

**MOUNT VERNON AIRPORT AUTHORITY  
ANNUAL FINANCIAL STATEMENTS  
APRIL 30, 2012**



**RICHARD DAVID KIEFFER  
CERTIFIED PUBLIC ACCOUNTANT**

## TABLE OF CONTENTS

	<u>Page</u>
<u>INTRODUCTORY SECTION</u>	
Table of Contents	
Board of Commissioners	
<u>FINANCIAL SECTION</u>	
Independent Auditors' Report	1-2
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	3-4
Management's Discussion and Analysis	5-9
Statement of Net Assets	10
Statement of Activities	11
Balance Sheet - Governmental Funds	12
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Assets	13
Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	14
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	15
Statement of Net Assets - Proprietary Funds	16
Statement of Revenues, Expenses, and Changes in Net Assets - Proprietary Funds	17
Statement of Cash Flows - Proprietary Funds	18
Notes to Financial Statements	19-28
<u>REQUIRED SUPPLEMENTARY INFORMATION</u>	
Retirement Plan - Trend Information and Schedule of Funding Progress	29-30
Risks Management (Unaudited)	31
Governmental Funds	
General Fund	
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual	32
<u>SUPPLEMENTARY INFORMATION</u>	
Statement of Revenues, Expenditures, and Changes in Fund Balance by Source - Capital Projects Fund	33
Property Tax Assessed Valuations, Rates, Extensions, and Analysis of Settlement	34

MOUNT VERNON AIRPORT AUTHORITY  
Mount Vernon, Illinois

BOARD OF COMMISSIONERS

For the Fiscal Year Ended April 30, 2012

Board Commissioners

Greg Martin, Chairman  
Michael Ancona, Vice Chairman  
Gary Chesney, Treasurer  
Joe Bob Pierce, Commissioner  
Galen Monk, Commissioner

FINANCIAL SECTION

# Richard David Kieffer

Certified Public Accountant  
503 S. Kitchell  
Olney, IL 62450  
618-392-3504

---

## INDEPENDENT AUDITORS' REPORT

Board of Commissioners  
Mount Vernon Airport Authority  
Mount Vernon, Illinois 62864

I 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, 2012, 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. My responsibility is to express opinions on these financial statements based on my audit.

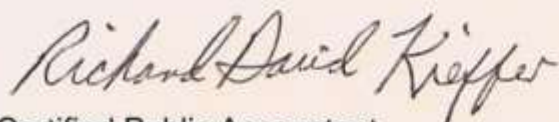
I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that I plan and 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. I believe that my audit provides a reasonable basis for my opinions.

In my 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, 2012, 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*, I have also issued my report dated January 29, 2013 on my consideration of the Authority's internal control over financial reporting and on my 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 my 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 my 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. I 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, I did not audit the information and express no opinion on it.

My audit was conducted for the purpose of forming an opinion 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 my 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 29 through 31 has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, I express no opinion on it.

A handwritten signature in cursive script that reads "Richard David Kieffer".

Certified Public Accountant

January 29, 2013  
Olney, Illinois

# Richard David Kieffer

Certified Public Accountant

503 S. Kitchell

Olney, IL 62450

618-392-3504

---

## 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*

Board of Commissioners  
Mount Vernon Airport Authority  
Mount Vernon, Illinois

I 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, 2012, which collectively comprise the Mount Vernon Airport Authority's basic financial statements and have issued my report thereon dated January 29, 2013. I conducted my 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 my audit, I considered the Mount Vernon Airport Authority's internal control over financial reporting as a basis for designing my auditing procedures for the purpose of expressing my opinion 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, I do not express an opinion on the effectiveness of the Mount Vernon Airport Authority's internal control over financial reporting.

My 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, I identified certain deficiencies in internal control over financial reporting that I 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, 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. I 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.

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.

My 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, I consider the inadequate segregation of duties and lack of 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, I 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 my audit, and accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

I noted certain additional matters that I reported to management and the Board of Commissioners of the Mount Vernon Airport Authority, in a separate letter dated January 29, 2013. 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.

Certified Public Accountant

January 29, 2013  
Olney, Illinois



MANAGEMENT'S DISCUSSION AND ANALYSIS

MOUNT VERNON AIRPORT AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
April 30, 2012

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, 2012.

### Financial Highlights

The Authority's total assets exceeded its liabilities by \$8,655,142 (*net assets*) for the fiscal year reported as compared to \$8,014,153 reported in the prior fiscal year.

The Authority's total net assets increased by \$640,989 or 8.00% over the course of the year's operations as compared to a decrease of \$358,218 in the prior fiscal year.

