

In our opinion, the 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, 1997.

Internal Control Over Compliance

The management of the 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 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 and to test and report on internal control over compliance in accordance 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 requirements of laws, regulations, contract 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 for the information of the audit committee, management and federal awarding agencies and pass-through entities. However, this report is a matter of public records and its distribution is not limited.


ROBERT J. FISCHER & COMPANY
Certified Public Accountants

November 12, 1997



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**REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH
 MAJOR PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE IN
 ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS AND
 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 (the 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, 1997. The 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 District's management. Our responsibility is to express an opinion on the District's compliance based on our audit.

We conducted our audit of compliance in accordance with generally accepted auditing standards, 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, *Audit 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 District's compliance with these requirements.

The Board of Commissioners
England Economic and Industrial Development District

that would be material in relation to the financial statements being audited may occur and not be detected in 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.

This report is intended for the information of the audit committee, management and federal awarding agencies and pass-through entities. However, this report is a matter of public record and its distribution is not limited.


D. J. RISCHE & COMPANY
Certified Public Accountants

November 12, 1993



OBSTRECHER & COMPANY

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REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS AND OMB CIRCULAR A - 133

The Board of Commissioners
England Economic and Industrial Development District

We have audited the general purpose financial statements of the England Economic and Industrial Development District (the District) as of and for the year ended June 30, 1997, and have issued our report thereon dated November 12, 1997. We conducted our audit in accordance with generally accepted auditing standards; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and the provisions of the Office of Management and Budget Circular A - 133, "Audits of States, Local Governments, and Non-Profit Organizations".

Compliance

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, 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 District's 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

**OTHER REPORTS REQUIRED BY
GOVERNMENT AUDITING STANDARDS OR
OMB CIRCULAR A-133**

**ENGLAND ECONOMIC AND INDUSTRIAL DEVELOPMENT DISTRICT
GENERAL FUND
SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL**

For the year ended June 30, 1997

	BUDGET	ACTUAL	Difference (OVER (UNDER) BUDGET)
Administration			
Salaries and fringe	\$338,158	\$338,381	\$223
Audit and accounting	15,458	15,458	0
Legal services	75,000	69,188	(\$5,812)
Consultants	11,200	11,200	0
Contract labor	12,500	53,877	41,377
Photocopy/Drug testing	3,000	1,825	(\$1,175)
Insurance	218,500	216,521	(\$1,979)
Telephones	8,300	7,975	(\$325)
Advertising	3,780	3,400	(\$380)
Travel	22,580	31,254	(\$8,674)
Books and subscriptions	14,500	13,213	(\$1,287)
Training	4,700	3,868	(\$832)
Office supplies and expense	3,825	3,478	(\$347)
Printing	4,680	4,322	(\$358)
Postage	4,680	4,382	(\$298)
Bank charges	2,750	2,698	(\$52)
Provision for doubtful account	0	35,478	35,478
Office/Computer equipment/maint	6,700	4,838	(\$1,862)
Insurance liability	4,000	4,000	0
Operating Reserve	31,800	15,483	(\$16,317)
Total administration	<u>\$750,538</u>	<u>\$755,198</u>	<u>\$4,660</u>
Operations			
Salaries and fringe	\$376,411	\$376,691	\$280
Professional services-Tower Ops	184,800	0	(\$184,800)
Contract labor	60,810	68,283	\$7,473
Telephone	50,500	18,581	(\$31,919)
Office supplies and expense	1,680	3,583	(\$1,903)
Postage	150	187	(\$37)
Contingencies	50,881	77,321	(\$26,440)
Pest Control	31,258	29,587	(\$1,671)
Contracted	14,250	14,800	(\$550)
Utilities	416,508	400,341	(\$16,167)
Repairs and maintenance	480,798	498,234	(\$17,436)
Supplies	105,074	120,766	(\$15,692)
Vehicle expense	82,458	81,296	(\$1,162)
Fuel provision	790,060	790,000	(\$60)
Security	311,198	314,785	(\$3,587)
Tenant services	153,376	183,775	(\$30,399)
Signage/Operations	50,375	67,558	(\$17,183)
Labor HGA	30,600	31,650	(\$1,050)
Algebra Relocation Costs	28,000	31,215	(\$3,215)
Total operations	<u>\$3,412,397</u>	<u>\$3,787,352</u>	<u>\$374,955</u>
Economic development			
Salaries and fringe	\$88,103	\$88,414	\$311
Marketing	67,182	79,458	(\$12,276)
Total economic development	<u>\$155,285</u>	<u>\$167,872</u>	<u>\$12,587</u>

