

MOUNT VERNON AIRPORT AUTHORITY

ANNUAL FINANCIAL STATEMENTS

APRIL 30, 2020



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, 2020

Board of Commissioners

Gary Chesney, Chairman
Eddie Lee, Vice Chairman
Michael Ancona, Treasurer
Ryan Wellmaker, Secretary
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, 2020, 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.

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, 2020, 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 37 to 39 be presented to supplement the basic financial statements. Such information, although not a part 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 and other auditors have applied certain limited procedures to the required 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 of the basic financial statements and other information I obtained during our audit of the basic financial statements. 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 42 and 43 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, 2020 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, 2020

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, 2020, 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, 2020.

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 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 control and compliance. Accordingly, this communication is not suitable for any other purposes.



Olney, Illinois
December 28, 2020

MANAGEMENT'S DISCUSSION AND ANALYSIS

MOUNT VERNON AIRPORT AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
April 30, 2020

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, 2020. 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. Expanded events, new services offerings, and the addition of an international airline pilot training academy.

ANNUAL AVIATION REPORT

Total operations increased 5% over the previous year (27,333 in 2019 as compared to 26,030 in 2020). Total based inventory was 45 (33 Single Engine Land, 7 Multi-Engine Land, 4 Helicopter, and 1 Jet).

FUTURE PROGRAMS

EAA Chapter 1155, SRT Aviation, and the MVAA hosted the airport's 1st Flying Start Event. The Flying Start curriculum places local pilot wannabees with instructors and aviation professionals to answer all questions related to achieving a pilot's license. At the end of the program the participants logged actual aircraft time. EAA Members partnered with the Rend Lake Remote Control Aircraft Club to launch a Young Eagles Build and Fly Program. Adult leaders worked with area youth to construct and fly a remote-control aircraft. Two scholarships were awarded during the year to aspiring aviation professionals through the Larry Sargent Memorial Scholarship Program. The EAA Aviation Scholarship was awarded to two local flight students desiring either a career in aviation or the dream of aircraft ownership.

ILLINOIS AVIATION HALL OF FAME - EARL OUTLAND

Mt. Vernon Outland Airport's first manager (and airport namesake) was inducted posthumously into the Illinois Aviation Hall of Fame at the annual Illinois Aviation Conference in Peoria. Outland, one of the first to fly at the privately owned 60-acre grass field east of the City, oversaw the dramatic transformation of the facility leading to the all-weather 1100 acre airport enjoyed today. During World War II, Earl Outland proudly served in the United States Army Air Corps as Director of Training for the 20th Ferry Group based at Nashville, Tennessee. The list of aircraft Outland flew was extensive and can easily be described as "everything the allies operated". *"It is easy to see why the City of Mt. Vernon and the Jefferson County Board rallied the community to name the airport in Earl's honor immediately after his passing in 1966. He WAS aviation to this community."*
Chris Collins, Airport Director

MOUNT VERNON AIRPORT AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
April 30, 2020

AVIONICS INSTALLATION & REPAIR

Mt. Vernon Outland Airport based FAA Certified Repair Station SRT Aviation, is on the forefront of the new FAA mandated ADS-B Transponder technology. Aircraft operating in Class A, B, C, and international airspace must be equipped with new Automatic Dependent Surveillance Broadcast transponders. ADS-B technology provides better tracking ability for air traffic controllers. It provides pilots with collision avoidance, nearly real time graphical/text weather, and Notices to Airman (NOTAMS) in the cockpit. SRT Aviation has secured dealerships with several leading manufacturers. The company continues to install transponder, GPS, and auto-pilot systems.

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.

BONNIE CAFÉ - MT. VERNON

Bonnie Café opened inside the Koziara Terminal on May 7th, 2019 at 6:00 a.m. The restaurant has become one of the area's busiest and most respected establishments. Bonnie Café ownership and management worked alongside airport maintenance for many weeks to make the necessary improvements to the facilities. The result was a welcoming, visually appealing, and efficiently functioning establishment. Great tasting food, affordable prices, and great service are Bonnie Café traditions. The Bonnie Café/Mt. Vernon Airport partnership is poised for many years of success!

BUSINESS GROWTH

Hertz added a second full time sales associate in their Koziara Terminal Lobby Office. Kash Helicopters added a full-time aircraft maintenance department. Both entities also added part time personnel.

New Capital Development Plan

Momentum 2020 was set into motion in early 2017. 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.

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!

MOUNT VERNON AIRPORT AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
April 30, 2020

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.

MOUNT VERNON AIRPORT AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
April 30, 2020

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.

