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# **ENGLAND ECONOMIC AND INDUSTRIAL DEVELOPMENT DISTRICT**

## **ANNUAL FINANCIAL REPORT**

**FOR THE YEAR ENDED JUNE 30, 1999**

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the audited, or reviewed, 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 1-5-00

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November 11, 1999

**INDEPENDENT AUDITORS' REPORT**

The Board of Commissioners  
England Economic and Industrial Development District

We have audited the accompanying general purpose financial statements of the England Economic and Industrial Development District, as of and for the year then ended June 30, 1999. These general purpose financial statements are the responsibility of the District's management. 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 and the standards applicable to financial audits contained in the *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 assurances 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 statement presentation. We believe that our audit provides a reasonable basis for our opinion.

Governmental Accounting Standards Board Technical Bulletin 98-1, *Disclosures about Year 2000 Issues*, requires disclosure of certain matters regarding the Year 2000 Issue. The England Economic and Industrial Development District has included such disclosures in Note 11. Because of the unprecedented nature of the Year 2000 Issue, its effects and the success of related remediation efforts will not be fully determinable until the year 2000 and thereafter. Accordingly, insufficient audit evidence exists to support the England Economic and Industrial Development District's disclosures with respect to the Year 2000 Issue made in Note 11. Furthermore, we do not provide assurance that the England Economic and Industrial Development District, is or will be year 2000 ready, that the England Economic and Industrial Development District's year 2000 remediation efforts will be successful in whole or in part, or that parties with which the England Economic and Industrial Development District does business will be year 2000 ready.

In our opinion, except for the effects of such adjustments, if any, as might have been determined to be necessary had we been able to examine evidence regarding year 2000 disclosures, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the


*England Economic and Industrial Development District*  
*November 11, 1999*

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England Economic and Industrial Development District, as of June 30, 1999 and the results of its operations for the year then ended in conformity with generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 11, 1999, on our consideration of the England Economic and Industrial Development District's internal control over financial reporting and our test of its compliance with certain provisions of laws, regulations, contracts and grants.

Our audit was made for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The supplemental information listed in the table of contents is presented for purposes of additional analysis and are not a required part of the general purpose 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 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.

  
ROZIER, HARRINGTON & MCKAY  
Certified Public Accountants

**ENGLAND ECONOMIC AND INDUSTRIAL DEVELOPMENT DISTRICT**  
**Combined Balance Sheet - All Fund Types and Account Group**  
**June 30, 1999**

	Governmental Funds		Account Groups		Total (Memorandum Only)
	General	Capital Projects	General Fixed Assets	General Long-term Debt	
<b><u>Assets</u></b>					
Cash and cash equivalents	\$ 3,031,727	\$ 4,206,106	\$ -	\$ -	\$ 7,237,833
Receivables	155,474	381,514	-	-	536,988
Other Assets	9,889	-	-	-	9,889
General fixed assets	-	-	20,166,814	-	20,166,814
Amount to be provided for retirement of long-term debt	-	-	-	1,085,645	1,085,645
<b>Total assets</b>	<b><u>\$ 3,197,090</u></b>	<b><u>\$ 4,587,620</u></b>	<b><u>\$ 20,166,814</u></b>	<b><u>\$ 1,085,645</u></b>	<b><u>\$ 29,037,169</u></b>
<b><u>Liabilities and fund equity</u></b>					
<b><u>Liabilities:</u></b>					
Accounts payable	\$ 234,767	\$ 258,901	\$ -	\$ -	\$ 493,668
Deferred revenue	83,707	-	-	-	83,707
Tenant deposits	81,135	-	-	-	81,135
Accrued tenant rebates	60,611	-	-	-	60,611
Compensated absences payable	-	-	-	27,645	27,645
Certificates of indebtedness	-	-	-	1,058,000	1,058,000
<b>Total liabilities</b>	<b><u>460,220</u></b>	<b><u>258,901</u></b>	<b><u>-</u></b>	<b><u>1,085,645</u></b>	<b><u>1,804,766</u></b>
<b><u>Fund equity:</u></b>					
Investment in general fixed assets	-	-	20,166,814	-	20,166,814
Fund balance (deficit):					
Unreserved - Undesignated	-	4,328,719	-	-	4,328,719
Designated	2,736,870	-	-	-	2,736,870
<b>Total fund equity</b>	<b><u>2,736,870</u></b>	<b><u>4,328,719</u></b>	<b><u>20,166,814</u></b>	<b><u>-</u></b>	<b><u>27,232,403</u></b>
<b>Total liabilities and fund equity</b>	<b><u>\$ 3,197,090</u></b>	<b><u>\$ 4,587,620</u></b>	<b><u>\$ 20,166,814</u></b>	<b><u>\$ 1,085,645</u></b>	<b><u>\$ 29,037,169</u></b>