SUPPORTING SCHEDULES

**ENGLAND ECONOMIC AND INDUSTRIAL DEVELOPMENT DISTRICT
DEFERRED COMPENSATION PLAN AGENCY FUND
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES**

For the year ended June 30, 1997

	<u>BALANCE</u> <u>July 1, 1996</u>	<u>RECEIPTS</u>	<u>DISBURSE-</u> <u>MENTS</u>	<u>BALANCE</u> <u>June 30, 1997</u>
<u>Assets</u>				
Plan investments	<u>\$250,644</u>	<u>\$150,632</u>	<u>(354,704)</u>	<u>\$247,692</u>
<u>Liabilities</u>				
Benefits payable	<u>\$250,644</u>	<u>\$103,786</u>	<u>(39,236)</u>	<u>\$147,692</u>

The notes to the financial statements are an integral part of this statement.

AGENCY FUND

Deferred Compensation Plan Agency Fund is used to account for assets held by the District, as an agent, for employees. The plan permits employees to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency.

**ENGLAND ECONOMIC AND INDUSTRIAL DEVELOPMENT DISTRICT
CAPITAL PROJECTS FUND
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE**

for the year ended June 30, 1987

Revenues	
Federal grants	\$628,513
State grants	97,546
Other grants	<u>155,000</u>
Total revenues	<u>\$881,059</u>
Expenditures	
Capital outlay	
Firefighting equipment	13,248
Intermodal improvements	820,745
Airport master plan	100,479
Property map	154,199
Hangar modifications	221,307
Heritage Park	8,500
Building Demolition	3,808
Runway Obstacle Removal	193
Street lighting	<u>18,390</u>
Total expenditures	<u>1,344,865</u>
Excess (deficiency) of revenues over expenditures	<u>(463,804)</u>
Other financing sources (uses)	
Operating transfers in - general fund	<u>381,567</u>
Total other financing sources (uses)	<u>381,567</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other financing (uses)	<u>(82,237)</u>
Fund balance, beginning of year	<u>(26,247)</u>
Fund balance, end of year	<u>\$88,156</u>

The notes to the financial statements are an integral part of this statement.

ENGLAND ECONOMIC AND INDUSTRIAL DEVELOPMENT DISTRICT
CAPITAL PROJECTS FUND
BALANCE SHEET

June 30, 1997

Assets

Cash	\$13,800
Receivables	
Intergovernmental	<u>165,862</u>
Total assets	<u>\$179,265</u>

Liabilities and fund balance

Liabilities

Accounts payable	\$49,878
Deferred income - federal assistance	<u>41,031</u>
Total liabilities	90,909

Fund balance

Unreserved - undesignated	<u>88,356</u>
Total liabilities and fund balance	<u>\$179,265</u>

The notes to the financial statements are an integral part of this statement.

CAPITAL PROJECTS FUND

Capital Projects Fund is used to account for the acquisition or construction of major capital facilities and improvements.

**ENGLAND ECONOMIC AND INDUSTRIAL DEVELOPMENT DISTRICT
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**

for the year ended June 30, 1997

	BUDGET	ACTUAL	OVER (UNDER) BUDGET
Revenues			
Grants	\$4,000	\$4,000	\$0
License revenue	4,807,478	4,822,977	15,499
Fuel flow	337,858	352,620	14,762
Interest	300,400	308,172	7,772
Investment	20,000	20,000	0
Total revenues	<u>5,771,736</u>	<u>5,608,569</u>	<u>(163,167)</u>
Expenditures			
Carson			
Administration	770,528	767,198	(3,330)
Operations	3,802,387	3,287,365	(515,022)
Economic development	124,501	147,898	23,397
Capital outlay	0	0	0
Debt service			
Principal	43,476	43,476	0
Interest	155,188	152,808	(2,380)
Total expenditures	<u>4,927,168</u>	<u>4,498,747</u>	<u>(428,421)</u>
Excess (deficiency) of revenues over expenditures	844,568	1118,822	274,254
Other financing sources (uses)			
Operating transfers out - capital projects fund	(203,797)	(203,797)	0
Excess (deficiency) of revenues and other financing sources over expenditures and other financing (uses)	640,771	915,025	274,254
Fund balance, beginning of year	<u>4,355,850</u>	<u>4,355,850</u>	<u>0</u>
Fund balance, end of year	<u>\$4,996,621</u>	<u>\$4,996,621</u>	<u>\$0</u>

The notes to the financial statements are an integral part of this statement.