Summary of Net Position

The following summarizes the Net Position of the Mount Vernon Airport Authority at April 30, 2020 and April 30, 2019:

	Net Position					
	Governmental Activities		Business-Type Activities		Total	Total
	2020	2019	2020	2019	2020	2019
Current and other assets	965,378	720,342	189,610	180,307	1,154,988	900,649
Capital assets	5,710,903	5,944,587	100,858	115,528	5,811,761	6,060,115
Net Pension Asset	105,654	45,032	-	-	105,654	45,032
Deferred outflows	45,874	64,902	-	-	45,874	64,902
Total assets and deferred outflows	6,827,809	6,774,863	290,468	295,835	7,118,277	7,070,698
Current liabilities	360,242	494,934	930	2,257	361,172	497,191
Long-term liabilities	907,940	559,534	-	-	907,940	559,534
Deferred inflows	97,393	55,405	-	-	97,393	55,405
Total liabilities and deferred inflows	1,365,575	1,109,873	930	2,257	1,366,505	1,112,130
Net Position						
Invested in capital assets	5,710,903	5,944,587	100,858	115,528	5,811,761	6,060,115
Restricted for:						
Capital projects	456,446	24,636	-	-	456,446	24,636
Debt service	-	-	-	-	-	-
Prepaid expense	30,855	33,744	-	-	30,855	33,744
Unrestricted	(735,970)	(337,977)	188,680	178,050	(547,290)	(159,927)
Total net position	5,462,234	5,664,990	289,538	293,578	5,751,772	5,958,568

Summary of Changes in Net Position

The following summarizes the changes in Net Position of the Mount Vernon Airport Authority at April 30, 2020 and April 30, 2019:

	Changes in Net Position					
	Governmental Activities		Business-Type Activities		Total	Total
	2020	2019	2020	2019	2020	2019
Revenues						
Program revenues						
Charges for services	194,056	182,448	397,487	436,093	591,543	618,541
Capital grants	234,512	10,564			234,512	10,564
General revenues						
Real estate and personal property taxes levied for:						
General purposes	293,735	278,800			293,735	278,800
Debt service	205,069	204,827			205,069	204,827
Gain (loss) on asset disposal	800	-			800	-
Miscellaneous	10,536	21,890	-		10,536	21,890
Interest	610	395	101	78	711	473
Insurance recoveries	-	-			-	-
Other revenues	31,627	33,820	11,478	12,777	43,105	46,597
Total revenues	970,945	732,744	409,066	448,948	1,380,011	1,181,692
Expenses						
General and administrative services	1,169,521	1,089,503	413,106	434,222	1,582,627	1,523,725
Interest and other fiscal charges	4,180	7,727			4,180	7,727
Total expenses	1,173,701	1,097,230	413,106	434,222	1,586,807	1,531,452
Increase (decrease) in net position	(202,756)	(364,486)	(4,040)	14,726	(206,796)	(349,760)
Net position - beginning	5,664,990	6,029,476	293,578	278,852	5,958,568	6,308,328
Net Position - ending	5,462,234	5,664,990	289,538	293,578	5,751,772	5,958,568

Capital Assets and Debt Administration

Capital Assets. The Authority’s net investment in capital assets as of April 30, 2020 amounted to \$5,812,373 (net of accumulated depreciation). This investment in capital assets includes property, plant, and equipment. Capital assets for the governmental funds decreased by \$233,071 net of depreciation and for the business-type activities, capital assets decreased by \$14,670. For governmental activities, total depreciation expense for this year amounts to \$561,179 with ending accumulated depreciation being \$30,505,515. For business-type activities, total depreciation expense for this year amounts to \$15,991 with ending accumulated depreciation being \$198,706.

	Governmental		Business-Type		Total	
	Activities		Activities			
	2020	2019	2020	2019	2020	2019
Land	\$ 1,311,382	\$ 1,311,382	\$ -	\$ -	\$ 1,311,382	\$ 1,311,382
Land improvements	25,075,441	24,841,979	-	-	25,075,441	\$ 24,841,979
Buildings and improvements	8,190,003	8,180,413	-	-	8,190,003	\$ 8,180,413
Machinery and equipment	1,640,204	1,555,148	299,564	298,243	1,939,768	\$ 1,853,391
Less:accumulated depreciation	(30,505,515)	(29,944,336)	(198,706)	(182,715)	(30,704,221)	\$ (30,127,051)
Total capital assets, net	\$ 5,711,515	\$ 5,944,586	\$ 100,858	\$ 115,528	\$ 5,812,373	\$ 6,060,114

Debt Administration. Long-term debt. The Authority’s general obligation bond indebtedness at April 30, 2020, totaled \$580,000, of which \$178,900 is due in less than one year. The general obligation bond indebtedness at April 30, 2019, was \$220,000.