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



**ENGLAND ECONOMIC AND INDUSTRIAL DEVELOPMENT DISTRICT**

**Combined Statement of Revenues, Expenditures and Changes in Fund Balance**

**All Governmental Fund Types**

**For the year ended June 30, 1999**

	General	Capital Projects	Total (Memorandum Only)
<b>Revenues:</b>			
Grants	\$ -	\$ 1,027,423	\$ 1,027,423
Lease revenue and related fees	6,230,407	-	6,230,407
Interest	309,284	-	309,284
Miscellaneous	41,459	38,818	80,277
<b>Total revenues</b>	<b>6,581,150</b>	<b>1,066,241</b>	<b>7,647,391</b>
<b>Expenditures:</b>			
Current:			
Administration	761,285	-	761,285
Operations	3,367,182	-	3,367,182
Economic Development	121,036	-	121,036
Debt Service	206,450	-	206,450
Capital Outlay	-	1,954,896	1,954,896
<b>Total expenditures</b>	<b>4,455,953</b>	<b>1,954,896</b>	<b>6,410,849</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>2,125,197</b>	<b>(888,655)</b>	<b>1,236,542</b>
<b>Other financing sources (uses):</b>			
Operating transfers in	-	4,141,478	4,141,478
Operating transfers out	(4,141,478)	-	(4,141,478)
Proceeds from sale of fixed assets	66,827	-	66,827
<b>Total other financing sources (uses)</b>	<b>(4,074,651)</b>	<b>4,141,478</b>	<b>66,827</b>
<b>Excess (deficiency) of revenues and other financing sources over expenditures and other uses</b>	<b>(1,949,454)</b>	<b>3,252,823</b>	<b>1,303,369</b>
<b>Beginning fund balance (deficit)</b>	<b>4,686,324</b>	<b>1,075,896</b>	<b>5,762,220</b>
<b>Ending fund balance (deficit)</b>	<b>\$ 2,736,870</b>	<b>\$ 4,328,719</b>	<b>\$ 7,065,589</b>

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

**ENGLAND ECONOMIC AND INDUSTRIAL DEVELOPMENT DISTRICT**  
**Combined Statement of Revenues, Expenditures and Changes in Fund Balance**  
**General Fund - Budget (GAAP Basis) and Actual**  
**For the year ended June 30, 1999**

	Budget	Actual	Variance Favorable (Unfavorable)
<b><u>Revenues:</u></b>			
Lease revenue and related fees	\$ 6,135,847	\$ 6,230,407	\$ 94,560
Interest	306,257	309,284	3,027
Miscellaneous	39,443	41,459	2,016
<b>Total revenues</b>	<b>6,481,547</b>	<b>6,581,150</b>	<b>99,603</b>
<b><u>Expenditures:</u></b>			
Current:			
Administration	771,397	761,285	10,112
Operations	3,403,097	3,367,182	35,915
Economic Development	134,017	121,036	12,981
Debt Service	206,450	206,450	-
<b>Total expenditures</b>	<b>4,514,961</b>	<b>4,455,953</b>	<b>59,008</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>1,966,586</b>	<b>2,125,197</b>	<b>40,595</b>
<b><u>Other financing sources (uses):</u></b>			
Operating transfers out	(4,141,478)	(4,141,478)	-
Proceeds from sale of fixed assets	66,827	66,827	-
<b>Total other financing sources (uses)</b>	<b>(4,074,651)</b>	<b>(4,074,651)</b>	<b>-</b>
<b>Excess (deficiency) of revenues and other financing sources over expenditures and other uses</b>	<b>(2,108,065)</b>	<b>(1,949,454)</b>	<b>40,595</b>
<b>Beginning fund balance (deficit)</b>	<b>4,686,324</b>	<b>4,686,324</b>	<b>-</b>
<b>Ending fund balance (deficit)</b>	<b>\$ 2,578,259</b>	<b>\$ 2,736,870</b>	<b>\$ 40,595</b>

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

# ENGLAND ECONOMIC AND INDUSTRIAL DEVELOPMENT DISTRICT

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 1999

### NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

England Economic and Industrial Development District (the District) was created by the State 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.

The District encompasses all of Rapides Parish and its boundaries are identical to the Parish boundaries. The District is governed by a Board of Commissioners that is appointed by various governmental units located within Rapides Parish.

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, 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) constitutes GAAP for governmental units.

The following is a summary of certain significant accounting policies and practices:

#### Financial Reporting Entity

The District is considered a legally separate stand-alone government as defined by Generally Accepted Accounting Principles. As a stand-alone government, for reporting purposes, the District is considered a separate financial reporting entity. The financial reporting entity consists of (a) the primary government (the District), (b) organizations for which the primary government is financially accountable, and (c) other organizations for which nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

Governmental Accounting Standards Board (GASB) Statement No. 14 established criteria for determining which component units should be considered part of the District for financial reporting purposes. The basic criterion for including a potential component unit within the reporting entity is financial accountability. The GASB has set forth criteria to be considered in determining financial accountability. This criteria includes:



# ENGLAND ECONOMIC AND INDUSTRIAL DEVELOPMENT DISTRICT

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 1999

1. Appointing a voting majority of an organization's governing body, and
  - a) The ability of the District to impose its will on that organization and/or
  - b) The potential for the organization to provide specific financial benefits to or impose specific financial burdens on the District.
2. Organizations for which the District does not appoint a voting majority but are fiscally dependent on the District.
3. Organizations for which the reporting entity financial statements would be misleading if data of the organization is not included because of the nature or significance of the relationship.

