CHICAGO ROCKFORD INTERNATIONAL AIRPORT

2017

COMPREHENSIVE ANNUAL FINANCIAL REPORT

GREATER ROCKFORD AIRPORT AUTHORITY
FOR THE FISCAL YEAR ENDING
APRIL 30, 2017 & APRIL 30 2016
ROCKFORD, ILLINOIS

COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the
Greater Rockford Airport Authority
Rockford, Illinois

For the fiscal years ended
April 30, 2017 and 2016

Prepared by:
Michelle Cassaro
Chief Financial Officer

Jan Benoit
Finance Manager

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- Certificate of Achievement for Excellence in Financial Reporting

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August 30, 2017

To the Board of Commissioners:

The Comprehensive Annual Financial Report (CAFR) for the Greater Rockford Airport Authority (the Authority) (Chicago Rockford International Airport) for the fiscal year ended April 30, 2017 is hereby transmitted for your review. This report is the responsibility of the Authority's Finance Department and represents the Authority's commitment to provide accurate, concise and high-quality financial information to its Board of Commissioners and to the regional community we serve.

The CAFR contains financial statements and statistical information that fully disclose all the material financial operations of the Authority. The financial statements and statistical information contained herein are representations of the Authority's management, which bears the responsibility for the accuracy, completeness, and fairness of the CAFR. A narrative overview and analysis of the financial activities of the Authority, that occurred during the fiscal year ended April 30, 2017, are presented in the Management's Discussion and Analysis (MD&A) found in the Financial Section.

This year's CAFR is prepared in accordance with the guidelines set forth by the Government Finance Officers Association of the United States and Canada (GFOA). The GFOA awards a Certificate of Achievement to all public entities whose annual financial reports are judged to conform to the high standards of public financial reporting, including generally accepted accounting principles promulgated by the Government Accounting Standards Board (GASB). It is our belief that the accompanying fiscal year April 30, 2017 CAFR meets the program standards, and will be submitted to the GFOA for review.

✈ THE AUTHORITY

The Authority is an independent municipal corporation of the State of Illinois, created by and formed in 1946 shortly after the State of Illinois adopted the Airport Authorities Act of 1945. At the time, the original Board of Commissioners requested and received a grant of 1,500 acres of Federal land located near Rockford, Illinois, for airport use. This land was formerly used as a U.S. Army base, known as Camp Grant, during WWI and WWII. Physical development of the airport began in 1947 with aircraft use in 1949.

The Authority is located within Winnebago County and is empowered to levy a property tax on real properties located within the Authority area, which encompasses an area of approximately 216 square miles and includes all land within Cherry Valley, Harlem, Owen and Rockford Townships with the exception of roughly 12 square miles of rural land in Owen Township. Although ten other Townships in Winnebago County are not included within the boundaries of the Authority, nearly 83% of Winnebago County's land area and 73% of Winnebago County's 2016 equalized assessed valuation are within the Authority Area.

The Authority is governed by a seven-member Board of Commissioners (Board). One or two commissioners are appointed each year to staggered five-year terms. Policy-making and legislative authority rests with the Board that is responsible, among other responsibilities, for passing ordinances, resolutions, adopting the budget, and hiring the Executive Director. The Executive Director is responsible for carrying out the policies, ordinances and resolutions of the Board, for overseeing the day-to-day operations of the Authority, and overseeing hiring practices. Meetings of the Board are scheduled twice per month on the third and fourth Thursdays. Meetings are open to the public.

✈ FINANCIAL REPORTING ENTITY

The financial statements contained within this CAFR include all departments and operations for which the Authority is financially accountable. Financial accountability is defined in Note 1 to the financial statements. On this basis, no governmental organizations other than the Authority itself are included in the financial reporting entity.

✈ LOCAL ECONOMIC CONDITION

The financial condition of the Authority is primarily dependent upon the amount of aircraft utilization at the Chicago Rockford International Airport (RFD). That utilization, in turn, is dependent upon several factors: the amount of cargo that is sorted at the United Parcel Service hub; the number of passenger airlines that service RFD; the number of passengers that use the airport; the national economy, which influences buying and subsequent shipping habits; and, the local economy that influences the willingness of the consumer to purchase air travel.

Passenger growth increased 1.47% from the prior year. Increases were seen in both domestic and international service. Apple Vacations offers seasonal service to Cancun, Montego Bay and Punta Cana. Apple Vacations had another successful season flying passengers to Cancun, Punta Cana and Montego Bay. Apple contracted with Norwegian Air to run an almost flawless service on the very latest aircraft. Allegiant brought direct jet service to RFD over 12 years ago and continues to be our most dominant carrier. Currently Allegiant Air offers service to Las Vegas, Orlando/Sanford, Clearwater/St Pete, Punta Gorda/Ft Myers, and Phoenix/Mesa. We are hopeful for additional destinations in the future. Every effort continues to be made to build and grow passenger service on both the domestic and international fronts.

This has been an excellent year for Air Cargo. In September 2016 we witnessed the first flight of daily service from ABX Air. That quickly grew to 2 flights daily. Currently there are three cargo carriers, Atlas Air, ABX Air and ATI, serving one major customer. We expect to see more flights added during this year. This has brought approximately 120 part time jobs to the airport. In addition, UPS has announced the addition of 13 more flights weekly to RFD and the hiring of an additional 250 personnel. The most recent FAA cargo reports state that RFD is the 28th largest cargo airport in the United States. The Authority will continue to work toward the goal to compete globally to become one of the top cargo airports in the world.

The Chicago Rockford International Airport still remains a viable economic engine for the region and state. The most recent State of Illinois economic impact report for all Illinois airports shows RFD continues to be a driving force with $994.5 million in annual economic impact making it the third highest commercial service airport second and third only to O'Hare and Midway. Our combination of various business strengths and our international grade facility positions us well for future growth.

The economic condition and outlook for the region has improved over the prior year. The Metropolitan Statistical Area (MSA) includes over 340,000 people. The number of employed individuals in the county is over 165,000. The region continues to expand and diversify its industrial base and employment opportunities. Business growth continues and employment needs are increasing. The unemployment rate increased from 6.3% to 6.9% for Winnebago County. There is continued local collaboration to increase the quality of available workers to meet the demands of the increasingly technical and specialized job opportunities in the local area.

The region is considered an excellent location for manufacturing, trade, transportation, utilities, and educational and health services. The Rockford Region consists of Boone, Ogle, Stephenson and Winnebago counties in northern Illinois and Rock County in southern Wisconsin. The area lies in the heart of the Midwest, in very close proximity to Chicago, Milwaukee, Madison, Quad-Cities, and Peoria. Over the next ten years, employment in the local workforce area region is projected to expand by over 18,000 jobs.

The Foreign Trade Zone (FTZ) program is a partnership between the federal government and private business with the goal to protect or create new jobs in America. We believe that the FTZ can be a catalyst to improve the economic business climate of the region.

✈ MAJOR INITIATIVES


MRO (Maintenance, Repair and Overhaul) Facility - Construction of the new AAR maintenance, repair and overhaul (MRO) facility at Chicago Rockford International Airport (RFD) was completed in FY2017. Occupancy and AAR operations began in fall 2016. The $40 million, 200,000-square-foot facility includes two 9 1/2-story jet hangars. It is operating 24 hours a day and has generated more than 130 new jobs.

Cargo Service – This has been an excellent year for Air Cargo. In September 2016 we witnessed the first flight of daily service from ABX Air. That quickly grew to 2 flights daily. Currently there are three cargo carriers, Atlas Air, ABX Air and ATI, serving one major customer. We expect to see more flights added during this year. This has brought approximately 120 part time jobs to the airport. In addition, UPS has announced the addition of 13 more flights weekly to RFD and the hiring of an additional 250 personnel.


Terminal Expansion Construction – Construction began on the 30,000 square foot addition to the terminal in February 2016. The project will be completed in four phases. Phase I is nearing completion. The exterior construction of the building expansion and the interior development of the expansion area are being finalized this summer. Upon completion of the fourth phase, the terminal will offer expanded passenger areas, increased TSA security lines, and improved baggage handling areas.

