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ENGLAND ECONOMIC AND INDUSTRIAL DEVELOPMENT DISTRICT

ALEXANDRIA, LOUISIANA

JUNE 30, 2009

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 1/27/10

England Economic and Industrial Development District

June 30, 2009

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PAYNE, MOORE & HERRINGTON, LLP

CERTIFIED PUBLIC ACCOUNTANTS
Established 1946

Independent Auditor's Report

The Board of Commissioners
England Economic and Industrial Development District

We have audited the accompanying basic financial statements of the England Economic and Industrial Development District, Alexandria, Louisiana, as of and for the year ended June 30, 2009, 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, 2009, and the changes in financial position and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 3, 2009, 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 12, 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.

MARYIN A. JONCAU, C.P.A.	ROBERT M. DYORAK, C.P.A.	JAMES R. BALLARD, C.P.A.
ERNEST F. SASSER, C.P.A.	REBECCA B. MORRIS, C.P.A.	CINDY L. HUMPHRIES, C.P.A.
	MICHAEL A. JONEAU, C.P.A.	
<hr/>		
	ROBERT L. LITTON, C.P.A.	



PAYNE, MOORE & HERRINGTON, LLP

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 3, 2009

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

England Economic and Industrial Development District
June 30, 2009

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, 2009. 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, 2009** is as follows:

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

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 yearend 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 due 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 was 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.

**England Economic and Industrial Development District
June 30, 2009**

Management's Discussion and Analysis (MD&A)

Overview of the Financial Statements

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

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

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

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

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

Financial Analysis of the District

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

	<u>June 30, 2009</u>	<u>June 30, 2008</u>
Current and other assets	\$ 6,599,702	\$ 5,003,437
Capital assets	160,805,782	157,537,307
Total assets	<u>\$ 167,405,484</u>	<u>\$ 162,540,744</u>
Current and other liabilities	\$ 2,273,606	\$ 1,426,902
Noncurrent liabilities	5,586,417	5,806,707
Total liabilities	<u>\$ 7,860,023</u>	<u>\$ 7,233,609</u>
Net assets:		
Invested in capital assets, net of related debt	\$ 155,406,782	\$ 151,687,307
Restricted	7,980	15,769
Unrestricted	4,130,699	3,604,059
Total net assets	<u>\$ 159,545,461</u>	<u>\$ 155,307,135</u>

**England Economic and Industrial Development District
June 30, 2009**

Management's Discussion and Analysis (MD&A)

The District's assets exceeded liabilities by \$159,545,461 at June 30, 2009 and by 155,307,135 at June 30, 2008. 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:

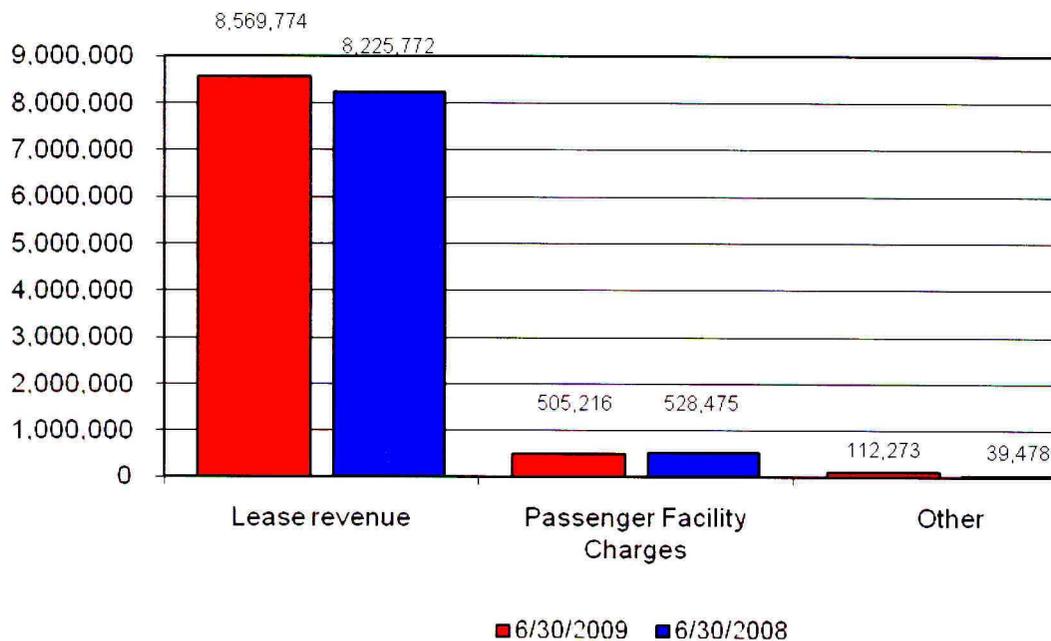
	<u>June 30, 2009</u>	<u>June 30, 2008</u>
Passenger facility charges	\$ 7,980	\$ 15,769
Total Restricted	\$ 7,980	\$ 15,769