### Non Financial Highlights

FY 2011/2012 was a great year for "Team MVN". Fuel sales increased significantly, total aircraft operations continued to trend upward, an 11,800 square foot hangar and ramp extension project was completed, total based aircraft (especially multi-engine) increased, and Wilkey's Airport Café returned to the Koziara Terminal. Southern Illinois' only FAA Certified Repair Station, SRT Aviation, conducted many aircraft avionics tests in addition to their exceptional airframe and power plant maintenance work. Evans Aviation sold five new Expeditions, several new and used Jabirus, and many existing General Aviation types up to twin engine jets. The Southern Illinois Light Sport Training Academy (SILLSA), one of the few offerings in the Midwest, produced several new Light Sport Pilots - one coming from as far away as California. SILLSA opened a Jabiru Engine Facility and rebuilt several Jabiru Engines. And FAA Designated Pilot Examiner Leland Widick continued to draw candidates seeking Sport Pilot to CFI ratings from Southern Illinois University, Vincennes University, the University of Illinois, Airgo Incorporated, and Part #61 institutions from across the tri-state region.

Mt. Vernon Outland Airport continued to be the place for aviation related events. The fly-in/drive-in/ride-in/walk-in breakfasts hosted on the first Saturday of each month by SRT Aviation/ Wilkey's Cafe, the Plane & Pilot Midwest LSA Expo, the Annual KR Gathering, the Ercoupe Owners Club of America National Convention, the Popular Rotorcraft Association Chapter #32 Annual Fly-In, and the Annual Little Egypt Fly-In and Veterans Reunion produced thousands of visitors to the airport as well as the community.

Mt. Vernon Outland Airport was once again a pillar of the community over the previous twelve months. From large community events such as the Annual Salute to Freedom and Continental Tire of the Americas Annual Picnic, to medium size events like the River City Racing Club RC Boat Races and Cross Country Meets (at the lake), and smaller offerings such as Chamber of Commerce Monthly Luncheons and YMCA activities, the airport was again held in high regard due to its offerings to the general public. The one of a kind Jefferson County Hall of Honor, Colonel R.D. White Veterans Museum (both located inside the Koziara Terminal), and newly constructed Jefferson County Heroes Memorial, provide a strong show of support for the United States Military and local Veterans.

## 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. I 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 19 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.

See the following page for the Summary of Net Assets and Summary of Changes in Net Assets.

## Summary of Net Assets

The following summarizes the net assets of the Mount Vernon Airport Authority at April 30, 2012 and April 30, 2011:

	Net Assets Summary					
	Governmental Activities		Business-Type Activities		Total	Total
	2012	2011	2012	2011	2012	2011
Current and other assets	909,956	1,011,193	205,476	183,879	1,115,432	1,195,072
Capital assets	8,571,922	8,063,871	4,986	-	8,576,908	8,063,871
<b>Total assets</b>	<b>9,481,878</b>	<b>9,075,064</b>	<b>210,462</b>	<b>183,879</b>	<b>9,692,340</b>	<b>9,258,943</b>
Current liabilities	254,424	262,365	22,774	42,425	277,198	304,790
Long-term liabilities	760,000	940,000	-	-	760,000	940,000
<b>Total liabilities</b>	<b>1,014,424</b>	<b>1,202,365</b>	<b>22,774</b>	<b>42,425</b>	<b>1,037,198</b>	<b>1,244,790</b>
<b>Net assets</b>						
Invested in capital assets	8,571,922	8,063,871	-	-	8,571,922	8,063,871
Restricted for:						
Capital projects	(585,209)	(681,904)	-	-	(585,209)	(681,904)
Debt service	269,899	269,997	-	-	269,899	269,997
Prepaid expense	22,071	24,819	-	-	22,071	24,819
Unrestricted	188,771	195,916	187,688	141,454	376,459	337,370
<b>Total net assets</b>	<b>8,467,454</b>	<b>7,872,699</b>	<b>187,688</b>	<b>141,454</b>	<b>8,655,142</b>	<b>8,014,153</b>

## Summary of Changes in Net assets

The following summarizes the changes in net assets of the Mount Vernon Airport Authority at April 30, 2012 and April 30, 2011:

	Summary of changes in Net Assets					
	Governmental Activities		Business-Type Activities		Total	Total
	2012	2011	2012	2011	2012	2011
<b>Revenues</b>						
Program revenues						
Charges for services	137,592	119,309	596,997	308,629	734,589	427,938
Capital grants	1,167,715	327,043			1,167,715	327,043
General revenues						
Real estate and personal property taxes levied for:						
General purposes	254,078	272,662			254,078	272,662
Debt service	203,850	201,442			203,850	201,442
Gain (loss) on asset disposal	28,500				28,500	-
Miscellaneous	29,757	2,577			29,757	2,577
Interest	3,057	9,179	139	234	3,196	9,413
Insurance recoveries					-	-
Other revenues	25,920	20,360			25,920	20,360
<b>Total revenues</b>	<b>1,850,469</b>	<b>952,572</b>	<b>597,136</b>	<b>308,863</b>	<b>2,447,605</b>	<b>1,261,435</b>
<b>Expenses</b>						
General and administrative services	1,222,248	1,198,020	550,902	281,534	1,773,150	1,479,554
Interest and other fiscal charges	33,466	40,931			33,466	40,931
<b>Total expenses</b>	<b>1,255,714</b>	<b>1,238,951</b>	<b>550,902</b>	<b>281,534</b>	<b>1,806,616</b>	<b>1,520,485</b>
Changes in net assets	594,755	(286,379)	46,234	27,329	640,989	(259,050)
Net assets - beginning	7,872,699	8,159,078	141,454	114,125	8,014,153	8,273,203
<b>Net assets - ending</b>	<b>8,467,454</b>	<b>7,872,699</b>	<b>187,688</b>	<b>141,454</b>	<b>8,655,142</b>	<b>8,014,153</b>

## Capital Assets and Debt Administration

**Capital Assets.** The Authority's investment in capital assets as of April 30, 2012 amounted to \$8,576,908 (net of accumulated depreciation). This investment in capital assets includes property, plant, and equipment. Capital assets for the governmental funds increased by \$508,501 net of depreciation and for the business-type activities, capital assets increased by \$4,986. For governmental activities, total depreciation expense for this year amounts to \$670,919 with ending accumulated depreciation being \$25,080,947. For business-type activities, total depreciation expense for this year amounts to \$554 with ending accumulated depreciation being \$140,195.

### Net Capital Assets Summary

	Governmental Activities		Business-Type Activities		Total	
	2012	2011	2012	2011	2012	2011
Land	\$ 1,298,645	\$ 1,298,645	-0-	-0-	1,298,645	\$ 1,298,645
Land improvements	23,704,065	22,627,884	-0-	-0-	23,704,065	22,627,884
Buildings and improvements	7,263,305	7,160,516	-0-	-0-	7,263,305	7,160,516
Machinery and equipment	1,386,854	1,461,233	145,181	139,641	1,532,035	1,600,874
Less accumulated depreciation	(25,080,947)	(24,484,407)	(140,195)	(139,641)	(25,221,142)	(24,624,048)
Total capital assets, net	\$ 8,571,922	\$ 8,063,871	\$ 4,986	\$ -0-	\$ 8,576,908	\$ 8,063,871

**Debt Administration.** Long-term debt. The Authority's general obligation bond indebtedness at April 30, 2012, totaled \$940,000, of which \$180,000 is due in less than one year. The general obligation bond indebtedness at April 30, 2011, was \$1,110,000.

### Economic Factors and Next Year's Budget and Rates

The management of the Authority considered many factors in setting the fiscal year 2011/2012 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  
GOVERNMENTAL FUNDS  
April 30, 2012

<u>ASSETS</u>	Governmental Activities	Business-Type Activities	Total
Cash	\$ 452,909	\$ 132,074	\$ 584,983
Receivables:			
Accounts (net of \$2,995 allowance)	11,353	23,666	35,019
Property and replacement tax	165,963	-	165,963
Property taxes restricted for debt service	271,486	-	271,486
Internal balances	(15,173)	15,173	-
Inventories	1,347	21,003	22,350
Prepaid expense	22,071	-	22,071
Total current assets	<u>\$ 909,956</u>	<u>\$ 191,916</u>	<u>\$ 1,101,872</u>
Capital assets:			-
Land	1,298,645	-	1,298,645
Land improvements	23,704,065	-	23,704,065
Buildings and improvements	7,263,305	-	7,263,305
Machinery and equipment	1,386,854	145,181	1,532,035
Less- accumulated depreciation	(25,080,947)	(140,195)	(25,221,142)
Total capital assets	<u>8,571,922</u>	<u>4,986</u>	<u>8,576,908</u>
Total assets	<u>\$ 9,481,878</u>	<u>\$ 196,902</u>	<u>\$ 9,678,780</u>
<u>LIABILITIES AND FUND EQUITY</u>			
Liabilities:			
Accounts payable	22,893	6	22,899
Accrued liabilities	35,226	9,208	44,434
Accrued interest payable	11,575	-	11,575
Deferred hanger rental	4,730	-	4,730
General obligation bonds (one year maturity \$170,000, due in more than one year \$1,110,000)	940,000	-	940,000
Total Liabilities:	<u>\$ 1,014,424</u>	<u>\$ 9,214</u>	<u>\$ 1,023,638</u>
Net assets			
Invested in capital assets			-
Restricted for:			
Capital projects			-
Debt service			-
Prepaid expense	22,071	-	22,071
Unrestricted	8,445,383	187,688	8,633,071
Total net assets	<u>8,467,454</u>	<u>187,688</u>	<u>8,655,142</u>
Total Liabilities and net assets	<u>\$ 9,481,878</u>	<u>\$ 196,902</u>	<u>\$ 9,678,780</u>