✈ INTERNAL CONTROLS

The Authority's internal control structure is an important and integral part of its entire accounting system. The current structure in place is designed to provide reasonable, but not absolute assurance that: (1) assets are safeguarded against loss from unauthorized use or disposition; (2) transactions are executed in accordance with management's authorization; (3) financial records are reliable for preparing financial statements and maintaining accountability for assets; (4) there is compliance with applicable laws and regulations; and (5) there is effectiveness and efficiency of operations. The concept of reasonable assurance recognizes that the cost of control should not exceed the benefits that are likely to be derived from them, and that the evaluation of cost and benefits requires estimates and judgment by management.

We believe that the Authority's internal control framework adequately safeguards assets and provides reasonable assurance and proper recording of financial transactions. Management also believes that the data in this CAFR, as presented, is accurate in all material respects, that it presents fairly the financial position, results of operations and cash flows of the Authority, and that all disclosures necessary to enable the reader to gain maximum understanding of the Authority's financial affairs have been included.

One duty of the Finance Manager is to perform internal auditing functions. In the course of this assignment, the Finance Manager is authorized to have full, free and unrestricted access to all records relating to the audit.

✈ THE BUDGET

Authority management has long recognized the importance of proper and accurate budgeting. Management annually creates a comprehensive line item budget that is adopted by the Board of Commissioners in a public meeting before the beginning of each fiscal year. The budget narratives are detailed projections of the expected financial operation over the next year in accordance with the Authority's long-range financial plans. The budget is created using zero-based budgeting techniques where staff estimates all revenues and expenditures as though each revenue and/or expenditure was being initiated for the first time.

Management's control of the budget is maintained at the department level. It is the responsibility of each department to administer its operations in such a manner as to ensure that the use of funds is consistent with the goals and programs authorized by the Board of Commissioners. The annual budget is presented on our website site at http://flyrfd.com/wp-content/uploads/2017/05/FY2018-Final-Budget-04-2017.pdf

✈ INDEPENDENT AUDITOR

The Authority's independent accounting firm, Baker Tilly Virchow Krause, LLP, has rendered an unmodified opinion on the Authority's financial statements for the fiscal years ended April 30, 2017 and 2016, respectively which states that the financial statements present fairly, in all material respects, the results of the Authority's financial position, changes in financial position and cash flows. The Auditor's report on the financial statements is included in the financial section of the report.

The Authority participates in the federal single audit program, which consists of a single audit of federally funded programs administered by the Authority. Participation in the single audit program is mandatory as a condition for continued funding eligibility. The single audit performed by the Authority's independent accounting firm, Baker Tilly Virchow Krause, LLP, met the requirements set forth by the Federal Single Audit Act of 1996 and related Uniform Guidance. The independent auditor's report, which is issued based upon work performed in accordance with those requirements, noted no instances of non-compliance by the Authority with any applicable state or federal laws, regulations, or other matters that are required to be reported for the fiscal year ended April 30, 2017.

✈ CERTIFICATE OF ACHIEVEMENT

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Greater Rockford Airport Authority for its comprehensive annual financial report for the fiscal year ended April 30, 2016. The Certificate is the highest form of recognition for excellence in state and local government financial reporting.

In order to be awarded a Certificate of Achievement for Excellence in Financial Reporting, a governmental unit must publish an easily readable and efficiently organized, Comprehensive Annual Financial Report (CAFR), whose contents conform to program standards. Such CAFR must satisfy both accounting principles generally accepted in the United States of America and applicable legal requirements. A Certificate of Achievement is valid for a period of only one year. The Authority has received a Certificate of Achievement for each of the last eighteen consecutive years and we believe our current report conforms to the Certificate of Achievement program requirements, and we plan on submitting it to GFOA for their review.

✈OTHER GOVERNMENT FINANCE OFFICERS ASSOCIATION AWARDS

The Government Finance Officers Association awarded the Authority Management the Distinguished Budget Presentation Award for its fiscal year 2017 budget. This was the seventeenth consecutive year the Authority was presented with this award.

✈ACKNOWLEDGEMENTS

The preparation of the current comprehensive annual financial report on a timely basis was made possible by the dedicated service of the entire staff of the Finance Department. Their assistance provided in the preparation of this report is sincerely appreciated.

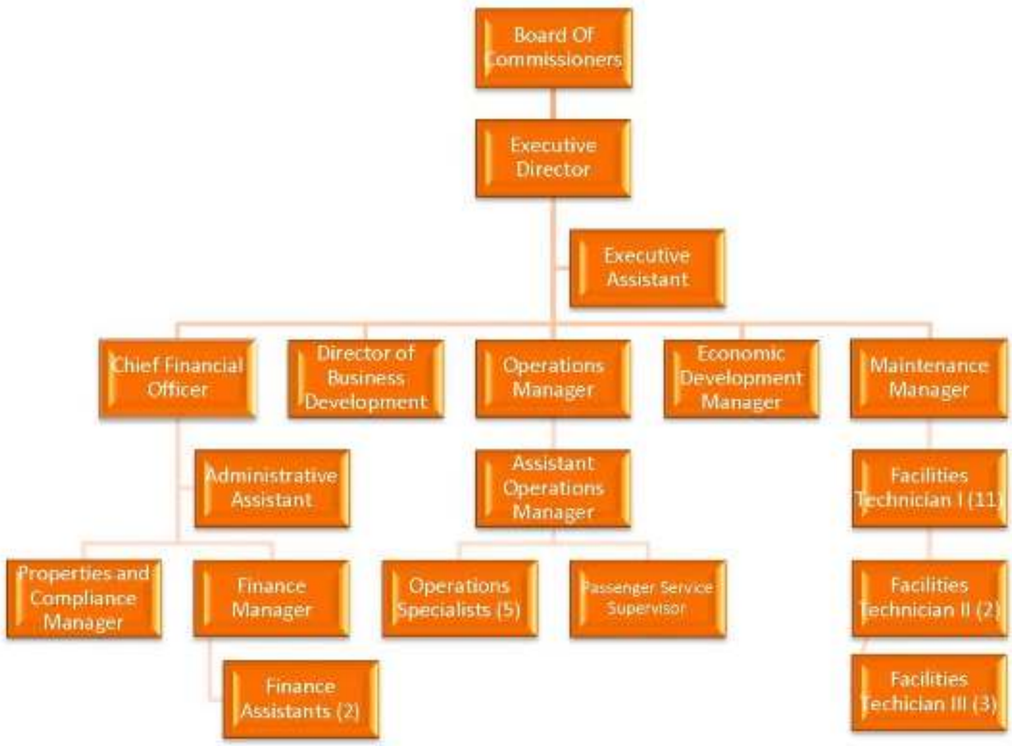
We would also like to thank the Board of Commissioners, for their guidance and support provided in the planning and conducting of the financial operations of the Authority. Their direction and counsel have helped to ensure that the Greater Rockford Airport Authority will remain a model of excellence for airports throughout the world.

Respectfully submitted,

Michelle Cassaro

Michelle Cassaro
Chief Financial Officer

Organizational Chart, Senior Management and Board of Commissioners



Board of Commissioners

Paul Cicero, Chairman
City of Rockford

Ray Wetzel, Secretary
Village of Machesney Park

Patrick Derry, Commissioner
Winnebago County

Thomas Myers, Vice Chairman
City of Loves Park

Kenneth Edward Copeland, Treasurer
City of Rockford

Thomas Dal Santo, Commissioner
Winnebago County

Pat Agnew, Commissioner
City of Rockford

Senior Management

Mike Dunn	Executive Director
Michelle Cassaro	Chief Financial Officer
Janette Benoit	Finance Manager
Thomas J. Lester	Legal Counsel, Hinshaw & Culbertson LLP

Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Greater Rockford Airport Authority

Illinois

For its Comprehensive Annual Financial Report for the Fiscal Year Ended

April 30, 2016

Executive Director/CEO

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INTERNATIONAL AIRPORT

Financial Section

This section contains the following subsections:

- Independent Auditors' Report
- Management's Discussion and Analysis (unaudited)
- Financial Statements
- Notes to Financial Statements
- Required Supplementary Information

INDEPENDENT AUDITORS' REPORT

To the Board of Commissioners
Greater Rockford Airport Authority
Rockford, Illinois

Report on the Financial Statements

We have audited the accompanying financial statements of the Greater Rockford Airport Authority, Rockford, Illinois as of and for the years ended April 30, 2017 and 2016, and the related notes to the financial statements, which collectively comprise the Greater Rockford Airport 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits 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 auditors' 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 over financial reporting relevant to the Greater Rockford Airport Authority'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 Greater Rockford Airport Authority'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 opinion.