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, 2009</u>	<u>June 30, 2008</u>
Operating Revenues		
(Leases revenues, passenger facility charges and other)	\$ 9,187,263	\$ 8,793,725
Operating Expenses	<u>14,544,821</u>	<u>12,842,666</u>
Operating Income (Loss)	\$ (5,357,558)	\$ (4,048,941)
Non-operating revenues (expenses)	<u>359,282</u>	<u>211,713</u>
Income (Loss) Before Contributions	\$ (4,998,276)	\$ (3,837,228)
Capital grants and contributions	<u>9,236,602</u>	<u>2,241,409</u>
Changes in net assets	\$ 4,238,326	\$ (1,595,819)

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



**England Economic and Industrial Development District
June 30, 2009**

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 \$344,002 because of new leases being entered into, CPI lease adjustments, the addition of a fourth airline at Alexandria International Airport (AEX) for the entire year 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 various charges for property damages, missing inventory items and other assorted fees. This amount increased in fiscal year ended June 30, 2009 primarily due to an insurance settlement related to storm damage at some of the buildings.

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

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

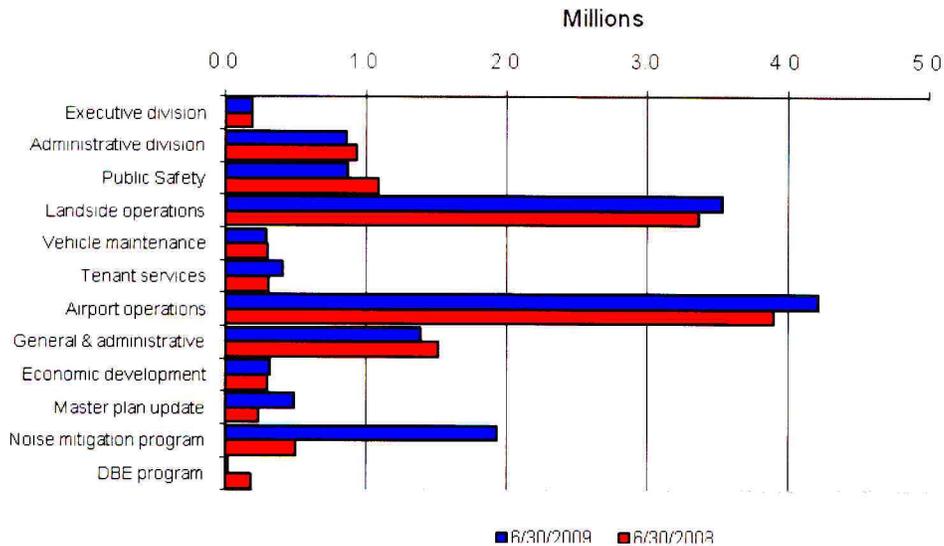
A summary of the District's operating expenses, including depreciation, are reflected in the following schedule:

