ENGLAND ECONOMIC AND INDUSTRIAL DEVELOPMENT DISTRICT

ALEXANDRIA, LOUISIANA

JUNE 30, 2004

England Economic and Industrial Development District

June 30, 2004

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PAYNE, MOORE & HERRINGTON, LLP

CERTIFIED PUBLIC ACCOUNTANTS

Independent Auditor's Report

The Board of Commissioners
England Economic and Industrial
Development District

We have audited the accompanying basic financial statements of the England Economic and Industrial Development District, Alexandria, Louisiana, as of and for the year ended June 30, 2004, 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 an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America 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 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, 2004, 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.

Management's discussion and analysis on pages 3 through 10 is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. 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.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 8, 2004, on our consideration of the England Economic and Industrial Development District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

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The Board of Commissioners
England Economic and Industrial
Development District

As described in Note 1 to the basic financial statements, the District adopted, effective July 1, 2003, the provisions of Governmental Accounting Standards Board Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments* and Statement No. 37, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments: Omnibus.* Adoption of these statements results in a change in the format and content of the basic financial statements.

Our audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole 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 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 presented in all material respects in relation to the basic financial statements taken as whole.

Payne, Moore & Herrington, LLP
Certified Public Accountants

December 8, 2004

Required Supplemental Information
Management's Discussion and Analysis

England Economic and Industrial Development District
June 30, 2004

Management Discussion and Analysis (MD&A)

Introduction

The Management's Discussion and Analysis (MD&A) of the England Economic & Industrial Development District's financial performance provides an overall review of the District's financial activities for the fiscal year ended June 30, 2004. The intent of this discussion and analysis is to look at the District's financial performance as a whole. Readers should also review the notes to the financial statements and the financial statements to enhance their understanding of the England Economic & Industrial Development District's financial performance.

The MD&A is an element of the new reporting model adopted by the Governmental Accounting Standards District (GASB) in their Statement No. 34 *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments* issued in June 1999. Certain comparative information between the current year and the prior year is required to be presented in the MD&A. However, because this is the first year of implementing the new reporting model, certain necessary comparative information of the previous year was not prepared. GASB Statement No. 34 permits the omission of the comparative information in the first year of adoption of the new reporting model. Subsequent reports, however, will include the comparative information.

Financial and Operating Highlights

- Assets exceeded liabilities by $119,862,757 at the close of the fiscal year, most of which is capital assets. $6,000,000 of this excess is proceeds from a bond issue during this fiscal year and $1,168,060 is passenger facility charge fees that have been collected but have not been spent as of year end, both of which are to be used for the construction of a new terminal building.
- Net assets increased $4,474,500. This was due in large part to grants received for various capital projects of $6,348,135 offset by depreciation expense of $3,402,664 coupled with the excess of revenues over expenses for the current year.
- Alexandria International Airport (AEX) had 123,367 enplanements, 120,376 deplanements and 51,855 air operations during the current fiscal year.
- AEX handled 163,823 pounds of commercial freight and 7,392,582 pounds of military freight, 83,203 parked cars and sold 4,501,488 gallons of fuel this fiscal year.
- 986,073 square feet were leased on the Airpark as of the end of the current year.

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 June 30, 2004.

Current and other assets	$ 16,814,627
Capital assets	110,830,219
Total assets	$ 127,644,846
Current and other liabilities	$ 1,730,165
Noncurrent liabilities	6,051,924
Total liabilities	$ 7,782,089
Net assets:	
Invested in capital assets, net of related debt	$ 110,530,218
Restricted	7,168,060
Unrestricted	2,164,479
Total net assets	$ 119,862,757

The District's assets exceeded liabilities by $119,862,757 at the close of the fiscal year. 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. Unrestricted net assets — 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 — are $2,164,479 at the end of the year. Approximately $1,455,000 of this amount is set up as an operating reserve with the remainder of these funds being designated by management to go towards existing capital projects.

