

**MOUNT VERNON AIRPORT AUTHORITY**

Mount Vernon, Illinois

**ANNUAL FINANCIAL STATEMENTS**

**APRIL 30, 2014**



**RICHARD DAVID KIEFFER**

**CERTIFIED PUBLIC ACCOUNTANT**

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Board of Commissioners

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MOUNT VERNON AIRPORT AUTHORITY  
Mount Vernon, Illinois

BOARD OF COMMISSIONERS

For the Fiscal Year Ended April 30, 2014

Board of Commissioners

Michael Ancona, Chairman  
Greg Martin, Vice Chairman  
Gary Chesney, Treasurer  
Dr. David Asbery, Secretary  
Joe Bob Pierce, Commissioner

# Richard David Kieffer

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

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## 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, 2014, 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, 2014, 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*

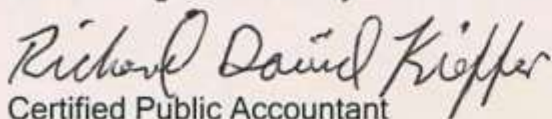
Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 30 - 32 be presented to supplement the basic financial statements. Such information, although not apart of the basic financial statements, 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 34 and 35 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 December 31, 2014 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

December 31, 2014  
Olney, Illinois

# Richard David Kieffer

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

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

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, 2014, 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 December 31, 2014.

### 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 and correct misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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. 2014-1

## Compliance and Other Matters

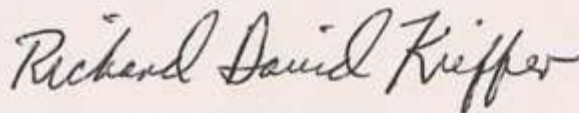
As part of obtaining reasonable assurance about whether Mount Vernon Airport Authority's financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct 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 control and compliance. Accordingly, this communication is not suitable for any other purpose.



Certified Public Accountant

December 31, 2014  
Olney, Illinois

MANAGEMENT'S DISCUSSION AND ANALYSIS



MOUNT VERNON AIRPORT AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
April 30, 2014

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, 2014.

#### Financial Highlights

The Authority's total assets exceeded its liabilities by \$8,320,864 (*net assets*) for the fiscal year reported as compared to \$8,388,567 reported in the prior fiscal year.

The Authority's total net assets decreased by \$67,603 or .81% over the course of the year's operations as compared to a decrease of \$266,575 in the prior fiscal year.

#### Non Financial Highlights

Mt. Vernon Outland Airport continues to be a hub of activity. Fiscal year 2013/2014 saw increased aeronautical activity, long awaited capital improvements, nationally recognized events, new tenancy, and some notable achievements by Team MVN Members.

#### AVIATION REPORT

The Annual Aviation Report released in February showed total operations at 24,720 - up slightly from the previous year's 23,050. National aviation events such as the EAA Airventure Cup Race and the Plane & Pilot Midwest LSA Expo are big draws, but infrastructure, logistics, and aviation related services continue to be attractive elements that draw aviators to the airport. Based tenancy continues to grow and a record 49 aircraft are registered, including 11 multi-engine aircraft.

#### INNOVATION PARK

Phase One of the long awaited redevelopment of the southwest quadrant was completed. A \$511,600 State/Federal Project removed old building foundations, distressed pavements, and returned the areas to level grade green space. The project also involved the construction of a new aircraft ramp/taxiway and a new vehicular roadway on the exterior side of the perimeter fence. The return to level green space and an exterior vehicular roadway makes the southwest quadrant an attraction for aviation and non-aviation businesses. The redeveloped southwest quadrant is now known as Innovation Park.

Phase One of Innovation Park also included one new locally constructed aircraft storage hangar and corporate office structure. A large portion of the financing for Hangar #1 was secured privately - the airport's first foray into public/private financing. The total cost for Hangar #1 was \$490,316. Innovation Park Hangar #1 is the home of Eric Evans Aviation. Eric Evans is the national sales manager for Jabiru USA.

## EAA AIRVENTURE CUP

Mt. Vernon Outland Airport was selected as the starting point host of the 2013 EAA Airventure Cup Race - a cross country air race that kicks off EAA Airventure Oshkosh. The race has occurred annually since 1996 and is patterned after the cross country air racing of the 1920s and 1930's. Race organizers alternate the course each year between a western starting point of Mitchell, South Dakota and a southern starting point of Dayton, Ohio. Logistical challenges with the southern course forced the organizers to look for a new southern starting point and Mt. Vernon Outland Airport was mentioned due to the industry's knowledge of the airport and strong logistical support offered at the Plane & Pilot Midwest LSA Expo. The airport lobbied hard and won the opportunity. Over the weekend of July 27<sup>th</sup>, nearly fifty race and twenty support aircraft flew into the airport and were on display. On Sunday morning, July 28, forty-eight race aircraft left Mt. Vernon bound for Wausau, Wisconsin - the official finish line. Marty Abbot of Calgary, Alberta, CANADA, flying a Turbine Legend, was the fastest from Mt. Vernon to central Wisconsin covering the course in 1 hour 17 minutes at an average speed of 354 miles per hour.

