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**England Economic and Industrial
Development District**

Alexandria, LA

June 30, 1998

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 ~~_____~~ **DEC 16 1998**

ENGLAND ECONOMIC AND INDUSTRIAL DEVELOPMENT DISTRICT

TABLE OF CONTENTS

Independent auditors' report	1
General purpose financial statements	3
Combined balance sheet - all fund types and account groups.....	4
Combined statement of revenues, expenditures, and changes in fund balances- all governmental fund types	5
Statement of revenues, expenditures, and changes in fund balances - budget and actual - General Fund	6
Notes to financial statements	7
General fund	23
Balance sheet	24
Statement of revenues, expenditures, and changes in fund balance - budget and actual.....	25
Capital projects fund	26
Balance sheet	27
Statement of revenues, expenditures, and changes in fund balance	28
Supporting schedules.....	29
Schedule of expenditures - budget and actual - General Fund.....	30
Other report required by <i>Government Auditing Standards</i>	31
Report on Compliance and on Internal Control over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	32



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Independent Auditors' 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, 1998, 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.

Except as discussed in the following paragraph, we conducted our audit in accordance with generally accepted auditing standards, and *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the 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. 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 England Economic and Industrial Development District's disclosures with respect to the year 2000 issues made in Note 11. Further, we do not provide assurance that England Economic and Industrial Development District is or will be year 2000 ready, that England Economic and Industrial Development District's year 2000 remediation efforts will be successful in whole or in part, or that parties with which England Economic and Industrial Development District does business will be year 2000 ready.



The Board of Commissioners
England Economic and Industrial
Development District

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 England Economic and Industrial Development District as of June 30, 1998, and the results of its operations for the year then ended in conformity with generally accepted accounting principles.

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.

In accordance with *Government Auditing Standards*, we have also issued a report dated November 18, 1998, on our consideration of the England Economic and Industrial Development District's internal control over financial reporting and compliance.

OESTRIECHER & COMPANY
Certified Public Accountants

November 18, 1998

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.

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

June 30, 1998

	GOVERNMENTAL FUND TYPES		ACCOUNT GROUPS		TOTAL (MEMORANDUM ONLY)
	GENERAL FUND	CAPITAL PROJECTS FUND	GENERAL FIXED ASSETS	GENERAL LONG-TERM DEBT	
Assets and other debits					
Assets					
Cash	\$ 4,685,848	\$ 1,152,709	\$ -	\$ -	\$ 5,838,557
Receivables	-	-	-	-	-
Intergovernmental	-	37,500	-	-	37,500
Leases - net of allowance	118,587	-	-	-	118,587
Other	245,150	-	-	-	245,150
Prepaid expenses	6,258	-	-	-	6,258
Deposits	100	-	-	-	100
Fixed assets	-	-	16,515,337	-	16,515,337
Total assets	5,055,943	1,190,209	16,515,337	-	22,761,489
Other debits					
Amount to be provided for retirement of general long-term debt	-	-	-	1,234,894	1,234,894
Total assets and other debits	\$ 5,055,943	\$ 1,190,209	\$ 16,515,337	\$ 1,234,894	\$ 23,996,383
Liabilities, fund balances, and other credits					
Liabilities					
Accounts payable	\$ 135,364	\$ 114,313	\$ -	\$ -	\$ 249,677
Other current liabilities	54,633	-	-	-	54,633
Due to other governments	28,861	-	-	-	28,861
Deferred income - other	51,493	-	-	-	51,493
Tenant deposits held	52,370	-	-	-	52,370
Rent rebate	46,898	-	-	-	46,898
Compensated absences payable	-	-	-	39,894	39,894
General obligations payable	-	-	-	1,195,000	1,195,000
Total liabilities	369,619	114,313	-	1,234,894	1,718,826
Fund balances and other credits					
Investment in general fixed assets	-	-	16,515,337	-	16,515,337
Fund balances					
Unreserved-undesignated	125,705	-	-	-	125,705
Designated	4,560,619	1,075,896	-	-	5,636,515
Total fund balances and other credits	4,686,324	1,075,896	16,515,337	-	22,277,557
Total liabilities, fund balances, and other credits	\$ 5,055,943	\$ 1,190,209	\$ 16,515,337	\$ 1,234,894	\$ 23,996,383

