

**ENGLAND ECONOMIC AND INDUSTRIAL
DEVELOPMENT DISTRICT**

Alexandria, Louisiana

Financial Report

Year Ended June 30, 2020

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INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities of the England Economic and Industrial Development District (the District), Alexandria, Louisiana, as of and for the year ended June 30, 2020, 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 respective financial position of the business-type activities of the District, as of June 30, 2020, 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.

Emphasis of Matter

As described in Note 14, the District's June 30, 2019 financial statements contained misstatements. The District has restated its beginning balances for the corrections of these misstatements. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

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

Other Information

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

The schedule of expenditures of federal awards is the responsibility of management and was derived from and relates 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 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 3, 2020 on our consideration of England Economic and Industrial Development District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the effectiveness of the England Economic and Industrial Development District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the England Economic and Industrial Development District's internal control over financial reporting and compliance.

Kolder, Slaven & Company, LLC
Certified Public Accountants

Alexandria, Louisiana,
December 3, 2020

**MANAGEMENT'S DISCUSSION
AND ANALYSIS**

ENGLAND ECONOMIC AND INDUSTRIAL DEVELOPMENT DISTRICT
Alexandria, Louisiana

Management's Discussion and Analysis
June 30, 2020

Introduction

The Management's Discussion and Analysis (MD&A) of the England Economic and Industrial Development District's (District's) financial performance provides an overview of the District's financial activities for the fiscal year ended June 30, 2020. Readers should also review the financial statements and the notes to the financial statements to enhance their understanding of the District's financial performance.

Financial Highlights

- District's net position increased by \$442,013 during the year ended June 30, 2020 which is an increase of .20%.
- District's cash increased \$4,561,013 at June 30, 2020 which is an increase of 2.20% over last year.

Overview of Reporting

Reporting consists of Management's Discussion and Analysis (MD&A), basic financial statements and notes to the financial statements. The MD&A, as described above, provides a narrative of the District's financial performance and activities for the year ended June 30, 2020. The basic financial statements provide readers with a broad overview of the District's finances in a manner similar to a private-sector business. The notes to the financial statements follow the basic financial statements.

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

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

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

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

ENGLAND ECONOMIC AND INDUSTRIAL DEVELOPMENT DISTRICT
Alexandria, Louisiana

Management's Discussion and Analysis
June 30, 2020

Financial Analysis of the District

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

	June 30, 2020	June 30, 2019
Current and other assets	\$ 9,738,502	\$ 8,763,106
Noncurrent assets	-	16,666
Capital assets	215,797,349	217,433,320
Total assets	225,535,851	226,213,092
Current and other liabilities	1,532,627	2,270,072
Noncurrent liabilities	2,932,704	3,314,513
Total liabilities	4,465,331	5,584,585
Net position:		
Net investment in capital assets	212,948,349	214,230,320
Restricted - PFC Projects	701,235	491,385
Unrestricted	7,420,936	5,906,802
Total Net Position	\$ 221,070,520	\$ 220,628,507

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

	June 30, 2020	June 30, 2019
Passenger Facility Charges	\$ 701,235	\$ 491,385

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

ENGLAND ECONOMIC AND INDUSTRIAL DEVELOPMENT DISTRICT
Alexandria, Louisiana

Management's Discussion and Analysis
June 30, 2020

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

	<u>June 30, 2020</u>	<u>June 30, 2019</u>
Operating Revenues		
(Lease revenues, passenger facility charges and other)	\$ 9,300,073	\$ 10,091,371
Operating Expenses	<u>15,427,683</u>	<u>14,869,403</u>
Operating Income(Loss)	(6,127,610)	(4,778,032)
Non-Operating Revenues (Expenses)	<u>2,415,340</u>	<u>11,412</u>
Income (Loss) Before Contributions	(3,712,270)	(4,766,620)
Capital Contributions	<u>4,154,283</u>	<u>8,613,460</u>
Change in Net Position	<u>\$ 442,013</u>	<u>\$ 3,846,840</u>

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

	<u>June 30, 2020</u>	<u>June 30, 2019</u>
Lease Revenues	\$ 8,268,766	\$ 8,840,020
Contract Facility Charges	648,947	748,554
Passenger Facility Charges	380,905	481,718
Other	<u>1,455</u>	<u>21,079</u>
Total Operating Revenues	<u>\$ 9,300,073</u>	<u>\$ 10,091,371</u>

- Decrease in operating revenues of -7.84% for the fiscal year ended June 30, 2020. Primary areas of decrease were in Airfield leases and Parking revenues. Despite gaining several smaller new tenants, the bankruptcy of a large tenant and the COVID19 pandemic effecting air travel resulted in these decreases.

ENGLAND ECONOMIC AND INDUSTRIAL DEVELOPMENT DISTRICT
Alexandria, Louisiana

Management's Discussion and Analysis
June 30, 2020

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

	<u>June 30, 2020</u>	<u>June 30, 2019</u>
Executive division	\$ 386,108	\$ 267,578
Administrative division	1,752,876	1,468,631
Public Safety	956,069	965,820
Landside operations	3,507,184	3,428,847
Vehicle maintenance	225,607	277,535
Tenant services	350,188	643,185
Airport operations	6,838,464	6,230,311
General and administration	967,784	1,297,071
Economic development	410,528	280,550
Disadvantaged Business Enterprise program	32,875	9,875
Total Operating Expenses	<u>\$ 15,427,683</u>	<u>\$ 14,869,403</u>

- Operating expenses increased slightly from last year by 3.8%.

