

MOUNT VERNON AIRPORT AUTHORITY
Mount Vernon, Illinois

FINANCIAL STATEMENTS

April 30, 2006

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INDEPENDENT AUDITORS' REPORT

July 13, 2006

Board of Commissioners
Mount Vernon Airport Authority
Mount Vernon, Illinois

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Mount Vernon Airport Authority as of and for the year ended April 30, 2006, which collectively comprise the Authority's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Authority's management. Our responsibility is to express opinions 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Mount Vernon Airport Authority as of April 30, 2006, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated July 13, 2006, on our consideration of the Authority's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

The management's discussion and analysis and other required supplementary information are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Authority's basic financial statements. The accompanying financial information listed as supplementary information in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole. The supplementary information found on pages 30 through 32 has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on it.

Krehbiel & Associates, L.L.C.

MOUNT VERNON AIRPORT AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
April 30, 2006

As management of the Mount Vernon Airport Authority, (the Authority) we offer readers of the Authority's financial statements this narrative overview and analysis of the financial activities of the Authority for the fiscal year ended April 30, 2006.

Financial Highlights

- The Authority's total assets exceeded its liabilities by \$7,853,558 (net assets) for the fiscal year reported as compared to \$7,154,439 reported in the prior fiscal year.
- The Authority's total net assets increased by \$699,119 or 9.8% over the course of the year's operations as compared to a decrease of \$132,924 in the prior fiscal year.
- The Authority received proceeds on the disposal of capital assets of \$109,234 in the current year due to the disposal of various property and equipment during the year.
- The Authority incurred a gain on disposal of capital assets of \$73,228 in the current year due to the disposal of one aircraft owned by the Fixed Base Operation (F.B.O.) Enterprise Fund.

Overview of the Financial Statements

This annual report includes this management's discussion and analysis report, the independent auditors' report and the basic financial statements of the Authority. The financial statements also include notes that explain in more detail some of the information in the financial statements.

Required Financial Statements

The financial statements of the Authority report information of the Authority using accounting methods similar to those used by private sector companies. These statements offer short-term and long-term financial information about its activities. The Statement of Net Assets includes all of the Authority's assets and liabilities and provides information about the nature and amounts of investments in resources (assets) and the obligations to Authority creditors (liabilities). It also provides the basis for evaluating the capital structure of the Authority and assessing the liquidity and financial flexibility of the Authority.

The Authority's two kinds of funds - *governmental and proprietary* - use different accounting approaches.

- *Governmental funds* - Most of the Authority's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called *modified accrual* accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the Authority's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the Authority's programs. We describe the

relationship (or differences) between governmental activities (reported in the Statement of Net Assets and the Statement of Activities) and governmental funds in the reconciliation of the governmental funds balance sheet to the Statement of Net Assets.

- *Proprietary funds* - When the Authority charges customers for the services it provides, these services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net Assets and the Statement of Activities. In fact, the Authority's enterprise funds are the same as the business-type activities we report in the government-wide statements but provide more detail and additional information, such as cash flows, for proprietary funds.

All of the Enterprise Funds' current year's revenues and expenses are accounted for in the Statement of Revenues, Expenses, and Changes in Net Assets. This statement measures the success of the Enterprise Funds' operations over the past year and can be used to determine whether the Authority has successfully recovered all its costs through its user fees and other charges, profitability, and credit worthiness.

The final required financial statement for Proprietary Funds is the Statement of Cash Flows. The statement reports cash receipts, cash payments, and net changes in cash resulting from operating, financing, and investing activities and provides answers to such questions as where did cash come from, what was cash used for, and what was the change in the cash balance during the reporting period.

Notes to Financial Statements

The accompanying notes to financial statements provide information essential to a full understanding of the financial statements. The notes to financial statements begin on page 18 of this report.

Analysis of Financial Position

One of the most important questions asked about the Authority's finances is "Is the Authority as a whole better off or worse off as a result of this year's activities?" The Statement of Net Assets and the Statement of Activities report information about the Authority as a whole and about its activities in a way that helps answer this question.

These two statements report the net assets of the Authority and the changes in them. One can think of the Authority's net assets - the difference between assets and liabilities - as one way to measure the Authority's financial health, or financial position. Over time, increases or decreases in the Authority's net assets are one indicator of whether its financial health is improving or deteriorating. However, one will need to consider other non-financial factors such as changes in economic conditions and new or changed government legislation.

Summary of Net Assets

The following summarizes the net assets of the Mount Vernon Airport Authority at April 30, 2005 and April 30, 2006:

Net Assets Summary

	Governmental Activities		Business-Type Activities		Total	Total
	2006	2005	2006	2005	2006	2005
Current and other assets	\$1,130,205	\$1,073,135	\$101,204	\$10,742	\$1,231,409	\$1,083,877
Capital assets	7,437,521	7,074,464	-0-	5,081	7,437,521	7,079,545
Total assets	<u>8,567,726</u>	<u>8,147,599</u>	<u>101,204</u>	<u>15,823</u>	<u>8,668,930</u>	<u>8,163,422</u>
Current liabilities	243,920	251,706	1,452	2,277	245,372	253,983
Long-term liabilities	570,000	755,000	-0-	-0-	570,000	755,000
Total liabilities	<u>813,920</u>	<u>1,006,706</u>	<u>1,452</u>	<u>2,277</u>	<u>815,372</u>	<u>1,008,983</u>
Net assets:						
Invested in capital asset, net of related debt	7,262,430	6,828,598	-0-	-0-	7,262,430	6,828,598
Restricted for						
Capital projects	704,842	533,965	-0-	-0-	704,842	533,965
Debt service	278,649	276,605	-0-	-0-	278,649	276,605
Prepaid expenses	21,373	25,336	-0-	-0-	21,373	25,336
Unrestricted	(513,488)	(523,611)	99,752	13,546	(413,736)	(510,065)
Total net assets	<u>\$7,753,806</u>	<u>\$7,140,893</u>	<u>\$ 99,752</u>	<u>\$13,546</u>	<u>\$7,853,558</u>	<u>\$7,154,439</u>

Summary of Changes in Net Assets

The following summarizes the changes in net assets of the Mount Vernon Airport Authority at April 30, 2005 and April 30, 2006:

