

**MOUNT VERNON AIRPORT AUTHORITY  
ANNUAL FINANCIAL STATEMENTS  
MAY 1, 2017 THRU APRIL 30, 2018**



**RICHARD DAVID KIEFFER  
CERTIFIED PUBLIC ACCOUNTANT**

MOUNT VERNON AIRPORT AUTHORITY  
Mount Vernon, Illinois

BOARD OF COMMISSIONERS

For the Fiscal Year Ended April 30, 2018

Board of Commissioners

Michael Ancona, Chairman  
Eddie Lee, Vice Chairman  
Ryan Wellmaker, Secretary  
Gary Chesney, Treasurer  
Marty Cox, Commissioner

FINANCIAL SECTION

# Richard David Kieffer

Certified Public Accountant

503 S. Kitchell

Olney, IL 62450

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## INDEPENDENT AUDITORS' REPORT

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

I have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Mount Vernon Airport Authority as of and for the year ended April 30, 2018, 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 and the standards applicable to financial audits contained in *Government auditing Standards*, issued by the Comptroller General of the United States. Those standards require that 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my 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, 2018, 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 page 38 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 40 and 41 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 28, 2018 on my consideration of the Mt Vernon Airport 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 28, 2018

# Richard David Kieffer

Certified Public Accountant

503 S. Kitchell

Olney, IL 62450

618-392-3504

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

Board of Commissioners  
Mount Vernon Airport Authority  
Mount Vernon, Illinois

I have audited, in accordance the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Mount Vernon Airport Authority, as of and for the year ended April 30, 2018, 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 28, 2018.

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

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

## Compliance and Other Matters

As part of obtaining reasonable assurance about whether Mount Vernon Airport Authority's financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit, and accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### Mount Vernon Airport Authority's response to Findings

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

### Purpose of this report

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

Olney, Illinois  
December 28, 2018

MANAGEMENT'S DISCUSSION AND ANALYSIS



**MOUNT VERNON AIRPORT AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
April 30, 2018**

The Authority's discussion and analysis is designed to (1) assist the reader in focusing on significant financial issues, (2) provide an overview of the Authority's financial activity, (3) identify changes in the Authority's financial position (its ability to address the next and subsequent year challenges), (4) identify any material deviations from the financial plan (the approved budget), and (5) identify individual fund issues or concerns. Since the management's Discussion and Analysis (MD&A) is designed to focus on the current year's activities, resulting changes and currently known facts, please read it in conjunction with the financial statements which begin on page 12.

### **Non Financial Highlights**

Mt. Vernon Outland Airport continues to be a hub for aeronautical and community activities. Expanded events, new services offerings, and the addition of an international airline pilot training academy were the highlights of FY 2017/2018.

### **AIRGO, INCORPORATED**

Airgo, Inc. became the significant contributor to Mt. Vernon Outland Airport many thought it would. The international airline pilot training academy provided a large boost to the airport in the form of aircraft operations, tenancy, and fuel sales. During its first complete calendar year, Airgo operated as many as eight single engine Cessna, two multi engine Piper, and two twin turboprop King Air aircraft. The average number of students assigned to Mt. Vernon Outland Airport was thirty. Ten to twelve company employees were on site including flight instructors, schedulers, and aviation maintenance technicians.

The AIRGO program takes the student from zero time to Commercial Multi-Engine in 18 months. Graduates complete the curriculum with 20 hours of high altitude, twin turboprop training. Several months of Boeing 737 or Airbus A319/320 simulator training await the graduate upon returning to China. The final assignment - the cockpit of a China Southern Airliner.

### **CONTRIBUTIONS TO THE DOMESTIC AIRLINE INDUSTRY**

In addition to the AIRGO Students, Mt. Vernon Outland Airport contributed several professionals to the global airline industry. Airgo's instructor program itself is a pathway to a domestic airline pilot career, Three KMVN based AIRGO Instructors left southern Illinois during the past year and are now in the cockpit flying for domestic commuter airlines Envoy, GoJet, and PSA. On the aircraft maintenance side, SRT Aviation's Airframe and Powerplant Maintenance Technician Apprentice Program graduated one mechanic over the previous twelve months. That A&P Mechanic left the airport and now works for American Eagle. A previous graduate is the Maintenance Manager for Cape Air.

### **NATIONAL EXPOSURE**

Mount Vernon Outland Airport was recognized on a national level on multiple occasions in 2017. Events such as the Midwest LSA Expo and EAA AirVenture Cup Race garnered attention from the aviation community, and additional public exposure came from last summer's total eclipse.

The remarkable November 2017 *AOPA Pilot* cover shot, titled "Total Eclipse," captured by AOPA Senior Photographer Chris Rose, was connected to Mount Vernon Outland Airport through Eric Whyte, ONE Aviation Chief Demo Pilot. Whyte and AOPA's Dave Hirschman conceived the idea of the total eclipse in the background of the Eclipse 550 Jet at Sun 'n Fun in April. The pair chose Mount Vernon Outland Airport due to its close proximity to totality, and the nine page article mentions the airport on nearly every page. The November edition of *EAA Sport Aviation* also featured an article covering the total eclipse, with several southern Illinois airports mentioned. (continued)

**MOUNT VERNON AIRPORT AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
April 30, 2018**

The 9<sup>th</sup> Annual Midwest LSA Expo, held in early September, generated articles in the November 2017 *Powered Sport Flying* magazine and the December 2017 edition of *EAA Sport Aviation*. Mount Vernon Outland Airport Manager Chris Collins remarked about the recent media attention: "With so much going on in the aviation industry, it is a rare occurrence to be featured once in a national magazine. To be mentioned this many times in a single year is truly special!"

