

**ENGLAND ECONOMIC AND INDUSTRIAL
DEVELOPMENT DISTRICT**

Alexandria, Louisiana

Financial Report

Year Ended June 30, 2018

TABLE OF CONTENTS

	Page
INDEPENDENT AUDITOR'S REPORT	1-3
MANAGEMENT'S DISCUSSION AND ANALYSIS	5-14
BASIC FINANCIAL STATEMENTS	
Statement of Net Position	16
Statement of Revenues, Expenses, and Changes in Fund Net Position	17
Statement of Cash Flows	18-19
Notes to the Basic Financial Statements	20-32
SUPPLEMENTARY INFORMATION	
Schedule of Revenues and Expenditures - Budget to Actual	34
INTERNAL CONTROL, COMPLIANCE AND OTHER MATTERS	
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 <i>Government Auditing Standards</i>	36-37
Independent Auditor's Report on Compliance for each Major Program and on Internal Control over Compliance Required by Uniform Guidance	38-39
Schedule of Expenditures of Federal Awards	40
Notes to the Schedule of Expenditures of Federal Awards	41
Schedule of Findings and Questioned Costs	42-43
Independent Auditor's Report on Compliance with Requirements Applicable to the Passenger Facility Charge Program and on Internal Control over Compliance	44-46
Schedule of Revenues and Expenditures of Passenger Facility Charges	47
Passenger Facility Charge Program Schedule of Findings and Questioned Costs	48
Passenger Facility Charge Program Audit Summary	49
Summary Schedule of Current and Prior Year Audit Findings and Management's Corrective Action Plan	50-53

KOLDER, SLAVEN & COMPANY, LLC

CERTIFIED PUBLIC ACCOUNTANTS

C. Burton Kolder, CPA*
Victor R. Slaven, CPA*
Gerald A. Thibodeaux, Jr., CPA*
Robert S. Carter, CPA*
Arthur R. Mixon, CPA*
Brad E. Kolder, CPA, JD*
Stephen J. Anderson, CPA*
Christine C. Doucet, CPA
Wanda F. Arcement, CPA, CVA
Bryan K. Joubert, CPA
Matthew E. Margaglio, CPA
Casey L. Ardoin, CPA, CFE

183 S. Beadle Rd.
Lafayette, LA 70508
Phone (337) 232-4141

11929 Bricksome Ave.
Baton Rouge, LA 70816
Phone (225) 293-8300

1428 Metro Dr.
Alexandria, LA 71301
Phone (318) 442-4421

450 E. Main St.
New Iberia, LA 70560
Phone (337) 367-9204

200 S. Main St.
Abbeville, LA 70510
Phone (337) 893-7944

1234 David Dr. Ste. 203
Morgan City, LA 70380
Phone (985) 384-2020

434 E. Main St.
Ville Platte, LA 70586
Phone (337) 363-2792

332 W. Sixth Ave.
Oberlin, LA 70655
Phone (337) 639-4737

* A Professional Accounting Corporation

WWW.KSRCPAS.COM

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 England Economic and Industrial Development District (the District), Alexandria, Louisiana, as of and for the year ended June 30, 2018, 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, 2018, 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 14 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 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* (CFR) 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 7, 2018, 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 to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering England Economic and Industrial Development District's internal control over financial reporting and compliance.

Kolder, Slaven & Company, LLC
Certified Public Accountants

Alexandria, Louisiana,
December 7, 2018

**MANAGEMENT'S DISCUSSION
AND ANALYSIS**

ENGLAND ECONOMIC AND INDUSTRIAL DEVELOPMENT DISTRICT
Alexandria, Louisiana

Management's Discussion and Analysis
June 30, 2018

Introduction

The Management's Discussion and Analysis (MD&A) of the England Economic and Industrial Development District's (District) financial performance provides an overall review of the District's financial activities for the fiscal year ended June 30, 2018. The intent of this discussion and analysis is to look at the District's financial performance as a whole. Readers should also review the financial statements and the notes to the financial statements to enhance their understanding of the England Economic and Industrial Development District's financial performance.

Financial and Operating Highlights

A summary of the District's financial and operating highlights for the year ended **June 30, 2018** is as follows:

- Assets exceeded liabilities by \$216,893,453 at June 30, 2018. Of this amount \$209,801,118 is related to capital assets. \$9,983 is passenger facility charge fees that have been collected and unspent as of year-end and that are dedicated for the repayment of bonds issued for the construction of the James L. Meyer Commercial Terminal building. \$7,082,453 is unrestricted.
- Net position increased \$6,739,676. This was due primarily to an increase in the amount of capital grants received for various airport projects during the year.
- \$12,918,867 in new construction improvements were added to the Airpark.
- Alexandria International Airport (AEX), during the current fiscal year, had 136,935 enplanements, 125,236 deplanements and 30,023 air operations.
- AEX handled 12,386 pounds of commercial air freight and 24,830,400 pounds of military air freight, 102,034 parked cars and sold 4,794,412 gallons of fuel this fiscal year.
- Almost 988,000 square feet of commercial space were leased on the Airpark by just under 70 tenants. The District also leased 157 residential units onsite.

A summary of the District's financial and operating highlights for the year ended **June 30, 2017** is as follows:

- Assets exceeded liabilities by \$210,153,777 at June 30, 2017. Of this amount \$200,483,661 is related to capital assets. \$143,344 is passenger facility charge fees that have been collected and unspent as of yearend and that are dedicated for the repayment of bonds issued for the construction of the James L. Meyer Commercial Terminal building. \$9,526,772 is unrestricted.
- Net position increased \$11,939,463. This was due primarily to an increase in the amount of capital grants received for various airport projects during the year.
- \$14,843,516 in new construction improvements were added to the Airpark.
- Alexandria International Airport (AEX), during the current fiscal year, had 138,427 enplanements, 142,101 deplanements and 30,508 air operations.
- AEX handled 8,857 pounds of commercial air freight and 15,541,100 pounds of military air freight, 115,245 parked cars and sold 5,130,963 gallons of fuel this fiscal year.
- Over 925,000 square feet of commercial space were leased on the Airpark by almost 70 tenants. The District also leased 154 residential units onsite.

ENGLAND ECONOMIC AND INDUSTRIAL DEVELOPMENT DISTRICT
Alexandria, Louisiana

Management's Discussion and Analysis (Continued)
June 30, 2018

Overview of the Financial Statements

The District's basic financial statements are prepared in accordance with accounting standards generally accepted in the United States and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. The District is structured as single enterprise fund using proprietary fund (enterprise fund) accounting. Under this method of accounting an economic resources measurement focus and an accrual basis of accounting is used. Revenue is recorded when earned and expenses are recorded at the time liabilities are incurred.

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. Revenues are categorized as either operating or non-operating in accordance with definitions set forth in GASB 33 and GASB 34.

The *Statement of Cash Flows* reports information showing how the District's cash and cash equivalent position changed during the year. This statement classifies cash receipts and cash payments for the fiscal year resulting from operating activities, 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. The notes to the financial statements follow the basic financial statements.

ENGLAND ECONOMIC AND INDUSTRIAL DEVELOPMENT DISTRICT
Alexandria, Louisiana

Management's Discussion and Analysis (Continued)
June 30, 2018

Financial Analysis of the District

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

	<u>June 30, 2018</u>	<u>June 30, 2017</u>
Current and other assets	\$ 11,089,359	\$ 9,627,225
Noncurrent assets	56,383	3,178,875
Capital assets	<u>213,349,118</u>	<u>204,931,661</u>
Total assets	<u>224,494,860</u>	<u>217,737,761</u>
Current and other liabilities	3,624,059	3,420,871
Noncurrent liabilities	<u>3,977,348</u>	<u>4,163,113</u>
Total liabilities	<u>7,601,407</u>	<u>7,583,984</u>
Net position:		
Net investment in capital assets	209,801,118	203,449,845
Restricted	9,983	143,344
Unrestricted	<u>7,082,352</u>	<u>6,560,588</u>
Total net position	<u>\$ 216,893,453</u>	<u>\$ 210,153,777</u>

The District's assets exceeded liabilities by \$216,893,453 at June 30, 2018 and by \$210,153,777 at June 30, 2017. The majority of the District's net position are invested in capital assets (land, buildings, and equipment) owned by the District. These assets are not available for future expenditures since they will not be sold. Restricted assets of the District are limited as to their use. These funds are restricted by law or some other outside source as to how they can be utilized. The restricted net position is not available for new spending because they have already been committed as follows:

	<u>June 30, 2018</u>	<u>June 30, 2017</u>
Restricted net position:		
Passenger facility charges	<u>\$ 9,983</u>	<u>\$ 143,344</u>

Unrestricted net position is the part of net position that can be used to finance day-to-day operations without constraints established by enabling legislation, debt covenants, or other legal requirements. This amount consists of a 25% operating reserve along with funds designated by management to go towards existing capital projects.