To the Board of Commissioners
Greater Rockford Airport Authority

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Greater Rockford Airport Authority, Rockford, Illinois as of April 30, 2017 and 2016 and the respective changes in financial position and its cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, schedule of changes in the net pension liability and related ratios, schedule of employer contributions, and the schedule of funding progress for other post-employment benefits, as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental 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. We 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 about 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 we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Greater Rockford Airport Authority's basic financial statements. The introductory and statistical sections are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated August 30, 2017 on our consideration of the Greater Rockford 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 Greater Rockford Airport Authority's internal control over financial reporting and compliance.

Baker Tilly Virchow Krause, LLP

Madison, Wisconsin
August 30, 2017

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Management's Discussion and Analysis

The following Management's Discussion and Analysis (MD&A) of the Greater Rockford Airport Authority (the Authority) provides an introduction to the financial statements for the fiscal years ended April 30, 2017 and 2016. The information contained in this MD&A should be considered in conjunction with the information contained in the Authority's financial statements.

✈ Overview of the Financial Statements

The Authority's financial statements are prepared on the accrual basis in accordance with generally accepted accounting principles promulgated by the Government Accounting Standards Board (GASB). The Authority is structured as a single enterprise fund with revenues recognized when earned, not when received. Expenses are recognized when incurred, not when paid. Capital assets are capitalized and are depreciated (except land and construction in progress) over their estimated useful lives. See the Notes to Financial Statements for a summary of the Authority's significant accounting policies.

Following this MD&A are the basic financial statements of the Authority together with the notes, which are essential to a complete understanding of the data. The Authority's basic financial statements are designed to provide readers with a broad overview of the Authority's finances.

The *Statement of Net Position* presents information on all the Authority's assets, deferred outflows of resources, liabilities and deferred inflows of resources with the difference between them reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of the Authority's financial position.

The *Statement of Revenues, Expenses and Changes in Net Position* presents information showing how the Authority's net position changed during the year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will result in cash flows in future periods.

The *Statement of Cash Flows* relates to the flows of cash and cash equivalents. Consequently, only transactions that affect the Authority's cash accounts are recorded in this statement. Reconciliation is provided at the bottom of the Statement of Cash Flows to assist in the understanding of the difference between cash flows from operating activities and operating income.

✈ Financial Highlights

A summary of the Authority's financial highlights for the year 2017 is as follows:

The assets and deferred outflows of the Authority exceeded the liabilities and deferred inflows by $111.7 million (net position) at April 30, 2017. Of this amount, $16.4 million is unrestricted.

Net capital assets increased by $6.7 million. This is a result of an increase in capital assets of $17.8 million less annual depreciation of $11.1 million.

Total liabilities increased by $11.1 million. This is primarily the result of an increase in debt financing related to the investment in capital assets during FY2017.

Operating revenues decreased by 6.2% to $4.8 million for FY2017. Operating expenses for FY2017 decreased by 10.9% to $7.6 million. This is primarily a result of the absence of AirFest.

A summary of the Authority's financial highlights for the year 2016 is as follow:

The Authority's total net position increased by approximately $6.9 million or 6.5%. Construction in progress increased by over $30 million primarily due to construction of the new maintenance, repair, and overhaul (MRO) facility.

Operating revenues are 3.6% greater than the prior year primarily due to lease revenue increases. Airport service fee revenue is 44.0% less than last year due to lack of snow removal services billed to tenants.

Operating expenses for FY2016 were 2.6% greater than the prior year. Although there were decreases related to mild winter weather, there were increases in contractual services related to new air service.

Long-term liabilities increased by $17.3 million, primarily due to issuance of bonds to fund construction of a new MRO facility.

The Authority has implemented new accounting standards for pension plan reporting. The Authority is now required to recognize a liability equal to the net pension liability. As a result of implementing the new standards, the Authority reported a net pension liability of almost $1.1 million.

✈ Financial Position

The following represents the Authority's financial position for the fiscal years ended April 30:

				% Change	
	FYE17	*FYE16*	*FYE15*	*2017*	*2016*
Assets					
Current assets	$ 13,866,522	$ 10,657,507	$ 8,558,201	30.1	24.5
Capital assets - net	136,435,887	129,727,823	109,887,573	5.2	18.1
Net OPEB asset	234,192	234,841	230,218	(0.3)	2.0
Assets restricted for grants	-	-	932,238	0.0	(100.0)
Due from other governments	11,757,667	12,783,655	-	(8.0)	100.0
Total assets	$ 162,294,268	$ 153,403,826	$ 119,608,230	5.8	28.3
Deferred outflows of resources					
Pension-related items	$ 823,209	$ 930,666	$ -	(11.5)	100.0
Liabilities					
Current liabilities	$ 20,398,935	$ 12,829,431	$ 2,467,718	59.0	419.9
Long-term liabilities, less current maturities	27,987,795	24,391,813	7,087,200	14.7	244.2
Total liabilities	48,386,730	37,221,244	9,554,918	30.0	289.6
Deferred inflows of resources					
Deferred tax revenue	$ 2,894,611	$ 2,782,827	$ 2,814,930	4.0	(1.1)
Pension-related items	100,920	148,804	-	(32.2)	100.0
Total deferred inflows of resources	2,995,531	2,931,631	2,814,930	2.2	4.1
Net position					
Net investment in capital assets	$ 95,357,086	$ 104,161,337	$ 104,978,065	(8.5)	(0.8)
Restricted for grants	-	-	932,238	-	(100.0)
Unrestricted	16,378,130	10,020,280	1,328,079	63.4	654.5
Total net position	111,735,216	114,181,617	107,238,382	(2.1)	6.5
Total liabilities, deferred inflows of resources and net position	$ 163,117,477	$ 154,334,492	$ 119,608,230	5.7	29.0

An analysis of significant changes in net position for the year 2017 is as follows:

- ✈ Ending net position is $111.7 million. Of this amount $95.3 million represents net investment in capital assets and $16.4 million represents unrestricted net position.
- ✈ Net position decreased by $2.4 million in 2017. This is a result of an increase in interest expense as well as an increase in depreciation related to capital projects placed in service.

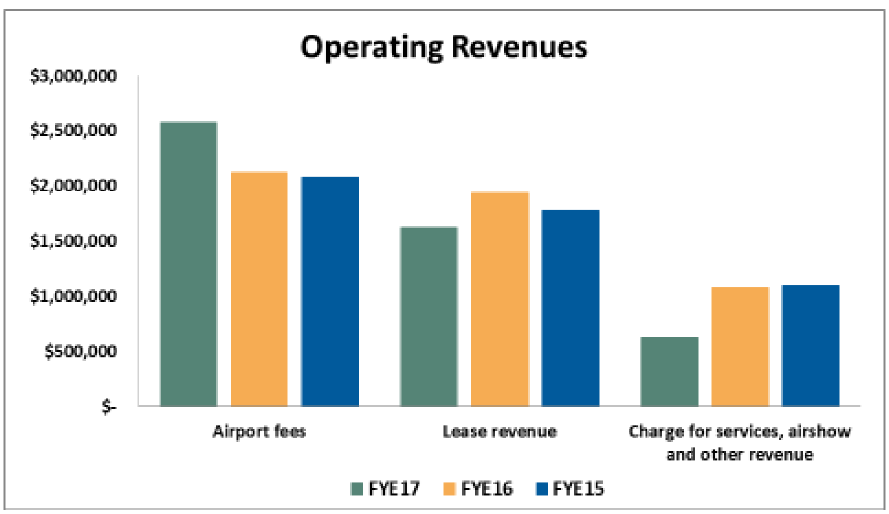
- Total assets and deferred outflows of resources of the Authority exceeded its liabilities and deferred inflows of resources by $111.7 million.

