

**MOUNT VERNON AIRPORT AUTHORITY
ANNUAL FINANCIAL STATEMENTS**

APRIL 30, 2016



**RICHARD DAVID KIEFFER
CERTIFIED PUBLIC ACCOUNTANT**

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MOUNT VERNON AIRPORT AUTHORITY
Mount Vernon, Illinois

BOARD OF COMMISSIONERS

For the Fiscal Year Ended April 30, 2016

Board of Commissioners

Michael Ancona, Chairman
Greg Martin, Vice Chairman
Gary Chesney, Treasurer
John Lee, Secretary
Joe Bob Pierce, Commissioner

Richard David Kieffer

Certified Public Accountant

503 S. Kitchell

Olney, IL 62450

618-392-3504

INDEPENDENT AUDITORS' REPORT

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

I have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Mount Vernon Airport Authority as of and for the year ended April 30, 2016, 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, 2016, 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*

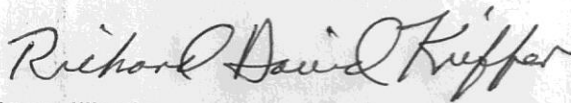
Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 29 and 31 be presented to supplement the basic financial statements. Such information, although not apart of the basic financial 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 33 and 34 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 26, 2016 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.



Olney, Illinois
December 26, 2016

Richard David Kieffer

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

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

Board of Commissioners
Mount Vernon Airport Authority
Mount Vernon, Illinois

I have audited, in accordance the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Mount Vernon Airport Authority, as of and for the year ended April 30, 2016, 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 26, 2016.

Internal Control Over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Mount Vernon Airport Authority's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the Mount Vernon Airport Authority's financial statements that is more than inconsequential

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

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 an opinion on it.

Purpose of this report

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

Olney, Illinois
December 26, 2016

MOUNT VERNON AIRPORT AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
April 30, 2016

Our discussion and analysis of the Mount Vernon Airport Authority, (the Authority) financial performance provides an overview of the Authority's financial activities for the fiscal year ended April 30, 2016. Please read it in conjunction with the financial statements which begin on page 11.

Financial Highlights

The Authority's total assets exceeded its liabilities by \$7,466,650 (*net assets*) for the fiscal year reported as compared to \$7,941,929 reported in the prior fiscal year.

The Authority's total net assets decreased by \$475,279 or 5.98% over the course of the year's operations as compared to a decrease of \$378,935 in the prior fiscal year.

Non Financial Highlights

Mt. Vernon Outland Airport continues to be a hub for aeronautical and community activities. Fiscal Year 2015/2016 saw expanded events, investment in new service technologies, and new tenants.

Aviation Report

The Annual Aviation Report released in February showed total operations at 27,270 - up 11.3% from the previous year's 24,190. Based tenancy remains solid - 50 aircraft are registered, including 9 multi-engine aircraft and three helicopters. The count also includes the first Jet based at the airport since the mid-1980's.

Events

Events such as the Jefferson County Chamber of Commerce Home Show, Jefferson County 4H General Project Show, and the City of Mt. Vernon Salute to Freedom, as well as classes offered by or for the National Weather Service, Illinois Emergency Management, and numerous first responding agencies provide examples of a welcoming facility.

National aviation events such as the 7th Annual Plane & Pilot Midwest LSA Expo held in September, and EAA Airventure Cup Race held in July, place Mt. Vernon Outland Airport on the aviation map. Exhibitors, aircraft shoppers, pilot/racers, media, and aviation enthusiasts from across North America come to southern Illinois because of these events.

World War Two and the incredible sacrifices provided by the Greatest Generation were highlighted during a tour stop of EAA's B17 Flying Fortress "Aluminum Overcast" in July and Balloons Over Mt. Vernon in October. The "Aluminum Overcast" tour stop brought people from across State lines and culminated with a Salute to the Greatest Generation Program attended by several hundred people. Balloons Over Mt. Vernon featured fifteen balloons glowing on the flightline (for the first time) and two historic World War II fighters - the P-51 "Mustang" and FM2 "Wildcat".

Security

The updated security system is maintained at the airport and a camera system offers peace of mind by allowing remote access viewing and recording of key airport locations.

MOUNT VERNON AIRPORT AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
April 30, 2016

Main Logistics Base

Mt. Vernon Outland Airport and the Illinois Emergency Management Agency have entered into a draft Intergovernmental Agreement for Mt. Vernon Outland Airport to become an IEMA Main Logistics Base. IEMA needs infrastructure to facilitate the delivery, housing, and distribution of materials in the event of a natural disaster. KMVN's existing relationship with the 169th Airlift Wing (who will be tasked with the movement of mass materials), interstate intersection location, hangar space with garage doors, large parking lots, and electrical hookups were some of the amenities that makes Mt. Vernon Outland Airport an ideal Main Logistics Base.

New Technologies

At the request of the airport's dominant cargo carrier, the airport invested in the equipment and consumables needed to offer aircraft de-icing services. Numerous "Just in Time" opportunities to serve area automotive component manufacturers, as well those arising off the two interstates, would have been lost to Lambert St. Louis International or Evansville Regional Airports. Mt. Vernon Outland Airport now has National Airline Transportation Association trained personnel and the capabilities to apply Type I Deicing and Type IV Anti-Icing Fluids.