Notes to the financial statements are an integral part of this statement

MOUNT VERNON AIRPORT AUTHORITY  
 STATEMENT OF ACTIVITIES  
 For the Year Ended April 30, 2012

Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Net (Expenses) Revenue and Changes in Net Assets		
					Governmental Activities	Business-Type Activities	Total
Primary government:							
Governmental activities:							
General government	\$ 1,222,248	\$ 137,592	\$ -	\$ 1,167,715	\$ 83,059	\$ -	\$ 83,059
Interest and other fiscal charges	33,466	-	-	-	(33,466)	-	(33,466)
Total government activities	1,255,714	137,592	-	1,167,715	49,593	-	49,593
Business-type activities:							
Enterprise fund	550,902	596,997	-	-	-	46,095	46,095
Total business-type activities	550,902	596,997	-	-	-	46,095	46,095
Total primary government	1,806,616	734,589	-	1,167,715	49,593	46,095	95,688
General revenues:							
Real estate and personal property taxes levied for:							
General purposes					254,078		254,078
Debt service					203,850		203,850
Miscellaneous					29,757		29,757
Other					25,920		25,920
Sale of assets					28,500		28,500
Interest income					3,057	139	3,196
Total General Revenues					545,162	139	545,301
Change in net assets							
Net assets - beginning					594,755	46,234	640,989
Net assets - ending					7,872,699	141,454	8,014,153
Net assets - ending					\$ 8,467,454	\$ 187,688	\$ 8,655,142



MOUNT VERNON AIRPORT AUTHORITY  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
April 30, 2012

<u>ASSETS</u>	General	Capital Projects	Debt Service	Total Governmental Funds
Cash	\$ 121,638	\$ 260,283	\$ 70,988	\$ 452,909
Investment - certificate of deposit		-		-
Receivables:				
Accounts (net of \$2,995 allowance)	11,353			11,353
Property and replacement tax	129,865		203,614	333,479
Other fund	13,560	107,030		120,590
Inventories	1,347			1,347
Prepaid expense	22,071	-	-	22,071
<b>Total assets</b>	<b>\$ 299,834</b>	<b>\$ 367,313</b>	<b>\$ 274,602</b>	<b>\$ 941,749</b>
 <u>LIABILITIES AND FUND EQUITY</u>				
Liabilities:				
Accounts payable	10,371	12,522		22,893
Accrued liabilities	35,226			35,226
Due to other funds	74,763		61,000	135,763
Deferred property tax revenue	108,292		203,614	311,906
Deferred hanger rental	4,730	-	-	4,730
<b>Total Liabilities:</b>	<b>\$ 233,382</b>	<b>\$ 12,522</b>	<b>\$ 264,614</b>	<b>\$ 510,518</b>
Fund Balance:				
Reserved for:				
Capital projects				-
Debt service				-
Prepaid expense	22,071			22,071
Unreserved	44,381	354,791	9,988	409,160
<b>Total Fund Balances</b>	<b>66,452</b>	<b>354,791</b>	<b>9,988</b>	<b>431,231</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 299,834</b>	<b>\$ 367,313</b>	<b>\$ 274,602</b>	<b>\$ 941,749</b>

MOUNT VERNON AIRPORT AUTHORITY  
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET  
TO THE STATEMENT OF NET ASSETS  
April 30, 2012

	Total Governmental Funds
Total governmental fund balance	\$ 431,231
Amounts reported for governmental activities are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds	8,571,922
Interest payable on long-term debt does not require current financial resources and, therefore, is not reported as a liability in the governmental funds	(11,575)
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the governmental funds	(940,000)
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>415,875</u>
Net assets of governmental activities	<u>\$ 8,467,454</u>

**MOUNT VERNON AIRPORT AUTHORITY**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**For the Year Ended April 30, 2012**