## EPILEPSY FOUNDATION

The Epilepsy Foundation of Greater Southern Illinois signed a five year lease for Koziara Terminal Suite "B" in July, 2013. The Epilepsy Foundation covers the southern-most 34 Illinois counties offering educational and clinical services. The regional office will be staffed by two employees. Koziara Terminal Suite "B" is the former American Red Cross Regional Office.

## JEFFERSON COUNTY HALL OF HONOR

Phase One of the Jefferson County Hall of Honor was completed in July, 2013. An individual Tribute for the late SSgt. Dorris Mallory, constructed by volunteer graphic artist Cliff Christensen, was placed in the last spot in the last frame inside the actual hallway. SSgt. Mallory's was the 435<sup>th</sup> Tribute to be constructed and displayed. Phase Two will consist of new panels/Tributes on display inside the Koziara Terminal Banquet Room. Committee member's note that once Phase Two is complete, over 750 Tributes will be on display.

The Jefferson County Hall of Honor made headlines again in April, 2014 when United States Congressman Bill Enyart dropped by to present the Presidential Unit Citation to the family of a local World War II Veteran. Due to the research of volunteer graphic artist Cliff Christensen, the family of TEC5 Walter Chesney was informed that Sgt. Chesney's unit was awarded the Presidential Unit Citation in July, 2011. Since Sgt. Chesney passed away in 1989, the family had no way of knowing their loved one was eligible for the award. The 672<sup>nd</sup> Amphibious Tractor Battalion, Sgt. Chesney's unit, participated in the Los Banos Internment Camp Raid 25 miles behind enemy lines. When completed, over 2145 allied lives were saved. The Los Banos Raid was one of the largest POW liberation operations in U.S. Military History.

## WILKEY'S AIRPORT CAFE

Wilkey's Airport Café, the airport's restaurant located inside the Koziara Terminal celebrated its 60<sup>th</sup> Anniversary in August. The restaurant is currently owned and operated by second generation Wilkey family members. Third generation Wilkey family members assist during busy period and on Sundays.

## LSA EXPO

In early September, the Plane & Pilot Midwest LSA Expo kicked off with some exciting changes - a visit by the CAF B-25 "Maid in the Shade", daily shows by the gas turbine powered Mosquito Mini Helicopter, and a professional sound system. The upgrades coupled with nearly all of the new products aviation has to offer on the ramp produced what the organizers called the show's "breakout event". Over ten aircraft were sold and exhibitors left with high praise for the airport, the City, and the volunteers.

## BALLOONS OVER MT.VERNON

Hot Air Balloons returned for the first time since the late 1980's over the weekend of October 19<sup>th</sup>. Balloons Over Mt. Vernon, in conjunction with the Mt. Vernon Fall Festival, held a balloon glow on the north shore of the airport lake on Friday, October 18<sup>th</sup>. Ten balloons and approximately 4500 people turned out for the festivities taking absolutely everyone by surprise. The event had a Salute to Freedom atmosphere and the automotive parking lot looked like the parking lot for the Salute to Freedom event.

## CIRCUS

The Kelly Miller Circus rolled into the airport over Easter weekend. Large crowds turned out for two shows conducted under the big top in beautiful Spring weather. The airport and event organizers worked out an agreement for the circus to stay two nights, including Easter in Mt. Vernon. With over 100 additional guests, the local tax base benefited with the circus at the airport.

## 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 Position 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 Position and the Statement of Activities) and governmental funds in the reconciliation of the governmental funds balance sheet to the Statement of Net Position.

*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 Position 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 Position. 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 Position and Summary of Changes in Net Position.

