

MOUNT VERNON AIRPORT AUTHORITY
ANNUAL FINANCIAL STATEMENT
APRIL 30, 2013



RICHARD DAVID KIEFFER
CERTIFIED PUBLIC ACCOUNTANT

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MOUNT VERNON AIRPORT AUTHORITY
Mount Vernon, Illinois

BOARD OF COMMISSIONERS

For the Fiscal Year Ended April 30, 2013

Board of Commissioners

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

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, 2013, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express opinions on these financial statements based my audit. I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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, 2013, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters: *Required Supplemental Information*

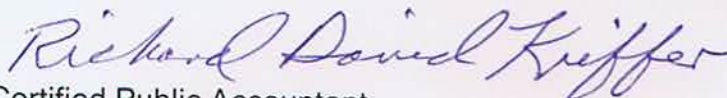
Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages XX and XX be presented to supplement the basic financial statements. Such information, although not apart of the basic financial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

Other Information

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 do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, I have also issued my report dated October 15, 2013, on my 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.



Certified Public Accountant

October 15, 2013
Olney, Illinois

Richard David Kieffer

Certified Public Accountant

503 S. Kitchell

Olney, IL 62450

618-392-3504

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

Board of Commissioners
Mount Vernon Airport Authority
Mount Vernon, Illinois

I have audited, in accordance the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the financial statements of 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, 2013, and the related notes to the financial statements, which collectively comprise the Mount Vernon Airport Authority's basic financial statements and have issued my report thereon dated October 15, 2013.

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.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect 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

My consideration of internal control over was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify deficiencies in internal control that I consider to be material weaknesses. However, material weaknesses may exist that have not been identified. I did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs that I consider to be significant deficiencies. 2013-1

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*.

Mount Vernon Airport Authority's response to Findings

The Authority's response to the findings identified in my audits described in the accompanying schedule of questioned costs. Their response was not subjected to the auditing procedures applied in the audit of the financial statements and accordingly, we express no opinion on it.

Purpose of this report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the authority's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal and compliance. Accordingly, this communication is not suitable for any other purpose.



Certified Public Accountant

October 15, 2013
Olney, Illinois

MANAGEMENT'S DISCUSSION AND ANALYSIS

MOUNT VERNON AIRPORT AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
April 30, 2013

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, 2013.

Financial Highlights

The Authority's total assets exceeded its liabilities by \$8,388,567 (*net assets*) for the fiscal year reported as compared to \$8,655,142 reported in the prior fiscal year.

The Authority's total net assets decreased by \$266,575 or -3.08% over the course of the year's operations as compared to an increase of \$640,989 in the prior fiscal year.

Non Financial Highlights

With the exception of a scheduled airline service, every other aspect of aviation is thriving at Mt. Vernon Outland Airport. Annual Operations for 2012 were 23,050 - up slightly over 2011's 22,928. Based tenancy continues to grow with 48 aircraft registered. There are now ten multi-engine aircraft @ MVN operated by the following entities: National Railway Equipment Company, Withers Broadcasting, Henderson Trucking, Miller Construction, Woodland Lumber, Fro-Gutz Inc., Neuromuscular Orthopedic Institute, and Rubenacker Farms

Released in late 2012, an Economic Impact Study of all Illinois airports by a Cincinnati based public relations firm determined that the total annual economic output of Mt. Vernon Outland Airport is nearly \$19 Million dollars and 150 jobs! Direct economic impact is nearly \$11 Million dollars and 83 total jobs (non-aviation entities ARDL and Project Resources IT added)!

With an Annual Tax Levy of approximately \$320,000, the \$11,000,000 direct economic impact yields a 3300% return on the taxpayer's investment!!!

Southern Illinois' only FAA Certified Repair Station, SRT Aviation, conducts many aircraft avionics tests in addition to their exceptional airframe and power plant maintenance work. In January, 2013, Avionics Master Technician Jimmy Case was added to the SRT Aviation roster. Mr. Case's expertise will allow MVN to directly compete with the legacy avionics operations in Kentucky.

KMVN based Eric Evans, of Eric Evans Aviation is the National Sales Director for Jabiru USA, and as the eastern U.S. Dealer for Found Aircraft CANADA, is involved in sales/marketing decisions at Found Aircraft CANADA.

FAA Designated Pilot Examiner Leland Widick continued to draw candidates seeking Sport Pilot to CFI ratings from area universities, Part #141 schools, and Part #61 programs from across the tri-state region.

