MOUNT VERNON AIRPORT AUTHORITY

ANNUAL FINANCIAL STATEMENT

APRIL 30, 2015

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MOUNT VERNON AIRPORT AUTHORITY
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
April 30, 2015

	Enterprise Fund F.B.O.
ASSETS	
Current assets	
Cash	$ 236,008
Accounts receivable	14,894
Inventory	23,755
Due from other funds	28,733
Total current assets	$ 303,390
Capital assets	
Equipment	149,709
Accumulated depreciation	(142,310)
Net capital assets	7,399
Total assets	$ 310,789
LIABILITIES	
Current liabilities:	
Accounts payable	$ -
Accrued liabilities	2,316
Due to other funds	13,560
Total current liabilities	$ 15,876
Net position	
Net position - unrestricted	294,913
Total net position	$ 310,789

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

MOUNT VERNON AIRPORT AUTHORITY
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
For the Fiscal Year Ended April 30, 2015

		Enterprise Fund F.B.O.
Operating revenues		
Sales	$	418,122
Equipment lease		84
Miscellaneous		2,308
Total operating revenues	$	420,514
Operating expenses		
Fuel cost		257,387
FBO operator		66,402
Professional services		1,147
Maintenance & repairs		9,360
Supplies & miscellaneous		54,198
Total Operating expenses	$	388,494
Operating income (loss)		32,020
Non operating revenue		
Interest income		222
Change in net position		32,242
Total net position - beginning		262,671
Total net position - ending	$	294,913

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

MOUNT VERNON AIRPORT AUTHORITY
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Fiscal Year Ended April 30, 2015

	Enterprise Fund F.B.O.
Cash Flows from operating activities	
Cash received from customers	$ 416,372
Cash payment to suppliers	(357,756)
Net cash provided by operating activities	$ 58,616
Cash flows from non capital financing acivities	
Increase in due to other funds	-
Net cash flows from non capital financing acivities	-
Cash flows from investing activities	
Interest income	$ 222
Fixed asset purchases	(3,521)
Net cash provided by investing activities	$ (3,299)
Net increase (decrease) in cash	55,317
Cash - beginning	180,691
Cash - ending	$ 236,008
Reconciliation of operating income to net cash used for operating activities.	
Operating income	$ 32,242
Increase in accounts receivable	(4,142)
Decrease in inventory	32,473
Increase in net fixed assets	(3,521)
Decrease in accounts payable	(1,272)
Decrease in accrued liablilities	(463)
Net cash provided by operating activities	$ 55,317

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

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.

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.

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:

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	$ 477,192	$ 501,837	$384,824*	$ 367,013	$ -0-

*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, 2015, consist of the following:

General Operating Fund due to Enterprise Fund	$28,733
Enterprise Fund due to General Operating Fund	$13,560
Net - Owed to Enterprise Fund	$15,173
General fund owes Debt Fund	$ 7,453
Debt Fund owes Capital Projects Fund	$ 9,579
Debt Fund owes General Fund	$ 9,547

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, 2015 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 $749,180 and $1,007, respectively.

Note 5. GENERAL OBLIGATION BONDS

Bonded indebtedness at April 30, 2015, consists of the following:

Maturity Date	Issue Date	Interest Rate	Amount
December 1, 2015	February 1, 2009	3.10%	195,000
December 1, 2016	February 1, 2009	3.25%	190,000
			385,000

General Obligation Bond transactions for the year ended April 30, 2015, were as follows:

	Outstanding 4/30/14	Additions	Reductions	Outstanding 4/30/15
G.O Bonds (2/09)	$575,000	-0	$ 190,000	$ 385,000

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

Year Ending April 30	Total	Principal	Interest
2016	$207,220	$195,000	$12,220
2017	$196,175	$190,000	$ 6,175
	$ 403,935	$385,000	$18,395

The Authority is not obligated for any special assessment debt at April 30, 2015.

The Authority entered into a 25 year lease agreement with a local bank to lease a Hanger-office complex. The monthly lease is $2,080.30 beginning January 20, 2014 with interest at 4%. Annual requirements to retire this outstanding long-term debt of the Authority is summarized in the following table:

General Obligation Debt

Year	Total	Interest	Principle
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	24,964	13,370	11,593
2021-2025	124,818	59,370	65,448
2026-2030	124,818	44,906	79,912
2031-2035	124,818	27,246	97,572
2036-2038	91,533	6,527	85,006
	590,805	209,264	381,542

REQUIRED SUPPLEMENTARY INFORMATION

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MOUNT VERNON AIRPORT AUTHORITY
REQUIRED SUPPLEMENTARY INFORMATION
RETIREMENT PLAN - TREND INFORMATION
AND SCHEDULE OF FUNDING PROGRESS
For the Fiscal Year Ended April 30, 2015

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 (RSI). 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 2014 was 7.58 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 2014 was $10,795.