## Summary of Net Position

The following summarizes the Net Position of the Mount Vernon Airport Authority at April 30, 2014 and April 30, 2013:

	Net Position					
	Governmental Activities		Business-Type Activities		Total	Total
	2014	2013	2014	2013	2014	2013
Current and other assets	798,862	906,071	279,005	235,102	1,077,867	1,141,173
Capital assets	8,277,686	8,062,623	3,878	4,432	8,281,564	8,067,055
<b>Total assets</b>	<b>9,076,548</b>	<b>8,968,694</b>	<b>282,883</b>	<b>239,534</b>	<b>9,359,431</b>	<b>9,208,228</b>
Current liabilities	251,814	228,274	20,211	16,387	272,025	244,661
Long-term liabilities	766,541	575,000	-	-	766,541	575,000
<b>Total liabilities</b>	<b>1,018,355</b>	<b>803,274</b>	<b>20,211</b>	<b>16,387</b>	<b>1,038,566</b>	<b>819,661</b>
<b>Net Position</b>						
Invested in capital assets	8,277,686	8,062,623	-	-	8,277,686	8,062,623
Restricted for:						
Capital projects	(367,787)	(410,644)	-	-	(367,787)	(410,644)
Debt service	259,923	264,557	-	-	259,923	264,557
Prepaid expense	27,023	29,911	-	-	27,023	29,911
Unrestricted	(138,652)	218,973	262,671	223,147	124,019	442,120
<b>Total net position</b>	<b>8,058,193</b>	<b>8,165,420</b>	<b>262,671</b>	<b>223,147</b>	<b>8,320,864</b>	<b>8,388,567</b>

## Summary of Changes in Net Position

The following summarizes the changes in Net Position of the Mount Vernon Airport Authority at April 30, 2014 and April 30, 2013:

	Changes in Net Position					
	Governmental Activities		Business-Type Activities		Total	Total
	2014	2013	2014	2013	2014	2013
<b>Revenues</b>						
Program revenues						
Charges for services	172,134	161,154	465,457	441,503	637,591	602,657
Capital grants	443,742	449,571			443,742	449,571
General revenues						
Real estate and personal property taxes levied for:						
General purposes	278,472	273,042			278,472	273,042
Debt service	203,771	203,370			203,771	203,370
Gain (loss) on asset disposal		2,650			-	2,650
Miscellaneous	1,910	1,943			1,910	1,943
Interest	386	508	187	131	573	639
Insurance recoveries					-	-
Other revenues	19,213	25,767			19,213	25,767
<b>Total revenues</b>	<b>1,119,628</b>	<b>1,118,005</b>	<b>465,644</b>	<b>441,634</b>	<b>1,585,272</b>	<b>1,559,639</b>
<b>Expenses</b>						
General and administrative services	1,194,677	1,394,209	426,120	406,175	1,620,797	1,800,384
Interest and other fiscal charges	32,174	25,830			32,174	25,830
<b>Total expenses</b>	<b>1,226,851</b>	<b>1,420,039</b>	<b>426,120</b>	<b>406,175</b>	<b>1,652,971</b>	<b>1,826,214</b>
<b>Increase (decrease) in net position</b>	<b>(107,223)</b>	<b>(302,034)</b>	<b>39,524</b>	<b>35,459</b>	<b>(67,699)</b>	<b>(266,575)</b>
Net position - beginning	8,165,416	8,467,454	223,147	187,688	8,388,563	8,655,142
<b>Net Position - ending</b>	<b>8,058,193</b>	<b>8,165,420</b>	<b>262,671</b>	<b>223,147</b>	<b>8,320,864</b>	<b>8,388,567</b>

## Capital Assets and Debt Administration

**Capital Assets.** The Authority's investment in capital assets as of April 30, 2014 amounted to \$8,277,686 (net of accumulated depreciation). This investment in capital assets includes property, plant, and equipment. Capital assets for the governmental funds increased by \$215,063 net of depreciation and for the business-type activities, capital assets increased by \$XXXX. For governmental activities, total depreciation expense for this year amounts to \$757,983 with ending accumulated depreciation being \$26,624,913. For business-type activities, total depreciation expense for this year amounts to \$XXX with ending accumulated depreciation being \$XXXXX.

### Net Capital Assets Summary

	Governmental Activities		Business-Type Activities		Total	
	2014	2013	2014	2013	2014	2013
Land	\$ 1,298,645	\$ 1,298,645	-0-	-0-	1,298,645	\$ 1,298,645
Land improvements	24,385,651	23,948,382	-0-	-0-	24,385,651	23,948,382
Buildings and improvements	7,793,184	7,287,183	-0-	-0-	7,793,184	7,287,183
Machinery and equipment	1,425,121	1,395,323	145,181	145,181	1,570,302	1,540,504
Less accumulated depreciation	(26,624,915)	(25,866,930)	(141,303)	(140,749)	(26,766,218)	(26,007,679)
Total capital assets, net	\$ 8,277,686	\$ 8,062,603	\$ 3,878	\$ 4,432	\$ 8,281,564	\$ 8,067,035

**Debt Administration.** Long-term debt. The Authority's general obligation bond indebtedness at April 30, 2014, totaled \$575,000, of which \$190,000 is due in less than one year. The general obligation bond indebtedness at April 30, 2013, was \$760,000.