An analysis of significant changes in net position for the year 2016 is as follows:

- Net position was restated in connection with the implementation of GASB 68. The restated beginning balance is $158,000 less than previously reported to reflect the beginning net pension liability and the deferred outflows of resources related to contributions made subsequent to the measurement date of the beginning net pension liability, but prior to the start of the Authority's fiscal year.
- Amounts due from other governments increased due to Intergovernmental agreements with the City and County. The agreements require the City and the County to make payments to the airport sufficient to pay the principal and interest on Revenue Bonds, Series 2015A and 2015B.
- Total assets and deferred outflows of resources of the Authority exceeded its liabilities and deferred inflows of resources by $114 million.
- Ending net position is $114.1 million, an increase of 6.9 million over the FY2015 ending balance. Of this amount, $104 million represents net investment in capital assets and $10 million represents unrestricted net position.

The Authority's summary of revenues for the fiscal years ended April 30:

					% Change	
	FYE17	*FYE16*	*FYE15*		*2017*	*2016*
Operating revenues:						
Airport fees	$ 2,571,899	$ 2,121,537	$ 2,079,168		21.2	2.0
Lease revenue	1,620,438	1,936,549	1,785,244		(16.3)	8.5
Charge for services, airshow and other revenue	627,136	1,080,769	1,094,545		(42.0)	(1.3)
Total operating revenues	$ 4,819,473	$ 5,138,855	$ 4,958,957		(6.2)	3.6

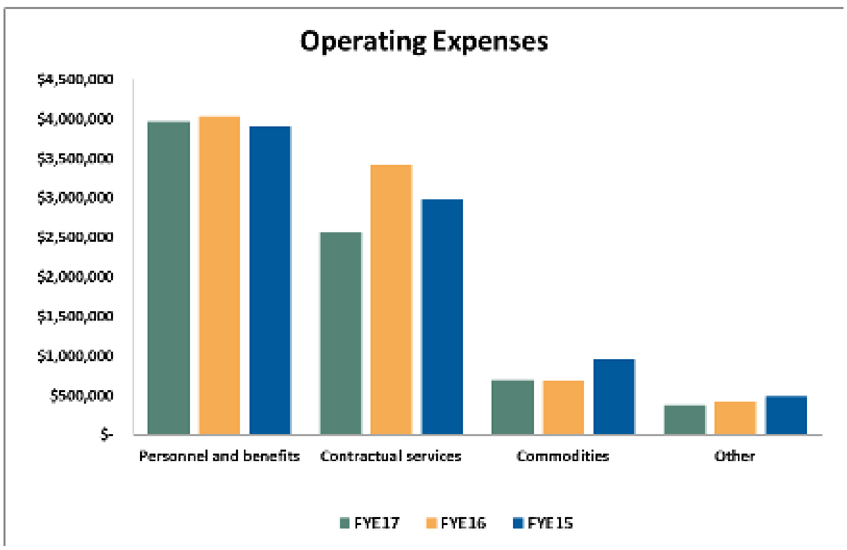


- Airport fees are variable in nature and include on-airport fuel flowage and landing fees and rental car commissions. These fees are directly attributable to the direct operation of the airport. There was an increase in 2017 in airport fees from the prior year by 21.2%. Landing fees increased as a result of increased cargo activity.
- Lease revenues are collected from the tenants for the use of real and improved property on the airport grounds. Lease revenues decreased by 16.3% in 2017 as a result of expired lease agreements and vacancy. In 2016, lease revenues increased by 8.5% over 2015.

- Charges for services, airport service fees, airshow and other revenues consist of several revenues collected for operating the airport. Lack of AirFest revenue caused a 42% decrease in this line item in 2017. Charges for services showed a net 1.3% decrease for 2016.

The following represents the Authority's summary of operating expenses before depreciation and amortization by source for the years ended April 30:

	FYE17	FYE16	FYE15	% Change 2017	% Change 2016
Operating expenses (excluding depreciation):					
Personnel and benefits	$ 3,957,557	$ 4,026,916	$ 3,900,047	(1.7)	3.3
Contractual services	2,570,490	3,402,197	2,976,222	(24.4)	14.3
Commodities	692,246	678,855	947,332	2.0	(28.3)
Other	377,857	418,571	483,742	(9.7)	(13.5)
Total operating expenses (excluding depreciation)	$ 7,598,150	$ 8,526,539	$ 8,307,343	(10.9)	2.6



- Personnel and Benefits in 2017 showed a decrease of 1.7%. Lack of AirFest related personnel costs in 2017 account for this decrease.
- Contractual Services decreased by 24.4 percent in 2017. The decrease is due to expenses related to new air service development including revenue guarantees and increased marketing expenses in 2016 that did not occur in 2017.
- Commodities are materials the Authority purchases for maintaining the airport. Commodities costs overall were up 2% from prior year due to increased spending for various materials.
- Other expenses are the costs associated with post closure care on two closed landfills on airport property, costs related to the glycol ponds and property taxes. Costs of maintaining glycol ponds decreased from the prior year amount.
- Non-operating revenue is comprised of property and corporate replacement taxes, interest income from investments and intergovernmental revenues and Passenger Facility Charges (PFCs). Non-operating revenues increased in 2017 by 7.9% primarily due to intergovernmental revenue received in relation to the MRO bonds.

The following represents the Authority's summary of changes in net position for the years ended April 30:

	FYE17	FYE16	FYE15	% Change 2017	% Change 2016
Operating revenues					
Airport fees	$ 2,571,899	$ 2,121,537	$ 2,079,168	21.2	2.0
Lease revenue	1,620,438	1,936,549	1,785,244	(16.3)	8.5
Charge for services, airshow and other revenue	627,136	1,080,769	1,094,545	(42.0)	(1.3)
Total operating revenues	4,819,473	5,138,855	4,958,957	(6.2)	3.6
Operating expenses					
Personnel and benefits	3,957,557	4,026,916	3,900,047	(1.7)	3.3
Contractual services	2,570,490	3,402,197	2,976,222	(24.4)	14.3
Commodities	692,246	678,855	947,332	2.0	(28.3)
Other	377,857	418,571	483,742	(9.7)	(13.5)
Total operating expenses	7,598,150	8,526,539	8,307,343	(10.9)	2.6
Operating Loss before depreciation	(2,778,677)	(3,387,684)	(3,348,386)	(18.0)	1.2
Less depreciation	11,114,108	10,484,932	10,261,167	6.0	2.2
Operating Loss	(13,892,785)	(13,872,616)	(13,609,553)	0.1	1.9
Nonoperating revenues (expenses)					
Taxes - property and corporate	3,385,292	3,469,200	3,490,444	(2.4)	(0.6)
Interest income	14,532	3,335	5,300	335.7	(37.1)
Other income	276,832	302,444	192,934	(8.5)	56.8
Intergovernmental revenue	525,365	-	-	100.0	-
Passenger facility charges	497,802	495,649	466,839	0.4	6.2
Interest expense	(974,449)	(111,194)	(103,512)	776.4	7.4
Loss on asset disposal	(10,966)	(503,044)	-	(97.8)	100.00
Bond issueance expense	(11,875)	(224,100)	-	(94.7)	100.00
Total other revenues (expenses)	3,702,533	3,432,290	4,052,005	7.9	(15.3)
Loss before capital contribution	(10,190,252)	(10,440,326)	(9,557,548)	(2.4)	9.2
Capital contributions	7,743,851	17,542,390	11,509,023	(55.9)	52.4
Change in net position	$ (2,446,401)	$ 7,102,064	$ 1,951,475	(134.4)	263.9
Net position, beginning of year	114,181,617	107,238,382	105,286,907		
Restatement (See Notes 9 and 12)	-	(158,829)	-		
Net position, beginning of year (as restated)	114,181,617	107,079,553	105,286,907		
Net position, end of year	$ 111,735,216	$ 114,181,617	$ 107,238,382		

✈ Capital Assets

The investment in capital assets includes land, buildings, building improvements, runways, taxiways, roads, machinery, equipment, vehicles, furniture and fixtures. The Authority's capital assets as of April 30, 2017 totaled $136.4 million (net of accumulated depreciation). This was a net increase of $6.7 million from the prior year with annual depreciation of $11.1 million, $17.8 million in additions during the year, and $363 thousand in disposals during FY2017.

Major capital projects in process during 2017 included the following:

- Opening of MRO Facility
- Terminal Expansion Construction

Major capital projects in process during 2016 included the following:

- Opening of RVC Training Facility
- Construction of MRO Facility
- Terminal Expansion Construction

Capital asset acquisitions are capitalized at cost and depreciated using the straight-line method. Acquisitions are funded using a variety of financing techniques, including federal and state grants, passenger facility charges, debt issuance and the Authority revenues, sinking funds and reserves.