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, 2020 the principle balance owed was \$327,940 with \$12,056 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 2019/2020 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, 2020

	Governmental Activities	Business- Type Activities	Total
CURRENT ASSETS			
Cash	\$ 505,577	\$ 88,491	\$ 594,068
Receivables:			
Accounts (net of \$15,703 allowance)	77,460	51,977	129,437
Property and replacement tax	145,321	-	145,321
Property taxes restricted for debt service	203,942	-	203,942
Internal balances	-	-	-
Inventories	2,223	21,378	23,601
Loan to SRT	-	27,764	27,764
Prepaid expense	30,855	-	30,855
Total current assets	<u>965,378</u>	<u>189,610</u>	<u>1,154,988</u>
NONCURRENT ASSETS			
Capital assets:			-
Land	1,311,382	-	1,311,382
Land improvements	25,075,441	-	25,075,441
Buildings and improvements	8,190,003	-	8,190,003
Machinery and equipment	1,640,204	299,564	1,939,768
Less- accumulated depreciation	(30,506,127)	(198,706)	(30,704,833)
Total capital assets	<u>5,710,903</u>	<u>100,858</u>	<u>5,811,761</u>
Net pension asset	105,654	-	105,654
Total noncurrent assets	<u>5,816,557</u>	<u>100,858</u>	<u>5,917,415</u>
Total assets	<u>6,781,935</u>	<u>290,468</u>	<u>7,072,403</u>
DEFERRED OUTFLOWS OF RESOURCES			
Pension - IMRF	45,874	-	45,874
Total deferred outflows of resources	<u>45,874</u>	<u>-</u>	<u>45,874</u>
Total assets and deferred outflows of resources	<u>\$ 6,827,809</u>	<u>\$ 290,468</u>	<u>\$ 7,118,277</u>

MOUNT VERNON AIRPORT AUTHORITY
STATEMENT OF NET POSITION
April 30, 2020

	Governmental Activities	Business- Type Activities	Total
<u>LIABILITIES AND FUND EQUITY</u>			
Current Liabilities:			
Accounts payable	\$ 5,846	\$ -	\$ 5,846
Accrued liabilities	27,629	930	28,559
Deferred hanger rental	860	-	860
Deferred property tax revenue	325,907	-	325,907
Capital Lease, \$10,703 due within one year, \$339,970 due in more than one year.	327,940	-	327,940
General obligation bonds (one year maturity \$220,000, due in more than one year \$220,000)	580,000	-	580,000
Total Liabilities:	1,268,182	930	1,269,112
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Pension - IMRF	97,393	-	97,393
Total deferred inflow of resources	97,393	-	97,393
Total liabilities and deferred inflow of resources	1,365,575	930	1,366,505
Net position			
Invested in capital assets	5,710,903	100,858	5,811,761
Restricted for:			
Capital projects	456,446	-	456,446
Debt service	-	-	-
Prepaid expense	30,855	-	30,855
Unrestricted	(735,970)	188,680	(547,290)
Total net position	5,462,234	289,538	5,751,772
Total Liabilities, deferred inflows and net position	\$ 6,827,809	\$ 290,468	\$ 7,118,277

MOUNT VERNON AIRPORT AUTHORITY
 STATEMENT OF ACTIVITIES
 For the Year Ended April 30, 2020

Functions/Programs	Program Revenues				Net (Expenses) Revenue and Changes in Net Assets		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		
					Governmental Activities	Business-Type Activities	Total
Primary government:							
Governmental activities:							
General government	\$ 1,169,521	\$ 194,056	-	\$ 234,512	\$ (740,953)	\$ -	\$ (740,953)
Interest and other fiscal charges	4,180	-	-	-	(4,180)	-	(4,180)
Total government activities	1,173,701	194,056	-	234,512	(745,133)	-	(745,133)
Business-type activities:							
Enterprise fund	413,106	397,487	-	-	-	(15,619)	(15,619)
Total business-type activities	413,106	397,487	-	-	-	(15,619)	(15,619)
Total primary government	1,586,807	591,543	-	234,512	(745,133)	(15,619)	(760,752)
General revenues:							
Real estate and personal property taxes levied for:							
General purposes					293,735		293,735
Debt service					205,069		205,069
Miscellaneous					10,536	11,478	22,014
Farm Revenue					31,627		31,627
Sale of assets					800		800
Interest income					610	101	711
Total General Revenues					542,377	11,579	553,956
Change in net position					(202,756)	(4,040)	(206,796)
Net position - beginning					5,664,990	293,578	5,958,568
Net position - ending					\$ 5,462,234	\$ 289,538	\$ 5,751,772