#### **AVIATION EXPLORER POST**

Mount Vernon Outland Airport officials recently reviewed their partnership with Boy Scouts of America. The airport hosted a five day Bug Hunter Day Camp for Cub Scouts in July, provided training and Young Eagle Flights for nearly 60 Aviation Merit Badge candidates in September, and introduced aviation careers to several youth through the newly established Aviation Explorer Post #1155. Visits to SIUC, Boeing, the St. Louis-Lambert International Airport Control Tower, the 126<sup>th</sup> Air Refueling Wing at Scott AFB, and the National Museum of the U.S. Air Force in Dayton, Ohio were just a few of the trips made by the region's only Aviation Explorer Program.

#### **MILESTONE EVENTS**

The 20<sup>th</sup> Anniversary of the EAA Airventure Cup Race initiated at Mt. Vernon Outland Airport in July. Almost 100 aircraft, owner, pilots, crew members, and race staff spent two days and nights in Mt. Vernon before departing for Oshkosh, Wisconsin. The airport hosts the race every other year. Airport officials are quick to state "there is only one starting and one ending point each year!"

The National Run for the Wall made its only Illinois stop at Mt. Vernon Outland Airport in May. Nearly 500 motorcycles, their riders, passengers, and support staff stopped for lunch and a brief program as they made their way West to East for a Memorial Day Ceremony at the Vietnam Veterans Memorial in Washington, DC. Riders were escorted from the airport East through Wayne County to Interstate 64 by Kash Helicopter Services and their suspended 40' by 60' American Flag!

#### **AVIONICS INSTALLATION & REPAIR**

Mt. Vernon Outland Airport based FAA Certified Repair Station SRT Aviation was very busy with avionics repair and installation work over the last year. A large portion of the work was associated with the January 1, 2020 FAA mandated ADS-B Transponder technology upgrade. Many aircraft owners from across the Midwest brought their aircraft to Mt. Vernon Outland Airport due to the expertise and facilities of SRT Aviation. Bringing outside work to Mt. Vernon has been and continues to be a goal of everyone on Team MVN.

#### **AIRPORT VIEW SYSTEM**

Mt. Vernon Outland Airport became the first Illinois airport to participate in the Airport View Network. Airport View allows pilots, farmers, residents, and weather enthusiasts to see nearly real-time conditions at participating airports. The system utilizes high definition cameras looking toward the runway ends thereby allowing anyone with a computer or smart phone to see actual sky cover and conditions. Using the site's time lapse technology, users can see weather systems develop or dissipate. The site is packed with National and local weather information. Notices to Airman, airport information, sponsorship opportunities, and the ability to upload other items await users in the future.

**MOUNT VERNON AIRPORT AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
April 30, 2018**

**New Technologies and Equipment**

**Refueling Truck**

Mt. Vernon Outland Airport purchased a new American Refueler 2200 gallon Jet Tank mounted on a 2008 international 4300 chassis with Midwest pumps and metering system for \$94,468.45 to replace the older and outdated truck. The larger tank allows for fewer refills during peak service time.

**Communications**

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!

**Capital Development Plan**

*Momentum 2020* was set into motion in early 2018. 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.

**Financial Highlights**

The Authority's net position decreased by \$479,355 (6.63%) during the fiscal year ending April 30, 2018 (FY18) The governmental net position decreased by \$(450,243) (down 4.49% from FY17) and the business-type activities net position decreased by \$(29,112) (down 9.64% from FY17).

The Authority's total net position decreased by \$479,355. This reflects the excess of current revenues over expenses, offset by the systematic and planned consumption of the airport's capital assets that is quantified as depreciation expense. Total depreciation expense for the year was \$627,720.

The governmental activities revenue decreased by 169,347 (48%). Expenses increased by \$2,171 (.2%) General government expenses increased \$6,106 (.5%) while grant revenues were lower by \$134,341 (76.3%)

The business type activities revenue increased by \$118,952 (46%). Expenses increased by \$161,702 (69%). Total depreciation expense for the year was \$15,022.

As of the close of the current fiscal year, the Authority's governmental funds reported combined ending fund balances of \$632,632. Approximately 94% of this amount, \$597,103 is available for spending at the discretion of the board of directors. (unassigned fund balance).

Under GASB No 68 Accounting and financial reporting for pensions, the Authority is now required to record the Net Pension Liability (NPL) on the government-wide financial statements. The NPL at December 31, 2017 was \$ (87,877). More details of the pension reporting can be found in the financial statement and notes to the financial statements.

**Overview of the Basic Financial Statements**

This discussion and analysis is intended to serve as an introduction 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.

MOUNT VERNON AIRPORT AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
April 30, 2018

### 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 the proprietary fund. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net Position and the Statement of Activities. In fact, the Authority's enterprise funds are the same as the business-type activities we report in the government-wide statements but provide more detail and additional information, such as cash flows, for proprietary funds.

All of the Enterprise Funds' current year's revenues and expenses are accounted for in the Statement of Revenues, Expenses, and Changes in Net Position. This statement measures the success of the Enterprise Funds' operations over the past year and can be used to determine whether the Authority has successfully recovered all its costs through its user fees and other charges, profitability, and credit worthiness.

The final required financial statement for Proprietary Funds is the Statement of Cash Flows. The statement reports cash receipts, cash payments, and net changes in cash resulting from operating, financing, and investing activities and provides answers to such questions as where did cash come from, what was cash used for, and what was the change in the cash balance during the reporting period.