Based on the criteria presented above, the District has no component units.

### **Fund Accounting**

The accounts of the District are organized on the basis of funds and account groups, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenue, expenses, and expenditures. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The following fund types and account groups are used by the District:

#### **Governmental Funds**

General Fund - The General Fund is the general operating fund of the District. It is used to account for all financial resources except those required to be accounted for in another fund.

Capital Project Funds - Account for financial resources received and used for the acquisition, construction, or improvement of capital facilities not reported in the other governmental funds.

#### **Account Groups**

General Fixed Assets Account Group - This group of accounts is used to account for fixed assets of the District.

General Long-Term Debt Account Group - This group of accounts is used to account for long-term debt of the District.

# ENGLAND ECONOMIC AND INDUSTRIAL DEVELOPMENT DISTRICT

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 1999

### Basis Of Accounting

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied. All governmental funds are accounted for using the modified accrual basis of accounting. Revenues are recognized when they become measurable and available as net current assets. Expenditures are recognized when the related fund liability is incurred, except for principal and interest on long-term debt, which is recognized in the period payment becomes due.

### Budgets

The Board of Commissioners adopts an annual operating budget of proposed expenditures and the means of financing them for its general fund in accordance with state law. As allowed by state law, the budgets may be amended by the Board of Commissioners as conditions change. The budgets are prepared in accordance with generally accepted accounting principles and all unexpended appropriations expire at the close of the fiscal year.

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 funds budgeted on this basis is provided in this document.

Although budgets are adopted on a line item basis, the overall level of control is on a cost center basis, i.e. administration, operations and economic development.

### Compensated Absences

Full time and regular part-time employees earn vacation at rates that vary depending of length of service. A limited amount of unused vacation may be carried forward to future years. The amount of unused vacation an employee is eligible to carry forward varies depending on length of service; however, upon termination no employee can be paid for more than 320 hours.

Amounts of unused vacation that are not expected to be liquidated with expendable available financial resources are recorded in the General Long-Term Debt Account Group. An expenditure is reported when the unused vacation is actually liquidated.

### Fixed Assets:

Fixed assets of governmental funds are recorded as expenditures at the time purchased or constructed, and the related assets are reported in the general fixed assets account group. Since the District does not capitalize infrastructures, these items are excluded from the general fixed assets account group. No depreciation has been provided on general fixed assets. General fixed assets that are purchased or constructed by the District are reported at historical cost, including any interest incurred during construction.

# ENGLAND ECONOMIC AND INDUSTRIAL DEVELOPMENT DISTRICT

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 1999

Donated fixed assets are reported at estimated fair value at the time of receipt. Fair market value for donated property has been estimated as follows:

- **Land** – A recent appraisal of land surrounding the property occupied by the District has been used as a basis for estimating the value of donated land.
- **Buildings** – Rental income generated by buildings donated to the District has been used as a basis for determining the value of the property.

### **Interfund Receivables And Payables:**

Interfund receivables and payables occur when transactions between individual funds are executed. These balances are typically liquidated within one year of origination. The interfund receivables and payables are not eliminated in the preparation of combined financial statements.

### **Cash And Cash Equivalents:**

Amounts reported as cash and cash equivalents (restricted and unrestricted) include all cash on hand, cash in bank accounts, certificates of deposit and highly liquid investments

### **Fund Equity:**

Reserves, if any, represent those portions of fund equity legally segregated for a specific future use. Designations, if any, represent tentative plans for future use of financial resources.

### **Total Columns On Combined Statements - Overview**

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

### **Use Of Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

### **Encumbrance Accounting**

Purchase orders, contracts, and other commitments to engage in future expenditures are referred to as encumbrances. Encumbrances are recorded in order to reserve a portion of the applicable appropriation for the anticipated expenditure; however, all outstanding encumbrances lapse at year end. Since encumbrances do not represent liabilities or current expenditures, encumbrances are not reported in the accompanying financial statements.



# ENGLAND ECONOMIC AND INDUSTRIAL DEVELOPMENT DISTRICT

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 1999

### NOTE 2 – CASH

Amounts reported on the accompanying balance sheet as cash and cash equivalents are composed of the following amounts:

Petty Cash .....	\$	950
Cash in bank, with a collected bank balance of \$13,649 protected from risk by federal deposit insurance and pledged securities with a market value of \$54,685 held by the custodial bank in the name of the fiscal agent bank (GASB Category 3) .....		(99,636)
Repurchase agreement with a financial institution dated June 30, 1999 maturing July 1, 1999. The repurchase agreement is classified as an uninsured, unregistered instrument and it is secured by U.S. Government Agency securities with a market value of \$7,484,327 held by the financial institution in its name. ....		<u>7,336,519</u>
		<u>\$ 7,237,833</u>

Even though the securities pledged to secure bank deposits are considered uncollateralized (Category 3) under the provisions of GASB Statement No. 3, State law imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified that the fiscal agent has failed to pay deposited funds upon demand.

