

**ENGLAND ECONOMIC AND INDUSTRIAL
DEVELOPMENT DISTRICT**

Alexandria, Louisiana

Financial Report

Year Ended June 30, 2019

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INDEPENDENT AUDITOR'S REPORT

To the Board of Commissioners
England Economic and Industrial Development District
Alexandria, Louisiana

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities of the England Economic and Industrial Development District (the District), Alexandria, Louisiana, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the business-type activities of the District, as of June 30, 2019, and the respective changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 5 through 11 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the England Economic and Industrial Development District's basic financial statements. The schedule of revenues and expenditures – budget to actual is presented for purposes of additional analysis and is not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

The schedule of revenues and expenditures – budget to actual and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of revenues and expenditures – budget to actual and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 19, 2019 on our consideration of England Economic and Industrial Development District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the effectiveness of the England Economic and Industrial Development District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the England Economic and Industrial Development District's internal control over financial reporting and compliance.

Kolder, Slaven & Company, LLC
Certified Public Accountants

Alexandria, Louisiana,
December 19, 2019

**MANAGEMENT'S DISCUSSION
AND ANALYSIS**

ENGLAND ECONOMIC AND INDUSTRIAL DEVELOPMENT DISTRICT
Alexandria, Louisiana

Management's Discussion and Analysis
June 30, 2019

Introduction

The Management's Discussion and Analysis (MD&A) of the England Economic and Industrial Development District's (District's) financial performance provides an overview of the District's financial activities for the fiscal year ended June 30, 2019. Readers should also review the financial statements and the notes to the financial statements to enhance their understanding of the District's financial performance.

Financial Highlights

- District's net position increased by \$3,846,841 during the year ended June 30, 2019 which is an increase of 2%.

Overview of Reporting

Reporting consists of Management's Discussion and Analysis (MD&A), basic financial statements and notes to the financial statements. The MD&A, as described above, provides a narrative of the District's financial performance and activities for the year ended June 30, 2019. The basic financial statements provide readers with a broad overview of the District's finances in a manner similar to a private-sector business. The notes to the financial statements follow the basic financial statements.

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

The *Statement of Revenues, Expenses, and Changes in Net Position* provides information which displays how the District's net position changed as a result of the year's activities. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Therefore, certain revenues and expenses are reported in this statement for some items that will result in cash flows in future periods.

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

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

ENGLAND ECONOMIC AND INDUSTRIAL DEVELOPMENT DISTRICT
Alexandria, Louisiana

Management's Discussion and Analysis
June 30, 2019

Financial Analysis of the District

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

	June 30, 2019	June 30, 2018
Current and other assets	\$ 9,158,083	\$ 11,099,342
Noncurrent assets	22,359	46,400
Capital assets	217,433,320	213,349,118
Total assets	226,613,762	224,494,860
Current and other liabilities	2,558,956	3,740,353
Noncurrent liabilities	3,314,513	3,861,054
Total liabilities	5,873,469	7,601,407
Net position:		
Net investment in capital assets	214,230,320	209,801,118
Restricted - PFC Projects	491,385	9,983
Unrestricted	6,018,588	7,082,352
Total Net Position	\$ 220,740,293	\$ 216,893,453

The majority of the District's net position are invested in capital assets (land, buildings, and equipment), net of accumulated depreciation, owned by the District. These assets are not available for future expenditures since they will not be sold. Restricted assets of the District are limited as to their use. These funds are restricted by law or some other outside source as to how they can be utilized. The restricted net position is not available for new spending because it has already been committed as follows:

	June 30, 2019	June 30, 2018
Passenger Facility Charges	\$ 491,385	\$ 9,983

Unrestricted net position is the part of net position that may be used to finance day-to-day operations.

ENGLAND ECONOMIC AND INDUSTRIAL DEVELOPMENT DISTRICT
Alexandria, Louisiana

Management's Discussion and Analysis
June 30, 2019

A summary of the District's changes in net position are reflected in the following schedule:

	<u>June 30, 2019</u>	<u>June 30, 2018</u>
Operating Revenues		
(Lease revenues, passenger facility charges and other)	\$ 10,091,371	\$ 9,867,551
Operating Expenses	<u>17,107,712</u>	<u>15,886,914</u>
Operating Income(Loss)	(7,016,341)	(6,019,363)
Non-Operating Revenues (Expenses)	<u>2,249,721</u>	<u>1,591,080</u>
Income (Loss) Before Contributions	(4,766,620)	(4,428,283)
Capital Contributions	<u>8,613,460</u>	<u>11,167,959</u>
Change in Net Position	<u>\$ 3,846,840</u>	<u>\$ 6,739,676</u>

A summary of the District's operating revenues are reflected in the following schedule:

	<u>June 30, 2019</u>	<u>June 30, 2018</u>
Lease Revenues	\$ 8,840,020	\$ 8,683,666
Contract Facility Charges	748,554	706,416
Passenger Facility Charges	481,718	448,071
Other	<u>21,079</u>	<u>29,398</u>
Total Operating Revenues	<u>\$ 10,091,371</u>	<u>\$ 9,867,551</u>

- Increase in operating revenues of 2.27% for the fiscal year ended June 30, 2019.

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

	<u>June 30, 2019</u>	<u>June 30, 2018</u>
Executive division	\$ 267,578	\$ 228,181
Administrative division	1,468,631	1,304,114
Public Safety	965,820	887,960
Landside operations	3,428,847	3,504,755
Vehicle maintenance	277,535	281,181
Tenant services	643,185	325,506
Airport operations	6,230,311	6,190,074
General and administration	1,297,071	1,265,819
Economic development	280,550	284,519
Noise mitigation program	2,238,309	1,588,367
Disadvantaged Business Enterprise program	<u>9,875</u>	<u>26,438</u>
Total Operating Expenses	<u>\$ 17,107,712</u>	<u>\$ 15,886,914</u>

ENGLAND ECONOMIC AND INDUSTRIAL DEVELOPMENT DISTRICT
Alexandria, Louisiana

Management's Discussion and Analysis
June 30, 2019

- Operating expenses increased in the current year by 7.68%. Primary areas of increase were in the Administrative division, Tenant services and Noise mitigation program.

A summary of the District's non-operating revenues are reflected in the following schedule:

	June 30, 2019	June 30, 2018
Federal Grants	\$ 2,238,309	\$ 1,571,921
State Grants	80,849	106,731
Investment income	11,606	8,340
Gain(Loss) on disposition of capital assets	-	(10,413)
Interest expense	(81,043)	(85,499)
Total Non-Operating Revenues(Expenses)	\$ 2,249,721	\$ 1,591,080

- Increase in non-operating revenues of 41.39% for the current year primarily from the Part 150 noise program.

Capital contributions include Federal airport improvement program funds, state aviation trust fund grants, and state capital outlay money. These amounts vary from year to year depending upon the level of construction activities that are in progress by the District.

Capital Assets

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

	June 30, 2019	June 30, 2018
Land	\$ 38,235,522.00	\$ 37,328,663.00
Construction in progress	24,072,835.00	20,118,709.00
Vehicles, machinery and equipment	2,354,152.00	2,599,147.00
Buildings and improvements	78,638,006.00	82,578,083.00
Infrastructure	74,132,805.00	70,724,515.00
Net Capital Assets	\$ 217,433,320.00	\$ 213,349,117.00

Major capital assets events during the current fiscal year, excluding construction in progress, included the following:

- \$85,659 was spent to purchase vehicles for the Executive Director and Airside operations.

ENGLAND ECONOMIC AND INDUSTRIAL DEVELOPMENT DISTRICT
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Management's Discussion and Analysis
June 30, 2019

- \$109,800 was spent to replace the roofs on various buildings on the Airpark.
- \$906,859 of land was purchased through the District's Part 150 Noise Mitigation program during the current fiscal year.
- Construction in progress added during the year was \$8,819,451. Total Construction in Progress at year-end included the various projects as follows:

	June 30, 2019
Airfield Lighting and Nav aids	\$ 9,855,146
FAA MALSR	1,417,588
Rehab of Runway Safety Areas	160,576
North Airport Emergency Access Road	5,284,679
Extension of Runway 14/32	878,825
Mill & Overlay of Runway 18/36	1,474,571
Emergency Access Road - Fencing	1,516,175
Airfield Emergency Access PT Rehab	702,312
Community Center	2,615,501
Others	167,462
	\$ 24,072,835

- Projects placed in service June 30, 2019 having previous CIP balances are as follows:

	Prior Year CIP	Current Year Additions	2019 Placed in Service
Signage	\$ 2,921	\$ -	\$ 2,921
Electric Vault Replacement	414,303	381,045	795,348
Emergency Access Road Improvements	4,448,100	535,702	4,983,802
	\$ 4,865,323	\$ 916,747	\$ 5,782,070

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

ENGLAND ECONOMIC AND INDUSTRIAL DEVELOPMENT DISTRICT
Alexandria, Louisiana

Management's Discussion and Analysis
June 30, 2019

Debt Administration

The District had the following balances in notes and compensated absences outstanding at year end. Additional information on the District's long-term debt is presented in the notes to the basic financial statements.

	<u>June 30, 2019</u>	<u>June 30, 2018</u>
Bonds payable	\$ 3,203,000	\$ 3,548,000
Compensated absences	107,037	116,294
	<u>\$ 3,310,037</u>	<u>\$ 3,664,294</u>

The District issued \$3,883,000 in revenue bonds on June 22, 2017 (Series 2017 Bonds). \$3,046,000 of these bonds were for the rental car maintenance facility road and \$837,000 were for the rental car maintenance facility. The final maturity of the bonds are April 1, 2027 and April 1, 2020, respectively. Both bond issues have an interest rate of 2.35%.