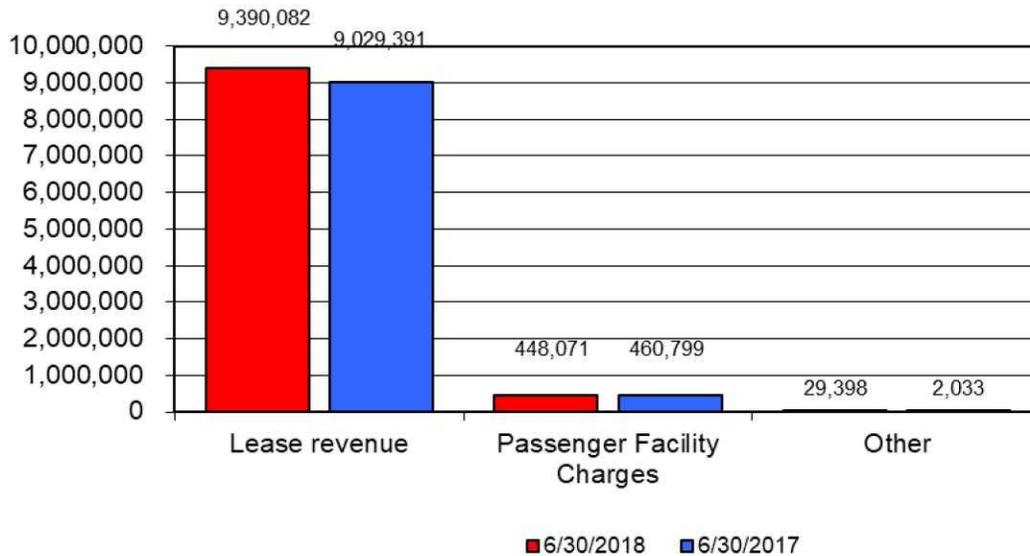
ENGLAND ECONOMIC AND INDUSTRIAL DEVELOPMENT DISTRICT
Alexandria, Louisiana

Management's Discussion and Analysis (Continued)
June 30, 2018

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

	<u>June 30, 2018</u>	<u>June 30, 2017</u>
Operating revenues		
(Lease revenues, passenger facility charges and other)	\$ 9,867,551	\$ 9,492,223
Operating expenses	<u>15,886,914</u>	<u>15,636,464</u>
Operating loss	(6,019,363)	(6,144,241)
Non-operating revenues (expenses)	<u>1,591,080</u>	<u>1,621,932</u>
Loss before contributions	(4,428,283)	(4,522,309)
Capital contributions	<u>11,167,959</u>	<u>16,461,772</u>
Change in net position	<u>\$ 6,739,676</u>	<u>\$ 11,939,463</u>

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



ENGLAND ECONOMIC AND INDUSTRIAL DEVELOPMENT DISTRICT
Alexandria, Louisiana

Management's Discussion and Analysis (Continued)
June 30, 2018

- Lease revenue includes revenues derived from leases for commercial buildings and equipment, residential housing, and fees from other types of services at the Airpark. This revenue source showed an increase for the fiscal year ended June 30, 2018 of \$360,691 (3.84%). This increase comes from larger Contract Facility Charges collections in FYE 6-30-2018 and from the annual rent adjustments due to CPI increases.
- Passenger facility charges (PFC's) are fees imposed when an airline ticket is purchased and can be used only for purposes outlined in the District's PFC application. The current use for this fee is to pay debt service on the outstanding bonds for the construction costs of the James L. Meyer Commercial Terminal project. These fees decreased \$12,728 from the prior year due to lower enplanements at Alexandria International Airport.
- Other revenues include various charges for property damages, insurance settlements, missing inventory items and other assorted fees. These revenues decreased \$27,365 compared to the prior year due mostly to insurance claim proceeds received in FYE June 30, 2018.

Non-operating revenues (expenses) include interest revenues, grant proceeds that are received for non-capital purposes, the gain or loss recorded on the sale or disposition of property, and interest expense on bonds and other debt. This amount decreased in the current fiscal year by \$30,852 due to slightly higher amounts received from the Part 150 noise program in the current year, a loss on the removal from service of capital assets in this fiscal year as in the prior year.

Capital grants 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.

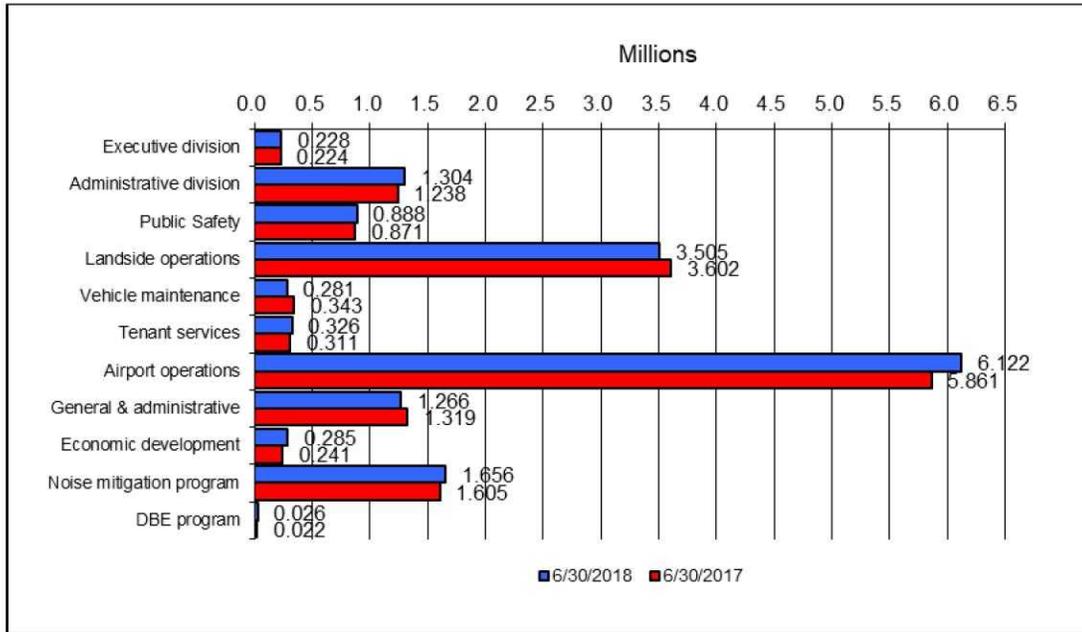
A summary of the District's operating expenses, including depreciation, are reflected in the following schedule:

	<u>June 30, 2018</u>	<u>June 30, 2017</u>
Executive division	\$ 228,181	\$ 223,522
Administrative division	1,304,114	1,238,279
Public safety	887,960	870,500
Landside operations	3,504,755	3,602,250
Vehicle maintenance	281,181	342,772
Tenant services	325,506	311,283
Airport operations	6,122,016	5,861,015
General and administration	1,265,819	1,319,486
Economic development	284,519	240,547
Noise mitigation program	1,656,425	1,604,801
Disadvantaged Business Enterprise program	<u>26,438</u>	<u>22,009</u>
Total operating expenses	<u>\$ 15,886,914</u>	<u>\$ 15,636,464</u>

ENGLAND ECONOMIC AND INDUSTRIAL DEVELOPMENT DISTRICT
Alexandria, Louisiana

Management's Discussion and Analysis (Continued)
June 30, 2018

The following is a graphic representation of operating expenses:



- The executive division includes the Executive Director and his staff. The costs of this department increased slightly, \$4,659, compared to prior year costs.
- The administrative division includes the finance function and supporting activities. These costs increased \$65,835 in the current year mainly due to three items - \$78,605 higher salaries and benefits dues to employee raises and the hire of a new employee during the last part of the prior year, \$53,694 lower legal fees caused by a bankruptcy of a tenant in the prior year and higher insurance costs of \$23,484 due to higher property and equipment values.
- Public safety covers the security and fire protection for the Airpark. This category went up \$17,460 for the current year due to increased contract costs for these services.
- Landside operations include the maintenance and upkeep of building and grounds that are not related to the airfield. These expenses decreased by \$97,495 due to lower repair and maintenance costs.
- Vehicle maintenance consists of the maintenance of all vehicles that are owned and operated by the District. These costs decreased by \$61,591 due to lower repair costs for the lawn mowing machines and fire vehicles.
- Tenant services covers costs that are directly associated with facilities that are occupied by current tenants. This expense increased slightly by \$14,223 compared to the prior year.
- Airport operations encompass the activities of the airport terminal as well as buildings and equipment that are directly related to airfield side of the Airpark. These expenses increased \$261,001 versus last year as a result of \$200,791 higher depreciation costs, 44,706 in higher operating supplies.