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

MOUNT VERNON AIRPORT AUTHORITY
BALANCE SHEET
GOVERNMENTAL FUNDS
April 30, 2020

<u>ASSETS</u>	General	Capital Projects	Debt Service	Total Governmental Funds
Cash	\$ 61,710	\$ 443,441	\$ 426	\$ 505,577
Investment - certificate of deposit	-	-	-	-
Receivables:				
Accounts (net of \$15,703 allowance)	77,460	-	-	77,460
Property and replacement tax	145,321	-	203,942	349,263
Inventories	2,223	-	-	2,223
Due from other funds	-	17,000	-	17,000
Prepaid expense	30,855	-	-	30,855
Total assets	\$ 317,569	\$ 460,441	\$ 204,368	\$ 982,378
 <u>LIABILITIES AND FUND EQUITY</u>				
Liabilities:				
Accounts payable	1,851	3,995	-	5,846
Accrued liabilities	27,629	-	-	27,629
Due to other funds	-	-	17,000	17,000
Deferred property tax revenue	121,965	-	203,942	325,907
Deferred hanger rental	860	-	-	860
Total Liabilities:	\$ 152,305	\$ 3,995	\$ 220,942	\$ 377,242
 Fund Balance:				
Restricted for:				
Capital projects	-	-	-	-
Debt service	-	-	-	-
Prepaid expense	30,855	-	-	30,855
Unassigned	134,409	456,446	(16,574)	574,281
Total Fund Balances	165,264	456,446	(16,574)	605,136
Total Liabilities and Fund Balances	\$ 317,569	\$ 460,441	\$ 204,368	\$ 982,378

MOUNT VERNON AIRPORT AUTHORITY
 RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
 TO THE STATEMENT OF NET POSITION
 April 30, 2020

	General	Capital Projects	Debt Service	Total Governmental Funds
Total governmental fund balance	\$ 165,264	\$ 456,446	\$ (16,574)	\$ 605,136
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	5,710,903			5,710,903
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	(51,519)			(51,519)
Net pension liabilities for IMRF is shown as a liability on the statement of net position	105,654			105,654
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the governmental funds		(580,000)		(580,000)
Long-term liabilities, including capital leases, are not due and payable in the current period and, therefore, are not reported in the governmental funds	(327,940)			(327,940)
Net position of governmental activities	<u>\$ 5,602,362</u>	<u>\$ (123,554)</u>	<u>\$ (16,574)</u>	<u>\$ 5,462,234</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, 2020

	General	Capital Projects	Debt Service	Total Governmental Funds
Revenues:				
Real estate and personal property taxes:				
General purposes	\$ 293,735	\$ -	\$ -	\$ 293,735
Debt service	-	-	205,069	205,069
Capital grants and contributions	-	234,512	-	234,512
Charges for services	194,056	-	-	194,056
Interest income	60	457	93	610
Farm revenues	31,627	-	-	31,627
Miscellaneous	10,536	-	-	10,536
Total Revenue Received	<u>\$ 530,014</u>	<u>\$ 234,969</u>	<u>\$ 205,162</u>	<u>\$ 970,145</u>
Expenditures:				
Current operations:				
General and administrative	\$ 531,632	\$ -	\$ -	\$ 531,632
Capital outlays	31,446	383,959	-	415,405
Debt Service:				
Principal retirement	-	-	220,000	220,000
Interest and other fiscal charges	-	-	4,180	4,180
Total Expenditures	<u>\$ 563,078</u>	<u>\$ 383,959</u>	<u>\$ 224,180</u>	<u>\$ 1,171,217</u>
Excess (deficiency) of revenue over (under) expenditures	<u>\$ (33,064)</u>	<u>\$ (148,990)</u>	<u>\$ (19,018)</u>	<u>\$ (201,072)</u>
Other financing sources				
Transfers In (Out)	-	-	-	-
Proceeds from bond sales	-	580,000.00	-	580,000.00
Proceeds from sale of equipment	-	800.00	-	800.00
Total other financing sources	<u>-</u>	<u>580,800.00</u>	<u>-</u>	<u>580,800.00</u>
Net Change in Fund Balances	<u>\$ (33,064)</u>	<u>\$ 431,810</u>	<u>\$ (19,018)</u>	<u>\$ 379,728</u>
Fund Balance - Beginning	<u>198,328</u>	<u>24,636</u>	<u>2,444</u>	<u>225,408</u>
Fund Balance - End of Year	<u>\$ 165,264</u>	<u>\$ 456,446</u>	<u>\$ (16,574)</u>	<u>\$ 605,136</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, 2020

	General	Capital Projects	Debt Service	Total Governmental Funds
Net changes in fund balances- total governmental funds	\$ (33,064)	\$ 431,810	\$ (19,018)	\$ 379,728
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 \$561,791 exceed capital purchases of \$328,107 during the current period.	(233,684)	-	-	(233,684)
Repayment of debt is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.	11,200		220,000	231,200
Proceeds of bond issue is an other financing source in the governmental funds, but a long-term liability in the statement of net assets.	-		(580,000)	(580,000)
Change in net position of governmental activities	<u>\$ (255,548)</u>	<u>\$ 431,810</u>	<u>\$ (379,018)</u>	<u>\$ (202,756)</u>

Net changes in fund balances- total governmental funds

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 \$561,791 exceed capital purchases of \$328,107 during the current period.

