

MOUNT VERNON AIRPORT AUTHORITY
Mount Vernon, Illinois

FINANCIAL STATEMENTS

April 30, 2008

MOUNT VERNON AIRPORT AUTHORITY
Mount Vernon, Illinois

BOARD OF COMMISSIONERS

For the Fiscal Year Ended April 30, 2008

Board Commissioners

Michael Ancona, Chair
Greg Martin, Vice Chair
Paul Dickerson, Secretary
Gary Chesney, Treasurer
Alan Hale, Commissioner

Wayne L. Krehbiel, C.P.A.
James M. Randall, C.P.A.
Mark E. Connaway, C.P.A. 1957-2001
Wm. Brent Palmer, C.P.A.
James G. Leuty, C.P.A.
Gary S. Malawy, C.P.A.



KREHBIEL & ASSOCIATES, LLC

Certified Public Accountants

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INDEPENDENT AUDITORS' REPORT

September 12, 2008

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, 2008, 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 the 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, 2008, 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 September 12, 2008, on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over

financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and important for assessing 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 28 through 30 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.

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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

September 12, 2008

Board of Commissioners
 Mount Vernon Airport Authority
 Mount Vernon, Illinois

We have audited the 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, 2008, which collectively comprise the Mount Vernon Airport Authority's basic financial statements and have issued our report thereon dated September 12, 2008. 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Mount Vernon Airport Authority's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Mount Vernon Airport Authority's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Mount Vernon Airport Authority's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Mount Vernon Airport Authority's ability to initiate, authorize, record,

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process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the Mount Vernon Airport Authority's financial statements that is more than inconsequential will not be prevented or detected by the Mount Vernon Airport Authority's internal control. We consider the following deficiencies to be significant deficiencies in internal control over financial reporting.

An inadequate segregation of duties exists with respect to the internal control of the Mount Vernon Airport Authority's accounting system. Duties should be segregated so that no one employee should have access to both physical assets and the related accounting records or to all phases of a transaction. The absence of segregation of duties results in weaknesses throughout the system of internal control.

Although the Authority's Board of Commissioners and manager possess expertise regarding their business operations and industry practices, the client's lack of expertise in financial accounting and reporting results in weakness in internal control over financial accounting and reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Mount Vernon Airport Authority's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we consider the inadequate segregation of duties and lack of client expertise in financial accounting and reporting described above to be material weaknesses.

Compliance and Other Matters

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

We noted certain additional matters that we reported to management and the Board of Commissioners of the Mount Vernon Airport Authority, in a separate letter dated September 12, 2008.

This report is intended solely for the information and use of the Board of Commissioners, management, federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Krehbiel & Associates, L.L.C.

MOUNT VERNON AIRPORT AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
April 30, 2008

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, 2008.

Financial Highlights

- The Authority's total assets exceeded its liabilities by \$8,359,110 (net assets) for the fiscal year reported as compared to \$8,064,899 reported in the prior fiscal year.
- The Authority's total net assets increased by \$294,211 or 3.6% over the course of the year's operations as compared to an increase of \$211,341 in the prior fiscal year.
- For the third consecutive year, the general fund has seen revenues exceed expenditures, resulting in a reduction in the fund balance deficit from prior years' operational losses.

Non Financial Highlights

- Mt. Vernon Outland Airport was named the 2007 Category A (runways greater than 5,500 feet) General Aviation Airport of the Year by the Illinois Department of Transportation. The selection was based on recent airfield facilities improvements, good facility maintenance, preservation and enhancement of airfield safety and good community relations.
- Mt. Vernon Outland Airport and SRT Aviation was featured with tenants National Railway and Conquest Construction in an article in the October 2007 issue Professional Pilots Magazine, a premier publication of the aviation industry.
- Using a proactive approach emphasizing good community relations, the Authority is expanding its tenant base to include non aviation entities by transforming the large terminal area into office suites. The tenant base now includes a restaurant, aviation sales and insurance businesses and a prominent non profit organization.

