 30, 2007</u>
Executive division	\$ 190,298	\$ 154,265
Administrative division	937,726	1,040,654
Public Safety	1,092,135	1,059,899
Landside operations	3,366,766	3,339,716
Vehicle maintenance	299,955	254,809
Tenant services	312,141	338,295
Airport operations	3,899,143	3,038,242
General & administrative	1,518,976	1,526,269
Economic development	301,415	489,791
Master plan update	240,727	9,200
Noise mitigation program	502,985	24,060
Disadvantaged Business Enterprise program	180,399	251,679
Total Operating Expenses	<u>\$ 12,842,666</u>	<u>\$ 11,526,879</u>

**England Economic and Industrial Development District
June 30, 2008**

Management's Discussion and Analysis (MD&A)

The following is a graphic representation of operating expenses:



- A new pay plan was instituted as of July 1, 2007 which increased salaries and the related fringe benefits.
- The executive division includes the Executive Director and his staff. The costs of this department increased \$36,033 due to the increase in salary and related fringe benefits.
- The administrative division includes the finance function and supporting activities. These costs decreased \$102,939 overall from the prior year. The increase in salaries and benefits are more than offset by lower legal fees, insurance costs, travel costs, computer equipment and software costs.
- Public safety covers the security and fire protection for the airpark.
- Landside operations include the maintenance and upkeep of buildings and grounds that are not related to the airfield.
- Vehicle maintenance consists of the maintenance of all vehicles that are owned and operated by the District. An increase of \$45,146 in the division occurred due to the higher prices for fuel and oil.
- Tenant services cover costs that are directly associated with facilities that are occupied by current tenants. They decreased by \$26,154 because of fewer major repairs for 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 \$875,478 created mainly because of depreciation expense, but also attributable to the salary increases.
- General & Administrative includes the costs associated with the general running of all the operations departments. The additional expense for contract labor was basically offset by a decrease in utility costs. Utility costs went down due to an organization wide audit of utility costs.
- Economic Development incorporates the marketing of the airpark and tenant relations. These amounts decreased by \$188,736 due to the lack of major marketing efforts that were present in the prior year, primarily to relaunch air service at the new terminal at AEX.

**England Economic and Industrial Development District
June 30, 2008**

Management's Discussion and Analysis (MD&A)

- Master plan update is the process for developing a plan to assist in the future direction and development of Alexandria International Airport. These costs increased \$216,950 because the process essentially began 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 \$478,925 because again the program essentially began 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 \$71,280 caused by the renegotiation of the DBE contract.

Capital Assets

The District had 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, 2008</u>	<u>June 30, 2007</u>
Land	\$ 8,408,510	\$ 6,108,004
Construction in progress	694,561	3,052,078
Vehicles, machinery and equipment	1,326,502	1,463,786
Buildings and improvements	115,843,168	116,391,557
Infrastructure	31,264,566	32,329,744
Net Assets	<u>\$ 157,537,307</u>	<u>\$ 159,345,169</u>

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

- A new vehicle was purchased for the airpark for \$25,145.
- A baggage handler and a power ground unit for use at AEX were purchased for a total of \$47,455.
- Demolition of the old apartment buildings, in accordance with the District's long-term plan, began during the current year at a cost of \$150,030.
- The hospital building that was donated by the U.S. Air Force was added into fixed assets at a value of \$1,756,762.
- Construction in progress added during the year was \$1,364,907. Total Construction in Progress at year-end included various projects as follows:

Taxiway E	\$ 459,711
UTC Land Development	100,296
Others	134,554
Total	<u>\$ 694,561</u>

**England Economic and Industrial Development District
June 30, 2008**

Management's Discussion and Analysis (MD&A)

- Construction projects completed during the year totaled \$3,722,424 and included the following:

New Warehouse Building	\$ 3,180,005
Learning Center Renovations	542,419

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, 2008</u>	<u>June 30, 2007</u>
Bonds payable	\$ 4,650,000	\$ 4,990,000
Certificates of Indebtedness	1,200,000	-
Compensated absences	<u>82,545</u>	<u>65,574</u>
Total long-term debt	\$ 5,932,545	\$ 5,055,574

The District reduced its bonds payable \$340,000 during the fiscal year 2008. The District also issued new certificates of indebtedness for \$1,200,000 to help fund the costs of constructing the new warehouse building and the Learning Center renovations.

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 2008-2009 fiscal year.