### NOTE 3 - RECEIVABLES

Accounts receivable at June 30, 1999 are presented as follows:

	<u>General</u>	<u>Capital Projects</u>
Accounts Receivable	\$ 245,439	\$ 31,672
Allowance for Doubtful Accounts	(89,965)	----
<hr/>		
Accounts Receivable Net	155,474	31,672
Intergovernmental Grants Receivables:		
Federal Aviation Administration	----	118,655
State of Louisiana	----	231,187
<hr/>		
<u>Total Receivables</u>	<u>\$ 155,474</u>	<u>\$ 381,514</u>

# ENGLAND ECONOMIC AND INDUSTRIAL DEVELOPMENT DISTRICT

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 1999

### NOTE 4 – GENERAL FIXED ASSETS

A summary of the changes in General Fixed Assets for the year are as follows:

	<u>Beginning of Year</u>	<u>Additions</u>	<u>Deletions</u>	<u>End of Year</u>
Land	\$ 360,000	\$ 2,193,528	\$ ----	\$ 2,553,528
Vehicles, Machinery & Equipment	2,014,001	39,823	(18,174)	2,035,649
Buildings & Improvements	12,628,546	6,205,967	(5,382,524)	13,451,989
Capital Improvements Plans & Studies	641,621	651,651	----	1,293,273
Construction in Progress	871,169	977,114	(1,015,908)	832,375
<u>Total General Fixed Assets</u>	<u>\$ 16,515,337</u>	<u>\$ 10,068,083</u>	<u>\$ (6,416,606)</u>	<u>\$ 20,166,814</u>

Public improvements such as roads, bridges, drainage improvements, lighting, runways, aircraft taxiways and aprons constructed for aircraft operations are referred to as infrastructure. As discussed in Note 1, the District's policies exclude infrastructure improvements from amounts reported as general fixed assets. However, based on an analysis of general fixed asset records, management has determined that a portion of the amount previously reported as buildings and improvements was attributable to the construction of infrastructure. Accordingly, cost relating to infrastructure totaling \$5,382,524 have been removed from the general fixed asset records. The remainder of the deletions presented above are attributable to the sale of surplus equipment and the completion of projects that were previously classified as construction in process.

As discussed in Note 1, fixed assets donated to the District are recorded at estimated fair market value. Donated property reported at estimated fair value in the general fixed asset account group is summarized as follows:

	<u>Beginning of Year</u>	<u>Additions</u>	<u>Deletions</u>	<u>End of Year</u>
Land	\$ ----	\$ 2,020,268	\$ ----	\$ 2,020,268
Buildings & Improvements	----	5,830,000	----	5,830,000
<u>Total Donated Property</u>	<u>\$ ----</u>	<u>\$ 7,850,268</u>	<u>\$ ----</u>	<u>\$ 7,850,268</u>

### NOTE 5 – CHANGES IN GENERAL LONG-TERM DEBT

Changes in the District's general long-term debt for the year ended June 30, 1999 are presented as follows:



# ENGLAND ECONOMIC AND INDUSTRIAL DEVELOPMENT DISTRICT

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 1999

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>
Certificates of Indebtedness	\$ 1,195,000	\$ ----	\$ 137,000	\$ 1,058,000
Compensated Absences	39,894	----	12,249	27,645
<u>Total general long-term debt</u>	<u>\$ 1,234,894</u>	<u>\$ ----</u>	<u>\$ 149,249</u>	<u>\$ 1,085,645</u>

### NOTE 6 – CERTIFICATES OF INDEBTEDNESS

The District has issued certificates of indebtedness which are secured by and payable from a pledge of the excess of annual revenues above statutory, necessary and usual charges incurred by the District. Certificates of indebtedness outstanding at June 30, 1999 are described as follows:

\$311,000 Certificate of Indebtedness, Series 1993 dated October 12, 1993, bearing interest at a rate of 6.5%. Principle is payable in annual installments ranging from \$23,000 to \$40,000, with the final installment due July 1, 2003.	\$ 148,000
\$1,200,000 Certificate of Indebtedness, Series 1995 dated January 16, 1996, bearing interest at a rate of 6.0%. Principle is payable in annual installments ranging from \$90,000 to \$115,000, with the final installment due December 1, 2005.	910,000
<u>Total Certificates of Indebtedness</u>	<u>\$ 1,058,000</u>

A schedule of maturities of certificates of indebtedness is presented as follows:

<u>Year Ended June 30<sup>th</sup></u>	<u>Principal</u>
2000	\$ 110,000
2001	149,000
2002	156,000
2003	168,000
2004	175,000
Thereafter	<u>300,000</u>
Total	<u>\$ 1,058,000</u>

# ENGLAND ECONOMIC AND INDUSTRIAL DEVELOPMENT DISTRICT

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 1999

### NOTE 7 - RISKS 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 risk 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.