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, 2008 and April 30, 2007:

Net Assets Summary

	Governmental Activities		Business-Type Activities		Total	Total
	2008	2007	2008	2007	2008	2007
Current and other assets	\$1,065,120	\$1,137,964	\$97,992	\$97,364	\$1,163,112	\$1,235,328
Capital assets	<u>7,650,414</u>	<u>7,463,631</u>	-0-	-0-	<u>7,650,414</u>	<u>7,463,631</u>
Total assets	<u>8,715,534</u>	<u>8,601,595</u>	<u>97,992</u>	<u>97,364</u>	<u>8,813,526</u>	<u>8,698,959</u>
Current liabilities	269,416	254,060	-0-	-0-	269,416	254,060
Long-term liabilities	<u>185,000</u>	<u>380,000</u>	-0-	-0-	<u>185,000</u>	<u>380,000</u>
Total liabilities	<u>454,416</u>	<u>634,060</u>	-0-	-0-	<u>454,416</u>	<u>634,060</u>
Net assets:						
Invested in capital asset, net of related debt	7,650,414	7,439,457	-0-	-0-	7,650,414	7,439,457
Restricted for						
Capital projects	118,850	715,791	-0-	-0-	118,850	715,791
Debt service	280,188	281,005	-0-	-0-	280,188	281,005
Prepaid expenses	21,997	22,498	-0-	-0-	21,997	22,498
Unrestricted	<u>189,669</u>	<u>(491,216)</u>	<u>97,992</u>	<u>97,364</u>	<u>287,661</u>	<u>(393,852)</u>
Total net assets	<u>\$8,261,118</u>	<u>\$7,967,535</u>	<u>\$97,992</u>	<u>\$97,364</u>	<u>\$8,359,110</u>	<u>\$8,064,899</u>

Summary of Changes in Net Assets

The following summarizes the changes in net assets of the Mount Vernon Airport Authority at April 30, 2008 and April 30, 2007:

Changes in Net Assets Summary

	Governmental Activities		Business-Type Activities		Total	
	2008	2007	2008	2007	2008	2007
Revenues						
Program revenues						
Charges for services	\$ 119,542	\$ 84,656	\$ 42	\$ 484	\$ 119,584	\$ 85,140
Capital grants and contributions	740,138	745,258	-0-	-0-	740,138	745,258
General revenues						
Real estate and personal property taxes levied for:						
General purposes	281,567	260,861	-0-	-0-	281,567	260,861
Debt service	204,567	205,645	-0-	-0-	204,567	205,645
Miscellaneous	477	459	-0-	-0-	477	459
Gain/(loss) on asset disposal	(863)	4,900	-0-	-0-	(863)	4,900
Interest	14,264	17,951	2,190	3,162	16,454	21,113
Insurance recoveries	17,097	-0-	-0-	-0-	17,097	-0-
Other revenues	<u>14,456</u>	<u>16,648</u>	<u>-0-</u>	<u>-0-</u>	<u>14,456</u>	<u>16,648</u>
Total revenues	<u>1,391,245</u>	<u>1,336,378</u>	<u>2,232</u>	<u>3,646</u>	<u>1,393,477</u>	<u>1,340,024</u>
Expenses						
General and administrative services	1,082,429	1,102,708	1,604	6,034	1,084,033	1,108,742
Interest and other fiscal charges	<u>15,233</u>	<u>19,941</u>	<u>-0-</u>	<u>-0-</u>	<u>15,233</u>	<u>19,941</u>
Total expenses	<u>1,097,662</u>	<u>1,122,649</u>	<u>1,604</u>	<u>6,034</u>	<u>1,099,266</u>	<u>1,128,683</u>
Change in net assets	293,583	213,729	628	(2,388)	294,211	211,341
Net assets - beginning	<u>7,967,535</u>	<u>7,753,806</u>	<u>97,364</u>	<u>99,752</u>	<u>8,064,899</u>	<u>7,853,558</u>
Net assets - ending	<u>\$8,261,118</u>	<u>\$7,967,535</u>	<u>\$97,992</u>	<u>\$97,364</u>	<u>\$8,359,110</u>	<u>\$8,064,899</u>

Capital Assets and Debt Administration

Capital Assets. The Authority's investment in capital assets as of April 30, 2008, amounted to \$7,650,414 (net of accumulated depreciation). This investment in capital assets includes property, plant, and equipment. Capital assets for the governmental funds increased by \$757,270, net of assets with cost basis of \$133,766 retired and for the business-type activities, capital assets remained the same, net of fully depreciated assets, with cost basis of \$68,787 retired. For governmental activities, total depreciation expense for this year amounts to \$700,406 with ending accumulated depreciation being \$22,437,310. For business-type activities, total depreciation expense for this year amounts to \$-0- with ending accumulated depreciation being \$139,641.