**ENGLAND ECONOMIC AND INDUSTRIAL DEVELOPMENT DISTRICT
GENERAL FUND
BALANCE SHEET**

June 30, 1987

Assets

Cash	\$4,735,007
Receivables	
Intergovernmental	4,289
Leases (net of allowance of \$83,168)	98,348
Other	257,150
Prepaid expenses	<u>100</u>
Total assets	<u>\$5,096,094</u>

Liabilities and fund balance

Liabilities

Accounts payable	\$201,971
Other current liabilities	50,862
Due to other governments	28,862
Deferred income - other	18,548
Tenant deposits held	48,897
Rent Rebate	<u>44,900</u>
Total liabilities	<u>421,330</u>

Fund balance

Designated - Airside improvements	1,745,109
Designated - Landside improvements	1,599,548
Designated - Operating reserve	1,128,819
Designated - Merit raises	<u>125,705</u>
Total designated	4,598,979
Undesignated	<u>125,705</u>
Total fund balance	<u>4,724,684</u>

Total liabilities and fund balance **\$5,096,094**

The notes to the financial statements are an integral part of this statement.

GENERAL FUND

This is the general operating fund of England Economic and Industrial Development District and is used to account for operations traditionally associated with an entity which are not required to be accounted for in another fund.

ENGLAND ECONOMIC AND INDUSTRIAL DEVELOPMENT DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 1997

9. FUND BALANCE DESIGNATIONS

The Board of Commissioners of the District adopted a policy during its June, 1996 board meeting to designate fund balances as of June 30, 1996. This designation is as follows:

- 40% for inside improvements
- 30% for outside improvements
- 25% for operating reserve

Operating surplus for June 30, 1997 shall be designated as follows:

- 30% designated as above
- greater of 25% of fund balance increase or 5% of salaries and fringe designated for merit raises
- the remainder as undesignated

Operating surplus for years ending after June 30, 1997 will be designated as follows:

- 46.67% designated for outside improvements
- 53.33% designated for inside improvements

10. CONTINGENCY

As of June 30, 1997, the District is contingently liable to the Air Force Base Closure Agency (AFBCA) for unsecured utilities for the time period December 15, 1992 to November 24, 1995. This issue is currently being negotiated. At present there is no determination of the outcome.

ENGLAND ECONOMIC AND INDUSTRIAL DEVELOPMENT DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 1997

Security - A security deposit in the form of cash or a letter of credit is negotiated on each lease.

As of June 30, 1997, the District had the following property subleased:

Property:	Square Footage	Annual Lease Payment	Future Non-cancelable Lease Payment
Airfield	325,838	\$2,153,640	\$1,537,230
Landside	526,489	1,834,030	4,150,461
Utility	0	85,000	425,000
Miscellaneous	<u>15,913</u>	<u>77,704</u>	<u>0</u>
Total	<u>868,240</u>	<u>\$4,185,374</u>	<u>\$6,112,691</u>

Future lease payments to be received under non-cancelable leases are shown by year as follows:

Year Ending June, 31	Airfield	Landside	Utility	Total
1998	679,222	1,811,721	85,000	2,575,943
1999	467,815	1,411,346	85,000	1,964,161
2000	321,876	475,466	85,000	882,342
2001	98,539	289,328	85,000	472,867
2002	1	164,629	85,000	249,630

For the year ended June 30, 1997, fifty-nine (59%) of lease revenue was from two tenants.

ENGLAND-ECONOMIC AND INDUSTRIAL DEVELOPMENT DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 1997

The lease has a thirty (30) day cancellation clause, whereby either party may cancel the lease without cause, with thirty (30) days notice given to the other party. The lease allows the sublease of the property.

The United States Air Force is in the process of transferring title to all of the property and premises mentioned above to the District. A substantial portion of this transfer is scheduled to be completed in December, 1997 with another portion expected to be transferred in March, 1998, and the final portion by December, 1998.

8. LEASES - LESSOR

The District, as lessor, subleases the real and related personal property leased from the Federal government. The subleases are classified as operating and are categorized as follows:

Airfield leases: Includes leases of properties and/or facilities on or adjacent to the airfield. Included in this category are properties utilized for airfield related industry purposes.