Economic Factors and Next Year's Budget

The following are considerations that factored into the FY 2019-2020 Budget:

- The District will invest in and execute a successful marketing strategy for England Airpark and AEX. The budget for these expenses will increase by \$110,000 in FY 2019/2020. Key initiatives for FY 2019-2020 will include a complete redesign of the England Airpark website including the addition of a building virtualization tool and increased promotion for FlyAEX. The District is also redesigning the majority of its printed materials. Public, media and government relations will continue to be significant components of the marketing strategy. An increase of .75 cents in hourly parking rates was adopted to support funding of the marketing plan.
- The District will develop a comprehensive residential housing program including plans for on-going maintenance, property enhancements and rental rate increases.
- The District will update the Airport Masterplan and establish a strong roadmap for growing revenues and aviation-related services.
- The District will take steps to reduce AR aging and improve processes for timely submission of reimbursable grant requests.
- The District will complete capital projects in FY19-20 with a total spent of \$8,561,261. Projects included airfield electrical rehabilitation, emergency access road improvements and mill & overlay of Runway 18.36. These multi-year projects employed nearly 300 construction workers and provided a total investment of \$27 million into the local economy.
- The District will complete construction of a new Community Center and will have the facility available for rental in January 2020.

ENGLAND ECONOMIC AND INDUSTRIAL DEVELOPMENT DISTRICT
Alexandria, Louisiana

Management's Discussion and Analysis
June 30, 2019

Contacting the District's Financial Management

This financial report is designed to provide citizens, taxpayers, investors, and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact the England Economic and Industrial Development District at 1611 Arnold Drive, Alexandria, LA 71303, or call (318) 427-6406 during regular office hours, Monday through Friday, from 8:00 a.m. to 5:00 p.m., Central Standard Time.

BASIC FINANCIAL STATEMENTS

ENGLAND ECONOMIC AND INDUSTRIAL DEVELOPMENT DISTRICT
Alexandria, Louisiana

Statement of Net Position
June 30, 2019

ASSETS

Current assets:	
Cash and interest-bearing deposits	\$ 2,074,166
Accounts receivable, net	664,077
Due from governmental agencies	5,442,390
Note receivable	25,000
Prepaid expenses	461,065
Restricted cash	<u>491,385</u>
Total current assets	<u>9,158,083</u>
Noncurrent assets:	
Note receivable	16,666
Security deposits	5,693
Capital assets, net	<u>217,433,320</u>
Total noncurrent assets	<u>217,455,679</u>
Total assets	<u>226,613,762</u>

LIABILITIES

Current liabilities:	
Accounts payable	188,501
Contracts and retainage payable	1,798,127
Accrued expenses and other payables	93,891
Advances in rental income	17,400
Compensated absences	107,037
Revenue bonds payable	<u>354,000</u>
Total	<u>2,558,956</u>
Noncurrent liabilities:	
Tenant deposits	254,961
Contingent tenant rebates	210,552
Revenue bonds payable	<u>2,849,000</u>
Total noncurrent liabilities	<u>3,314,513</u>
Total liabilities	<u>5,873,469</u>

NET POSITION

Net investment in capital assets	214,230,320
Restricted - PFC Projects	491,385
Unrestricted	<u>6,018,588</u>
Total net position	<u>\$ 220,740,293</u>

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

ENGLAND ECONOMIC AND INDUSTRIAL DEVELOPMENT DISTRICT
Alexandria, Louisiana

Statement of Revenues, Expenses, and Change in Net Position
For the Year Ended June 30, 2019

Operating revenues:	
Lease revenue and related fees	\$ 8,840,020
Contract facility charges	748,554
Passenger facility charges	481,718
Miscellaneous	<u>21,079</u>
Total operating revenues	<u>10,091,371</u>
Operating expenses:	
Executive division	267,578
Administrative division	1,468,631
Public safety	965,820
Landside operations	3,428,847
Vehicle maintenance	277,535
Tenant services	643,185
Airport operations	6,230,311
General and administrative	1,297,071
Economic development	280,550
Noise mitigation program	2,238,309
Disadvantaged Business Enterprise Program	<u>9,875</u>
Total operating expenses	<u>17,107,712</u>
Operating loss	<u>(7,016,341)</u>
Nonoperating revenues (expenses):	
Operating grants-	
Federal grants	2,238,309
State grants	80,849
Investment income	11,606
Interest expense	<u>(81,043)</u>
Total nonoperating revenues (expenses)	<u>2,249,721</u>
Loss before contributions	<u>(4,766,620)</u>
Capital contributions:	
Federal grants	5,017,655
State grants	<u>3,595,805</u>
Total capital contributions	<u>8,613,460</u>
Change in net position	3,846,840
Net position, beginning	<u>216,893,453</u>
Net position, ending	<u>\$ 220,740,293</u>

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

ENGLAND ECONOMIC AND INDUSTRIAL DEVELOPMENT DISTRICT
Alexandria, Louisiana

Statement of Cash Flows
For the Year Ended June 30, 2019

Cash flows from operating activities:	
Receipts from operations	\$ 10,019,319
Payments to suppliers for goods and services	(8,317,628)
Payments to employees and for employee related costs	<u>(2,040,491)</u>
Net cash used by operating activities	<u>(338,800)</u>
Cash flows from noncapital financing activities:	
Operating grants	<u>2,319,158</u>
Cash flows from capital and related financing activities:	
Principal payments on bonds	(345,000)
Interest paid	(81,043)
Capital contributions	12,405,485
Purchase and construction of capital assets	<u>(12,188,237)</u>
Net cash used by capital and related financing activities	<u>(208,795)</u>
Cash flows from investing activities:	
Collections on note receivable	25,000
Interest received	<u>11,606</u>
Net cash provided by investing activities	<u>36,606</u>
Net change in cash and cash equivalents	1,808,169
Cash and interest-bearing deposits, beginning of the year	<u>757,382</u>
Cash and interest-bearing deposits, end of the year	<u>\$ 2,565,551</u>

(continued)

ENGLAND ECONOMIC AND INDUSTRIAL DEVELOPMENT DISTRICT
Alexandria, Louisiana

Statement of Cash Flows
For the Year Ended June 30, 2019

Reconciliation of operating loss to net cash used by operating activities	
Operating loss	\$ (7,016,341)
Adjustments to reconcile operating loss to net cash provided by operating activities:	
Depreciation	6,861,616
Compensated absences	(9,257)
Change in assets and liabilities:	
Account receivables	(50,075)
Prepaid expenses	7,478
Security deposits	(959)
Accounts payable	(110,174)
Accrued expenses and other payables	889
Advances in rental income	(17,436)
Tenant deposits	(532)
Contingent tenant rebates	(4,009)
Net cash used by operating activities	<u>\$ (338,800)</u>
Noncash investing, capital and financing activities:	
There were no material noncash investing, capital and financing activities.	
Cash and interest-bearing deposits, beginning of period	
Cash and interest-bearing deposits	\$ 747,399
Restricted cash	<u>9,983</u>
Total	<u>757,382</u>
Cash and interest-bearing deposits, end of period	
Cash and interest-bearing deposits	2,074,166
Restricted cash	<u>491,385</u>
Total	<u>2,565,551</u>
Net increase	<u>\$ 1,808,169</u>

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

ENGLAND ECONOMIC AND INDUSTRIAL DEVELOPMENT DISTRICT
Alexandria, Louisiana

Notes to the Basic Financial Statements

(1) Summary of Significant Accounting Policies

The accompanying financial statements of the District are prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. GAAP includes all relevant GASB pronouncements as set forth in the Codification for Governmental Accounting and Financial Reporting.

A. Reporting Entity

The financial reporting entity consists of (a) the primary government, (b) organizations for which the primary government is financially accountable, and (c) other organizations for which the primary government is not accountable, but for which the 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.

Primary Government -

The England Economic and Industrial Development District (the District) was created by the State of Louisiana Legislature for the purposes of accepting title from the United States of America the property included in the England Air Force Base and utilizing the property, and all assistance available from the United States government and all other sources, to replace and enhance the economic benefits generated by the former air base with diversified activities. A Board of Commissioners appointed by various governmental units located within Rapides Parish governs the District. The District has the power to incur debt and issue revenue and general obligation bonds, certificates of indebtedness, anticipation notes, refunding bonds, and the power of taxation, subject to the limitations provided in the revised statutes governing the District.

The accounts of the District are organized on the basis of an enterprise fund. Enterprise funds are used to account for operations that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods and services to the general public on a continuing basis be financed primarily through user charges or where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

Component Units -

Section 2100 of the 2011 Governmental Accounting Standards Board (GASB) Codification of Governmental Accounting and Financial Reporting Standards, "Defining the Financial Reporting Entity" establishes criteria for determining which entities should be considered a component unit and, as such, part of the reporting entity for financial reporting purposes. The basic criteria are as follows:

ENGLAND ECONOMIC AND INDUSTRIAL DEVELOPMENT DISTRICT
Alexandria, Louisiana

Notes to the Basic Financial Statements

1. Legal status of the potential component unit including the right to incur its own debt, levy its own taxes and charges, expropriate property in its own name, sue and be sued, and the right to buy, sell and lease property in its own name.
2. Whether the primary government's governing authority appoints a majority of board members of the potential component unit and is able to impose its will on the potential component unit or the potential component unit is fiscally dependent on the primary government.
3. Financial benefit/burden relationship between the primary government and the potential component unit.
4. The nature and significance of the relationship between the potential component unit with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading.

Based on these criteria, the District includes the component unit detailed below in the financial reporting entity:

Blended Component Unit -

England District Sub-District No. 1 - On October 28, 2004 the District created England District Sub-District No. 1 (Sub-District No. 1) for the purpose of acquiring the land on which a rail car manufacturing facility was constructed. Sub-District No. 1 has the power to incur debt, issue certificates, revenue and general obligation bonds, as well as refunding bonds, and levy sales taxes and use taxes, in the same manner as the District. Sub-District No. 1 is governed by a ten-member Board of Commissioners, which is populated by the sitting board of the District. Sub-District No. 1 transferred all assets to the rail car manufacturing facility upon completion of construction. As of and for the year ended June 30, 2019, the Sub-District No. 1 has no reportable transactions.