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

	<u>June 30, 2020</u>	<u>June 30, 2019</u>
Federal Grants	\$ 3,833,736	\$ 2,238,309
State Grants	130,963	80,849
Noise mitigation program	(1,567,264)	(2,238,309)
Investment income	30,031	11,606
Proceeds on Sale of Fixed Assets	61,100	-
Interest expense	<u>(73,226)</u>	<u>(81,043)</u>
Total Non-Operating Revenues(Expenses)	<u>\$ 2,415,340</u>	<u>\$ 11,412</u>

- Increase in non-operating revenues of \$2,403,928 for the current year are primarily from Federal Grants, including CARES ACT funds and capital funding for the Runway Mill & Overlay project.
- Capital contributions include Federal airport improvement program funds, state aviation trust fund grants, and state capital outlay money. These amounts vary from year to year depending upon the level of construction activities that are in progress by the District.

ENGLAND ECONOMIC AND INDUSTRIAL DEVELOPMENT DISTRICT
Alexandria, Louisiana

Management's Discussion and Analysis
June 30, 2020

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.

	<u>June 30, 2020</u>	<u>June 30, 2019</u>
Land	\$ 38,614,256	\$ 38,235,522
Construction in progress	17,747,968	24,072,835
Vehicles, machinery and equipment	1,976,171	2,354,152
Buildings and improvements	78,650,700	78,638,006
Infrastructure	78,808,254	74,132,805
Net Capital Assets	<u>\$ 215,797,349</u>	<u>\$ 217,433,320</u>

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

- \$279,589 of land was purchased through the District's Part 150 Noise Mitigation program during the current fiscal year.
- \$99,145 of land was purchased through a DOTD Aviation Grant to acquire the land for the approach path to runway 18/36.
- Construction in progress added during the year was \$3,214,452. Total Construction in Progress at year-end included the various projects as follows:

	<u>June 30, 2020</u>
Airfield Lighting and Nav aids	\$ 9,843,403
FAA MALSR	1,724,165
Rehab of Runway Safety Areas	557,526
Extension of Runway 14/32	878,825
Mill & Overlay of Runway 18/36	3,971,236
Airfield Emergency Access PT Rehab	728,313
Others	44,500
	<u>\$ 17,747,968</u>

ENGLAND ECONOMIC AND INDUSTRIAL DEVELOPMENT DISTRICT
Alexandria, Louisiana

Management's Discussion and Analysis
June 30, 2020

➤ Projects placed in service June 30, 2020 having previous CIP balances are as follows:

	Prior Year CIP	Current Year Additions	2020 Placed in Service
North Airport Emergency Access Road	\$ 5,284,679	\$ 447,504	\$ 5,732,183
Emergency Access Road - Fencing - Phase 1	1,516,175	144,595	1,660,770
Community Center	2,615,501	1,517,966	4,133,467
Other	21,510	-	21,510
	<u>\$ 9,437,865</u>	<u>\$ 2,110,065</u>	<u>\$ 11,547,930</u>

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, 2020	June 30, 2019
Bonds payable	\$ 2,849,000	\$ 3,203,000
Compensated absences	123,541	107,037
	<u>\$ 2,972,541</u>	<u>\$ 3,310,037</u>

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

ENGLAND ECONOMIC AND INDUSTRIAL DEVELOPMENT DISTRICT
Alexandria, Louisiana

Management's Discussion and Analysis
June 30, 2020

Economic Factors and Next Year's Budget

The following are considerations that factored into the FY 2020-2021 Budget:

- The District is well positioned to absorb losses associated with the global pandemic. While the crisis dominated the 3rd and 4th quarter of the District's fiscal year, our financial position remained strong and allowed the District to establish its first-ever cash reserve of \$1.0 million. The receipt of \$2.2 million in CARES Act monies will enable the District to mitigate expected losses primarily related to air service interruption and permit continuation of operations at their current levels.
- The District is expected to complete a market study and assess opportunities to expand revenue from its residential housing operations.
- The District is expected to finalize the Airport Masterplan and establish a strong roadmap for growing revenues and aviation-related services. (Note: the completion of this project was delayed due to the impact of the pandemic.)
- The District will finalize its transition to a cost accounting financial model and implement a new software system to support new operating processes and identify opportunities to improve operating margins.
- The District will continue its significant investment in marketing and economic development initiatives in key verticals and will work closely with higher education partners on workforce development initiatives.
- The District will complete capital projects in FY 2020/2021 in excess of \$12 million. Projects included rehabilitation of the runway safety areas, ramp and taxiway rehabilitation, Runway 18/36 extension and signage. These multi-year projects have an impact of approximately \$48 million on the local economy.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