Changes in Net Assets Summary

	Governmental Activities		Business-Type Activities		Total	
	2006	2005	2006	2005	2006	2005
Revenues						
Program revenues						
Charges for services	\$ 120,717	\$ 120,015	\$ 2,131	\$ 18,888	\$ 122,848	\$ 138,903
Capital grants and contributions	1,030,966	76,472	-0-	-0-	1,030,966	76,472
General revenues						
Real estate and personal property taxes levied for:						
General purposes	239,490	312,354	-0-	-0-	239,490	312,354
Debt service	204,695	476,335	-0-	-0-	204,695	476,335
Miscellaneous	1,648	5,772	-0-	-0-	1,648	5,772
Gain on asset disposal	109,234	2,868	73,228	(4,378)	182,462	(1,510)
Interest	17,470	16,304	3,725	650	21,195	16,954
Other revenues	14,456	14,456	10,920	12,460	25,376	26,916
Total revenues	<u>1,738,676</u>	<u>1,024,576</u>	<u>90,004</u>	<u>27,620</u>	<u>1,828,680</u>	<u>1,052,196</u>
Expenses						
General and administrative services	1,101,953	1,110,509	3,798	40,217	1,105,751	1,150,726
Interest and other fiscal charges	23,810	34,394	-0-	-0-	23,810	34,394
Total expenses	<u>1,125,763</u>	<u>1,144,903</u>	<u>3,798</u>	<u>40,217</u>	<u>1,129,561</u>	<u>1,185,120</u>
Change in net assets	612,913	(120,327)	86,206	(12,597)	699,119	(132,924)
Net assets - beginning	<u>7,140,893</u>	<u>7,261,220</u>	<u>13,546</u>	<u>26,143</u>	<u>7,154,439</u>	<u>7,287,363</u>
Net assets - ending	<u>\$7,753,806</u>	<u>\$7,140,893</u>	<u>\$99,752</u>	<u>\$ 13,546</u>	<u>\$7,853,558</u>	<u>\$7,154,439</u>

Capital Assets and Debt Administration

Capital Assets. The Authority's investment in capital assets as of April 30, 2006, amounted to \$7,437,521 (net of accumulated depreciation). This investment in capital assets includes property, plant, and equipment. Capital assets for the governmental funds increased by \$926,288 and for the business-type activities, capital assets decreased \$62,332. For governmental activities, total depreciation expense for this year amounts to \$721,645 with ending accumulated depreciation being \$21,200,165. For business-type activities, total depreciation expense for this year amounts to \$2,169 with ending accumulated depreciation being \$208,428.

Net Capital Assets Summary

	Governmental Activities		Business-Type Activities		Total	
	2006	2005	2006	2005	2006	2005
Land	\$ 1,052,181	\$ 1,056,133	\$ -0-	\$ -0-	\$ 1,052,181	\$ 1,056,133
Land improvements	20,085,220	19,181,406	-0-	-0-	20,085,220	19,181,406
Buildings and improvements	5,895,368	5,977,453	-0-	-0-	5,895,368	5,977,453
Machinery and equipment	1,604,917	1,496,406	208,428	270,760	1,813,345	1,767,166
Less accumulated depreciation	(21,200,165)	(20,636,934)	(208,428)	(265,679)	(21,408,593)	(20,902,613)
Total capital assets, net	<u>\$ 7,437,521</u>	<u>\$ 7,074,464</u>	<u>\$ -0-</u>	<u>\$ 5,081</u>	<u>\$ 7,437,521</u>	<u>\$ 7,079,545</u>

Debt Administration. Long-term debt. The Authority's general obligation bond indebtedness at April 30, 2006, totaled \$755,000, of which \$185,000 is due in less than one year. The general obligation bond indebtedness at April 30, 2005, was \$935,000.

Economic Factors and Next Year's Budget and Rates

The management of the Authority considered many factors in setting the fiscal year 2006/2007 budget. As always, the overriding factor was to keep expenses at or below the amount of revenue. Revenue has varied over the past 10 years of the Authority's existence.

The most significant expense remains employee related costs. Additional significant expenses include costs, such as utilities, maintenance, insurance, and legal and consulting fees.

Requests for Information

This financial report is designed to provide a general overview of the Mount Vernon Airport Authority finances for all those with an interest in the government's finances. If you have questions about this report or need additional financial information, contact the Airport Director, 100 Aviation Drive, Mount Vernon, Illinois 62864.

MOUNT VERNON AIRPORT AUTHORITY
STATEMENT OF NET ASSETS
For the Fiscal Year Ended April 30, 2006

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Assets			
Cash	\$ 493,749	\$ 137,640	\$ 631,389
Receivables			
Accounts, net of allowance for uncollectibles of \$19,335 and \$-0-	7,820	1,110	8,930
Due from other governments	158,262	-0-	158,262
Property and replacement taxes	138,197	-0-	138,197
Property taxes restricted for debt service	271,811	-0-	271,811
Internal balances	37,546	(37,546)	-0-
Inventories	1,447	-0-	1,447
Prepaid expenses	21,373	-0-	21,373
Capital assets			
Land	1,052,181	-0-	1,052,181
Land improvements	20,085,220	-0-	20,085,220
Buildings and improvements	5,895,368	-0-	5,895,368
Machinery and equipment	1,604,917	208,428	1,813,345
Less accumulated depreciation	<u>(21,200,165)</u>	<u>(208,428)</u>	<u>(21,408,593)</u>
Total capital assets, net	<u>7,437,521</u>	<u>-0-</u>	<u>7,437,521</u>
Total assets	<u>8,567,726</u>	<u>101,204</u>	<u>8,668,930</u>
Liabilities			
Accounts payable	4,531	-0-	4,531
Accrued liabilities	13,956	1,452	15,408
Accrued interest payable	8,656	-0-	8,656
Other current liabilities	16,132	-0-	16,132
Deferred hangar rent	15,645	-0-	15,645
General obligation bonds (One year maturity \$185,000, due in more than one year \$570,000)	<u>755,000</u>	<u>-0-</u>	<u>755,000</u>
Total liabilities	<u>813,920</u>	<u>1,452</u>	<u>815,372</u>
Net assets			
Invested in capital assets, net of related debt	7,262,430	-0-	7,262,430
Restricted for			
Capital projects	704,842	-0-	704,842
Debt service	278,649	-0-	278,649
Prepaid expenses	21,373	-0-	21,373
Unrestricted	<u>(513,488)</u>	<u>99,752</u>	<u>(413,736)</u>
Total net assets	<u>\$ 7,753,806</u>	<u>\$ 99,752</u>	<u>\$ 7,853,558</u>