**Capital Lease.** On December 20, 2013 The Authority entered into a 25 year lease agreement with a local bank to lease a 80' x 80' Hanger with attached office complex. The monthly lease is \$2,080.30 beginning January 20, 2014. The lease is being accounted for as a capital lease at 4% interest rate and as of April 30, 2014 the principle balance owed was \$391,036 with \$9,495 principle due within one year.

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

The management of the Authority considered many factors in setting the fiscal year 2013/2014 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, 2014

<u>ASSETS</u>	Governmental Activities	Business-Type Activities	Total
Cash	\$ 319,644	\$ 180,691	\$ 500,335
Receivables:			
Accounts (net of \$15,703 allowance)	9,464	13,353	22,817
Property and replacement tax	183,117		183,117
Property taxes restricted for debt service	273,440		273,440
Internal balances	(15,173)	15,173	-
Inventories	1,347	56,228	57,575
Prepaid expense	27,023		27,023
Total current assets	<u>\$ 798,862</u>	<u>\$ 265,445</u>	<u>\$ 1,064,307</u>
Capital assets:			
Land	1,298,645		1,298,645
Land improvements	24,385,650		24,385,650
Buildings and improvements	7,793,183		7,793,183
Machinery and equipment	1,425,121	145,181	1,570,302
Less- accumulated depreciation	(26,624,913)	(141,303)	(26,766,216)
Total capital assets	<u>8,277,686</u>	<u>3,878</u>	<u>8,281,564</u>
Total assets	<u>\$ 9,076,548</u>	<u>\$ 269,323</u>	<u>\$ 9,345,871</u>
 <u>LIABILITIES AND FUND EQUITY</u>			
Liabilities:			
Accounts payable	16,299	1,273	17,572
Accrued liabilities	23,941	5,379	29,320
Accrued interest payable	7,467		7,467
Deferred hanger rental	4,612		4,612
Capital Lease, \$9,495 due within one year, \$381,541 due in more than one year.	391,036		391,036
General obligation bonds (one year maturity \$190,000, due in more than one year \$385,000)	575,000		575,000
Total Liabilities:	<u>\$ 1,018,355</u>	<u>\$ 6,652</u>	<u>\$ 1,025,007</u>
Net position			
Invested in capital assets			-
Restricted for:			
Capital projects	(367,787)		(367,787)
Debt service	259,923		259,923
Prepaid expense	27,023		27,023
Unrestricted	8,139,034	262,671	8,401,705
Total net position	<u>8,058,193</u>	<u>262,671</u>	<u>8,320,864</u>
Total Liabilities and net position	<u>\$ 9,076,548</u>	<u>\$ 269,323</u>	<u>\$ 9,345,871</u>

MOUNT VERNON AIRPORT AUTHORITY  
 STATEMENT OF ACTIVITIES  
 For the Year Ended April 30, 2014

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	\$ 1,194,677	\$ 172,134	\$ -	\$ 443,742	\$ (578,801)	\$ -	\$ (578,801)
Interest and other fiscal charges	32,174	-	-	-	(32,174)	-	(32,174)
Total government activities	1,226,851	172,134	-	443,742	(610,975)	-	(610,975)
Business-type activities:							
Enterprise fund	426,120	462,571	-	-	-	36,451	36,451
Total business-type activities	426,120	462,571	-	-	-	36,451	36,451
Total primary government	1,652,971	634,705	-	443,742	(610,975)	36,451	(574,524)
General revenues:							
Real estate and personal property taxes levied for:							
General purposes					278,472		278,472
Debt service					203,771		203,771
Miscellaneous					1,910	2,886	4,796
Other					19,213		19,213
Sale of assets					-		-
Interest income					386	187	573
Total General Revenues					503,752	3,073	506,825
Change in net position					(107,223)	39,524	(67,699)
Net position - beginning					8,165,420	223,147	8,388,567
Net position - ending					\$ 8,058,197	\$ 262,671	\$ 8,320,868

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



MOUNT VERNON AIRPORT AUTHORITY  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
April 30, 2014