ENGLAND ECONOMIC AND INDUSTRIAL DEVELOPMENT DISTRICT
Alexandria, Louisiana

Management's Discussion and Analysis (Continued)
June 30, 2018

- General and administrative includes the costs associated with the general running of all the operations departments. There was a \$53,667 decrease in this department compared to the prior year mainly due to lower utility costs because of a program of replacing airpark lights with LED bulbs.
- Economic Development incorporates the marketing of the Airpark and tenant relations. These amounts increased \$43,972 versus the prior year amount due to fees being paid to local realtors for bringing in tenants.
- Noise mitigation program improves the compatibility between aircraft operations and off-airport noise sensitive land uses while allowing the airport to continue in its role to serve the community. These costs increased \$51,624 due to the increased activity in the program caused by focusing on the acquisition of a mobile home park.
- Disadvantaged Business Enterprises (DBE) program is a program designed to assist small and economically disadvantaged businesses obtain contracts for their services on capital projects at England Airpark. The costs increased \$4,429 due to a larger portion of these costs being reimbursed for projects through Federal and State grants.

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, 2018	June 30, 2017
Land	\$ 37,328,663	\$ 34,477,214
Construction in progress	20,118,705	20,912,295
Vehicles, machinery and equipment	2,599,148	2,889,636
Buildings and improvements	82,578,086	83,481,484
Infrastructure	70,724,516	63,171,032
Capital assets, net	\$ 213,349,118	\$ 204,931,661

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

- \$29,782 to replace aging furniture and \$57,308 to replace worn carpet in the James E. Meyer Terminal building at Alexandria International Airport was spent during this year.
- \$44,500 to being crafting the sculpture that will be placed in the roundabout at the entrance to the Airpark.
- New street signage was installed at a cost of \$54,641.
- \$254,718 was spent on buying land to remove obstacles from of the end of the runways.
- 28.3 acres adjacent the Airpark were purchased for \$337,478.

ENGLAND ECONOMIC AND INDUSTRIAL DEVELOPMENT DISTRICT
Alexandria, Louisiana

Management's Discussion and Analysis (Continued)
June 30, 2018

- \$108,200 was spent to replace the roofs on various buildings on the Airpark.
- \$1,384,477 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 \$12,918,867 Total construction in progress at year-end included the various projects as follows:

Airfield Electrical Rehabilitation	\$ 10,568,166
Emergency Access Road Improvements	4,448,100
North Airport Emergency Access Road	2,743,411
Extension of Runway 14/32	1,816,668
Community Center	220,387
Mill & Overlay Runway 18/36	159,120
Others	162,853
Total	\$ 20,118,705

- Construction projects that were in progress in prior years and that were completed in this year were the Consolidated Rental Car Maintenance Facility for \$2,807,375 and \$422,583 to fix cracks and joints on the North Ramp.
- Lawn mowers that were no longer repairable were taken off the fixed asset listing.

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

Debt Administration

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

	June 30, 2018	June 30, 2017
Bonds payable	\$ 3,548,000	\$ 4,448,000
Compensated absences	116,294	140,700
Total long-term debt	\$ 3,664,294	\$ 4,588,700

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%. The Series 2013 revenue refinancing bonds were be paid off in April 2018.

State law does not provide a limitation on the amount of debt that may be issued by the District. The bonds issued by the District are not rated.

ENGLAND ECONOMIC AND INDUSTRIAL DEVELOPMENT DISTRICT
Alexandria, Louisiana

Management's Discussion and Analysis (Continued)
June 30, 2018

Economic Factors and Next Year's Budget

The following are currently known economic factors considered for the 2018-2019 fiscal year:

- A search committee has been formed and is in the process of looking for a new executive director. The selection of the candidate will be made in the first part of FYE 6-30-2019.
- Conduit debt obligations, bonds that are issued by the District but are paid for by the State of Louisiana, for the Union Tank plant construction will be paid off in August 2018.
- The search for a company to take over the hotel and restaurant leases is continuing.
- Almost \$1,900,000 in Federal and State grant funds are being used for the rehabilitation of the runway overrun safety areas. These areas are important to aircraft that come in short on landing or need to abort a take-off.
- Over \$900,000 in new funds were budgeted for the rehabilitation of various emergency access points around the airfield.
- There will be an update to the Master Plan for the District. The FAA suggests the airport do this every 5 years. \$750,000 is being set aside to complete this.
- The England Airpark Master Plan calls for the construction of additional warehouse space to meet the projected needs of the Airpark. The England Authority will be seeking state Capital Outlay funds for construction. \$514,407 has been added to the budget to begin design.
- \$275,000 is included in next year's budget for the replacement of the baggage belt at AEX's terminal building. This belt is over ten years old and is beginning to show signs of wear and tear.
- Terminal Refurbishments are continuing. An additional \$155,000 was added to the project budget. This will be for projects such as: replacement of furniture; updating various pieces of equipment used in the terminal and in the air traffic control tower; replacing carpet; etc.
- \$145,000 in new funds are budgeted for the installation/repair of new roofs around the Airpark to protecting these buildings from failing roofing systems.
- \$100,000 is included in the 2017-2018 budget for different types of repairs that need to be made to various buildings throughout the Airpark.
- \$75,000 in new funds were budgeted for the purchase of new bunker gear for the fire department. These suits are recommended to be replaced-4 years. It has been over 7 years since the fire department at the Airpark has bought new bunker gear.
- The new community center is underway. The current building has been demolished and will be replaced with a new facility. Over \$3,100,000 has been budgeted for the replacement of this facility.

ENGLAND ECONOMIC AND INDUSTRIAL DEVELOPMENT DISTRICT
Alexandria, Louisiana

Management's Discussion and Analysis (Continued)
June 30, 2018

- The District is progressing on the noise compatibility program. This program is a multi-year project. The District has received over \$77 million in Federal and State grants for this project. This project should be coming to a close within the next 12-18 months.
- Significant contracts to acquire property and mitigate noise have been executed and are ongoing.
- The rehabilitation of the airfield electrical system is moving along. The next phase of this project is the replacement the FAA approach lights system and replacing the RLIM The work to relocate the FAA equipment affected by this project has begun. This entire project will take about 1 more year to complete.
- The rehab of runway safety area project will rehabilitate the runway overrun safety areas. Over \$1,400,000 has been dedicated for this project.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

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

BASIC FINANCIAL STATEMENTS

ENGLAND ECONOMIC AND INDUSTRIAL DEVELOPMENT DISTRICT
Alexandria, Louisiana

Statement of Net Position
June 30, 2018

ASSETS	
CURRENT ASSETS	
Cash and cash equivalents	\$ 518,221
Investments	229,178
Receivables, net	9,848,417
Note receivable	25,000
Prepaid expenses	<u>468,543</u>
Total current assets	<u>11,089,359</u>
NONCURRENT ASSETS	
Restricted cash and cash equivalents	9,983
Note receivable	41,666
Security deposits	4,734
Capital assets, net	<u>213,349,118</u>
Total noncurrent assets	<u>213,405,501</u>
Total assets	<u>224,494,860</u>
LIABILITIES	
CURRENT LIABILITIES	
Accounts and contracts payable	3,339,221
Accrued expenses and other payables	93,002
Advances in rental income	34,836
Revenue bonds payable	<u>157,000</u>
Total	<u>3,624,059</u>
NONCURRENT LIABILITIES	
Tenant deposits	255,493
Contingent tenant rebates	214,561
Compensated absences	116,294
Revenue bonds payable	<u>3,391,000</u>
Total noncurrent liabilities	<u>3,977,348</u>
Total liabilities	<u>7,601,407</u>
NET POSITION	
Net investment in capital assets	209,801,118
Restricted - PFC Projects	9,983
Unrestricted	<u>7,082,352</u>
Total net position	<u>\$ 216,893,453</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 Changes in Fund Net Position
For the Year Ended June 30, 2018