Landside leases: Includes leases of properties where the tenant use is not directly related to the airfield, i.e., education, recreation, etc.

Utility leases: Includes leases of the utility system and their associated equipment and facilities that are located within boundaries of the former England Air Force Base.

Miscellaneous leases: Includes leases of properties for a term of less than one year.

All subleases are negotiated individually and vary in consideration, term, cost, and security; however, the basic terms of the subleases are as follows:

Consideration - Fair market value plus an assessment per square foot leased for common area maintenance. An annual CPI adjustment is applied upon renewal.

Term - There is no minimum real term. Most terms include a tenant renewal option.

Cost - Most leases are triple net leases whereby the tenant is responsible for maintenance, insurance, and taxes. Some leases are net leases whereby the lessor is responsible for maintenance, insurance, and taxes. Some leases are a combination of the two whereby these costs are shared by the lessor and the tenant.

ENGLAND ECONOMIC AND INDUSTRIAL DEVELOPMENT DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 1997

6. DEFERRED COMPENSATION PLAN

The District offers its employees a defined compensation plan created in accordance with Internal Revenue Code Section 457. The plan permits employees to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency.

All amounts of compensation deferred under the plan, all property and rights purchased with those amounts, and all income attributable to those amounts, property, or rights are (until paid or made available to the employee or other beneficiary) solely the property and rights of the District (without being restricted to the provisions of benefits under the plan), subject only to the claims of the District's general creditors. Participants' rights under the plan are equal to those of general creditors of the District in an amount equal to the fair market value of the deferred account for each participant.

Changes in plan assets are shown below:

Plan assets July 1, 1997	\$250,644
Receipts	150,652
Disbursements	(158,204)
Plan assets, June 30, 1997	<u>\$243,092</u>

7. LEASES - LESSEE

The District (lessee) leases the premises and property consisting of certain lands with improvements thereon, together with certain related personal property, which comprised a portion of the former England Air Force Base, from the United States Air Force (lessor).

Under the terms of this lease, which is classified as an operating lease, the lessee pays \$1 for the term of the lease. This lease was effective March 28, 1998, and ends upon the conveyance and delivery of the land for the leased property to the District at the end of a fifty-five (55) year term. The District is granted an option to extend this lease for a like term for any property that has not been devoted to the District. The lessee shall provide protection and maintenance of the property at its own expense.

ENGLAND ECONOMIC AND INDUSTRIAL DEVELOPMENT DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 1997

The annual requirement to amortize the outstanding long-term debt, other than compensated absences is as follows:

Year Ending June 30	Principal
1998	\$121,000
1999	125,000
2000	140,000
2001	148,000
2002	154,000
2003	<u>615,000</u>
	<u>\$1,378,000</u>

During the year ended June 30, 1997, the following changes occurred in long-term liabilities:

	Balance June 1, 1996	Additions	Reductions	Balance June 30, 1997
Certificates of Indebtedness, Series 1993	\$238,000	50	\$28,000	\$210,000
Certificates of Indebtedness, Series 1996	1,200,000	0	90,000	1,110,000
Compensated absences	<u>36,452</u>	<u>4,827</u>	<u>0</u>	<u>41,279</u>
	<u>\$1,474,452</u>	<u>\$4,877</u>	<u>\$118,000</u>	<u>\$1,361,329</u>

ENGLAND ECONOMIC AND INDUSTRIAL DEVELOPMENT DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 1997

Significant construction or renovation projects are summarized below:

	Project Authorization	Expended To Date	Remaining Commitment
Intermodal improvements	\$6,282,000	\$5,965,177	\$316,823
Hanger modifications	<u>1,908,000</u>	<u>1,894,424</u>	<u>13,576</u>
	<u>\$8,190,000</u>	<u>\$7,859,601</u>	<u>\$330,399</u>

Funding is provided by grants, debt proceeds, and use of prior year earnings.