The notes to the 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, 1998

	GENERAL FUND	CAPITAL PROJECTS FUND	TOTAL (MEMORANDUM ONLY)
Revenues			
Grants	\$ -	\$ 353,692	\$ 353,692
Lease revenue	5,280,573	-	5,280,573
Fuel flow	285,999	-	285,999
Interest	271,842	-	271,842
Miscellaneous	34,257	9,981	44,238
Total revenues	5,872,671	363,673	6,236,344
Expenditures			
Current			
Administration	666,803	-	666,803
Operations	3,259,689	-	3,259,689
Economic development	163,380	-	163,380
Capital outlay	65,517	855,775	921,292
Debt service	202,400	-	202,400
Building demolition	-	7,375	7,375
Street and airfield lighting	-	42,512	42,512
Runway grooving and obstacle removal	-	51,215	51,215
Studies and apron rehabilitation	-	2,652	2,652
Total expenditures	4,357,789	959,529	5,317,318
Excess of revenues over expenditures	1,514,882	(595,856)	919,026
Other financing sources (uses)			
Operating transfers out	(1,583,396)	-	(1,583,396)
Operating transfers in	-	1,583,396	1,583,396
Proceeds from sale of fixed assets	110,154	-	110,154
Total other financing sources (uses)	(1,473,242)	1,583,396	110,154
Excess of revenues and other financing sources over expenditures and other financing (uses)	41,640	987,540	1,029,180
Fund balance, beginning of year	4,644,684	88,356	4,733,040
Fund balance, end of year	\$ 4,686,324	\$ 1,075,896	\$ 5,762,220

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

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

for the year ended June 30, 1998

	BUDGET	ACTUAL	OVER (UNDER) BUDGET
Revenues			
Lease revenue	\$ 5,261,640	\$ 5,280,573	\$ 18,933
Fuel flow	264,711	285,999	21,288
Interest	267,410	271,842	4,432
Miscellaneous	34,000	34,257	257
Total revenues	5,827,761	5,872,671	44,910
Expenditures			
Current			
Administration	665,736	666,803	1,067
Operations	3,571,689	3,259,689	(312,000)
Economic development	152,928	163,380	10,452
Capital outlay	66,942	65,517	(1,425)
Debt service			
Principal	125,000	125,000	-
Interest	77,400	77,400	-
Total expenditures	4,659,695	4,357,789	(301,906)
Excess of revenues over expenditures	1,168,066	1,514,882	346,816
Other financing sources (uses)			
Proceeds from sale of fixed assets	110,154	110,154	-
Operating transfers out - capital projects fund	(1,583,396)	(1,583,396)	-
Excess of revenues and other financing sources over expenditures and other financing (uses)	(305,176)	41,640	346,816
Fund balance, beginning of year	4,644,684	4,644,684	-
Fund balance, end of year	\$ 4,339,508	\$ 4,686,324	\$ 346,816

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

Notes to Financial Statements

ENGLAND ECONOMIC AND INDUSTRIAL DEVELOPMENT DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 1998

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) constitutes GAAP for governmental units.

The more 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.

ENGLAND ECONOMIC AND INDUSTRIAL DEVELOPMENT DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 1998

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, 1998

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 on 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 leases 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, 1998

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 resources 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.*

D. 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, 1998

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, 1998, 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 assets are reported in the General Fixed Asset Account Group.

J. Compensated Absences

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 the 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.

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.

ENGLAND ECONOMIC AND INDUSTRIAL DEVELOPMENT DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 1998

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 appropriable for expenditure or 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.