Airport websites (Airport, Hall of Honor, & Midwest LSA Expo) are actively maintained by webmaster/marketer Perry Hartman of Painters Dream Productions. The sites are optimized for Google searches and formatted for smart phone and tablet viewing. The airport, Wilkey's Café, and SRT Aviation all have active Facebook accounts with thousands of combined "likes" from friends across the nation. The airport also maintains its own YouTube Channel containing numerous videos of airport operations!

New Tenants

AIRGO International, located at nearby Centralia Municipal Airport, opened a High Performance Training Satellite Base at Mt. Vernon Outland Airport in November, 2015. The AIRGO High Performance Curriculum consists of 20 hours in BE90 turboprop and high altitude endorsement sign off. The High Performance course is the last step before the graduate returns to China for placement at China Southern or other Chinese Airlines. AIRGO intends to train 200 airline pilots per year in southern Illinois.

New Capital Development Plan

Momentum 2020 was set into motion in early 2016. The new three year capital development plan includes runway and taxiway improvements, a five place "T" Hangar, electrical upgrades at Innovation Park, a new entry sign, and various machinery upgrades. *Momentum 2020* was structured at the airport's existing Debt Service Extension Base with the intent of little to no additional taxes.

MOUNT VERNON AIRPORT AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
April 30, 2016

Overview of the Basic 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.

MOUNT VERNON AIRPORT AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
April 30, 2016

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 20 of this report.

Required Supplemental Information

Required Supplemental Information follows the financial statements and contains budgetary comparison schedules as well as further explanations and support for the basic financial statements.

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, 2016 and April 30, 2015:

	Net Position					
	Governmental Activities		Business-Type Activities		Total	Total
	2016	2015	2016	2015	2016	2015
Current and other assets	1,293,920	733,694	255,316	289,830	1,549,236	1,023,524
Capital assets	7,149,472	7,716,292	34,666	7,399	7,184,138	7,723,691
Total assets	8,443,392	8,449,986	289,982	297,229	8,733,374	8,747,215
Current liabilities	254,422	241,310	1,524	2,316	255,946	243,626
Long-term liabilities	1,011,778	561,660	-	-	1,011,778	561,660
Total liabilities	1,266,200	802,970	1,524	2,316	1,267,724	805,286
Net Position						
Invested in capital assets	7,149,472	7,716,292	-	-	7,149,472	7,716,292
Restricted for:						
Capital projects	2,324	(265,555)	-	-	2,324	(265,555)
Debt service	216,892	254,664	-	-	216,892	254,664
Prepaid expense	29,727	32,160	-	-	29,727	32,160
Unrestricted	(221,223)	(90,545)	288,458	294,913	67,235	204,368
Total net position	7,177,192	7,647,016	288,458	294,913	7,465,650	7,941,929

Summary of Changes in Net Position

The following summarizes the changes in Net Position of the Mount Vernon Airport Authority at April 30, 2016 and April 30, 2015:

	Changes in Net Position					
	Governmental Activities		Business-Type Activities		Total	Total
	2016	2015	2016	2015	2016	2015
Revenues						
Program revenues						
Charges for services	176,101	179,857	300,593	418,206	476,694	598,063
Capital grants	57,880	130,634			57,880	130,634
General revenues						
Real estate and personal property taxes levied for:						
General purposes	271,889	284,888			271,889	284,888
Debt service	202,424	201,788			202,424	201,788
Gain (loss) on asset disposal	-	3,500			-	3,500
Miscellaneous	2,768	2,401			2,768	2,401
Interest	240	158	165	222	405	380
Insurance recoveries					-	-
Other revenues	39,647	39,813	8,737	2,308	48,384	42,121
Total revenues	750,949	843,039	309,495	420,736	1,060,444	1,263,775
Expenses						
General and administrative services	1,194,996	1,223,202	315,950	388,494	1,510,946	1,611,696
Interest and other fiscal charges	24,777	31,014			24,777	31,014
Total expenses	1,219,773	1,254,216	315,950	388,494	1,535,723	1,642,710
Increase (decrease) in net position	(468,824)	(411,177)	(6,455)	32,242	(475,279)	(378,935)
Net position - beginning	7,647,016	8,058,193	294,913	262,671	7,941,929	8,320,864
Net Position - ending	7,178,192	7,647,016	288,458	294,913	7,466,650	7,941,929

Capital Assets and Debt Administration

Capital Assets. The Authority's investment in capital assets as of April 30, 2016 amounted to \$7,184,139 (net of accumulated depreciation). This investment in capital assets includes property, plant, and equipment. Capital assets for the governmental funds decreased by \$566,855 net of depreciation and for the business-type activities, capital assets increased by \$27,267. For governmental activities, total depreciation expense for this year amounts to \$729,157 with ending accumulated depreciation being \$28,088,205. For business-type activities, total depreciation expense for this year amounts to \$4,148 with ending accumulated depreciation being \$146,458.