### Notes to Financial Statements

The accompanying notes to financial statements provide information essential to a full understanding of the financial statements. The notes to financial statements begin on page 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.

MOUNT VERNON AIRPORT AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
April 30, 2018

**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, 2018 and April 30, 2017:

	Net Position					
	Governmental Activities		Business-Type Activities		Total	Total
	2018	2017	2018	2017	2018	2017
Current and other assets	1,124,200	1,176,356	153,431	263,434	1,277,631	1,439,790
Capital assets	6,164,742	6,777,440	123,017	41,571	6,287,759	6,819,011
Deferred outflows	20,250	-	-	-	20,250	-
<b>Total assets and deferred outflows</b>	<b>7,309,192</b>	<b>7,953,796</b>	<b>276,448</b>	<b>305,005</b>	<b>7,585,640</b>	<b>8,258,801</b>
Current liabilities	191,870	268,656	3,464	2,909	195,334	271,565
Long-term liabilities	559,970	785,673	-	-	559,970	785,673
Deferred inflows	76,458	-	-	-	76,458	-
<b>Total liabilities and deferred inflows</b>	<b>828,298</b>	<b>1,054,329</b>	<b>3,464</b>	<b>2,909</b>	<b>831,762</b>	<b>1,057,238</b>
<b>Net Position</b>						
Invested in capital assets	5,379,069	5,766,064	-	-	5,379,069	5,766,064
Restricted for:						
Capital projects	476,629	-	-	-	476,629	-
Debt service	215,000	216,892	-	-	215,000	216,892
Prepaid expense	35,529	25,033	-	-	35,529	25,033
Unrestricted	374,667	891,478	272,984	302,096	647,651	1,193,574
<b>Total net position</b>	<b>6,480,894</b>	<b>6,899,467</b>	<b>272,984</b>	<b>302,096</b>	<b>6,753,878</b>	<b>7,201,563</b>

## Summary of Changes in Net Position

The following summarizes the changes in Net Position of the Mount Vernon Airport Authority at April 30, 2018 and April 30, 2017:

	Changes in Net Position					
	Governmental Activities		Business-Type Activities		Total	Total
	2018	2017	2018	2017	2018	2017
<b>Revenues</b>						
Program revenues						
Charges for services	191,859	175,202	361,307	246,765	553,166	421,967
Capital grants	41,735	176,076	-	-	41,735	176,076
General revenues						
Real estate and personal property taxes levied for:						
General purposes	267,385	297,280	-	-	267,385	297,280
Debt service	203,767	213,741	-	-	203,767	213,741
Gain (loss) on asset disposal	-	-	-	-	-	-
Miscellaneous	12,938	19,167	-	-	12,938	19,167
Interest	503	593	140	162	643	755
Insurance recoveries	-	-	-	-	-	-
Other revenues	33,766	39,241	6,949	2,517	40,715	41,758
<b>Total revenues</b>	<b>751,953</b>	<b>921,300</b>	<b>368,396</b>	<b>249,444</b>	<b>1,120,349</b>	<b>1,170,744</b>
<b>Expenses</b>						
General and administrative services	1,191,459	1,185,353	397,508	235,806	1,588,967	1,421,159
Interest and other fiscal charges	10,737	14,672	-	-	10,737	14,672
<b>Total expenses</b>	<b>1,202,196</b>	<b>1,200,025</b>	<b>397,508</b>	<b>235,806</b>	<b>1,599,704</b>	<b>1,435,831</b>
<b>Increase (decrease) in net position</b>	<b>(450,243)</b>	<b>(278,725)</b>	<b>(29,112)</b>	<b>13,638</b>	<b>(479,355)</b>	<b>(265,087)</b>
Net position - beginning	6,931,137	7,178,192	302,096	288,458	7,233,233	7,466,650
<b>Net Position - ending</b>	<b>6,480,894</b>	<b>6,899,467</b>	<b>272,984</b>	<b>302,096</b>	<b>6,753,878</b>	<b>7,201,563</b>

**MOUNT VERNON AIRPORT AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
April 30, 2018**

**Capital Assets and Debt Administration**

**Capital Assets.** The Authority's net investment in capital assets as of April 30, 2018 amounted to \$6,819,010 (net of accumulated depreciation). This investment in capital assets includes property, plant, and equipment. Capital assets for the governmental funds decreased by \$612,689 net of depreciation and for the business-type activities, capital assets increased by \$81,446.00 due to the purchase of the tank truck. For governmental activities, total depreciation expense for this year amounts to \$677,229 with ending accumulated depreciation being \$28,378,132. For business-type activities, total depreciation expense for this year amounts to \$15,022 with ending accumulated depreciation being \$166,834.

**Net Capital Assets Summary**

	Governmental		Business-Type		Total	
	<u>Activities</u>		<u>Activities</u>			
	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>
Land	\$ 1,311,382	\$ 1,311,382	\$ -	\$ -	\$ 1,311,382	\$ 1,311,382
Land improvements	24,811,408	24,811,408	-	-	24,811,408	\$ 24,811,408
Buildings and improvements	7,900,863	7,900,863	-	-	7,900,863	\$ 7,900,863
Machinery and equipment	1,519,220	1,519,220	193,405	289,873	1,712,625	\$ 1,809,093
Less: accumulated depreciation	(28,765,434)	(29,378,132)	(151,834)	(166,856)	(28,917,268)	\$ (29,544,988)
<b>Total capital assets, net</b>	<b>\$ 6,777,439</b>	<b>\$ 6,164,741</b>	<b>\$ 41,571</b>	<b>\$ 123,017</b>	<b>\$ 6,819,010</b>	<b>\$ 6,287,758</b>

**Debt Administration.** Long-term debt. The Authority's general obligation bond indebtedness at April 30, 2018, totaled \$435,000, of which \$215,000 is due in less than one year. The general obligation bond indebtedness at April 30, 2018, was \$350,672.