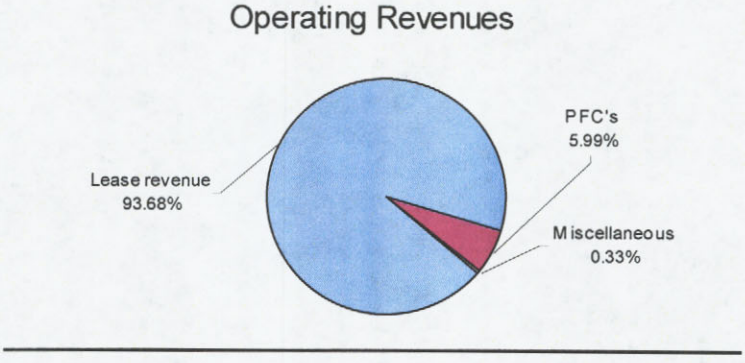
England Economic and Industrial Development District
June 30, 2004

Management Discussion and Analysis (MD&A)

A summary of the District's changes in net assets for the fiscal year ended June 30, 2004 are reflected in the following schedule:

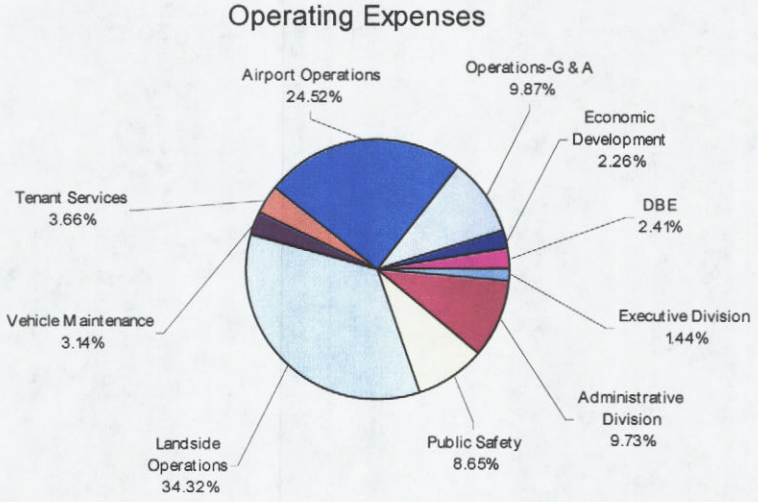
Operating Revenues (Leases, passenger facility charges and other)	$ 7,846,514
Operating Expenses	9,964,109
Operating Income (Loss)	$ (2,117,595)
Non-operating revenues (expenses)	(18,290)
Income (Loss) Before Contributions	$ (2,135,885)
Capital grants and contributions	6,610,385
Changes in net assets	$ 4,474,500

The following is a graphic representation of operating revenues for this fiscal year:



- Lease revenue includes revenues derived from leases for commercial buildings and equipment, residential housing, and fees from other types of services at the airpark.
- 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 is for debt service on the outstanding bonds and the construction costs of the new terminal project.
- Non-operating revenues include interest revenue and proceeds from an auction of surplus property that was held netted against interest expense on bonds.
- Capital grants and contributions include Federal airport improvement program funds and state capital outlay funds along with contributions from the general public.

The following is a graphic representation of operating expenses for this fiscal year:



- The executive division includes the Executive Director and his staff.
- The administrative division includes the finance function and supporting activities.
- Public safety covers the security and fire protection for the airpark.
- Landside operations include the maintenance and upkeep of building 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.
- Tenant services covers costs that are directly associated with facilities that are occupied by current tenants.
- 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.
- Operations – G & A includes the costs associated with the general running of all the operations departments.
- Economic Development incorporates the marketing of the airpark and tenant relations.
- Disadvantaged Business Enterprises (DBE) program is a program designed to assist small and economically disadvantaged businesses obtain contracts for their services.

Capital Assets

At June 30, 2004, the District had $110,830,219 invested in capital assets including land; vehicles, machinery and equipment; buildings and improvements; capital improvements; and construction in progress. This amount is net of accumulated depreciation to date. Increases during the year represent additions to those categories, while decreases represent retirements of assets during the year and depreciation of depreciable assets for the year.