	General	Capital Projects	Debt Service	Total Governmental Funds
<b>Revenues:</b>				
Real estate and personal property taxes:				
General purposes	\$ 252,460	\$ -	\$ -	\$ 252,460
Debt service	-	-	202,554	202,554
Capital grants and contributions	25,048	144,943	-	169,991
Charges for services	137,592	-	-	137,592
Interest income	1,844	1,154	59	3,057
Farm revenues	25,920	-	-	25,920
Miscellaneous	26,758	3,000	-	29,758
<b>Total Revenue Received</b>	<b>\$ 469,622</b>	<b>\$ 149,097</b>	<b>\$ 202,613</b>	<b>\$ 821,332</b>
<b>Expenditures:</b>				
Current operations:				
General and administrative	\$ 481,134	\$ 69,656	\$ 539	\$ 551,329
Capital outlays	-	181,246	-	181,246
Debt Service:				
Principal retirement	-	-	170,000	170,000
Interest and other fiscal charges	-	-	37,470	37,470
<b>Total Expenditures</b>	<b>\$ 481,134</b>	<b>\$ 250,902</b>	<b>\$ 208,009</b>	<b>\$ 940,045</b>
Excess (deficiency) of revenue over (under) expenditures	\$ (11,512)	\$ (101,805)	\$ (5,396)	\$ (118,713)
Other financing sources				0
Proceeds from sale of bonds		28,500		28,500
Proceeds from sale of equipment	0	28,500	0	28,500
<b>Total other financing sources</b>				<b>28,500</b>
<b>Net Change in Fund Balances</b>	<b>\$ (11,512)</b>	<b>\$ (73,305)</b>	<b>\$ (5,396)</b>	<b>\$ (90,213)</b>
<b>Fund Balance - Beginning</b>	<b>77,964</b>	<b>428,096</b>	<b>15,384</b>	<b>521,444</b>
<b>Fund Balance - End of Year</b>	<b>\$ 66,452</b>	<b>\$ 354,791</b>	<b>\$ 9,988</b>	<b>\$ 431,231</b>

The notes to the financial statements are an integral part of this statement.

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 Year Ended April 30, 2012

	Total Governmental Funds
Net changes in fund balances- total governmental funds	\$ (90,213)
Amounts reported for governmental 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 lives and reported as depreciation expense. This is the amount by which depreciation of \$670,919 exceeds capital purchases of \$133,891 during the current period.	-489,673
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 an expenditure in the governmental funds.	4,005
Repayment of debt is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.	170,000
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.	2,914
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.	997,724
Change in net assets of governmental activities	\$ 594,755

The notes to financial statements are an integral part of this statement.

MOUNT VERNON AIRPORT AUTHORITY  
STATEMENT OF NET ASSETS  
PROPRIETARY FUNDS  
April 30, 2012

	Enterprise Fund F.B.O.
<b>ASSETS</b>	
<u>Current assets</u>	
Cash	\$ 132,074
Accounts receivable	23,666
Inventory	21,003
Due from other funds	28,733
<u>Total current assets</u>	<u>\$ 205,476</u>
<u>Capital assets</u>	
Equipment	145,181
Accumulated depreciation	(140,195)
<u>Net capital assets</u>	<u>4,986</u>
<u>Total assets</u>	<u>\$ 210,462</u>
<b>LIABILITIES</b>	
<u>Current liabilities:</u>	
Accounts payable	\$ 6
Accrued liabilities	9,208
Due to other funds	13,560
<u>Total current liabilities</u>	<u>\$ 22,774</u>
Net assets - unrestricted	187,688
<u>Total net assets</u>	<u>\$ 210,462</u>

MOUNT VERNON AIRPORT AUTHORITY  
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS  
PROPRIETARY FUNDS  
For the Fiscal Year Ended April 30, 2012

	Enterprise Fund F.B.O.
<u>Operating revenues</u>	
Sales	\$ 593,967
Equipment lease	-
Miscellaneous	3,030
<u>Total operating revenues</u>	\$ 596,997
<u>Operating expenses</u>	
Fuel cost	425,020
FBO operator	74,864
Professional services	3,524
Maintenance & repairs	11,614
Supplies & miscellaneous	35,880
<u>Total Operating expenses</u>	\$ 550,902
<u>Operating income (loss)</u>	46,095
<u>Non operating revenue</u>	
Interest income	139
Change in net assets	46,234
Total net assets - beginning	141,454
<u>Total net assets - ending</u>	\$ 187,688

MOUNT VERNON AIRPORT AUTHORITY  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
For the Fiscal Year Ended April 30, 2012

	Enterprise Fund F.B.O.
<u>Cash Flows from operating activities</u>	
Cash received from customers	\$ 598,589
Cash payment to suppliers	(552,687)
<u>Net cash provided by operating activities</u>	<u>\$ 45,902</u>
<u>Cash flows from non capital financing activities</u>	
Increase in due to other funds	-
<u>Net cash flows from non capital financing activities</u>	<u>-</u>
<u>Cash flows from investing activities</u>	
Interest income	\$ 139
<u>Net cash provided by investing activities</u>	<u>139</u>
Net increase (decrease) in cash	46,041
Cash - beginning	86,033
Cash - ending	<u>\$ 132,074</u>
<u>Reconciliation of operating income to net cash used for operating activities.</u>	
Operating income	\$ 46,234
Increase in accounts receivable	1,871
Increase in inventory	36,132
Increase in net assets	(4,986)
Increase in accounts payable	(31,716)
Increase in accrued liabilities	(1,494)
<u>Net cash provided by operating activities</u>	<u>\$ 46,041</u>

MOUNT VERNON AIRPORT AUTHORITY  
NOTES TO FINANCIAL STATEMENTS  
April 30, 2012

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, 2012. 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 non-operating 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 non-operating 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 date 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 expensed 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.