The Southern Illinois Light Sport Training Academy continues to turn out Sport Pilots up to Instrument Rated Private Pilots. Four Certified Flight Instructors and two aircraft keep busy when conditions allow training.

Mt. Vernon Outland Airport was once again a pillar of the community over the previous twelve months:

National Events: Recouped Owners Convention, KR Builders/Pilots Gathering, & Plane & Pilot Midwest LSA Expo all bring visitors to the State.

Regional Events: Popular Rotorcraft Fly-In, River City Racing Club RC Boat Races, EAA Fly-In/Harvest Festival, Salute to Freedom, St. Louis Women with Wings Aircraft Wash, & JCCC Home Show bring thousands of people to KMVN.

Community Involvement: Mid-Continent University Classes, YMCA Classes, Mary Kaye Cosmetics Consultant Meetings, and Church Tent Revivals are draws to the airport. Mid-Continent University Classes are held on Mondays and Thursdays each week. The airport also hosts first responder training classes, business training luncheons, weddings, picnics, and Sunday church services.

Veterans/Military: No airport has done more to honor local Veterans and the U.S. Armed Forces. The Jefferson County Hall of Honor, Colonel R.D. White Military Museum, and Jefferson County Heroes Memorial, bring hundreds of visitors to the airport. State Treasurer Dan Rutherford chose the Colonel White Museum to present a Bronze Star Medal to a local Veteran through the Operation Reunite Program in the Fall of 2012. Another proud moment occurred at the 16th Annual Little Egypt Fly-In and Veterans Reunion on Saturday, October 20, 2012. A Tribute to the Greatest Generation, with nearly 30 surviving WWII Veterans, occurred in front of a B-25 "Mitchell". State Air and ARMY Guard Units from Peoria and Decatur participated with C-130, CH-47, and UH-60 Aircraft.

The airport hosted a joint Illinois Air and Army National Guard Airlift in July, 2012. 441 soldiers from several regional National Guard units departed the airport on seven C-130 "Hercules" aircraft on July 7th and arrived back at KMVN on July 28, 2012. Aircraft based at Guard wings in Peoria, Illinois; Minneapolis, Minnesota; and Charleston, West Virginia participated in the airlift.

Perhaps the most promising capital development project in recent years was initiated during the Fiscal Year 2012/2013. The airport, Illinois Department of Transportation, Division of Aeronautics, and the Federal Aviation Administration embarked on a long awaited initiative to redevelop the airport's southwest quadrant - the old terminal area vacated in 1975. Phase #1 of the new development, titled Innovation Park, consists of a 7,600 square feet aircraft storage hangar/office complex, a new entry roadway, new taxiway, and new aircraft ramp. The project also removes old building foundations and distressed pavements, leaving future expansion opportunities for aviation and non-aviation ventures. Total cost of Phase #1 is slated at just under \$1 Million dollars.

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 Position 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.

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Capital Assets and Debt Administration

Capital Assets. The Authority's investment in capital assets as of April 30, 2013 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	
	2013	2012	2013	2012	2013	2012
Land	\$ 1,298,645	\$ 1,298,645	-0-	-0-	1,298,645	\$ 1,298,645
Land improvements	23,948,382	22,704,065	-0-	-0-	23,948,382	23,704,065
Buildings and improvements	7,287,183	7,263,305	-0-	-0-	7,287,183	7,263,305
Machinery and equipment	1,395,323	1,386,854	145,181	145,181	1,540,504	1,532,035
Less accumulated depreciation	<u>(25,866,930)</u>	<u>(25,080,947)</u>	<u>(140,749)</u>	<u>(140,195)</u>	<u>(26,007,679)</u>	<u>(25,221,142)</u>
Total capital assets, net	<u>\$ 8,062,603</u>	<u>\$ 8,571,922</u>	<u>\$ 4,432</u>	<u>\$ 4,983</u>	<u>\$ 8,067,035</u>	<u>\$ 8,576,908</u>

Debt Administration. Long-term debt. The Authority's general obligation bond indebtedness at April 30, 2013, totaled \$760,000, of which \$185,000 is due in less than one year. The general obligation bond indebtedness at April 30, 2012, was \$940,000.