Land	$	5,150,087
Vehicles, machinery and equipment		1,565,932
Buildings and improvements		78,271,032
Capital improvements – plans and studies		12,186,119
Construction in progress		13,657,049
	$	110,830,219

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

- 100.8 acres of land, costing $221,883, adjacent to the airpark was purchased for the purpose of future expansion.
- 12.06 acres of land, costing $165,771, was purchased for the purpose of adding a rail spur.
- A flight simulator, valued at $250,000, was donated to the District.
- Three new maintenance service vehicles and one security vehicle was purchased at a cost of $63,732.
- Assets sold at auction during the year totaled $39,770.
- Construction in progress added during the year was $9,068,384. Total Construction in Progress at year-end included various projects as follows:

New Terminal Building	$ 5,399,235
Terminal Access Road	2,176,518
Rail Spur Addition	156,025
Taxiway Connectors A-1, A-2 & A-3	5,264,604
Taxiway B	616,073
Others	44,594
Total	$ 13,657,049

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

Debt Administration

At year-end, the District had $6,264,053 in notes and compensated absences outstanding. Additional information on the District's long-term debt is presented in the notes to the basic financial statements. A summary of the District's changes in outstanding debt for the fiscal year ended June 30, 2004 is reflected in the following schedule:

	Beginning Balance	Additions	Retirements	Ending Balance
Bonds payable	$ 0	$ 6,000,000	$ 85,000	$ 5,915,000
Certificates of Indebtedness	435,000	0	135,000	300,000
Compensated absences	47,757	1,296	0	49,053
Total long-term debt	$ 482,757	$ 6,001,296	$ 220,000	$ 6,264,053

Long-term debt activity for the year consisted of the following:

- The District issued $6,000,000 in revenue bonds during the fiscal year. These bonds are to be used for the construction of a new airport terminal building to be constructed at Alexandria International Airport and are to be payable primarily from the revenues derived from the Passenger Facility Charges.

- The District continued to pay down its bonded debt issued in 1995, retiring $135,000 in an outstanding certificate of deposit and $85,000 on bonds payable during the fiscal year 2004.

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 2004-2005 fiscal year.

- The District purchased about 240 acres for $1,604,776 that it is going to be used to house Union Tank Car Company, which will manufacture rail cars, and other supporting businesses. They are in the process of building their manufacturing plant on this property and it is scheduled to be completed in early 2006. It will employ about 850 people. The District is going to issue approximately $30,000,000 in bonds for this project, with the debt service to be paid by the State of Louisiana.

- The District created England Sub-District No. 1 which will receive the Union Tank land and handle all lease relations with Union Tank.

- Integrated Packaging is renovating a building belonging to the District to be used in the manufacture of box products for Proctor & Gamble. This will generate about $133,861 a year in new lease revenue.

- The District received a grant from the Federal Aviation Administration for $2,763,863 for the first phase of constructing a new jet maintenance hangar. The District expects to receive an additional $2,300,000 in grant funds from the Federal Aviation Administration and $6,000,000 from the State of Louisiana for this project.

- The Department of Defense will commence work on about $50,000,000 of airfield improvements in early 2005 to support operations at Fort Polk.

- Construction is continuing on the new airport terminal building project. About $10,000,000 in new contracts should be awarded in the spring of 2005 for this project.

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, Finance Manager, 1611 Arnold Drive, Alexandria, LA 71303, or by calling (318) 449-3504 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, 2004