- The District is progressing towards the completion of updating its existing Master Plan. This plan will outline the direction that the District intends to be going over the next 10-15 years.
- The District also has started the first phase of a noise compatibility program that lasts about 4-5 years. It received an \$8 million grant in June 2008 to start the second phase of this project and is to be awarded another \$6 million grant to complete this phase in January 2009. Along with the additional grant funds, the District is continuing to enter into contracts to finish the project. The District has already purchased seven tracts of land in accordance with this program and has plans to purchase more.
- The design work for the extension of runway 14/32 as well as the design services for the industrial development near the Union Tank Car facility is underway.
- The Department of Defense completed approximately \$50,000,000 of airfield improvements to support operations at Fort Polk in the spring of 2008, including a new military passenger terminal.

**England Economic and Industrial Development District
June 30, 2008**

Management's Discussion and Analysis (MD&A)

- The District began work on the construction of a new taxiway to improve the flow of air traffic. This project should cost about \$5.2 million.
- The fixed based operator completed the renovations of the old AEX terminal and put it into operation in December 2008.
- 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 FYE 2009.

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, 2008

Exhibit A

Assets

Current Assets

Cash and cash equivalents	\$ 3,337,328
Receivables - net of allowance for doubtful accounts	862,552
Note receivable	41,716
Prepaid expenses	35,280
Total Current Assets	4,276,876

Noncurrent Assets

Restricted cash and equivalents	138,470
Note receivable	541,889
Other noncurrent assets	46,202
Capital assets	
Land and construction in progress	9,103,071
Other capital assets, net of depreciation	148,434,236
Total Noncurrent Assets	158,263,868

Total Assets

162,540,744

Liabilities

Current Liabilities

Accounts and contracts payable	793,993
Accrued expenses and other payables	170,925
Deferred revenue	10,984
Certificates of indebtedness	91,000
Bonds payable	360,000
Total Current Liabilities	1,426,902

Noncurrent Liabilities

Tenant deposits	151,369
Contingent tenant rebates	173,793
Compensated absences	82,545
Certificates of indebtedness	1,109,000
Bonds payable	4,290,000
Total Noncurrent Liabilities	5,806,707

Total Liabilities

7,233,609

Net Assets

Investment in capital assets, net of related debt	151,687,307
Restricted for	
PFC projects	15,769
Unrestricted	3,604,059
	155,307,135

Total Net Assets

\$ 155,307,135

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, 2008**

Exhibit B

Operating Revenues

Lease revenue and related fees	\$ 8,225,772
Passenger facility charges	528,475
Miscellaneous	39,478
Total Operating Revenues	8,793,725

Operating Expenses

Executive division	190,298
Administrative division	937,726
Public safety	1,092,135
Landside operations	3,366,766
Vehicle maintenance	299,955
Tenant services	312,141
Airport operations	3,899,143
General and administrative	1,518,976
Economic development	301,415
Master plan update	240,727
Noise mitigation program	502,985
Disadvantaged Business Enterprise program	180,399
Total Operating Expenses	12,842,666

Operating Income (Loss)

(4,048,941)

Non-Operating Revenues (Expenses)

Investment income	175,381
Operating grants	364,032
Gain (loss) on disposition of capital assets	9,000
Interest expense	(336,700)
Total Non-Operating Revenues (Expenses)	211,713

Income (Loss) Before Contributions

(3,837,228)

Capital Contributions

Capital grants	484,647
Public contributions	1,756,762
Total Capital Contributions	2,241,409

Change in Net Assets

(1,595,819)

Net Assets, Beginning of Year

156,902,954

Net Assets, End of Year

\$ 155,307,135

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, 2008**

**Exhibit C
(Continued)**

Cash Flows from Operating Activities

Received from operations	\$ 8,827,996
Payments to employees	(1,294,931)
Payments to vendors and others	(5,829,653)
Net Cash Provided (Used) by Operating Activities	<u>1,703,412</u>

Cash Flows from Noncapital Financing Activities

Operating grants	<u>22,174</u>
Net Cash Provided (Used) by Noncapital Financing Activities	22,174

Cash Flows from Capital and Related Financing Activities

Proceeds from capital debt	1,200,000
Capital contributions	1,665,552
Interest received on construction funds	5,128
Proceeds from sale of capital assets	9,000
Purchase and construction of capital assets	(2,820,516)
Principal paid on capital debt	(340,000)
Interest paid on capital debt	(320,991)
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(601,827)</u>