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

BASIC FINANCIAL STATEMENTS

ENGLAND ECONOMIC AND INDUSTRIAL DEVELOPMENT DISTRICT
Alexandria, Louisiana

Statement of Net Position
June 30, 2020

ASSETS

Current assets:	
Cash and interest-bearing deposits	\$ 6,425,329
Accounts receivable, net	640,198
Due from governmental agencies	1,825,472
Note receivable	16,666
Prepaid expenses	129,602
Restricted cash	<u>701,235</u>
Total current assets	<u>9,738,502</u>
Noncurrent assets:	
Capital assets, net	<u>215,797,349</u>
Total assets	<u>225,535,851</u>

LIABILITIES

Current liabilities:	
Accounts payable	399,115
Contracts and retainage payable	514,940
Accrued expenses and other payables	115,282
Advances in rental income	13,749
Compensated absences	123,541
Revenue bonds payable	<u>366,000</u>
Total current liabilities	<u>1,532,627</u>
Noncurrent liabilities:	
Tenant deposits	238,654
Contingent tenant rebates	211,050
Revenue bonds payable	<u>2,483,000</u>
Total noncurrent liabilities	<u>2,932,704</u>
Total liabilities	<u>4,465,331</u>

NET POSITION

Net investment in capital assets	212,948,349
Restricted - PFC Projects	701,235
Unrestricted	<u>7,420,936</u>
Total net position	<u>\$ 221,070,520</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 Net Position
For the Year Ended June 30, 2020

Operating revenues:	
Lease revenue and other fees	\$ 8,268,766
Contract facility charges	648,947
Passenger facility charges	380,905
Miscellaneous	<u>1,455</u>
Total operating revenues	<u>9,300,073</u>
Operating expenses:	
Executive division	386,108
Administrative division	1,752,876
Public safety	956,069
Landside operations	3,507,184
Vehicle maintenance	225,607
Tenant services	350,188
Airport operations	6,838,464
General and administrative	967,784
Economic development	410,528
Disadvantaged Business Enterprise Program	<u>32,875</u>
Total operating expenses	<u>15,427,683</u>
Operating loss	<u>(6,127,610)</u>
Nonoperating revenues (expenses):	
Operating grants-	
Federal grants	3,833,736
State grants	130,963
Noise mitigation program	(1,567,264)
Investment income	30,031
Gain on disposition of capital assets	61,100
Interest expense	<u>(73,226)</u>
Total nonoperating revenues (expenses)	<u>2,415,340</u>
Loss before contributions	<u>(3,712,270)</u>
Capital contributions:	
Federal grants	2,316,935
State grants	<u>1,837,348</u>
Total capital contributions	<u>4,154,283</u>
Change in net position	442,013
Net position, beginning as restated	<u>220,628,507</u>
Net position, ending	<u><u>\$ 221,070,520</u></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, 2020

Cash flows from operating activities:	
Receipts from operations	\$ 9,066,430
Payments to suppliers for goods and services	(4,999,861)
Payments to employees and for employee related costs	<u>(2,524,844)</u>
Net cash provided by operating activities	<u>1,541,725</u>
Cash flows from noncapital financing activities:	
Noise mitigation program	(1,567,264)
Operating grants	<u>3,964,699</u>
Net cash provided by non capital financing activities	<u>2,397,435</u>
Cash flows from capital and related financing activities:	
Principal payments on bonds	(354,000)
Interest paid	(73,226)
Proceeds from sale of assets	61,100
Capital contributions	7,608,593
Purchase and construction of capital assets	<u>(6,675,645)</u>
Net cash provided by capital and related financing activities	<u>566,822</u>
Cash flows from investing activities:	
Collections on note receivable	25,000
Interest received	<u>30,031</u>
Net cash provided by investing activities	<u>55,031</u>
Net change in cash and interest-bearing deposits	4,561,013
Cash and interest-bearing deposits, beginning of the year	<u>2,565,551</u>
Cash and interest-bearing deposits, end of the year	<u>\$ 7,126,564</u>

(continued)

ENGLAND ECONOMIC AND INDUSTRIAL DEVELOPMENT DISTRICT
Alexandria, Louisiana

Statement of Cash Flows
For the Year Ended June 30, 2020

Reconciliation of operating loss to net cash used by operating activities	
Operating loss	\$ (6,127,610)
Adjustments to reconcile operating loss to net cash provided by operating activities:	
Depreciation	7,317,313
Compensated absences	16,504
Change in assets and liabilities:	
Account receivables	(214,183)
Prepaid expenses	337,156
Accounts payable	210,614
Accrued expenses and other payables	21,391
Advances in rental income	(3,651)
Tenant deposits	(16,307)
Contingent tenant rebates	498
Net cash provided by operating activities	<u>\$ 1,541,725</u>
Cash and interest-bearing deposits, beginning of period	
Cash and interest-bearing deposits	\$ 2,074,166
Restricted cash	<u>491,385</u>
Total	<u>2,565,551</u>
Cash and interest-bearing deposits, end of period	
Cash and interest-bearing deposits	6,425,329
Restricted cash	<u>701,235</u>
Total	<u>7,126,564</u>
Net change in cash and interest-bearing deposits	<u>\$ 4,561,013</u>