<u>ASSETS</u>	General	Capital Projects	Debt Service	Total Governmental Funds
Cash	\$ 110,284	\$ 208,862	\$ 498	\$ 319,644
Investment - certificate of deposit		-		-
Receivables:				
Accounts (net of \$15,703 allowance)	9,464			9,464
Property and replacement tax	143,993		205,079	349,072
Other fund	21,560	6,000		27,560
Inventories	1,347			1,347
Prepaid expense	27,023	-	-	27,023
<b>Total assets</b>	<b>\$ 313,671</b>	<b>\$ 214,862</b>	<b>\$ 205,577</b>	<b>\$ 734,110</b>
 <u>LIABILITIES AND FUND EQUITY</u>				
Liabilities:				
Accounts payable	8,650	7,649		16,299
Accrued liabilities	23,941			23,941
Due to other funds	36,186		6,547	42,733
Deferred property tax revenue	117,373		205,079	322,452
Deferred hanger rental	4,612	-	-	4,612
<b>Total Liabilities:</b>	<b>\$ 190,762</b>	<b>\$ 7,649</b>	<b>\$ 211,626</b>	<b>\$ 410,037</b>
Fund Balance:				
Restricted for:				
Capital projects				-
Debt service				-
Prepaid expense	27,023			27,023
Unassigned	95,886	207,213	(6,049)	297,050
<b>Total Fund Balances</b>	<b>122,909</b>	<b>207,213</b>	<b>(6,049)</b>	<b>324,073</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 313,671</b>	<b>\$ 214,862</b>	<b>\$ 205,577</b>	<b>\$ 734,110</b>

MOUNT VERNON AIRPORT AUTHORITY  
 RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET  
 TO THE STATEMENT OF NET POSITION  
 April 30, 2014

	Total Governmental Funds
Total governmental fund balance	\$ 324,073
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	8,277,686
Interest payable on long-term debt does not require current financial resources and, therefore, is not reported as a liability in the governmental funds	(7,468)
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the governmental funds	(575,000)
Long-term liabilities, including capital leases, are not due and payable in the current period and, therefore, are not reported in the governmental funds	(391,036)
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.	429,937
Net assets of governmental activities	\$ 8,058,193

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

**MOUNT VERNON AIRPORT AUTHORITY**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**For the Year Ended April 30, 2014**

	General	Capital Projects	Debt Service	Total Governmental Funds
<b>Revenues:</b>				
Real estate and personal property taxes:				
General purposes	\$ 273,054	\$ -	\$ -	\$ 273,054
Debt service	-	-	204,353	204,353
Capital grants and contributions	-	97,337	-	97,337
Capital lease proceeds	-	394,118	-	394,118
Charges for services	172,134	-	-	172,134
Interest income	40	288	58	386
Farm revenues	19,213	-	-	19,213
Miscellaneous	1,910	-	-	1,910
<b>Total Revenue Received</b>	<b>\$ 466,351</b>	<b>\$ 491,743</b>	<b>\$ 204,411</b>	<b>\$ 768,387</b>
<b>Expenditures:</b>				
Current operations:				
General and administrative	\$ 426,929	\$ 49,691	\$ 2,521	\$ 479,141
Capital outlays	-	584,194	-	584,194
Debt Service:				
Principal retirement	3,082	-	185,000	188,082
Interest and other fiscal charges	11,235	-	23,100	34,335
<b>Total Expenditures</b>	<b>\$ 441,246</b>	<b>\$ 633,885</b>	<b>\$ 210,621</b>	<b>\$ 1,285,752</b>
Excess (deficiency) of revenue over (under) expenditures	\$ 25,105	\$ (142,142)	\$ (6,210)	\$ (517,365)
Other financing sources				
Proceeds from sale of bonds	-	-	-	0
Proceeds from sale of equipment	-	0	-	0
<b>Total other financing sources</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Net Change in Fund Balances</b>	<b>\$ 25,105</b>	<b>\$ (142,142)</b>	<b>\$ (6,210)</b>	<b>\$ (517,365)</b>
Fund Balance - Beginning	97,804	349,355	161	447,320
<b>Fund Balance - End of Year</b>	<b>\$ 122,909</b>	<b>\$ 207,213</b>	<b>\$ (6,049)</b>	<b>\$ 324,073</b>

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, 2014

	Total Governmental Funds
Net changes in fund balances- total governmental funds	\$ (123,247)
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 \$757,983 exceed capital purchases of \$626,641 during the current period.	-131,342
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.	2,161
Repayment of debt is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.	188,082
Capital lease proceeds	
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.	4,836
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.	346,405
Change in net position of governmental activities	<u>\$ 286,893</u>