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

MOUNT VERNON AIRPORT AUTHORITY
STATEMENT OF ACTIVITIES
For the Fiscal Year Ended April 30, 2006

	<u>Expenses</u>	<u>Program Revenues</u>		<u>Net (Expense) /Revenue</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	
Primary government				
Governmental activities:				
General and administrative services	\$1,101,953	\$120,717	\$-0-	\$1,030,966
Interest and other fiscal charges	23,810	-0-	-0-	(23,810)
Total governmental activities	<u>1,125,763</u>	<u>120,717</u>	<u>-0-</u>	<u>1,030,966</u>
Business-type activities:				
Enterprise fund	3,798	2,131	-0-	(1,667)
Total business-type activities	<u>3,798</u>	<u>2,131</u>	<u>-0-</u>	<u>(1,667)</u>
Total primary government	<u>\$1,129,561</u>	<u>\$122,848</u>	<u>\$-0-</u>	<u>\$1,030,966</u>

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Change in net assets			
Net (expense)/revenue	\$ 25,920	\$(1,667)	\$ 24,253
General revenues			
Real estate and personal property taxes levied for:			
General purposes	239,490	-0-	239,490
Debt service	204,695	-0-	204,695
Miscellaneous	1,648	-0-	1,648
Gain on asset disposal	109,234	73,228	182,462
Interest	17,470	3,725	21,195
Other revenues	<u>14,456</u>	<u>10,920</u>	<u>25,376</u>
Total general revenues	<u>586,993</u>	<u>87,873</u>	<u>674,866</u>
Change in net assets	612,913	86,206	699,119
Net assets - beginning	<u>7,140,893</u>	<u>13,546</u>	<u>7,154,439</u>
Net assets - ending	<u>\$7,753,806</u>	<u>\$99,752</u>	<u>\$7,853,558</u>

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

MOUNT VERNON AIRPORT AUTHORITY
BALANCE SHEET - GOVERNMENTAL FUNDS
For the Fiscal Year Ended April 30, 2006

	General Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
<u>ASSETS</u>				
Cash	\$ 22,331	\$ 444,201	\$ 27,217	\$ 493,749
Receivables:				
Accounts, net of allowance for uncollectibles \$19,335	7,820	-0-	-0-	7,820
Due from other funds	11,723	682,356	-0-	694,079
Due from other governments	-0-	158,262	-0-	158,262
Property and replacement taxes	108,855	-0-	203,858	312,713
Inventories	1,447	-0-	-0-	1,447
Prepaid expenses	21,373	-0-	-0-	21,373
Total Assets	<u>\$ 173,549</u>	<u>\$1,284,819</u>	<u>\$231,075</u>	<u>\$1,689,443</u>
<u>LIABILITIES AND FUND BALANCES</u>				
Liabilities:				
Accounts payable	\$ 4,463	\$ 68	\$ -0-	\$ 4,531
Accrued liabilities	13,956	-0-	-0-	13,956
Due to other funds	644,810	-0-	11,723	656,533
Other current liabilities	16,132	-0-	-0-	16,132
Deferred property tax revenue	88,026	-0-	203,858	291,884
Deferred hangar rental	15,645	-0-	-0-	15,645
Total liabilities	<u>783,032</u>	<u>68</u>	<u>215,581</u>	<u>998,681</u>
Fund balances:				
Reserved for:				
Capital projects	-0-	1,284,751	-0-	1,284,751
Debt service	-0-	-0-	15,494	15,494
Prepaid expenses	21,373	-0-	-0-	21,373
Unreserved, reported in general fund	(630,856)	-0-	-0-	(630,856)
Total fund balances	<u>(609,483)</u>	<u>1,284,751</u>	<u>15,494</u>	<u>690,762</u>
Total Liabilities and Fund Balances	<u>\$ 173,549</u>	<u>\$1,284,819</u>	<u>\$231,075</u>	<u>\$1,689,443</u>

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

MOUNT VERNON AIRPORT AUTHORITY
 RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
 TO THE STATEMENT OF NET ASSETS
 For the Fiscal Year Ended April 30, 2006

	<u>General</u> <u>Fund</u>	<u>Capital</u> <u>Projects</u> <u>Fund</u>	<u>Debt</u> <u>Service</u> <u>Fund</u>	<u>Total</u>
Total governmental fund balances	\$ (609,483)	\$1,284,751	\$ 15,494	\$ 690,762
Amounts reported for governmental activities in the statement of net assets are different because:				
Capital assets (net of accumulated depreciation) used in governmental activities are not financial resources and, therefore, are not reported as assets in the governmental funds.	7,437,521	-0-	-0-	7,437,521
Interest payable on long-term debt does not require current financial resources and, therefore, is not reported as a liability in the governmental funds.	-0-	-0-	(8,656)	(8,656)
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the governmental funds. Those liabilities consist of \$755,000 of general obligation bonds, which includes \$579,909 in unspent proceeds.	(175,091)	(579,909)	-0-	(755,000)
Some of the Authority's property taxes will be collected after year end, but are not available soon enough to pay for the current period's expenditures, and, therefore, are reported as deferred revenue in the governmental funds.	<u>117,368</u>	<u>-0-</u>	<u>271,811</u>	<u>389,179</u>
Net assets of governmental activities	<u>\$6,770,315</u>	<u>\$ 704,842</u>	<u>\$278,649</u>	<u>\$7,753,806</u>

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

MOUNT VERNON AIRPORT AUTHORITY
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS

For the Fiscal Year Ended April 30, 2006

	General Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
Revenues:				
Real estate and personal property taxes levied for				
General purposes	\$ 233,879	\$ -0-	\$ -0-	\$ 233,879
Debt service	-0-	-0-	203,090	203,090
Capital grants and contributions	-0-	157,328	-0-	157,328
Charges for services	120,717	-0-	-0-	120,717
Interest	18	16,293	1,159	17,470
Miscellaneous	1,648	-0-	-0-	1,648
Farm revenue	14,456	-0-	-0-	14,456
Total revenues	<u>370,718</u>	<u>173,621</u>	<u>204,249</u>	<u>748,588</u>
Expenditures:				
Current				
General and administrative government services	370,168	10,139	-0-	380,307
Capital outlays	-0-	266,646	-0-	266,646
Debt service				
Principal retirement	-0-	-0-	180,000	180,000
Interest and other fiscal charges	-0-	-0-	25,310	25,310
Total expenditures	<u>370,168</u>	<u>276,785</u>	<u>205,310</u>	<u>852,263</u>
Excess (deficiency) of revenue over (under) expenditures	<u>550</u>	<u>(103,164)</u>	<u>(1,061)</u>	<u>(103,675)</u>
Other financing sources:				
Proceeds from sale of property and equipment	-0-	164,816	-0-	164,816
Total other financing sources	-0-	164,816	-0-	164,816
Net change in fund balance	550	61,652	(1,061)	61,141
Fund balance, beginning	<u>(610,033)</u>	<u>1,223,099</u>	<u>16,555</u>	<u>629,621</u>
Fund balance, ending	<u>\$(609,483)</u>	<u>\$1,284,751</u>	<u>\$ 15,494</u>	<u>\$ 690,762</u>