Net Capital Assets Summary

	Governmental Activities		Business-Type Activities		Total	
	2016	2015	2016	2015	2016	2015
Land	\$ 1,298,645	\$ 1,298,645	-0-	-0-	1,298,645	\$ 1,298,645
Land improvements	24,601,440	24,528,490	-0-	-0-	24,601,440	24,528,490
Buildings and improvements	7,889,933	7,816,916	-0-	-0-	7,889,933	7,816,916
Machinery and equipment	1,447,659	1,431,325	181,124	149,709	1,628,784	1,581,034
Less accumulated depreciation	<u>(28,088,205)</u>	<u>(27,359,084)</u>	<u>(146,458)</u>	<u>(142,310)</u>	<u>(28,234,663)</u>	<u>(27,501,394)</u>
Total capital assets, net	<u>\$ 7,149,472</u>	<u>\$ 7,716,292</u>	<u>\$ 34,666</u>	<u>\$ 7,399</u>	<u>\$ 7,184,139</u>	<u>\$ 7,723,691</u>

Debt Administration. Long-term debt. The Authority's general obligation bond indebtedness at April 30, 2016, totaled \$850,000, of which \$200,000 is due in less than one year. The general obligation bond indebtedness at April 30, 2016, was \$385,000.

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, 2016 the principle balance owed was \$361,778 with \$9,882 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 2015/2016 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.

Contacting the Authority's Financial Management

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
April 30, 2016

<u>ASSETS</u>	Governmental Activities	Business- Type Activities	Total
Cash	\$ 815,627	\$ 162,589	\$ 978,216
Receivables:			
Accounts (net of \$15,703 allowance)	13,057	5,971	19,028
Property and replacement tax	184,602	-	184,602
Property taxes restricted for debt service	272,684	-	272,684
Internal balances	(23,000)	23,000	-
Inventories	2,223	16,818	19,041
Loan to SRT	-	46,938	46,938
Prepaid expense	29,727	-	29,727
Total current assets	<u>\$ 1,294,920</u>	<u>\$ 255,316</u>	<u>\$ 1,550,236</u>
Capital assets:			-
Land	1,298,645		1,298,645
Land improvements	24,601,440		24,601,440
Buildings and improvements	7,889,933		7,889,933
Machinery and equipment	1,447,659	181,124	1,628,783
Less- accumulated depreciation	(28,088,205)	(146,458)	(28,234,663)
Total capital assets	<u>7,149,472</u>	<u>34,666</u>	<u>7,184,138</u>
Total assets	<u>\$ 8,444,392</u>	<u>\$ 289,982</u>	<u>\$ 8,734,374</u>
<u>LIABILITIES AND FUND EQUITY</u>			
Liabilities:			
Accounts payable	5,255	108	5,363
Accrued liabilities	25,779	1,416	27,195
Accrued interest payable	7,961		7,961
Deferred hanger rental	5,545		5,545
Capital Lease, \$9,882 due within one year, \$361,778 due in more than one year.	371,660		371,660
General obligation bonds (one year maturity \$200,000, due in more than one year \$650,000)	850,000		850,000
Total Liabilities:	<u>\$ 1,266,200</u>	<u>\$ 1,524</u>	<u>\$ 1,267,724</u>
Net position			
Invested in capital assets	5,927,812	34,666	5,962,478
Restricted for:			
Capital projects	2,324		2,324
Debt service	216,892		216,892
Prepaid expense	29,727		29,727
Unrestricted	1,001,437	253,792	1,255,229
Total net position	<u>7,178,192</u>	<u>288,458</u>	<u>7,466,650</u>
Total Liabilities and net position	<u>\$ 8,444,392</u>	<u>\$ 289,982</u>	<u>\$ 8,734,374</u>

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

MOUNT VERNON AIRPORT AUTHORITY
STATEMENT OF ACTIVITIES
For the Year Ended April 30, 2016

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	\$ 1,194,996	\$ 176,101	\$ -	\$ 57,880	\$ (961,015)	\$ -	\$ (961,015)
Interest and other fiscal charges	24,777	-	-	-	(24,777)	-	(24,777)
Total government activities	1,219,773	176,101	-	57,880	(985,792)	-	(985,792)
Business-type activities:							
Enterprise fund	315,950	300,593	-	-	-	(15,357)	(15,357)
Total business-type activities	315,950	300,593	-	-	-	(15,357)	(15,357)
Total primary government	1,535,723	476,694	-	57,880	(985,792)	(15,357)	(1,001,149)
General revenues:							
Real estate and personal property taxes levied for:							
General purposes					271,889		271,889
Debt service					202,424		202,424
Miscellaneous					2,768	8,737	11,505
Other					39,647		39,647
Sale of assets					-		-
Interest income					240	165	405
Total General Revenues					516,968	8,902	525,870
Change in net position					(468,824)	(6,455)	(475,279)
Net position - beginning					7,647,016	294,913	7,941,929
Net position - ending					\$ 7,178,192	\$ 288,458	\$ 7,466,650

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

**MOUNT VERNON AIRPORT AUTHORITY
BALANCE SHEET
GOVERNMENTAL FUNDS
April 30, 2016**

<u>ASSETS</u>	General	Capital Projects	Debt Service	Total Governmental Funds
Cash	\$ 152,195	\$ 662,324	\$ 1,108	\$ 815,627
Investment - certificate of deposit				-
Receivables:				
Accounts (net of \$15,703 allowance)	13,057			13,057
Property and replacement tax	144,892		204,513	349,405
Other fund	-			-
Inventories	2,223			2,223
Prepaid expense	29,727		-	29,727
Total assets	\$ 342,094	\$ 662,324	\$ 205,622	\$ 1,210,039
 <u>LIABILITIES AND FUND EQUITY</u>				
Liabilities:				
Accounts payable	5,255	-		5,255
Accrued liabilities	25,779			25,779
Due to other funds	-		23,000	23,000
Deferred property tax revenue	119,128		204,513	323,641
Deferred hanger rental	5,545	-	-	5,545
Total Liabilities:	\$ 155,707	\$ -	\$ 227,513	\$ 383,221
Fund Balance:				
Restricted for:				
Capital projects				-
Debt service				-
Prepaid expense	29,727			29,727
Unassigned	156,660	662,324	(21,892)	797,092
Total Fund Balances	186,387	662,324	(21,892)	826,819
Total Liabilities and Fund Balances	\$ 342,094	\$ 662,324	\$ 205,622	\$ 1,210,039