B. Basis of Accounting

The financial statements of the District have been prepared in conformity with generally accepted accounting principles (GAAP). Such accounting and reporting policies also conform to the requirements of set forth in the Louisiana Governmental Audit Guide.

The District maintains its books and records on the full accrual basis of accounting and on the flow of economic resources measurement focus. The District applies all applicable professional standards in accounting and reporting for its proprietary operations.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues are charges to customers for sales and services. Operating expenses include the cost of sales and services, administrative expenses, and depreciation of capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

ENGLAND ECONOMIC AND INDUSTRIAL DEVELOPMENT DISTRICT
Alexandria, Louisiana

Notes to the Basic Financial Statements

In some instances, GASB requires an entity to delay recognition of decreases in net position as expenditures until a future period. In other instances, entities are required to delay recognition of increases in net position as revenues until a future period. In these circumstances, deferred outflows of resources and deferred inflows of resources result from the delayed recognition of expenditures or revenues, respectively. There were no deferred outflows of resources and deferred inflows of resources.

Net position represents the difference between assets and deferred outflows of resources less liabilities and deferred inflows of resources. The District reports three components as follows:

- (1) Net investment in capital assets - This component consists of net capital assets reduced by the outstanding balances of any related debt obligations and deferred inflows of resources attributable to the acquisition, construction, or improvement of those assets and increased by balances of deferred outflows of resources related to those assets.
- (2) Restricted net position - This component is considered restricted if its use is constrained to a particular purpose. Restrictions are imposed by external organizations such as federal or state laws or buyers of the District's bonds. Restricted net position is restricted assets reduced by liabilities and deferred inflows of resources related to the restricted assets.
- (3) Unrestricted net position - This component consists of all other net position that does not meet the definition of the above two components and is available for general use by the District.

It is the District's policy to use restricted amounts first when both restricted and unrestricted net position is available unless, prohibited by legal or contractual provisions.

C. Cash and interest-bearing deposits

For purposes of the statement of cash flows, "cash and interest-bearing deposits" include all demand and savings accounts, and highly liquid investments (including restricted cash and assets held in the Louisiana Asset Management Pool) with an original maturity of three months or less when purchased.

E. Accounts Receivables

Accounts receivable consists of receivables related to commercial, housing and apartment leases. The receivables are shown net of the estimated allowance for doubtful accounts. The uncollectible amounts are based on collection experience and review of the status of existing receivables and relate to the housing and apartment leases. For the year ending June 30, 2019 the allowance for doubtful accounts was \$173,320.

ENGLAND ECONOMIC AND INDUSTRIAL DEVELOPMENT DISTRICT
Alexandria, Louisiana

Notes to the Basic Financial Statements

F. Prepaid Expenses

Prepaid expenses reflect costs applicable to future accounting periods and consist of payments of insurance and other administrative expenses.

G. Capital Assets

Capital assets which include property, equipment, and infrastructure assets are capitalized at historical cost or estimated cost if historical is not available. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation. The District maintains a threshold of \$2,500 for machinery, equipment, and vehicles and \$25,000 for building, building improvements, and infrastructure.

Interest is capitalized on assets acquired with tax-exempt debt. The amount of interest capitalized is calculated by offsetting interest expense incurred from the date of borrowing until completion of the project with interest earned on invested proceeds over the same period. No interest was capitalized for the year ended June 30, 2019, in accordance with this policy.

Depreciation is computed using the straight-line method over the estimated service lives of the assets as follows:

	<u>Years</u>
Vehicles, machinery and equipment	5 to 25
Buildings and improvements	7 to 40
Infrastructure	20 to 40

H. Restricted Assets

Restricted assets include cash and interest-bearing deposits of the proprietary fund that are legally restricted to their use by the Federal Aviation Administration's Record of Decision for the Passenger Facilities Charge (PFC) program. All revenue from the PFC program, including any interest earned, may be used only to finance the allowable costs of approved PFC projects at the airport the District controls. Restricted cash at year end was \$491,385.

I. Advances in Rental Income

The District reports advances in rental income on its statement of net position. Advances in rental income arise when the District receives resources from rental income before it has legal claim to those resources. In subsequent periods, when the District has a legal claim to the resources, the revenue is recognized.

J. Contingent Tenant Rebates

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

ENGLAND ECONOMIC AND INDUSTRIAL DEVELOPMENT DISTRICT
Alexandria, Louisiana

Notes to the Basic Financial Statements

lease income.

K. Compensated Absences

Employees of the District can earn from 80 to 160 hours of annual leave each year, depending on their length of service. Those employees who do not take their entire annual leave prior to December 31, may carry over the equivalent of what they earned in the current year, into the next calendar year. Employees can earn 9 days of sick leave per year, depending on length of service. Unused sick leave may be carried forward each year up to a maximum of 960 hours; however, it is not compensable upon termination of employment. At June 30, 2019, employees have accumulated and vested benefits of \$107,037.

L. Restricted Net Position

Restricted net position is amounts restricted by the Federal Aviation Administration's Record of Decision for the Passenger Facilities Charge (PFC) program. In accordance with the PFC requirements, these amounts may only be used for projects that have been approved in the Record of Decision.

M. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows, liabilities, and deferred inflows and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenditures during the reporting period. These estimates include assessing the collectability of accounts receivable and the useful lives and impairment of tangible assets, among others. Estimates and assumptions are reviewed periodically, and the effects or revisions are reflected in the financial statements in the period they are determined to be necessary. Actual results could differ from those estimates.

(2) Cash and Interest-Bearing Deposits

Under state law the District may deposit funds with a fiscal agent bank organized under the laws of the State of Louisiana, the laws of any other state in the union, or the laws of the United States. The District may invest in direct obligations of the United States government, bonds, debentures, notes or other evidence of indebtedness issued or guaranteed by federal agencies and/or the United States government, and time certificates of deposit of state banks organized under Louisiana law and national banks having principal offices in Louisiana.

These deposits are stated at costs, which approximates market. Custodial credit risk for deposits is the risk that in the event of the failure of a depository financial institution, the District's deposits may not be recovered, or the District will not be able to recover the collateral securities that are in the possession of an outside party. The District does not have a policy for custodial credit risk; however, under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the

ENGLAND ECONOMIC AND INDUSTRIAL DEVELOPMENT DISTRICT
Alexandria, Louisiana

Notes to the Basic Financial Statements

pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent bank. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties.

Bank balances	<u>\$ 3,683,775</u>
Federal deposit insurance	\$ 250,000
Uninsured and collateral held by pledging bank not in the District's name	<u>3,433,775</u>
Total	<u>\$ 3,683,775</u>

(3) Louisiana Asset Management Pool

The District participates in the Louisiana Asset Management Pool (LAMP). LAMP is an investment pool established as a cooperative endeavor to enable public entities of the State of Louisiana to aggregate funds for investment. LAMP is not registered with the Securities and Exchange Commission (SEC) as an investment company. The primary objective of LAMP is to provide a safe environment for the placement of public funds in short-term, high quality investments. The LAMP portfolio includes only securities and other obligations in which local governments in Louisiana are authorized to invest in accordance with LA-R.S. 33:2955. The financial report for LAMP may be accessed on its website www.lamppool.com.

Investments in LAMP carry the following characteristics:

- Credit risk: LAMP is rated AAAM by Standard & Poor's.
- Custodial credit risk: LAMP participants' investments in the pool are evidenced by shares of the pool. Investments in pools should be disclosed, but not categorized because they are not evidenced by securities that exist in physical or book-entry form. The public entity's investment is with the pool, not the securities that make up the pool; therefore, no disclosure is required.
- Concentration of credit risk: Pooled investments are excluded from the 5 percent disclosure requirement.
- Interest rate risk: LAMP is designed to be highly liquid to give its participants immediate access to their account balances. LAMP prepares its own interest rate risk disclosure using the weighted average maturity (WAM) method. The WAM of LAMP assets is restricted to not more than 90 days and consists of no securities with a maturity in excess of 397 days or 762 days for U.S. Government floating/variable rate investments.
- Foreign currency risk: Not applicable

The investments in LAMP are stated at fair value. The fair value is determined on a weekly basis by LAMP and the value of the position in the external investment pool is the same as the net asset value of the pool shares. At June 30, 2019 the District had \$234,522 invested in LAMP, which is included in cash and interest-bearing deposits on the Statement of Net Position.

ENGLAND ECONOMIC AND INDUSTRIAL DEVELOPMENT DISTRICT
Alexandria, Louisiana

Notes to the Basic Financial Statements

(4) Note Receivables

On February 14, 2011, the District entered into an economic development loan to finance the partial cost and expense paid by a lessee in the construction and installation of leasehold improvements totaling \$250,000. This loan is payable in 120 monthly installments of \$2,083, consisting of principal only, beginning March 1, 2011.