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

MOUNT VERNON AIRPORT AUTHORITY
 RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
 TO THE STATEMENT OF ACTIVITIES
 For the Fiscal Year Ended April 30, 2006

	<u>General Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Total</u>
Net changes in fund balances - total governmental funds	\$ 550	\$ 61,652	\$ (1,061)	\$ 61,141
Amounts reported for governmental activities in the statement of activities are different because:				
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation (\$721,645) exceeds capital purchases (\$266,645) during the current period.	(721,645)	266,645	-0-	(455,000)
Accrued interest on long-term debt reported in the statement of activities does not require the use of current financial resources and, therefore, is not reported as expenditures in the governmental funds.	-0-	-0-	1,500	1,500
Repayment of debt is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.	-0-	-0-	180,000	180,000
The statement of activities reports an increase in revenues due to current activity in deferred revenues which is not reported at the fund level.	5,611	-0-	1,605	7,216
Federal and state grant revenues reported in the statement of activities as capital contributions do not require the use of current financial resources and, therefore, are not reported as revenues in the governmental funds.	873,638	-0-	-0-	873,638
Proceeds from the sale of property and equipment are included in the governmental funds as other financing sources. However, the net book value of the property and equipment sold is removed from capital assets and offset against the sales proceeds in the statement of activities.	<u>109,234</u>	<u>(164,816)</u>	<u>-0-</u>	<u>(55,582)</u>
Change in net assets of governmental activities	<u>\$ 267,388</u>	<u>\$ 163,481</u>	<u>\$ 182,044</u>	<u>\$ 612,913</u>

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

MOUNT VERNON AIRPORT AUTHORITY
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
For the Fiscal Year Ended April 30, 2006

	<u>Enterprise Fund</u> <u>F.B.O.</u>
Assets	
Current assets	
Cash	\$ 137,640
Accounts receivable	1,110
Due from other funds	<u>12,060</u>
Total current assets	<u>150,810</u>
Capital assets	
Equipment	208,428
Accumulated depreciation	<u>(208,428)</u>
Net capital assets	<u>-0-</u>
Total assets	<u>150,810</u>
Liabilities	
Current liabilities	
Accounts payable	-0-
Accrued liabilities	1,452
Due to other funds	<u>49,606</u>
Total current liabilities	<u>51,058</u>
Total liabilities	<u>51,058</u>
Net assets	
Unrestricted	<u>99,752</u>
Total net assets	<u>\$ 99,752</u>

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

MOUNT VERNON AIRPORT AUTHORITY
 STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS
 PROPRIETARY FUNDS
 For the Fiscal Year Ended April 30, 2006

	<u>Enterprise Fund</u> <u>F.B.O.</u>
Operating revenues	
Charges for services	\$ 2,131
Equipment lease	<u>10,920</u>
Total operating revenues	<u>13,051</u>
Operating expenses	
Advertising	21
Depreciation	2,169
Fuel and oil	203
Miscellaneous	726
Repairs, maintenance, and supplies	128
Utilities and telephone	<u>551</u>
Total operating expenses	<u>3,798</u>
Operating income	<u>9,253</u>
Nonoperating revenues	
Interest income	3,725
Gain on sale of capital assets	<u>73,228</u>
Total nonoperating revenues	<u>76,953</u>
Gain before transfers and capital contributions	<u>86,206</u>
Change in net assets	86,206
Total net assets - beginning	<u>13,546</u>
Total net assets - ending	<u>\$99,752</u>

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

MOUNT VERNON AIRPORT AUTHORITY
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Fiscal Year Ended April 30, 2006

	<u>Enterprise Fund</u> <u>F.B.O.</u>
Cash flows from operating activities	
Cash received from customers	\$ 15,014
Cash payments to suppliers for goods and services	<u>(2,454)</u>
Net cash provided by operating activities	<u>12,560</u>
Cash flows from noncapital financing activities	
Decrease in due to other funds	(20)
Increase in due from other funds	<u>(12,060)</u>
Net cash used in noncapital financing activities	<u>(12,080)</u>
Cash flows from capital and related financing activities	
Proceeds from sale of capital assets	<u>76,140</u>
Net cash provided by capital and related financing activities	<u>76,140</u>
Cash flows from investing activities	
Interest received	<u>3,725</u>
Net cash provided by investing activities	<u>3,725</u>
Net increase in cash	80,345
Cash - beginning	<u>57,295</u>
Cash - ending	<u>\$137,640</u>
Reconciliation of operating income to net cash provided by operating activities	
Operating income	\$ 9,253
Adjustments to reconcile operating income to net cash provided by operating activities	
Depreciation expense	2,169
Changes in assets and liabilities:	
Decrease in accounts receivable	1,963
(Decrease) in accounts payable	(327)
(Decrease) in accrued liabilities	<u>(498)</u>
Total adjustments	<u>3,307</u>
Net cash provided by operating activities	<u>\$ 12,560</u>

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

MOUNT VERNON AIRPORT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
April 30, 2006

Note 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The Authority's reporting entity includes the Authority's governing board and all related organizations for which the Authority exercises oversight responsibility.

The Authority has developed criteria to determine whether outside agencies with activities which benefit the citizens served by the Authority should be included within its financial reporting entity. The criteria include, but are not limited to, whether the Authority exercises oversight responsibility which includes financial interdependency, selection of governing board, designation of management, ability to significantly influence operations, and accountability for fiscal matters.

The Authority has determined that no other outside agency meets the above criteria and, therefore, no other agency has been included as a component unit in the Authority's financial statements. The Board of Commissioners of the Authority consists of five members of which three are appointed by the Mount Vernon City Council and two are appointed by the Jefferson County Board. The Authority, although governed by Commissioners who are directly appointed by the Mount Vernon City Council and the Jefferson County Board, is considered a separate government because it is substantially autonomous and neither the City nor the County maintains an ongoing financial interest in the Authority. Accordingly, the Authority is not considered to be a component unit of either the City of Mount Vernon or Jefferson County and its financial statements are not included in their annual reports.