Exhibit A

Assets	
Current Assets	
Cash and cash equivalents	$ 4,152,093
Certificates of deposit	3,000,000
Receivables - net of allowance for doubtful accounts	1,827,652
Prepaid expenses	26,419
Total Current Assets	9,006,164
Noncurrent Assets	
Restricted cash and equivalents	7,168,060
Note receivable	600,000
Deferred bond issuance costs	40,403
Capital assets	
Land and construction in progress	18,807,136
Other capital assets, net of depreciation	92,023,083
Total Noncurrent Assets	118,638,682
Total Assets	127,644,846
Liabilities	
Current Liabilities	
Accounts and contracts payable	1,122,545
Accrued expenses and other payables	121,693
Due to other governments	28,861
Deferred revenue	22,066
Bonds and certificates payable	435,000
Total Current Liabilities	1,730,165
Noncurrent Liabilities	
Tenant deposits	65,808
Contingent tenant rebates	157,063
Compensated absences	49,053
Bonds and certificates payable	5,780,000
Total Noncurrent Liabilities	6,051,924
Total Liabilities	7,782,089
Net Assets	
Investment in capital assets, net of related debt	110,530,218
Restricted for	
Construction	6,000,000
PFC projects	1,168,060
Unrestricted	2,164,479
Total Net Assets	$ 119,862,757

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, 2004

Exhibit B

Operating Revenues	
Lease revenue and related fees	$ 7,350,859
Passenger facility charges	469,747
Miscellaneous	25,908
Total Operating Revenues	7,846,514
Operating Expenses	
Executive division	143,086
Administrative division	969,990
Public safety	861,462
Landside operations	3,420,478
Vehicle maintenance	313,227
Tenant services	364,767
Airport operations	2,442,739
General and administration	983,430
Economic development	224,930
Disadvantaged business enterprise program	240,000
Total Operating Expenses	9,964,109
Operating Income (Loss)	(2,117,595)
Non-Operating Revenues (Expenses)	
Investment income	141,280
Gain (Loss) on sale of capital assets	65,705
Interest Expense	(225,275)
Total Non-Operating Revenues (Expenses)	(18,290)
Income (Loss) Before Contributions	(2,135,885)
Capital Contributions	
Capital grants	6,348,135
Public contributions	262,250
Total Capital Contributions	6,610,385
Change in Net Assets	4,474,500
Net Assets, Beginning of Year	115,388,257
Net Assets, End of Year	$ 119,862,757

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, 2004

Exhibit C
(Continued)

Cash Flows from Operating Activities	
Received from operations	$ 7,859,517
Payments to employees	(989,792)
Payments to vendors and others	(6,010,918)
Net Cash Provided (Used) by Operating Activities	858,807
Cash Flows from Noncapital Financing Activities	-
Cash Flows from Capital and Related Financing Activities	
Proceeds from capital debt	6,000,000
Capital contributions	6,359,135
Proceeds from sale of capital assets	65,705
Purchase and construction of capital assets	(6,958,326)
Principal paid on capital debt	(220,000)
Interest paid on capital debt	(139,383)
Bond issuance costs	(42,118)
Net Cash Provided (Used) by Capital and Related Financing Activities	5,065,013
Cash Flows from Investing Activities	
Interest received on operating funds	131,332
Purchase of certificates of deposit	(3,000,000)
Net Cash Provided (Used) by Investing Activities	(2,868,668)
Change in Cash and Equivalents	3,055,152
Cash and Equivalents, Beginning of Year	8,265,001
Cash and Equivalents, End of Year	$ 11,320,153
Cash and Equivalents Consist of:	
Unrestricted cash and equivalents	$ 4,152,093
Restricted cash and equivalents	7,168,060
Cash and Equivalents, End of Year	$ 11,320,153

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, 2004

Exhibit C
(Concluded)

Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities	
Operating loss	$ (2,117,595)
Adjustments to reconcile operating loss to net cash used in operating activities	
Depreciation	3,402,664
Changes in assets and liabilities	
Accounts receivable	(125,378)
Prepaid expenses	77,171
Accounts payable and contracts payable	(390,121)
Accrued expenses and other payables	(2,233)
Deferred revenue	(7,158)
Tenant deposits	(1,793)
Contingent tenant rebates	21,954
Compensated absences	1,296
Net Cash Provided (Used) by Operating Activities	$ 858,807

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

England Economic and Industrial Development District

June 30, 2004

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

Change in Accounting Principles

Effective July 1, 2003, the District adopted the provisions of Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments,* and Statement No. 37, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments: Omnibus,* issued by the Governmental Accounting Standards Board. Adoption of these statements resulted in a change in the format and content of the financial statements. Also, in accordance with the provisions of Statement No. 34, paragraph 67, the District adopted enterprise fund accounting for the activities of the District. Net assets – beginning of year as shown on the Statement of Revenues, Expenses, and Changes in Net Assets were restated in accordance with Statement No. 34.