Operating revenues:	
Lease revenue and related fees	\$ 9,390,082
Passenger facility charges	448,071
Miscellaneous	29,398
Total operating revenues	<u>9,867,551</u>
Operating expenses:	
Executive division	228,181
Administrative division	1,304,114
Public safety	887,960
Landside operations	3,504,755
Vehicle maintenance	281,181
Tenant services	325,506
Airport operations	6,122,016
General and administrative	1,265,819
Economic development	284,519
Noise mitigation program	1,656,425
Disadvantaged Business Enterprise Program	26,438
Total operating expenses	<u>15,886,914</u>
Operating loss	<u>(6,019,363)</u>
Nonoperating revenues (expenses):	
Operating grants-	
Federal grants	1,571,921
State grants	106,731
Investment income	8,340
Loss on disposition of capital assets	(10,413)
Interest expense	(85,499)
Total nonoperating revenues (expenses)	<u>1,591,080</u>
Loss before contributions	<u>(4,428,283)</u>
Capital contributions:	
Federal grants	7,389,199
State grants	3,778,760
Total capital contributions	<u>11,167,959</u>
Change in net position	6,739,676
Net position, beginning	<u>210,153,777</u>
Net position, ending	<u>\$ 216,893,453</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, 2018

CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from operations	\$ 9,867,072
Payments to suppliers for goods and services	(6,828,751)
Payments to employees and for employee related costs	<u>(2,240,843)</u>
Net cash provided by operating activities	<u>797,478</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Operating grants	<u>1,678,652</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Principal payments on bonds	(900,000)
Interest paid	(79,354)
Capital contributions	6,926,885
Purchase and construction of capital assets	<u>(14,349,311)</u>
Net cash used by capital and related financing activities	<u>(8,401,780)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Collections on note receivable	22,917
Interest received	<u>8,340</u>
Net cash provided by investing activities	<u>31,257</u>
Net decrease in cash and cash equivalents	(5,894,393)
Cash and cash equivalents, beginning of the year	<u>6,651,775</u>
Cash and cash equivalents, end of the year	<u>\$ 757,382</u>

(continued)

ENGLAND ECONOMIC AND INDUSTRIAL DEVELOPMENT DISTRICT
Alexandria, Louisiana

Statement of Cash Flows (Continued)
For the Year Ended June 30, 2018

RECONCILIATION OF OPERATING LOSS TO
NET CASH PROVIDED BY OPERATING ACTIVITIES

Operating loss	\$ (6,019,363)
Adjustments to reconcile operating loss to net cash provided by operating activities:	
Depreciation	6,861,341
Change in assets and liabilities:	
Receivables	26,405
Prepaid expenses	(42,312)
Security deposits	30
Accounts payable	27,769
Accrued expenses and other payables	(5,102)
Advances in rental income	(22,525)
Tenant deposits	(9,447)
Contingent tenant rebates	5,088
Compensated absences	(24,406)
Net cash provided by operating activities	<u>\$ 797,478</u>

Noncash investing, capital and financing activities:

There were no material noncash investing, capital and financing activities.

Cash and cash equivalents, beginning of period	
Cash and cash equivalents	\$ 3,316,214
Investments	226,033
Restricted cash and cash equivalents	<u>3,109,528</u>
Total	<u>6,651,775</u>
Cash and cash equivalents, end of period	
Cash and cash equivalents	518,221
Investments	229,178
Restricted cash and cash equivalents	<u>9,983</u>
Total	<u>757,382</u>
Net decrease	<u>\$ (5,894,393)</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 -

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 (Continued)

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 units detailed below in the financial reporting entity:

Blended Component Units -

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, 2018, the Sub-District No. 1 has no reportable transactions.

England District Sub-District No. 2 - On February 28, 2013 the District created England District Sub-District No. 2 (Sub-District No. 2) for the purpose of creating new jobs, and economic activity as well as for the additional purpose of issuing bonds for the acquisition, construction and equipping by Sundrop Fuels Louisiana, LLC of certain facilities, including solid waste disposal facilities, consisting of a 4,000 bpd natural gas to gasoline refinery and a biomass to syngas demonstration plant to produce renewable gasoline of which a portion qualifies as an advanced biofuel. Sub-District No. 2 has the power to incur debt, issue certificates, revenue and general obligation bonds, as well as refunding bonds, and levy sales taxes and use taxes, in the same manner as the District. The Sub-District No. 2 is governed by a ten-member Board of Commissioners, which is populated by the sitting board of the District. The above-mentioned project was cancelled during the summer of 2017 and the Sub-District was dissolved during September 2017.

As of and for the year ended June 30, 2018, the Sub-District No. 2 has no reportable transactions and has not issued any debt to begin construction of this project.

ENGLAND ECONOMIC AND INDUSTRIAL DEVELOPMENT DISTRICT
Alexandria, Louisiana

Notes to the Basic Financial Statements (Continued)

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 Louisiana Revised Statute 24:517 and to the guidelines 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.

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 as of June 30, 2018.

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.

ENGLAND ECONOMIC AND INDUSTRIAL DEVELOPMENT DISTRICT
Alexandria, Louisiana

Notes to the Basic Financial Statements (Continued)

C. Cash Flows

For purposes of the Statement of Cash Flows, the District considers all highly liquid investments (including restricted assets and assets held in the Louisiana Asset Management Pool) with an original maturity of three months or less when purchased to be cash equivalents.

D. Investments

Under state law, the District may deposit funds with a fiscal agent 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 United States bonds, treasury notes and bills, government backed agency securities, or certificates and time deposits of state banks organized under Louisiana Law and national banks having principal offices in Louisiana. In addition, local governments in Louisiana are authorized to invest in the Louisiana Asset Management Pool (LAMP), a nonprofit corporation formed by the State Treasurer and organized under the laws of the State of Louisiana, which operates a local government investment pool. In accordance with GASB Codification Section I50, investments meeting the criteria specified in the codification are stated at fair value, which is quoted market prices.

E. Receivables

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.

F. Prepaid Expenses

Prepaid expenses primarily 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, 2018, in accordance with this policy.

ENGLAND ECONOMIC AND INDUSTRIAL DEVELOPMENT DISTRICT
Alexandria, Louisiana

Notes to the Basic Financial Statements (Continued)

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 (1) the Federal Aviation Administration's Record of Decision for the Passenger Facilities Charge (PFC) program and (2) bond covenants for construction projects. 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.

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 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, 2018, employees have accumulated and vested benefits of \$116,294.

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.

ENGLAND ECONOMIC AND INDUSTRIAL DEVELOPMENT DISTRICT
Alexandria, Louisiana

Notes to the Basic Financial Statements (Continued)

M. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. 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. At June 30, 2018, the District had demand deposits (book balances) as follows:

Cash and cash equivalents	<u>\$ 528,204</u>
---------------------------	-------------------

Custodial credit risk is the risk that in the event of a bank failure of a depository financial institution, the District's deposits may not be recovered or the collateral securities that are in the possession of the outside party will not be recovered. These deposits are stated at cost, which approximates fair value. Under state law, 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 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 District or the pledging fiscal agent bank by a holding or custodial bank that is mutually acceptable to both parties.

Deposit balances (bank balances) at June 30, 2018, are secured as follows:

Bank balances	<u>\$ 2,924,494</u>
Federal deposit insurance	\$ 250,000
Pledged securities	<u>2,674,494</u>
Total federal deposit insurance and pledged securities	<u>\$ 2,924,494</u>

Deposits in the amount of \$2,674,494 were exposed to custodial credit risk. These deposits are uninsured and collateralized with securities held by the pledging institution's trust department or agent, but not in the District's name.

ENGLAND ECONOMIC AND INDUSTRIAL DEVELOPMENT DISTRICT
Alexandria, Louisiana

Notes to the Basic Financial Statements (Continued)

(3) Investments

The District participates in Louisiana Asset Management Pool (LAMP). LAMP is administered by LAMP, Inc., a non-profit corporation organized under the laws of the State of Louisiana. Only local government entities having contracted to participate in LAMP have an investment interest in its pool of assets. The primary objective of LAMP is to provide a safe environment for the placement of public funds in short-term, high quality investments. The LAMP portfolio includes only securities and other obligations in which local governments in Louisiana are authorized to invest in accordance with LA – R.S. 33:2955.