B. Implementation of New Accounting Standards

Governmental Accounting Standards Board Statement No. 34

For the fiscal year ended April 30, 2005, the Authority implemented GASB Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments* (GASB 34). This statement affects the manner in which the Authority records transactions and presents financial information.

State and local governments have traditionally used a financial reporting model substantially different from the one used to prepare private-sector financial reports. GASB 34 establishes new requirements and a new reporting model, much like private-sector financial reports, for the annual financial reports of state and local governments. The new format was developed to make annual reports of state and local governments easier to understand and more useful to users of governmental financial information.

Governmental Accounting Standards Board Statement No. 37

For the fiscal year ended April 30, 2005, the Authority implemented GASB Statement No. 37, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments: Omnibus* (GASB 37). This statement amends GASB 34 to either: 1) clarify certain provisions, or 2) modify other provisions that GASB believes may have unintended consequences in some circumstances. Accordingly, the Authority considered the effects of this statement when implementing the provisions of GASB 34, as previously described.

Governmental Accounting Standards Board Statement No. 38

The Authority adopted the provisions of GASB No. 38, *Certain Financial Statement Note Disclosures* (GASB 38). This statement modifies, establishes, and rescinds certain financial statement disclosure requirements. Accordingly, certain footnote disclosures have been revised to conform to the provisions of GASB 38.

Governmental Accounting Standards Board Statement No. 40

The Authority adopted the provisions of GASB No. 40, "Deposit and Investment Risk Disclosures" (GASB 40). This statement modifies or rescinds certain financial statement disclosures set forth in GASB No. 3. Accordingly, certain footnote disclosures have been revised to conform to the provisions of GASB 40.

Governmental Accounting Standards Board Interpretation No. 6

For the fiscal year ended April 30, 2005, the Authority implemented GASB Interpretation No. 6, *Recognition and Measurement of Certain Liabilities and Expenditures in Government Fund Financial Statements*. This interpretation clarifies the application standards for modified accrual recognition of certain liabilities and in areas where differences have arisen, or could arise, in interpretation and practice. This interpretation affects the fund level financial statements (governmental funds only, not proprietary or fiduciary funds) required by GASB 34, but has no direct effect on the government-wide financial statements. Accordingly, the Authority has not recognized the current portion of certain long-term liabilities and related expenditures in the governmental funds financial statements for amounts not considered to be due and payable as of April 30, 2005 and April 30, 2006. The Authority also considered the effects of this interpretation when implementing the provisions of GASB 34 as previously described.

C. Government-Wide and Fund Financial Statements

Financial information of the Authority and the Enterprise Funds are presented as follows:

- *Management's discussion and analysis* introduces the basic financial statements and provides an analytical overview of the Authority's financial activities.
- *Basic Financial Statements*: Government-wide financial statements consist of a statement of net assets and a statement of activities.

These statements report all of the activities of the primary government. Governmental activities are reported separately from business-type activities. Governmental activities are normally supported by taxes and intergovernmental revenues whereas business-type activities are normally supported by fees and charges from services and are usually intended by management to be financially self-sustaining.

The statement of activities presents a comparison between direct expenses and program revenues for the different business-type activities of the Authority and for each function of the Authority's governmental activities. Program revenues include (a) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or program and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or program. Revenues that are not classified as program revenues, including all taxes and other items, are presented as general revenues.

- *Fund financial statements* consist of a series of statements focusing on information about the Authority's major governmental and enterprise funds. Separate financial statements are presented for the governmental and proprietary funds.

D. Measurement Focus, Basis of Accounting and Basis of Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. Revenues are recognized when earned and expenses are recognized when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recognized when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to claims and judgments, are reported only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt are reported as other financing sources.

Property taxes are levied during a calendar year and attached as an enforceable lien on property as of December 31. These taxes are payable in two installments during the following summer and fall on due dates to be set by the County at which time collection is made.

Property taxes (if levied), taxpayer-assessed other taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The Authority reports the following major governmental funds:

- The *General Fund* is the Authority's primary operating fund. It accounts for all financial resources of the government, except those required to be accounted for in another fund.
- The *Debt Service Fund* of the Authority accounts for the accumulation of resources for, and the payment of, general long-term debt principal, interest, and related costs. Sources of funds for the servicing of the debt include property taxes restricted for debt service.
- The *Capital Projects Fund* of the Authority accounts for financial resources to be used for the acquisition or construction of major capital facilities and equipment. Financing is provided by general obligation debt and federal and state capital grants.

The Authority reports the following major enterprise funds:

- *Enterprise Funds* are used to account for any activity for which a fee is charged to external users for goods and services. The Enterprise Fund accounts for operations that are financed and operated in a manner similar to private business enterprise where the intent of the governing body is that the costs (expenses including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges. The goods and services provided are related to a fixed base operation that sells fuel and performs repair and maintenance type services for users.

Proprietary fund types use the accrual basis of accounting and the flow of all economic resources (measurement focus). This basis of accounting and measurement focus emphasizes the measurement of net income similar to the approach used by commercial enterprises, and revenues are recorded when earned and expenses are recorded when incurred. Under this basis of accounting and measurement focus, the Authority applies (a) all GASB pronouncements and (b) FASB Statements and Interpretations, APB Opinions, and Accounts Research Bulletins issued on or before November 30, 1989, except those that conflict with a GASB pronouncement.

Amounts reported as program revenues include (1) charges to customers or applicants for goods, services, or privileges provided, (2) operating grants and contributions, and (3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

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

Cash

Cash is comprised of petty cash and deposits with financial institutions in accounts which are subject to withdrawal.

The Authority considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

Refer to Note 2 for the collateralization of the Authority's cash.

Receivables

Property taxes are recorded as receivables, net of an allowance for uncollectible taxes, when they are levied. Personal property replacement taxes are recorded as receivables when in the possession of intermediary collecting governments. Sales, billed and unbilled, are recorded as receivables when due and collectible.

Inventories

Inventory items in the modified accrual basis funds are expended when purchased.

Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

Deferred Revenue

Deferred revenue at the governmental fund financial statement level represents receivables that do not meet the available criterion in accordance with the current financial resources measurement focus and the modified accrual basis of accounting. Deferred revenue, if appropriate, is recognized as revenue in the conversion to the government-wide (full accrual) financial statements.