5. GENERAL OBLIGATIONS PAYABLE

General obligation debt: General obligation liabilities are direct obligations for which the full faith and credit of the District is pledged as security. The District has incurred these liabilities in acquisition of machinery and equipment, commonly referred to as MTR equipment. In addition, the District's obligation relative to the liability for compensated business is reported as a general obligation debt. General long-term debt outstanding at June 30, 1997, consisted of the following:

Certificate of Indebtedness, Series 1893			
Date of issue:	October 12, 1993		
Original issue amount:	\$111,000		
Interest rate:	6.5%		
Principal outstanding at June 30, 1997			\$210,000
Certificate of Indebtedness, Series 1895			
Date of issue:	December 1, 1995		
Original issue amount:	\$1,200,000		
Interest rate:	6.0%		
Principal outstanding at June 30, 1997			1,100,000
Compensated business			
Amount outstanding at June 30, 1997			<u>41,183</u>
			<u>\$1,351,183</u>

ENGLAND ECONOMIC AND INDUSTRIAL DEVELOPMENT DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 1997

4. FIXED ASSETS

The following is a summary of the changes in the general fixed assets account group during the fiscal year:

	Balance	Additions/ (Deletions)	Balance
	July 1, 1996		June 30, 1997
Office equipment	\$32,798	\$6,380	\$39,208
Computer equipment	27,423	21,382	78,927
Machinery and equipment	922,689	92,411	1,065,100
Vehicles	164,773	13,878	318,653
Airport Directional Sign	0	181,841	181,841
Development and planning studies	622,355	19,285	641,623
Capital improvements			
Intermodal staging base	2,445,758	0	2,445,758
Runway access pad	2,178,188	0	2,178,188
Utility meters	31,079	0	31,079
Building improvements	0	85,534	85,534
Construction in progress			
Utility meters	38,913	0	38,913
Intermodal			
Improvements	3,986,467	378,789	3,986,176
Slaggar modifications	1,627,631	256,733	1,884,424
Planning studies	281,221	<u>128,803</u>	479,621
	<u>\$14,541,248</u>	<u>\$1,028,296</u>	<u>\$15,579,544</u>

The investment in general fixed assets was funded from the following sources:

Federal and state funding	\$11,399,189
General obligation debt	4,050,873
General fund earnings	<u>1,129,582</u>
Total	<u>\$16,579,644</u>

ENGLAND ECONOMIC AND INDUSTRIAL DEVELOPMENT DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 1987

2. CASH

The District's deposits at year-end were entirely covered by federal depository insurance as collateral held by the District or its agent in the District's name.

3. RECEIVABLES

Receivables at June 30, 1987 consisted of the following:

	General Fund	Capital Projects
Intergovernmental		
Federal		
Operations group	34,209	38
Capital outlay	0	85,132
State		
Capital Outlay	0	72,538
Local grant	0	0
Leases	131,516	0
Ad valorem taxes paid under protest	243,150	0
Other	<u>12,200</u>	<u>0</u>
	383,133	183,662
Allowance for uncollectible leases	<u>(83,868)</u>	<u>0</u>
Total	<u>\$309,265</u>	<u>\$183,662</u>

ENGLAND ECONOMIC AND INDUSTRIAL DEVELOPMENT DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 1997

The liability that is expected to be liquidated with expendable available resources is reported as an expenditure and a fund liability of the governmental fund that is responsible for payment. Amounts that are not expected to be liquidated with expendable available resources are reported in the general long-term debt account group. No expenditure is reported for these amounts in the accompanying financial statements.

K. General Obligation Payable

For long-term obligations, only that portion expected to be financed from expendable available financial resources is reported as a fund liability of a governmental fund. The remaining portion of such obligations is reported in the General Long-Term Debt Account Group.

L. Fund Equity

Reserves, if any, represent those portions of fund equity not appropriate for expenditure as legally segregated for a specific future use. Designated fund balances, if any, represent tentative plans for future use of financial resources.

M. Interfund Transactions

Transactions that constitute reimbursements to a fund for expenditures initially made from it that are properly applicable to another fund are recorded as expenditures in the reimbursing fund and as reductions of expenditures in the fund that is reimbursed. All other interfund transfers are reported as operating transfers.

N. Memorandum Only--Total Columns

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

ENGLAND ECONOMIC AND INDUSTRIAL DEVELOPMENT DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 1997

G. Short-Term Interfund Receivables/Payables

During the course of operations, numerous transactions occur between individual funds for goods or services rendered. These receivables and payables are classified as "Due from other funds" or "Due to other funds" on the balance sheet. There were no interfund receivables/payables at year end.

H. Prepaid Expenses

Payments made to vendors for services that will benefit periods beyond June 30, 1997, are recorded as prepaid expenses.

I. Fixed Assets

General fixed assets are not capitalized in the funds used to acquire or construct them. Instead, capital acquisitions and construction are reflected as expenditures in governmental funds, and the related assets are recorded in the general fixed assets account group at historical costs. Assets in the general fixed assets account group are not depreciated.