	<u>June 30, 2009</u>	<u>June 30, 2008</u>
Executive division	\$ 196,371	\$ 190,298
Administrative division	859,085	937,726
Public Safety	870,786	1,092,135
Landside operations	3,541,002	3,366,766
Vehicle maintenance	288,829	299,955
Tenant services	411,971	312,141
Airport operations	4,219,722	3,899,143
General and administration	1,392,351	1,518,976
Economic development	316,751	301,415
Master plan update	494,413	240,727
Noise mitigation program	1,929,996	502,985
Disadvantaged Business Enterprise program	<u>23,544</u>	<u>180,399</u>
Total Operating Expenses	\$ 14,544,821	\$ 12,842,666

**England Economic and Industrial Development District
June 30, 2009**

Management's Discussion and Analysis (MD&A)

The following is a graphic representation of operating expenses:



- The executive division includes the Executive Director and his staff. The costs of this department increased \$6,073 due to the increase in operating costs.
- The administrative division includes the finance function and supporting activities. These costs decreased \$78,641 overall from the prior year. This decrease is primarily as a result of lower insurance premiums for this year.
- Public safety covers the security and fire protection for the Airpark. The category decreased by \$221,349 due to the renegotiation of the old security agreement.
- Landside operations include the maintenance and upkeep of building and grounds that are not related to the airfield. These expenses increased by \$174,326 because of additional depreciation on department equipment and the filling of an occupied personnel position.
- Vehicle maintenance consists of the maintenance of all vehicles that are owned and operated by the District. A decrease of \$11,126 in the division occurred due to the prices for fuel and oil lowering during the year.
- Tenant services covers costs that are directly associated with facilities that are occupied by current tenants. They increased by \$99,830 because of increased major repairs for buildings as well as the District taking over maintenance on some 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 \$320,579 because of increased depreciation expense, additional maintenance costs for the new terminal, and costs to clear the ends of the runways from trees and other obstacles.
- General and administrative includes the costs associated with the general running of all the operations departments. Reductions in the number of temporary workers as well as the termination of a consulting contract are the reasons for these costs decreasing by \$126,625.
- Economic Development incorporates the marketing of the Airpark and tenant relations. These amounts increased by \$15,336 due to incentive program that was in full effect to support increased air service to AEX.

**England Economic and Industrial Development District
June 30, 2009**

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 \$253,686 as the project continued into its second year and was substantially completed.
- 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 \$1,427,011 because the program was fully ramped up and the purchase of land 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 \$156,885 due to the renegotiation of the DBE contract in the prior year.

Capital Assets

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

	June 30, 2009	June 30, 2008
Land	\$ 10,091,674	\$ 8,408,510
Construction in progress	4,618,370	694,561
Vehicles, machinery and equipment	1,660,442	1,326,502
Buildings and improvements	113,283,624	115,843,168
Infrastructure	31,151,672	31,264,566
Net Assets	\$ 160,805,782	\$ 157,537,307

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

- Various leases for maintenance equipment were capitalized at a cost of \$408,284.
- \$58,472 for new mowing equipment has been purchased as well as \$20,492 for new office equipment
- New airfield related equipment purchases included \$19,758 for a new emergency transceiver system for the AEX control tower and \$86,499 for a new runway striper
- A \$17,904 portable pump was acquired to have to assist with drainage during storms.
- A 500,000 gallon water tank for use at the Union Tank Car manufacturing facility built by the Rapides Parish Jury and donated back to the District at a cost of \$808,000.
- Demolition of buildings, in accordance with the District's long-term plan, was completed during the current year at a cost of \$217,912.
- \$1,430,779 of land that was purchased through the District's noise mitigation program during the current fiscal year.
- Renovations to an existing building were performed by a current tenant and added into fixed assets at a value of \$1,692,964.