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 in 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. The WAM for LAMP's total investments is 85 as of June 30, 2018.

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. LAMP, Inc. is subject to the regulatory oversight of the state treasurer and the board of directors. LAMP is not registered with the SEC as an investment company. Financial information can be obtained from LAMP's website at <https://www.lamppool.com>. As of June 30, 2018, the District had LAMP investments totaling \$229,178.

(4) Receivables

As of June 30, 2018, the District had the following receivables:

Accounts receivable	\$ 147,867
Lease receivable	639,255
Intergovernmental receivable	<u>9,234,415</u>
	10,021,537
Allowance for doubtful accounts	<u>(173,120)</u>
Receivables, net	<u>\$ 9,848,417</u>

ENGLAND ECONOMIC AND INDUSTRIAL DEVELOPMENT DISTRICT
Alexandria, Louisiana

Notes to the Basic Financial Statements (Continued)

(5) Note Receivable

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.

At June 30, 2018, the note receivable consists of the following:

Current portion	\$ 25,000
Long-term portion	<u>41,666</u>
Total	<u>\$ 66,666</u>

Schedule of future receivables, based on terms in effect on June 30, 2018, are as follows:

Year Ended June 30	Principal
2019	25,000
2020	25,000
2021	<u>16,666</u>
Total	<u>\$ 66,666</u>

(6) Restricted Assets

Restricted assets of the District consist of the following:

Passenger facility charges	<u>\$ 9,983</u>
----------------------------	-----------------

(7) Capital assets

	Balance 6/30/2017	Additions	Deletions	Balance 6/30/2018
Capital assets not being depreciated:				
Land	\$ 34,477,214	\$ 2,851,449	\$ -	\$ 37,328,663
Construction in progress	20,912,295	12,918,867	13,712,457	20,118,705
Other capital assets:				
Vehicles, machinery, and equipment	8,431,842	110,302	242,318	8,299,826
Buildings and improvements	159,854,675	3,264,537	76,433	163,042,779
Infrastructure	<u>82,871,113</u>	<u>9,856,512</u>	<u>-</u>	<u>92,727,625</u>
Totals	306,547,139	29,001,667	14,031,208	321,517,598
Less accumulated depreciation	<u>101,615,478</u>	<u>6,861,341</u>	<u>308,339</u>	<u>108,168,480</u>
Capital assets, net	<u>\$ 204,931,661</u>	<u>\$ 22,140,326</u>	<u>\$ 13,722,869</u>	<u>\$ 213,349,118</u>

ENGLAND ECONOMIC AND INDUSTRIAL DEVELOPMENT DISTRICT
Alexandria, Louisiana

Notes to the Basic Financial Statements (Continued)

Depreciation expense charged to operations for the year ended June 30, 2018 was as follows:

Administrative division	\$ 31,348
Public safety	7,230
Landside operations	2,656,259
Vehicle maintenance	50,446
Airport operations	4,065,542
General and administrative	<u>50,516</u>
Total	<u>\$ 6,861,341</u>

Construction in progress for the District is comprised of the following:

Funding source/ Project type:	Project Authorization	Capitalized To Date	Construction in Progress	Remaining Authorized
Other Sources-				
Airfield electrical rehab	\$ 12,890,197	\$ 1,648,935	\$ 10,568,133	\$ 673,129
Building and improvements	117,690	105,690	8,108	3,892
Runway/taxiway extension	13,484,517	11,489,929	1,975,964	18,624
Street project	<u>11,441,480</u>	<u>3,837,308</u>	<u>7,253,601</u>	<u>350,571</u>
	<u>37,933,884</u>	<u>17,081,862</u>	<u>19,805,806</u>	<u>1,046,216</u>
Equity-				
Building and improvements	<u>3,408,495</u>	<u>2,479,121</u>	<u>312,899</u>	<u>616,475</u>
Total	<u>\$ 41,342,379</u>	<u>\$ 19,560,983</u>	<u>\$ 20,118,705</u>	<u>\$ 1,662,691</u>

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

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

	Balance 6/30/2017	Additions	Deletions	Balance 6/30/2018
Tenant deposits	\$ 264,940	\$ 7,498	\$ 16,945	\$ 255,493
Contingent tenant rebates	209,473	39,278	34,190	214,561
Compensated absences	<u>140,700</u>	<u>109,299</u>	<u>133,705</u>	<u>116,294</u>
	<u>\$ 615,113</u>	<u>\$ 156,075</u>	<u>\$ 184,840</u>	<u>\$ 586,348</u>

ENGLAND ECONOMIC AND INDUSTRIAL DEVELOPMENT DISTRICT
Alexandria, Louisiana

Notes to the Basic Financial Statements (Continued)

(9) Revenue Bonds Payable

Revenue bonds payable at June 30, 2018 is as follows:

	<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	4/1/2027	2.350%	502,000
Total revenue refunding bonds				<u>\$ 3,548,000</u>

The revenue bonds are secured by and payable from, first, revenues from passenger facility charges and, second, the excess of annual revenues above statutory, necessary, and usual charges incurred by the District. The following is a summary of changes for the year ended June 30, 2018:

	<u>Balance 6/30/2017</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 6/30/2018</u>	<u>Due Within One Year</u>
Revenue refunding bonds:					
Series 2013A	\$ 565,000	\$ -	\$ 565,000	\$ -	\$ -
Series 2017A	3,046,000	-	-	3,046,000	-
Series 2017B	837,000	-	335,000	502,000	157,000
	<u>\$ 4,448,000</u>	<u>\$ -</u>	<u>\$ 900,000</u>	<u>\$ 3,548,000</u>	<u>\$ 157,000</u>

Revenue bond debt service requirements to maturity are as follows:

<u>Year Ended June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	345,000	81,352	\$ 426,352
2020	354,000	74,349	428,349
2021	366,000	66,952	432,952
2022	379,000	58,350	437,350
2023	392,000	49,444	441,444
2024 - 2027	1,712,000	102,293	1,814,293
	<u>\$ 3,548,000</u>	<u>\$ 432,740</u>	<u>\$ 3,980,740</u>

Conduit Debt Obligations

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.

ENGLAND ECONOMIC AND INDUSTRIAL DEVELOPMENT DISTRICT
Alexandria, Louisiana

Notes to the Basic Financial Statements (Continued)

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. As of June 30, 2018, the aggregate principal outstanding on the Series 2013 bonds was \$3,215,000.

(10) 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:

<u>Year Ended June 30,</u>	
2019	\$ 3,903,605
2020	2,241,765
2021	1,365,610
2022	1,013,022
2023	<u>1,010,463</u>
	<u>\$ 9,534,465</u>

Contingent rental income included in the accompanying financial statements as lease revenues and related fees totaled \$1,462,863.

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 June 30,</u>	
2019	\$ 89,495
2020	<u>86,319</u>
	<u>\$ 175,814</u>

Lease expense for the year ended June 30, 2018 amounted to \$165,486.

ENGLAND ECONOMIC AND INDUSTRIAL DEVELOPMENT DISTRICT
Alexandria, Louisiana

Notes to the Basic Financial Statements (Continued)

(11) Commitments and Contingencies

A. Contingent Liabilities

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, will be within the limits of the insurance coverage carried by the District.

B. Construction Commitments

At June 30, 2018, the District had several uncompleted construction contracts. The remaining commitment on these contracts was \$1,662,691.

C. Grant Audits

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.

(12) 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.

(13) 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, 2018, the plan assets totaled \$3,710,445 with MassMutual and \$176,992 with Nationwide, for a total of \$3,887,437. These assets are owned by the Plan participants.