The Authority's capital assets as of April 30, 2016 totaled $129.7 million (net of accumulated depreciation). This was a net increase of $19.9 million from the prior year with annual depreciation of $10.4 million, $30.9 million in additions during the year, and $2.4 million in disposal during FY2016.

✈ Debt Administration

General Obligation Alternate Revenue Bonds, Series 2008

On December 1, 2008, the Authority issued General Obligation Alternate Revenue Bonds, Series 2008, in the principal amount of $8,200,000, in varying maturities up to twenty years. This issue was sold at a range of 4.30% to 5.35%. The bonds are non-taxable and secured by future Airport Improvement Program Federal Grant money expected to be received.

Balance outstanding at April 30, 2017 - $2,961,900, 2016 – $3,210,500.

Capital Lease

In 2014, the Authority entered into a tax-exempt lease purchase agreement for two Oshkosh H Series Snow Brooms. The amount of the capital lease is $1,223,800. The agreement was entered into on July 26, 2013 with the first payment due September 26, 2014 and each year after for a period of seven years. The annual interest rate is 2.91%. The annual payment of principal and interest is $196,230. There is a buy-out option of $1 at the end of the lease term.

Balance outstanding at April 30, 2017 - $730,980, 2016 – $900,991.

General Obligation Alternate Revenue Bonds, Series 2014

On November 24, 2014, the Authority issued General Obligation Alternate Revenue Bonds, Series 2014, in the principal amount of $400,000, in varying maturities for eight years and nine months. This issue was sold at 4.99% fixed. The bonds are non-taxable and secured by assignment of rents related to the lease agreement dated October 6, 2014 for property located at 40 Airport Drive.

Balance outstanding at April 30, 2017 - $311,994, 2016 – $350,219.

General Obligation Alternate Revenue Bonds, Series 2015A

On December 3, 2015, the Authority issued General Obligation Alternate Revenue Bonds, Series 2015A, in the principal amount of $8,000,000, in varying maturities for twenty years. This issue was sold at 3.19% fixed. An intergovernmental agreement was executed between the Authority and Winnebago County. The bonds are non-taxable and secured by landfill host fees revenue earned by the County.

Balance outstanding at April 30, 2017 - $7,923,890, 2016 – $8,000,000.

General Obligation Alternate Revenue Bonds, Series 2015B

On December 3, 2015, the Authority issued General Obligation Alternate Revenue Bonds, Series 2015B, in the principal amount of $5,000,000, in varying maturities for twenty years. This issue was sold at 3.19% fixed. An intergovernmental agreement was executed between the Authority and the City of Rockford. The bonds are non-taxable and secured by sales tax revenue collected by the City.

Balance outstanding at April 30, 2017 - $4,859,765, 2016 – $5,000,000.

General Obligation Alternate Revenue Bonds, Series 2015C

On December 3, 2015, the Authority issued General Obligation Alternate Revenue Bonds, Series 2015C, in the principal amount of $4,000,000, in varying maturities for twenty years. This issue was sold at 3.19% fixed. The bonds are non-taxable and secured by assignment of rents related to the lease agreement dated August 21, 2014 for property located at 6150 Cessna Drive.

Balance outstanding at April 30, 2017 - $3,887,812, 2016 – $4,000,000.

General Obligation Alternate Revenue Bonds, Series 2017

On February 8, 2017, the Authority issued General Obligation Alternate Revenue Bonds, Series 2017, in the principal amount of $4,750,000 in varying maturities for twenty years. This issue was sold with a 10-year 4.00% fixed interest rate. The interest rate will change on the first day of year eleven to the 10-year treasury rate on that day plus 1.55% and will be fixed for the remaining ten years of the term. The bonds are non-taxable and secured by revenues derived from Passenger Facility Charges.

Balance outstanding at April 30, 2017 - $4,719,533, 2016 – $0.

Lines of Credit

During FY2016, state and federal budget issues resulted in funding shortages in the construction of the MRO facility. The Authority opened a line of credit in order to continue construction of the facility. The initial line of credit totaled $8 million and was fully drawn down for construction-related expenses. This line of credit was paid off with bond proceeds when the Series 2015 bonds were issued in December 2015.

Bond proceeds were exhausted in March 2016. Federal and state funding was still on hold. Several local banks collaborated to offer a second line of credit totaling $17 million. As of April 30, 2017, $16.7 million has been drawn from this line of credit. The second line of credit was extended and matures in December 2017. It is expected that state and federal funds will be received prior to due date and will be utilized to pay off the line of credit.

See Note 7 for further information on long-term debt.

The Authority is subject to debt limitations and those limitations are provided in Note 8. The Authority did not experience any negative changes in its credit rating or limitation during the year.

✈ Passenger Facility Charge (PFC)

In October 1992, the Authority received approval from the Federal Aviation Administration (FAA) to impose a PFC of $3.00 per enplaned passenger. In April 2007, the FAA approved the Authority's request to increase the PFC level to $4.50 on all remaining reimbursements. The new collection rate commenced on June 1, 2007. The total approved collectible amount is $7,476,945 and the Authority has collected PFCs, including interest earned totaling $6,643,584.

In 2016, the Authority received FAA approval to continue to impose a PFC until March 1, 2038. The total approved collectible amount is $8,627,885. PFC collections will be utilized to support the costs of the terminal expansion project including bond principal and interest payments.

✈ Factors Bearing on the Authority's Future

At the time these financial statements were prepared and audited, the Authority was unaware of any adverse existing circumstances that could significantly affect its financial health in the future.

✈ Contacting the Authority's Financial Management

This financial report is designed to provide the public with a general overview of the Authority's finances and to demonstrate the Authority's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Authority's Chief Financial Officer, Michelle Cassaro, at the Greater Rockford Airport Authority, 60 Airport Drive, Rockford, Illinois 61109, 815.969.4445 or scassaro@flyrfd.com. A copy of this report as well as the last ten years can be found on our website at http://flyrfd.com/minutes/.

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INTERNATIONAL AIRPORT

Greater Rockford Airport Authority

Statements of Net Position

April 30, 2017 and 2016

Assets and Deferred Outflows of Resources	*FYE17*	*FYE16*
Current assets		
Cash and cash equivalents	$ 5,076,147	$ 2,390,725
Investments	-	2,541,230
Accounts receivable (net of allowances for uncollectibles of $2,249 and $1,299 in 2017 and 2016, respectively)	3,147,566	2,444,478
Taxes receivable	2,894,611	2,782,827
Prepaid expenses and other current assets	193,836	114,497
Due from other governments	945,239	263,562
Restricted cash	1,609,123	120,188
Total current assets	13,866,522	10,657,507
Non-current assets		
Land	16,659,524	16,659,524
Construction in progress	21,353,229	42,236,287
Capital assets net of accumulated depreciation	98,423,134	70,832,012
Total capital assets, net	136,435,887	129,727,823
Net OPEB asset	234,192	234,841
Due from other governments	11,757,667	12,783,655
Total non-current assets	148,427,746	142,746,319
Total assets	162,294,268	153,403,826
Deferred outflows of resources		
Pension-related items	823,209	930,666
Total deferred outflows of resources	823,209	930,666
Total assets and deferred outflows of resources	$ 163,117,477	$ 154,334,492

See accompanying notes to financial statements.

Liabilities, Deferred Inflows of Resources and Net Position	*FYE17*	*FYE16*
Current liabilities		
Accounts payable	$ 1,982,796	$ 7,527,335
Interest payable	183,850	207,015
Security deposits	26,919	26,488
Accrued payroll	73,766	83,677
Prepaid rent	35,453	50,540
Current maturities of long-term liabilities	1,295,563	785,368
Line of credit	16,762,190	4,104,776
Compensated absences	38,398	44,232
Total current liabilities	20,398,935	12,829,431
Long-term liabilities, less current maturities		
General obligation alternate revenue bond	23,544,292	19,945,363
Capital lease obligation	556,020	730,979
Compensated absences	82,236	74,857
Landfill closure and postclosure care	1,139,122	1,139,122
Stormwater retention	1,429,743	1,417,926
Net pension liability	1,236,382	1,083,566
Total long-term liabilities, less current maturities	27,987,795	24,391,813
Total liabilities	48,386,730	37,221,244
Deferred inflows of resources		
Deferred tax revenue	2,894,611	2,782,827
Pension-related items	100,920	148,804
Total deferred inflows of resources	2,995,531	2,931,631
Net position		
Net investment in capital assets	95,357,086	104,161,337
Unrestricted	16,378,130	10,020,280
Total net position	111,735,216	114,181,617
Total liabilities, deferred inflows of resources and net position	$ 163,117,477	$ 154,334,492

See accompanying notes to financial statements.