**England Economic and Industrial Development District
June 30, 2009**

Management's Discussion and Analysis (MD&A)

- Construction in progress added during the year was \$3,923,809. Total Construction in Progress at year-end included various projects as follows:

Taxiway E	\$ 3,952,955
Rehabilitation of Runway 14/32	403,691
UTC Land Development	127,170
Others	<u>134,553</u>
 Total	 \$ 4,618,369

No construction projects were completed during the year.

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, 2009</u>	<u>June 30, 2008</u>
Bonds payable	\$ 4,290,000	\$ 4,650,000
Certificates of Indebtedness	1,109,000	1,200,000
Capitalized leases	318,352	-
Compensated absences	<u>93,408</u>	<u>82,545</u>
Total long-term debt	\$ 5,810,760	\$ 5,932,545

The District reduced its bonds payable \$451,000 during the fiscal year 2009. The District also acquired capitalized leases for \$318,352 for various pieces of maintenance equipment.

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 2009-2010 fiscal year.

- The District will be finishing the updating of its existing Master Plan. This plan will outline the direction of the District over the next 20 years.
- The District is progressing on the second phase of the noise compatibility program. This program will last approximately 5 years. In addition to the \$16 million already received for this project, the District anticipates receiving additional funding to continue this project. Significant contracts to acquire property and mitigate noise have been executed and are ongoing.
- A \$3 million grant from the State of Louisiana has been received to begin the design and engineering of the extension of runway 14/32. This project will enable AEX to perform its mission as a major relief point during disaster recovery. \$750,000 from the FAA has also been obligated for this task.

See independent auditor's report

England Economic and Industrial Development District
June 30, 2009

Management's Discussion and Analysis (MD&A)

- The District anticipates acquiring the necessary property in 2010 for implementation of the runway 14/32 extension project.
- The design work for the revamped gateway into England Airpark along with a new traffic roundabout, at the intersection of Vandenburg and England Drive, is underway.
- \$600,000 has been secured to begin the process of relocating the current fuel farm to a more secure location on the airfield.
- The design services for the industrial development near the Union Tank Car facility is progressing. Approximately \$750,000 has been secured from the State of Louisiana for this purpose.
- The District is continuing work on the construction of a new taxiway to improve the flow of air traffic. This project will cost about \$5.2 million.
- Work has begun on constructing a new car rental return parking lot for AEX and should be completed in the spring of 2010. This is going to be funded by a contract facility charge that is to be collected on every rental of a vehicle.
- The remaining acreage within the boundaries of the District that are currently owned by the U.S. Air Force is scheduled to be deeded over to the District in the near future as soon as environmental issues are worked out.

As a nation, the political/financial ground has fundamentally shifted with the U.S. Government owning large portions of the banking system, two car companies, the largest auto loan company, the largest insurance company as well as nationalizing Fannie Mae and Freddie Mac. The Federal Reserve has vastly expanded its balance sheet to inject unprecedented amounts of liquidity through a myriad of new programs. The Federal government has enacted an extraordinary \$787 billion stimulus plan in an effort to restart the economy. Coupled with other spending and declining tax revenues, the federal budget year was expected to end on September 30, 2009 with an astonishing \$1.8 trillion dollar deficit.

A review of individual state finances reveals the impact of these national stresses. The vast majority of state budgets are dealing with significant decline of tax revenues. Even in our own state, the legislature is wrestling with difficult taxing and spending decisions made necessary to close a projected budget gap.

The finances of the Authority sustained minimal impact during the early stages of this crisis. Revenues have been slightly below expectation. We have seen a drastic decay in interest earned due to the Federal Reserve 0% policy. In addition, the high cost of fuel during the first half of our budget year resulted in minor declines in realized fuel revenues. On the expense side, a tight policy regarding expenses allowed staff to compensate for the decay in revenues

The operations of the Authority actually benefited from the decline in fuel and commodity costs. The impact of deflation in the fourth quarter of 2008 and first quarter of 2009 helped compensate for the rising costs of the new terminal as initial warranty periods expired. Operations' ability to recapitalize with new equipment during a buyers' market helped not only maintain the budget but also to improve efficiency of operations.