### NOTE 8 – COMMITMENTS:

Commitments are contractual obligations to engage in future expenditures. Commitments at year end are described as follows:

#### Fire Protection:

The District has entered into a contract that provides aircraft rescue, fire protection and related emergency services. The existing contract expires September 30, 2000. The District's financial commitment for the remainder of the term are presented as follows:

<u>Year Ended June 30<sup>th</sup></u>	
2000	\$ 847,850
2001	<u>214,050</u>
Total	\$ 1,061,900

#### Construction:

The District is subject to obligations imposed by various construction contracts; however, the cost of fulfilling these obligations is eligible for reimbursement under the terms of various grant agreements. Due to the availability of grant funds, construction contracts do not represent a significant commitment of existing resources.

### NOTE 9 – CONTINGENCIES:

Like most governmental units with extensive and diverse operations, the District is occasionally named as a defendant in litigation. The ultimate outcome of litigation that is pending or anticipated cannot be estimated at the present time.

### NOTE 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. Furthermore, 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 the is expected to have a positive effect on the local economy. Details regarding the District's leasing activities are provided as follows:

# ENGLAND ECONOMIC AND INDUSTRIAL DEVELOPMENT DISTRICT

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 1999

### Lease Agreement with the United States Air Force:

Title to a portion of the property 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 fifty-five (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 thirty (30) days written notice.

### Leasing Operations

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

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

<u>Year Ended June 30<sup>th</sup></u>	<u>Future Minimum Lease Payments</u>
2000	\$ 2,934,031
2001	2,020,774
2002	1,738,292
2003	1,500,458
2004	1,256,393
<hr/>	<hr/>
<u>Total</u>	<u>\$ 9,449,948</u>

Contingent rental included in the accompanying financial statements as lease revenues and related fees are summarized as follows:

# ENGLAND ECONOMIC AND INDUSTRIAL DEVELOPMENT DISTRICT

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 1999

Concession Fees Based on Car Rental Receipts	\$ 230,370
Concession Fees Based on Fuel Flow	295,910
Landing Fees	89,766
Miscellaneous	33,875
<hr/>	
Total Contingent Rentals	\$ 649,921

### NOTE 11 – YEAR 2000 ISSUES:

The year 2000 issue is the result of shortcomings in many electronic data processing systems and other electronic equipment that may adversely affect the government's operations. This issue is a common problem affecting all entities, both public and private.

The District has put together a team to help address the year 2000 issue. This team consisted of the executive director, the financial manager, the airport manager and the building and grounds manager. They identified various computer systems and pieces of electronic equipment that are critical to conducting the entity's operations and that need to be year 2000 compliant. These systems are financial reporting, payroll, grant reporting, communications, environmental systems, facilities maintenance, airport services, and security.

All of the above systems have been assessed, remediated and tested and validated. The District has an ongoing process of updating and correcting additional year 2000 anticipated problems as they may be encountered.

Because of the unprecedented nature of the year 2000 issue, its effects and the success of related remediation efforts will not be fully determinable until the year 2000 and thereafter. However, Management does feel that the major systems are year 2000 ready and that the District is ready for the year 2000.

### NOTE 12 – DESIGNATED FUND BALANCES:

Designations represent plans for the future use of financial resources. The Board of Commissioners has designated the general fund balance for use in the following manner:

Capital Improvements:	
Airside (Airport Operations Areas)	\$ 371,463
Landside (Non Airport Property)	500,000
Operating Reserve	1,865,407
<hr/>	
Total Designated Fund Balance	\$ 2,736,870



# ENGLAND ECONOMIC AND INDUSTRIAL DEVELOPMENT DISTRICT

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 1999

### NOTE 13 – FEDERALLY ASSISTED PROJECTS:

The District is currently engaged in the completion of various construction projects that are partially funded by the Airport Improvement Program. Activity related to these projects is summarized as follows:

<u>AIP Number</u>	<u>Description</u>	<u>Current Expenditures</u>	<u>Previous Expenditures</u>	<u>Total Expenditures</u>
3-22-0003-01	Airfield Lighting	\$ 190,631	\$ 1,971	\$ 192,602
3-22-0003-02	Runway Grooving	461,683	2,471	464,154
3-22-0003-02	Terminal Complex	106,377	9,714	116,091
3-22-0003-05	North Ramp	17,860	632	18,492
3-22-0003-09	South Ramp	----	562	562
3-22-0003-03	Airfield Drainage	5,600	783	6,383
3-22-0003-08	Noise Study	----	676	676
		<u>\$ 782,151</u>	<u>\$ 16,809</u>	<u>\$ 798,960</u>

Ninety percent (90%) of the cost summarized above are eligible for reimbursement from the Airport Improvement Program. Accordingly, \$719,065 (\$798,960 x 90%) has been reported as revenue from the Airport Improvement Program. A portion of the revenue totaling \$600,410 has been collected and the remaining \$118,655 is reported as a receivable.