#### Fund Balance Classifications:

The following fund balance classifications describe the relative strength of the spending constraints placed on the purposes for which resources can be used:

- Nonspendable fund balance – amounts that are not in a spendable form (such as inventory) or are required to be maintained intact;
- Restricted fund balance – amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation;
- Committed fund balance – amounts constrained to specific purposes by a government itself using its highest level of decision making authority; to be reported as committed, amounts cannot be used for any other purpose unless the government takes the same highest level action to remove or change the constraint;
- Assigned fund balance – amounts a government intends to use for a specific purpose; intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority;
- Unassigned fund balance – amounts that are available for any purpose; positive amounts are reported only in the general fund.

Airport Authority Commissioners establishes (and modifies or rescinds) fund balance commitments by passage of an ordinance or resolution. This is typically done through adoption and amendment of the budget. A fund balance commitment is further indicated in the budget document as a designation or commitment of the fund (such as for special projects). Assigned fund balance is established by Airport Commissioners until through adoption or amendment of the budget as intended for specific purpose (such as the purchase of fixed assets, construction, debt service, or for other purposes).

#### 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. DEPOSITS AND INVESTMENTS

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

	<u>Carrying Amounts</u>	<u>Deposit Balance</u>			<u>Unsecured</u>
		<u>Total</u>	<u>Insured</u>	<u>Securities Pledged</u>	
Total - All Funds	<u>\$ 541,976</u>	<u>\$ 561,452</u>	<u>\$352,913*</u>	<u>\$ 448,307</u>	<u>\$-0-</u>

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

Note 3. INTERFUND BALANCES

Inter-fund balances at April 30, 2012, consist of the following:

General Operating Fund due to Enterprise Fund	\$28,733
Enterprise Fund due to General Operating Fund	<u>\$13,560</u>
Net - Owed to Enterprise Fund	\$15,173
General fund owes Capital Projects Fund	\$46,030
Debt Fund owes Capital Projects Fund	\$ 61,000

Note 4. CAPITAL ASSETS

Capital assets activity for the year ended April 30, 2012 is summarized below.

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 \$670,919 and \$554, respectively.

Capital asset activity for the year ended April 30,2012 was as follows:

Capital Asset	Balance 05/01/11	Additions	Deletions	Balance 04/30/12
<i>Governmental Activities</i>				
Assets Not Being Depreciated:				
Land	1,298,645			1,298,645
Assets Being Depreciated:				
Land Improvements	22,627,884	1,076,181		23,704,065
Buildings	7,160,516	102,789		7,263,305
Office and field equipment	1,461,233	-	(74,379)	1,386,854
Total assets being depreciated	31,249,633	1,178,970	(74,379)	32,354,224
Less: Accumulated Depreciation	(24,484,407)	(670,919)	74,379	(25,080,947)
Assets being depreciated, net	6,765,226	508,051	-	7,273,277
Governmental activities				
assets, net	8,063,871	508,051	-	8,571,922
 <i>Business-type Activities</i>				
Assets Being Depreciated:				
Shop and Office equipment	139,641	5,540		145,181
Total assets being depreciated	139,641	5,540	-	145,181
Less: Accumulated Depreciation	(139,641)	(554)		(140,195)
Assets being depreciated, net	-	4,986	-	4,986

Note 5. GENERAL OBLIGATION BONDS

Bonded indebtedness at April 30, 2012, consists of the following:

<u>Maturity Date</u>	<u>Issue Date</u>	<u>Interest Rate</u>	<u>Amount</u>
December 1, 2012	February 1, 2009	2.60%	180,000
December 1, 2013	February 1, 2009	2.80%	185,000
December 1, 2014	February 1, 2009	3.00%	190,000
December 1, 2015	February 1, 2009	3.10%	195,000
December 1, 2016	February 1, 2009	3.25%	<u>190,000</u>
			<u>940,000</u>

General Obligation Bond transactions for the year ended April 30, 2012, were as follows:

	<u>Outstanding 4/30/11</u>	<u>Additions</u>	<u>Reductions</u>	<u>Outstanding 4/30/12</u>
G.O Bonds (2/09)	\$1,110,000	-0	\$ 170,000	\$ 940,000

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>Interest</u>
2013	\$207,780	\$180,000	\$27,780
2014	\$208,100	\$185,000	\$23,100
2015	\$207,920	\$190,000	\$17,920
2016	\$207,220	\$195,000	\$12,220
2017	<u>\$196,175</u>	<u>\$190,000</u>	<u>\$ 6,175</u>
	<u>\$1,027,195</u>	<u>\$940,000</u>	<u>\$87,195</u>

The Authority is not obligated for any special assessment debt at April 30, 2012.