Cash Flows from Investing Activities

Collections on note receivable	16,395
Interest received on operating funds	<u>170,253</u>
Net Cash Provided (Used) by Investing Activities	<u>186,648</u>

Change in Cash and Equivalents

1,310,407

Cash and Equivalents, Beginning of Year

2,165,391

Cash and Equivalents, End of Year

\$ 3,475,798

Cash and Equivalents Consist of:

Unrestricted cash and equivalents	\$ 3,337,328
Restricted cash and equivalents	<u>138,470</u>

Cash and Equivalents, End of Year

\$ 3,475,798

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, 2008**

**Exhibit C
(Concluded)**

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

Operating income (loss)	\$ (4,048,941)
Adjustments to reconcile operating loss to net cash provided by operating activities	
Depreciation	5,272,612
Changes in assets and liabilities	
Accounts receivable	38,244
Prepaid expenses	214,111
Other noncurrent assets	(92)
Accounts payable and contracts payable	197,335
Accrued expenses and other payables	17,145
Deferred revenue	1,012
Tenant deposits	(5,360)
Contingent tenant rebates	375
Compensated absences	16,971
	16,971

Net Cash Provided (Used) by Operating Activities \$ 1,703,412

Additional required disclosure:

Noncash capital and related financing activities consisted of the donation of a building to the District valued at \$1,756,762. 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, 2008

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, 2008

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 is to be constructed and operated. 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, 2008

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, 2008

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, 2008, in accordance with this policy.

Deferred Revenue

The District may report deferred revenue on its combined balance sheet. 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	3,116,553	15,769	3,132,322
Cash with paying agent	-	122,701	122,701
Louisiana Asset Management Pool	219,875	-	219,875
	<u>\$ 3,337,328</u>	<u>\$ 138,470</u>	<u>\$ 3,475,798</u>

England Economic and Industrial Development District

June 30, 2008

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	\$ 86,078
Leases receivable	426,686
Intergovernmental	604,901
Gross receivables	<u>1,117,665</u>
Allowance for doubtful accounts	<u>(255,113)</u>
Net Receivables	\$ 862,552

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. The interest rate on this loan, currently 8.25%, shall equal the New York Prime rate, adjusted at three-year intervals. From November 2001 through January 2008, only the accrued monthly interest on the outstanding principal balance was required to be paid. Starting February 2008, principal payments began. The loan shall then be repaid in 120 monthly payments including principal and interest.

England Economic and Industrial Development District

June 30, 2008

Notes to Financial Statements

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

Current	\$ 41,716
Noncurrent	<u>541,889</u>
	\$ 583,605

Scheduled future receivables, based on terms in effect on June 30, 2008, are as follows:

<u>Year Ended June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2009	\$ 41,717	\$ 46,593	\$ 88,310
2010	45,291	43,019	88,310
2011	49,172	39,138	88,310
2012	53,386	34,924	88,310
2013	57,961	30,349	88,310
2014 - 2018	<u>336,078</u>	<u>68,675</u>	<u>404,753</u>
	\$ 583,605	\$ 262,698	\$ 846,303

5. Capital Assets and Depreciation

	<u>Beginning</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending</u>
Capital assets not being depreciated				
Land	\$ 6,108,004	\$ 2,300,506	\$ -	\$ 8,408,510
Construction in progress	<u>3,052,078</u>	<u>1,364,907</u>	<u>(3,722,424)</u>	<u>694,561</u>
Totals	9,160,082	3,665,413	(3,722,424)	9,103,071
Capital assets being depreciated				
Other capital assets				
Vehicles, machinery, and equipment	3,897,170	32,828	-	3,929,998
Buildings and improvements	152,811,794	1,872,062	-	154,683,856
Infrastructure	<u>37,453,007</u>	<u>84,017</u>	<u>(410,433)</u>	<u>37,126,591</u>
Totals	194,161,971	1,988,907	(410,433)	195,740,445
Accumulated depreciation				
Vehicles, machinery, and equipment	(2,433,384)	(209,883)	39,772	(2,603,495)
Buildings and improvements	(36,420,236)	(4,164,069)	1,743,617	(38,840,688)
Infrastructure	<u>(5,123,263)</u>	<u>(898,660)</u>	<u>159,897</u>	<u>(5,862,026)</u>
Totals	<u>(43,976,883)</u>	<u>(5,272,612)</u>	<u>1,943,286</u>	<u>(47,306,209)</u>
Other Assets, Net of Depreciation	<u>150,185,088</u>	<u>(3,283,705)</u>	<u>1,532,853</u>	<u>148,434,236</u>
Net capital assets	\$ 159,345,170	\$ 381,708	\$ (2,189,571)	\$ 157,537,307