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

MOUNT VERNON AIRPORT AUTHORITY  
STATEMENT OF NET POSITION  
PROPRIETARY FUNDS  
April 30, 2014

	<u>Enterprise Fund F.B.O.</u>
<b>ASSETS</b>	
<u>Current assets</u>	
Cash	\$ 180,691
Accounts receivable	13,353
Inventory	56,228
Due from other funds	28,733
<u>Total current assets</u>	<u>\$ 279,005</u>
<u>Capital assets</u>	
Equipment	145,181
Accumulated depreciation	(141,303)
<u>Net capital assets</u>	<u>3,878</u>
<u>Total assets</u>	<u>\$ 282,883</u>
<b>LIABILITIES</b>	
<u>Current liabilities:</u>	
Accounts payable	\$ 1,273
Accrued liabilities	5,379
Due to other funds	13,560
<u>Total current liabilities</u>	<u>\$ 20,212</u>
<u>Net position</u>	
Net position - unrestricted	<u>262,671</u>
<u>Total net position</u>	<u>\$ 282,883</u>

MOUNT VERNON AIRPORT AUTHORITY  
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION  
PROPRIETARY FUNDS  
For the Fiscal Year Ended April 30, 2014

	Enterprise Fund F.B.O.
<u>Operating revenues</u>	
Sales	\$ 462,571
Equipment lease	105
Miscellaneous	2,781
<u>Total operating revenues</u>	\$ 465,457
<u>Operating expenses</u>	
Fuel cost	297,305
FBO operator	59,210
Professional services	1,828
Maintenance & repairs	14,214
Supplies & miscellaneous	53,563
<u>Total Operating expenses</u>	\$ 426,120
<u>Operating income (loss)</u>	39,337
<u>Non operating revenue</u>	
Interest income	187
Change in net position	39,524
Total net position - beginning	223,147
<u>Total net position - ending</u>	\$ 262,671

MOUNT VERNON AIRPORT AUTHORITY  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
For the Fiscal Year Ended April 30, 2014

	Enterprise Fund F.B.O.
<u>Cash Flows from operating activities</u>	
Cash received from customers	\$ 471,861
Cash payment to suppliers	(442,313)
	\$ 29,548
<u>Cash flows from non capital financing activities</u>	
Increase in due to other funds	-
	-
<u>Cash flows from investing activities</u>	
Interest income	\$ 187
	187
Net increase (decrease) in cash	29,735
Cash - beginning	150,956
Cash - ending	\$ 180,691
 <u>Reconciliation of operating income to net cash used for operating activities.</u>	
Operating income	\$ 39,523
Decrease in accounts receivable	6,405
Increase in inventory	(20,571)
Increase in net assets	554
Increase in accounts payable	618
Decrease in accrued liabilities	3,206
	\$ 29,735

MOUNT VERNON AIRPORT AUTHORITY  
NOTES TO FINANCIAL STATEMENTS  
April 30, 2014

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 in the enterprise fund consist of bulk tanks of fuel held for sale and are carried at cost using the first-in, first-out method.

### 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 Position 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.

#### 11. Use of Restricted Resources:

When an expense is incurred that can be paid using either restricted or unrestricted resources (net position), the Airports policy is to first apply the expense toward restricted resources and then toward unrestricted resources; in governmental funds, the Airport's policy is to first apply the expenditure toward restricted fund balance and then to other, less-restrictive classifications—committed and then assigned fund balances before using unassigned fund balances.

#### 12. Interfund Activity:

Interfund activity is reported as either loans, services provided, reimbursements or transfers. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures/expenses. Reimbursements are when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers between governmental or between proprietary funds are netted as part of the reconciliation to the government-wide financial statements.

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>\$ 389,145</u>	<u>\$ 524,122</u>	<u>\$352,547</u>	<u>\$ 174,575</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, 2014, 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	\$13,000
Debt Fund owes Capital Projects Fund	\$ 6,000
General owes Debt Fund	\$ 6,906

No determination has been made on when the operating loans will be repaid.

Note 4. CAPITAL ASSETS

Capital assets activity for the year ended April 30, 2014 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, 2014 was as follows:

Capital Asset	Balance 05/01/13	Additions	Deletions	Balance 04/30/14
<u><i>Governmental Activities</i></u>				
Assets Not Being Depreciated:				
Land	1,298,645			1,298,645
Assets Being Depreciated:				
Land Improvements	23,948,382	437,268		24,385,650
Buildings	7,287,183	506,000		7,793,183
Office and field equipment	1,395,343	29,778		1,425,121
Total assets being depreciated	32,630,908	973,046		33,603,954
Less: Accumulated Depreciation	(25,866,930)	(757,983)		(26,624,913)
Assets being depreciated, net	6,763,978	215,063	-	6,979,041
Governmental activities				
assets, net	8,062,623	215,063	-	8,277,686
<u><i>Business-type Activities</i></u>				
Assets Being Depreciated:				
Shop and Office equipment	145,181			145,181
Total assets being depreciated	145,181		-	145,181
Less: Accumulated Depreciation	(140,749)	(554)		(141,303)
Assets being depreciated, net	4,432	(554)	-	3,878