Greater Rockford Airport Authority

Statements of Revenue, Expenses and Changes in Net Position
Years Ended April 30, 2017 and 2016

	FYE17	*FYE16*
Operating revenues		
Airport fees	$ 2,571,899	$ 2,121,537
Lease revenue	1,620,438	1,936,549
Charge for services, airshow and other revenue	627,136	1,080,769
Total operating revenues	4,819,473	5,138,855
Operating expenses		
Personnel and benefits	3,957,557	4,026,916
Contractual services	2,570,490	3,402,197
Commodities	692,246	678,855
Other	377,857	418,571
Total operating expenses	7,598,150	8,526,539
Operating loss before depreciation	(2,778,677)	(3,387,684)
Less: Depreciation	11,114,108	10,484,932
Operating loss	(13,892,785)	(13,872,616)
Nonoperating revenues (expenses)		
Taxes - property and corporate	3,385,292	3,469,200
Interest income	14,532	3,335
Passenger facility charges	497,802	495,649
Intergovernmental revenue	525,365	-
Other income	276,832	302,444
Interest expense	(974,449)	(111,194)
Loss on asset disposal	(10,966)	(503,044)
Bond issuance expense	(11,875)	(224,100)
Total nonoperating revenues (expenses)	3,702,533	3,432,290
(Loss) before capital contributions	(10,190,252)	(10,440,326)
Capital contributions	7,743,851	17,542,390
Change in net position	(2,446,401)	7,102,064
Net position, beginning of year	114,181,617	107,238,382
Restatement (See Notes 9 and 12)	-	(158,829)
Net position, beginning of year (as restated)	114,181,617	107,079,553
Net position, end of year	$ 111,735,216	$ 114,181,617

See accompanying notes to financial statements.

Greater Rockford Airport Authority

Statements of Cash Flows

Years Ended April 30, 2017 and 2016

	FYE17	FYE16
Cash flows from operating activities		
Cash received from providing services	$ 4,765,295	$ 5,320,257
Cash paid to employees, including benefits	(3,752,886)	(3,982,858)
Cash paid to suppliers	(4,952,275)	(3,860,576)
Net cash used in operating activities	(3,939,866)	(2,523,177)
Cash flows from investing activities		
Interest received	14,532	3,335
Proceeds from maturities of investments	2,541,230	1,964,623
Net cash provided by investing activities	2,555,762	1,967,958
Cash flows from noncapital financing activities		
Cash receipts from property taxes, general	2,763,791	2,787,502
Cash receipts from corporate replacement taxes	621,501	681,698
Net cash provided by noncapital financing activities	3,385,292	3,469,200
Cash flows from capital and related financing activities		
Cash receipts from capital contributions for capital assets	7,209,756	1,243,263
Cash receipts from passenger facility charges	497,802	495,649
Payments for capital acquisitions	(21,641,842)	(23,799,462)
Principal payments on capital lease	(170,011)	(165,204)
Cash receipts from new bond issuance	4,750,000	17,000,000
Cash receipts from line of credit	12,657,414	4,104,776
Intergovernmental revenues	525,365	
Principal payments on revenue bond	(645,825)	(282,594)
Interest paid	(997,615)	(111,219)
Debt issuance costs	(11,875)	(224,100)
Net cash used in capital and related financing activities	2,173,169	(1,738,891)
Net increase (decrease) in cash and cash equivalents	4,174,357	1,175,090
Cash and cash equivalents, beginning of year	2,510,913	1,335,823
Cash and cash equivalents, end of year	$ 6,685,270	$ 2,510,913
Reconciliation of operating loss to net cash used in operating activities:		
Operating loss	$ (13,892,785)	$ (13,872,616)
Adjustments to reconcile operating loss to net cash used in operating activities:		
Depreciation	11,114,108	10,484,932
Other income (expense)	264,957	302,444
Increase (decrease) from changes in:		
Accounts receivable	(304,479)	127,850
Prepaid expenses and other current assets	(79,339)	93,697
Deferred outflows - pension related	107,457	(658,870)
Security deposits	431	(8,961)
Prepaid rent	(15,087)	(239,931)
Accrued payroll, compensated absences and OPEB's	(7,718)	(98,817)
Storm water retention	11,817	3,465
Net pension liability	152,816	652,941
Accounts payable	(1,244,160)	541,885
Deferred inflows - pension related	(47,884)	148,804
Net cash used in operating activities	$ (3,939,866)	$ (2,523,177)
Reconciliation of cash and cash equivalents to the statement of net position		
Current cash and cash equivalents	$ 5,076,147	$ 2,390,725
Investments	-	$ 2,541,230
Restricted cash	1,609,123	120,188
Subtotal	$ 6,685,270	$ 5,052,143
Less: Non-cash equivalents	-	(2,541,230)
Cash and cash equivalants, end of year	$ 6,685,270	$ 2,510,913
Schedule of noncash capital and related financing activities:		
Contributions of capital assets	$ 135,487	$ 1,217,642

See accompanying notes to financial statements.

Notes to Financial Statements

The accounting methods and procedures adopted by the Greater Rockford Airport Authority conform to accounting principles generally accepted in the United States of America as applied to governmental entities. The following notes are an integral part of the Authority's financial statements.

Note 1 – Organization and Reporting Entity

The Authority is a municipal corporation and body politic of the State of Illinois, organized in 1946 pursuant to the provisions of the Airport Authorities Act (Act) of 1945 to acquire, develop and manage the Chicago Rockford International Airport. As a municipal corporation, the Authority is independent and not an agency of the State of Illinois or any other local government unit.

The Authority is governed by a seven-member Board of Commissioners. The members are appointed as follows:

- The Mayor of the City of Rockford, 3 members;
- Winnebago County Board Chairman, 2 members;
- The Mayor of the City of Loves Park, 1 member; and
- The Village President of the Village of Machesney Park, 1 member.

The Authority members serve five-year terms, except that any person appointed to fill a vacancy will be appointed to serve the unexpired term. Members of the Board of Commissioners are eligible for reappointment. The Board selects an Executive Director to staff the respective departments and oversee the day-to-day operations.

The Authority is authorized to levy ad valorem taxes on all real property located within Winnebago County and is not subject to federal, state or local income taxes or sales taxes.

Note 2 – Summary of Significant Accounting Policies

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting, whereby revenues and expenses are recognized in the period earned or incurred. All transactions are accounted for in a single enterprise fund.

Budgetary Data

The Authority prepares its budget partially on a cash basis. This basis is a departure from accounting principles generally accepted in the United States of America in that capital expenditures, including capital outlays and improvements, debt service and grant service, are entirely recognized in the year purchased or paid. Therefore, depreciation is not budgeted. All other revenues and expenses are budgeted on an accrual basis.

The budget process begins each October. The Chief Financial Officer prepares a preliminary budget for review and approval by respective department heads. Upon favorable review by department heads, the Executive Director submits the budget for review, approval and adoption by the Board. The budget can be amended by the Board subsequent to its adoption.

There were no budget amendments in the fiscal years ended April 30, 2017 and 2016.

Note 2 – Summary of Significant Accounting Policies (continued)

Operating Revenues and Expenses

The Authority distinguishes operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services in connection with the Authority's operations. The principal operating revenues of the Authority are airport fees (primarily landing fees and fuel flowage fees) and lease revenue. The Authority also recognizes certain other revenues as operating revenues, including storm water retention fees, fuel permits, quarry fees, and grant revenue for operating activities, etc. Operating expenses for the Authority include personnel and benefit costs, contractual services costs, commodities and others. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Authority considers all highly liquid investments (including short-term investments) with maturities of three months or less when purchased to be cash equivalents.

Investments

Investments are stated at fair value. Fair value is determined primarily on the basis of quoted market prices. Interest income is recorded as earned.