Reporting Entity

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

Basis of Presentation

As stated above, effective July 1, 2003, the District adopted the provisions of Statement No. 34 and Statement No. 37. These statements established standards for external financial reporting for all governmental entities, which includes 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

Effective July 1, 2003, 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.

Basis of Accounting

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. Enterprise funds follow GAAP prescribed by the Governmental Accounting Standards Board and Financial Accounting Standards Board's Standards issued prior to November 30, 1989. 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.

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.

Cash and Cash Equivalents

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

Receivables

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

Capital Assets

Capital assets are capitalized and depreciated on a straight-line basis over their estimated useful lives. 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 $500.

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, 2004, in accordance with this policy.

Contingent Tenant Rebates

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

Compensated Absences

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

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 Certificates of Deposit

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

	Unrestricted	Restricted	Total
Petty cash	$ 1,200	$	$ 1,200
Cash in bank	926,561	1,168,060	2,094,621
Certificates of deposit (original maturity 3 months or less)	3,035,452	6,000,000	9,035,452
Louisiana Asset Management Pool	188,880		188,880
	$ 4,152,093	$ 7,168,060	$ 11,320,153

At year-end certificates of deposit consisted of the following:

	Unrestricted	Restricted	Total
Certificates of deposit (original maturity 3 months or more)	$ 3,000,000	$	$ 3,000,000

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

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

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

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

3. Receivables

At year end receivables consisted of the following:

Accounts receivable	$ 173,401
Leases receivable	254,087
Intergovernmental	1,541,811
Gross receivables	1,969,299
Allowance for uncollectibles	(141,647)
Net Receivables	$ 1,827,652

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 interest rate on this loan shall equal the New York Prime rate, adjusted at three year intervals. The loan shall be repaid in 180 monthly payments, starting in November 2001, with the first 60 payments consisting of the then accrued interest on the outstanding principal balance.

5. Capital Assets and Depreciation

A summary of changes in capital assets is presented below:

	Beginning	Additions	Deletions	Ending
Capital assets not being depreciated				
Land	$ 4,749,528	$ 400,559	$	$ 5,150,087
Construction in progress	7,183,902	6,473,147		13,657,049
Totals	11,933,430	6,873,706	-	18,807,136
Capital assets being depreciated				
Vehicles, machinery, and equipment	2,993,445	401,353	(39,770)	3,355,028
Buildings and improvements	105,219,856	216,184		105,436,040
Infrastructure	15,339,575	156,026		15,495,601
Totals	$ 123,552,876	$ 773,563	$ (39,770)	124,286,669
Total capital assets				143,093,805
Accumulated depreciation				(32,263,586)
Net capital assets				$ 110,830,219

Depreciation was charged to functions as follows:

Executive division	$ 1,013
Administrative division	53,610
Public safety	53,219
Landside operations	2,502,758
Vehicle maintenance	49,913
Airport operations	741,041
General and administrative	877
Economic development	233
	$ 3,402,664

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

	Project Authorization	Expended To Date	Commitments	Required Further Financing
Airport Projects				
Terminal	$ 42,221,949	$ 7,575,753	$ 25,062,881	(A)
Taxiways	14,373,251	5,880,677	671,642	(A)
	$ 56,595,200	$ 13,456,430	$ 25,734,523	

(A) The airport projects are funded by federal and state grants, and operating revenues. In addition, the District issued $6,000,000 in revenue bonds to complete construction of the terminal and other projects.