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Economic Factors and Next Year's Budget and Rates

The management of the Authority considered many factors in setting the fiscal year 2012/2013 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 POSITION
GOVERNMENTAL FUNDS
April 30, 2013

<u>ASSETS</u>	Governmental Activities	Business-Type Activities	Total
Cash	\$ 425,123	\$ 150,956	\$ 576,079
Receivables:			
Accounts (net of \$15,703 allowance)	8,917	19,758	28,675
Property and replacement tax	181,924	-	181,924
Property taxes restricted for debt service	274,022	-	274,022
Internal balances	(15,173)	15,173	-
Inventories	1,347	35,655	37,002
Prepaid expense	29,911	-	29,911
Total current assets	<u>\$ 906,071</u>	<u>\$ 221,542</u>	<u>\$ 1,127,613</u>
Capital assets:			-
Land	1,298,645	-	1,298,645
Land improvements	23,948,382	-	23,948,382
Buildings and improvements	7,287,183	-	7,287,183
Machinery and equipment	1,395,343	145,181	1,540,524
Less- accumulated depreciation	(25,866,930)	(140,749)	(26,007,679)
Total capital assets	<u>8,062,623</u>	<u>4,432</u>	<u>8,067,055</u>
Total assets	<u>\$ 8,968,694</u>	<u>\$ 225,974</u>	<u>\$ 9,194,668</u>
 <u>LIABILITIES AND FUND EQUITY</u>			
Liabilities:			
Accounts payable	2,336	654	2,990
Accrued liabilities	27,103	2,173	29,276
Accrued interest payable	9,625	-	9,625
Deferred hanger rental	4,210	-	4,210
General obligation bonds (one year maturity \$185,000, due in more than one year \$575,000)	760,000	-	760,000
Total Liabilities:	<u>\$ 803,274</u>	<u>\$ 2,827</u>	<u>\$ 806,101</u>
Net position			
Invested in capital assets			-
Restricted for:			
Capital projects			-
Debt service			-
Prepaid expense	29,911	-	29,911
Unrestricted	8,135,509	223,147	8,358,656
Total net position	<u>8,165,420</u>	<u>223,147</u>	<u>8,388,567</u>
Total Liabilities and net position	<u>\$ 8,968,694</u>	<u>\$ 225,974</u>	<u>\$ 9,194,668</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, 2013

Functions/Programs	Program Revenues			Net (Expenses) Revenue and Changes in Net Assets			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Primary government:							
Governmental activities:							
General government	\$ 1,394,209	\$ 161,154	\$ -	\$ 449,571	\$ (783,484)	\$ -	\$ (783,484)
Interest and other fiscal charges	25,830	-	-	-	(25,830)	-	(25,830)
Total government activities	1,420,039	161,154	-	449,571	(809,314)	-	(809,314)
Business-type activities:							
Enterprise fund	406,175	441,503	-	-	-	35,328	35,328
Total business-type activities	406,175	441,503	-	-	-	35,328	35,328
Total primary government	1,826,214	602,657	-	449,571	(809,314)	35,328	(773,986)

General revenues:

Real estate and personal property taxes levied for:

General purposes	273,042	273,042
Debt service	203,370	203,370
Miscellaneous	1,943	1,943
Other	25,767	25,767
Sale of assets	2,650	2,650
Interest income	508	131
Total General Revenues	507,280	131
Change in net assets	(302,034)	35,459
Net assets - beginning	8,467,454	187,688
Net assets - ending	\$ 8,165,420	\$ 223,147
	\$ 8,165,420	\$ 8,388,567

MOUNT VERNON AIRPORT AUTHORITY
BALANCE SHEET
GOVERNMENTAL FUNDS
April 30, 2013

<u>ASSETS</u>	General	Capital Projects	Debt Service	Total Governmental Funds
Cash	\$ 121,636	\$ 297,326	\$ 6,161	\$ 425,123
Investment - certificate of deposit		-		-
Receivables:				
Accounts (net of \$15,703 allowance)	8,917			8,917
Property and replacement tax	144,154		205,516	349,670
Other fund	13,560	52,030		65,590
Inventories	1,347			1,347
Prepaid expense	29,911	-	-	29,911
Total assets	\$ 319,525	\$ 349,356	\$ 211,677	\$ 880,558
 <u>LIABILITIES AND FUND EQUITY</u>				
Liabilities:				
Accounts payable	2,336	-		2,336
Accrued liabilities	27,103			27,103
Due to other funds	74,763		6,000	80,763
Deferred property tax revenue	113,309		205,516	318,825
Deferred hanger rental	4,210	-	-	4,210
Total Liabilities:	\$ 221,721	\$ -	\$ 211,516	\$ 433,237
 Fund Balance:				
Reserved for:				
Capital projects				-
Debt service				-
Prepaid expense	29,911			29,911
Unreserved	67,893	349,356	161	417,410
Total Fund Balances	97,804	349,356	161	447,321
Total Liabilities and Fund Balances	\$ 319,525	\$ 349,356	\$ 211,677	\$ 880,558