Note 6. RESERVED FUND BALANCE

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

	<u>Reserved Fund Balance 4/30/11</u>	<u>Additions</u>	<u>Reductions</u>	<u>Reserved Fund Balance 4/30/12</u>
<u>General Fund</u>				
Prepaid insurance and expenses	<u>\$24,819</u>	<u>\$40,406</u>	<u>\$43,154</u>	<u>\$22,071</u>

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



Note 7. LEGAL DEBT MARGIN

The Authority's legal debt margin is as follows:

	<u>2011 Tax Year</u>
Gross equalized assessed valuation	<u>\$224,388,134</u>
Statutory debt limitation (2.3% of equalized assessed valuation)	\$ 5,160,927
Total debt:	
General obligation bonds payable	<u>940,000</u>
Legal debt margin	<u>\$ 4,220,927</u>

Bonds outstanding of the Authority may not exceed three-fourths of one-percent of the equalized assessed valuation (\$1,682,911) 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).

REQUIRED SUPPLEMENTARY INFORMATION

MOUNT VERNON AIRPORT AUTHORITY  
 REQUIRED SUPPLEMENTARY INFORMATION  
 RETIREMENT PLAN - TREND INFORMATION  
 AND SCHEDULE OF FUNDING PROGRESS  
 For the Fiscal Year Ended April 30, 2012

RETIREMENT PLAN - ILLINOIS MUNICIPAL RETIREMENT FUND

*Plan Description.* The Authority's defined benefit pension plan for Regular employees provides retirement and disability benefits, post retirement increases, and death benefits to plan members and beneficiaries. The employer plan is affiliated with the Illinois Municipal Retirement Fund (IMRF), an agent multiple-employer plan. Benefit provisions are established by statute and may only be changed by the General Assembly of the State of Illinois. IMRF issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained on-line at [www.imrf.org](http://www.imrf.org).

*Funding Policy.* As set by statute, Regular plan members are required to contribute 4.5 percent of their annual covered salary. The statute requires employers to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees. The employer annual required contribution rate for calendar year 2011 was 8.83 percent. The employer also contributes for disability benefits, death benefits and supplemental retirement benefits, all of which are pooled at the IMRF level. Contribution rates for disability and death benefits are set by the IMRF Board of Trustees, while the supplemental retirement benefits rate is set by statute.

*Annual Pension Cost.* The required contribution for calendar year 2011 was \$11,709.

THREE YEAR TREND INFORMATION

Calendar Year <u>Ending</u>	Annual Pension Cost (APC)	Percentage of APC <u>Contributed</u>	Net Pension <u>Obligation</u>
12/31/11	\$11,710	100%	\$-0-
12/31/10	12,010	100%	-0-
12/31/09	9,878	100%	-0-

The required contribution for 2011 was determined as part of the December 31, 2009 actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions at December 31, 2009, included (a) 7.5 percent investment rate of return (net of administrative and direct investment expenses), (b) projected salary increases of 4.00% per 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 Regular plan assets was determined using techniques that spread the effects of short-term volatility in market value of investments over a five-year period with a 20% corridor between the actuarial and market value of assets. The employer Regular plan's overfunded actuarial accrued liability at December 31, 2009 is being amortized as a level percentage of projected payroll on an open 30 year basis.

*Funded Status and Funding Progress.* As of December 31, 2011 the most recent actuarial valuation date, the Regular plan was 101.44 percent funded. The actuarial accrued liability for benefits was \$207,552 and the actuarial value of assets was \$210,539, resulting in an overfunded actuarial accrued liability (UAAL) of \$2,987. The covered payroll for calendar year 2011 (annual payroll of active employees covered by the plan) was \$132,611. Because the plan is overfunded, there is no ration of the UAAL to the covered payroll.

The schedule of funding progress, presented as RSI following the notes to financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

#### 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)
12/31/11	\$ 210,539	\$207,552	\$(2,987)	101.44%	\$132,611	0.00%
12/31/10	213,762	207,139	(6,623)	103.20%	141,127	0.00%
12/31/09	185,522	192,421	6,899	96.41%	151,975	4.54%
12/31/08	160,747	155,735	( 5,012)	103.22%	141,473	0.00%
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%

On a market value basis, the actuarial value of assets as of December 31, 2011, is \$202,611. On a market basis, the funded ratio would be 97.62%.