6. Compensated Absences

The following changes occurred in compensated absences for the year:

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due Within One Year
Compensated absences	$ 47,757	$ 1,296	$	$ 49,053	$ -

7. Bonds and Certificates Payable

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

	Maturity Dates	Interest Rates	Ending Balances
Certificates of indebtedness, Series 1995 – capital projects	2006	6.00%	$ 300,000
Revenue bonds, Series 2003 – capital projects	2018	5.50%	5,915,000
			$ 6,215,000

The certificates of indebtedness are secured by and payable from a pledge of the excess of annual revenues above statutory, necessary and usual charges incurred by the District. The revenue bonds are secured by and payable from, first, revenues from passenger facility charges and, second, excess revenues 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
Certificates of indebtedness	$ 435,000	$	$ (135,000)	$ 300,000	$ 145,000
Revenue bonds		6,000,000	(85,000)	5,915,000	290,000
	$ 435,000	$ 6,000,000	$ (220,000)	$ 6,215,000	$ 435,000

The annual requirements to amortize outstanding long-term debt are as follows:

Year Ended June 30,	Principal Payments	Interest Payments	Total
2005	$ 435,000	$ 341,686	$ 776,686
2006	465,000	314,025	779,025
2007	325,000	292,325	617,325
2008	340,000	274,450	614,450
2009	360,000	255,750	615,750
2010-2014	2,125,000	958,650	3,083,650
2015-2018	2,165,000	305,525	2,470,525
	$ 6,215,000	$ 2,742,411	$ 8,957,411

Conduit Debt Obligations

The District issued industrial revenue bonds, to provide financial assistance to private sector entities for the construction of industrial facilities deemed to be in the public interest. These bonds are secured by the property financed and are payable solely from payments received from the underlying mortgage loan. Upon repayment of these bonds, ownership of the acquired facilities transfers to the private-sector entities served by the bond issuance. Neither the District, nor the State, nor any political subdivision thereof is obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements. As of June 30, 2004, the aggregate principal outstanding on these bonds was $19,290,000.

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. Leases

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

Lease Agreement with the United States Air Force

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

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

Leasing Operations

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

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

Year Ended June 30	Future Minimum Lease Payments
2005	$ 3,964,899
2006	2,593,209
2007	2,236,808
2008	845,578
2009	463,852
	$ 10,104,346

Contingent rental income included in the accompanying financial statements as lease revenues and related fees totaled $323,385.

Additional Information

England Economic and Industrial Development District
Schedule of Expenditures of Federal Financial Assistance
Year Ended June 30, 2004

Schedule 1

Federal Grantor	Federal CFDA Number	Federal Expenditures
US Department of Transportation		
Direct Programs		
Airport Improvement Program	20.106	$ 4,175,879
US Department of Homeland Security		
Direct Programs		
Assistance to Firefighters Grant (see Note 1 below)	97.044	103,590
Total		$ 4,279,469

Notes:

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

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

No federal funds were awarded to subrecipients during the year ended June 30, 2004.

(1) Formerly CFDA # 83.554, Federal Emergency Management Agency

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, 2004

Schedule 2

	Budget	Actual	Variance Favorable (Unfavorable)
Revenues			
Lease revenue and related fees	$ 7,325,279	$ 7,350,859	$ 25,580
Investment income	94,582	105,827	11,245
Other	993,481	195,203	(798,278)
Total Operating Revenues	8,413,342	7,651,889	(761,453)
Expenditures			
Executive division	142,089	142,074	15
Administrative division	3,359,445	3,156,601	202,844
General and administration	1,058,673	982,555	76,118
Landside operations	732,784	678,467	54,317
Vehicle maintenance	258,599	263,314	(4,715)
Public safety	823,476	808,243	15,233
Tenant services	406,891	364,767	42,124
Airport operations	1,408,686	1,449,955	(41,269)
Economic development	222,699	224,697	(1,998)
Total Operating Expenses	8,413,342	8,070,673	342,669
Excess of Revenues Over Expenditures	$ -	$ (418,784)	$ (418,784)

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

Other Reports and Information Required by *Government Auditing Standards* or *Louisiana Governmental Audit Guide*

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PAYNE, MOORE & HERRINGTON, LLP