**England Economic and Industrial Development District
June 30, 2009**

Management's Discussion and Analysis (MD&A)

The projects of the Authority actually benefited from the crisis due to absence of construction work. Commodity prices, labor and professional services all became more available at a reduced rate. Projects benefited from our ability to capture additional funds in the area of noise reduction, runway rehabilitation and fuel farm relocation. Conversely, the evaporation of the credit market impacted landside development activities.

Operationally, staff will have to work harder to do more with less while maintaining the same standard of excellence the community expects. Complicating the picture will be the full costs of the commercial terminal being realized in the 09/10 budget year. According to plan, we have recapitalized a number of pieces of operational equipment over the last three years and enter this time of reduced resources with an adequate equipment fleet. With fuel prices once again rising we will be exploring additional ways to reduce energy costs to the Authority.

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, 2009

Exhibit A

Assets

Current Assets

Cash and cash equivalents	\$ 4,512,402
Receivables - net of allowance for doubtful accounts	1,040,726
Note receivable	45,291
Prepaid expenses	331,910
Total Current Assets	<u>5,930,329</u>

Noncurrent Assets

Restricted cash and equivalents	134,330
Note receivable	496,671
Other noncurrent assets	38,372
Capital assets	
Land and construction in progress	14,710,044
Other capital assets, net of depreciation	146,095,738
Total Noncurrent Assets	<u>161,475,155</u>

Total Assets 167,405,484

Liabilities

Current Liabilities

Accounts and contracts payable	1,006,350
Accrued expenses and other payables	171,364
Deferred revenue	540,262
Capitalized leases	78,630
Certificates of indebtedness	97,000
Bonds payable	380,000
Total Current Liabilities	<u>2,273,606</u>

Noncurrent Liabilities

Tenant deposits	152,382
Contingent tenant rebates	178,905
Compensated absences	93,408
Capitalized leases	239,722
Certificates of indebtedness	1,012,000
Bonds payable	3,910,000
Total Noncurrent Liabilities	<u>5,586,417</u>

Total Liabilities 7,860,023

Net Assets

Investment in capital assets, net of related debt	155,406,782
Restricted for	
PFC projects	7,980
Unrestricted	4,130,699
	<u>159,545,461</u>

Total Net Assets \$ 159,545,461

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, 2009**

Exhibit B

Operating Revenues

Lease revenue and related fees	\$ 8,569,774
Passenger facility charges	505,216
Miscellaneous	112,273
Total Operating Revenues	9,187,263

Operating Expenses

Executive division	196,371
Administrative division	859,085
Public safety	870,786
Landside operations	3,541,002
Vehicle maintenance	288,829
Tenant services	411,971
Airport operations	4,219,722
General and administrative	1,392,351
Economic development	316,751
Master plan update	494,413
Noise mitigation program	1,929,996
Disadvantaged Business Enterprise program	23,544
Total Operating Expenses	14,544,821

Operating Income (Loss) (5,357,558)

Non-Operating Revenues (Expenses)

Investment income	75,301
Operating grants	616,047
Interest expense	(332,066)
Total Non-Operating Revenues (Expenses)	359,282

Income (Loss) Before Contributions (4,998,276)

Capital Contributions

Capital grants	7,409,248
Public contributions	1,827,354
Total Capital Contributions	9,236,602

Change in Net Assets 4,238,326

Net Assets, Beginning of Year 155,307,135

Net Assets, End of Year \$ 159,545,461

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, 2009**

**Exhibit C
(Continued)**

Cash Flows from Operating Activities

Received from operations	\$ 9,701,770
Payments to employees	(1,409,134)
Payments to vendors and others	(7,943,725)
Net Cash Provided (Used) by Operating Activities	<u>348,911</u>

Cash Flows from Noncapital Financing Activities

Operating grants	680,025
Net Cash Provided (Used) by Noncapital Financing Activities	<u>680,025</u>