ENGLAND ECONOMIC AND INDUSTRIAL DEVELOPMENT DISTRICT
Alexandria, Louisiana

Notes to the Basic Financial Statements (Continued)

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

The schedule of compensation benefits and other payments to Jon Grafton, Executive Director and Scott Gammel, Interim Executive Director for the year ended June 30, 2018 follows:

	Jon Grafton July 1, 2017 - May 1, 2018	Scott Gammel May 2, 2018 - June 30, 2018
Salary	\$ 124,250	\$ 15,591
Benefits-insurance	14,796	1,176
Benefits-retirement	13,823	2,553
Benefits-medicare	1,734	226
Benefits-SUTA	12	-
Benefits-worker's compensation	243	31
Per diem	184	198
Reimbursements	38	86
Travel	890	-
Registration fees	231	-
Conference travel	1,545	2,041
Special meals	401	-
Dues and subscriptions	655	-
	<u>\$ 158,802</u>	<u>\$ 21,902</u>

SUPPLEMENTARY INFORMATION

ENGLAND ECONOMIC AND INDUSTRIAL DEVELOPMENT DISTRICT
Alexandria, Louisiana

Schedule of Revenues and Expenditures - Budget to Actual (Budgetary Basis)
Year Ended June 30, 2018

	Budget	Actual	Variance Favorable/ (Unfavorable)
Revenues:			
Lease revenue and related fees	\$ 8,647,202	\$ 8,687,746	\$ 40,544
Intergovernmental revenues	100,000	106,731	6,731
Investment income	7,350	8,219	869
Other	5,000	15,747	10,747
Total revenues	8,759,552	8,818,443	58,891
Expenditures:			
Executive division	222,595	228,181	(5,586)
Administrative division	2,539,400	2,496,913	42,487
General and administrative	1,343,544	1,215,311	128,233
Landside operations	948,806	781,772	167,034
Vehicle maintenance	249,777	230,735	19,042
Public safety	896,000	880,730	15,270
Tenant services	451,000	399,843	51,157
Airport operations	2,146,280	2,082,465	63,815
Economic development	268,377	284,518	(16,141)
Total expenditures	9,065,779	8,600,468	465,311
Excess (Deficiency) of revenues over expenditures	\$ (306,227) *	\$ 217,975	\$ 524,202

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.
- Acquisition of certain capital assets are included in the managerial budget
- Principal payments on certain long term debt are included in the managerial budget.

* The deficiency of revenues over expenditures that was budgeted for the year end June 30, 2018, 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

C. Burton Kolder, CPA*
Victor R. Slaven, CPA*
Gerald A. Thibodeaux, Jr., CPA*
Robert S. Carter, CPA*
Arthur R. Mixon, CPA*
Brad E. Kolder, CPA, JD*
Stephen J. Anderson, CPA*
Christine C. Doucet, CPA
Wanda F. Arcement, CPA, CVA
Bryan K. Joubert, CPA
Matthew E. Margaglio, CPA
Casey L. Ardoin, CPA, CFE

183 S. Beadle Rd. 11929 Bricksome Ave.
Lafayette, LA 70508 Baton Rouge, LA 70816
Phone (337) 232-4141 Phone (225) 293-8300

1428 Metro Dr. 450 E. Main St.
Alexandria, LA 71301 New Iberia, LA 70560
Phone (318) 442-4421 Phone (337) 367-9204
200 S. Main St. 1234 David Dr. Ste. 203
Abbeville, LA 70510 Morgan City, LA 70380
Phone (337) 893-7944 Phone (985) 384-2020

434 E. Main St. 332 W. Sixth Ave.
Ville Platte, LA 70586 Oberlin, LA 70655
Phone (337) 363-2792 Phone (337) 639-4737

* A Professional Accounting Corporation

WWW.KCSRPCAS.COM

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*

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, 2018, 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 7, 2018.

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 a certain deficiency in internal control described in the accompanying summary schedule of current and prior year audit findings and management's corrective action plan as item 2018-001 that we consider to be a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and 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 instance 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 summary 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 7, 2018

KOLDER, SLAVEN & COMPANY, LLC

CERTIFIED PUBLIC ACCOUNTANTS

C. Burton Kolder, CPA*
Victor R. Slaven, CPA*
Gerald A. Thibodeaux, Jr., CPA*
Robert S. Carter, CPA*
Arthur R. Mixon, CPA*
Brad E. Kolder, CPA, JD*
Stephen J. Anderson, CPA*
Christine C. Doucet, CPA
Wanda F. Arcement, CPA, CVA
Bryan K. Joubert, CPA
Matthew E. Margaglio, CPA
Casey L. Ardoin, CPA, CFE

183 S. Beadle Rd. 11929 Bricksome Ave.
Lafayette, LA 70508 Baton Rouge, LA 70816
Phone (337) 232-4141 Phone (225) 293-8300

1428 Metro Dr. 450 E. Main St.
Alexandria, LA 71301 New Iberia, LA 70560
Phone (318) 442-4421 Phone (337) 367-9204

200 S. Main St. 1234 David Dr. Ste. 203
Abbeville, LA 70510 Morgan City, LA 70380
Phone (337) 893-7944 Phone (985) 384-2020

434 E. Main St. 332 W. Sixth Ave.
Ville Platte, LA 70586 Oberlin, LA 70655
Phone (337) 363-2792 Phone (337) 639-4737

* A Professional Accounting Corporation

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

WWW.KCSRPCAS.COM

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

Report on Compliance for Each Major Federal Program

We have audited 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, 2018. 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 requirements of laws, regulations, contracts, and grants 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, 2018.

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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. 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. However, this report is a matter of public record and its distribution is not limited.

Kolder, Slaven & Company, LLC

Certified Public Accountants

Alexandria, Louisiana
December 7, 2018

ENGLAND ECONOMIC AND INDUSTRIAL DEVELOPMENT DISTRICT
Alexandria, Louisiana

Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2018

Federal Grantor/Pass-Through Grantor/Program Title	CFDA Number	Federal Assistance I.D. Number	Current Year Expenditures
Direct Programs:			
U.S. Department of Transportation -			
Airport Improvement Program*	20.106	3-22-0003-056-2012	\$ 225,861
Airport Improvement Program*	21.106	3-22-0003-063-2014	278,286
Airport Improvement Program*	20.106	3-22-0003-064-2015	279
Airport Improvement Program*	20.106	3-22-0003-068-2015	84
Airport Improvement Program*	20.106	3-22-0003-067-2016	1,000,009
Airport Improvement Program*	20.106	3-22-0003-068-2016	395,484
Airport Improvement Program*	20.106	3-22-0003-069-2016	13,469
Airport Improvement Program*	20.106	3-22-0003-070-2016	380,321
Airport Improvement Program*	20.106	3-22-0003-071-2016	3,220,143
Airport Improvement Program*	20.106	3-22-0003-702-2016	1,156,834
Airport Improvement Program*	20.106	3-22-0003-073-2017	2,042,130
Airport Improvement Program*	20.106	3-22-0003-075-2017	105,012
Airport Improvement Program*	20.106	3-22-0003-076-2017	<u>143,208</u>
TOTAL FEDERAL AWARDS			<u>\$ 8,961,120</u>

*Indicates major program.

ENGLAND ECONOMIC AND INDUSTRIAL DEVELOPMENT DISTRICT
Alexandria, Louisiana

Notes to the Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2018

(1) General

The accompanying schedule of expenditures of federal awards includes the federal financial assistance programs of England Economic and Industrial Development District (the District). The District's reporting entity is defined in Note 1 to the basic financial statements for the year ended June 30, 2018. All federal financial assistance received directly from federal agencies is included on the schedule. There were no federal funds awarded to sub-recipients during the year ended June 30, 2018. The Airport Improvement Program (CFDA No. 20.106) is considered a major federal program of the District.

(2) Basis of Accounting

The accompanying schedule of expenditures of federal awards is presented using the modified accrual basis of accounting, which is described in Note 1 to the District's financial statements for the year ended June 30, 2018.

(3) Indirect Cost Rate

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

ENGLAND ECONOMIC AND INDUSTRIAL DEVELOPMENT DISTRICT
Alexandria, Louisiana

Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2018

Part I. Summary of Auditor's Results:

1. The auditor's report expresses an unmodified opinion on the financial statements of England Economic and Industrial Development District.
2. There were no significant deficiencies in internal control over financial reporting that were disclosed during the audit of the financial statements. There was one material weakness 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. There were no significant deficiencies in internal control over the major federal award program disclosed during the audit. No material weaknesses are reported.
5. The auditor's report on compliance for the major federal award program for England Economic and Industrial Development District expresses an unmodified opinion on the major federal program.
6. There were no audit findings that are required to be reported in accordance with 2 CFR section 200.516(a) in this schedule.
7. The program tested as a major program was Airport Improvement Program (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 was not determined to be a low-risk auditee.

Part II. Financial Statement Findings:

Internal Control Finding –

See Internal Control Finding 2018-001 on the Summary Schedule of Current and Prior Year Audit Findings and Management's Corrective Action Plan.