Accounts Receivable

Accounts receivable includes amounts due from Authority tenants as well as amounts due from the federal and state governments for grants. The amount shown is reduced by an estimated reserve for uncollectible accounts.

Taxes Receivable

Taxes receivable include taxes levied in the current fiscal year that will be paid in the following fiscal year. The balance is reported as unearned at year-end because the tax levy will be used to fund expenses of the following year.

Due from Other Governments

During FY2016, the Authority entered into agreements with the City of Rockford and County of Winnebago. These agreements provide for quarterly payments from the City and County towards the 2015 Series A and Series B bonds. Total payments remaining to be received from the City and County are reflected on the Statement of Net Position.

Compensated Absences

The Authority accrues vacation and sick pay benefits as earned by its employees. Employees are expected to use their accrued vacation in the calendar year in which it is accrued. An employee whose employment terminates will be paid for accrued unused vacation days. Sick leave not used in a calendar year can be carried over to subsequent years up to a maximum of 75 days. Upon termination of employment, an employee may receive payment in the amount of 25% of accrued sick time.

Note 2 – Summary of Significant Accounting Policies (continued)

Capital Assets

All individual items with a cost in excess of $2,000 that provide more than one year of economic benefit are capitalized. Depreciation and amortization are calculated by the straight-line method using the assets' useful life that is classified as follows:

	Years
Buildings	20
Infrastructure	20
Equipment, office equipment and vehicles	3-10
Intangible Assets	5-10

Routine maintenance and repairs are expensed as incurred. Significant betterment and improvements are capitalized and depreciated over their estimated useful lives. Interest incurred during the construction phase of capital assets is reflected in the capitalized value of the assets constructed, net of interest earned on the invested proceeds over the same period. Donated capital assets are recorded at their estimated fair value at the date of donation. Airport Improvement Projects (AIP) financed by State of Illinois are capitalized as contributed capital using the most available information as provided by the Illinois Division of Aeronautics.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position contains a separate category titled deferred outflows of resources, which represents a consumption of net position that applies to a future period. In FY2016, the Authority implemented GASB Statement No. 68 resulting in deferred outflows of resources related to pension contributions made subsequent to the measurement date. For further information, see note 9.

In addition to liabilities, the statement of net position contains a separate category titled deferred inflows of resources, which represents an acquisition of net position that applies to a future period. The Authority recognizes taxes levied in the current fiscal year that will be paid in the following fiscal year as deferred inflows. The balance is reported as deferred inflows of resources at year-end because the tax levy will be used to fund expenses of the following year.

In FY2016, the Authority implemented GASB Statement No. 68 resulting in deferred inflows of resources related to pension related items. For further information, see note 9.

Use of Estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Net Position

The Authority classified its net position in three categories as follows:

Net Investment in capital assets consists of capital assets, net of accumulated depreciation and reduced by outstanding balances for bonds and other debt that are attributable to the acquisition, construction or improvement of those assets.

Restricted results when constraints placed on net position use are either externally imposed by creditors, grantors, and the like, or imposed by law through constitutional provisions or enabling legislation. The Authority had no restricted net position at April 30, 2017 or April 30, 2016.

Unrestricted consist of all other net position that does not meet the criteria above.

Note 2 – Summary of Significant Accounting Policies (continued)

When both restricted and unrestricted resources are available for use, it is the Authority's policy to use restricted resources first, then unrestricted resources as they are needed.

Comparative Data – Certain amounts presented in the prior year data may have been reclassified in order to be consistent with the current year's presentation.

Note 3 – Cash, Cash Equivalents and Investments

Cash, cash equivalents and investments of the Authority at April 30 consist of the following:

	2017	2016
Cash and cash equivalents		
Cash on hand	$ 520	$ 520
Deposits and money market accounts	5,075,627	2,390,205
Total cash and cash equivalents	5,076,147	2,390,725
Restricted cash	1,609,123	120,188
Investments		
Certificates of deposit	-	2,541,230
Total investments	-	2,541,230
Total cash, cash equivalents and investments	$ 6,685,270	$ 5,052,143

Custodial Credit Risk – Deposits: Custodial credit risk is the risk that in the event of bank failure, the Authority's deposits may not be returned to it. The Authority has a policy regarding custodial credit risk which requires that funds on deposit in excess of FDIC or FSLIC limits be secured by either securities guaranteed by the full faith and credit of the United States of America or obligations of the United States of America or its agencies. The Authority's policy also requires that the amount of collateral provided shall not be less than 105% of the fair market value of the funds secured. Pledged collateral shall be held by the Authority or in safekeeping, evidenced by a safekeeping agreement. Collateral in safekeeping must be held by a third party or by an escrow agent of the pledging institution. As of year-end, the Authority did not have any deposits exposed to custodial credit risk.

Custodial Credit Risk – Investments: For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Authority will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Authority's investment policy addresses custodial credit risk, as applicable, as detailed under *Custodial Credit Risk – Deposits*.

Interest Rate Risk: - Investments: The Authority had no investments at year-end for FY2017 and FY2016.

The Authority does not have a policy on interest rate risk however investments are structured so funds are available to meet ongoing operations and those funds intended for longer term purposes are invested to maturity dates to reflect potential future uses with limited maturity lengths.

Credit Risk:

The Greater Rockford Airport Authority may invest public funds in certain types of security as allowed by the Public Funds Investment Act, 30 ILCS 235 et seq. "Public Funds" are defined as current operating funds, special funds, interest and sinking funds, and funds of any kind belonging to or in the custody of the Greater Rockford Airport Authority. While the Public Funds Investment Act allows the investment of public funds in a wider range of possible securities, it is the policy of the Greater Rockford Airport Authority that its investments be limited to the allowed securities as identified hereof.

Note 3 – Cash, Cash Equivalents and Investments (continued)

Allowable securities are as follows:

- Bonds, notes, certificates of indebtedness, treasury bills, or other securities, which are guaranteed by the full faith and credit of the United States of America.
- Bonds, notes, debentures, or other similar obligations of the United States of America or its agencies.
- Any interest bearing account, deposit (including certificates of deposit), or any other investment constituting direct obligations of any bank, collateralized pursuant to Section 6, and as defined by the Illinois Banking Act and only those insured by the Federal Deposit Insurance Corporation (FDIC).
- Any repurchase agreements not to exceed 330 days as provided for in 30 ILCS 235/2 (h) so long as such repurchase agreements comply with said statute and are supported by the full faith and credit of the United States of America.

The Authority does not have any investments exposed to credit risk.

Concentration of Credit Risk – Investments: Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The Authority's investment policy allows for no more than 40% of the total investment portfolio, exclusive of U.S. Treasury securities held in safekeeping to be held at one financial institution. The Authority does not have any investments exposed to concentration of credit risk.

Note 4 – Property Taxes

Property taxes are recognized as a receivable at the time they are levied. The taxes receivable at April 30, 2017 represent the 2016 tax levy, for which the Authority was required to file its tax levy with the Winnebago County Clerk by the last Tuesday of December. These taxes were assessed and attached as an enforceable lien on the real property as of the preceding January 1.

Tax bills are normally mailed by May 1, and are due in two equal installments in June and September. These taxes are collected by the County Collector, who in turn remits to the Authority its respective share.

Property taxes levied in the current year are measurable but not available to finance current operations and, therefore, are recorded as deferred inflows of resources. Property tax revenues are recognized in the year following the levy.

No allowances for uncollectible is provided as historical collections have shown that over 99% of all funds are received.

Replacement Tax Allotments

On January 1, 1979, the Corporate Personal Property Tax was abolished and on August 11, 1979, a new tax called the Personal Property Replacement Tax (Replacement Tax) was created. The State law mandates that the Replacement Tax is to be first applied toward payment of the proportionate amount of debt service previously paid from personal property tax levies. Next, the revenues are to be applied to payment of the proportionate share of pension or retirement obligations until satisfied; any remaining monies are to be distributed to other funds, which were previously supported by personal property taxes. The Authority recognizes revenue from the Replacement Tax when it becomes measurable and available in accordance with accounting principles generally accepted in the United States of America. For fiscal years ended April 30, 2017 and 2016; $621,501 and $681,698, respectively have been recognized.

Note 5 – Restricted Assets

As of April 30, 2017 and April 30, 2016, restricted assets consist of amounts received from the City of Rockford and Winnebago County for future payments on debt services. Funds may only be used for debt service payments for the 2015 Series bonds. In addition, a portion of the restricted assets as of April 30, 2017 consisted of unspent bond proceeds.