Net Capital Assets Summary

	Governmental Activities		Business-Type Activities		Total	
	2008	2007	2008	2007	2008	2007
Land	\$ 1,220,657	\$ 1,183,319	\$ -0-	\$ -0-	\$ 1,220,657	\$ 1,183,319
Land improvements	21,470,632	20,645,574	-0-	-0-	21,470,632	20,645,574
Buildings and improvements	5,937,566	5,928,035	-0-	-0-	5,937,566	5,928,035
Machinery and equipment	1,458,869	1,573,525	139,641	208,428	1,598,510	1,781,953
Less accumulated depreciation	(22,437,310)	(21,866,822)	(139,641)	(208,428)	(22,576,951)	(22,075,250)
Total capital assets, net	<u>\$ 7,650,414</u>	<u>\$ 7,463,631</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 7,650,414</u>	<u>\$ 7,463,631</u>

Debt Administration. Long-term debt. The Authority's general obligation bond indebtedness at April 30, 2008, totaled \$380,000, of which \$195,000 is due in less than one year. The general obligation bond indebtedness at April 30, 2007, was \$570,000.

Economic Factors and Next Year's Budget and Rates

The management of the Authority considered many factors in setting the fiscal year 2008/2009 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, 2008

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Assets			
Cash	\$ 413,745	\$ 57,660	\$ 471,405
Certificate of deposit	125,000	-0-	125,000
Receivables			
Accounts, net of allowance for uncollectibles of \$2,995 and \$-0-	7,016	11,599	18,615
Accrued interest receivable	2,439	-0-	2,439
Due from other governments	85,687	-0-	85,687
Property and replacement taxes	164,478	-0-	164,478
Property taxes restricted for debt service	272,144	-0-	272,144
Internal balances	(28,733)	28,733	-0-
Inventories	1,347	-0-	1,347
Prepaid expenses	21,997	-0-	21,997
Capital assets			
Land	1,220,657	-0-	1,220,657
Land improvements	21,470,632	-0-	21,470,632
Buildings and improvements	5,937,566	-0-	5,937,566
Machinery and equipment	1,458,869	139,641	1,598,510
Less accumulated depreciation	<u>(22,437,310)</u>	<u>(139,641)</u>	<u>(22,576,951)</u>
Total capital assets, net	<u>7,650,414</u>	<u>-0-</u>	<u>7,650,414</u>
Total assets	<u>8,715,534</u>	<u>97,992</u>	<u>8,813,526</u>
Liabilities			
Accounts payable	21,593	-0-	21,593
Accrued liabilities	32,610	-0-	32,610
Accrued interest payable	4,943	-0-	4,943
Deferred hangar rent	15,270	-0-	15,270
General obligation bonds (One year maturity \$195,000, due in more than one year \$185,000)	<u>380,000</u>	<u>-0-</u>	<u>380,000</u>
Total liabilities	<u>454,416</u>	<u>-0-</u>	<u>454,416</u>
Net assets			
Invested in capital assets	7,650,414	-0-	7,650,414
Restricted for			
Capital projects	118,850	-0-	118,850
Debt service	280,188	-0-	280,188
Prepaid expenses	21,997	-0-	21,997
Unrestricted	<u>189,669</u>	<u>97,992</u>	<u>287,661</u>
Total net assets	<u>\$ 8,261,118</u>	<u>\$ 97,992</u>	<u>\$ 8,359,110</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, 2008