Compliance Finding –

There were no compliance findings for the year ended June 30, 2018.

ENGLAND ECONOMIC AND INDUSTRIAL DEVELOPMENT DISTRICT
Alexandria, Louisiana

Schedule of Findings and Questioned Costs (Continued)
For the Year Ended June 30, 2018

Part III. Federal Award Findings and Questioned Costs:

Internal Control Finding –

There were no internal control findings for the year ended June 30, 2018.

Compliance Finding –

There were no compliance findings for the year ended June 30, 2018.

KOLDER, SLAVEN & COMPANY, LLC

CERTIFIED PUBLIC ACCOUNTANTS

C. Burton Kolder, CPA*
Victor R. Slaven, CPA*
Gerald A. Thibodeaux, Jr., CPA*
Robert S. Carter, CPA*
Arthur R. Mixon, CPA*
Brad E. Kolder, CPA, JD*
Stephen J. Anderson, CPA*
Christine C. Doucet, CPA
Wanda F. Arcement, CPA, CVA
Bryan K. Joubert, CPA
Matthew E. Margaglio, CPA
Casey L. Ardoin, CPA, CFE

183 S. Beadle Rd. 11929 Bricksome Ave.
Lafayette, LA 70508 Baton Rouge, LA 70816
Phone (337) 232-4141 Phone (225) 293-8300

1428 Metro Dr. 450 E. Main St.
Alexandria, LA 71301 New Iberia, LA 70560
Phone (318) 442-4421 Phone (337) 367-9204

200 S. Main St. 1234 David Dr. Ste. 203
Abbeville, LA 70510 Morgan City, LA 70380
Phone (337) 893-7944 Phone (985) 384-2020

434 E. Main St. 332 W. Sixth Ave.
Ville Platte, LA 70586 Oberlin, LA 70655
Phone (337) 363-2792 Phone (337) 639-4737

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.KSRCPCAS.COM

* A Professional Accounting Corporation

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

Report on Compliance

We have audited the compliance of England Economic and Industrial Development District (the District) with the 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, 2018.

Management's responsibility

Management is responsible for compliance with the requirements of laws and regulations 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. 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, 2018.

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, contracts, and grants 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.

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, 2018, 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 7, 2018, 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 7, 2018

ENGLAND ECONOMIC AND INDUSTRIAL DEVELOPMENT DISTRICT
Alexandria, Louisiana

Schedule of Revenues and Expenditures of Passenger Facility Charges
June 30, 2018

	6/30/2017 Program Total	Year ended June 30, 2018				Total	6/30/2018 Program Total
		Quarter 1 Jul. - Sept.	Quarter 2 Oct. - Dec.	Quarter 3 Jan. - Mar.	Quarter 4 Apr. - Jun.		
Revenue							
Collections	\$ 8,790,710	\$ 77,185	\$ 121,374	\$107,682	\$ 123,129	\$ 429,370	\$ 9,220,080
Interest	90,254	22	36	49	14	121	90,375
Total Revenue	<u>8,880,964</u>	<u>77,207</u>	<u>121,410</u>	<u>107,731</u>	<u>123,143</u>	<u>429,491</u>	<u>9,310,455</u>
Expenditures:							
Application 99-01-C-00-AEX							
ARFF vehicle	343,967	-	-	-	-	-	343,967
New Terminal Building	8,315,605	4,322	-	-	558,530	562,852	8,878,457
PFC application fees	78,048	-	-	-	-	-	78,048
Total expenditures	<u>8,737,620</u>	<u>4,322</u>	<u>-</u>	<u>-</u>	<u>558,530</u>	<u>562,852</u>	<u>9,300,472</u>
Net PFC revenue	<u>-</u>	<u>72,885</u>	<u>121,410</u>	<u>107,731</u>	<u>(435,387)</u>	<u>(133,361)</u>	<u>-</u>
PFC account balance	<u>\$ 143,344</u>	<u>\$ 216,229</u>	<u>\$ 337,639</u>	<u>\$ 445,370</u>	<u>\$ 9,983</u>	<u>\$ 9,983</u>	<u>\$ 9,983</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, 2018

Part I. Summary of Auditor's Results:

1. No significant deficiencies or material weaknesses in internal control over compliance were identified during the audit of the passenger facility charge program.
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 –

There were no internal control findings for the year ended June 30, 2018.

Compliance Finding –

There were no compliance findings for the year ended June 30, 2018.

ENGLAND ECONOMIC AND INDUSTRIAL DEVELOPMENT DISTRICT
Alexandria, Louisiana

Passenger Facility Charge Program Audit Summary
For the Year Ended June 30, 2018

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> X </u>	Yes	<u> </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

Summary Schedule of Current and Prior Year Audit Findings
and Management's Corrective Action Plan
Year Ended June 30, 2018

Ref. No.	Fiscal Year Finding Initially Occurred	Description of Finding	Corrective Action Taken	Corrective Action Planned	Name of Contact Person	Completion Date
CURRENT YEAR (06/30/18) --						
<u>Internal Control:</u>						
2018-001	2017	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 and/or no longer in service. The District should review their disposition procedures to ensure assets sold and/or donated 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.	Partial	The District maintains a fixed asset listing. The District acknowledges that this inventory was not completely updated prior the conclusion of the fiscal year ended June 30, 2018. However, the District has completed the inventory of all fixed assets in the housing area. This was done prior to June 30, 2018. It is in the process of completing the remainder of the District's inventory. The completion of this portion of the inventory should be done by January 31, 2019. The District has policies and procedures in place regarding fixed assets. These policies and procedures were reviewed with management and supervisory personnel on October 31, 2018. The District will ensure that assets sold and/or disposed of are documented and recorded appropriately in the accounting records. The District will also conduct an annual inventory of its fixed assets and reconcile to the subsidiary listing.	Sandra Mcquain, Executive Director	6/30/2019

Compliance:

There are no compliance findings noted at June 30, 2018.

ENGLAND ECONOMIC AND INDUSTRIAL DEVELOPMENT DISTRICT
Alexandria, Louisiana

Summary Schedule of Current and Prior Year Audit Findings
and Management's Corrective Action Plan (Continued)
Year Ended June 30, 2018

Ref. No.	Fiscal Year Finding Initially Occurred	Description of Finding	Corrective Action Taken	Corrective Action Planned	Name of Contact Person	Completion Date
CURRENT YEAR (06/30/18) --						
<u>Management Letter:</u>						
2018-002(ML)	2018	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. The areas identified included commercial lease management, movable property inventory, crawfish boil and holiday events, gas and diesel fuel inventory, billings and collections, credit and business account cards, purchasing and disbursements, travel, and payroll. A complete copy of the Advisory Services Report can be obtained from https://lla.la.gov/go.nsf/get?OpenAgent&arkkey=70180005APPP-B4RR2B .	Partial	The District has provided responses to the areas identified in the Advisory Services Report and those responses are included with the Advisory Services Report on the Louisiana Legislative Auditor's website. When possible, the recommendations in the Advisory Services Report were corrected the same day that the recommendations were made to the District. All recommendations made in the report have been resolved or are currently being addressed.	Sandra Mcquain, Executive Director	6/30/2019

ENGLAND ECONOMIC AND INDUSTRIAL DEVELOPMENT DISTRICT
Alexandria, Louisiana

Summary Schedule of Current and Prior Year Audit Findings
and Management's Corrective Action Plan (Continued)
Year Ended June 30, 2018

Ref. No.	Fiscal Year Finding Initially Occurred	Description of Finding	Corrective Action Taken	Corrective Action Planned	Name of Contact Person	Completion Date
PRIOR YEAR (06/30/17) --						
<u>Internal Control:</u>						
2017-001	2016	The District does not have adequate controls over the collections of Passenger Facility Charges (PFC). The quarterly reports received from the various air carriers detailing the amount of PFC funds remitted to the District were not being reconciled to the general ledger. As a result, the District did not receive and report funds from one air carrier (totaling approximately \$8,874) for September 2016. The quarterly reports should be reconciled to the general ledger to ensure amounts are timely received and deposited by the District.	Yes	When the District was made aware of this finding from FYE 6-30-2016 regarding PFC collections in September 2016, the District implemented procedures, beginning October 1, 2016, that ensures that the District's employees will reconcile quarterly reports to the general ledger and that all PFC collections are recorded in the general ledger. Unfortunately, this finding relates to September 2016 collections, which were prior to the District receiving notice about the issue. Beginning October 1, 2016, after notice of this matter was received, there have been no problems regarding the recording and collecting of PFC's.	Sandra Mcquain, Executive Director	6/30/2018