The government-wide financial statements, like the governmental funds, defer revenue recognition in connection with resources that have been received, but not yet earned.

Capital Assets

Capital assets, which include property, plant, and equipment, are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets are recorded at historical cost.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Depreciation of all exhaustible capital assets is charged as an expense against their operations. Property, plant, and equipment of the primary government, as well as the enterprise fund is depreciated using the straight-line method over the estimated useful lives as follows:

Governmental funds	
Buildings	20-40 years
Office and field equipment	3-15 years
Land improvements	15 years
Enterprise fund	
Office and field equipment	5-15 years

Compensated Employee Vacation

No provision has been made in the financial statements for currently earned employee vacation not yet taken since this amount is immaterial.

Long-Term Debt

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities.

Net Assets/Fund Balances

Net Assets - Net assets in government-wide and proprietary fund financial statements are classified as invested in capital assets, net of related debt; restricted; and unrestricted. Restricted net assets represent constraints on resources that are either externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or imposed by law through state statute.

Fund Balances - The governmental fund financial statements report reservations of fund balance for amounts that are not available for appropriation or are legally reserved by outside parties for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

Deficit Fund Equity

The General Operating Fund had an accumulated deficit of \$609,483 at April 30, 2006, as a result of prior year's airport activity losses, including air shows and restaurant operations.

E. Appropriation-Budget

The Authority establishes control over the operations of its funds through the use of an annual appropriation-budget. Appropriated-budgeted amounts generally represent the amounts appropriated by the Authority for the levy of property taxes. They have also been prepared for purposes of monitoring income and expenditures. The appropriation-budget for the General Fund is prepared under the modified accrual basis which is consistent with their basis of accounting. Appropriated expenditures in the General Fund represent the legal limitation on actual expenditures. Unspent appropriations lapse at the end of the fiscal year for which they were made.

Encumbrances are not used for unperformed contracts for goods or services.

The Authority follows these procedures in establishing the appropriated-budgeted amounts reflected in the financial statements:

- 1) Prior to May 1, or as soon after as possible, a proposed appropriation-budget is submitted to the Board of Commissioners for the fiscal year commencing May 1.
- 2) A tentative appropriation-budget is approved by the Board of Commissioners and is made available for public inspection.
- 3) A public hearing is held to obtain taxpayer comments.
- 4) The final appropriation-budget is enacted through passage of an ordinance.
- 5) Amending the appropriation-budget requires passage of an ordinance.

Note 2. CASH

At year end, deposits with financial institutions and the collateralization of these deposits are presented in the following table:

	Carrying Amounts	Deposit Balance			
		Total	Insured	Securities Pledged	Unsecured
Total -					
All Funds	<u>\$631,389</u>	<u>\$642,723</u>	<u>\$134,533*</u>	<u>\$508,190</u>	<u>\$-0-</u>

*Assumes F.D.I.C. insurance coverage would be paid first in the event of failure.

Note 3. DUE FROM STATE OF ILLINOIS

Due from State of Illinois consists of the net of amounts due from and due to the State of Illinois on various projects in process at the end of the year. The projects are financed using Federal, State, and Airport Authority funds. The State of Illinois is the disbursing agent. This, therefore, often causes balances due from or due to the State. The balance as of April 30, 2006, consists of the following:

	Expended Through April 30, 2006			Due From (To)
	Federal Participation	State Participation	Authority's Share	State of Illinois
Project No. MVN-3058 RSA Study for Runway, Part I	<u>\$ 27,000</u>	<u>\$ 1,500</u>	<u>\$ 1,500</u>	<u>\$ -0-</u>
Project No. MVN-3059 RSA Study for Runway, Part II	<u>\$ 60,845</u>	<u>\$ 3,380</u>	<u>\$ 3,380</u>	<u>\$ -0-</u>
Project No. MVN-3216 Fire Service Line, Part I	<u>\$ 86,196</u>	<u>\$ 4,723</u>	<u>\$ 4,723</u>	<u>\$ 436</u>
Project No. MVN-3269: Fire Service Line, Part II	<u>\$ 4,895</u>	<u>\$ 272</u>	<u>\$ 272</u>	<u>\$ (272)</u>
Project No. MVN-3428 Overlay and Groove Runway, 5/23	<u>\$827,393</u>	<u>\$34,288</u>	<u>\$34,288</u>	<u>\$ 770</u>
Project No. MVN-3578 Acquire ARFF/RIV	<u>\$157,328</u>	<u>\$ -0-</u>	<u>\$17,481</u>	<u>\$157,328</u>
Total				<u>\$158,262</u>

Note 4. INTERFUND BALANCES

Interfund balances at April 30, 2006, consist of the following:

	<u>Due From</u>	<u>Due To</u>
Capital Projects Fund	\$682,355	\$ -0-
General Operating Fund	11,723	644,809
Enterprise Fund	12,060	49,606
Debt Service Fund	-0-	11,723
	<u>\$706,138</u>	<u>\$706,138</u>

These balances originated from Capital Project Fund transfers to the General Operating Fund and Enterprise Fund for airport activities. The balance (\$11,723) due to General Operating Fund from Debt Service Fund results from retention of property tax revenue retained in Debt Service to capture higher interest rate. Management has no documented plan for repayment and does not expect all of these balances to be repaid within one year.