	<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	\$1,082,429	\$119,542	\$-0-	\$740,138
Interest and other fiscal charges	<u>15,233</u>	<u>-0-</u>	<u>-0-</u>	<u>(15,233)</u>
Total governmental activities	<u>1,097,662</u>	<u>119,542</u>	<u>-0-</u>	<u>(237,982)</u>
Business-type activities:				
Enterprise fund	<u>1,604</u>	<u>42</u>	<u>-0-</u>	<u>(1,562)</u>
Total business-type activities	<u>1,604</u>	<u>42</u>	<u>-0-</u>	<u>(1,562)</u>
Total primary government	<u>\$1,099,266</u>	<u>\$119,584</u>	<u>\$-0-</u>	<u>\$740,138</u>
		<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Change in net assets				
Net (expense)/revenue		\$ (237,982)	\$ (1,562)	\$ (239,544)
General revenues				
Real estate and personal property taxes levied for:				
General purposes		281,567	-0-	281,567
Debt service		204,567	-0-	204,567
Miscellaneous		477	-0-	477
Loss on asset disposal		(863)	-0-	(863)
Interest		14,264	2,190	16,454
Insurance recoveries		17,097	-0-	17,097
Other revenues		<u>14,456</u>	<u>-0-</u>	<u>14,456</u>
Total general revenues		<u>531,565</u>	<u>2,190</u>	<u>533,755</u>
Change in net assets		293,583	628	294,211
Net assets - beginning		<u>7,967,535</u>	<u>97,364</u>	<u>8,064,899</u>
Net assets - ending		<u>\$8,261,118</u>	<u>\$97,992</u>	<u>\$8,359,110</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, 2008

	<u>General Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
<u>ASSETS</u>				
Cash	\$100,410	\$300,348	\$ 12,987	\$413,745
Investment - certificate of deposit	-0-	125,000	-0-	125,000
Receivables:				
Accounts, net of allowance for uncollectibles \$2,995	7,016	-0-	-0-	7,016
Accrued interest	-0-	2,439	-0-	2,439
Due from other governments	-0-	85,687	-0-	85,687
Property and replacement taxes	132,360	-0-	204,108	336,468
Inventories	1,347	-0-	-0-	1,347
Prepaid expenses	<u>21,997</u>	<u>-0-</u>	<u>-0-</u>	<u>21,997</u>
Total Assets	<u>\$263,130</u>	<u>\$513,474</u>	<u>\$217,095</u>	<u>\$993,699</u>
<u>LIABILITIES AND FUND BALANCES</u>				
Liabilities:				
Accounts payable	\$ 6,969	\$ 14,624	\$ -0-	\$ 21,593
Accrued liabilities	32,610	-0-	-0-	32,610
Due to other funds	28,733	-0-	-0-	28,733
Deferred property tax revenue	96,355	-0-	204,108	300,463
Deferred hangar rental	<u>15,270</u>	<u>-0-</u>	<u>-0-</u>	<u>15,270</u>
Total liabilities	<u>179,937</u>	<u>14,624</u>	<u>204,108</u>	<u>398,669</u>
Fund balances:				
Reserved for:				
Capital projects	-0-	498,850	-0-	498,850
Debt service	-0-	-0-	12,987	12,987
Prepaid expenses	21,997	-0-	-0-	21,997
Unreserved, reported in general fund	<u>61,196</u>	<u>-0-</u>	<u>-0-</u>	<u>61,196</u>
Total fund balances	<u>83,193</u>	<u>498,850</u>	<u>12,987</u>	<u>595,030</u>
Total Liabilities and Fund Balances	<u>\$263,130</u>	<u>\$513,474</u>	<u>\$217,095</u>	<u>\$993,699</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, 2008

	General Fund	Capital Projects Fund	Debt Service Fund	Total
Total governmental fund balances	\$ 83,193	\$ 498,850	\$ 12,987	\$ 595,030
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.	7,650,414	-0-	-0-	7,650,414
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-	(4,943)	(4,943)
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 \$380,000 of general obligation bonds, which includes \$380,000 in unspent proceeds.	-0-	(380,000)	-0-	(380,000)
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>128,473</u>	<u>-0-</u>	<u>272,144</u>	<u>400,617</u>
Net assets of governmental activities	<u>\$7,862,080</u>	<u>\$ 118,850</u>	<u>\$280,188</u>	<u>\$8,261,118</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, 2008