Cash Flows from Capital and Related Financing Activities

Proceeds from capital debt	408,284
Capital contributions	7,187,992
Purchase and construction of capital assets	(6,697,402)
Principal paid on capital debt	(540,932)
Interest paid on capital debt	(332,888)
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>25,054</u>

Cash Flows from Investing Activities

Collections on note receivable	41,643
Interest received on operating funds	75,301
Net Cash Provided (Used) by Investing Activities	<u>116,944</u>

Change in Cash and Equivalents

1,170,934

Cash and Equivalents, Beginning of Year

3,475,798

Cash and Equivalents, End of Year

\$ 4,646,732

Cash and Equivalents Consist of:

Unrestricted cash and equivalents	\$ 4,512,402
Restricted cash and equivalents	<u>134,330</u>

Cash and Equivalents, End of Year

\$ 4,646,732

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, 2009**

**Exhibit C
(Concluded)**

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

Operating income (loss)	\$ (5,357,558)
Adjustments to reconcile operating loss to net cash provided by operating activities	
Depreciation	5,425,976
Changes in assets and liabilities	
Accounts receivable	(20,896)
Prepaid expenses	(296,630)
Other noncurrent assets	1,351
Accounts payable and contracts payable	42,662
Accrued expenses and other payables	7,740
Deferred revenue	529,278
Tenant deposits	1,013
Contingent tenant rebates	5,112
Compensated absences	10,863
	10,863
Net Cash Provided (Used) by Operating Activities	\$ 348,911

Additional required disclosure:

Noncash capital and related financing activities consisted of the donation of buildings and infrastructure valued at \$1,827,354. 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, 2009

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, 2009

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, 2009

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, 2009

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, 2009, 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	4,288,926	7,980	4,296,906
Cash with paying agent	-	126,350	126,350
Louisiana Asset Management Pool	222,576	-	222,576
	<u>\$ 4,512,402</u>	<u>\$ 134,330</u>	<u>\$ 4,646,732</u>

England Economic and Industrial Development District

June 30, 2009

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	\$ 107,317
Leases receivable	446,409
Intergovernmental	<u>762,179</u>
Gross receivables	1,315,905
Allowance for doubtful accounts	<u>(275,179)</u>
Net Receivables	\$ 1,040,726

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, 2009

Notes to Financial Statements

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

Current	\$ 45,291
Noncurrent	<u>496,671</u>
	\$ 541,962

Scheduled future receivables, based on terms in effect on June 30, 2009, are as follows:

<u>Year Ended June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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	62,928	25,382	88,310
2015 - 2018	<u>273,224</u>	<u>43,293</u>	<u>316,517</u>
	\$ 541,962	\$ 216,105	\$ 758,067

5. Capital Assets and Depreciation

	<u>Beginning</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending</u>
Capital assets not being depreciated				
Land	\$ 8,408,510	\$ 1,683,164	\$ -	\$ 10,091,674
Construction in progress	<u>694,561</u>	<u>3,923,809</u>	-	<u>4,618,370</u>
Totals	9,103,071	5,606,973	-	14,710,044
Capital assets being depreciated				
Other capital assets				
Vehicles, machinery, and equipment	3,929,998	620,987	-	4,550,985
Buildings and improvements	154,683,856	1,692,964	(92,339)	156,284,481
Infrastructure	<u>37,126,591</u>	<u>808,000</u>	-	<u>37,934,591</u>
Totals	195,740,445	3,121,951	(92,339)	198,770,057
Accumulated depreciation				
Vehicles, machinery, and equipment	(2,603,495)	(287,048)	-	(2,890,543)
Buildings and improvements	(38,840,688)	(4,218,035)	57,866	(43,000,857)
Infrastructure	<u>(5,862,026)</u>	<u>(920,893)</u>	-	<u>(6,782,919)</u>
Totals	<u>(47,306,209)</u>	<u>(5,425,976)</u>	<u>57,866</u>	<u>(52,674,319)</u>
Other Assets, Net of Depreciation	<u>148,434,236</u>	<u>(2,304,025)</u>	<u>(34,473)</u>	<u>146,095,738</u>
Net capital assets	\$ 157,537,307	\$ 3,302,948	\$ (34,473)	\$ 160,805,782