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

ENGLAND ECONOMIC AND INDUSTRIAL DEVELOPMENT DISTRICT
Alexandria, Louisiana

Notes to the Basic Financial Statements

(1) Summary of Significant Accounting Policies

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

A. Reporting Entity

The financial reporting entity consists of (a) the primary government, (b) organizations for which the primary government is financially accountable, and (c) other organizations for which the primary government is not accountable, but for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

Primary Government -

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

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

Component Units -

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

ENGLAND ECONOMIC AND INDUSTRIAL DEVELOPMENT DISTRICT
Alexandria, Louisiana

Notes to the Basic Financial Statements

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

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

Blended Component Unit -

England District Sub-District No. 1 - On October 28, 2004 the District created England District Sub-District No. 1 (Sub-District No. 1) for the purpose of acquiring the land on which a rail car manufacturing facility was constructed. Sub-District No. 1 has the power to incur debt, issue certificates, revenue and general obligation bonds, as well as refunding bonds, and levy sales taxes and use taxes, in the same manner as the District. Sub-District No. 1 is governed by a ten-member Board of Commissioners, which is populated by the sitting board of the District. Sub-District No. 1 transferred all assets to the rail car manufacturing facility upon completion of construction. As of and for the year ended June 30, 2020, the Sub-District No. 1 has no reportable transactions.

B. Basis of Accounting

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

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

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

ENGLAND ECONOMIC AND INDUSTRIAL DEVELOPMENT DISTRICT
Alexandria, Louisiana

Notes to the Basic Financial Statements

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

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

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

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

C. Cash and interest-bearing deposits

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

D. Accounts Receivables

Accounts receivable consists of receivables related to commercial, housing and apartment leases. The receivables are shown net of the estimated allowance for doubtful accounts. The uncollectible amounts are based on collection experience and review of the status of existing receivables and relate to the housing and apartment leases. For the year ending June 30, 2020, the allowance for doubtful accounts was \$227,201.

ENGLAND ECONOMIC AND INDUSTRIAL DEVELOPMENT DISTRICT
Alexandria, Louisiana

Notes to the Basic Financial Statements

E. Prepaid Expenses

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

F. 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, 2020, in accordance with this policy.

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

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

G. Restricted Assets

Restricted assets include cash and interest-bearing deposits of the proprietary fund that are legally restricted to their use by the Federal Aviation Administration's Record of Decision for the Passenger Facilities Charge (PFC) program. All revenue from the PFC program, including any interest earned, may be used only to finance the allowable costs of approved PFC projects at the airport the District controls. Restricted cash at year end was \$701,235.

H. 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.

I. 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

ENGLAND ECONOMIC AND INDUSTRIAL DEVELOPMENT DISTRICT
Alexandria, Louisiana

Notes to the Basic Financial Statements

Parish. If these conditions are not met, the rebate reverts back to the District as lease income.

J. 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, 2020, employees have accumulated and vested benefits of \$123,541.

K. 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.

L. Use of Estimates

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

(2) Cash and Interest-Bearing Deposits

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

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

ENGLAND ECONOMIC AND INDUSTRIAL DEVELOPMENT DISTRICT
Alexandria, Louisiana

Notes to the Basic Financial Statements

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

Bank balances	<u>\$ 7,101,645</u>
Federal deposit insurance	\$ 250,000
Uninsured and collateral held by pledging bank not in the District's name	<u>6,851,645</u>
Total	<u>\$ 7,101,645</u>

(3) Louisiana Asset Management Pool

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

Investments in LAMP carry the following characteristics:

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

The investments in LAMP are stated at fair value. The fair value is determined on a weekly basis by LAMP and the value of the position in the external investment pool is the same as the net asset value of the pool shares. At June 30, 2020 the District had \$238,288 invested in LAMP, which is included in cash and interest-bearing deposits on the Statement of Net Position.

ENGLAND ECONOMIC AND INDUSTRIAL DEVELOPMENT DISTRICT
Alexandria, Louisiana

Notes to the Basic Financial Statements

(4) Note Receivables

On February 14, 2011, the District entered into an economic development loan to finance the partial cost and expense paid by a lessee in the construction and installation of leasehold improvements totaling \$250,000. This loan is payable in 120 monthly installments of \$2,083, consisting of principal only, beginning March 1, 2011. As of June 30, 2020, the balance remaining on the note was \$16,666. The schedule of future payments are as follows:

Year Ended June 30	Principal
2021	<u>\$ 16,666</u>

(5) Capital Assets

	Beginning Balance	Additions	Deletions	Ending Balance
Capital assets not being depreciated:				
Land	\$ 38,235,522	\$ 378,734	\$ -	\$ 38,614,256
Construction in progress	24,072,833	3,214,457	9,539,322	17,747,968
Total capital assets, not being depreciated	62,308,355	3,593,191	9,539,322	56,362,224
Other capital assets:				
Vehicles, machinery, and equipment	8,459,889	29,885	125,435	8,364,339
Buildings and improvements	163,185,477	4,172,849	-	167,358,326
Infrastructure	98,509,695	7,424,739	-	105,934,434
Total capital assets being depreciated	270,155,061	11,627,473	125,435	281,657,099
Less accumulated depreciation	115,030,096	7,317,313	125,435	122,221,974
Total capital assets being depreciated, net	155,124,965	4,310,160	-	159,435,125
Capital assets, net	\$ 217,433,320	\$ 7,903,351	\$ 9,539,322	\$ 215,797,349