Repayment of debt is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.

Proceeds of bond issue is an other financing source in the governmental funds, but a long-term liability in the statement of net assets.

Change in net position of governmental activities

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

MOUNT VERNON AIRPORT AUTHORITY
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
April 30, 2020

	Enterprise Fund F.B.O.
ASSETS	
<u>Current assets</u>	
Cash	\$ 88,491
Accounts receivable	51,977
Inventory	21,378
Loan to SRT	27,764
Due from other funds	-
<u>Total current assets</u>	<u>\$ 189,610</u>
<u>Capital assets</u>	
Equipment	299,564
Accumulated depreciation	(198,706)
<u>Net capital assets</u>	<u>100,858</u>
<u>Total assets</u>	<u>\$ 290,468</u>
 LIABILITIES	
<u>Current liabilities:</u>	
Accounts payable	\$ -
Accrued liabilities	930
Due to other funds	-
<u>Total current liabilities</u>	<u>\$ 930</u>
 <u>Net position</u>	
Invested in capital assets	100,858
Net position - unrestricted	188,680
<u>Total net position</u>	<u>\$ 289,538</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, 2020

	Enterprise Fund F.B.O.
<u>Operating revenues</u>	
Sales	\$ 397,487
Equipment lease	84
Miscellaneous	11,394
<u>Total operating revenues</u>	\$ 408,965
<u>Operating expenses</u>	
Fuel cost	248,633
FBO operator	94,823
Professional services	9,961
Maintenance & repairs	8,515
Supplies & miscellaneous	35,183
Depreciation	15,991
<u>Total Operating expenses</u>	\$ 413,106
<u>Operating income (loss)</u>	(4,141)
<u>Non operating revenue</u>	
Interest income	101
Change in net position	(4,040)
Total net position - beginning	293,578
<u>Total net position - ending</u>	\$ 289,538

MOUNT VERNON AIRPORT AUTHORITY
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Fiscal Year Ended April 30, 2020

	Enterprise Fund F.B.O.
<u>Cash Flows from operating activities</u>	
Cash received from customers	\$ 408,965
Cash payment to suppliers	(397,115)
	11,850
<u>Cash flows from non capital financing activities</u>	
Decrease in due from other funds	5,400
Decrease in accounts receivable	5,653
Decrease in inventory	6,798
Decrease in accounts payable	(96)
Decrease in accrued liabilities	(1,231)
	16,524
<u>Cash flows from capital and related financing activities</u>	
Interest income	101
Fixed asset purchases	(1,321)
	(1,220)
<u>Net cash provided by capital and related financing activities</u>	(1,220)
Net increase (decrease) in cash	27,154
Cash - beginning	61,337
Cash - ending	\$ 88,491
 <u>Reconciliation of operating income to net cash used for operating activities.</u>	
Operating income	\$ (4,141)
Adjustments to reconcile operating income to net cash provided by operating activities: Depreciation	15,991
	\$ 11,850

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

MOUNT VERNON AIRPORT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
April 30, 2020

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	<u>\$ 594,068</u>	<u>\$ 618,717</u>	<u>\$ 302,977*</u>	<u>\$ 315,740</u>	<u>\$ -0-</u>

*Assumes F.D.I.C. insurance coverage would be paid first in the event of failure.

Credit Risk: The Airport is authorized by state statute to invest in obligations of the U.S. Treasury, agencies, instrumentalities, commercial paper noted within the three highest classifications by at least two standard rating services, obligations of states and their political subdivisions, savings accounts, credit union shares, and Illinois Public Treasurer's Investment Pool or such other officially recognized Illinois funds.

Custodial credit risks: Risks for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. State statutes, and Airport policy, require all deposits and investments (other than federal or state government instruments) to be collateralized by depository insurance, obligations of the U.S. government, or bonds of public authorities, counties, or municipalities. As of the balance sheet date, the Airport did not have any deposits that were uninsured or under collateralized, as defined by State statutes.

Note 3. INTERFUND BALANCES

Inter-fund balances at April 30, 2020, consist of the following:

Debt Fund owes the Capital Projects Fund : \$ 17,000

Capital Projects 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

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 \$561,179 and \$15,991, respectively.