O. Pension Plan

The District has a IRC Section 457 Deferred Compensation Plan, and in the past has accounted for the assets of the plan under GASB 2. The District has elected to implement the provisions of GASB 32 in this fiscal year and no longer presents an agency fund to account for the assets of the plan. In addition, the District has elected to disclose certain information about the plan, even though GASB 32 does not require any disclosures on Section 457 plans.

ENGLAND ECONOMIC AND INDUSTRIAL DEVELOPMENT DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 1998

2. CASH

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

3. RECEIVABLES

Receivables at June 30, 1998 consisted of the following:

	<u>General Fund</u>	<u>Capital Projects</u>
State - Capital outlay	\$ -0-	\$ 37,500
Leases	205,230	-0-
Ad valorem taxes paid under protest	<u>245,150</u>	<u>-0-</u>
	450,380	37,500
Allowance for uncollectible leases	<u>(86,643)</u>	<u>-0-</u>
Total	<u>\$ 363,737</u>	<u>\$ 37,500</u>

ENGLAND ECONOMIC AND INDUSTRIAL DEVELOPMENT DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 1998

4. FIXED ASSETS

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

	<u>Balance</u> <u>July 1, 1997</u>	<u>Additions/</u> <u>(Deletions)</u>	<u>Balance</u> <u>June 30, 1998</u>
Office equipment	\$ 39,208	\$ 32,990	\$ 72,198
Computer equipment	78,927	15,956	94,883
Machinery and equipment	1,015,101	(24,945)	990,156
Vehicles	518,451	53,582	572,033
Airpark Directional signs	181,041	59,692	240,733
Capital improvements			
Intermediate staging base	2,445,758	-0-	2,445,758
Runway access pad	2,178,188	-0-	2,178,188
Utility meters	31,079	12,917	43,996
Building improvements	85,534	69,466	155,000
Land	-0-	360,000	360,000
Development and planning studies	641,623	-0-	641,623
Intermodal improvements	5,965,176	-0-	5,965,176
Hangar modifications	1,884,424	-0-	1,884,424
Construction in progress			
Utility meters	30,913	(12,917)	17,996
Hangars	-0-	126,245	126,245
Golf course expansion	-0-	46,563	46,563
Building renovations	-0-	28,714	28,714
Planning studies	474,621	177,030	651,651
	<u>\$ 15,570,044</u>	<u>\$ 945,293</u>	<u>\$ 16,515,337</u>

ENGLAND ECONOMIC AND INDUSTRIAL DEVELOPMENT DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 1998

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

Federal and state funding	\$ 11,360,263
General obligation debt	4,714,220
General fund earnings	<u>440,854</u>
Total	<u>\$ 16,515,337</u>

Significant construction or renovation projects are summarized below:

	<u>Project Authorization</u>	<u>Expended To Date</u>	<u>Remaining Commitment</u>
ARFF complex project	\$1,230,000	\$3,400	\$1,226,600
Bay hangars	400,000	24,000	376,000
Golf course expansion	200,000	47,193	152,807
Economic development enhancements	290,665	55,844	234,821
General aviation hangar	<u>400,000</u>	<u>102,245</u>	<u>297,755</u>
	<u>\$2,520,665</u>	<u>\$232,682</u>	<u>\$2,287,983</u>

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

5. GENERAL OBLIGATIONS PAYABLE

General obligation debts: General obligation liabilities are direct obligations for which the full faith and credit of the District is pledged as security. The District has issued the Series 1993 COI for the acquisition of machinery and equipment, commonly referred to as MWR equipment, and has issued the Series 1995 COI for the construction and modification of hangar facilities at the Alexandria International Airport. In addition, the District's obligation relative to the liability for compensated absences is reported as a general obligation debt. General long-term debt outstanding at June 30, 1998, consisted of the following:

ENGLAND ECONOMIC AND INDUSTRIAL DEVELOPMENT DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 1998

Certificate of Indebtedness, Series 1993

Date of issue	October 12, 1993	
Original issue amount	\$311,000	
Interest rate	6.5%	
Principal outstanding at June 30, 1998		\$180,000

Certificate of Indebtedness, Series 1995

Date of issue	December 1, 1995	
Original issue amount	\$1,200,000	
Interest rate	6.0%	
Principal outstanding at June 30, 1998		1,015,000

Compensated absences

Amount outstanding at June 30, 1998	<u>39,894</u>
-------------------------------------	---------------

\$1,234,894

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

<u>Year</u> <u>Ending</u> <u>June, 30</u>	<u>Principal</u>
1999	\$137,000
2000	144,000
2001	151,000
2002	158,000
2003	170,000
2004-2007	<u>435,000</u>
	<u>\$1,195,000</u>

ENGLAND ECONOMIC AND INDUSTRIAL DEVELOPMENT DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 1998

During the year ended June 30, 1998, the following changes occurred in long-term liabilities:

	<u>Balance</u> <u>July 1, 1997</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>June 30, 1998</u>
Certificates of Indebtedness, Series 1993	\$ 210,000	\$ 0	\$ 30,000	\$180,000
Certificates of Indebtedness, Series 1995	1,110,000	0	95,000	1,015,000
Compensated absences	<u>41,389</u>	<u>3,073</u>	<u>4,568</u>	<u>39,894</u>
	<u>\$1,361,389</u>	<u>\$ 3,073</u>	<u>\$ 129,568</u>	<u>\$1,234,894</u>

6. DEFERRED COMPENSATION PLAN

The District offers its employees a deferred 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.

The District no longer presents an Agency Fund in the General Purpose Financial Statements to account for funds held in the Section 457 plan. GASB 32 "Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans" which is effective for entities with fiscal year ends after December 31, 1998, (with earlier application permitted) no longer requires an agency fund when the governmental agency does not have a fiduciary relationship with its employees.

Changes in plan assets are shown below:

Plan assets July 1, 1997	\$ 347,092
Receipts	189,324
Disbursements	<u>(22,279)</u>
Plan assets, June 30, 1998	<u>\$ 514,137</u>

ENGLAND ECONOMIC AND INDUSTRIAL DEVELOPMENT DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 1998

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, 1995, and ends upon the conveyance and delivery of the deed for the leased property to the District or 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 deeded to the District. The lessee shall provide protection and maintenance of the property at its own expense.

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 properties.

The United States Air Force is in the process of transferring title to all of the property and premises mentioned above to the District. In August, 1998, 1145 acres were transferred to the District. The remaining acreage is scheduled to be transferred some time after 1998.

8. LEASES - LESSOR

The District, as lessor, subleases 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.

ENGLAND ECONOMIC AND INDUSTRIAL DEVELOPMENT DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 1998

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 rent 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.

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

As of June 30, 1998, the District had the following property subleased:

<u>Property</u>	<u>Square Footage</u>	<u>Future Annual Lease Payment</u>	<u>Non-cancelable Lease Payment</u>
Airfield	365,451	\$2,253,379	\$1,148,930
Landside	658,157	2,058,864	3,188,148
Utility	N/A	85,000	425,000
Miscellaneous	<u>42,203</u>	<u>41,060</u>	<u>0</u>
Total	<u>1,065,811</u>	<u>\$4,438,303</u>	<u>\$4,762,078</u>

ENGLAND ECONOMIC AND INDUSTRIAL DEVELOPMENT DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 1998

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

Year Ending June 30,	<u>Airfield</u>	<u>Landside</u>	<u>Utility</u>	<u>Total</u>
1999	\$ 758,474	\$ 1,845,580	\$ 85,000	\$ 2,689,054
2000	331,018	605,296	85,000	1,021,314
2001	59,435	379,121	85,000	523,557
2002	1	251,086	85,000	336,087
2003	1	107,065	85,000	192,066

For the year ended June 30, 1998, fifty-two (52%) of lease revenue was from two tenants.