Depreciation expense charged to operations was as follows:

Administrative division	\$ 18,559
Public safety	17,914
Landside operations	2,646,982
Vehicle maintenance	49,143
Airport operations	4,534,836
General and administrative	49,879
Total	\$ 7,317,313

ENGLAND ECONOMIC AND INDUSTRIAL DEVELOPMENT DISTRICT
Alexandria, Louisiana

Notes to the Basic Financial Statements

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

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

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Tenant deposits	\$ 254,961	\$ 26,901	\$ 43,208	\$ 238,654
Contingent tenant rebates	210,552	33,361	32,863	211,050
Compensated absences	<u>107,037</u>	<u>16,504</u>	<u>-</u>	<u>123,541</u>
Total	<u>\$ 572,550</u>	<u>\$ 76,766</u>	<u>\$ 76,071</u>	<u>\$ 573,245</u>

(7) Revenue Bonds Payable

Revenue bonds payable consisted of the following:

	<u>Issue Date</u>	<u>Maturity Date</u>	<u>Interest Rate</u>	<u>Balance Outstanding</u>
Revenue Refunding Bonds:				
Series 2017A	6/22/2017	4/1/2027	2.350%	<u>\$ 2,849,000</u>

The following is a summary of changes:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Revenue refunding bonds:					
Series 2017A	\$ 3,046,000	\$ -	\$ 197,000	\$ 2,849,000	\$ 366,000
Series 2017B	<u>157,000</u>	<u>-</u>	<u>157,000</u>	<u>-</u>	<u>-</u>
	<u>\$ 3,203,000</u>	<u>\$ -</u>	<u>\$ 354,000</u>	<u>\$ 2,849,000</u>	<u>\$ 366,000</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>
2021	\$ 366,000	\$ 66,952	\$ 432,952
2022	379,000	58,350	437,350
2023	392,000	49,444	441,444
2024	406,000	40,232	446,232
2025	421,000	30,692	451,692
2026-2027	<u>885,000</u>	<u>31,374</u>	<u>916,374</u>
	<u>\$ 2,849,000</u>	<u>\$ 277,044</u>	<u>\$ 3,126,044</u>

ENGLAND ECONOMIC AND INDUSTRIAL DEVELOPMENT DISTRICT
Alexandria, Louisiana

Notes to the Basic Financial Statements

(8) Operating Leases

A. Lessor

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

<u>Year Ended June 30,</u>	
2020	\$ 4,725,689
2021	1,734,673
2022	1,580,141
2023	1,391,746
2024	<u>946,664</u>
	<u>\$ 10,378,913</u>

Contingent rental income included in the accompanying financial statements as lease revenues and related fees totaled \$662,125

B. Lessee

The District entered into various operating leases for golf course equipment commencing from 2018 through 2019 with terms ranging from 48 to 54 months. Future minimum lease payments due under the lease terms are as follows:

<u>Year Ended June 30,</u>	
2021	\$ 89,655
2022	89,377
2023	86,319
2024	<u>23,972</u>
	<u>\$ 289,323</u>

Lease expense for the year ended June 30, 2020 amounted to \$89,655.

(9) Commitments and Contingencies

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

The District had several uncompleted construction contracts at the end of the year. The remaining commitment on these contracts was approximately \$3,463,856.

ENGLAND ECONOMIC AND INDUSTRIAL DEVELOPMENT DISTRICT
Alexandria, Louisiana

Notes to the Basic Financial Statements

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.

(10) Risk Management

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

(11) Deferred Compensation Plan

Certain employees of the District participate in the England Economic and Industrial Development District's Deferred Compensation Plan (Plan) adopted under the provisions of Internal Revenue Code Section 457. This plan has two investment options which are administered by MassMutual and Nationwide Retirement Solutions. The District does not have managerial or financial responsibility for the plan assets. As of June 30, 2020, the plan assets totaled \$3,841,481 with MassMutual and \$189,669 with Nationwide, for a total of \$4,031,150. These assets are owned by the Plan participants. Employee contributions totaled \$85,625, and the District recognized pension expense of \$178,418 for the year ending June 30, 2020. All employer and employee contributions and earnings are immediately vested.

ENGLAND ECONOMIC AND INDUSTRIAL DEVELOPMENT DISTRICT
Alexandria, Louisiana

Notes to the Basic Financial Statements

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

The schedule of compensation benefits and other payments to Sandra McQuain, Executive Director was as follows:

Salary	\$ 198,769
Benefits-insurance	20,587
Benefits-retirement	19,025
Benefits-medicare	2,776
Benfits-SUTA	28
Benefits-worker's compensation	422
Travel	4,015
Registration fees	1,735
Conference travel	7,610
Dues and subscriptions	<u>4,494</u>
	<u>\$ 259,461</u>

(13) New Accounting Pronouncements

In June 2017, the Governmental Accounting Standards Board (GASB) issued Statement No. 87, Leases. The statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. The provisions of GASB Statement No. 87 are effective for fiscal years beginning after June 15, 2021. The effect of implementation on the District's financial statements has not yet been determined.