	General Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
Revenues:				
Real estate and personal property taxes levied for				
General purposes	\$ 276,174	\$ -0-	\$ -0-	\$ 276,174
Debt service	-0-	-0-	204,790	204,790
Capital grants and contributions	-0-	25,284	-0-	25,284
Charges for services	119,543	-0-	-0-	119,543
Interest	15	13,353	895	14,263
Miscellaneous	477	-0-	-0-	477
Farm revenue	14,456	-0-	-0-	14,456
Total revenues	<u>410,665</u>	<u>38,637</u>	<u>205,685</u>	<u>654,987</u>
Expenditures:				
Current				
General and administrative government services	363,418	17,559	1,046	382,023
Capital outlays	-0-	176,198	-0-	176,198
Debt service				
Principal retirement	-0-	-0-	190,000	190,000
Interest and other fiscal charges	-0-	-0-	17,212	17,212
Total expenditures	<u>363,418</u>	<u>193,757</u>	<u>208,258</u>	<u>765,433</u>
Excess (deficiency) of revenue over (under) expenditures	<u>47,247</u>	<u>(155,120)</u>	<u>(2,573)</u>	<u>(110,446)</u>
Other financing sources:				
Proceeds from sale of property and equipment	-0-	3,000	-0-	3,000
Transfer in	627,744	-0-	-0-	627,744
Transfer out	-0-	(627,744)	-0-	(627,744)
Insurance proceeds received in excess of repairs	-0-	17,097	-0-	17,097
Total other financing sources	<u>627,744</u>	<u>(607,647)</u>	<u>-0-</u>	<u>20,097</u>
Net change in fund balance	674,991	(762,767)	(2,573)	(90,349)
Fund balance, beginning	<u>(591,798)</u>	<u>1,261,617</u>	<u>15,560</u>	<u>685,379</u>
Fund balance, ending	<u>\$ 83,193</u>	<u>\$ 498,850</u>	<u>\$ 12,987</u>	<u>\$ 595,030</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, 2008

	<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	\$ 674,991	\$(762,767)	\$ (2,573)	\$ (90,349)
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 \$700,406 exceeds capital purchases \$176,198 during the current period.	(700,406)	176,198	-0-	(524,208)
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-	1,979	1,979
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-	190,000	190,000
The statement of activities reports an increase (decrease) in revenues due to current activity in deferred revenues which is not reported at the fund level.	5,393	-0-	(223)	5,170
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.	714,854	-0-	-0-	714,854
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 disposal or sale of capital assets is removed from capital assets and offset against the sales proceeds, if any, in the statement of activities.	(863)	(3,000)	-0-	(3,863)
Change in net assets of governmental activities	<u>\$ 693,969</u>	<u>\$(589,569)</u>	<u>\$189,183</u>	<u>\$ 293,583</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, 2008

	<u>Enterprise Fund</u> <u>F.B.O.</u>
Assets	
Current assets	
Cash	\$ 57,660
Accounts receivable	11,599
Due from other funds	<u>28,733</u>
Total current assets	<u>97,992</u>
Capital assets	
Equipment	139,641
Accumulated depreciation	<u>(139,641)</u>
Net capital assets	<u>-0-</u>
Total assets	<u>97,992</u>
Liabilities	
Current liabilities	
Accounts payable	-0-
Accrued liabilities	-0-
Due to other funds	<u>-0-</u>
Total current liabilities	<u>-0-</u>
Total liabilities	<u>-0-</u>
Net assets	
Unrestricted	<u>97,992</u>
Total net assets	<u>\$ 97,992</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, 2008

	<u>Enterprise Fund</u> <u>F.B.O.</u>
Operating revenues	
Equipment lease	\$ 42
Total operating revenues	<u>42</u>
Operating expenses	
Miscellaneous	126
Repairs, maintenance, and supplies	<u>1,478</u>
Total operating expenses	<u>1,604</u>
Operating income (loss)	<u>(1,562)</u>
Nonoperating revenues	
Interest income	<u>2,190</u>
Total nonoperating revenues	<u>2,190</u>
Gain before transfers and capital contributions	<u>628</u>
Change in net assets	628
Total net assets - beginning	<u>97,364</u>
Total net assets - ending	<u>\$97,992</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, 2008

	<u>Enterprise Fund</u> <u>F.B.O.</u>
Cash flows from operating activities	
Cash received from customers	\$ 14,042
Cash payments to suppliers for goods and services	<u>(1,604)</u>
Net cash provided by operating activities	<u>12,438</u>
Cash flows from noncapital financing activities	
Decrease in due to other funds	<u>(49,279)</u>
Net cash used for noncapital financing activities	<u>(49,279)</u>
Cash flows from investing activities	
Interest received	<u>2,190</u>
Net cash provided by investing activities	<u>2,190</u>
Net decrease in cash	(34,651)
Cash - beginning	<u>92,311</u>
Cash - ending	<u>\$ 57,660</u>
Reconciliation of operating income to net cash used for operating activities	
Operating loss	\$ (1,562)
Adjustments to reconcile operating loss to net cash used for operating activities	
Changes in assets and liabilities:	
Decrease in accounts receivable	<u>14,000</u>
Total adjustments	<u>14,000</u>
Net cash provided by operating activities	<u>\$ 12,438</u>

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

MOUNT VERNON AIRPORT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
April 30, 2008

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. 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.