**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, 2018 the principle balance owed was \$349,672 with \$11,139 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 2018/2018 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, 2018

<u>ASSETS</u>	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Cash	\$ 552,208	\$ 60,985	\$ 613,193
Receivables:			
Accounts (net of \$15,703 allowance)	65,790	22,039	87,829
Property and replacement tax	195,113	-	195,113
Property taxes restricted for debt service	273,337	-	273,337
Internal balances	-	-	-
Inventories	2,223	14,269	16,492
Loan to SRT	-	36,138	36,138
Due from other funds		20,000	
Prepaid expense	35,529	-	35,529
Total current assets	<u>1,124,200</u>	<u>153,431</u>	<u>1,257,631</u>
Capital assets:			
Land	1,311,382	-	1,311,382
Land improvements	24,811,408	-	24,811,408
Buildings and improvements	7,900,863	-	7,900,863
Machinery and equipment	1,519,221	289,873	1,809,094
Less- accumulated depreciation	<u>(29,378,132)</u>	<u>(166,856)</u>	<u>(29,544,988)</u>
Total capital assets	<u>6,164,742</u>	<u>123,017</u>	<u>6,287,759</u>
Total assets	<u>7,288,942</u>	<u>276,448</u>	<u>7,545,390</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>			
Pension - IMRF	<u>20,250</u>	-	<u>20,250</u>
Total deferred outflows of resources	<u>20,250</u>	-	<u>20,250</u>
Total assets and deferred outflows of resources	<u>\$ 7,309,192</u>	<u>\$ 276,448</u>	<u>\$ 7,565,640</u>



MOUNT VERNON AIRPORT AUTHORITY

STATEMENT OF NET POSITION

April 30, 2018

	Governmental Activities	Business-Type Activities	Total
<u>LIABILITIES AND FUND EQUITY</u>			
Liabilities:			
Accounts payable	\$ 2,828	\$ 186	\$ 3,014
Accrued liabilities	28,736	3,278	32,014
Deferred hanger rental	2,480	-	2,480
Net pension liability	(87,877)	-	(87,877)
Due to other funds	20,000	-	20,000
Capital Lease, \$10,703 due within one year, \$339,970 due in more than one year.	350,673	-	350,673
General obligation bonds (one year maturity \$215,000, due in more than one year \$220,000)	435,000	-	435,000
<b>Total Liabilities:</b>	<b>751,840</b>	<b>3,464</b>	<b>755,304</b>
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Pension - IMRF	76,458	-	76,458
<b>Total deferred inflow of resources</b>	<b>76,458</b>	<b>-</b>	<b>76,458</b>
<b>Total liabilities and deferred inflow of resources</b>	<b>828,298</b>	<b>3,464</b>	<b>831,762</b>
Net position			
Invested in capital assets	5,379,069	123,017	5,502,086
Restricted for:			
Capital projects	476,629	-	476,629
Debt service	-	-	-
Prepaid expense	35,529	-	35,529
Unrestricted	589,667	149,967	739,634
<b>Total net position</b>	<b>6,480,894</b>	<b>272,984</b>	<b>6,753,878</b>
<b>Total Liabilities and net position</b>	<b>\$ 7,309,192</b>	<b>\$ 276,448</b>	<b>\$ 7,585,640</b>

MOUNT VERNON AIRPORT AUTHORITY  
 STATEMENT OF ACTIVITIES  
 For the Year Ended April 30, 2018

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	\$ 1,191,459	\$ 191,859	\$ -	\$ 41,735	\$ (957,865)	\$ -	\$ (957,865)
Interest and other fiscal charges	10,737	-	-	-	(10,737)	-	(10,737)
Total government activities	1,202,196	191,859	-	41,735	(968,602)	-	(968,602)
Business-type activities:							
Enterprise fund	397,508	361,307	-	-	(36,201)	(36,201)	(36,201)
Total business-type activities	397,508	361,307	-	-	(36,201)	(36,201)	(36,201)
Total primary government	1,599,704	553,166	-	41,735	(968,602)	(36,201)	(1,004,803)

General revenues:

Real estate and personal property taxes levied for:

General purposes	267,385	267,385
Debt service	203,767	203,767
Miscellaneous	12,938	6,949
Other	33,766	33,766
Sale of assets	-	-
Interest income	503	140
Total General Revenues	518,359	7,089
Change in net position	(450,243)	(29,112)
Net position - beginning	6,931,137	302,096
Net position - ending	\$ 6,480,894	\$ 272,984
	\$ 6,480,894	\$ 6,753,878

MOUNT VERNON AIRPORT AUTHORITY  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
April 30, 2018