Depreciation was charged to functions as follows:

Executive division	\$ 356
Administrative division	36,833
Public safety	144,840
Landside operations	2,613,884
Vehicle maintenance	49,269
Airport operations	2,423,864
General and administrative	<u>3,566</u>
	\$ 5,272,612

England Economic and Industrial Development District

June 30, 2008

Notes to Financial Statements

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	\$ 200,682	\$ 100,296	\$ 73,795	None (A)
Airport Projects				
Parking lot expansion	300,000	28,617	6,475	None (A)
Taxiway E	5,604,968	459,711	5,145,257	None (B)

(A) These projects are funded by operating revenues.

(B) The project is fund 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	\$ 156,729	\$ -	\$ (5,360)	\$ 151,369	\$ -
Contingent tenant rebates	173,418	375	-	173,793	-
Compensated absences	65,574	16,971	-	82,545	-

7. Bonds and Certificates Payable

At year-end, bonds and certificates payable consisted of the following:

	<u>Maturity Date</u>	<u>Interest Rates</u>	<u>Ending Balances</u>
Revenue bonds, Series 2003 – capital projects	2018	5.50%	\$ 4,650,000
Certificates of Indebtedness, Series 2007 – capital projects	2018	4.01% - 6.41%	<u>1,200,000</u>
			\$ 5,850,000

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.

England Economic and Industrial Development District

June 30, 2008

Notes to Financial Statements

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

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Amounts Due Within One Year</u>
Revenue bonds	\$ 4,990,000	\$ -	\$ (340,000)	\$ 4,650,000	\$ 360,000
Certificates of indebtedness	-	<u>1,200,000</u>	-	<u>1,200,000</u>	<u>91,000</u>
	<u>\$ 4,990,000</u>	<u>\$ 1,200,000</u>	<u>\$ (340,000)</u>	<u>\$ 5,850,000</u>	<u>\$ 451,000</u>

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

<u>Year Ended June 30,</u>	<u>Principal Payments</u>	<u>Interest Payments</u>	<u>Total</u>
2009	\$ 451,000	\$ 316,802	\$ 767,802
2010	477,000	292,129	769,129
2011	503,000	266,043	769,043
2012	534,000	238,570	772,570
2013	565,000	209,404	774,404
2014 - 2018	<u>3,320,000</u>	<u>547,285</u>	<u>3,867,285</u>
	<u>\$ 5,850,000</u>	<u>\$ 1,870,233</u>	<u>\$ 7,720,233</u>

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, 2008, the principal outstanding on these bonds was \$13,490,000.

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 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, 2008, the aggregate principal outstanding on these bonds was \$29,785,000.

As of June 30, 2008, the total aggregate principal outstanding on conduit debt obligations was \$43,275,000.

England Economic and Industrial Development District

June 30, 2008

Notes to Financial Statements

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. 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 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.

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.

England Economic and Industrial Development District

June 30, 2008

Notes to Financial Statements

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>
2009	\$ 2,240,777
2010	1,195,044
2011	1,131,777
2012	739,468
2013	441,860
	<u>\$ 5,748,926</u>

Contingent rental income included in the accompanying financial statements as lease revenues and related fees totaled \$480,585.

Additional Information

**England Economic and Industrial Development District
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2008**

Schedule 1

Federal Grantor/ Program Title	Federal CFDA Number	Federal Expenditures
Department of Commerce		
Direct		
Investments for Public Works and Economic Development Facilities	11.300	\$ 11,095
Department of Transportation		
Direct		
Airport Improvement Program	20.106	1,076,661
Payments for Small Community Air Service	20.930	119,122
Total Department of Transportation		1,195,783
Total		\$ 1,206,878

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, 2008.