C. 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.

D. 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>\$596,406</u>	<u>\$643,258</u>	<u>\$309,004*</u>	<u>\$334,254</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, 2008, consists of the following:

	<u>Expended Through April 30, 2008</u>			Due From
	<u>Federal Participation</u>	<u>State Participation</u>	<u>Authority's Share</u>	(To) State of Illinois
Project No. MVN-3609 Land Acquisition End of Runway 23	<u>\$178,476</u>	<u>\$ 4,697</u>	<u>\$ 4,697</u>	<u>\$45,881</u>
Project No. MVN-3634 ARFF Station Upgrade and Obstruction Removal	<u>\$144,949</u>	<u>\$ -0-</u>	<u>\$ 7,629</u>	<u>\$39,634</u>
Project No. MVN-3693 PFC (0.1) Overlay of Taxiways	<u>\$568,330</u>	<u>\$14,956</u>	<u>\$14,956</u>	<u>\$ 172</u>
Total				<u>\$85,687</u>

Note 4. INTERFUND BALANCES

Interfund balances at April 30, 2008, consist of the following:

	<u>Due From</u>	<u>Due To</u>
General Operating Fund	\$ -0-	\$28,733
Enterprise Fund	<u>28,733</u>	<u>-0-</u>
	<u>\$28,733</u>	<u>\$28,733</u>

This balance was an interfund transfer from the Enterprise Fund to the General Operating Fund and was repaid in June 2008, the following fiscal year.

Note 5. CAPITAL ASSETS

Capital assets activity for the year ended April 30, 2008, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Governmental activities				
Capital assets, not being depreciated:				
Land	\$ 1,183,319	\$ 37,338	\$ -0-	\$ 1,220,657
Total capital assets, not being depreciated	<u>\$ 1,183,319</u>	<u>\$ 37,338</u>	<u>\$ -0-</u>	<u>\$ 1,220,657</u>
Capital assets, being depreciated:				
Buildings	\$ 5,928,035	\$ 16,140	\$ (6,609)	\$ 5,937,566
Land improvements	20,645,574	825,058	-0-	21,470,632
Office and field equipment	<u>1,573,525</u>	<u>12,500</u>	<u>(127,156)</u>	<u>1,458,869</u>
Total capital assets being depreciated	<u>28,147,134</u>	<u>853,698</u>	<u>(133,765)</u>	<u>28,867,067</u>
Less accumulated depreciation				
Buildings	(3,872,661)	(181,615)	2,523	(4,051,753)
Land improvements	(16,766,538)	(459,647)	240	(17,225,945)
Office and field equipment	<u>(1,227,623)</u>	<u>(59,144)</u>	<u>127,155</u>	<u>(1,159,612)</u>
Total accumulated depreciation	<u>(21,866,822)</u>	<u>(700,406)</u>	<u>129,918</u>	<u>(22,437,310)</u>
Total capital assets, being depreciated, net	<u>6,280,312</u>	<u>153,292</u>	<u>(3,847)</u>	<u>6,429,757</u>
Governmental activities capital assets, net	<u>\$ 7,463,631</u>	<u>\$ 190,630</u>	<u>\$ (3,847)</u>	<u>\$ 7,650,414</u>
Business-type activities				
Capital assets, being depreciated				
Shop and office equipment	\$ 208,428	\$ -0-	\$ (68,787)	\$ 139,641
Total capital assets, being depreciated	<u>208,428</u>	<u>-0-</u>	<u>(68,787)</u>	<u>139,641</u>
Less accumulated depreciation				
Shop and office equipment	<u>(208,428)</u>	<u>-0-</u>	<u>68,787</u>	<u>(139,641)</u>
Total accumulated depreciation	<u>(208,428)</u>	<u>-0-</u>	<u>68,787</u>	<u>(139,641)</u>
Total capital assets, being depreciated, net	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
Business-type activities capital assets, net	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</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 \$700,406 and \$-0-, respectively.