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

MOUNT VERNON AIRPORT AUTHORITY
 RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
 TO THE STATEMENT OF NET POSITION

April 30, 2016

	General	Capital Projects	Debt Service	Total Governmental Funds
Total governmental fund balance	\$ 186,387	\$ 662,324	\$ (21,892)	\$ 826,819
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	7,149,472			7,149,472
Interest payable on long-term debt does not require current financial resources and, therefore, is not reported as a liability in the governmental funds			(7,961)	(7,961)
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the governmental funds		(850,000)		(850,000)
Long-term liabilities, including capital leases, are not due and payable in the current period and, therefore, are not reported in the governmental funds	(371,660)			(371,660)
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.	157,507		274,014	431,521
Net assets of governmental activities	\$ 7,121,706	\$ (187,676)	\$ 244,161	\$ 7,178,192

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, 2016

	General	Capital Projects	Debt Service	Total Governmental Funds
Revenues:				
Real estate and personal property taxes:				
General purposes	\$ 271,889	\$ -	\$ -	\$ 271,889
Debt service	-	-	202,424	202,424
Capital grants and contributions	-	57,880	-	57,880
Capital lease proceeds	-	-	-	-
Charges for services	176,101	-	-	176,101
Interest income	5	168	67	240
Farm revenues	39,647	-	-	39,647
Miscellaneous	2,768	-	-	2,768
Total Revenue Received	\$ 490,410	\$ 58,048	\$ 202,491	\$ 750,949
Expenditures:				
Current operations:				
General and administrative	\$ 470,675	\$ 4,049	\$ 997	\$ 475,721
Capital outlays	-	162,301	-	162,301
Debt Service:				
Principal retirement	-	-	195,000	195,000
Interest and other fiscal charges	-	8,818	9,761	18,579
Total Expenditures	\$ 470,675	\$ 175,169	\$ 205,758	\$ 851,601
Excess (deficiency) of revenue over (under) expenditures	\$ 19,735	\$ (117,121)	\$ (3,266)	\$ (100,652)
Other financing sources				
Proceeds from sale of bonds	-	660,000	-	660,000
Proceeds from sale of equipment	-	0	-	0
Total other financing sources	0	660,000	0	660,000
Net Change in Fund Balances	\$ 19,735	\$ 542,879	\$ (3,266)	\$ 559,348
Fund Balance - Beginning	166,652	119,445	(18,625)	267,471
Fund Balance - End of Year	\$ 186,387	\$ 662,324	\$ (21,892)	\$ 826,819

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, 2016

	General	Capital Projects	Debt Service	Total Governmental Funds
Net changes in fund balances- total governmental funds	\$ 19,735	\$ 542,879	\$ (3,266)	\$ 559,348
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 \$729,157 exceed capital purchases of \$162,301 during the current period.	-729,157	162,301		-566,856
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.			-6,196	-6,196
Repayment of debt is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.	9,882		195,000	204,882
Proceeds of bond issue is an other financing source in the governmental funds, but a long-term liability in the statement of net assets.	0		-660,000	-660,000
Federal and state grant revenues reported in the statement of activities as capital contributions do not require the use of current financial resources and, therefore, are not reported as revenues in the governmental funds.			0	0
Change in net position of governmental activities	<u>\$ (699,540)</u>	<u>\$ 705,180</u>	<u>\$ (474,462)</u>	<u>\$ (468,824)</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, 2016

	Enterprise Fund F.B.O.
ASSETS	
<u>Current assets</u>	
Cash	\$ 162,589
Accounts receivable	5,971
Inventory	16,818
Loan to SRT	46,938
Due from other funds	23,000
<u>Total current assets</u>	<u>\$ 255,316</u>
<u>Capital assets</u>	
Equipment	181,124
Accumulated depreciation	(146,458)
<u>Net capital assets</u>	<u>34,666</u>
<u>Total assets</u>	<u>\$ 289,982</u>
 LIABILITIES	
<u>Current liabilities:</u>	
Accounts payable	\$ 108
Accrued liabilities	1,416
Due to other funds	-
<u>Total current liabilities</u>	<u>\$ 1,524</u>
 <u>Net position</u>	
Net position - unrestricted	<u>288,458</u>
<u>Total net position</u>	<u>\$ 289,982</u>

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, 2016

	Enterprise Fund F.B.O.
<u>Operating revenues</u>	
Sales	\$ 300,593
Equipment lease	84
Miscellaneous	8,653
<u>Total operating revenues</u>	\$ 309,330
<u>Operating expenses</u>	
Fuel cost	200,778
FBO operator	57,432
Professional services	1,760
Maintenance & repairs	8,875
Supplies & miscellaneous	42,956
Depreciation	4,148
<u>Total Operating expenses</u>	\$ 315,949
<u>Operating income (loss)</u>	(6,620)
<u>Non operating revenue</u>	
Interest income	165
Change in net position	(6,455)
Total net position - beginning	294,913
<u>Total net position - ending</u>	\$ 288,458