(14) Prior Period Adjustment

The District noted several misstatements in receivables and payables included in prior period financial statements. Through an internal analysis of their receivable and payable subsidiary ledgers, they determined that receivables and payables were overstated in previous periods. The effect of these adjustments on beginning Net Position is presented below:

Net Position, Beginning	\$ 220,740,293
Overstated receivables	(400,670)
Overstated payables	<u>288,884</u>
Net Position, Beginning as Restated	<u>\$ 220,628,507</u>

INTERNAL CONTROL, COMPLIANCE

AND

OTHER MATTERS

KOLDER, SLAVEN & COMPANY, LLC

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

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, 2020, 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 3, 2020.

Internal Control over Financial Reporting

In planning and performing our audit, we considered the District's internal control over financial reporting (internal control) as a basis for designing 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 on 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 have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control described in the accompanying schedule of current and prior year audit findings and management's corrective action plan as items 2020-001 and 2020-002 that we consider to be significant deficiencies.

Compliance and Other Matters

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

The District's Response to Findings

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

Purpose of this Report

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

Kolder, Slaven & Company, LLC

Certified Public Accountants

Alexandria, Louisiana
December 3, 2020

KOLDER, SLAVEN & COMPANY, LLC

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

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

Report on Compliance for Each Major Federal Program

We have audited the England Economic and Industrial Development District's (the District) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2020. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major Federal Program

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2020.

Report on Internal Control over Compliance

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

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

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

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

Kolder, Slaven & Company, LLC

Certified Public Accountants

Alexandria, Louisiana
December 3, 2020

ENGLAND ECONOMIC AND INDUSTRIAL DEVELOPMENT DISTRICT
Alexandria, Louisiana

Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2020

Federal Grantor Program Title	CFDA Number	Federal Assistance I.D. Number	Expenditures
Direct Programs:			
U.S. Department of Transportation -			
Airport Improvement Program	20.106	3-22-0003-063-2014	\$ 198,901
Airport Improvement Program	20.106	3-22-0003-064-2015	361,947
Airport Improvement Program	20.106	3-22-0003-067-2015	331,156
Airport Improvement Program	20.106	3-22-0003-072-2017	299,144
Airport Improvement Program	20.106	3-22-0003-073-2017	396,191
Airport Improvement Program	20.106	3-22-0003-074-2017	814,754
Airport Improvement Program	20.106	3-22-0003-075-2017	128,455
Airport Improvement Program	20.106	3-22-0003-076-2017	1,353,651
COVID-19 Airport Improvement Program	20.106	3-22-0003-079-2020	<u>2,266,472</u>
Total expenditures of federal awards			<u>\$ 6,150,671</u>

ENGLAND ECONOMIC AND INDUSTRIAL DEVELOPMENT DISTRICT
Alexandria, Louisiana

Notes to the Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2020

(1) General

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of the England Economic and Industrial Development District (the District) under programs of the federal government for the year ended June 30, 2020. The information in this Schedule is presented in accordance with the requirements of Title 2 *U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the District.

(2) Basis of Accounting

The accompanying schedule of expenditures of federal awards is presented using the accrual basis of accounting, which is described in Note 1 to the District's financial statements for the year ended June 30, 2020.

(3) Indirect Cost Rate

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

ENGLAND ECONOMIC AND INDUSTRIAL DEVELOPMENT DISTRICT
Alexandria, Louisiana

Schedule of Findings and Questioned Costs
Year Ended June 30, 2020

Part I. Summary of Aunitor's Results:

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting

Material weakness(es) identified?	_____	yes	_____	X	no
Significant deficiencies identified?	_____	X	_____	_____	none reported

Noncompliance material to financial statements noted?	_____	yes	_____	X	no
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Federal Awards

Type of auditor's report issued on compliance for major programs: Unmodified

Internal control over major programs

Material weakness(es) identified?	_____	yes	_____	X	no
Significant deficiencies identified?	_____	_____	_____	X	none reported

Any audit findings disclosed that are required to be reported in accordance with 2 CFR section 200.516(a)?	_____	yes	_____	X	no
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Major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
20.106	Airport Improvement Program

Dollar threshold used to distinguish between type A and type B programs: \$750,000

Auditee qualified as low-risk auditee?	_____	yes	_____	X	no
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ENGLAND ECONOMIC AND INDUSTRIAL DEVELOPMENT DISTRICT
Alexandria, Louisiana

Schedule of Findings and Questioned Costs (Continued)
Year Ended June 30, 2020

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

Internal Control Findings –

See Internal Control Finding 2020-001 and 2020-002 on the Schedule of Current and Prior Year Audit Findings and Management’s Corrective Action Plan.

Compliance and Other Matters Finding –

None reported.