Note 6. GENERAL OBLIGATION BONDS

Bonded indebtedness at April 30, 2008, consists of the following:

<u>Maturity Date</u>	<u>Issue Date</u>	<u>Interest Rate</u>	<u>Amount</u>
December 1, 2008	February 1, 2004	3.00%	\$195,000
December 1, 2009	February 1, 2004	3.25%	185,000
			<u>\$380,000</u>

General Obligation Bond transactions for the year ended April 30, 2008, were as follows:

	<u>Outstanding</u> <u>4/30/07</u>	<u>Additions</u>	<u>Reductions</u>	<u>Outstanding</u> <u>4/30/08</u>
General Obligation Bonds	<u>\$570,000</u>	<u>\$-0-</u>	<u>\$190,000</u>	<u>\$380,000</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 Interest</u>
2009	\$206,862	\$195,000	\$11,862
2010	191,013	185,000	6,013
	<u>\$397,875</u>	<u>\$380,000</u>	<u>\$17,875</u>

The Authority is not obligated for any special assessment debt at April 30, 2008.

Note 7. RESERVED FUND BALANCE

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

	<u>Reserved Fund Balance</u> <u>4/30/07</u>	<u>Additions</u>	<u>Reductions</u>	<u>Reserved Fund Balance</u> <u>4/30/08</u>
<u>General Fund</u> Prepaid insurance and expenses	<u>\$22,498</u>	<u>\$46,010</u>	<u>\$46,511</u>	<u>\$21,997</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>2007 Tax Year</u>
Gross equalized assessed valuation	<u>\$220,139,995</u>
Statutory debt limitation (2.3% of equalized assessed valuation)	\$ 5,063,220
Total debt:	
General obligation bonds payable	<u>380,000</u>
Legal debt margin	<u>\$ 4,683,220</u>

Bonds outstanding of the Authority may not exceed three-fourths of one-percent of the equalized assessed valuation (\$1,651,050) 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, 2008

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 2007 was 7.04% 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, 2007 was 30 years.

For December 31, 2007, the Authority's annual pension cost of \$8,696 was equal to the Authority's required and actual contributions. The required contribution was determined as part of the December 31, 2005 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 10% 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 2007 actuarial valuation were based on the 2002-2004 experience study.

TREND INFORMATION

MOUNT VERNON AIRPORT AUTHORITY
 EMPLOYER NUMBER: 06313R

<u>Actuarial Valuation Date</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
12/31/07	\$ 8,696	100%	\$-0-
12/31/06	9,818	100%	-0-
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, 2008

SCHEDULE OF FUNDING PROGRESS

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Liability (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)
12/31/07	\$171,057	\$132,123	\$(38,934)	129.47%	\$123,526	0.00%
12/31/06	188,186	143,000	(45,186)	131.60%	126,681	0.00%
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, 2007, is \$180,470. On a market basis, the funded ratio would be 136.59%.

Digest of Changes

The actuarial assumptions used to determine the actuarial accrued liability for 2007 are based on the 2002-2004 experience study.

The principal changes were:

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

MOUNT VERNON AIRPORT AUTHORITY
REQUIRED SUPPLEMENTARY INFORMATION
RISKS MANAGEMENT (UNAUDITED)
For the Fiscal Year Ended April 30, 2008

The operations by the Authority, as described in Note 1, put the entity at risk for possible claims. Some of the areas that have this potential include, but are not limited to, employee life, health, property and liability, worker's compensation, disability, unemployment, and employee dishonesty.

Significant losses are covered by commercial insurance for all major areas for which the Authority retains risk of loss. For insured programs, there have been no significant reductions in insurance coverage. No settlements have been made in the current or prior three years that exceeded insurance coverage.