THREE YEAR TREND INFORMATION

Calendar Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
12/31/14	$10,795	100%	$-0-
12/31/13	$12,272	100%	$-0-
12/31/12	$11,240	100%	$-0-

The required contribution for 2014 was determined as part of the December 31, 2012 actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions at December 31, 2012, 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, 2012 is being amortized as a level percentage of projected payroll on an open 29 year basis.

Funded Status and Funding Progress. As of December 31, 2014 the most recent actuarial valuation date, the Regular plan was 120.71 percent funded. The actuarial accrued liability for benefits was $258,977 and the actuarial value of assets was $312,599, resulting in an overfunded actuarial accrued liability (UAAL) of $53,622. The covered payroll for calendar year 2014 (annual payroll of active employees covered by the plan) was $142,420. 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 Accrued 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)
12/31/14	$ 312,599	$ 258,977	$(53,622)	120.71%	$ 142,420	0.00%
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%

On a market value basis, the actuarial value of assets as of December 31, 2014, is $349,686. On a market basis, the funded ratio would be 135.03%.

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, 2015

	Final Budget	Actual	Variance Positive (Negative)
Revenues:			
Real estate and personal property taxes:			
General purposes	$ 263,860	$ 284,881	$ 21,021
Charges for services	173,582	179,857	6,275
Interest income	50	5	(45)
Farm revenues	38,000	39,813	1,813
Miscellaneous	2,000	2,401	401
Total Revenue Received	$ 477,492	$ 506,957	$ 29,465
Expenditures:			
Current operations:			
General and administrative	475,992	463,214	-12,778
Total Expenditures	$ 475,992	$ 463,214	$ (12,778)
Excess (deficiency) of revenue over (under) expenditures	1,500	43,743	42,243
Other financing sources			
Total other financing sources	0	0	0
Net Change in Fund Balances	1,500	43,743	42,243
Fund Balance - Beginning	122,909	122,909	0
Fund Balance - End of Year	$ 124,409	$ 166,652	$ 42,243

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, 2015

	Source		
	Federal and State Grants	General Obligation Bonds	Total
Revenues:			
Federal and state grants	$ 69,967	$ -	$ 69,967
Interest income		122	122
Sale of equipment		3,500	3,500
Miscellaneous		-	-
Total Revenue Received	$ 69,967	$ 3,622	$ 73,589
Expenditures:			
Rehabilitate Taxiway B & E	40,280	16,494	56,774
Frontal apron and Taxiway	25,399		25,399
Terminal renovation		15,348	15,348
New equipment		21,213	21,213
Various improvements	165	4,097	4,262
Grant funds not expended in current year	4,123		4,123
Current operations:			
General and administrative		34,238	34,238
Total Expenditures	$ 69,967	$ 91,390	$ 161,357
Excess (deficiency) of revenue over (under) expenditures	-	(87,768)	(87,768)
Other financing sources			
Proceeds from sale of bonds	-	-	-
Total other financing sources	-	-	-
Net Change in Fund Balances	-	(87,768)	(87,768)
Fund Balance - Beginning	-	207,213	207,213
Fund Balance - End of Year	$ -	$ 119,445	$ 119,445

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

MOUNT VERNON AIRPORT AUTHORITY
PROPERTY TAX ASSESSED VALUATIONS, RATES, EXTENSIONS,
AND ANALYSIS OF SETTLEMENT
For Tax Years 2014, 2013, and 2012

	2014	2013	2012
Assessed valuations:	$196,350,368	$193,015,303	$187,412,382
Tax rates:			
General Fund	.0598%	.0608%	.0605%
Bond and Interest Fund	.1040%	.1063%	.1097%
	.1638%	.1671%	.1702%
Tax extensions:			
General Fund	$117,372	$116,371	$113,309
Bond and Interest Fund	204,198	203,328	205,516
	$321,570	$319,699	$318,825
Tax collections:			
General Fund	N/A	$115,577	$111,740
Bond and Interest Fund	N/A	201,941	204,354
		$317,518	$316,094
Percentage of extensions collected	N/A	99.3%	99.2%

SCHEDULE OF FINDINGS AND RESPONSES
For the Year Ended April 30, 2015

Finding 2013-01: 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.