MOUNT VERNON AIRPORT AUTHORITY
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Fiscal Year Ended April 30, 2016

	Enterprise Fund F.B.O.
<u>Cash Flows from operating activities</u>	
Cash received from customers	\$ 316,970
Cash payment to suppliers	(305,656)
<u>Net cash provided by operating activities</u>	<u>\$ 11,314</u>
<u>Cash flows from non capital financing activities</u>	
Increase in due to other funds	(53,483)
<u>Net cash flows from non capital financing activities</u>	<u>(53,483)</u>
<u>Cash flows from capital and related financing activities</u>	
Interest income	\$ 165
Fixed asset purchases	(31,415)
<u>Net cash provided by capital and related financing activities</u>	<u>\$ (31,250)</u>
Net increase (decrease) in cash	(73,419)
Cash - beginning	236,008
Cash - ending	<u><u>\$ 162,589</u></u>
 <u>Reconciliation of operating income to net cash used for operating activities.</u>	
Operating income	\$ (6,620)
Adjustments to reconcile operating income to net cash provided by operating activities	
Depreciation	4,148
Decrease in accounts receivable	7,640
Decrease in inventory	6,937
Increase in accounts payable	118
Decrease in accrued liabilities	(909)
<u>Net cash provided by operating activities</u>	<u><u>\$ 11,314</u></u>

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

MOUNT VERNON AIRPORT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
April 30, 2016

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.

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.

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	\$ 978,216	\$ 1,013,504	\$420,845*	\$ 589,511	\$ -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, 2016, consist of the following:

Debt Fund owes Enterprise Fund \$ 23,000

Enterprise Fund loaned the Debt Fund monies to pay debt obligations prior to the Debt Fund's property tax monies becoming available. No determination has been made on when the loan will be repaid.

Note 4. CAPITAL ASSETS

Capital assets activity for the year ended April 30, 2016 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 \$729,157 and \$4,148, respectively.

Note 4. CAPITAL ASSETS:(Continued)

Capital asset activity for the year ended April 30,2016 was as follows:

Capital Asset	Balance 05/01/15	Additions	Deletions	Balance 04/30/16
<i>Governmental Activities</i>				
Assets Not Being Depreciated:				
Land	1,298,645			1,298,645
Assets Being Depreciated:				
Land Improvements	24,528,490	72,950		24,601,440
Buildings	7,816,916	73,017		7,889,933
Office and field equipment	1,431,325	16,335		1,447,660
Total assets being depreciated	33,776,731	162,302		33,939,033
Less: Accumulated Depreciation	(27,359,048)	(729,157)		(28,088,205)
Assets being depreciated, net	6,417,683	(566,855)	-	5,850,828
Governmental activities assets, net	7,716,328	(566,855)	-	7,149,473
<i>Business-type Activities</i>				
Assets Being Depreciated:				
Shop and Office equipment	149,709	31,415		181,124
Total assets being depreciated	149,709	31,415	-	181,124
Less: Accumulated Depreciation	(142,310)	(4,148)		(146,458)
Assets being depreciated, net	7,399	27,267	-	34,666

Note 5. GENERAL OBLIGATION BONDS

Bonded indebtedness at April 30, 2016, consists of the following:

<u>Maturity Date</u>	<u>Issue Date</u>	<u>Interest Rate</u>	<u>Amount</u>
December 1, 2016	February 1, 2009	3.25%	190,000

General Obligation Bond transactions for the year ended April 30, 2016, were as follows:

	<u>Outstanding 4/30/15</u>	<u>Additions</u>	<u>Reductions</u>	<u>Outstanding 4/30/16</u>
G.O Bonds (2/09)	\$385,000	0	\$ 195,000	\$ 190,000
USDA City Bonds	<u>0</u>	<u>660,000</u>	<u>0</u>	<u>660,000</u>
	<u>\$385,000</u>	<u>\$660,000</u>	<u>\$ 195,000</u>	<u>\$ 850,000</u>

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

<u>Year Ending April 30</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>
2017	\$219,495	\$200,000	\$19,495
2018	224,223	215,000	9,223
2019	220,954	215,000	5,954
2020	<u>222,090</u>	<u>220,000</u>	<u>2,090</u>
	<u>\$ 886,762</u>	<u>\$850,000</u>	<u>\$36,762</u>

The Authority is not obligated for any special assessment debt at April 30, 2016.