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

Interest expense incurred during construction of capital facilities is not capitalized when the costs are reported in the General Fixed Asset Account Group.

J. Compensated Absence

Vacation pay is accrued as a liability when earned by the employees since the employee's right to receive the compensation is already rendered and it is probable that the District will compensate for employees for benefits through paid time off or through cash payments at termination. Sick leave, except for the sick leave time for the executive director, is not accrued since the District will not compensate the employee for unused sick leave upon termination.

ENGLAND ECONOMIC AND INDUSTRIAL DEVELOPMENT DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 1997

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

B. Budgets and Budgetary Accounting

An annual operating budget of proposed expenditures and the means of financing them was adopted for the general fund. Budgeted amounts are as originally adopted, or as amended from time to time by the Board of Commissioners. Budgets are adopted consistent with generally accepted accounting principles.

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

Budgets are adopted on a line item basis. The overall level of control is on a cost-center basis.

Annual operating budget appropriations expire at the close of the fiscal year to the extent not expended.

E. Encumbrances

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is employed by the District. All encumbrances expire at the close of the fiscal year.

F. Cash

Cash includes amounts in demand deposits. The District maintains one demand deposit checking account for all funds. Each fund's positive equity in the cash account is presented as "Cash" in the financial statements. Negative equity balances in cash, if any, have been reclassified and are reflected as short-term interfund receivables/payables.

ENGLAND ECONOMIC AND INDUSTRIAL DEVELOPMENT DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 1997

Governmental funds are used to account for all of the District's general activities, including the collection and disbursement of earmarked monies (special revenue funds) and the acquisition or construction of general fixed assets (capital projects funds). The general fund is used to account for all activities of the general government not accounted for in some other fund.

Agency funds are used to account for assets held by the District as an agent or behalf of others.

The General Fixed Asset Account Group is used to account for fixed assets owned by the District.

The General Long-Term Debt Account Group is used to account for long-term debt outstanding at the balance sheet date.

C. Basis of Accounting

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

The modified accrual basis of accounting is used by all governmental fund types. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). "Measurable" means the amount of the transaction can be determined and "available" means the amount is collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Expenditures are recorded when the related fund liability is incurred. Principal and interest on general long-term debt are recorded as fund liabilities when due.

Those revenues susceptible to accrual are taxes receivable and interest income. Revenue from cost reimbursement grants is recognized in accordance with GASB Statement 1. When the expenditure is incurred, grant revenue is considered to have been earned and therefore available and recognized as revenue.

ENGLAND ECONOMIC AND INDUSTRIAL DEVELOPMENT DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 1982

In defining the District's reporting entity, for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria set forth in GAAP. The basic criteria for including a potential component unit within the reporting entity is whether the primary government is financially accountable for the potential unit. A primary government is financially accountable if it appoints a voting majority of the organization's governing body and either (1) is able to impose its will on that organization or (2) there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the primary government. The primary government may also be financially accountable if an organization is fiscally dependent on the primary government regardless of whether the organization has a separately elected governing body, a governing board appointed by a higher level government, or a jointly appointed board. An entity is fiscally dependent if it does not have the authority to do all of the following procedures:

1. Determine its budget without another government having the authority to approve and modify that budget.
2. Levy taxes or set rates or charges without approval by another government.
3. Issue debt without approval of another government.

Based upon the above criteria, the District does not have any component units.

B. Fund Accounting

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

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

ENGLAND ECONOMIC AND INDUSTRIAL DEVELOPMENT DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 1997

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The England Economic and Industrial Development District (hereinafter referred to as "District") was created by Act 142 of the Legislature of Louisiana, 1991 Regular Session. The District is a body politic and corporate of the state which shall exist in perpetuity. The District is composed of all of the territory located within Rapides Parish.

The District was created for the object and purpose of accepting title from the United States of America to any and all real property and personal property and improvements included in the England Air Force Base and 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.

The District is governed by a Board of Commissioners and has the power to incur debt and issue revenue and general obligation bonds, certificates of indebtedness, bonds and certificates of indebtedness, bonds and certificate anticipation notes, refunding bonds, and the power of taxation, subject to the limitations provided in the Act.