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, 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%	190,000
			<u>575,000</u>

General Obligation Bond transactions for the year ended April 30, 2014, were as follows:

	<u>Outstanding 4/30/13</u>	<u>Additions</u>	<u>Reductions</u>	<u>Outstanding 4/30/14</u>
G.O Bonds (2/09)	\$760,000	-0	\$ 185,000	\$ 575,000

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

<u>Year Ending April 30</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>
2015	\$207,920	\$190,000	\$17,920
2016	\$207,220	\$195,000	\$12,220
2017	\$196,175	\$190,000	\$ 6,175
	<u>\$ 611,315</u>	<u>\$575,000</u>	<u>\$36,315</u>

The Authority is not obligated for any special assessment debt at April 30, 2014.

Note 6. CAPITAL LEASE

On December 20, 2013 The Authority entered into a 25 year lease agreement with The Fairfield National Bank to lease a 80' x 80' Hanger with attached office complex. The monthly lease is \$2,080.30 beginning January 20, 2014 at 4% interest. The amortization of the lease payments as of April 30, 2014 is as follows

<b>General Obligation Debt</b>			
<u>Year</u>	<u>Total</u>	<u>Interest</u>	<u>Principle</u>
2015	24,964	15,469	9,495
2016	24,964	15,082	9,882
2017	24,964	14,679	10,284
2018	24,964	14,260	10,703
2019	24,964	13,824	11,139
2020-2024	124,818	61,932	62,886
2025-2029	124,818	48,034	76,784
2030-2034	124,818	31,065	93,753
2035-2038	116,497	10,387	106,110
	<u>615,769</u>	<u>224,732</u>	<u>391,037</u>



Note 7. RESERVED FUND BALANCE

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

	Reserved Fund Balance <u>4/30/13</u>	<u>Additions</u>	<u>Reductions</u>	Reserved Fund Balance <u>4/30/14</u>
<u>General Fund</u>				
Prepaid insurance and expenses	<u>\$29,911</u>	<u>\$49,381</u>	<u>\$52,269</u>	<u>\$27,023</u>

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

Note 8. LEGAL DEBT MARGIN

The Authority's legal debt margin is as follows:

	<u>2013 Tax Year</u>
Equalized assessed valuation	<u>\$193,015,303</u>
Statutory debt limitation (2.3% of equalized assessed valuation)	\$ 4,439,352
Total debt: General obligation bonds payable	<u>575,000</u>
Legal debt margin	<u>\$ 3,864,352</u>

Bonds outstanding of the Authority may not exceed three-fourths of one-percent of the equalized assessed valuation (\$1,447,615) 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).

Note 9. Evaluation of Subsequent Events

The Airport has evaluated subsequent events through December 31, 2014, the date which the financial statements were available to be issued.

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](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 2013 was 8.76 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 2013 was \$12,272.

THREE YEAR TREND INFORMATION

Calendar Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
12/31/13	\$12,272	100%	\$-0-
12/31/12	\$11,240	100%	\$-0-
12/31/11	\$11,710	100%	\$-0-

The required contribution for 2013 was determined as part of the December 31, 2011 actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions at December 31, 2011, 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, 2011 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, 2013 the most recent actuarial valuation date, the Regular plan was 122.65 percent funded. The actuarial accrued liability for benefits was \$225,596 and the actuarial value of assets was \$276,686, resulting in an overfunded actuarial accrued liability (UAAL) of \$51,090. The covered payroll for calendar year 2013 (annual payroll of active employees covered by the plan) was \$140,096. 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)
12/31/13	\$ 276,686	\$ 222,596	\$(51,090)	122.65%	\$140,096	0.00%
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%

On a market value basis, the actuarial value of assets as of December 31, 2013, is \$312,750. On a market basis, the funded ratio would be 138.63%.