The Authority entered into a 25 year lease agreement with Fairfield National Bank of Fairfield, Illinois build and 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:

<u>Year Ending April 30</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>
2017	\$ 24,964	\$10,284	\$14,679
2018	24,964	10,703	14,260
2019	24,964	11,139	13,824
2020	24,964	11,593	13,370
2021	24,964	12,066	12,898
2022-2026	124,818	68,115	56,703
2027-2031	124,818	83,168	41,650
2032-2036	124,818	101,548	23,270
2037-2038	<u>66,570</u>	<u>,63,043</u>	<u>3,526</u>
	<u>\$ 565,842</u>	<u>\$371,660</u>	<u>\$194,182</u>

Note 6. RESERVED FUND BALANCE

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

	Reserved Fund Balance <u>4/30/15</u>	<u>Additions</u>	<u>Reductions</u>	Reserved Fund Balance <u>4/30/16</u>
<u>General Fund</u>				
Prepaid insurance and expenses	<u>\$32,160</u>	<u>\$44,391</u>	<u>\$46,824</u>	<u>\$29,727</u>

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

Note 7. LEGAL DEBT MARGIN

The Authority's legal debt margin is as follows:

	<u>2015 Tax Year</u>
Equalized assessed valuation	<u>\$196,516,065</u>
Statutory debt limitation (2.3% of equalized assessed valuation)	\$ 4,519,870
Total debt: General obligation bonds payable	<u>850,000</u>
Legal debt margin	<u>\$ 3,669,870</u>

Bonds outstanding of the Authority may not exceed three-fourths of one-percent of the equalized assessed valuation (\$1,473,870) 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 8. Evaluation of Subsequent Events

The Airport has evaluated subsequent events through December 28, 2015, the date which the financial statements were available to be issued.

Note 9. Defined Benefit Pension 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 Authority's plan is affiliated with the Illinois Municipal Retirement Fund (IMRF), an agent multi-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.

Benefits Provided. The Authority's defined benefit pension plan has two tiers. Employees hired before January 1, 2011, are eligible for Tier I benefits. Tier I employees are vested for pension benefits when they have at least eight years of qualifying service credit. Tier I employees who retire at age 55 (at reduced benefits) or after age 60 (at full benefits) with eight years of service are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 1.67 percent of the final rate of earnings for the first 15 years of service credit, plus 2 percent for each year of service credit after 15 years to a maximum of 75 percent of their final rate of earnings. Final rate of earnings is the highest total earnings during any consecutive 48 months within the last 10 years of service, divided by 48. Under Tier 1, the pension is increased by 3 percent of the original amount on January 1 every year after retirement.

Employees hired on or after January 1, 2011, are eligible for Tier 2 benefits. For Tier 2 employees, pension benefits vest after ten years of service. Participating employees who retire at age 62 (at reduced benefits) or after age 67 (at full benefits) with ten years of service are entitled to an annual retirement benefit, payable monthly for life, in an amount paid equal to 1.67 percent of the final rate of earnings for the first 15 years of service credit, plus 2 percent for each year of service credit after 15 years to a maximum of 75 percent of their final rate of earnings. Final rate of earnings is the highest total earnings during any 96 consecutive months within the last 10 years of service, divided by 96. Under Tier 2, the pension is increased on January 1 every year after retirement, upon reaching age 67, by the lesser of:

- 3% of the original pension amount, or
- 1/2 of the increase in the Consumer Price Index of the original pension amount.

Employees Covered. All appointed employees of a participating employer who are employed in a position normally requiring 600 hours (1,000 hours for certain employees hired after 1981) or more of work in a year are required to participate. As December 31, 2015, the following employees were covered by the Plan:

Retirees and Beneficiaries currently receiving benefits	3
Inactive Plan Members entitled to but not yet receiving benefits	0
Active Plan Members	<u>4</u>
Total	7

Funding Policy. As set by statute, the Authority's Regular plan members are required to contribute 4.50 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 Authority's annual required contribution rate for calendar year 2015 was 5.57 percent. For the fiscal year ended June 30, 2016, the Authority contributed \$8,192 to the plan. The Authority 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's Board of Trustees, while the supplemental retirement benefits rate is set by statute.

Net Pension Liability. The components of the pension liability of the IMRF as of December 31, 2015, calculated in accordance with GASB Statement No. 68, were as follows:

Total Pension Liability/(Asset)	\$ 358,842
IMRF Fiduciary Net Position	\$ 395,735
Authority's Net Pension Liability/(Asset)	\$ (36,893)
IMRF Fiduciary Net Position as a Percentage of the Total Pension Liability	110.28%

Net Pension Liability. The District's net pension liability was measured as of December 31, 2015. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The following are the methods and assumptions used to determine total pension liability at December 31, 2015:

Actuarial Cost Method	Entry Age Normal
Assets Valuation Method	Market Value of Assets
Price Inflation	2.75%
Salary Increases	3.75% to 14.50% including inflation
Investment Rate of Return	7.50%
Retirement Age	Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2014 valuation pursuant to an experience study of the period 2011-2013.

Mortality

For non-disabled retirees, an IMRF specific mortality table was used with fully generational projection scale MP-2014 (base year 2014). The IMRF specific rates were developed from the RP-2014 Blue Collar Health Annuitant Mortality Table with adjustments to match current IMRF experience. For disabled retirees, an IMRF specific mortality table was used with fully generational projection scale MP-2014 (base year 2014). The IMRF specific rates were developed from RP-2014 Disabled Retirees Mortality Table applying the same adjustments that were applied for non-disabled lives. For active members, an IMRF specific mortality table was used with fully generational projection scale MP-2014 (base year 2014). The IMRF specific rates were developed from the RP-2014 Employee Mortality Table with adjustments to match current IMRF experiences.

Other Information:

Notes

There were no benefit changes during the year.

A detailed description of the actuarial assumptions and methods can be found in the December 31, 2015 Illinois Municipal Retirement Fund annual actuarial valuation report.