Note 4. CAPITAL ASSETS:(Continued)

Capital asset activity for the year ended April 30, 2020 was as follows:

Capital Asset	Balance 05/01/19	Additions	Deletions	Balance 04/30/20
<i>Governmental Activities</i>				
Assets Not Being Depreciated:				
Land	1,311,382	-0-		1,311,382
Assets Being Depreciated:				
Land Improvements	24,841,979	233,462		25,075,441
Buildings	8,180,413	9,590		8,190,003
Office and field equipment	1,555,148	85,056		1,640,204
Total assets being depreciated	34,577,540	328,108		34,905,648
Less: Accumulated Depreciation	(29,944,336)	(561,179)		(30,505,515)
Assets being depreciated, net	4,633,204	(233,071)	-	4,400,133
Governmental activities assets, net	5,944,586	(233,071)	-	5,711,515
<i>Business-type Activities</i>				
Assets Being Depreciated:				
Shop and Office equipment	298,243	1,321	-	299,564
Total assets being depreciated	298,243	1,321	-	299,564
Less: Accumulated Depreciation	(182,715)	(15,991)		(198,706)
Assets being depreciated, net	115,528	(14,670)	-	100,858

Note 5. LONG-TERM OBLIGATIONS

Governmental Activities

Bonded indebtedness at April 30, 2020, consists of the following:

1. <u>Maturity Date</u>	<u>Issue Date</u>	<u>Interest Rate</u>	<u>Amount</u>
December 1, 2019	February 1, 2009	3.25%	\$ 650,000
2. <u>Maturity Date</u>	<u>Issue Date</u>	<u>Interest Rate</u>	<u>Amount</u>
December 15, 2022	June 25, 2019	2.40%-2.70%	\$ 580,000

General Obligation Bond transactions for the year ended April 30, 2020, were as follows:

	<u>Outstanding 4/30/2019</u>	<u>Additions</u>	<u>Reductions</u>	<u>Outstanding 4/30/2020</u>
G.O. Bonds (6/2019)	\$ -	\$ 580,000	\$ -	\$ 580,000
USDA City Bonds	220,000	-	220,000	-
	<u>\$ 220,000</u>	<u>\$ 580,000</u>	<u>\$ 220,000</u>	<u>\$ 580,000</u>

Annual requirements to retire the Series 2019 long-term debt of the Authority is summarized in the following table:

<u>Date</u>	<u>Principle</u>	<u>Interest</u>	<u>Total</u>
2020	\$ 178,900	\$ 21,828	\$200,728
2021	197,900	10,533	208,433
2022	203,200	5,486	208,686
Total	<u>\$ 580,000</u>	<u>\$ 37,847</u>	<u>\$617,847</u>

The Authority is not obligated for any special assessment debt at April 30, 2020.

The Authority entered into a 25 year lease agreement with Fairfield National Bank of Fairfield, Illinois to build and lease a Hanger-office complex. The monthly lease is \$2,080.30 beginning January 20, 2014 with interest at 4%

Note 5. LONG-TERM OBLIGATIONS(Continued)

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

<u>Year</u>	<u>Total</u>	<u>Interest</u>	<u>Principle</u>
2021	24,964	12,898	12,066
2022	24,964	12,406	12,557
2023	24,964	11,895	13,069
2024	24,964	11,362	13,601
2025	24,964	10,808	14,155
2026-2030	124,818	44,906	79,912
2031-2035	124,818	27,246	97,572
2036-2038	<u>91,533</u>	<u>6,526</u>	<u>85,007</u>
	<u>465,987</u>	<u>138,047</u>	<u>327,940</u>

Note 6. RESERVED FUND BALANCE

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

	<u>Reserved Fund Balance 4/30/19</u>	<u>Additions</u>	<u>Reductions</u>	<u>Reserved Fund Balance 4/30/20</u>
<u>General Fund</u>				
Prepaid insurance and expenses	<u>\$33,744</u>	<u>\$45,579</u>	<u>\$48,468</u>	<u>\$30,855</u>

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

Note 7. LEGAL DEBT MARGIN

Bonds outstanding of the Authority may not exceed three-fourths of one-percent of the equalized assessed valuation (\$1,539,927) 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 7. LEGAL DEBT MARGIN(Continued)

The Authority's legal debt margin is as follows:	<u>2020 Tax Year</u>
	<u>\$205,323,632</u>
Equalized assessed valuation	
Statutory debt limitation (2.3% of equalized assessed valuation)	\$ 4,722,444
Total debt:	<u>580,000</u>
General obligation bonds payable	
Legal debt margin	<u>\$ 4,142,444</u>

Note 8. Evaluation of Subsequent Events

The Airport has evaluated subsequent events through December 28, 2020 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 of December 31, 2019, 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	4
Total	5

	Covered Valuation Payroll	\$160,321
Actuarial Valuation Date	December 31, 2019	
Measurement Date of the Net Pension Liability	December 31, 2019	
Fiscal Year End	April 30, 2020	

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 2019 was 3.46 percent. 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.