The financial statements of the District have been prepared in conformity with generally accepted accounting principles (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. The GASB periodically updates its codification of the existing Governmental Accounting and Financial Reporting Standards which, along with subsequent GASB pronouncements (Statements and Interpretations) constitute GAAP for governmental units.

The most significant of the District's accounting policies are described below.

A. The Financial Reporting Entity

As noted above, England Economic and Industrial Development District was created by an Act of the Louisiana Legislature as a special purpose government and legally separate governmental entity. As required by generally accepted accounting principles, these financial statements present the District as a primary government with no component units.

Notes to Financial Statements

**ENGLAND ECONOMIC AND INDUSTRIAL DEVELOPMENT DISTRICT
COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
GENERAL FUND**

for the year ended June 30, 1991

	BUDGET	ACTUAL	OVER (UNDER) BUDGET
Revenues			
Grants	84,000	84,000	0
Loan revenue	6,897,074	6,897,071	15,560
Fuel charge	207,000	205,628	1,372
Interest	200,000	200,072	4,072
Miscellaneous	20,000	21,826	1,826
Total revenues	<u>7,328,074</u>	<u>7,408,597</u>	<u>80,523</u>
Expenditures			
Capital			
Administration	776,200	790,198	13,998
Operations	3,411,800	3,487,200	75,400
Economic development	110,200	107,094	3,106
Capital outlay	0	0	0
Debt service	0	0	0
Principal	41,676	41,676	0
Interest	170,000	169,000	0
Building Maintenance	0	0	0
Emergency Services Bureau	0	0	0
Street Lighting	0	0	0
Total expenditures	<u>4,358,276</u>	<u>4,401,137</u>	<u>42,861</u>
Excess (deficiency) of revenues over expenditures	<u>2,969,798</u>	<u>3,007,460</u>	<u>37,662</u>
Other financing sources (used)			
Operating transfers (out)	(200,000)	(200,000)	0
Excess (deficiency) of revenues and other financing sources over expenditures and other financing (used)	<u>2,769,798</u>	<u>2,807,460</u>	<u>162,338</u>
Fund balance, beginning of year	<u>6,200,000</u>	<u>6,250,000</u>	<u>50,000</u>
Fund balance, end of year	<u>\$6,970,000</u>	<u>\$9,057,920</u>	<u>\$2,087,920</u>

The notes to this financial statements are an integral part of this statement.

**ENGLAND ECONOMIC AND INDUSTRIAL DEVELOPMENT DISTRICT
COMBINED STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
ALL GOVERNMENTAL FUND TYPES**

For the year ended June 30, 1992

	GENERAL FUNDS	CAPITAL PROJECTS FUNDS	TOTAL MEMBERSHIP FUNDS
Revenues			
Grants	14,000	971,000	985,000
Loan income	4,000	0	4,000
Fed. tax	200,000	0	200,000
Interest	200,000	0	200,000
Miscellaneous	2,250	0	2,250
Total revenues	<u>5,450,000</u>	<u>971,000</u>	<u>6,421,000</u>
Expenditures			
Current			
Administration	70,000	0	70,000
Operations	1,240,000	0	1,240,000
Economic development	147,000	0	147,000
Capital outlay	0	1,011,400	1,011,400
Debt service	0	0	0
Property	41,470	0	41,470
Interest	15,000	0	15,000
Building	0	3,000	3,000
Emergency (Disaster) Relief	0	100	100
Short selling	0	78,200	78,200
Total expenditures	<u>1,453,470</u>	<u>1,089,600</u>	<u>2,543,070</u>
Excess (deficiency) of revenues over expenditures	<u>3,996,530</u>	<u>(118,600)</u>	<u>3,877,930</u>
Other financing resources (net)	(893,870)	0	(893,870)
Operating transfers (net)	0	900,000	900,000
Operating transfers to	(200,000)	(90,000)	(290,000)
Total other financing resources (net)	<u>(1,093,870)</u>	<u>810,000</u>	<u>(283,870)</u>
Excess (deficiency) of revenues and other financing resources over expenditures and other financing (net)	<u>2,902,660</u>	<u>(28,600)</u>	<u>2,874,060</u>
Fund balances, beginning of year	<u>54,000,000</u>	<u>100,000</u>	<u>54,100,000</u>
Fund balances, end of year	<u>56,903,320</u>	<u>71,400</u>	<u>56,974,720</u>

The notes to the financial statements are an integral part of this statement.