### NOTE 14 – CONDUIT DEBT OBLIGATIONS:

The term conduit debt obligations refers to certain limited-obligation debt instruments issued by the District for the express purpose of providing capital financing for a specific third party that is not a part of the District's financial reporting entity. Although conduit debt obligations bear the name of the District, the District has no obligation for such debt beyond the resources provided by a lease or loan with the third party on whose behalf the debt instruments are issued. Accordingly, the conduit debt and the related assets are excluded from the District's balance sheet. A schedule of maturities for existing conduit debt as been presented as follows:

<u>Year Ended June 30th:</u>	<u>Boise Cascade</u>	<u>TransAmerican Waste Industries</u>	<u>Total</u>
2000	\$ ----	\$ 75,000	\$ 75,000
2001	----	80,000	80,000
2002	----	90,000	90,000
2003	----	100,000	100,000
2004	----	100,000	100,000
Thereafter	20,000,000	1,900,000	21,900,000
	<u>\$ 20,000,000</u>	<u>\$ 2,345,000</u>	<u>\$ 22,345,000</u>



# ENGLAND ECONOMIC AND INDUSTRIAL DEVELOPMENT DISTRICT

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 1999

Details regarding the various conduit debt obligations issued by the district are provided as follows:

### **Boise Cascade:**

The District issued \$20,000,000 in Taxable Revenue Bonds for Boise Cascade Corporation on March 19, 1996. These bonds are due January 1, 2011, with an interest rate of 7.25%. The bonds are not an indebtedness or pledge of the District. They are limited obligations of the District. The purpose of these bonds is to finance a portion of the cost of acquiring, constructing, equipping and installing facilities for use as a laminated veneer lumber facility located in Rapides Parish. The trustee is First Alabama Bank in Mobile, Alabama. Principal and interest are payable solely from revenues derived from the lease or sale of the Project. Principle and interest is paid by Boise Cascade and Boise Cascade will pay all operating cost of the plant. Rent for the project is equal to the amount required to meet the payment of principal and is paid directly to the trustee by Boise Cascade. Bonds were issued in exchange for the land and equipment located at this facility. The District owns this plant until the bonds are paid off.

### **TransAmerican Waste Industries, Inc:**

The District also issued \$2,000,000 Solid Waste Revenue Bonds for TransAmerican Waste Industries, Inc. on July 1, 1995, which are due July 1, 2015 and another \$500,000 Solid Waste Revenue Bonds For TransAmerican Waste Industries, Inc, which are due July 1, 2002. The interest rates for these bonds is 8.25% and 12.00%, respectively. These bonds are not an indebtedness or pledge of the District. They are limited obligations of the District. The purpose of these bonds is to finance the acquisition, construction, improvement, and rehabilitation of a solid waste transfer and disposal facility on Highway 165 near Alexandria. The Trustee is AmSouth Bank of Alabama. TransAmerican will pay to the Trustee all principal and interest due and TransAmerican will pay all operating cost.

# **Supplemental Information**

**ENGLAND ECONOMIC AND INDUSTRIAL DEVELOPMENT DISTRICT**  
**Schedule of General Fund Expenditures by Department**  
**For the year ended June 30, 1999**

	Administration	Operations							Economic Development	Total
		General	Landside	Vehicle	Public Safety	Tenant Facility Maintenance	Air Operations	Total		
<u>Expenditures:</u>										
Salaries and Benefits	\$ 282,059	\$ 103,786	\$ 195,930	\$ 54,596	\$ -	\$ -	\$ 250,215	\$ 604,527	\$ 72,271	\$ 958,857
Professional Services	105,948	-	-	-	-	-	-	-	-	105,948
Property Services:										
Utilities	-	435,887	-	-	-	-	-	435,887	-	435,887
Waste Collection	-	-	25,401	-	-	-	-	25,401	-	25,401
Maintenance	-	13,514	251,296	69,550	-	188,781	42,133	565,274	-	565,274
Fire Protection	-	-	-	-	326,030	-	540,113	866,143	-	866,143
Security	-	-	-	-	249,499	-	87,419	336,918	-	336,918
Terminal Operations	-	-	-	-	-	-	92,351	92,351	-	92,351
Other Purchased Services:										
Insurance	132,922	-	-	-	-	-	-	-	-	132,922
Telephone	16,716	10,370	-	-	-	-	-	10,370	-	27,086
Contract Labor	62,575	196,920	-	-	-	-	29,587	226,507	-	289,082
Miscellaneous	27,182	-	-	-	-	-	-	-	-	27,182
Supplies	45,993	5,747	73,406	24,018	-	-	77,224	180,395	-	226,388
Other	87,890	23,409	-	-	-	-	-	23,409	48,765	160,064
<b>Total Expenditures</b>	<b>\$ 761,285</b>	<b>\$ 789,633</b>	<b>\$ 546,033</b>	<b>\$ 148,164</b>	<b>\$ 575,529</b>	<b>\$ 188,781</b>	<b>\$ 1,119,042</b>	<b>\$ 3,367,182</b>	<b>\$ 121,036</b>	<b>\$ 4,249,503</b>