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 airside improvements
- 35% for landside improvements
- 25% for operating reserve

Operating surplus for year ending June 30, 1997 was designated as follows:

- 50% designated as above
- greater of 25% of fund balance increases or 5% of salaries and fringe designated for merit raises
- the remainder as undesignated

Operating surplus for year ending June 30, 1998 was designated as follows:

- 46.67% designated for landside improvements
- 53.33% designated for airside improvements

Operating surpluses for years ending after June 30, 1998 will be designated as follows:

- an operating reserve of 25% of the annual operating budget shall be maintained
- a maximum balance of \$500,000 shall be maintained for landside improvements
- any remaining fund balance shall be assigned to the Capital Project Fund

ENGLAND ECONOMIC AND INDUSTRIAL DEVELOPMENT DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 1998

10. CONTINGENCIES

As of June 30, 1996, the District is contingently liable to the Air Force Base Closure Agency (AFBCA) for unmetered utilities for the time period December 15, 1992 to November 24, 1993. This issue is currently being negotiated. At present there is no determination of the outcome.

The District self-reported an apparent violation to the Louisiana Department of Environmental Quality regarding the removal of asbestos. When requesting a permit to dispose of the remnants of a building that was demolished by the District, it was determined that the proper procedures for asbestos removal were not followed. District personnel had followed what they believed to be proper procedures for the removal of the materials. Subsequently, all materials were properly disposed.

The District has been cited for this violation. In its response, the District has committed to a training program for its employees regarding the removal of asbestos from buildings and to hiring certified outside third parties when necessary. At present there is no determination of the outcome.

The District is a defendant in lawsuits filed by former employees for alleged improper termination. The outcome of these suits and their effect on the financial position of the District, if any, cannot be determined at this time.

11. YEAR 2000 ISSUES

The year 2000 issue is a common problem affecting all entities, both public and private. As of June 30, 1998 the District had a) surveyed its core computers and programs, b) mapped out plans to replace items identified in (a) above, and c) placed orders for key components of its computer systems. The District has an ongoing process of reviewing and correcting year 2000 anticipated problems as they are encountered.

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
GENERAL FUND
BALANCE SHEET**

June 30, 1998

Assets

Cash	\$ 4,685,848
Receivables	
Leases (net of allowance of \$86,643)	118,587
Other	245,150
Deposits	100
Prepaid expenses	<u>6,258</u>

Total assets \$ 5,055,943

Liabilities and fund balance

Liabilities

Accounts payable	\$ 135,364
Other current liabilities	54,633
Due to other governments	28,861
Deferred income - other	51,493
Tenant deposits held	52,370
Rent rebate	<u>46,898</u>

Total liabilities 369,619

Fund balance

Designated - Airside improvements	1,743,919
Designated - Landside improvements	1,638,937
Designated - Operating reserve	1,128,819
Designated - Merit raises	48,944
Total designated	<u>4,560,619</u>