Annual Pension Cost. For the calendar year ended December 31, 2019, the Authority contributed the required \$5,547 to the plan.

Funded Status and funding progress. As of December 31, 2019, the most recent actuarial valuation date, the Regular plan was 117.14 percent funded. The actuarial accrued liability for benefits was \$429,687 and the actuarial value of assets was \$503,336, resulting in an overfunded actuarial accrued liability (UAAL) of \$73,649. The covered payroll for calendar year 2019 (annual payroll of active employees covered by the plan) was \$160,321. Because the plan is overfunded there is no ratio of the UAAL to covered payroll.

Net Pension Liability: The components of the pension liability of the IMRF as of December 31, 2019, calculated in accordance with GASB Statement No. 68, were as follows:

Total Pension Liability/(Asset)	\$ 471,620
Plan Fiduciary Net Position	<u>\$ 571,136</u>
Authority's Net Pension Liability/(Asset)	\$ (99,516)
IMRF Fiduciary Net Position as a Percentage of the Total Pension Liability	121.10%
Net Pension Liability as a Percentage of Covered Valuation Payroll	(62.07)%

Net Pension Liability. The District's net pension liability was measured as of December 31, 2019. 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, 2019:

Actuarial Cost Method	Entry Age Normal
Assets Valuation Method	Market Value of Assets
Price Inflation	2.50%
Salary Increases	3.35% to 14.25%
Investment Rate of Return	7.25%
Retirement Age	Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2017 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-2017 (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-2017 (base year 2015). 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-2017 (base year 2015). 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, 2019 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	1%	2.25%
Cash Equivalents	100%	
Total		

Single Discount Rate. The Single Discount Rate (SDR) is equivalent to applying these two rates to the benefits that are projected to be paid during the different time periods. Projected benefit payments are required to be discounted to their actuarial present values using a single discount rate that reflects: (1) the long-term expected rate of return on pension plan investments (to the extent that the plan's fiduciary net position is projected to be sufficient to pay benefits) and (2) tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date (to the extent that the plan's projected fiduciary net position is not sufficient to pay benefits).

For the purpose of this valuation, the expected rate of return on pension plan investments is 7.25%; the municipal bond rate is 2.75%; and the resulting single discount rate is 7.25%.

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.

Changes in the Authority's Net Pension Liability, Changes in the District's net pension liability for the year ended December 31, 2019, were as follows:

Balance, December 31, 2018	\$ 444,792	\$ 480,327	\$ (35,535)
Changes for the year:			
Service Cost	17,240	-	17,240
Interest	32,692	-	32,692
Difference between expected & actual	(18,140)	-	(18,140)
Changes in assumptions	-	-	-
Contributions - employees	-	7,215	(7,215)
Contributions - employer	-	5,547	(5,547)
Net investment income	-	84,082	(84,082)
Benefit payments including refunds of employee contributions	(4,964)	(4,964)	-
Other (Net Transfers)	-	(1,071)	1,071
Net changes	<u>26,828</u>	<u>90,809</u>	<u>(63,981)</u>
Balance, December 31, 2019	<u>\$ 471,620</u>	<u>\$ 571,136</u>	<u>\$ (99,516)</u>

Plan fiduciary net position as a percentage of the total pension liability 121.10%

Covered Valuation payroll 160,321

Net pension liability as a percentage of covered Valuation payroll (62.07)%

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 7.25 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	6.25%	\$ (31,463)
Current discount rate	7.25%	\$ (99,516)
1% increase	8.25%	\$ (155,715)

Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources. For the year ended December 31, 2019, the District realized pension expense of \$2,582. At December 31, 2019, 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	\$ 32,723
Changes in assumptions	11,150	10,192
Net difference between projected and actual earnings on pension plan investments	34,724	54,478
Total	\$ 45,874	\$97,393

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

Year	Net Deferred
Ending	Outflows
12/31	of Resources
2020	\$ (11,742)
2021	(11,986)
2022	(2,986)
2023	(13,753)
2024	(3,951)
Therafter	(7,101)
Total	\$ (51,519)