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, 2008

	<u>Original and Final Budget</u>	<u>Total Actual</u>	<u>Variance Positive (Negative)</u>
Revenues			
Real estate and personal property taxes levied for general purposes	\$ 443,075	\$ 276,174	\$(166,901)
Charges for services	128,676	119,543	(9,133)
Interest	100	15	(85)
Miscellaneous	500	477	(23)
Farm revenue	<u>14,500</u>	<u>14,456</u>	<u>(44)</u>
Total revenues	<u>586,851</u>	<u>410,665</u>	<u>(176,186)</u>
Expenditures			
Current			
General and administrative government services	<u>613,731</u>	<u>363,418</u>	<u>250,313</u>
Total expenditures	<u>613,731</u>	<u>363,418</u>	<u>250,313</u>
Excess (deficiency) of revenues over (under) expenditures	(26,880)	47,247	74,127
Other financing sources			
Transfer in	<u>-0-</u>	<u>627,744</u>	<u>627,744</u>
Total other financing sources	<u>-0-</u>	<u>627,744</u>	<u>627,744</u>
Net change in fund balance	(26,880)	674,991	701,871
Fund balance - beginning	<u>(591,798)</u>	<u>(591,798)</u>	<u>-0-</u>
Fund balance - ending	<u>\$(618,678)</u>	<u>\$ 83,193</u>	<u>\$ 701,871</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, 2008

	Source		Total
	Federal and State Grants	General Obligation Bonds	
Revenues			
Federal and State grants	\$25,284	\$ -0-	\$ 25,284
Interest earnings	-0-	13,353	13,353
Insurance proceeds in excess of repair expense	-0-	17,097	17,097
Proceeds from sales of property and equipment	-0-	3,000	3,000
Total revenues	<u>25,284</u>	<u>33,450</u>	<u>58,734</u>
Expenditures			
Capital expenditures			
Equipment purchases	-0-	50,318	50,318
Declared distance study 5/23 (Project No. MVN-3746)	-0-	2,650	2,650
Construct PFC Runway 15/33 (Project No. MVN-3539)	-0-	(181)	(181)
Land Acquisition, End of Runway 23 (Project No. MVN-3609)	25,284	12,054	37,338
ARFF Station Upgrade and Obstruction Removal (Project No. MVN-3634)	-0-	8,945	8,945
Wildlife Study (Project No. MVN-3774)	-0-	12,000	12,000
PFC Overlay of Taxiways (Project No. MVN-3693)	-0-	15,128	15,128
Airport Layout Plan (Project No. MVN-3669)	-0-	50,000	50,000
General expenditures			
General and administrative government services	-0-	17,559	17,559
Total expenditures	<u>25,284</u>	<u>168,473</u>	<u>193,757</u>
Deficit revenues under expenditures	-0-	(135,023)	(135,023)
Other financing uses			
Transfer out	-0-	(627,744)	(627,744)
Total other financing uses	<u>-0-</u>	<u>(627,744)</u>	<u>(627,744)</u>
Deficiency of revenues under expenditures and other financing uses	-0-	(762,767)	(762,767)
Fund balance - beginning of year	<u>-0-</u>	<u>1,261,617</u>	<u>1,261,617</u>
Fund balance - end of year	<u>\$ -0-</u>	<u>\$ 498,850</u>	<u>\$ 498,850</u>

MOUNT VERNON AIRPORT AUTHORITY
PROPERTY TAX ASSESSED VALUATIONS, RATES, EXTENSIONS,
AND ANALYSIS OF SETTLEMENT
For Tax Years 2007, 2006, and 2005

	<u>2007</u>	<u>2006</u>	<u>2005</u>
Assessed valuations:	<u>\$183,881,035</u>	<u>\$175,494,278</u>	<u>\$164,534,539</u>
Tax rates:			
General Fund	.0524%	.0526%	.0535%
Bond and Interest Fund	<u>.1110%</u>	<u>.1164%</u>	<u>.1239%</u>
	<u>.1634%</u>	<u>.1690%</u>	<u>.1774%</u>
Tax extensions:			
General Fund	\$ 96,355	\$ 92,310	\$ 88,026
Bond and Interest Fund	<u>204,108</u>	<u>204,275</u>	<u>203,858</u>
	<u>\$300,463</u>	<u>\$296,585</u>	<u>\$291,884</u>
Tax collections:			
General Fund	N/A	\$ 92,543	\$ 88,557
Bond and Interest Fund	N/A	<u>204,791</u>	<u>205,089</u>
		<u>\$297,334</u>	<u>\$293,646</u>
Percentage of extensions collected	N/A	<u>100.3%</u>	<u>100.6%</u>