Undesignated 125,705

Total fund balance 4,686,324

Total liabilities and fund balance \$ 5,055,943

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

**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, 1998

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>OVER (UNDER) BUDGET</u>
Revenues			
Lease revenue	\$ 5,261,640	\$ 5,280,573	\$ 18,933
Fuel flow	264,711	285,999	21,288
Interest	267,410	271,842	4,432
Miscellaneous	34,000	34,257	257
	<hr/>	<hr/>	<hr/>
Total revenues	5,827,761	5,872,671	44,910
	<hr/>	<hr/>	<hr/>
Expenditures			
Current			
Administration	665,736	666,803	1,067
Operations	3,571,689	3,259,689	(312,000)
Economic development	152,928	163,380	10,452
Capital outlay	66,942	65,517	(1,425)
Debt service			
Principal	125,000	125,000	-
Interest	77,400	77,400	-
	<hr/>	<hr/>	<hr/>
Total expenditures	4,659,695	4,357,789	(301,906)
	<hr/>	<hr/>	<hr/>
Excess of revenues over expenditures	1,168,066	1,514,882	346,816
	<hr/>	<hr/>	<hr/>
Other financing sources (uses)			
Proceeds from sale of fixed assets	110,154	110,154	-
Operating transfers out - capital projects fund	(1,583,396)	(1,583,396)	-
	<hr/>	<hr/>	<hr/>
Excess (deficiency) of revenues and other financing sources over expenditures and other financing (uses)	(305,176)	41,640	346,816
	<hr/>	<hr/>	<hr/>
Fund balance, beginning of year	4,644,684	4,644,684	-
	<hr/>	<hr/>	<hr/>
Fund balance, end of year	<u>\$ 4,339,508</u>	<u>\$ 4,686,324</u>	<u>\$ 346,816</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 financial resources to be used for the planning/feasibility studies, acquisition, construction, or improvement of major capital facilities or infrastructure.

**ENGLAND ECONOMIC AND INDUSTRIAL DEVELOPMENT DISTRICT
CAPITAL PROJECTS FUND
BALANCE SHEET**

June 30, 1998

Assets

Cash	\$1,152,709
Receivables	
Intergovernmental	<u>37,500</u>

Total assets \$1,190,209

Liabilities and fund balance

Liabilities

Accounts payable	<u>\$ 114,313</u>
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Total liabilities 114,313

Fund balance

Unreserved - undesignated	<u>1,075,896</u>
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Total liabilities and fund balance \$1,190,209

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

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

for the year ended June 30, 1998

Revenues	
Federal grants	\$ 118,163
State grants	180,529
Other grants	55,000
Miscellaneous revenues	<u>9,981</u>
Total revenues	<u>363,673</u>
Expenditures	
Capital outlay	
Terminal complex improvements	9,714
Economic development enhancements	55,844
Building improvements and renovations	83,388
Golf course expansion	47,193
Master signage program	48,719
Airport master plan	85,702
Property map	33,100
Master land purchase	365,870
General aviation hangar	102,245
Two 30,000 sq. ft. bay hangars	24,000
Street lighting	40,541
Runway obstacle removal	48,744
Building demolition	7,375
Airfield lighting	1,971
Runway grooving	2,471
Studies	1,458
Apron rehabilitation	<u>1,194</u>
Total expenditures	<u>959,529</u>
Excess (deficiency) of revenues over expenditures	<u>(595,856)</u>
Other financing sources	
Operating transfers in - general fund	<u>1,583,396</u>
Total other financing sources	<u>1,583,396</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other financing	987,540
Fund balance, beginning of year	<u>88,356</u>
Fund balance, end of year	<u><u>\$ 1,075,896</u></u>

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

SUPPORTING SCHEDULES

**ENGLAND ECONOMIC AND INDUSTRIAL DEVELOPMENT DISTRICT
GENERAL FUND
SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL
for the year ended June 30, 1998**