<u>ASSETS</u>	General	Capital Projects	Debt Service	Total Governmental Funds
Cash	\$ 74,225	\$ 466,687	\$ 11,296	\$ 552,208
Investment - certificate of deposit	-	-	-	-
Receivables:				
Accounts (net of \$15,703 allowance)	65,790	-	-	65,790
Property and replacement tax	154,066	-	205,003	359,069
Other fund	37,390	33,333	-	70,723
Inventories	2,223	-	-	2,223
Prepaid expense	35,529	-	-	35,529
<b>Total assets</b>	<b>\$ 369,223</b>	<b>\$ 500,020</b>	<b>\$ 216,299</b>	<b>\$ 1,085,542</b>
 <u>LIABILITIES AND FUND EQUITY</u>				
Liabilities:				
Accounts payable	2,828	-	-	2,828
Accrued liabilities	28,736	-	-	28,736
Due to other funds	-	23,390	67,333	90,723
Deferred property tax revenue	123,140	-	205,003	328,143
Deferred hanger rental	2,480	-	-	2,480
<b>Total Liabilities:</b>	<b>\$ 157,184</b>	<b>\$ 23,390</b>	<b>\$ 272,336</b>	<b>\$ 452,910</b>
Fund Balance:				
Restricted for:				
Capital projects	-	-	-	-
Debt service	-	-	-	-
Prepaid expense	35,529	-	-	35,529
Unassigned	176,510	476,630	(56,037)	597,103
<b>Total Fund Balances</b>	<b>212,039</b>	<b>476,630</b>	<b>(56,037)</b>	<b>632,632</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 369,223</b>	<b>\$ 500,020</b>	<b>\$ 216,299</b>	<b>\$ 1,085,542</b>

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

April 30, 2018

	General	Capital Projects	Debt Service	Total Governmental Funds
Total governmental fund balance	\$ 212,039	\$ 476,630	\$ (56,037)	\$ 632,632
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	6,164,741			6,164,741
Difference between expected and actual experiences, assumptions changes, net differences between projected and actual earnings and contributions subsequent to the measurement date for IMRF are recognized as deferred inflows and outflows of resources on the statement of net position	(56,208)			(56,208)
Net pension liabilities for IMRF is shown as a liability on the statement of net position	87,877			87,877
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the governmental funds		(435,000)		(435,000)
Long-term liabilities, including capital leases, are not due and payable in the current period and, therefore, are not reported in the governmental funds	(350,673)			(350,673)
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.	164,187		273,337	437,524
Net position of governmental activities	<u>\$ 6,221,963</u>	<u>\$ 41,630</u>	<u>\$ 217,300</u>	<u>\$ 6,480,894</u>

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, 2018

	General	Capital Projects	Debt Service	Total Governmental Funds
Revenues:				
Real estate and personal property taxes:				
General purposes	\$ 266,073	\$ -	\$ -	\$ 266,073
Debt service	-	-	204,967	204,967
Capital grants and contributions	-	41,735	-	41,735
Charges for services	191,859	-	-	191,859
Interest income	41	410	53	504
Farm revenues	33,766	-	-	33,766
Miscellaneous	12,938	-	-	12,938
Total Revenue Received	<u>\$ 504,677</u>	<u>\$ 42,145</u>	<u>\$ 205,020</u>	<u>\$ 751,842</u>
Expenditures:				
Current operations:				
General and administrative	\$ 492,351	\$ 3,180	\$ 1,060	\$ 496,591
Capital outlays	-	92,873	-	92,873
Debt Service:				
Principal retirement	-	-	215,000	215,000
Interest and other fiscal charges	-	-	10,737	10,737
Total Expenditures	<u>\$ 492,351</u>	<u>\$ 96,053</u>	<u>\$ 226,797</u>	<u>\$ 815,201</u>
Excess (deficiency) of revenue over (under) expenditures	<u>\$ 12,326</u>	<u>\$ (53,908)</u>	<u>\$ (21,777)</u>	<u>\$ (63,360)</u>
Other financing sources				
Proceeds from sale of bonds	-	-	-	-
Proceeds from sale of equipment	-	-	-	-
Total other financing sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	<u>\$ 12,326</u>	<u>\$ (53,908)</u>	<u>\$ (21,777)</u>	<u>\$ (63,360)</u>
Fund Balance - Beginning	<u>199,713</u>	<u>530,538</u>	<u>(34,260)</u>	<u>695,991</u>
Fund Balance - End of Year	<u>\$ 212,039</u>	<u>\$ 476,630</u>	<u>\$ (56,037)</u>	<u>\$ 632,632</u>

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, 2018

	General	Capital Projects	Debt Service	Total Governmental Funds
Net changes in fund balances- total governmental funds	\$ 12,326	\$ (53,909)	\$ (21,777)	\$ (63,360)
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 \$612,698 exceed capital purchases of \$0 during the current period.	(612,698)	0		-612,698
Accrued property taxes reported in the statement of activities does not require the use of current financial resources and, therefore, is not reported as income in the governmental funds.	1,312		-1,200	112
Repayment of debt is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.	10,703		215,000	225,703
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		0	0
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>\$ (588,357)</u>	<u>\$ (53,909)</u>	<u>\$ 192,023</u>	<u>\$ (450,243)</u>

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, 2018

	Final Budget	Actual	Variance Positive (Negative)
Revenues:			
Real estate and personal property taxes:			
General purposes	\$ 281,876	\$ 266,073	\$ (15,803)
Charges for services	173,356	191,859	18,503
Interest income	50	41	(9)
Farm revenues	33,526	33,766	240
Miscellaneous	1,200	12,938	11,738
Total Revenue Received	<u>490,008</u>	<u>504,677</u>	<u>14,669</u>
Expenditures:			
Current operations:			
General and administrative	488,508	492,351	3,843
Total Expenditures	<u>488,508</u>	<u>492,351</u>	<u>3,843</u>
Excess (deficiency) of revenue over (under) expenditures	<u>1,500</u>	<u>12,326</u>	<u>10,826</u>
Other financing sources	0	0	0
Total other financing sources	<u>0</u>	<u>0</u>	<u>0</u>
Net Change in Fund Balances	1,500	12,326	10,826
Fund Balance - Beginning	<u>199,713</u>	<u>199,713</u>	<u>0</u>
Fund Balance - End of Year	<u>\$ 201,213</u>	<u>\$ 212,039</u>	<u>\$ 10,826</u>