MOUNT VERNON AIRPORT AUTHORITY
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET ASSETS
April 30, 2013

	Total Governmental Funds
Total governmental fund balance	\$ 447,321
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	8,062,623
Interest payable on long-term debt does not require current financial resources and, therefore, is not reported as a liability in the governmental funds	(9,625)
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the governmental funds	(760,000)
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>425,100</u>
Net assets of governmental activities	<u>\$ 8,165,420</u>

MOUNT VERNON AIRPORT AUTHORITY
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Year Ended April 30, 2013

	General	Capital Projects	Debt Service	Total Governmental Funds
Revenues:				
Real estate and personal property taxes:				
General purposes	\$ 266,352	\$ -	\$ -	\$ 266,352
Debt service	-	-	200,834	200,834
Capital grants and contributions	-	449,571	-	449,571
Charges for services	161,154	-	-	161,154
Interest income	6	418	84	508
Farm revenues	25,767	-	-	25,767
Miscellaneous	1,785	158	-	1,943
Total Revenue Received	\$ 455,064	\$ 450,147	\$ 200,918	\$ 1,106,129
Expenditures:				
Current operations:				
General and administrative	\$ 423,713	\$ 43,087	\$ 2,965	\$ 469,765
Capital outlays	-	415,146	-	415,146
Debt Service:				
Principal retirement	-	-	180,000	180,000
Interest and other fiscal charges	-	-	27,780	27,780
Total Expenditures	\$ 423,713	\$ 458,233	\$ 210,745	\$ 1,092,691
Excess (deficiency) of revenue over (under) expenditures	\$ 31,351	\$ (8,086)	\$ (9,827)	\$ 13,438
Other financing sources				
Proceeds from sale of bonds				0
Proceeds from sale of equipment		2,650		2,650
Total other financing sources	0	2,650	0	2,650
Net Change in Fund Balances	\$ 31,351	\$ (5,436)	\$ (9,827)	\$ 16,088
Fund Balance - Beginning	66,453	354,791	9,988	431,232
Fund Balance - End of Year	\$ 97,804	\$ 349,355	\$ 161	\$ 447,320

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, 2013

	Total Governmental Funds
	Funds
Net changes in fund balances- total governmental funds	\$ 16,088
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 \$785,983 exceeds capital purchases of \$276,684 during the current period.	-509,299
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.	1,950
Repayment of debt is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.	180,000
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.	9,229
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.	0
Change in net assets of governmental activities	\$ (302,034)

MOUNT VERNON AIRPORT AUTHORITY
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
April 30, 2013

Enterprise
Fund
F.B.O.

	Enterprise Fund F.B.O.
ASSETS	
<u>Current assets</u>	
Cash	\$ 150,956
Accounts receivable	19,758
Inventory	35,655
Due from other funds	28,733
<u>Total current assets</u>	\$ 235,102
<u>Capital assets</u>	
Equipment	145,181
Accumulated depreciation	(140,749)
<u>Net capital assets</u>	4,432
<u>Total assets</u>	\$ 239,534
 LIABILITIES	
<u>Current liabilities:</u>	
Accounts payable	\$ 654
Accrued liabilities	2,173
Due to other funds	13,560
<u>Total current liabilities</u>	\$ 16,387
Net assets - unrestricted	223,147
<u>Total net assets</u>	\$ 239,534

MOUNT VERNON AIRPORT AUTHORITY
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
PROPRIETARY FUNDS
For the Fiscal Year Ended April 30, 2013

	Enterprise Fund F.B.O.
<u>Operating revenues</u>	
Sales	\$ 440,096
Equipment lease	35
Miscellaneous	1,372
<u>Total operating revenues</u>	\$ 441,503
<u>Operating expenses</u>	
Fuel cost	313,938
FBO operator	57,448
Professional services	2,593
Maintenance & repairs	5,428
Supplies & miscellaneous	26,768
<u>Total Operating expenses</u>	\$ 406,175
<u>Operating income (loss)</u>	35,328
<u>Non operating revenue</u>	
Interest income	131
Change in net assets	35,459
Total net assets - beginning	187,688
<u>Total net assets - ending</u>	\$ 223,147