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,	2019	2018	2017	2016	2015
Total Pension Liability	\$ 17,240	\$ 16,117	\$ 16,655	\$ 15,729	\$ 15,744
Service Cost	32,692	30,379	28,884	27,146	24,849
Interest on the Total Pension Liability	-	-	-	-	-
Changes of Benefit Terms	-	-	-	-	-
Differences Between Expected and Actual Experience of the Total Pension Liability	(18,140)	(10,729)	(5,249)	(13,035)	(430)
Changes of Assumptions	-	14,464	(15,289)	-	-
Benefit Payments, including Refunds of Employee Contributions	(4,964)	(4,856)	(4,751)	(9,515)	(9,538)
Net Change in Total Pension Liability	26,828	45,375	20,250	20,325	30,625
Total Pension Liability - Beginning	444,792	399,417	379,167	358,842	328,217
Total Pension Liability - Ending (A)	<u>\$ 471,620</u>	<u>\$ 444,792</u>	<u>\$ 399,417</u>	<u>\$ 379,167</u>	<u>\$ 358,842</u>
Plan Fiduciary Net Position					
Contributions - Employer	\$ 5,547	\$ 9,210	\$ 8,452	\$ 7,524	\$ 8,008
Contributions - Employees	7,215	7,322	7,082	6,841	6,470
Net Investment Income	84,082	(20,342)	69,249	27,764	2,054
Benefit Payments, including Refunds of Employee Contributions	(4,964)	(4,856)	(4,751)	(9,515)	(9,538)
Other (Net Transfers)	(1,071)	1,699	(3,574)	(17,513)	(19,590)
Net Change in Plan Fiduciary Net Position	90,809	(6,967)	76,458	15,101	(12,596)
Plan Fiduciary Net Position - Beginning	480,327	487,294	410,836	395,735	408,331
Plan Fiduciary Net Position - Ending (B)	<u>\$ 571,136</u>	<u>\$ 480,327</u>	<u>\$ 487,294</u>	<u>\$ 410,836</u>	<u>\$ 395,735</u>
Net Pension Liability (Asset) - Ending (A)-(B)	(99,516)	(35,535)	(87,877)	(31,669)	(36,893)
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	121.10%	107.99%	122.00%	108.35%	110.28%
Covered Valuation Payroll	\$ 160,321	\$ 162,718	\$ 157,380	\$ 152,015	\$ 143,780
Net Pension Liability as a Percentage of Covered Valuation Payroll	(62.07)%	(21.84)%	(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%
2018	9,210	9,210	-	162,718	5.66%
2019	5,547 *	5,547	-	160,321	3.46%

* Estimate based on contribution rate of 3.46% and covered valuation payroll of \$160,321.

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, 2020

	Final Budget	Actual	Variance Positive (Negative)
Revenues:			
Real estate and personal property taxes:			
General purposes	\$ 273,128	\$ 293,735	\$ 20,607
Charges for services	170,914	194,056	23,142
Interest income	-	60	60
Farm revenues	33,526	31,627	(1,899)
Miscellaneous	13,132	10,536	(2,596)
Total Revenue Received	<u>490,700</u>	<u>530,014</u>	<u>39,314</u>
Expenditures:			
Current operations:			
General and administrative	464,200	531,632	67,432
Capital outlay	25,000	31,446	6,446
Total Expenditures	<u>489,200</u>	<u>563,078</u>	<u>73,878</u>
Excess (deficiency) of revenue over (under) expenditures	<u>1,500</u>	<u>-33,064</u>	<u>-34,564</u>
Other financing sources	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	1,500	-33,064	-34,564
Fund Balance - Beginning	<u>198,328</u>	<u>198,328</u>	<u>-</u>
Fund Balance - End of Year	<u>\$ 199,828</u>	<u>\$ 165,264</u>	<u>\$ (34,564)</u>

MOUNT VERNON AIRPORT AUTHORITY

NOTES TO THE SCHEDULE OF CONTRIBUTIONS
 SUMMARY OF ACTUARIAL METHODS AND ASSUMPTIONS
 USED IN THE CALCULATION OF THE 2019 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 2019 Contribution Rates:

Actuarial Cost Method Amortization Method Remaining Amortization Period	Aggregate Entry Age Normal Level Percentage of Payroll, Closed Non-Taxing bodies: 10-year rolling period. Taxing bodies (Regular, SLEP and ECO groups): 24-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 19 years for most employers (three employers were financed over 28 years and 4 others over 29 years).
Asset Valuation Method Wage Growth Price Inflation Salary Increase Investment Rate of Return Retirement Age	5-Year smoothed market; 20% corridor 3.25% 2.50% 3.35% to 14.25% including inflation 7.50% Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2017 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-2017 (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-2017 (base year 2015). The IMRF specific rates were developed from the RP-2014 Disabled Retireess Mortality Table applying the same adjustment that were applied for non-disabled lives. For active members , an IMRF specific mortality table was with fully generational projection scale MP-2017 (base year 2015). The IMRF specific rates were developed from the RP-2014 Employee Mortality Table with adjustments to match current IMRF experience.

Other Information:

Notes There were no benefit changes during the year.

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

MOUNT VERNON AIRPORT AUTHORITY

SCHEDULE OF FINDINGS AND RESPONSES For the Year Ended April 30, 2020

Finding 2020/01: 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.