The note receivable consists of the following:

Current portion	\$ 25,000
Long-term portion	<u>16,666</u>
Total	<u>\$ 41,666</u>

Schedule of future payments are as follows:

Year Ended June 30	Principal
2020	\$ 25,000
2021	<u>16,666</u>
Total	<u>\$ 41,666</u>

(5) Capital Assets

	Beginning Balance	Additions	Deletions	Ending Balance
Capital assets not being depreciated:				
Land	\$ 37,328,663	\$ 906,859	\$ -	\$ 38,235,522
Construction in progress	<u>20,118,705</u>	<u>8,819,452</u>	<u>4,865,324</u>	<u>24,072,833</u>
Total capital assets, not being depreciated	<u>57,447,368</u>	<u>9,726,311</u>	<u>4,865,324</u>	<u>62,308,355</u>
Other capital assets:				
Vehicles, machinery, and equipment	8,299,826	160,063	-	8,459,889
Buildings and improvements	163,042,779	142,698	-	163,185,477
Infrastructure	<u>92,727,625</u>	<u>5,782,070</u>	<u>-</u>	<u>98,509,695</u>
Total capital assets being depreciated	<u>264,070,230</u>	<u>6,084,831</u>	<u>-</u>	<u>270,155,061</u>
Less accumulated depreciation	<u>108,168,480</u>	<u>6,861,616</u>	<u>-</u>	<u>115,030,096</u>
Total capital assets being depreciated, net	<u>155,901,750</u>	<u>(776,785)</u>	<u>-</u>	<u>155,124,965</u>
Capital assets, net	<u>\$ 213,349,118</u>	<u>\$ 8,949,526</u>	<u>\$ 4,865,324</u>	<u>\$ 217,433,320</u>

ENGLAND ECONOMIC AND INDUSTRIAL DEVELOPMENT DISTRICT
Alexandria, Louisiana

Notes to the Basic Financial Statements

Depreciation expense charged to operations was as follows:

Administrative division	\$ 18,137
Public safety	17,913
Landside operations	2,575,940
Vehicle maintenance	50,297
Airport operations	4,148,526
General and administrative	<u>50,803</u>
Total	<u>\$ 6,861,616</u>

(6) Tenant Deposits, Contingent Tenant Rebates, and Compensated Absences

Net changes in tenant deposits, contingent tenant rebates, and compensated absences is as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Tenant deposits	\$ 255,493	\$ 70,239	\$ 70,771	\$ 254,961
Contingent tenant rebates	214,561	35,191	39,200	210,552
Compensated absences	116,294	107,416	116,673	107,037
Total	<u>\$ 586,348</u>	<u>\$ 212,846</u>	<u>\$ 226,644</u>	<u>\$ 572,550</u>

(7) Revenue Bonds Payable

Revenue bonds payable consisted of the following:

	<u>Issue Date</u>	<u>Maturity Date</u>	<u>Interest Rate</u>	<u>Balance Outstanding</u>
Revenue Refunding Bonds:				
Series 2017A	6/22/2017	4/1/2027	2.350%	\$ 3,046,000
Series 2017B	6/22/2017	4/1/2020	2.350%	<u>157,000</u>
Total revenue refunding bonds				<u>\$ 3,203,000</u>

ENGLAND ECONOMIC AND INDUSTRIAL DEVELOPMENT DISTRICT
Alexandria, Louisiana

Notes to the Basic Financial Statements

The following is a summary of changes:

	Beginning Balance	Additions	Deletions	Ending Balance	Due Within One Year
Revenue refunding bonds:					
Series 2017A	\$ 3,046,000	\$ -	\$ -	\$ 3,046,000	\$ 197,000
Series 2017B	502,000	-	345,000	157,000	157,000
	<u>\$ 3,548,000</u>	<u>\$ -</u>	<u>\$ 345,000</u>	<u>\$ 3,203,000</u>	<u>\$ 354,000</u>

Revenue bond debt service requirements to maturity are as follows:

Year Ended June 30	Principal	Interest	Total
2020	\$ 354,000	\$ 75,272	\$ 429,272
2021	366,000	66,952	432,952
2022	379,000	58,350	437,350
2023	392,000	49,444	441,444
2024	406,000	40,232	446,232
2025-2027	<u>1,306,000</u>	<u>62,066</u>	<u>1,368,066</u>
	<u>\$ 3,203,000</u>	<u>\$ 352,316</u>	<u>\$ 3,555,316</u>

Conduit Debt Obligation

On June 15, 2005, the England District Sub-District No. 1 (Sub-District No. 1) issued revenue bonds to pay for a portion of the costs of acquisition, construction, equipping, installation and improvements of a rail car manufacturing facility and administrative offices. These bonds are secured by a pledge of all rights and interests of the Sub-District No. 1 in, to and under the Cooperative Endeavor agreement between the Sub-District No. 1 and the State of Louisiana (Agreement). In accordance with the Agreement, the State of Louisiana has agreed to make all payments on this bond issue.

On May 1, 2013, the State requested the Sub-District No. 1 to issue Series 2013 refunding bonds for current refunding of the outstanding Series 2005 bonds to reduce its total debt service payments and issued Amendment No. 1 to the Cooperative Endeavor agreement stating that the State of Louisiana will make all payments on the refunding bonds. Neither the District nor Sub-District No. 1 is obligated in any manner for repayment of the refunding bonds. Accordingly, the refunding bonds are not reported in the accompanying financial statements. This debt was paid off during the year ending June 30, 2019.

ENGLAND ECONOMIC AND INDUSTRIAL DEVELOPMENT DISTRICT
Alexandria, Louisiana

Notes to the Basic Financial Statements

(8) Operating Leases

A. Lessor

The District has various non-cancelable leases for commercial and residential properties. Future minimum rentals for the next five years and in aggregate are as follows:

Year Ended June 30,

2020	\$ 5,280,688
2021	1,440,245
2022	990,024
2023	878,434
2024	699,339
	<u>\$ 9,288,730</u>

Contingent rental income included in the accompanying financial statements as lease revenues and related fees totaled \$635,028.

B. Lessee

The District entered into various operating leases for golf course equipment commencing from 2013 through 2015 with terms ranging from 48 to 60 months. Future minimum lease payments due under the lease terms are as follows:

<u>Year Ended</u> <u>June 30,</u>	
2020	<u>\$ 89,344</u>

Lease expense for the year ended June 30, 2019 amounted to \$89,495.

(9) Commitments and Contingencies

The District is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, in the opinion of the District's attorneys, any judgments rendered in favor of the plaintiff or payments resulting from compromise settlements, if any, would not adversely affect the financial position of District.

The District had several uncompleted construction contracts at the end of the year. The remaining commitment on these contracts was approximately \$6,554,452.

The District receives grants for specific purposes that are subject to review and audit by the grantor agencies. Such audits and reviews could result in expenses being disallowed under the terms and conditions of the grant. In the opinion of management, such disallowance, if any, would be immaterial.

ENGLAND ECONOMIC AND INDUSTRIAL DEVELOPMENT DISTRICT
Alexandria, Louisiana

Notes to the Basic Financial Statements

(10) Risk Management

The District is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets, errors and omissions, injuries to employees, and natural disasters. These risks of loss are covered by purchasing a comprehensive commercial insurance policy and workers compensation insurance. Claims resulting from these risks have historically not exceeded insurance coverage.

(11) Deferred Compensation Plan

Certain employees of the District participate in the England Economic and Industrial Development District's Deferred Compensation Plan (Plan) adopted under the provisions of Internal Revenue Code Section 457. This plan has two investment options which are administered by MassMutual and Nationwide Retirement Solutions. The District does not have managerial or financial responsibility for the plan assets. As of June 30, 2019, the plan assets totaled \$3,673,569 with MassMutual and \$180,999 with Nationwide, for a total of \$3,854,568. These assets are owned by the Plan participants. Employee contributions totaled \$85,228, and the District recognized pension expense of \$139,814 for the year ending June 30, 2019. All employer and employee contributions and earnings are immediately vested.

(12) Compensation, Benefits, and Other Payments to Agency Head

The schedule of compensation benefits and other payments to Scott Gammel, Interim Executive Director (7/1/2018 – 12/2/2018) and Sandra McQuain, Executive Director (12/3/2018 – 6/30/2019) was as follows:

	<u>Scott Gammel</u>	<u>Sandra McQuain</u>
Salary	\$ 53,575	\$ 102,308
Benefits-insurance	3,124	10,783
Benefits-retirement	9,017	11,925
Benefits-medicare	777	1,589
Benefits-SUTA	-	24
Benefits-worker's compensation	106	222
Per diem	407	1,090
Reimbursements	30	777
Travel	-	3,294
Registration fees	200	1,093
Conference travel	120	2,243
Special meals	162	923
Dues and subscriptions	275	700
	<u>\$ 67,793</u>	<u>\$ 136,971</u>

ENGLAND ECONOMIC AND INDUSTRIAL DEVELOPMENT DISTRICT
Alexandria, Louisiana

Notes to the Basic Financial Statements

(13) New Accounting Pronouncements

In June 2017, the Governmental Accounting Standards Board (GASB) issued Statement No. 87, Leases. The statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. The provisions of GASB Statement No. 87 are effective for fiscal years beginning after December 15, 2019. The effect of implementation on the District's financial statements has not yet been determined.

SUPPLEMENTARY INFORMATION

ENGLAND ECONOMIC AND INDUSTRIAL DEVELOPMENT DISTRICT
Alexandria, Louisiana

Schedule of Revenues and Expenditures - Budget to Actual (Budgetary Basis)
Year Ended June 30, 2019

	Budget	Actual	Variance Favorable/ (Unfavorable)
Revenues:			
Lease revenue and related fees	\$ 8,885,798	\$ 8,840,020	\$ (45,778)
Intergovernmental revenues	100,000	80,849	(19,151)
Investment income	12,000	11,482	(518)
Other	22,000	21,079	(921)
Total revenues	9,019,798	8,953,430	(66,368)
Expenditures:			
Executive division	264,691	267,578	(2,887)
Administrative division	3,008,448	2,978,822	29,626
Public safety	900,750	872,899	27,851
Landside operations	716,966	684,442	32,524
Vehicle maintenance	260,329	227,238	33,091
Tenant services	762,631	564,001	198,630
Airport operations	2,046,515	1,985,128	61,387
General and administrative	1,279,621	1,246,268	33,353
Economic development	287,215	280,550	6,665
Total expenditures	9,527,166	9,106,926	420,240
Excess (Deficiency) of revenues over expenditures	\$ (507,368) *	\$ (153,496)	\$ 353,872

The District is not required to adopt a budget in accordance with GAAP because it reports as an enterprise fund. For budgetary purposes the District maintains a General Fund and a Capital Projects Fund. For reporting purposes, these two funds are combined into a single Enterprise Fund in accordance with generally accepted accounting principles. A managerial budget is adopted for certain revenues and expenditures of the General Fund. Differences between the managerial budget and a budget adopted in accordance with generally accepted accounting principles include:

- Depreciation and amortization are not included in the managerial budget.
- Capital project related activity is not included in the managerial budget
- Transfers are included in the managerial budget
- Capital outlay is included in the managerial budget
- Nonrecurring operating grants are not included in the managerial budget.
- Timing differences of GAAP basis amount.