MOUNT VERNON AIRPORT AUTHORITY  
STATEMENT OF NET POSITION  
PROPRIETARY FUNDS  
April 30, 2018

	Enterprise Fund F.B.O.
<b>ASSETS</b>	
<u>Current assets</u>	
Cash	\$ 60,985
Accounts receivable	22,039
Inventory	14,269
Loan to SRT	36,138
Due from other funds	20,000
<u>Total current assets</u>	<u>\$ 153,431</u>
<u>Capital assets</u>	
Equipment	289,873
Accumulated depreciation	(166,856)
<u>Net capital assets</u>	<u>123,017</u>
<u>Total assets</u>	<u>\$ 276,448</u>
 <b>LIABILITIES</b>	
<u>Current liabilities:</u>	
Accounts payable	\$ 186
Accrued liabilities	3,278
Due to other funds	-
<u>Total current liabilities</u>	<u>\$ 3,464</u>
<u>Net position</u>	
Invested in capital assets	123,017
Net position - unrestricted	149,967
<u>Total net position</u>	<u>\$ 272,984</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, 2018

	Enterprise Fund F.B.O.
<u>Operating revenues</u>	
Sales	\$ 361,307
Equipment lease	84
Miscellaneous	6,865
<u>Total operating revenues</u>	\$ 368,256
<u>Operating expenses</u>	
Fuel cost	261,177
FBO operator	82,693
Professional services	2,120
Maintenance & repairs	5,935
Supplies & miscellaneous	30,561
Depreciation	15,022
<u>Total Operating expenses</u>	\$ 397,508
<u>Operating income (loss)</u>	(29,252)
<u>Non operating revenue</u>	
Interest income	140
Change in net position	(29,112)
Total net position - beginning	302,096
<u>Total net position - ending</u>	\$ 272,984

MOUNT VERNON AIRPORT AUTHORITY  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
For the Fiscal Year Ended April 30, 2018

	Enterprise Fund F.B.O.
<u>Cash Flows from operating activities</u>	
Cash received from customers	\$ 368,256
Cash payment to suppliers	(382,486)
	(14,230)
<u>Net cash provided by operating activities</u>	
<u>Cash flows from non capital financing activities</u>	
Increase in due from other funds	(14,600)
Increase in accounts receivable	(15,664)
Decrease in inventory	31,616
Decrease in accounts payable	(340)
Increase in accrued liabilities	895
	1,907
<u>Net cash flows from non capital financing activities</u>	
<u>Cash flows from capital and related financing activities</u>	
Interest income	140
Fixed asset purchases	(96,468)
	(96,328)
<u>Net cash provided by capital and related financing activities</u>	
Net increase (decrease) in cash	(108,651)
Cash - beginning	169,636
Cash - ending	\$ 60,985
 <u>Reconciliation of operating income to net cash used for operating activities.</u>	
Operating income	\$ (29,252)
Adjustments to reconcile operating income to net cash provided by operating activities: Depreciation	15,022
	(14,230)
Net cash provided by operating activities	\$ (14,230)

MOUNT VERNON AIRPORT AUTHORITY  
NOTES TO FINANCIAL STATEMENTS  
April 30, 2018

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, 2018, consist of the following:

Capital Projects Fund owes the General Fund	\$ 23,390
Debt Fund owes the Capital Projects Fund	\$ 33,333
Debt Fund owes the General Fund	\$ 14,000
Debt Fund owes the F.B.O.	\$ 20,000

Capital Projects Fund, General Fund and F.B.O. 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. Capital Projects Fund needs to reimburse the General Fund for items purchased.

Note 4. CAPITAL ASSETS

Capital assets activity for the year ended April 30, 2018 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 \$612,698 and \$15,022, respectively.

Note 4. CAPITAL ASSETS:(Continued)

Capital asset activity for the year ended April 30, 2018 was as follows:

Capital Asset	Balance 05/01/17	Additions	Deletions	Balance 04/30/18
<i>Governmental Activities</i>				
Assets Not Being Depreciated:				
Land	1,311,382	-0-		1,311,382
Assets Being Depreciated:				
Land Improvements	24,811,408	-0-		24,811,408
Buildings	7,900,863	-0-		7,900,863
Office and field equipment	1,519,220	-0-		1,519,220
Total assets being depreciated	34,231,491	-0-		34,231,491
Less: Accumulated Depreciation	(28,765,434)	(612,698)		(29,378,132)
Assets being depreciated, net	5,466,057	(612,698)	-	4,853,359
Governmental activities				
assets, net	6,777,473	(612,698)	-	6,164,741
<i>Business-type Activities</i>				
Assets Being Depreciated:				
Shop and Office equipment	193,405	96,468		289,873
Total assets being depreciated	193,405	96,468	-	289,873
Less: Accumulated Depreciation	(151,834)	( 15,022)		(166,856)
Assets being depreciated, net	41,571	81,446	-	123,017

Note 5. GENERAL OBLIGATION BONDS

Bonded indebtedness at April 30, 2018, consists of the following:

<u>Maturity Date</u>	<u>Issue Date</u>	<u>Interest Rate</u>	<u>Amount</u>
December 1, 2018	February 1, 2009	3.25%	650,000

General Obligation Bond transactions for the year ended April 30, 2018, were as follows:

	<u>Outstanding</u> <u>4/30/2017</u>	<u>Additions</u>	<u>Reductions</u>	<u>Outstanding</u> <u>4/30/2018</u>
G.O. Bonds (2/090)	\$ -	\$ -	\$ -	\$ -
USDA City Bonds	650,000	-	215,000	435,000
	<u>\$ 650,000</u>	<u>\$ -</u>	<u>\$ 215,000</u>	<u>\$ 435,000</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>
2019	220,954	215,000	5,954
2020	<u>222,090</u>	<u>220,000</u>	<u>2,090</u>
	<u>\$ 443,044</u>	<u>\$ 435,000</u>	<u>\$ 8,044</u>

The Authority is not obligated for any special assessment debt at April 30, 2018.