**ENGLAND ECONOMIC AND INDUSTRIAL DEVELOPMENT DISTRICT**  
**Statement of Revenues, Expenditures and Changes in Fund Balance**  
**Capital Projects Fund**  
**For the year ended June 30, 1999**

	Federally Assisted Projects	Local Projects	Total
<b><u>Revenues:</u></b>			
<b>Grants:</b>			
Federal Aviation Administration	\$ 719,065	\$ -	\$ 719,065
Louisiana Department of Transportation and Development	79,895	-	79,895
Louisiana Department of Economic Development	-	226,513	226,513
Other	-	1,950	1,950
Miscellaneous	-	38,818	38,818
<b>Total revenues</b>	<u>798,960</u>	<u>267,281</u>	<u>1,066,241</u>
<b><u>Expenditures:</u></b>			
<b>Capital outlay</b>			
Building Renovations - Time Trend Facility	-	216,392	216,392
General Aviation Hangers	-	259,787	259,787
Golf Course Expansion	-	359,856	359,856
Airfield Lighting / Electrical Vault	190,631	-	190,631
Runway Grooving	461,683	-	461,683
Terminal Complex Project	106,377	-	106,377
Master Plan Land Purchase	-	181,110	181,110
Airfield Drainage Study	5,600	-	5,600
North Apron Rehabilitation	17,860	-	17,860
Miscellaneous	-	155,600	155,600
<b>Total expenditures</b>	<u>782,151</u>	<u>1,172,745</u>	<u>1,954,896</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>16,809</u>	<u>(905,464)</u>	<u>(888,655)</u>
<b><u>Other financing sources (uses):</u></b>			
Operating transfers in	-	4,141,478	4,141,478
<b>Total other financing sources (uses)</b>	<u>-</u>	<u>4,141,478</u>	<u>4,141,478</u>
<b>Excess (deficiency) of revenues and and other financing sources over expenditures and other uses</b>	16,809	3,236,014	3,252,823
<b>Beginning fund balance (deficit)</b>	<u>(16,809)</u>	<u>1,092,705</u>	<u>1,075,896</u>
<b>Ending fund balance (deficit)</b>	<u>\$ -</u>	<u>\$ 4,328,719</u>	<u>\$ 4,328,719</u>

# ENGLAND ECONOMIC AND INDUSTRIAL DEVELOPMENT DISTRICT

## Schedule of Expenditures of Federal Financial Awards

For the Year Ended June 30, 1999

<u>Federal Grantor / Pass-through Grantor / Program</u>	<u>Federal CFDA Number</u>	<u>Federal Expenditures</u>
US Department of Transportation:		
Direct Programs:		
Airport Improvement Program	20.106	\$ 703,936
		<hr/>
Total Expenditures of Federal Awards		<u>\$ 703,936</u>

**Note:**

The accompanying schedule of expenditures of federal awards is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Nonprofit Organization*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the basic financial statements.



# **Other Reports**

**ROZIER, HARRINGTON & MCKAY**  
**CERTIFIED PUBLIC ACCOUNTANTS**

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November 11, 1999

**Independent Auditors' Report On Compliance And  
On Internal Control Over Financial Reporting Based On An Audit  
Of General Purpose Financial Statements Performed In  
Accordance With Government Auditing Standards**

The Board of Commissioners  
England Economic and Industrial Development District

We have audited the general purpose financial statements of the England Economic and Industrial Development District, as of and for the year ended June 30, 1999 and have issued our report thereon dated November 11, 1999. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Compliance**

As part of obtaining reasonable assurance about whether the England Economic and Industrial Development District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, 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 England Economic and Industrial Development 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 that would be material in relation to the general purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters

**-Members-**

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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 management. However, this report is a matter of public record and its distribution is not limited.



ROZIER, HARRINGTON & MCKAY  
Certified Public Accountants

**ROZIER, HARRINGTON & McKAY**  
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November 11, 1999

**Independent Auditors' Report On Compliance With Requirements**  
**Applicable To Each Major Program And Internal Control Over**  
**Compliance In Accordance With OMB Circular A-133**

The Board of Commissioners  
England Economic and Industrial Development District

**Compliance**

We have audited the compliance of the England Economic and Industrial Development District with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the year ended June 30, 1999. The England Economic and Industrial Development District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the England Economic and Industrial Development District's management. Our responsibility is to express an opinion on the England Economic and Industrial Development District's compliance based on our audit.

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

In our opinion the England Economic and Industrial Development District complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 1999.