* The deficiency of revenues over expenditures that was budgeted for the year end June 30, 2019, was to be satisfied by the use of prior years' excess revenues/net position.

See independent auditor's report.

INTERNAL CONTROL, COMPLIANCE

AND

OTHER MATTERS

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INDEPENDENT AUDITOR'S REPORT ON INTERNAL
CONTROL OVER FINANCIAL REPORTING AND
ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE
WITH *GOVERNMENT AUDITING STANDARDS*

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The Board of Commissioners
England Economic and Industrial Development District
Alexandria, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of England Economic and Industrial Development District (the District), as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated December 19, 2019.

Internal Control over Financial Reporting

In planning and performing our audit, we considered the District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion of the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify certain deficiencies in internal control described in the accompanying schedule of current and prior year audit findings and management's corrective action plan as items 2019-001 and 2019-002 that we consider to be significant deficiencies.

Compliance and Other Matters

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

The District's Response to Findings

The District's response to the findings identified in our audit is described in the accompanying schedule of current and prior year audit findings and management's corrective action plan. The District's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal and compliance. Accordingly, this communication is not suitable for any other purpose. Although the intended use of this report may be limited, under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Kolder, Slaven & Company, LLC
Certified Public Accountants

Alexandria, Louisiana
December 19, 2019

KOLDER, SLAVEN & COMPANY, LLC

CERTIFIED PUBLIC ACCOUNTANTS

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY UNIFORM GUIDANCE

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The Board of Commissioners
England Economic and Industrial Development District
Alexandria, Louisiana

Report on Compliance for Each Major Federal Program

We have audited the England Economic and Industrial Development District's (the District) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2019. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the federal statutes, regulations and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the District's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the District's compliance.

Opinion on Each Major Federal Program

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2019.

Report on Internal Control over Compliance

Management of the District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance referred to above. In planning and performing our audit of compliance, we considered the District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit the attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose. Although the intended use of this report may be limited, under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Kolder, Slaven & Company, LLC

Certified Public Accountants

Alexandria, Louisiana
December 19, 2019

ENGLAND ECONOMIC AND INDUSTRIAL DEVELOPMENT DISTRICT
Alexandria, Louisiana

Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2019

Federal Grantor Program Title	CFDA Number	Federal Assistance I.D. Number	Expenditures
Direct Programs:			
U.S. Department of Transportation -			
Airport Improvement Program	20.106	3-22-0003-063-2014	\$ 1,101,667
Airport Improvement Program	20.106	3-22-0003-064-2015	144,518
Airport Improvement Program	20.106	3-22-0003-067-2015	652,958
Airport Improvement Program	20.106	3-22-0003-068-2015	53,035
Airport Improvement Program	20.106	3-22-0003-071-2016	281,860
Airport Improvement Program	20.106	3-22-0003-072-2017	449,118
Airport Improvement Program	20.106	3-22-0003-073-2017	2,287,142
Airport Improvement Program	20.106	3-22-0003-074-2017	628,086
Airport Improvement Program	20.106	3-22-0003-075-2017	1,614,128
Airport Improvement Program	20.106	3-22-0003-076-2017	43,452
Total expenditures of federal awards			<u>\$ 7,255,964</u>

ENGLAND ECONOMIC AND INDUSTRIAL DEVELOPMENT DISTRICT
Alexandria, Louisiana

Notes to the Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2019

(1) General

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of the England Economic and Industrial Development District (the District) under programs of the federal government for the year ended June 30, 2019. The information in this Schedule is presented in accordance with the requirements of Title 2 *U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the District.

(2) Basis of Accounting

The accompanying schedule of expenditures of federal awards is presented using the accrual basis of accounting, which is described in Note 1 to the District's financial statements for the year ended June 30, 2019.

(3) Indirect Cost Rate

The District has elected not to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.

ENGLAND ECONOMIC AND INDUSTRIAL DEVELOPMENT DISTRICT
Alexandria, Louisiana

Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2019

Part I. Summary of Auditor's Results:

1. The auditor's report expresses an unmodified opinion on whether the financial statements of England Economic and Industrial Development District were prepared in accordance with GAAP.
2. Two significant deficiencies were disclosed during the audit of the financial statements. No material weaknesses are reported.
3. No instances of noncompliance material to the financial statements of England Economic and Industrial Development District, which would be required to be reported in accordance with Government Auditing Standards, were disclosed during the audit.
4. No significant deficiencies in internal control over the major federal award program were disclosed during the audit. No material weaknesses are reported.
5. The auditor's report on compliance for the major federal award program for the England Economic and Industrial Development District expresses an unmodified opinion on the major federal program.
6. The audit disclosed no findings required to be reported in accordance with 2 CFR section 200.516(a) of the Uniform Guidance.
7. The program tested as a major program was:

Airport Improvement Program CFDA 20.106
8. The threshold used to distinguish between Type A and Type B programs was \$750,000.
9. England Economic and Industrial Development District did not qualify as a low-risk auditee.

Part II. Findings which are required to be reported in accordance with generally accepted Governmental Auditing Standards

Internal Control Findings –

See Internal Control Finding 2019-001 and 2019-002 on the Schedule of Current and Prior Year Audit Findings and Management's Corrective Action Plan.

Compliance and Other Matters Finding –

None reported.

ENGLAND ECONOMIC AND INDUSTRIAL DEVELOPMENT DISTRICT
Alexandria, Louisiana

Schedule of Findings and Questioned Costs (Continued)
For the Year Ended June 30, 2019

Part III. Findings and questioned costs for Major Federal awards which include audit findings as defined in 2 CFR section 200 of the Uniform Guidance:

Internal Control Finding –

None reported.

Compliance Finding –

None reported.

KOLDER, SLAVEN & COMPANY, LLC

CERTIFIED PUBLIC ACCOUNTANTS

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO THE PASSENGER FACILITY CHARGE PROGRAM, ON INTERNAL CONTROL OVER COMPLIANCE, AND ON THE SCHEDULE OF REVENUES AND EXPENDITURES OF PASSENGER FACILITY CHARGES

WWW.KCSRPCAS.COM

* A Professional Accounting Corporation

The Board of Commissioners
England Economic and Industrial Development District and
the Federal Aviation Administration
Alexandria, Louisiana

Report on Compliance

We have audited the England Economic and Industrial Development District's (the District) compliance, with the types of compliance requirements described in the *Passenger Facility Charge Audit Guide for Public Agencies* (the Guide), issued by the Federal Aviation Administration, for its passenger facility charge program for the year ended June 30, 2019.

Management's responsibility

Management is responsible for compliance with the requirements of the laws, regulations and terms and conditions of contracts applicable to its passenger facility charge program.

Auditor's responsibility

Our responsibility is to express an opinion on the District's compliance based on our audit. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the Guide. Those standards and the Guide require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on the passenger facility charge program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures, as we consider necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance with the Guide. However, our audit does not provide a legal determination of the District's compliance with those requirements.

Opinion

In our opinion, the District complied, in all material respects, with the requirements referred to above that are applicable to its passenger facility charge program for the year ended June 30, 2019.

Internal Control over Compliance

Management of the District is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations and terms and conditions of contracts applicable to the passenger facility charge program. In planning and performing our audit of compliance, we considered the District's internal control over compliance with requirements that could have a direct and material effect on the passenger facility charge 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 the Guide, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct noncompliance with the Guide on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance such that there is a reasonable possibility that material noncompliance with the compliance of the Guide will not be prevented, or detected and corrected on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify a certain deficiency in internal control over compliance, as described in the schedule of findings and questioned costs as item 2019-003 to be a significant deficiency.

The England Economic and Industrial District's response to the internal control over compliance finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The England Economic and Industrial District's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Schedule of Revenues and Expenditures of Passenger Facility Charges

We have audited the basic financial statements of the District as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the District's basic financial statements. We have issued our report thereon dated December 19, 2019, which contained unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying schedule of revenues and expenditures of passenger facility charges is presented for the purposes of additional analysis as required in the Guide and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and related directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Guide. Accordingly, this report is not suitable for any other purpose. This report is intended for the information of the management and Board of Commissioners of the District and the Federal Aviation Administration and is not intended to be and should not be used by anyone other than those specified parties. However, under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Kolder, Slaven & Company, LLC
Certified Public Accountants

Alexandria, Louisiana
December 19, 2019

ENGLAND ECONOMIC AND INDUSTRIAL DEVELOPMENT DISTRICT
Alexandria, Louisiana

Schedule of Revenues and Expenditures of Passenger Facility Charges
June 30, 2019

	6/30/2018 Program Total	Year ended June 30, 2019				Total	6/30/2019 Program Total
		Quarter 1 Jul. - Sept.	Quarter 2 Oct. - Dec.	Quarter 3 Jan. - Mar.	Quarter 4 Apr. - Jun.		
Revenue							
Collections	\$ 9,220,080	\$ 118,742	\$ 126,042	\$ 106,040	\$ 130,453	\$ 481,277	\$ 9,701,357
Interest	90,375	9	25	37	54	125	90,500
Total Revenue	<u>9,310,455</u>	<u>118,751</u>	<u>126,067</u>	<u>106,077</u>	<u>130,507</u>	<u>481,402</u>	<u>9,791,857</u>
Expenditures:							
Application 99-01-C-00-AEX							
ARFF vehicle	343,967	-	-	-	-	-	343,967
New Terminal Building	8,878,457	-	-	-	-	-	8,878,457
PFC application fees	78,048	-	-	-	-	-	78,048
Total expenditures	<u>9,300,472</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>9,300,472</u>
Net PFC revenue	<u>-</u>	<u>118,751</u>	<u>126,067</u>	<u>106,077</u>	<u>130,507</u>	<u>481,402</u>	<u>-</u>
PFC account balance	<u>\$ 9,983</u>	<u>\$ 128,734</u>	<u>\$ 254,801</u>	<u>\$ 360,878</u>	<u>\$ 491,385</u>	<u>\$ 491,385</u>	<u>\$ 491,385</u>

Notes:

The above schedule of revenues and expenditures of passenger facility charges is prepared on the cash basis of accounting in accordance with the requirements of the Federal Aviation Administration. Therefore, some amounts presented in this schedule may differ from amounts presented in or used in the preparation of the financial statements. See Note 1 to the financial statements for the District's summary of significant accounting policies.