The long term expected rate of return on Plan investments was determined using a building-block method in which best- estimate ranges of expected future real rates of return (expected returns, net of Plan investment expenses and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Equities	38%	7.39%
International Equities	17%	7.59%
Fixed Income	27%	3.00%
Real Estate	8%	6.00%
Alternatives	9%	2.75-8.15%
Private Equity		
Hedge Funds		
Commodities		
Cash Equivalents	1%	2.25%
Total	100%	

Single Discount Rate. A single discount rate of 7.50 percent was used to measure the total pension liability. The projection of cash flows used to determine this Single Discount Rate assumed that plan members' contributions will be made at the current contribution rate, and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. The Single Discount Rate reflects:

1. The long-term expected rate of return on pension plan investments (during the period in which the fiduciary net position is projected to be sufficient to pay benefits), and
2. The tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating (which is published by the Federal Reserve) as of the measurement date (to the extent that the contributions for use with the long-term expected rate of return are not met).

For the purpose of the most recent valuation, the expected rate of return on plan investments is 7.50 percent, the municipal bond rate is 3.57 percent, and the resulting single discount rate is 7.48 percent.

Changes in District's Net Pension Liability, Changes in the District's net pension liability for the year ended December 31, 2015, were as follows:

	Total	Pension	Plan
	Pension	Fiduciary	Net pension
	Liability	Net Position	Liability (Asset)
Balance, December 31, 2014	\$328,217	\$408,331	\$(80,114)
Changes for the year:			
Service Cost	15,744		15,744
Interest	24,849		24,849
Difference between expected and actual	(430)		(430)
Changes in assumptions			
Contributions-employees		6,470	(6,470)
Contributions-employer		8,008	(8,008)
Net investment income		2,054	(2,054)
Benefit payments including refunds of			
Employee Contributions	(9,538)	(9,538)	0
Other (Net Transfer)		(19,590)	19,590
Net Changes	30,625	(12,596)	
Balance, December 31, 2015	\$358,842	\$395,735	\$(36,893)

Sensitivity of the Net Pension Liability to Changes in the Discount Rate. The following presents the plan's net pension liability, calculated using the Single Discount Rate of 7.50 percent, as well as, what the plan's net pension liability would be if it were calculated using a Single Discount Rate that is 1 percentage point lower or 1 percentage point higher:

2016	5,536
2017	5,536
2018	5,536
2019	5,537
2020	(68)
Thereafter	(22)
Total	\$ 22,055

	Discount Rate	Net Pension Liability(Asset)
1% decrease	6.50%	\$ 15,647
Current discount rate	7.50%	\$ (36,893)
1% increase	8.50%	\$ (80,128)

Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources. For the year ended December 31, 2015, the District realized pension expense of \$29,174. At December 31, 2015, the District realized deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflow of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$0	\$ 362
Changes in assumptions	0	0
Net difference between projected and actual earnings on pension plan investments	22,417	0
Total	\$ 22,417	\$ 362

REQUIRED SUPPLEMENTARY INFORMATION

MOUNT VERNON AIRPORT AUTHORITY
Schedules of Required Supplementary Information

IMRF Multiyear Schedule of Changes in the Net Pension Liability and Related Ratios
Last 10 Calendar Years

Calendar Year Ended December 31,	<u>2015</u>
Total Pension Liability	
Service Cost	\$ 15,744
Interest on the Total Pension Liability	24,849
Changes of Benefit Terms	-
Differences Between Expected and Actual Experience of the Total Pension Liability	(430)
Changes of Assumptions	-
Benefit Payments, including Refunds of Employee Contributions	<u>(9,538)</u>
Net Change in Total Pension Liability	30,625
Total Pension Liability - Beginning	<u>328,217</u>
Total Pension Liability - Ending (A)	<u>\$ 358,842</u>
Plan Fiduciary Net Position	
Contributions - Employer	\$ 8,008
Contributions - Employees	6,470
Net Investment Income	2,054
Benefit Payments, including Refunds of Employee Contributions	<u>(9,538)</u>
Other (Net Transfers)	<u>(19,590)</u>
Net Change in Plan Fiduciary Net Position	(12,596)
Plan Fiduciary Net Position - Beginning	<u>408,331</u>
Plan Fiduciary Net Position - Ending (B)	<u>\$ 395,735</u>
Net Pension Liability (Asset) - Ending (A)-(B)	(36,893)
 Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	 110.28%
 Covered Valuation Payroll	 \$ 143,780
 Net Pension Liability as a Percentage of Covered Valuation Payroll	 (25.66)%

Notes to Schedule:

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, information is presented for those years for which information is available.