(continued)

ENGLAND ECONOMIC AND INDUSTRIAL DEVELOPMENT DISTRICT
Alexandria, Louisiana

Summary Schedule of Current and Prior Year Audit Findings
and Management's Corrective Action Plan (Continued)
Year Ended June 30, 2018

Ref. No.	Fiscal Year Finding Initially Occurred	Description of Finding	Corrective Action Taken	Corrective Action Planned	Name of Contact Person	Completion Date
PRIOR YEAR (06/30/17) --						
<u>Internal Control:</u>						
2017-002	2017	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 and/or no longer in service. The District should review their disposition procedures to ensure assets sold and/or donated 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.	Partial	The District maintains a fixed asset listing. The District acknowledges that this inventory was not updated prior to the audit. The District will ensure that assets sold and/or disposed of are documented and recorded appropriately in the accounting records. The District will conduct an annual inventory of its fixed assets and reconcile to the subsidiary listing.	Sandra Mcquain, Executive Director	6/30/2018
<u>Compliance:</u>						
2017-003	2016	See Internal Control Finding 2016-001.	Yes	Management's response to this finding is the same as found on Internal Control Finding 2016-001.		

KOLDER, SLAVEN & COMPANY, LLC

CERTIFIED PUBLIC ACCOUNTANTS

C. Burton Kolder, CPA*
Victor R. Slaven, CPA*
Gerald A. Thibodeaux, Jr., CPA*
Robert S. Carter, CPA*
Arthur R. Mixon, CPA*
Brad E. Kolder, CPA, JD*
Stephen J. Anderson, CPA*
Christine C. Doucet, CPA
Wanda F. Arcement, CPA, CVA
Bryan K. Joubert, CPA
Matthew E. Margaglio, CPA
Casey L. Ardoin, CPA, CFE

1428 Metro Drive
Alexandria, LA 71301

Phone (318) 442-4421
Fax (318) 442-9833

183 S. Beadle Rd.
Lafayette, LA 70508
Phone (337) 232-4141

11929 Bricksome Ave.
Baton Rouge, LA 70816
Phone (225) 293-8300

1428 Metro Dr.
Alexandria, LA 71301
Phone (318) 442-4421

450 E. Main St.
New Iberia, LA 70560
Phone (337) 367-9204

200 S. Main St.
Abbeville, LA 70510
Phone (337) 893-7944

1234 David Dr. Ste. 203
Morgan City, LA 70380
Phone (985) 384-2020

434 E. Main St.
Ville Platte, LA 70586
Phone (337) 363-2792

332 W. Sixth Ave.
Oberlin, LA 70655
Phone (337) 639-4737

* A Professional Accounting Corporation

WWW.KCSRPCAS.COM

MANAGEMENT LETTER

To the Board of Commissioners
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. The areas identified included commercial lease management, movable property inventory, crawfish boil and holiday events, gas and diesel fuel inventory, billings and collections, credit and business account cards, purchasing and disbursements, travel, and payroll. A complete copy of the Advisory Services Report can be obtained from <https://lla.la.gov/go.nsf/get?OpenAgent&arkkey=70180005APPP-B4RR2B>.

The District has provided responses to the areas identified in the Advisory Services Report and those responses are included with the Advisory Services Report on the Louisiana Legislative Auditor's website. When possible, the recommendations in the Advisory Services Report were corrected the same day that the recommendations were made to the District. All recommendations made in the report have been resolved or are currently being addressed.

We would like to express our appreciation to you and your staff, particularly your office 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 7, 2018

**ENGLAND ECONOMIC & INDUSTRIAL
DEVELOPMENT DISTRICT**
Alexandria, Louisiana

Agreed-Upon Procedures Report

Period Ended June 30, 2018

KOLDER, SLAVEN & COMPANY, LLC

CERTIFIED PUBLIC ACCOUNTANTS

C. Burton Kolder, CPA*
Victor R. Slaven, CPA*
Gerald A. Thibodeaux, Jr., CPA*
Robert S. Carter, CPA*
Arthur R. Mixon, CPA*
Brad E. Kolder, CPA, JD*
Stephen J. Anderson, CPA*
Christine C. Doucet, CPA
Wanda F. Arcement, CPA, CVA
Bryan K. Joubert, CPA
Matthew E. Margaglio, CPA
Casey L. Ardoin, CPA, CFE

183 S. Beadle Rd. 11929 Bricksome Ave.
Lafayette, LA 70508 Baton Rouge, LA 70816
Phone (337) 232-4141 Phone (225) 293-8300

1428 Metro Dr. 450 E. Main St.
Alexandria, LA 71301 New Iberia, LA 70560
Phone (318) 442-4421 Phone (337) 367-9204

200 S. Main St. 1234 David Dr. Ste. 203
Abbeville, LA 70510 Morgan City, LA 70380
Phone (337) 893-7944 Phone (985) 384-2020

434 E. Main St. 332 W. Sixth Ave.
Ville Platte, LA 70586 Oberlin, LA 70655
Phone (337) 363-2792 Phone (337) 639-4737

INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

* A Professional Accounting Corporation

WWW.KCSRPCAS.COM

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 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, 2017 through June 30, 2018. 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.

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' cumulative 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 if there were no exceptions noted during the previous year. Therefore, the following categories were not tested this year: Written Policies and Procedures, Board or Finance Committee, Bank Reconciliations, Disbursements, Travel and Expense Reimbursement, Contacts, Payroll and Personnel, Ethics, Debt Service, and Other.

No exceptions were found as a result of applying the procedures listed above; however, the Louisiana Legislative Auditor (LLA) 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. The areas identified included commercial lease management, movable property inventory, crawfish boil and holiday events, gas and diesel fuel inventory, billings and collections, credit and business account cards, purchasing and disbursements, travel, and payroll. A complete copy of the Advisory Services Report can be obtained from the LLA website at the following address: <https://lla.la.gov/go.nsf/get?OpenAgent&arkkey=70180005APPP-B4RR2B>. Management's responses are included with the LLA's Advisory Services Report.

The following control and compliance areas from the SAUPs provide information relative to the differences noted between the results of procedures performed and the comments issued in the Advisory Services Report:

Payroll and Personnel - During the performance of the previous year procedures, it was determined that the District's supervisors were completing/approving timesheets for salary employees. No exception was issued due to the District having documented payroll records completed/approved by a supervisor; however, the Legislative Auditor's office has reported in their Advisory Services Report that all employees must turn in an individual timesheet.

Credit Cards/Debit Cards/Fuel Cards/P-Cards - A listing of credit cards and cardholders were obtained from management and management's representation that the listing was complete. Transactions for one month on 5 of the credit cards selected were tested. The procedures were performed on that sample and no exceptions were noted. However, the LLA performed procedure of the District's credit cards and noted that the District did not have written policies and procedures over the maintenance and usage of the credit and business cards, and the District's listing of credit cards was incomplete as it did not contain all 19 of the District's cards.

The LLA also noted the following related to their cards: logs were not maintained for each card to document which employee checked out and in the card; the business purpose for the use of the card, the purchase order relating to the purchase, or the employee issuing the card; employees who maintain custody of the cards are allowed to reconcile their card's monthly statement to their own supporting documentation, which is an incompatible function.

Non-Payroll Disbursements - During the performance of the previous year procedures, it was determined that the disbursements selected for testing were in accordance with the District's policy and the LLA procedures. Therefore, procedures related to disbursements were not performed during the current year. However, the Legislative Auditor's office has reported in their Advisory Services Report that based on the sample selected by their office in the current year, the District did not document approval for all transactions, did not include complete details on some purchase orders, and did not document a clear business purpose for all purchases made.

Travel and Travel Related Expenses Reimbursements - During the performance of the previous year procedures, it was determined that the travel reimbursements selected for testing were in accordance with the District's policy and the LLA procedures. Therefore, procedures related to disbursements were not performed during the current year. However, the Legislative Auditor's office has determined in their Advisory Services Report that based on the sample selected by their office in the current year, the District purchased an airline ticket for the spouse of a board member when the board member travelled to a conference. Although the purchase was reimbursed by the board member, the advance or loan of public funds may be a violation of Louisiana Constitution Article 7, Section 14.

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 7, 2018