MOUNT VERNON AIRPORT AUTHORITY  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS - GENERAL FUND  
BUDGET AND ACTUAL  
For the Year Ended April 30, 2012

	Final Budget	Actual	Variance Positive (Negative)
Revenues:			
Real estate and personal property taxes:			
General purposes	\$ 248,718	\$ 252,460	\$ 3,742
Charges for services	131,500	137,592	6,092
Interest income	50	1,844	1,794
Farm revenues	24,600	25,920	1,320
Miscellaneous	632	51,806	51,174
Total Revenue Received	<u>\$ 405,500</u>	<u>\$ 469,622</u>	<u>\$ 64,122</u>
Expenditures:			
Current operations:			
General and administrative	404,000	481,134	77,134
Total Expenditures	<u>\$ 404,000</u>	<u>\$ 481,134</u>	<u>\$ 77,134</u>
Excess (deficiency) of revenue over (under) expenditures	<u>1,500</u>	<u>-11,512</u>	<u>-13,012</u>
Other financing sources			
Total other financing sources	<u>0</u>	<u>0</u>	<u>0</u>
Net Change in Fund Balances	1,500	-11,512	-13,012
Fund Balance - Beginning	<u>77,964</u>	<u>77,964</u>	<u>0</u>
Fund Balance - End of Year	<u>\$ 79,464</u>	<u>\$ 66,452</u>	<u>\$ (13,012)</u>

MOUNT VERNON AIRPORT AUTHORITY  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
For the Fiscal Year Ended April 30, 2012

BUDGETARY ACCOUNTING

The Airport prepares its budget for all major funds on the modified accrual basis of accounting. This basis is consistent with the basis of accounting used in presenting the major funds in the basic financial statements.

RISKS MANAGEMENT (UNAUDITED)

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.

SUPPLEMENTARY INFORMATION

MOUNT VERNON AIRPORT AUTHORITY  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE BY SOURCE - CAPITAL PROJECTS FUND  
For the Year Ended April 30, 2012

	Source		Total
	Federal and State Grants	General Obligation Bonds	
Revenues:			
Federal and state grants	\$ 144,943	\$ -	\$ 144,943
Interest income	-	1,154	1,154
Sale of equipment		28,500	28,500
Miscellaneous		3,000	3,000
<b>Total Revenue Received</b>	<b>\$ 144,943</b>	<b>\$ 32,654</b>	<b>\$ 177,597</b>
Expenditures:			
Patio upgrade		5,000	5,000
Perimeter fence	78,456		78,456
New hanger	66,487	28,548	95,035
Restaurant improvements		2,755	2,755
Various improvements			-
Current operations:			
General and administrative		69,656	69,656
<b>Total Expenditures</b>	<b>\$ 144,943</b>	<b>\$ 105,959</b>	<b>\$ 250,902</b>
Excess (deficiency) of revenue over (under) expenditures	-	(73,305)	(73,305)
Other financing sources			
Proceeds from sale of bonds	-	-	-
<b>Total other financing sources</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net Change in Fund Balances</b>	<b>-</b>	<b>(73,305)</b>	<b>(73,305)</b>
Fund Balance - Beginning	-	428,096	428,096
<b>Fund Balance - End of Year</b>	<b>\$ -</b>	<b>\$ 354,791</b>	<b>\$ 354,791</b>



MOUNT VERNON AIRPORT AUTHORITY  
PROPERTY TAX ASSESSED VALUATIONS, RATES, EXTENSIONS,  
AND ANALYSIS OF SETTLEMENT  
For Tax Years 2011, 2010, and 2009

	<u>2011</u>	<u>2010</u>	<u>2009</u>
Assessed valuations:	<u>\$186,940,980</u>	<u>\$193,490,186</u>	<u>\$198,734,505</u>
Tax rates:			
General Fund	.0585%	.0553%	.0521%
Bond and Interest Fund	<u>.1099%</u>	<u>.1047%</u>	<u>.1024%</u>
	<u>.1684%</u>	<u>.1600%</u>	<u>.1545%</u>
Tax extensions:			
General Fund	\$108,712	\$107,078	\$103,542
Bond and Interest Fund	<u>204,404</u>	<u>202,643</u>	<u>203,504</u>
	<u>\$313,116</u>	<u>\$309,721</u>	<u>\$307,046</u>
Tax collections:			
General Fund	N/A	\$107,162	\$103,027
Bond and Interest Fund	N/A	<u>202,554</u>	<u>202,494</u>
		<u>\$309,716</u>	<u>\$305,521</u>
Percentage of extensions collected	N/A	<u>99.9%</u>	<u>99.5%</u>