See independent auditor's report.

ENGLAND ECONOMIC AND INDUSTRIAL DEVELOPMENT DISTRICT
Alexandria, Louisiana

Passenger Facility Charge Program
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2019

Part I. Summary of Auditor's Results:

1. A significant deficiency internal control over compliance was reported during the audit of the passenger facility charge program. No material weaknesses were reported.
2. The auditor's report on compliance for the passenger facility charge program expresses an unmodified opinion.
3. There were no audit findings to be reported in accordance with the *Passenger Facility Charge Audit Guide for Public Agencies*.

Part II. Findings and Questioned Costs:

Internal Control Finding –

See Internal Control Finding 2019-003 on the Schedule of Current and Prior Year Audit Findings and Management's Corrective Action Plan.

Compliance Finding –

None reported.

ENGLAND ECONOMIC AND INDUSTRIAL DEVELOPMENT DISTRICT
Alexandria, Louisiana

Passenger Facility Charge Program Audit Summary
For the Year Ended June 30, 2019

1. Type of report issued on PFC financial statements.	<u> X </u>	Unmodified	<u> </u>	Qualified
2. Type of report on PFC compliance.	<u> X </u>	Unmodified	<u> </u>	Qualified
3. Quarterly revenue and disbursements reconcile with submitted quarterly reports and reported un-liquidated revenue matches actual amounts.	<u> X </u>	Yes	<u> </u>	No
4. PFC revenue and interest is accurately reported on FAA form 5100-127.	<u> X </u>	Yes	<u> </u>	No
5. The District maintains a separate financial accounting record for each application.	<u> X </u>	Yes	<u> </u>	No
6. Funds disbursed were for PFC eligible items as identified in the FAA decision to pay only for allowable costs of the project.	<u> X </u>	Yes	<u> </u>	No
7. Monthly carrier receipts were reconciled with quarterly carrier reports.	<u> X </u>	Yes	<u> </u>	No
8. PFC revenues were maintained in a separate interest-bearing capital account or commingled only with other interest-bearing airport capital funds.	<u> X </u>	Yes	<u> </u>	No
9. Serving carriers were notified of PFC program actions or changes approved by the FAA.	<u> X </u>	Yes	<u> </u>	No
10. Quarterly reports were transmitted (or available via website) to remitting carriers.	<u> </u>	Yes	<u> X </u>	No
11. The District is in compliance with Assurances 5, 6, 7, and 8.	<u> X </u>	Yes	<u> </u>	No
12. Project design and implementation is carried out in accordance with Assurance 9.	<u> X </u>	Yes	<u> </u>	No
13. Project design and implementation is carried out in accordance with Assurance 10.	<u> X </u>	Yes	<u> </u>	No
14. For those public agencies with excess revenue, a plan for the use of this revenue has been submitted to the FAA for review and concurrence.	<u> X </u>	Yes	<u> </u>	No

ENGLAND ECONOMIC AND INDUSTRIAL DEVELOPMENT DISTRICT
Alexandria, Louisiana

Schedule of Current and Prior Year Audit Findings
And Management's Corrective Action Plan
Year Ended June 30, 2019

Part I. Current Year Findings and Management's Corrective Action Plan:

A. Internal Control Over Financial Reporting

2019-001 Asset Management

CONDITION: The District's fixed asset listing contains assets that are no longer owned or no longer in service. In addition, the District did not reconcile its master inventory listing with its subsidiary ledger at year end.

CRITERIA: An effective system of internal control over capital assets requires that certain data elements be captured in capital asset records for all capital assets. Required data elements include descriptions of assets, costs, locations, acquisition dates, disposition dates, methods of disposition, and other relevant information. In addition, complete and accurate subsidiary ledgers are necessary in order to ensure all assets are accounted for.

CAUSE: The District did not reconcile their subsidiary ledger to their master inventory listing and properly identify and remove assets that have been scrapped, sold are no longer in service.

EFFECT: Failure to properly update subsidiary and master inventory listings could result in assets missing or unaccounted for. It could also lead to possible misappropriation of assets.

RECOMMENDATION: The District should review their disposition procedures to ensure assets sold are properly documented and recorded appropriately in the accounting records. Additionally, management should reconcile their subsidiary ledger with their master inventory listing.

MANAGEMENT CORRECTIVE ACTION PLAN: The District has since conducted a full physical inventory. Inventory transfer forms have been created to ensure proper tracking and disposition of records moving forward. While this has not been converted into a formal written policy, the District is working on drafting. The District is also working to reconcile the master listing to the subsidiary ledger.

2019-002 Inadequate Controls over Credit Cards

CONDITION: The District remitted payments on an employee's credit card statement directly to the credit card company via check and electronic transfer, instead of requiring the employee to submit reimbursement requests for these purchases.

CRITERIA: Internal control best practices for local governments issued by the Louisiana Legislative Auditor's Office.

ENGLAND ECONOMIC AND INDUSTRIAL DEVELOPMENT DISTRICT
Alexandria, Louisiana

Schedule of Current and Prior Year Audit Findings
And Management's Corrective Action Plan
Year Ended June 30, 2019

CAUSE: The District did not have adequate internal controls over the issuance, use and payment of credit cards.

EFFECT: Inadequate internal controls over credit cards could result in the District inappropriately incurring debt or expending public money on purchases that do not benefit the operations of the District.

RECOMMENDATION: The District should formally approve each new card account before it is opened by management. Such accounts should be opened, and cards issued in the District's name using the District's tax identification number. Attempts should be made to avoid using cards that charge annual fees or earn reward points. Employees should only be allowed to use a card after going through the District's normal purchasing process. And all supporting documentation (e.g., purchase requisitions, itemized receipts, etc.) should be submitted with card statements to the required approver(s). If an employee uses their personal credit card for District business, the employee should submit a reimbursement request form and not submit the statement to the District for payment.

MANAGEMENT'S CORRECTIVE ACTION PLAN: The credit card in question is no longer utilized by the District and a new credit card has been issued in the name of the District. Policies regarding the use of Credit Card points are being developed.

2019-003 PFC Quarterly Reports

Year Finding Initially Occurred: 2019

Passenger Facility Charge Program

CONTEXT: The District did not file its 4th quarter report with the FAA by the required due date.

CRITERIA: Passenger Facility Charge Audit Guide for Public Agencies

CAUSE: The District failed to implement adequate internal controls over the quarterly reporting of its PFC Revenues and Expenditures.

EFFECT: Inadequate internal controls over reporting to the FAA under the Passenger Facilities Charge Program could put future funding under the program at risk.

QUESTIONED COSTS: None.

RECOMMENDATION: The District should enhance their internal controls over reporting to the FAA to ensure that future reports are filed accurately and timely.

ENGLAND ECONOMIC AND INDUSTRIAL DEVELOPMENT DISTRICT
Alexandria, Louisiana

Schedule of Current and Prior Year Audit Findings
And Management's Corrective Action Plan
Year Ended June 30, 2019

MANAGEMENT CORRECTIVE ACTION PLAN: Access to the PFC reporting site has been granted to the appropriate staff, and all subsequent reports were filed timely. The District will focus on cross-training employees and calendaring all reporting deadlines moving forward.

B. Compliance and other matters

None reported.

Part II: Prior Year Findings:

A. Internal Control Over Financial Reporting

2018-01 Asset Management

Fiscal year finding initially occurred: 2017

CONDITION: The District does not have adequate controls in place regarding the disposition of fixed assets. As a result, the District's fixed asset listing contains assets that are no longer owned or no longer in service. In addition, the District had not completed an annual inventory of all of its fixed assets and reconciled that with its subsidiary listing.

RECOMMENDATION: The District should review their disposition procedures to ensure assets sold are properly documented and recorded appropriately in the accounting records. Additionally, management should adhere to their financial policies and procedures and conduct an annual inventory of their fixed assets and reconcile to the subsidiary listing.

CURRENT STATUS: Partially resolved. See 2019-001. The District conducted an annual inventory of all of its fixed assets and moveable property during the year. The District is working to reconcile the master inventory listing to its subsidiary and remove assets that are no longer owned or no longer in service.

B. Compliance

None reported.

**ENGLAND
AUTHORITY**

Sandra S. McQuain
Executive Director

Commissioners:

RAPIDES PARISH
William Barron
Dennis Frazier
Scott Linzay

CITY OF ALEXANDRIA
Curman Gains
Joe McPherson

CITY OF PINEVILLE
Robbyn Cooper

TOWNS
Richard Bushnell

**CHAMBER OF
COMMERCE**
Charles S. Weems III
Joe Williams

AWARDS

Wildlife Habitat Council
Reuse Award Oak
Wing Project

DOT
F.A.A./DBE Award

E.P.A./DEQ
Ready for Reuse
Award

F.A.A.
SWR Airport Safety
Award

N.A.I.D.
Facility of the Year

Office of Secretary of
Defense Award for
Base Redevelopment

F.A.A.
LA Airport of the Year

N.A.I.D.
Excellence Marketing
Award

England Economic and Industrial Development District respectfully submits the following schedule of prior audit findings for the for the year ended June 30, 2019.