Depreciation was charged to functions as follows:

Executive division	\$ 255
Administrative division	35,288
Public safety	59,208
Landside operations	2,741,395
Vehicle maintenance	49,418
Airport operations	2,535,169
General and administrative	<u>5,243</u>
	\$ 5,425,976

England Economic and Industrial Development District

June 30, 2009

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	\$ 950,862	\$ 127,170	\$ 46,921	None (A)
Airport Projects				
Parking lot expansion	300,611	28,618	6,475	None (A)
Taxiway E	5,604,972	3,952,955	1,652,013	None (B)
Runway 14/32	5,297,348	403,691	4,861,828	None (B)

(A) These projects are funded by operating revenues.

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

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

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

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Amounts Due Within One Year</u>
Tenant deposits	\$ 151,369	\$ 1,013	\$ -	\$ 152,382	\$ -
Contingent tenant rebates	173,793	5,112	-	178,905	-
Compensated absences	82,545	10,863	-	93,408	-

7. Capitalized Leases, Bonds, and Certificates Payable

	<u>Maturity Date</u>	<u>Interest Rates</u>	<u>Ending Balances</u>
Capitalized leases - machinery and equipment	2013	3.60 - 6.97%	\$ 318,352
Revenue bonds, Series 2003 – capital projects	2018	5.50%	4,290,000
Certificates of indebtedness, Series 2007 – capital projects	2018	4.01- 6.41%	<u>1,109,000</u>
			<u>\$ 5,717,352</u>

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, 2009

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>
Capitalized leases	\$ -	\$ 408,284	\$ (89,932)	\$ 318,352	\$ 78,630
Revenue bonds	4,650,000	-	(360,000)	4,290,000	380,000
Certificates of indebtedness	<u>1,200,000</u>	<u>-</u>	<u>(91,000)</u>	<u>1,109,000</u>	<u>97,000</u>
	\$ 5,850,000	\$ 408,284	\$ (540,932)	\$ 5,717,352	\$ 555,630

The annual requirements to amortize outstanding capital leases, 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>
2010	\$ 555,630	\$ 303,498	\$ 859,128
2011	584,849	274,193	859,042
2012	619,209	243,360	862,569
2013	637,664	210,720	848,384
2014	592,000	178,471	770,471
2015 - 2018	<u>2,728,000</u>	<u>368,814</u>	<u>3,096,814</u>
	\$ 5,717,352	\$ 1,579,056	\$ 7,296,408

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, 2009, the principal outstanding on these bonds was \$20,000,000.

On June 15, 2005, the England Sub-District No. 1 (Sub-District) issued revenue bonds to pay for a portion of the costs of acquisition, construction, equipping, installation and improvements of a rail car manufacturing facility and administrative offices. These bonds are secured by a pledge of all rights and interests of the Sub-District in, to and under the Cooperative Endeavor agreement between the Sub-District and the State of Louisiana (Agreement). In accordance with the Agreement, the State of 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, 2009, the aggregate principal outstanding on these bonds was \$27,900,000.

As of June 30, 2009, the total aggregate principal outstanding on conduit debt obligations was \$47,900,000.

England Economic and Industrial Development District

June 30, 2009

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, 2009

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>
2010	\$ 4,477,892
2011	3,644,343
2012	3,274,294
2013	2,483,903
2014	<u>1,425,330</u>
	\$ 15,302,762

Contingent rental income included in the accompanying financial statements as lease revenues and related fees totaled \$512,204.