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

Internal Control Finding –

None reported.

Compliance Finding –

None reported.

KOLDER, SLAVEN & COMPANY, LLC

CERTIFIED PUBLIC ACCOUNTANTS

C. Burton Kolder, CPA*
Brad E. Kolder, CPA, JD*
Gerald A. Thibodeaux, Jr., CPA*
Robert S. Carter, CPA*
Arthur R. Mixon, CPA*
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

Victor R. Slaven, CPA* - retired 2020

* A Professional Accounting Corporation

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

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

Report on Compliance

We have audited the England Economic and Industrial Development District's (the District) compliance, with the types of compliance requirements described in the *Passenger Facility Charge Audit Guide for Public Agencies* (the Guide), issued by the Federal Aviation Administration, for its passenger facility charge program for the year ended June 30, 2020.

Management's responsibility

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

Auditor's responsibility

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

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

Opinion

In our opinion, the District complied, in all material respects, with the requirements referred to above that are applicable to its passenger facility charge program for the year ended June 30, 2020.

Internal Control over Compliance

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

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified.

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, 2020, 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 3, 2020, 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 3, 2020

ENGLAND ECONOMIC AND INDUSTRIAL DEVELOPMENT DISTRICT
Alexandria, Louisiana

Schedule of Revenues and Expenditures of Passenger Facility Charges
June 30, 2020

	6/30/2019 Program Total	Year ended June 30, 2020				Total	6/30/2020 Program Total
		Quarter 1 Jul. - Sept.	Quarter 2 Oct. - Dec.	Quarter 3 Jan. - Mar.	Quarter 4 Apr. - Jun.		
Revenue							
Collections	\$ 9,701,357	\$ 117,063	\$ 124,570	\$ 153,697	\$ 37,595	\$ 432,925	\$ 10,134,282
Interest	90,500	72	86	32	-	190	90,690
Total Revenue	<u>9,791,857</u>	<u>117,135</u>	<u>124,656</u>	<u>153,729</u>	<u>37,595</u>	<u>433,115</u>	<u>10,224,972</u>
Expenditures:							
Application 99-01-C-00-AEX							
ARFF vehicle	343,967	-	-	-	-	-	343,967
New Terminal Building	8,878,457	-	-	-	-	-	8,878,457
PFC application fees	78,048	-	-	-	-	-	78,048
Total Application 99-01-C-00-AEX	<u>9,300,472</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>9,300,472</u>
Application 17-02-C-00-AEX							
Update Airport Master Plan	-	-	-	-	176,977	176,977	176,977
PFC Administration costs	-	-	-	-	46,288	46,288	46,288
Total Application 17-02-C-00-AEX	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>223,265</u>	<u>223,265</u>	<u>223,265</u>
Total expenditures	<u>9,300,472</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>223,265</u>	<u>223,265</u>	<u>9,523,737</u>
Net PFC revenue	<u>-</u>	<u>117,135</u>	<u>124,656</u>	<u>153,729</u>	<u>(185,670)</u>	<u>209,850</u>	<u>-</u>
PFC account balance	<u>\$ 491,385</u>	<u>\$ 608,520</u>	<u>\$ 733,176</u>	<u>\$ 886,905</u>	<u>\$ 701,235</u>	<u>\$ 701,235</u>	<u>\$ 701,235</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, 2020

Part I. Summary of Auditor's Results:

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

Part II. Findings and Questioned Costs:

Internal Control Finding –

None reported.

Compliance Finding –

None reported.

ENGLAND ECONOMIC AND INDUSTRIAL DEVELOPMENT DISTRICT
Alexandria, Louisiana

Passenger Facility Charge Program Audit Summary
For the Year Ended June 30, 2020

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

Schedule of Current and Prior Year Audit Findings
And Management's Corrective Action Plan
Year Ended June 30, 2020

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

A. Internal Control Over Financial Reporting

2020-001 Asset Management

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

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

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

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

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

MANAGEMENT CORRECTIVE ACTION PLAN: We continue to improve in this area and have plans for additional oversight moving forward. Pending Board approval, staff will hire a Fixed Asset and Inventory Control Manager whose primary responsibility will be to reconcile inventory and assets on a monthly basis, complete the reconciliation of inventory to the fixed asset software and draft formal written policies for tracking and disposition going forward. Additionally, the District recently purchased a new comprehensive financial reporting software which will allow for reconciliation of inventory and assets with our existing Fixed Asset Software.

2020-002 Vacation Time

CONDITION: The District did not maintain adequate records of vacation time earned and used to allow those records to be easily agreed to the amounts permitted by the Board's policy.

ENGLAND ECONOMIC AND INDUSTRIAL DEVELOPMENT DISTRICT
Alexandria, Louisiana

Schedule of Current and Prior Year Audit Findings
And Management's Corrective Action Plan
Year Ended June 30, 2020

CRITERIA: The District's employment policies limit the amount of vacation that can be earned, carried over to subsequent periods and/or paid out to employees.

CAUSE: District's management failed to properly monitor, and record transactions related to vacation time earned, used and paid out.