MOUNT VERNON AIRPORT AUTHORITY
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Fiscal Year Ended April 30, 2013

	Enterprise Fund F.B.O.
<u>Cash Flows from operating activities</u>	
Cash received from customers	\$ 445,412
Cash payment to suppliers	(426,661)
	\$ 18,751
<u>Net cash provided by operating activities</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>Cash flows from investing activities</u>	
Interest income	\$ 131
	131
<u>Net cash provided by investing activities</u>	
Net increase (decrease) in cash:	18,882
Cash - beginning	132,074
Cash - ending	\$ 150,956
<u>Reconciliation of operating income to net cash used for operating activities.</u>	
Operating income	\$ 35,328
Decrease in accounts receivable	3,910
Increase in inventory	(14,654)
Increase in net assets	554
Increase in accounts payable	648
Decrease in accrued liabilities	(7,035)
	\$ 18,751
Net cash provided by operating activities	\$ 18,751

MOUNT VERNON AIRPORT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
April 30, 2013

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. BASIC FINANCIAL STATEMENTS-Government-Wide Statements

The basic financial statements include both government-wide (reporting the Airport as a whole) and fund financial statements (reporting the Airport's major funds). Both government wide and fund financial statements categorize primary activities as either governmental or business type. The Airport's General Fund, Capital Projects and Debt Service Funds are classified as governmental activities. The Airport's Flightline fund is classified as business-type activities.

Basic Financial Statements: Government-wide financial statements consist of a statement of net position 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 government-wide 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. The Authority does not allocate indirect costs.

C. BASIC FINANCIAL STATEMENTS-Fund Financial Statements

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.

The emphasis in fund financial statements is on the major funds in either the governmental or business-type activities categories. Non-major funds by category are summarized into a single column. GASBS No. 34 sets forth minimum criteria (percentage of the assets, liabilities, revenues or expenditures/expenses of either fund category or the governmental and enterprise combined) for the determination of major funds.

1. 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.

2. Proprietary Funds:

The focus of proprietary fund measurement is upon determination of operating income, changes in net position, financial position, and cash flows. The generally accepted accounting principles applicable are those similar to businesses in the private sector. The Authority reports the following proprietary fund type:

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.

D. BASIS OF ACCOUNTING

Basis of accounting refers to the point at which revenues or expenditures/expenses are recognized in the accounts and reported in the financial statements. It relates to the timing of the measurements made regardless of the measurement focus applied.

1. Accrual:

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.

2. Modified Accrual

The 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.

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.

E. FINANCIAL STATEMENT AMOUNTS

Cash and Cash Equivalents

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.

Government-wide and Proprietary Fund Net Position:

Government-wide and proprietary fund net position are divided into three components Net investment 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.

Governmental Fund Balances:

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

- Nonspendable – amounts that are not in a spendable form (such as inventory) or are required to be maintained intact;
- Restricted – 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 – 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 – 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).

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

Property Tax Calendar and Revenues:

The Authority is responsible for levying property taxes, but the taxes are collected by the County. Taxes are levied on September 1 based on assessed values at May 1. Property tax payments are due in two installments—July 1 and September 1. Taxes are considered delinquent 60 days after their due date and become a lien on the property at that time.

Note 2. DEPOSITS AND INVESTMENTS

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>\$ 576,079</u>	<u>\$ 560,245</u>	<u>\$361,938*</u>	<u>\$ 198,307</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, 2013, 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	\$ 6,000

Note 4. CAPITAL ASSETS

Capital assets activity for the year ended April 30, 2013 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 \$785,983 and \$554, respectively.

Capital asset activity for the year ended April 30,2013 was as follows:

Capital Asset	Balance 05/01/12	Additions	Deletions	Balance 04/30/13
<i>Governmental Activities</i>				
Assets Not Being Depreciated:				
Land	1,298,645			1,298,645
Assets Being Depreciated:				
Land Improvements	23,704,065	244,317		23,948,382
Buildings	7,263,305	23,878		7,287,183
Office and field equipment	1,386,854	8,469		1,395,323
Total assets being depreciated	32,354,224	276,664		32,630,888
Less: Accumulated Depreciation	(25,080,947)	(785,983)		(25,866,930)
Assets being depreciated, net	7,273,277	(509,319)	-	6,763,958
Governmental activities				
assets, net	8,571,922	(509,319)	-	8,062,603
 <i>Business-type Activities</i>				
Assets Being Depreciated:				
Shop and Office equipment	145,181			145,181
Total assets being depreciated	145,181		-	145,181
Less: Accumulated Depreciation	(140,195)	(554)		(140,749)
Assets being depreciated, net	4,986	(554)	-	4,432