CERTIFIED PUBLIC ACCOUNTANTS

Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

The Board of Commissioners
England Economic and Industrial Development District

We have audited the general-purpose financial statements and the individual fund and account group financial statements of the England Economic and Industrial Development District, as of and for the year ended June 30, 2004, and have issued our report thereon dated December 8, 2004. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the England Economic and Industrial Development District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws and regulations, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the England Economic and Industrial Development District internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

MARVIN A. JUNEAU, C.P.A. | ROBERT L. LITTON, C.P.A. | MICHAEL A. JUNEAU, C.P.A.
H. FRED RANDOW, C.P.A. | ROBERT W. DVORAK, C.P.A. | JAMES N. BALLARD, C.P.A.
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PAYNE, MOORE & HERRINGTON, LLP

The Board of Commissioners
England Economic and Industrial Development District

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

Payne, Moore & Herrington, LLP
Certified Public Accountants

December 8, 2004

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PAYNE, MOORE & HERRINGTON, LLP

CERTIFIED PUBLIC ACCOUNTANTS

Report on Compliance with Requirements Applicable to Each Major Program and Internal Control Over Compliance in Accordance with OMB Circular A-133

The Board of Commissioners
England Economic and Industrial Development District

Compliance

We have audited the compliance of the England Economic and Industrial Development District with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the year ended June 30, 2004. The England Economic and Industrial Development District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the England Economic and Industrial Development District's management. Our responsibility is to express an opinion on the England Economic and Industrial Development District's compliance based on our audit.

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

In our opinion the England Economic and Industrial Development District complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2004.

MARVIN A. JUNEAU, C.P.A. | ROBERT L. LITTON, C.P.A. | MICHAEL A. JUNEAU, C.P.A.
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PAYNE, MOORE & HERRINGTON, LLP

The Board of Commissioners
England Economic and Industrial Development District

Internal Control Over Compliance

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

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirement of laws, regulations, contracts, and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

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

Payne, Moore & Herrington, LLP
Certified Public Accountants

December 8, 2004

England Economic and Industrial Development District
Schedule of Findings and Questioned Costs
Year Ended June 30, 2004

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued:	Unqualified	
Internal control over financial reporting:		
Material weaknesses identified?	____ yes	__x__ no
Reportable conditions identified that are not considered to be material weaknesses?	____ yes	__x__ none reported
Possible noncompliance material to financial statements noted?	____ yes	__x__ no
Management's Corrective Action Plan	*Not Applicable*	
Management's Summary Schedule of Prior Audit Findings	*Not Applicable*	
Memorandum of Recommendations and Other Comments	None	

Federal Awards

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

England Economic and Industrial Development District
Schedule of Findings and Questioned Costs
Year Ended June 30, 2004

Identification of major programs:

CFDA Number	Name of Federal Program
20.106	Airport Improvement Program

Dollar threshold used to distinguish between type A and type B programs: $300,000

Auditee qualified as low-risk auditee? _____ yes __x__ no

Section II - Financial Statement Findings

None.

Section III – Federal Award Findings And Questioned Costs

None.

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

PAYNE, MOORE & HERRINGTON, LLP

CERTIFIED PUBLIC ACCOUNTANTS

Report on Compliance Applicable to the Passenger Facility Charge Program and on Internal Control Over Compliance in Accordance with the *Passenger Facility Charge Audit Guide for Public Agencies*

The Board of Commissioners
England Economic and Industrial Development District

Compliance

We have audited the compliance of the England Economic and Industrial Development District with the compliance requirements described in the *Passenger Facility Charge Audit Guide for Public Agencies,* issued by the Federal Aviation Administration (Guide), for its passenger facility charge program for the year ended June 30, 2004. Compliance with the requirements of laws and regulations applicable to its passenger facility charge program is the responsibility of the England Economic and Industrial Development District's management. Our responsibility is to express an opinion on the England Economic and Industrial Development District's compliance based on our audit.

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

In our opinion the England Economic and Industrial Development District complied, in all material respects, with the requirements referred to above that are applicable to each of its passenger facility program for the year ended June 30, 2004.