Note 5. CAPITAL ASSETS

Capital asset activity for the year ended April 30, 2006, was as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Governmental activities				
Capital assets, not being depreciated:				
Land	\$ 1,056,133	\$ -0-	\$ (3,952)	\$ 1,052,181
Total capital assets, not being depreciated	<u>\$ 1,056,133</u>	<u>\$ -0-</u>	<u>\$ (3,952)</u>	<u>\$ 1,052,181</u>
Capital assets, being depreciated:				
Buildings	\$ 5,977,453	\$ 15,426	\$ (97,511)	\$ 5,895,368
Land improvements	19,181,406	912,314	(8,500)	20,085,220
Office and field equipment	<u>1,496,406</u>	<u>212,543</u>	<u>(104,032)</u>	<u>1,604,917</u>
Total capital assets being depreciated	<u>26,655,265</u>	<u>1,140,283</u>	<u>(210,043)</u>	<u>27,585,505</u>
Less accumulated depreciation				
Buildings	(3,553,387)	(184,786)	47,582	(3,690,591)
Land improvements	(15,825,694)	(476,866)	6,800	(16,295,760)
Office and field equipment	<u>(1,257,853)</u>	<u>(59,993)</u>	<u>104,032</u>	<u>(1,213,814)</u>
Total accumulated depreciation	<u>(20,636,934)</u>	<u>(721,645)</u>	<u>158,414</u>	<u>(21,200,165)</u>
Total capital assets, being depreciated, net	<u>6,018,331</u>	<u>418,638</u>	<u>(51,629)</u>	<u>6,385,340</u>
Governmental activities capital assets, net	<u>\$ 7,074,464</u>	<u>\$ 418,638</u>	<u>\$ (55,581)</u>	<u>\$ 7,437,521</u>
Business-type activities				
Capital assets, being depreciated				
Shop and office equipment	\$ 270,760	\$ -0-	\$ (62,332)	\$ 208,428
Total capital assets, being depreciated	<u>270,760</u>	<u>-0-</u>	<u>(62,332)</u>	<u>208,428</u>
Less accumulated depreciation				
Shop and office equipment	<u>(265,679)</u>	<u>(2,169)</u>	<u>59,420</u>	<u>(208,428)</u>
Total accumulated depreciation	<u>(265,679)</u>	<u>(2,169)</u>	<u>59,420</u>	<u>(208,428)</u>
Total capital assets, being depreciated, net	<u>5,081</u>	<u>(2,169)</u>	<u>(2,912)</u>	<u>-0-</u>
Business-type activities capital assets, net	<u>\$ 5,081</u>	<u>\$ (2,169)</u>	<u>\$ (2,912)</u>	<u>\$ -0-</u>

Additions to capital assets are recorded at invoice cost plus trade-ins, if applicable. If the addition includes a trade-in, then the amount posted is greater than the actual cash expended for these assets. Dispositions are removed at original cost less any accumulated depreciation.

Depreciation charged to occupancy and equipment expense for the general government and the enterprise fund was \$721,645 and \$2,169, respectively.

Note 6. GENERAL OBLIGATION BONDS

Bonded indebtedness at April 30, 2006, consists of the following:

<u>Maturity Date</u>	<u>Issue Date</u>	<u>Interest Rate</u>	<u>Amount</u>
December 1, 2006	February 1, 2004	2.25%	\$185,000
December 1, 2007	February 1, 2004	2.50%	190,000
December 1, 2008	February 1, 2004	3.00%	195,000
December 1, 2009	February 1, 2004	3.25%	185,000
			<u>\$755,000</u>

General Obligation Bond transactions for the year ended April 30, 2006, were as follows:

	<u>Outstanding</u> <u>4/30/05</u>	<u>Additions</u>	<u>Reductions</u>	<u>Outstanding</u> <u>4/30/06</u>
General Obligation Bonds	<u>\$935,000</u>	<u>\$-0-</u>	<u>\$180,000</u>	<u>\$755,000</u>

Annual requirements to retire all outstanding long-term debt of the Authority is summarized in the following table:

<u>Year Ending April 30</u>	<u>Total</u>	<u>Principal</u>	<u>Scheduled</u> <u>Interest</u>
2007	\$205,775	\$185,000	\$20,775
2008	206,613	190,000	16,613
2009	206,862	195,000	11,862
2010	<u>191,013</u>	<u>185,000</u>	<u>6,013</u>
	<u>\$810,263</u>	<u>\$755,000</u>	<u>\$55,263</u>

The Authority is not obligated for any special assessment debt at April 30, 2006.

Note 7. RESERVED FUND BALANCE

Changes in reserved fund balance in the General Fund are as follows:

	<u>Reserved</u> <u>Fund</u> <u>Balance</u> <u>4/30/05</u>	<u>Additions</u>	<u>Reductions</u>	<u>Reserved</u> <u>Fund</u> <u>Balance</u> <u>4/30/06</u>
<u>General Fund</u> Prepaid insurance and expenses	<u>\$25,336</u>	<u>\$46,461</u>	<u>\$50,424</u>	<u>\$21,373</u>

The reserve for prepaid insurance is necessary since this amount is not available for expenditure.

Note 8. LEGAL DEBT MARGIN

The Authority's legal debt margin is as follows:

	<u>2005 Tax Year</u>
Gross equalized assessed valuation	<u>\$199,453,235</u>
Statutory debt limitation (2.3% of equalized assessed valuation)	\$ 4,587,424
Total debt: General obligation bonds payable	<u>755,000</u>
Legal debt margin	<u>\$ 3,832,424</u>

Bonds outstanding of the Authority may not exceed three-fourths of one-percent of the equalized assessed valuation (\$1,495,899) until the question of whether the bonds shall be issued is approved by the legal voters of the Authority. The bonds issued may also be further limited by the Property Tax Extension Limitation Law (PTELL).

MOUNT VERNON AIRPORT AUTHORITY
 REQUIRED SUPPLEMENTARY INFORMATION
 RETIREMENT PLAN - TREND INFORMATION
 AND SCHEDULE OF FUNDING PROGRESS
 For the Fiscal Year Ended April 30, 2006

RETIREMENT PLAN - ILLINOIS MUNICIPAL RETIREMENT FUND

The Authority's defined benefit pension plan, Illinois Municipal Retirement Fund (IMRF), provides retirement, disability, annual cost of living adjustments and death benefits to plan members and beneficiaries. IMRF acts as a common investment and administrative agent for local governments and school districts in Illinois. The Illinois Pension Code establishes the benefit provisions of the plan that can only be amended by the Illinois General Assembly.

IMRF issues a financial report that includes financial statements and required supplementary information. That report may be obtained at www.imrf.org/pubs/pubs_homepage.htm or by writing to the Illinois Municipal Retirement Fund, 2211 York Road, Suite 500, Oak Brook, Illinois 60523.

Employees participating in IMRF are required to contribute 4.50% of their annual covered salary. The member rate is established by state statute. The Authority is required to contribute at an actuarially determined rate. The employer rate for calendar year 2005 was 8.82% of payroll. The employer contribution requirements are established and may be amended by the IMRF Board of Trustees. IMRF's unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on a closed basis (overfunded liability amortized on open basis). The amortization period at December 31, 2005, was 32 years.