Note 5. GENERAL OBLIGATION BONDS

Bonded indebtedness at April 30, 2013, consists of the following:

<u>Maturity Date</u>	<u>Issue Date</u>	<u>Interest Rate</u>	<u>Amount</u>
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>760,000</u>

General Obligation Bond transactions for the year ended April 30, 2013, were as follows:

	<u>Outstanding 4/30/12</u>	<u>Additions</u>	<u>Reductions</u>	<u>Outstanding 4/30/13</u>
G.O Bonds (2/09)	\$940,000	-0	\$ 180,000	\$ 760,000

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>
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>\$ 819,415</u>	<u>\$760,000</u>	<u>\$59,415</u>

The Authority is not obligated for any special assessment debt at April 30, 2013.

Note 6. RESERVED FUND BALANCE

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

	<u>Reserved Fund Balance 4/30/12</u>	<u>Additions</u>	<u>Reductions</u>	<u>Reserved Fund Balance 4/30/13</u>
<u>General Fund</u>				
Prepaid insurance and expenses	<u>\$22,071</u>	<u>\$53,675</u>	<u>\$45,835</u>	<u>\$29,911</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>2012 Tax Year</u>
Gross equalized assessed valuation	<u>\$225,216,179</u>
Statutory debt limitation (2.3% of equalized assessed valuation)	\$ 5,179,972
Total debt:	
General obligation bonds payable	<u>760,000</u>
Legal debt margin	<u>\$ 4,419,972</u>

Bonds outstanding of the Authority may not exceed three-fourths of one-percent of the equalized assessed valuation (\$1,689,121) 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, 2013

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.

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 2012 was 8.39 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 2012 was \$11,240.

THREE YEAR TREND INFORMATION

Calendar Year <u>Ending</u>	Annual Pension Cost (APC)	Percentage of APC <u>Contributed</u>	Net Pension <u>Obligation</u>
12/31/12	\$11,240	100%	\$-0-
12/31/11	\$11,710	100%	\$-0-
12/31/10	12,010	100%	-0-

The required contribution for 2012 was determined as part of the December 31, 2010 actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions at December 31, 2010, 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, 2010 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, 2012 the most recent actuarial valuation date, the Regular plan was 109.01 percent funded. The actuarial accrued liability for benefits was \$222,995 and the actuarial value of assets was \$243,088, resulting in an overfunded actuarial accrued liability (UAAL) of \$20,093. The covered payroll for calendar year 2012 (annual payroll of active employees covered by the plan) was \$133,974. 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)
12/31/12	\$ 243,088	\$ 222,995	\$(20,093)	109.01%	\$133,974	0.00%
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, 2012, is \$249,333. On a market basis, the funded ratio would be 111.81%.

The actuarial value of assets and accrued liability cover active and inactive members who have service credit with Mt. Vernon Airport Authority. They do not include amounts for retirees. The accrued liability for retirees is 100% funded.

MOUNT VERNON AIRPORT AUTHORITY
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
For the Fiscal Year Ended April 30, 2013

BUDGETARY ACCOUNTING

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.

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
PROPERTY TAX ASSESSED VALUATIONS, RATES, EXTENSIONS,
AND ANALYSIS OF SETTLEMENT
For Tax Years 2012, 2011, and 2010

	<u>2012</u>	<u>2011</u>	<u>2010</u>
Assessed valuations:	<u>\$187,412,382</u>	<u>\$186,940,980</u>	<u>\$193,490,186</u>
Tax rates:			
General Fund	.0605%	.0585%	.0553%
Bond and Interest Fund	<u>.1097%</u>	<u>.1099%</u>	<u>.1047%</u>
	<u>.1702%</u>	<u>.1684%</u>	<u>.1600%</u>
Tax extensions:			
General Fund	\$113,309	\$108,712	\$107,078
Bond and Interest Fund	<u>205,516</u>	<u>204,404</u>	<u>202,643</u>
	<u>\$318,825</u>	<u>\$313,116</u>	<u>\$309,721</u>
Tax collections:			
General Fund	N/A	\$112,431	\$107,162
Bond and Interest Fund	N/A	<u>200,834</u>	<u>202,554</u>
		<u>\$313,265</u>	<u>\$309,716</u>
Percentage of extensions collected	N/A	<u>100.0%</u>	<u>99.9%</u>