**ENGLAND ECONOMIC AND INDUSTRIAL DEVELOPMENT DISTRICT
CONSOLIDATED BALANCE SHEET - ALL FUND TYPES AND ACCOUNT GROUPS**

June 30, 1987

	GOVERNMENTAL FUND TYPES		PRIMARY FUND TYPES	ACCOUNT GROUPS		TOTAL (MEMBERSHIP %)
	GENERAL FUND	CAPITAL PROJECTS FUND		GENERAL FUND	LONG-TERM DEBT	
Assets and other assets						
Cash	\$6,793,847	\$1,000	0	0	\$6,793,846	
Receivables			0	0	0	
Prepaid expenses	2,400	150,000	0	0	150,000	
Inventory	48,344	0	0	0	48,344	
Other - net of discounts	252,136	0	0	0	252,136	
Other	100	0	0	0	100	
Deferred expenses	0	0	341,000	0	341,000	
Capital expenditures	0	0	0	0	0	
Fixed assets	0	179,200	0	11,770,044	11,770,044	
Total assets	6,994,684	179,200	341,000	11,770,044	12,284,928	
Other liability	0	0	0	1,261,440	1,261,440	
Total assets and other liability	\$6,994,684	\$179,200	\$341,000	\$12,031,604	\$12,506,488	
Liabilities and liabilities, and other credits						
Accounts payable	\$111,075	\$10,073	0	0	\$121,148	
Other current liabilities	26,862	0	0	0	26,862	
Due to other governments	28,892	0	0	0	28,892	
Deferred income - derived activities	41,070	0	0	0	41,070	
Deferred income - other	19,248	0	0	0	19,248	
Taxes receivable	46,847	0	0	0	46,847	
Employer's Liability	46,847	0	0	0	46,847	
Deferred compensation benefits payable	0	0	341,000	0	341,000	
Compensated absences payable	0	0	0	41,200	41,200	
Other long-term liabilities	0	0	0	3,370,000	3,370,000	
Other obligations payable	0	0	0	0	0	
Total liabilities	471,132	10,073	341,000	3,370,000	4,152,205	
Reserve balances and other credits	0	0	0	11,770,044	11,770,044	
Investment in general fund assets				0	0	
Trust balances	21,761	64,616	0	0	86,377	
Unencumbered - unexpended (expenses)	4,110,076	0	0	0	4,110,076	
Total fund balances and other credits	4,131,837	64,616	0	11,770,044	15,966,507	
Total liabilities, fund balances, and other credits	\$4,602,969	\$74,689	\$341,000	\$11,770,044	\$16,818,702	

The items in the financial statements are an integral part of this statement.

General Purpose Financial Statements

The general purpose financial statements include all funds and account groups of England Economic and Industrial Development District and are designed to provide an overview of the financial position and results of operations for the entity as a whole. Additional information in the form of combining and individual fund financial statements is included elsewhere in this report to the extent such presentation expands on the financial information presented in the general purpose financial statements.

The Board of Commissioners
England Economic and Industrial
Development District

Our audit was conducted for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The individual fund financial statements and schedules listed in the table of contents are presented for purposes of additional analysis and are not a required part of the general purpose financial statements of England Economic and Industrial Development District. Such information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, is fairly presented in all material respects in relation to the general purpose financial statements taken as a whole.

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

In accordance with Government Auditing Standards, we have also issued a report dated November 12, 1997, on our consideration of the England Economic and Industrial Development District's internal control over financial reporting and compliance.


PAUL R. SPEICHER & COMPANY
Certified Public Accountants

November 12, 1997



OESTRICHEER & COMPANY

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Independent Auditor's Report

The Board of Commissioners

England Economic and Industrial Development District

We have audited the accompanying general purpose financial statements of England Economic and Industrial Development District, Alexandria, Louisiana, as of and for the year ended June 30, 1997, as listed in the table of contents. These general purpose financial statements are the responsibility of the management of England Economic and Industrial Development District. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards; Government Auditing Standards, issued by the Comptroller General of the United States; and the provisions of the Office of Management and Budget (OMB) Circular A-133, "Audit of States, Local Governments, and Non-Profit Organizations." Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall general purpose financial statements presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of England Economic and Industrial Development District as of June 30, 1997, and the results of its operations for the year then ended in conformity with generally accepted accounting principles.

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**England Economic and Industrial
Development District**

Alexandria, LA

June 30, 1997

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the auditor, or reviewed, or reviewed, or 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.

MAR 04 1998

Release Date