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</u> <u>30-Apr</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>
2019	\$ 24,964	\$ 11,139	\$ 13,825
2020	24,964	11,593	13,371
2021	24,964	12,066	12,898
2022	24,964	12,557	12,407
2023	24,964	13,048	11,916
2034-2028	124,818	74,023	50,795
2029-2033	124,818	86,556	38,262
2034-2038	141,458	129,690	11,768
	<u>\$ 515,914</u>	<u>\$ 350,672</u>	<u>\$ 165,242</u>

Note 6. RESERVED FUND BALANCE

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

	Reserved Fund Balance <u>4/30/17</u>	<u>Additions</u>	<u>Reductions</u>	Reserved Fund Balance <u>4/30/18</u>
<u>General Fund</u>				
Prepaid insurance and expenses	<u>\$25,033</u>	<u>\$53,974</u>	<u>\$43,478</u>	<u>\$35,529</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>2018 Tax Year</u>
Equalized assessed valuation	<u>\$204,652,213</u>
Statutory debt limitation (2.3% of equalized assessed valuation)	\$ 4,707,000
Total debt: General obligation bonds payable	<u>435,000</u>
Legal debt margin	<u>\$ 4,272,000</u>

Bonds outstanding of the Authority may not exceed three-fourths of one-percent of the equalized assessed valuation (\$1,534,892) 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, 2018, 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](http://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 1 benefits. Tier 1 employees are vested for pension benefits when they have at least eight years of qualifying service credit. Tier 1 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, 2018, the following employees were covered by the Plan:

Retirees and Beneficiaries currently receiving benefits	1
Inactive Plan Members entitled to but not yet receiving benefits	0
Active Plan Members	<u>4</u>
Total	5

**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 2018 was 5.57 percent. For the fiscal year ended June 30, 2018, the Authority contributed \$8,452 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, 2018, calculated in accordance with GASB Statement No. 68, were as follows:

Total Pension Liability/(Asset)	\$ 399,417
IMRF Fiduciary Net Position	<u>\$ 487,294</u>
Authority's Net Pension Liability/(Asset)	<u>\$ (87,877)</u>
IMRF Fiduciary Net Position as a Percentage of the Total Pension Liability	122.00%
Net Pension Liability as a Percentage of Covered Valuation Payroll	(55.84)%

**Net Pension Liability.** The District's net pension liability was measured as of December 31, 2018. 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, 2018:

Actuarial Cost Method	Entry Age Normal
Assets Valuation Method	Market Value of Assets
Price Inflation	2.50%
Salary Increases	3.39% to 14.25%
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 2018 valuation pursuant to an experience study of the period 2014-2016.

Mortality

For non-disabled retirees, an IMRF specific mortality table was used with fully generational projection scale MP-2018 (base year 2015). 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-2018 (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-2018 (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, 2018 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 3.31 percent (based on the daily rate closest to but not later than the measurement date of the "20-Bond Go Index" described on page 1 and the resulting Single Discount rate is 7.50 percent.

**Changes in District's Net Pension Liability, Changes in the District's net pension liability for the year ended December 31, 2018, were as follows:**

	<u>Total</u>	<u>Pension</u>	<u>Plan</u>
	<u>Pension</u>	<u>Fiduciary</u>	<u>Net pension</u>
	<u>Liability</u>	<u>Net Position</u>	<u>Liability (Asset)</u>
Balance, December 31, 2015	\$379,167	\$410,836	\$(31,669)
Changes for the year:			
Service Cost	16,655		16,655
Interest	28,884		28,884
Difference between expected and actual	(5,249)		(5,249)
Changes in assumptions	(15,289)		(15,289)
Contributions-employees		7,082	(7,082)
Contributions-employer		8,452	(8,452)
Net investment income		69,249	(69,249)
Benefit payments including refunds of			
Employee Contributions	(4,751)	(4,751)	0
Other (Net Transfer)		(3,574)	3,574
Net Changes	20,325	76,458	(56,133)
Balance, December 31, 2016	\$399,417	\$487,294	\$(87,877)



**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:

	Discount Rate	Net Pension Liability(Asset)
1% decrease	6.50%	\$ (29,346)
Current discount rate	7.50%	\$ (87,877)
1% increase	8.50%	\$ (136,261)

**Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources.** For the year ended December 31, 2018, the District realized pension expense of \$4,803. At December 31, 2018, the District realized deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred	Deferred
	Outflow of	Inflows of
	Resources	Resources
Differences between expected and actual experience	\$0	\$ 13,819
Changes in assumptions	0	13,590
Net difference between projected and actual earnings on pension plan investments	12,074	30,533
Total	\$ 12,074	\$57,942