Audit conducted by:
Kolder, Slaven & Company, LLC
1428 Metro Dr.
Alexandria, LA 71301

Fiscal year finding initially occurred: 2017

FINDING – FINANCIAL AUDIT

Internal Controls

2018-001 RECOMMENDATION: The District should review their disposition procedures to ensure assets sold are properly documented and recorded appropriately in the accounting records. Additionally, management should reconcile their subsidiary ledger with their master inventory listing.

CORRECTIVE ACTION TAKEN: See 2019-001. The District conducted an annual inventory of all of its fixed assets and moveable property during the year. The District is working to reconcile the master inventory listing to its subsidiary and remove assets that are no longer owned or no longer in service.

**ENGLAND
AUTHORITY**

Sandra S. McQuain
Executive Director

Commissioners:

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Wildlife Habitat Council
Reuse Award Oak
Wing Project

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Facility of the Year

Office of Secretary of
Defense Award for
Base Redevelopment

F.A.A.
LA Airport of the Year

N.A.I.D.
Excellence Marketing
Award

England Economic and Industrial Development District respectfully submits the following corrective action plan for the year ended June 30, 2019.

Audit conducted by:
Kolder, Slaven, & Company, LLC
1428 Metro Dr.
Alexandria, LA 71301

Audit Period: Fiscal year ended June 30, 2019

The findings from the June 30, 2019 schedule of findings and questioned costs are discussed below. The findings are numbered consistently with the number assigned in the schedule.

FINDING – FINANCIAL AUDIT

Internal Controls

Fiscal year finding initially occurred: 2017

2019-001 RECOMMENDATION: The District should review their disposition procedures to ensure assets sold are properly documented and recorded appropriately in the accounting records. Additionally, management should reconcile their subsidiary ledger with their master inventory listing.

CORRECTIVE ACTION PLAN: The District has since conducted a full physical inventory. Inventory transfer forms have been created to ensure proper tracking and disposition of records moving forward. While this has not been converted into a formal written policy, the District is working on drafting. The District is also working to reconcile the master listing to the subsidiary ledger.

Fiscal year finding initially occurred: 2019

2019-002 RECOMMENDATION: The District should formally approve each new card account before it is opened by management. Such accounts should be opened, and cards issued in the District's name using the District's tax identification number. Attempts should be made to avoid using cards that charge annual fees or earn reward points. Employees should only be allowed to use a card after going through the District's normal purchasing process. And all supporting documentation (e.g., purchase requisitions, itemized receipts, etc.) should be submitted with card statements to the required approver(s). If an employee uses their personal credit card for District business, the employee should submit a reimbursement request form and not submit the statement to the District for payment.

CORRECTIVE ACTION PLAN: The credit card in question is no longer utilized by the District and a new credit card has been issued in the name of the District. Policies regarding the use of Credit Card points are being developed.

Fiscal year finding initially occurred: 2019

2019-003 RECOMMENDATION: The District should enhance their internal controls over reporting to the FAA to ensure that future reports are filed accurately and timely.

CORRECTIVE ACTION PLAN: Access to the PFC reporting site has been granted to the appropriate staff, and all subsequent reports were filed timely. The District will focus on cross-training employees and calendaring all reporting deadlines moving forward.

If there are questions regarding the plan, please call Cathy Grant, Finance Manager, at 318-427-6421.

Sincerely,
Cathy Grant
Finance Manager

KOLDER, SLAVEN & COMPANY, LLC

CERTIFIED PUBLIC ACCOUNTANTS

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MANAGEMENT LETTER

WWW.KCSRCPAS.COM

To Sandra McQuain, Executive Director
and Commissioners of the England Economic and
Industrial Development District
Alexandria, Louisiana

The Louisiana Legislative Auditor performed an assessment of business and financial areas to address certain correspondence received regarding the District's operations. The assessment included evaluating certain controls that the District uses to ensure accurate financial reporting, compliance with applicable laws and regulations, and overall accountability over public funds. As a result, the Louisiana Legislative Auditor issued an Advisory Services Report dated September 19, 2018. The report identified certain areas in which the efficiencies and effectiveness of the operations of the District could be improved. A complete copy of the Advisory Services Report can be obtained from the Louisiana Legislative Auditor's website.

The District has addressed most of the Louisiana Legislative Auditor's recommendations related to the areas identified in the aforementioned Advisory Services Report; however, corrective actions have not been fully implemented in the areas of movable property, billing and collections, and credit and business cards. We recommend that the District continue working to develop and implement appropriate policies and procedures to address these areas.

We would like to express our appreciation to you and your staff for the courtesies and assistance rendered to us in the performance of our audit. Should you have any questions or need assistance please feel free to contact us.

Kolder, Slaven & Company, LLC
Certified Public Accountants

Alexandria, Louisiana
December 19, 2019

**ENGLAND ECONOMIC & INDUSTRIAL
DEVELOPMENT DISTRICT**

Alexandria, Louisiana

Statewide Agreed-Upon Procedures Report

Fiscal Period July 1, 2018 through June 30, 2019

KOLDER, SLAVEN & COMPANY, LLC

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INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

To the Board of Commissioners
England Economic and Industrial Development District
and the Louisiana Legislative Auditor

We have performed the procedures enumerated below, which were agreed to by the The England Economic and Industrial Development District ("Entity") and the Louisiana Legislative Auditor (LLA) on the control and compliance (C/C) areas identified in the LLA's Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period July 1, 2018 through June 30, 2019. The Entity's management is responsible for those C/C areas identified in the SAUPs.

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of Government Auditing Standards. The sufficiency of these procedures is solely the responsibility of the specified users of this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

The procedures and associated findings are as follows:

Written Policies and Procedures

1. We obtained and inspected the entity's written policies and procedures and observed that they address each of the following categories and subcategories:
 - a) **Budgeting**, including preparing, adopting, monitoring, and amending the budget.
 - b) **Purchasing**, including (1) how purchases are initiated; (2) how vendors are added to the vendor list; (3) the preparation and approval process of purchase requisitions and purchase orders; (4) controls to ensure compliance with the public bid law; and (5) documentation required to be maintained for all bids and price quotes.
 - c) **Disbursements**, including processing, reviewing, and approving.

- d) **Receipts/Collections**, including receiving, recording, and preparing deposits. Also, policies and procedures should include management's actions to determine the completeness of all collections for each type of revenue or agency fund additions (e.g. periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation).
- e) **Payroll/Personnel**, including (1) payroll processing, and (2) reviewing and approving time and attendance records, including leave and overtime worked.
- f) **Contracting**, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process.
- g) **Credit Cards (and debit cards, fuel cards, P-Cards, if applicable)**, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers of statements, and (5) monitoring card usage (e.g., determining the reasonableness of fuel card purchases)
- h) **Travel and expense reimbursement**, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers.
- i) **Ethics**, including (1) the prohibitions as defined in Louisiana Revised Statute 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) requirement that all employees, including elected officials, annually attest through signature verification that they have read the entity's ethics policy.
- j) **Debt Service**, including (1) debt issuance approval, (2) continuing disclosure/EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.
- k) **Disaster Recovery/Business Continuity**, including (1) identification of critical data and frequency of data backups, (2) storage of backups in a separate physical location isolated from the network, (3) periodic testing/verification that backups can be restored, (4) use of antivirus software on all systems, (5) timely application of all available system and software patches/updates, and (6) identification of personnel, processes, and tools needed to recover operations after a critical event.

Board or Finance Committee

- 2. We obtained and inspected the board/finance committee minutes for the fiscal period, as well as the board's enabling legislation, charter, bylaws, or equivalent document in effect during the fiscal period, and:
 - a) We observed that the board/finance committee met with a quorum at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, bylaws, or other equivalent document.

- b) For those entities reporting on the governmental accounting model, we observed that the minutes referenced or included monthly budget-to-actual comparisons on the general fund and major special revenue funds, as well as monthly financial statements (or budget-to-actual comparisons, if budgeted) for major proprietary funds. *Alternately, for those entities reporting on the non-profit accounting model, observe that the minutes referenced or included financial activity relating to public funds if those public funds comprised more than 10% of the entity's collections during the fiscal period.*
- c) For governmental entities, we obtained the prior year audit report and observed the unrestricted fund balance in the general fund. If the general fund had a negative ending unrestricted fund balance in the prior year audit report, observe that the minutes for at least one meeting during the fiscal period referenced or included a formal plan to eliminate the negative unrestricted fund balance in the general fund.

Bank Reconciliations

- 3. Obtain a listing of client bank accounts for the fiscal period from management and management's representation that the listing is complete. Ask management to identify the entity's main operating account. Select the entity's main operating account and randomly select 4 additional accounts (or all accounts if less than 5). Randomly select one month from the fiscal period, obtain and inspect the corresponding bank statement and reconciliation for selected each account, and observe that:
 - a) Bank reconciliations included evidence that they were prepared within 2 months of the related statement closing date (e.g., initialed and dated, electronically logged);
 - b) Bank reconciliations included evidence that a member of management/board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation (e.g., initialed and dated, electronically logged); and
 - c) Management has documentation reflecting that it has researched reconciling items that have been outstanding for more than 12 months from the statement closing date, if applicable.

Collections

- 4. Obtained a listing of deposit sites for the fiscal period where deposits for cash/checks/money orders (cash) are prepared and management's representation that the listing is complete. Randomly selected 5 deposit sites (or all deposit sites if less than 5).
- 5. For each deposit site selected, obtained a listing of collection locations and management's representation that the listing is complete. Randomly selected one collection location for each deposit site (i.e. 5 collection locations for 5 deposit sites), obtained and inspected written policies and procedures relating to employee job duties (if no written policies or procedures, inquire of employees about their job duties) at each collection location, and observed that job duties are properly segregated at each collection location such that:
 - a) Employees that are responsible for cash collections do not share cash drawers/registers.