MOUNT VERNON AIRPORT AUTHORITY
 MULTIYEAR SCHEDULE OF CONTRIBUTIONS
 ILLINOIS MUNICIPAL RETIREMENT FUND

LAST 10 CALENDAR YEARS

Calendar Year Ending December 31,	Actuarially Determined Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered Valuation Payroll	Actual Contribution as a % of Covered Valuation Payroll
2015	8,009	8,008	1.00	143,780	5.57%

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, 2016

	Final Budget	Actual	Variance Positive (Negative)
Revenues:			
Real estate and personal property taxes:			
General purposes	\$ 266,860	\$ 271,889	\$ 5,029
Charges for services	169,990	176,101	6,111
Interest income	50	5	(45)
Farm revenues	38,000	39,647	1,647
Miscellaneous	2,400	2,768	368
Total Revenue Received	\$ 477,300	\$ 490,410	\$ 13,110
Expenditures:			
Current operations:			
General and administrative	475,800	470,675	-5,125
Total Expenditures	\$ 475,800	\$ 470,675	\$ (5,125)
Excess (deficiency) of revenue over (under) expenditures	1,500	19,735	18,235
Other financing sources	0	0	0
Total other financing sources	0	0	0
Net Change in Fund Balances	1,500	19,735	18,235
Fund Balance - Beginning	166,652	166,652	0
Fund Balance - End of Year	\$ 168,152	\$ 186,387	\$ 18,235

*NO DEPRECIATION
INCLUDED*

MOUNT VERNON AIRPORT AUTHORITY

NOTES TO THE SCHEDULE OF CONTRIBUTIONS
SUMMARY OF ACTUARIAL METHODS AND ASSUMPTIONS
USED IN THE CALCULATION OF THE 2015 CONTRIBUTION RATE*
ILLINOIS MUNICIPAL RETIREMENT FUND

Valuation Date:

Notes Actuarially determined contribution rates are calculated as of December 31 each year, which are 12 months prior to the beginning of the fiscal year in which contributions are reported.

Methods and Assumptions Used to Determine 2015 Contribution Rates:

Actuarial Cost Method Aggregate Entry Age Normal
Amortization Method Level Percentage of Payroll, Closed
Remaining Amortization Period Non-Taxing bodies: 10-year rolling period. Taxing bodies (Regular, SLEP and ECO groups): 28-year closed period until remaining period reaches 15 years (then 15-year rolling period). Early Retirement Incentive Plan liabilities: a period up to 10 years selected by the Employer upon adoption of ERI. SLEP supplemental liabilities attributable to Public Act 94-712 were financed over 23 years for most employers (two employers were financed over 32 years).

Asset Valuation Method 5-Year smoothed market; 20% corridor
Wage Growth 4.00%
Price Inflation 3.00% - approximate; No explicit price inflation assumption is used in this valuation.

Salary Increase 4.40% to 16.00% including inflation
Investment Rate of Return 7.50%
Retirement Age Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2011 valuation pursuant to an experience study of the period 2008-2010.

Mortality RP-2000 Combined Healthy Mortality Table, adjusted for mortality improvements to 2020 using projected scale AA. For men 120% of the table rates were used. For women 92% of the table rates were used. For disabled lives, the mortality rates are the rates applicable to non-disabled lives set forward 10 years.

Other Information:

Notes There were no benefit changes during the year.

**Based on Valuation Assumptions used in the December 31, 2013 actuarial valuation*

MOUNT VERNON AIRPORT AUTHORITY
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
For the Fiscal Year Ended April 30, 2016

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, 2016

	Source		
	Federal and State Grants	General Obligation Bonds	Total
Revenues:			
Federal and state grants	\$ 57,880	\$ -	\$ 57,880
Interest income	-	168	168
Sale of equipment	-	-	-
Miscellaneous	-	-	-
Total Revenue Received	<u>\$ 57,880</u>	<u>\$ 168</u>	<u>\$ 58,048</u>
Expenditures:			
Rehabilitate Taxiway B & E	35,429	-	35,429
Frontal apron and Taxiway	22,451	-	22,451
New equipment	-	17,230	17,230
Various improvements	-	96,009	96,009
Grant funds not expended in current year	-	-	-
Current operations:			
General and administrative		4,049	4,049
Total Expenditures	<u>\$ 57,880</u>	<u>\$ 117,289</u>	<u>\$ 175,169</u>
Excess (deficiency) of revenue over (under) expenditures	-	(117,121)	(117,121)
Other financing sources			
Proceeds from sale of bonds	-	660,000	660,000
Total other financing sources	-	660,000	660,000
Net Change in Fund Balances	-	542,879	542,879
Fund Balance - Beginning	-	119,445	119,445
Fund Balance - End of Year	<u>\$ -</u>	<u>\$ 662,324</u>	<u>\$ 662,324</u>

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 2015, 2014, and 2013

	<u>2015</u>	<u>2014</u>	<u>2013</u>
Assessed valuations:	<u>\$196,516,065</u>	<u>\$196,350,368</u>	<u>\$193,015,303</u>
Tax rates:			
General Fund	.0606%	.0598%	.0608%
Bond and Interest Fund	<u>.1041%</u>	<u>.1040%</u>	<u>.1063%</u>
	<u>.1647%</u>	<u>.1638%</u>	<u>.1671%</u>
Tax extensions:			
General Fund	\$119,128	\$117,372	\$116,371
Bond and Interest Fund	<u>204,513</u>	<u>204,198</u>	<u>203,328</u>
	<u>\$323,641</u>	<u>\$321,570</u>	<u>\$319,699</u>
Tax collections:			
General Fund	N/A	\$115,838	\$115,577
Bond and Interest Fund	N/A	<u>201,535</u>	<u>201,941</u>
		<u>\$317,373</u>	<u>\$317,518</u>
Percentage of extensions collected	N/A	<u>98.7%</u>	<u>99.2%</u>

MOUNT VERNON AIRPORT AUTHORITY

SCHEDULE OF FINDINGS AND RESPONSES For the Year Ended April 30, 2016

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.