MARVIN A. JUNEAU, C.P.A. | ROBERT L. LITTON, C.P.A. | MICHAEL A. JUNEAU, C.P.A.
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PAYNE, MOORE & HERRINGTON, LLP

The Board of Commissioners
England Economic and Industrial Development District

Internal Control Over Compliance

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

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirement of laws and regulations that would be material in relation to the passenger facility charge program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

Schedule of Expenditures of Passenger Facility Charges

We have audited the general-purpose financial statements and the individual fund and account group financial statements of the England Economic and Industrial Development District, as of and for the year ended June 30, 2004, and have issued our report thereon dated December 8, 2004. Our audit was made for the purpose of forming an opinion on basic financial statements taken as a whole 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.

PM•H

PAYNE, MOORE & HERRINGTON, LLP

The Board of Commissioners
England Economic and Industrial Development District

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

Payne, Moore & Herrington, LLP
Certified Public Accountants

December 8, 2004

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

Schedule 3

	6/30/2003	Year Ending June 30, 2004					6/30/2004
	Cumulative Program Totals	Quarter 1 Jul. - Sept.	Quarter 2 Oct. - Dec.	Quarter 3 Jan. - March	Quarter 4 Apr. - Jun.	FY - 04 Total	Cumulative Program Totals
Revenue							
Collections	$ 1,300,803	$ 108,569	$ 104,653	$ 108,203	$ 138,691	$ 460,116	$ 1,760,919
Interest	20,840	2,513	2,663	2,733	2,740	10,649	31,489
Total Revenue	1,321,643	111,082	107,316	110,936	141,431	470,765	1,792,408
Disbursements							
APP 99-01-C-00-AEX							
ARFF vehicle	343,967	-	-	-	-	-	343,967
Terminal construction	-	-	-	-	-	-	-
Terminal financing and interest	-	-	-	202,333	-	202,333	202,333
PFC application fees	55,411	22,637	-	-	-	22,637	78,048
Total APP 99-01-C-00-AEX	399,378	22,637	-	202,333	-	224,970	624,348
Net PFC Revenue	922,265	88,445	107,316	(91,397)	141,431	245,795	1,168,060
Unexpended PFC Funds, Beginning of Period	-	922,265	1,010,710	1,118,026	1,026,629	922,265	-
PFC Account Balance, End of Period	$ 922,265	$ 1,010,710	$ 1,118,026	$ 1,026,629	$ 1,168,060	$ 1,168,060	$ 1,168,060

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.

England Economic and Industrial Development District
Passenger Facility Charge Program Audit Summary
Year Ended June 30, 2004

1.	Type of report issued on PFC financial statements.	_X_ Unqualified	__ Qualified
2.	Type of report on PFC compliance.	_X_ Unqualified	__ Qualified
3.	Quarterly Revenue and Disbursements reconcile with submitted quarterly reports and reported un-liquidated revenue matches actual amounts.	_X_ Yes	_____ No
4.	PFC Revenue and Interest is accurately reported on FAA Form 5100-127.	_X_ Yes	_____ No
5.	The Public Agency maintains a separate financial accounting record for each application.	_X_ 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.	_X_ Yes _____ N/A	_____ No
7.	Monthly carrier receipts were reconciled with quarterly carrier reports.	_X_ Yes	_____ No
8.	PFC revenues were maintained in a separate interest-bearing capital account or commingled only with other interest-bearing airport capital funds.	_X_ Yes	_____ No
9.	Serving carriers were notified of PFC program actions/changes approved by the FAA.	_____ Yes _X_ N/A	_____ No
10.	Quarterly Reports were transmitted (or available via website) to remitting carriers.	_X_ Yes	_____ No
11.	The Public Agency is in compliance with Assurances 5, 6, 7 and 8.	_X_ Yes	_____ No
12.	Project design and implementation is carried out in accordance with Assurance 9.	_X_ Yes	_____ No
13.	Program administration is carried out in accordance with Assurance 10.	_X_ 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.	_X_ Yes _____ N/A	_____ No