For December 31, 2005, the Authority's annual pension cost of \$9,243 was equal to the Authority's required and actual contributions. The required contribution was determined as part of the December 31, 2003 actuarial valuation using the entry age actuarial cost method. The actuarial assumptions included (a) 7.50% investment rate of return (net of administrative expenses), (b) projected salary increases of 4% a year, attributable to inflation, (c) additional projected salary increases ranging from 0.4% to 11.6% per year depending on age and service, attributable to seniority/merit, and (d) post-retirement benefit increases of 3% annually. The actuarial value of IMRF assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a five-year period with a 15% corridor. The assumptions used for the 2005 actuarial valuation were based on the 2002-2004 experience study.

TREND INFORMATION

MOUNT VERNON AIRPORT AUTHORITY
 EMPLOYER NUMBER: 06313R

Actuarial Valuation Date	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
12/31/05	\$ 9,243	100%	\$-0-
12/31/04	10,434	100%	-0-
12/31/03	23,909	100%	-0-
12/31/02	14,135	100%	-0-
12/31/01	16,445	100%	-0-
12/31/00	30,861	100%	-0-
12/31/99	27,945	100%	-0-

(Continued)

MOUNT VERNON AIRPORT AUTHORITY
 REQUIRED SUPPLEMENTARY INFORMATION
 RETIREMENT PLAN - TREND INFORMATION
 AND SCHEDULE OF FUNDING PROGRESS
 For the Fiscal Year Ended April 30, 2006

SCHEDULE OF FUNDING PROGRESS

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Liability Accrued (AAL) -Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
12/31/05	\$161,926	\$124,722	\$ (37,204)	129.83%	\$104,792	0.00%
12/31/04	142,921	117,840	(25,081)	121.28%	114,408	0.00%
12/31/03	133,097	131,762	(1,335)	101.01%	268,042	0.00%
12/31/02	99,049	94,301	(4,748)	105.03%	163,222	0.00%
12/31/01	88,167	85,191	(2,976)	103.49%	175,137	0.00%
12/31/00	65,532	61,966	(3,566)	105.75%	328,310	0.00%
12/31/99	35,933	84,087	48,154	42.73%	297,290	16.20%

On a market value basis, the actuarial value of assets as of December 31, 2005, is \$163,277. On a market basis, the funded ratio would be 130.91%.

Digest of Changes

The actuarial assumptions used to determine the actuarial accrued liability for 2005 are based on the 2002-2004 experience study.

The principal changes were:

- The 1994 group annuity mortality implemented.
- For Regular members, fewer normal and early retirements are expected to occur.

MOUNT VERNON AIRPORT AUTHORITY
 GOVERNMENTAL FUNDS - GENERAL FUND
 STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
 BUDGET AND ACTUAL
 For the Fiscal Year Ended April 30, 2006

	Original and Final <u>Budget</u>	Total <u>Actual</u>	Variance Positive (Negative)
Revenues			
Real estate and personal property taxes levied for general purposes	\$ 369,617	\$ 233,879	\$(135,738)
Charges for services	145,000	120,717	(24,283)
Interest	1,000	18	(982)
Miscellaneous	24,000	1,648	(22,352)
Farm revenue	<u>14,500</u>	<u>14,456</u>	<u>(44)</u>
Total revenues	<u>554,117</u>	<u>370,718</u>	<u>(183,399)</u>
Expenditures			
Current			
General and administrative government services	<u>573,291</u>	<u>370,168</u>	<u>203,123</u>
Total expenditures	<u>573,291</u>	<u>370,168</u>	<u>203,123</u>
Excess (deficiency) of revenues over (under) expenditures	(19,174)	550	19,724
Fund balance - beginning	<u>(610,033)</u>	<u>(610,033)</u>	<u>-0-</u>
Fund balance - ending	<u>\$ (629,207)</u>	<u>\$ (609,483)</u>	<u>\$ 19,724</u>

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

MOUNT VERNON AIRPORT AUTHORITY
 STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
 FUND BALANCE BY SOURCE - CAPITAL PROJECTS FUND
 For the Fiscal Year Ended April 30, 2006

	<u>Source</u>		<u>Total</u>
	<u>Federal and State Grants</u>	<u>General Obligation Bonds</u>	
Revenues			
Federal and State grants	\$157,328	\$ -0-	\$ 157,328
Interest earnings	-0-	16,293	16,293
Proceeds from sales of property and equipment	-0-	<u>164,816</u>	<u>164,816</u>
Total revenues	<u>157,328</u>	<u>181,109</u>	<u>338,437</u>
Expenditures			
Capital expenditures			
Building improvements	-0-	15,426	15,426
Airfield improvements	-0-	4,347	4,347
Equipment purchases	157,328	55,215	212,543
Fire service line, Part I (Project No. MVN-3216)	-0-	(230)	(230)
Fire service line, Part II (Project No. MVN-3269)	-0-	272	272
Overlay and groove runway (Project No. MVN-3428)	-0-	34,288	34,288
General expenditures			
General and administrative government services	-0-	<u>10,139</u>	<u>10,139</u>
Total expenditures	<u>157,328</u>	<u>119,457</u>	<u>276,785</u>
Excess of revenues over expenditures	-0-	61,652	61,652
Fund balance - beginning of year	-0-	<u>1,223,099</u>	<u>1,223,099</u>
Fund balance - end of year	<u>\$ -0-</u>	<u>\$1,284,751</u>	<u>\$1,284,751</u>

MOUNT VERNON AIRPORT AUTHORITY
 PROPERTY TAX ASSESSED VALUATIONS, RATES, EXTENSIONS,
 AND ANALYSIS OF SETTLEMENT
 For Tax Years 2005, 2004, and 2003

	<u>2005</u>	<u>2004</u>	<u>2003</u>
Assessed valuations:	<u>\$164,534,539</u>	<u>\$162,123,860</u>	<u>\$162,011,125</u>
Tax rates:			
General Fund	.0535%	.0517%	.0513%
Bond and Interest Fund	<u>.1239%</u>	<u>.1250%</u>	<u>.1261%</u>
	<u>.1774%</u>	<u>.1767%</u>	<u>.1774%</u>
Tax extensions:			
General Fund	\$ 88,026	\$ 83,818	\$ 83,113
Bond and Interest Fund	<u>203,858</u>	<u>202,655</u>	<u>204,296</u>
	<u>\$291,884</u>	<u>\$286,473</u>	<u>\$287,409</u>
Tax collections:			
General Fund	N/A	\$ 83,998	\$ 83,857
Bond and Interest Fund	N/A	<u>203,090</u>	<u>206,128</u>
		<u>\$287,088</u>	<u>\$289,985</u>
Percentage of extensions collected	N/A	<u>100.2%</u>	<u>100.9%</u>