**Deferred Outflows and Deferred Inflows of Resources by Year to be recognized in Future Pension Expenses:**

Year Ending 12/31	Net Deferred Outflows of Resources
2018	\$ (6,145)
2019	(6,144)
2020	(11,748)
2021	(11,992)
2022	(2,993)
Therafter	(6,846)
Total	\$ (45,868)

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>2017</u>	<u>2016</u>	<u>2015</u>
Total Pension Liability			
Service Cost	\$ 16,655	\$ 15,729	\$ 15,744
Interest on the Total Pension Liability	28,884	27,146	24,849
Changes of Benefit Terms	-	-	-
Differences Between Expected and Actual Experience of the Total Pension Liability	(5,249)	(13,035)	(430)
Changes of Assumptions	(15,289)	-	-
Benefit Payments, including Refunds of Employee Contributions	<u>(4,751)</u>	<u>(9,515)</u>	<u>(9,538)</u>
Net Change in Total Pension Liability	20,250	20,325	30,625
Total Pension Liability - Beginning	<u>379,167</u>	<u>358,842</u>	<u>328,217</u>
Total Pension Liability - Ending (A)	<u>\$ 399,417</u>	<u>\$ 379,167</u>	<u>\$ 358,842</u>
Plan Fiduciary Net Position			
Contributions - Employer	\$ 8,452	\$ 7,524	\$ 8,008
Contributions - Employees	7,082	6,841	6,470
Net Investment Income	69,249	27,764	2,054
Benefit Payments, including Refunds of Employee Contributions	(4,751)	(9,515)	(9,538)
Other (Net Transfers)	<u>(3,574)</u>	<u>(17,513)</u>	<u>(19,590)</u>
Net Change in Plan Fiduciary Net Position	76,458	15,101	(12,596)
Plan Fiduciary Net Position - Beginning	<u>410,836</u>	<u>395,735</u>	<u>408,331</u>
Plan Fiduciary Net Position - Ending (B)	<u>\$ 487,294</u>	<u>\$ 410,836</u>	<u>\$ 395,735</u>
Net Pension Liability (Asset) - Ending (A)-(B)	(87,877)	(31,669)	(36,893)
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	122.00%	108.35%	110.28%
Covered Valuation Payroll	\$ 157,380	\$ 152,015	\$ 143,780
Net Pension Liability as a Percentage of Covered Valuation Payroll	(55.84)%	(20.83)%	(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%
2016	7,525	7,524	1.00	152,015	4.95%
2017	8,451	8,452	(1.00)	157,380	5.37%

MOUNT VERNON AIRPORT AUTHORITY

NOTES TO THE SCHEDULE OF CONTRIBUTIONS  
SUMMARY OF ACTUARIAL METHODS AND ASSUMPTIONS  
USED IN THE CALCULATION OF THE 2018 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 2018 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): 26-year closed 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 21 years for most employers (two employers were financed over 30 years).
Asset Valuation Method	5-Year smoothed market; 20% corridor
Wage Growth	3.50%
Price Inflation	2.75% - approximate; No explicit price inflation assumption is used in this valuation.
Salary Increase	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 2012). 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 2012). 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 2012). 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.

*\*Based on Valuation Assumptions used in the December 31, 2017 actuarial valuation*

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, 2018

	Source		Total
	Federal and State Grants	General Obligation Bonds	
Revenues:			
— Federal and state grants	\$ 41,735	\$ -	\$ 41,735
— Interest income	-	410	410
— Sale of equipment	-	-	-
— Miscellaneous	-	-	-
Total Revenue Received	<u>\$ 41,735</u>	<u>\$ 410</u>	<u>\$ 42,145</u>
Expenditures:			
— MVN-4512 Runway 5-23	41,735	-	41,735
— Equipment	-	-	-
— Various improvements	-	31,006	31,006
— Current operations:			
— General and administrative	-	23,313	23,313
Total Expenditures	<u>\$ 41,735</u>	<u>\$ 54,319</u>	<u>\$ 96,054</u>
— Excess (deficiency) of revenue over (under) expenditures	-	(53,909)	(53,909)
— Other financing sources			
— Proceeds from sale of bonds	-	-	-
Total other financing sources	-	-	-
— Net Change in Fund Balances	-	(53,909)	(53,909)
— Fund Balance - Beginning	-	530,538	530,538
Fund Balance - End of Year	<u>\$ -</u>	<u>\$ 476,629</u>	<u>\$ 476,629</u>

MOUNT VERNON AIRPORT AUTHORITY  
PROPERTY TAX ASSESSED VALUATIONS, RATES, EXTENSIONS,  
AND ANALYSIS OF SETTLEMENT  
For Tax Years 2018, 2016, and 2015

	<u>2017</u>	<u>2016</u>	<u>2015</u>
Assessed valuations:	\$ 204,652,213	\$ 197,357,717	\$ 196,516,065
Tax rates:			
General Fund	.06%	.06%	.06%
Bond & Interest Fund	.10%	.10%	.10%
	.1608%	.1647%	.1671%
Tax extensions:			
General Fund	\$ 123,139	\$ 119,125	\$ 119,128
Bond & Interest Fund	205,901	204,522	204,513
	\$ 329,040	\$ 323,647	\$ 323,641
Tax collections:			
General Fund	N/A	\$ 121,591	\$ 118,437
Bond & Interest Fund	N/A	204,967	203,339
	N/A	\$ 326,558	\$ 321,776
Percentage of extension collected	N/A	100.90%	99.42%



MOUNT VERNON AIRPORT AUTHORITY

SCHEDULE OF FINDINGS AND RESPONSES  
For the Year Ended April 30, 2018

Finding 2018-01: 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.