11. Operating Lease Expenses

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

<u>Year Ended June 30,</u>	<u>Future Minimum Lease Payments</u>
2010	\$ 83,727
2011	47,733
2012	29,736
2013	<u>29,736</u>
	\$ 190,932

Additional Information

**England Economic and Industrial Development District
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2009**

Schedule 1

Federal Grantor/ Program Title	Federal CFDA Number	Federal Expenditures
Department of Transportation		
Direct		
Airport Improvement Program	20.106	\$ 7,487,697
Payments for Small Community Air Service	20.930	113,366
Total Department of Transportation		<u>7,601,063</u>
Total		<u><u>\$ 7,601,063</u></u>

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

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

No federal funds were awarded to subrecipients during the year ended June 30, 2009.

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, 2009**

	<u>Budget</u>	<u>Actual</u>	Schedule 2 Variance Favorable (Unfavorable)
Revenues			
Lease revenue and related fees	\$ 8,550,536	\$ 8,589,840	\$ 39,304
Intergovernmental revenues	17,594	17,594	-
Investment income	81,500	74,926	(6,574)
Other	674,061	112,174	(561,887)
Total Operating Revenues	9,323,691	8,794,534	(529,157)
Expenditures			
Executive division	196,542	196,116	426
Administrative division	2,664,890	2,549,047	115,843
General and administrative	1,727,781	1,406,866	320,915
Landside operations	945,531	871,020	74,511
Vehicle maintenance	271,919	239,411	32,508
Public safety	873,239	811,578	61,661
Tenant services	521,500	517,989	3,511
Airport operations	1,736,779	1,702,351	34,428
Economic development	233,458	176,654	56,804
Debt service	152,052	152,052	-
Total Expenditures	9,323,691	8,623,084	700,607
Excess (Deficiency) of Revenues Over Expenditures	\$ -	\$ 171,450	\$ 171,450

See independent auditor's report.

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

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

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



PAYNE, MOORE & HERRINGTON, LLP

CERTIFIED PUBLIC ACCOUNTANTS

Established 1946

**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, 2009, and have issued our report thereon dated December 3, 2009. 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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PAYNE, MOORE & HERRINGTON, LLP

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 3, 2009



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, 2009. 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, 2009.

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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 3, 2009

**England Economic and Industrial Development District
 Schedule of Findings and Questioned Costs
 Year Ended June 30, 2009**

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, 2009**

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, 2009. 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, 2009.

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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, 2009, and have issued our report thereon dated December 3, 2009. 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 3, 2009

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

Schedule 3

	Year Ended June 30, 2009							06/30/09 Cumulative Program Totals				
	06/30/08		Quarter 1		Quarter 2		Quarter 3		Quarter 4		FY - 09 Total	
	Cumulative Program Totals	Jul. - Sept.	Oct. - Dec.	Jan. - March	Apr. - Jun.	Total	Total					
Revenue												
Collections	\$ 3,866,906	\$ 119,814	\$ 136,371	\$ 112,959	\$ 144,469	\$ 513,613	\$ 4,380,519					
Interest	88,951	175	154	17	32	378	89,329					
Total Revenue	3,955,857	119,989	136,525	112,976	144,501	513,991	4,469,848					
Disbursements												
APP 99-01-C-00-AEX												
ARFF vehicle	343,967	-	-	-	-	-	343,967					
New terminal building program	3,518,073	62,600	127,875	-	331,304	521,779	4,039,852					
PFC application fees	78,048	-	-	-	-	-	78,048					
Total APP 99-01-C-00-AEX	3,940,088	62,600	127,875	-	331,304	521,779	4,461,887					
Net PFC Revenue	15,769	57,389	8,650	112,976	(186,803)	(7,788)	7,981					
Unexpended PFC Funds, Beginning of Period	-	15,769	73,158	81,808	194,784	15,769	-					
PFC Account Balance, End of Period	\$ 15,769	\$ 73,158	\$ 81,808	\$ 194,784	\$ 7,981	\$ 7,981	\$ 7,981					

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, 2009**

- | | | | |
|-----|--|-------------------------------------|-----------------------|
| 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 |