- b) Each employee responsible for collecting cash is not responsible for preparing/making bank deposits, unless another employee/official is responsible for reconciling collection documentation (e.g. pre-numbered receipts) to the deposit.
 - c) Each employee responsible for collecting cash is not responsible for posting collection entries to the general ledger or subsidiary ledgers, unless another employee/official is responsible for reconciling ledger postings to each other and to the deposit.
 - d) The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions are not responsible for collecting cash, unless another employee verifies the reconciliation.
6. Inquired of management that all employees who have access to cash are covered by a bond or insurance policy for theft.
7. Randomly selected two deposit dates for each of the 5 bank accounts selected for procedure #3 under "Bank Reconciliations" above (selected the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly selected a deposit if multiple deposits are made on the same day). *Alternately, the practitioner may use a source document other than bank statements when selecting the deposit dates for testing, such as a cash collection log, daily revenue report, receipt book, etc.* Obtained supporting documentation for each of the 10 deposits and:
- a) Observed that receipts are sequentially pre-numbered.
 - b) Traced sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.
 - c) Traced the deposit slip total to the actual deposit per the bank statement.
 - d) Observed that the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than 10 miles from the collection location or the deposit is less than \$100).
 - e) Traced the actual deposit per the bank statement to the general ledger.

Non-Payroll Disbursements (excluding card purchases/payments, travel reimbursements, and petty cash purchases)

8. Obtained a listing of locations that process payments for the fiscal period and management's representation that the listing is complete. Randomly selected 5 locations (or all locations if less than 5).
9. For each location selected under #8 above, obtained a listing of those employees involved with non-payroll purchasing and payment functions. Obtained written policies and procedures relating to employee job duties (if the agency has no written policies and procedures, inquired of employees about their job duties), and observed that job duties are properly segregated such that:

- a) At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order/making the purchase.
 - b) At least two employees are involved in processing and approving payments to vendors.
 - c) The employee responsible for processing payments is prohibited from adding/modifying vendor files, unless another employee is responsible for periodically reviewing changes to vendor files.
 - d) Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments.
10. For each location selected under #8 above, obtained the entity's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtained management's representation that the population is complete. Randomly selected 5 disbursements for each location, obtained supporting documentation for each transaction and:
- a) Observed that the disbursement matched the related original invoice/billing statement.
 - b) Observed that the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under #9, as applicable.

Credit Cards/Debit Cards/Fuel Cards/P-Cards

11. Obtained from management a listing of all active credit cards, bank debit cards, fuel cards, and P-cards (cards) for the fiscal period, including the card numbers and the names of the persons who maintained possession of the cards. Obtained management's representation that the listing is complete.
12. Using the listing prepared by management, randomly selected 5 cards (or all cards if less than 5) that were used during the fiscal period. Randomly selected one monthly statement or combined statement for each card (for a debit card, randomly select one monthly bank statement), obtained supporting documentation, and:
- a) Observed that there is evidence that the monthly statement or combined statement and supporting documentation (e.g., original receipts for credit/debit card purchases, exception reports for excessive fuel card usage) was reviewed and approved, in writing, by someone other than the authorized card holder. [Note: Requiring such approval may constrain the legal authority of certain public officials (e.g., mayor of a Lawrason Act municipality); these instances should not be reported.]
 - b) Observed that finance charges and late fees were not assessed on the selected statements.
13. Using the monthly statements or combined statements selected under #12 above, excluding fuel cards, randomly selected 10 transactions (or all transactions if less than 10) from each statement, and obtained supporting documentation for the transactions (i.e. each card should have 10 transactions subject to testing). For each transaction, observed that it is supported by (1) an original itemized receipt that identifies precisely what was purchased, (2) written

documentation of the business/public purpose, and (3) documentation of the individuals participating in meals (for meal charges only).

Travel and Travel-Related Expense Reimbursements (excluding card transactions)

14. Obtained from management a listing of all travel and travel-related expense reimbursements during the fiscal period and management's representation that the listing or general ledger is complete. Randomly selected 5 reimbursements, obtained the related expense reimbursement forms/prepaid expense documentation of each selected reimbursement, as well as the supporting documentation. For each of the 5 reimbursements selected:
- a) If reimbursed using a per diem, agreed the reimbursement rate to those rates established either by the State of Louisiana or the U.S. General Services Administration (www.gsa.gov).
 - b) If reimbursed using actual costs, observed that the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased.
 - c) Observed that each reimbursement is supported by documentation of the business/public purpose (for meal charges, observed that the documentation includes the names of those individuals participating) and other documentation required by written policy (procedure #1h).
 - d) Observed that each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

Contracts

15. Obtained from management a listing of all agreements/contracts for professional services, materials and supplies, leases, and construction activities that were initiated or renewed during the fiscal period. Obtained management's representation that the listing is complete. Randomly selected 5 contracts (or all contracts if less than 5) from the listing, excluding the practitioner's contract, and:
- a) Observed that the contract was bid in accordance with the Louisiana Public Bid Law (e.g., solicited quotes or bids, advertised), if required by law.
 - b) Observed that the contract was approved by the governing body/board, if required by policy or law (e.g. Lawrason Act, Home Rule Charter).
 - c) If the contract was amended (e.g. change order), observed that the original contract terms provided for such an amendment.
 - d) Randomly selected one payment from the fiscal period for each of the 5 contracts, obtained the supporting invoice, agreed the invoice to the contract terms, and observed that the invoice and related payment agreed to the terms and conditions of the contract.

Payroll and Personnel

16. Obtained a listing of employees/elected officials employed during the fiscal period and management's representation that the listing is complete. Randomly selected 5 employees/officials, obtained related paid salaries and personnel files, and agreed paid salaries to authorized salaries/pay rates in the personnel files.
17. Randomly selected one pay period during the fiscal period. For the 5 employees/officials selected under #16 above, obtained attendance records and leave documentation for the pay period, and:
 - a) Observed that all selected employees/officials documented their daily attendance and leave (e.g., vacation, sick, compensatory). (Note: Generally, an elected official is not eligible to earn leave and does not document his/her attendance and leave. However, if the elected official is earning leave according to policy and/or contract, the official should document his/her daily attendance and leave.)
 - b) Observed that supervisors approved the attendance and leave of the selected employees/officials.
 - c) Observed that any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records.
18. Obtained a listing of those employees/officials that received termination payments during the fiscal period and management's representation that the list is complete. Randomly selected two employees/officials, obtain related documentation of the hours and pay rates used in management's termination payment calculations, agreed the hours to the employee/officials' cumulate leave records, and agreed the pay rates to the employee/officials' authorized pay rates in the employee/officials' personnel files.
19. Obtained management's representation that employer and employee portions of payroll taxes, retirement contributions, health insurance premiums, and workers' compensation premiums have been paid, and associated forms have been filed, by required deadlines.

Ethics

20. Using the 5 randomly selected employees/officials from procedure #16 under "Payroll and Personnel" above, obtained ethics documentation from management, and:
 - a. Observed that the documentation demonstrates each employee/official completed one hour of ethics training during the fiscal period.
 - b. Observed that the documentation demonstrates each employee/official attested through signature verification that he or she has read the entity's ethics policy during the fiscal period.

Debt Service

21. Obtained a listing of bonds/notes issued during the fiscal period and management's representation that the listing is complete. Selected all bonds/notes on the listing, obtained supporting documentation, and observed that State Bond Commission approval was obtained for each bond/note issued.
22. Obtained a listing of bonds/notes outstanding at the end of the fiscal period and management's representation that the listing is complete. Randomly selected one bond/note, inspected debt covenants, obtained supporting documentation for the reserve balance and payments, and agreed actual reserve balances and payments to those required by debt covenants.

Other

23. Obtained a listing of misappropriations of public funds and assets during the fiscal period and management's representation that the listing is complete. Selected all misappropriations on the listing, obtained supporting documentation, and observed that the entity reported the misappropriation(s) to the legislative auditor and the district attorney of the parish in which the entity is domiciled.
24. Observed that the entity has posted on its premises and website, the notice required by R.S. 24:523.1 concerning the reporting of misappropriation, fraud, waste, or abuse of public funds.

Findings:

In accordance with the Statewide Agreed-Upon Procedures, certain categories may be excluded from testing. Therefore, the following categories were not tested this year: Board or Finance Committee, Bank Reconciliations, Collections, Contracts, Ethics, Debt Service and Other.

No exceptions were found as a result of applying procedures listed above except:

Written Policies:

The England Economic and Industrial Development District does have policies in place related to Disaster Recovery/Business Continuity however, these policies do not specifically address periodic testing/verification that backups can be restored, use of antivirus software on all systems, timely application of all available system and software patches/updates, and identification of personnel, processes, and tools needed to recover operations after a critical event.

Payroll and Personnel:

The District's policy for salaried employees requires that these employees submit a leave sheet indicating any day's leave was used and the purpose of that leave. When the leave is anticipated, approval is obtained in writing by a supervisor in advance of the requested day. When the leave is unexpected (i.e. sick time) leave sheets are submitted for approval upon the employee's return to work. This policy is in lieu of a formal time sheet process for salaried employees. All other employees are required to submit regular timesheets. Two of the five employees selected for testing were salaried employees and in accordance with the District policy, we were unable to obtain timesheets for out tests. We obtained leave forms for the selected individuals and noted no exceptions to the District's policies.

Management's Response:

Management of England Economic and Industrial Development District concurs with the exceptions and are working to address the deficiencies identified.

We were not engaged to and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on those C/C areas identified in the SAUPs. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures; other matters might have come to our attention that would have been reported to you.

The purpose of this report is solely to describe the scope of testing performed on those C/C areas identified in the SAUPs, and the result of that testing, and not to provide an opinion on control or compliance. Accordingly, this report is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the LLA as a public document.

Kolder, Slaven & Company, LLC
Certified Public Accountants

Alexandria, Louisiana
December 19, 2019