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>Schedule 1</u> OVER (UNDER) BUDGET
Administration			
Salaries and fringe	\$ 359,327	\$ 367,753	\$ 8,426
Audit and accounting	13,430	13,430	-
Legal services	63,348	62,687	(661)
Consultants	660	660	-
Contract labor	9,556	9,315	(241)
Physicals/drug testing	920	920	-
Insurance	123,946	123,946	-
Telephone	10,096	9,986	(110)
Advertising	7,151	8,152	1,001
Travel	19,506	18,560	(946)
Dues and subscriptions	15,106	15,476	370
Training	4,563	4,183	(380)
Office supplies and expense	7,391	7,007	(384)
Printing	4,459	4,220	(239)
Postage	4,532	4,379	(153)
Bank charges	2,646	2,652	6
Provision for doubtful account	-	3,475	3,475
Computer software	5,099	5,099	-
Operating Reserve	14,000	4,903	(9,097)
Total administration	<u>\$ 665,736</u>	<u>\$ 666,803</u>	<u>\$ 1,067</u>
Operations			
Salaries and fringe	\$ 579,972	\$ 584,815	\$ 4,843
Professional services-Tower Operations	194,000	-	(194,000)
Contract labor	191,701	190,316	(1,385)
Telephone	7,834	7,946	112
Office supplies and expense	4,901	4,557	(344)
Postage	546	550	4
Contingencies	85,000	18,890	(66,110)
Pest control	28,082	28,091	9
Custodial	18,600	18,930	330
Utilities	498,047	496,481	(1,566)
Repairs and maintenance	359,671	314,572	(45,099)
Supplies	189,167	178,507	(10,660)
Vehicle expense	88,096	87,129	(967)
Fire protection	782,366	782,366	-
Security	330,743	332,077	1,334
Tenant services	121,638	124,646	3,008
Air terminal operations	91,325	89,816	(1,509)
Total operations	<u>\$ 3,571,689</u>	<u>\$ 3,259,689</u>	<u>\$ (312,000)</u>
Economic development			
Salaries and fringe	\$ 70,259	\$ 70,620	\$ 361
Marketing	82,669	92,760	10,091
Total economic development	<u>\$ 152,928</u>	<u>\$ 163,380</u>	<u>\$ 10,452</u>
Capital outlay			
Office/computer equipment	\$ 38,000	\$ 36,575	\$ (1,425)
Capital equipment	28,942	28,942	-
Total capital outlay	<u>\$ 66,942</u>	<u>\$ 65,517</u>	<u>\$ (1,425)</u>

**OTHER REPORT REQUIRED BY
GOVERNMENT AUDITING STANDARDS**



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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*

The Board of Commissioners
England Economic and Industrial Development District

We have audited the general purpose financial statements of England Economic and Industrial Development District, Alexandria, Louisiana, as of and for the year ended June 30, 1998, and have issued our report thereon dated November 18, 1998, which was qualified because insufficient audit evidence exists to support England Economic and Industrial Development District's disclosures with respect to the year 2000 issue. Except as discussed in the preceding sentence, 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 England Economic and Industrial Development District's general purpose financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, and contracts, non-compliance 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 instances of noncompliance that are required to be reported under *Government Auditing Standards* which are listed below.

Finding

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



The Board of Commissioners
England Economic and Industrial
Development District

District's Response

The District self-reported the violation to the Louisiana Department of Environmental Quality and has instituted a training program for its personnel and will hire certified outside parties when necessary. At this time, there is no determination of the outcome of this violation.

Internal Control over Financial Reporting

In planning and performing our audit, we considered 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 general purpose financial statements and not to provide assurance on the internal control over financial reporting. However, we noted a certain matter involving the internal control over financial reporting and its operations that we consider to be a *reportable condition*. A *reportable condition* involves a matter coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the entity's ability to record, process, summarize and report financial data consistent with the assertions of management in the general purpose financial statements.

The reportable condition noted is as follows:

Condition:

Proper assignment of purchase order numbers, review, and approval of invoices were not completed in accordance with the District's policies.

Effect of condition:

The District's purchase order procedures insure that public bids laws are adhered to, that all invoices paid by the district are obligations of the district, and that all invoices are approved of by the appropriate personnel. If the procedures are not followed correctly, invoices may not be paid properly and violations of public bid law could occur.

District's Response

Prior to commencement of the audit, the District re-assigned personnel and changed the procedures to include an additional approval before invoices are paid.

The Board of Commissioners
England Economic and Industrial
Development District

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. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. We noted no matters involving the internal control structure and its operation that we consider to be material weaknesses as defined above.

This report is intended for the information of the management of England Economic and Industrial Development District. This restriction is not intended to limit the distribution of this report, which is a matter of public record.



OESTRIECHER & COMPANY
Certified Public Accountants

November 18, 1998