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, 2008**

Schedule 2

**Variance
Favorable**

(Unfavorable)

	<u>Budget</u>	<u>Actual</u>	
Revenues			
Lease revenue and related fees	\$ 8,254,840	\$ 8,252,924	\$ (1,916)
Intergovernmental revenues	2,815	2,815	-
Investment income	172,500	170,253	(2,247)
Other	242,644	48,480	(194,164)
Total Operating Revenues	<u>8,672,799</u>	<u>8,474,472</u>	<u>(198,327)</u>
Expenditures			
Executive division	189,852	189,942	(90)
Administrative division	2,433,892	2,304,162	129,730
General and administrative	1,609,120	1,515,410	93,710
Landside operations	876,984	761,057	115,927
Vehicle maintenance	266,590	250,686	15,904
Public safety	954,600	947,295	7,305
Tenant services	500,486	312,141	188,345
Airport operations	1,572,968	1,472,304	100,664
Economic development	236,782	204,837	31,945
Debt service	31,525	29,764	1,761
Total Expenditures	<u>8,672,799</u>	<u>7,987,598</u>	<u>685,201</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ -</u>	<u>\$ 486,874</u>	<u>\$ 486,874</u>

See independent auditor's report.

The District is not required to adopt a budget in accordance with accounting principles generally accepted in the United State 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 is 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, 2008, and have issued our report thereon dated December 10, 2008. 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 control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the District's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the District's financial statements that is more than inconsequential will not be prevented or detected by the District's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the England Economic and Industrial Development District's internal control.

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The Board of Commissioners
England Economic and Industrial Development District

Our consideration of internal control over financial reporting 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 financial reporting that we consider to be material weaknesses, as defined above.

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 10, 2008



PAYNE, MOORE & HERRINGTON, LLP

CERTIFIED PUBLIC ACCOUNTANTS

Established 1945

**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, 2008. 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, 2008.

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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, 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 *control deficiency* in an entity's internal control over compliance 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 noncompliance with a type of compliance requirement of a federal program on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A *material weakness* is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

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.



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, 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 10, 2008

**England Economic and Industrial Development District
 Schedule of Findings and Questioned Costs
 Year Ended June 30, 2008**

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, 2008**

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:

\$300,000

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, 2008. 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, 2008.

MARVIN A. JUNEAU, C.P.A.
ERNEST F. SASSER, C.P.A.
ROBERT L. LITTON, C.P.A.

ROBERT W. DVORAK, 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 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 control deficiency in an entity's internal control over compliance 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 noncompliance with a type of compliance requirement applicable to a passenger facility charge program on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a passenger facility charge program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement applicable to a passenger facility charge program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement applicable to a passenger facility charge program will not be prevented or detected by the entity's internal control.

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, 2008, and have issued our report thereon dated December 10, 2008. Our audit was made for the purpose of forming an opinion on basic 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 basic financial statements and, in our opinion, is fairly presented in all material respects in relation to the basic financial statements taken 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 10, 2008

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

Schedule 3

	Year Ended June 30, 2008							06/30/08 Cumulative Program Totals				
	06/30/07		Quarter 1		Quarter 2		Quarter 3		Quarter 4		FY - 08 Total	
	Cumulative Program Totals	Jul. - Sept.	Oct. - Dec.	Jan. - March	Apr. - Jun.	Total						
Revenue												
Collections	\$ 3,344,407	\$ 151,265	\$ 104,359	\$ 120,354	\$ 146,521	\$ 522,499	\$ 3,866,906					
Interest	83,824	1,080	1,094	1,498	1,455	5,127	88,951					
Total Revenue	3,428,231	152,345	105,453	121,852	147,976	527,626	3,955,857					
Disbursements												
APP 99-01-C-00-AEX												
ARFF vehicle	343,967	-	-	-	-	-	343,967					
New terminal building program	2,966,222	137,225	-	-	414,626	551,851	3,518,073					
PFC application fees	78,048	-	-	-	-	-	78,048					
Total APP 99-01-C-00-AEX	3,388,237	137,225	-	-	414,626	551,851	3,940,088					
Net PFC Revenue	39,994	15,120	105,453	121,852	(266,650)	(24,225)	15,769					
Unexpended PFC Funds, Beginning of Period	-	39,994	55,114	160,567	282,419	39,994	-					
PFC Account Balance, End of Period	\$ 39,994	\$ 55,114	\$ 160,567	\$ 282,419	\$ 15,769	\$ 15,769	\$ 15,769					

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, 2008**

- | | | | |
|-----|--|-------------------------------------|-----------------------|
| 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 match the District's general ledger and FAA PFC Quarterly Reports. | <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> X </u> Yes
<u> </u> N/A | <u> </u> No |
| 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> </u> Yes
<u> X </u> N/A | <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> </u> Yes
<u> X </u> N/A | <u> </u> No |