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  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS - GENERAL FUND  
BUDGET AND ACTUAL  
For the Year Ended April 30, 2014

	Final Budget	Actual	Variance Positive (Negative)
Revenues:			
Real estate and personal property taxes:			
General purposes	\$ 254,730	\$ 273,054	\$ 18,324
Charges for services	158,762	172,134	13,372
Interest income	50	40	(10)
Farm revenues	24,600	19,213	(5,387)
Miscellaneous	775	1,910	1,135
Total Revenue Received	<u>\$ 438,917</u>	<u>\$ 466,351</u>	<u>\$ 27,434</u>
Expenditures:			
Current operations:			
General and administrative	437,417	441,246	3,829
Total Expenditures	<u>\$ 437,417</u>	<u>\$ 441,246</u>	<u>\$ 3,829</u>
Excess (deficiency) of revenue over (under) expenditures	1,500	25,105	23,605
Other financing sources			
Total other financing sources	<u>0</u>	<u>0</u>	<u>0</u>
Net Change in Fund Balances	1,500	25,105	23,605
Fund Balance - Beginning	<u>97,804</u>	<u>97,804</u>	<u>0</u>
Fund Balance - End of Year	<u>\$ 99,304</u>	<u>\$ 122,909</u>	<u>\$ 23,605</u>

MOUNT VERNON AIRPORT AUTHORITY  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
For the Fiscal Year Ended April 30, 2014

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  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE BY SOURCE - CAPITAL PROJECTS FUND  
For the Year Ended April 30, 2014

	Source		Total
	Federal and State Grants	General Obligation Bonds	
Revenues:			
Federal and state grants	\$ 491,454	\$ -	\$ 491,454
Interest income		288	288
Sale of equipment			-
Miscellaneous			-
<b>Total Revenue Received</b>	<b>\$ 491,454</b>	<b>\$ 288</b>	<b>\$ 491,742</b>
Expenditures:			
Innovation park	394,118	111,882	506,000
Frontal apron and Taxiway	78,194		78,194
Environment assessment	5,119	-	5,119
Surface painting holding side			-
New hanger			-
Various improvements			-
Grant funds not expended in current year	14,023		14,023
Current operations:			
General and administrative		30,548	30,548
<b>Total Expenditures</b>	<b>\$ 491,454</b>	<b>\$ 142,430</b>	<b>\$ 633,884</b>
Excess (deficiency) of revenue over (under) expenditures	-	(142,142)	(142,142)
Other financing sources			
Proceeds from sale of bonds	-	-	-
Total other financing sources	-	-	-
<b>Net Change in Fund Balances</b>	<b>-</b>	<b>(142,142)</b>	<b>(142,142)</b>
Fund Balance - Beginning	-	349,355	349,355
<b>Fund Balance - End of Year</b>	<b>\$ -</b>	<b>\$ 207,213</b>	<b>\$ 207,213</b>



MOUNT VERNON AIRPORT AUTHORITY  
PROPERTY TAX ASSESSED VALUATIONS, RATES, EXTENSIONS,  
AND ANALYSIS OF SETTLEMENT  
For Tax Years 2013, 2012, and 2011

	<u>2013</u>	<u>2012</u>	<u>2011</u>
Assessed valuations:	<u>\$193,015,303</u>	<u>\$187,412,382</u>	<u>\$186,940,980</u>
Tax rates:			
General Fund	.0608%	.0605%	.0585%
Bond and Interest Fund	<u>.1063%</u>	<u>.1097%</u>	<u>.1099%</u>
	<u>.1702%</u>	<u>.1702%</u>	<u>.1684%</u>
Tax extensions:			
General Fund	\$117,372	\$113,309	\$108,712
Bond and Interest Fund	<u>205,077</u>	<u>205,516</u>	<u>204,404</u>
	<u>\$322,449</u>	<u>\$318,825</u>	<u>\$313,116</u>
Tax collections:			
General Fund	N/A	\$111,740	\$112,431
Bond and Interest Fund	N/A	<u>204,354</u>	<u>200,834</u>
		<u>\$316,094</u>	<u>\$313,265</u>
Percentage of extensions collected	N/A	<u>99.2%</u>	<u>100.0%</u>

# MOUNT VERNON AIRPORT AUTHORITY

## SCHEDULE OF FINDINGS AND RESPONSES For the Year Ended April 30, 2014

### Finding 2014-01: Deficiencies in the Design of Controls

*Inadequate Segregation of Duties.* The bookkeeper for the Mt. Vernon Authority makes deposits, pays bills, and maintains the financial records for the Authority. This is not adequate segregation of duties.

*Cause:* The Authority does not have the staff members available to provide for adequate segregation of duties.

*Effect:* Internal control may not be adequate to secure the assets of the Authority.

*Recommendation.* The Authority needs more staff employees to provide adequate segregation of duties.

*Management's response.* Management is aware of the deficiency and has taken additional measures to provide internal controls, including requiring dual signatures on all checks over \$500.00. Only board members have check signing authority.