EFFECT: The District's records may indicate that an individual is entitled to more vacation that permitted by policy which may result in an employee receiving excess compensation and other benefits.

RECOMMENDATION: The District should review their current policies and procedures over monitoring vacation time earned and used to ensure the appropriate amount of vacation time is being applied to each employee.

MANAGEMENT CORRECTIVE ACTION PLAN: Effective immediately, the Accounting Manager will be responsible for reconciling vacation time on a monthly basis which will provide additional oversight. We will review the current policies and procedures over monitoring vacation accrual each pay period and upon termination. In the event of an over or under accrual is identified, it will be brought to the attention of the Executive Director and/or the Director of Finance.

B. Compliance and other matters

None reported.

Part II: Prior Year Findings:

A. Internal Control Over Financial Reporting

2019-01 Asset Management

Fiscal year finding initially occurred: 2017

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

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

ENGLAND ECONOMIC AND INDUSTRIAL DEVELOPMENT DISTRICT
Alexandria, Louisiana

Schedule of Current and Prior Year Audit Findings
And Management's Corrective Action Plan
Year Ended June 30, 2020

CURRENT STATUS: Partially resolved. See 2020-001. The District conducted an annual inventory of all of its fixed assets and moveable property during the year. The District is working to reconcile the master inventory listing to its subsidiary and remove assets that are no longer owned or no longer in service.

2019-002 Inadequate Controls over Credit Cards

Year Finding Initially Occurred: 2019

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

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

CURRENT STATUS: Resolved. The credit card in question is no longer utilized by the District and a new credit card has been issued in the name of the District.

2019-003 PFC Quarterly Reports

Year Finding Initially Occurred: 2019

Passenger Facility Charge Program

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

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

CURRENT STATUS: Resolved. Access to the PFC reporting site has been granted to the appropriate staff, and all subsequent reports were filed timely.

B. Compliance

None reported.

England Economic and Industrial Development District respectfully submits the following schedule of prior audit findings for the for the year ended June 30, 2020.

Audit conducted by:

Kolder, Slaven & Company, LLC
1428 Metro Dr.
Alexandria, LA 71301

FINDING – FINANCIAL AUDIT

Internal Controls

2019-001 Asset Management

Fiscal year finding initially occurred: 2017

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

CORRECTIVE ACTION TAKEN: See 2020-001. The District conducted an annual inventory of all of its fixed assets and moveable property during the year. We continue to improve in this area and have plans for additional oversight moving forward. Pending Board approval, staff will hire a Fixed Asset and Inventory Control Manager whose primary responsibility will be to reconcile inventory and assets on a monthly basis, complete the reconciliation of inventory to the fixed asset software and draft formal written policies for tracking and disposition going forward. Additionally, the District recently purchased a new comprehensive financial reporting software which will allow for reconciliation of inventory and assets with our existing Fixed Asset Software.

2019-002 Inadequate Controls over Credit Cards

Year Finding Initially Occurred: 2019

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

CORRECTIVE ACTION TAKEN: The credit card in question is no longer utilized by the District and a new credit card has been issued in the name of the District.

2019-003 PFC Quarterly Reports

Year Finding Initially Occurred: 2019 - Passenger Facility Charge Program

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

CORRECTIVE ACTION PLAN: Access to the PFC reporting site has been granted to the appropriate staff, and all subsequent reports were filed timely.

England Economic and Industrial Development District respectfully submits the following corrective action plan for the year ended June 30, 2020.

Audit conducted by:

Kolder, Slaven, & Company, LLC
1428 Metro Dr.
Alexandria, LA 71301

Audit Period: Fiscal year ended June 30, 2020

The findings from the June 30, 2020 schedule of findings and questioned costs are discussed below. The findings are numbered consistently with the number assigned in the schedule.

FINDING – FINANCIAL AUDIT

Internal Controls

2020-001 Asset Management

Fiscal year finding initially occurred: 2017

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

CORRECTIVE ACTION PLAN: The District has since conducted a full physical inventory. We continue to improve in this area and have plans for additional oversight moving forward. Pending Board approval, staff will hire a Fixed Asset and Inventory Control Manager whose primary responsibility will be to reconcile inventory and assets on a monthly basis, complete the reconciliation of inventory to the fixed asset software and draft formal written policies for tracking and disposition going forward. Additionally, the District recently purchased a new comprehensive financial reporting software which will allow for reconciliation of inventory and assets with our existing Fixed Asset Software.

2020-002 Vacation Accrual and Payment

Fiscal year finding initially occurred: 2020

RECOMMENDATION: The District should review their current policies and procedures over monitoring vacation time earned and used to ensure the appropriate amount of vacation time is being applied to each employee.

CORRECTIVE ACTION PLAN: Effective immediately, the Accounting Manager will be responsible for reconciling vacation time on a monthly basis which will provide additional oversight. We will review the current policies and procedures over monitoring vacation accrual each pay period and upon termination. In the event of an over or under accrual is identified, it will be brought to the attention of the Executive Director and/or the Director of Finance.

If there are questions regarding the plan, please call Cathy Grant, Finance Manager, at 318-427-6406.

Sincerely,

Cathy Grant
Finance Manager