**-Members-**  
**American Institute of Certified Public Accountants • Society of Louisiana, CPAs**

**Internal Control Over Compliance**

The management of the England Economic and Industrial Development District is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered The England Economic and Industrial Development District's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on *compliance 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 operating of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirement of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended for the information of the England Economic and Industrial Development District's management. *However, this report is a matter of public record and its distribution is not limited.*



ROZIER, HARRINGTON & MCKAY  
Certified Public Accountants



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November 11, 1999

Independent Auditors' Report on Compliance  
With Revenue Use Requirements


The Board of Commissioners  
England Economic and Industrial Development District

We have examined management's assertion, included in its representation letter dated November 11, 1999, about the England Economic and Industrial Development District's compliance with revenue use requirements during the period July 1, 1998 through June 30, 1999. Management is responsible for the England Economic and Industrial Development District's compliance with those requirements. Our responsibility is to express an opinion on management's assertion about the District's compliance based on our examination.

Our examination was made 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, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require examining, on a test basis, evidence about compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on the England Economic and Industrial Development District's compliance with specified requirements.

In our opinion, management's assertion that all revenues generated from the airport have been used solely for the capital or operating cost of the airport, the local airport system, or other local facilities owned or operated by the airport owner or operator and directly and substantially related to the air transportation of passengers or property, during the period July 1, 1998 through June 30, 1999, is fairly stated, in all material respects.

This report is intended for the information of England Economic and Industrial Development District's management. However, this report is a matter of public record and its distribution is not limited.



ROZIER, HARRINGTON & McKAY  
Certified Public Accountants

**-Members-**  
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**ENGLAND ECONOMIC AND INDUSTRIAL DEVELOPMENT DISTRICT**  
**Schedule of Findings and Questioned Cost**  
**For the Year Ended June 30, 1999**

**PART I - SUMMARY OF AUDITORS' RESULTS:**

- The Independent Auditor's Report on the financial statements for the England Economic and Industrial Development District as of June 30, 1999 and for the year then ended expressed a qualified opinion. Including a qualification in the Independent Auditors' Report was unavoidable because auditors cannot express an opinion on year 2000 disclosures that are required by the Generally Accepted Accounting Principles.
- The results of the audit disclosed no instances of noncompliance that are considered to be material to the financial statements of the England Economic and Industrial Development District.
- The Independent Auditor's Report on Compliance with Requirements Applicable to Each Major Program and Internal Control Over Compliance in Accordance with OMB Circular A-133, expressed an unqualified opinion on compliance for major programs.
- The audit did not disclose any audit findings which are required to be reported as findings and questioned cost.
- Major programs for the year ended June 30, 1999 are presented as follows:

DEPARTMENT OF TRANSPORTATION:  
CFDA No. 20.106, Airport Improvement Program

- A threshold of \$300,000 was used for distinguishing between Type A and Type B programs for purposes of identifying major programs.
- The England Economic and Industrial Development District was not considered to be a low risk auditee as defined by the OMB Circular A-133

**PART II - FINDINGS RELATING TO THE FINANCIAL STATEMENTS WHICH ARE REQUIRED TO BE REPORTED IN ACCORDANCE WITH GENERALLY ACCEPTED GOVERNMENTAL AUDITING STANDARDS:**

- None.

**PART III - FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS WHICH SHALL INCLUDE AUDIT FINDINGS AS DEFINED BY OMB CIRCULAR A-133:**

- None

**ENGLAND ECONOMIC AND INDUSTRIAL DEVELOPMENT DISTRICT**  
**Schedule of Prior Year Findings**  
**For the Year Ended June 30, 1998**

<b>SECTION I</b>	
<b>INTERNAL CONTROL AND COMPLIANCE MATERIAL TO THE FINANCIAL STATEMENTS.</b>	
<p><b><u>Compliance Findings:</u></b>  The District apparently violated laws regarding the removal of asbestos. The district determined that proper procedures for asbestos removal were not followed when requesting a permit to dispose the remnants of a building that the District had demolished.</p> <p><b><u>Reportable Condition:</u></b>  Proper assignment of purchase order numbers, review, and approval of invoices were not completed in accordance with the District's policies.</p>	<p><b><u>Resolved:</u></b>  The District settled a claim by the Louisiana Department of Environmental Quality without admission of wrong-doing. The District self-reported the possible violation in 1997 to the Louisiana Department of Environmental Quality. The District has instituted a training program for its personnel and has hired certified outside parties with expertise in the field of hazardous material removal and disposal when necessary.</p> <p><b><u>Resolved:</u></b>  Administrative operations have been restructured and no further problems with the initiation, review or approval of expenditures have been experienced.</p>
<b>SECTION II</b>	
<b>INTERNAL CONTROL AND COMPLIANCE MATERIAL TO FEDERAL AWARDS</b>	
<p>No findings of the nature were reported as a result of the previous audit.</p>	<p>Response - N/A</p>
<b>SECTION III</b>	
<b>MANAGEMENT LETTER</b>	
<p>No findings of the nature were reported as a result of the previous audit.</p>	<p>Response - N/A</p>