Note 6 – Capital Assets

Changes in capital assets are summarized as follows for the year ended April 30, 2017:

	April 30, 2016	Additions	Transfers	Disposals	**April 30, 2017**
Capital assets not being depreciated:					
Land	$ 16,659,524	$ -	$ -	$ -	**$ 16,659,524**
Construction in progress - Grants	11,125,465	7,517,232	-	-	**18,642,697**
Construction in progress - GRAA	31,110,822	9,868,952	(38,269,242)	-	**2,710,532**
Total capital assets not being depreciated	58,895,811	17,386,184	(38,269,242)	-	**38,012,753**
Capital assets being depreciated:					
Buildings	27,691,208	-	37,916,626	-	**65,607,834**
Vehicles	699,023	37,973	-	(83,233)	**653,763**
Equipment	13,341,604	6,970	-	(279,805)	**13,068,769**
Infrastructure	161,796,919	396,408	38,572	-	**162,231,899**
Office equipment	157,618	5,603	314,045	-	**477,266**
Total capital assets being depreciated	203,686,372	446,954	38,269,242	(363,038)	**242,039,530**
Less accumulated depreciation:					
Buildings	17,295,859	1,818,013	-	-	**19,113,872**
Vehicles	605,204	47,285	-	(83,233)	**569,256**
Equipment	10,181,303	670,125	-	(279,805)	**10,571,623**
Infrastructure	104,634,943	8,563,142	-	-	**113,198,085**
Office equipment	137,051	26,509	-	-	**163,560**
Total accumulated depreciation	132,854,360	11,125,074	-	(363,038)	**143,616,396**
Total capital assets being depreciated, net	70,832,012	(10,678,120)	38,269,242	-	**98,423,134**
Total capital assets, net	$ 129,727,823	$ 6,708,064	$ -	$ -	**$ 136,435,887**

Changes in capital assets are summarized as follows for the year ended April 30, 2016:

	April 30, 2015	Additions	Transfers	Disposals	**April 30, 2016**
Capital assets not being depreciated:					
Land	$ 16,659,524	$ -	$ -	$ -	**$ 16,659,524**
Construction in progress - Grants	9,914,914	1,290,167	(79,616)	-	**11,125,465**
Construction in progress - GRAA	2,184,505	29,293,045	(366,728)	-	**31,110,822**
Total capital assets not being depreciated	28,758,943	30,583,212	(446,344)	-	**58,895,811**
Capital assets being depreciated					
Buildings	30,029,183	-	38,608	(2,376,583)	**27,691,208**
Vehicles	750,505	-	-	(51,482)	**699,023**
Equipment	13,271,154	111,452	-	(41,002)	**13,341,604**
Infrastructure	161,218,719	170,464	407,736	-	**161,796,919**
Office equipment	157,618	-	-	-	**157,618**
Total capital assets being depreciated	205,427,179	281,916	446,344	(2,469,067)	**203,686,372**
Less accumulated depreciation					
Buildings	18,234,954	963,537	-	(1,902,632)	**17,295,859**
Vehicles	599,881	56,805	-	(51,482)	**605,204**
Equipment	9,421,986	763,417	-	(4,100)	**10,181,303**
Infrastructure	95,914,924	8,720,019	-	-	**104,634,943**
Office equipment	126,804	10,247	-	-	**137,051**
Total accumulated depreciation	124,298,549	10,514,025	-	(1,958,214)	**132,854,360**
Total capital assets being depreciated, net	81,128,630	(10,232,109)	446,344	(510,853)	**70,832,012**
Total capital assets, net	$ 109,887,573	$ 20,351,103	$ -	$ (510,853)	**$ 129,727,823**

Depreciation expense may differ from the statements of revenue, expenses and changes in net position when compared to additions to accumulated depreciation because of salvage, cost of removal, or costs associated with the disposal of assets.

Note 7 – Long-Term Debt

Changes in long-term debt are summarized as follows for the year ended April 30, 2017:

	April 30, 2016	*Additions*	*Reductions*	***April 30, 2017***	*Amount Due in One Year*
General obligation alternate revenue bond 2008	$ 3,210,500	$ -	$ 248,600	**$ 2,961,900**	$ 262,700
Capital lease obligation	900,991	-	170,011	**730,980**	174,959
General obligation alternate revenue bond 2014	350,219	-	38,225	**311,994**	41,064
General obligation alternate revenue bond 2015 - Series A	8,000,000	-	76,110	**7,923,890**	312,854
General obligation alternate revenue bond 2015 - Series B	5,000,000	-	140,235	**4,859,765**	191,878
General obligation alternate revenue bond 2015 - Series C	4,000,000	-	112,188	**3,887,812**	153,502
General obligation alternate revenue bond 2017	-	4,750,000	30,467	**4,719,533**	158,606
Line of Credit	4,104,776	12,657,414	-	**16,762,190**	16,762,190
Other liabilities - Compensated absences	119,089	120,634	119,089	**120,634**	38,398
	$ 25,685,575	$ 17,528,048	$ 934,925	**$ 42,278,698**	$ 18,096,151

Changes in long-term debt are summarized as follows for the year ended April 30, 2016:

	April 30, 2015	*Additions*	*Reductions*	***April 30, 2016***	*Amount Due in One Year*
General obligation alternate revenue bond 2008	$ 3,457,500	$ -	$ 247,000	**$ 3,210,500**	$ 248,600
Capital lease obligation	1,066,195	-	165,204	**900,991**	170,012
General obligation alternate revenue bond 2014	385,813	-	35,594	**350,219**	38,223
General obligation alternate revenue bond 2015 - Series A	-	8,000,000	-	**8,000,000**	76,110
General obligation alternate revenue bond 2015 - Series B	-	5,000,000	-	**5,000,000**	140,235
General obligation alternate revenue bond 2015 - Series C	-	4,000,000	-	**4,000,000**	112,188
Line of Credit	-	12,104,776	8,000,000	**4,104,776**	4,104,776
Other liabilities - Compensated absences	143,090	119,089	143,090	**119,089**	44,232
	$ 5,052,598	$ 29,223,865	$ 8,590,888	**$ 25,685,575**	$ 4,934,376

Note 7 – Long-Term Debt (continued)

Capital Lease

In 2014, the Authority entered into a tax-exempt lease purchase agreement for two Oshkosh H Series Snow Brooms. The amount of the capital lease is $1,223,800. The agreement was entered into on July 26, 2013 with the first payment due September 26, 2014 and each year after for a period of seven years. The annual interest rate is 2.91%. The annual payment of principal and interest is $196,230. There is a buy-out option of $1 at the end of the lease term. The accumulated depreciation and depreciation expense for the year is $428,330 and $122,380, respectively. Principal and interest payments on the lease are due as follows:

Bonds - Total *Years*	*Principal*	*Interest*	*Total*
FYE18	1,120,604	811,871	1,932,475
FYE19	1,445,891	771,015	2,216,907
FYE20	1,510,448	725,376	2,235,825
FYE21	1,579,880	675,983	2,255,864
FYE22	1,915,275	621,311	2,536,586
FYE23-FY27	5,493,054	2,614,752	8,107,806
FYE28-FY32	6,191,871	1,491,140	7,683,011
FYE33-FYE36	5,407,872	375,026	5,782,898
Total payments	24,664,896	8,086,475	32,751,372
Less current maturities	1,120,604	811,871	1,932,475
Long-term portion of the obligation	$ 23,544,292	$ 7,274,604	$ 30,818,897

Revenue Bonds

In 2008, the Authority issued $8.2 million of alternative revenue bonds. The 2008 Bonds shall mature on December 1 in each year with final payment due December 1, 2022. Interest payments are due semiannually on June 1 and December 1. Prior to December 2010, the Bonds shall bear interest at the fixed rate of 4.3% per annum. On and after December 1, 2010, the Bonds shall bear interest at a variable interest rate equal to the lesser to the 90-day LIBOR plus 150 basis points or 9% interest per annum.

On November 24, 2014, the Authority issued General Obligation Alternate Revenue Bonds, Series 2014, in the principal amount of $400,000, maturing in eight years and nine months. This issue was sold at 4.99% fixed. The bonds are non-taxable and secured by assignment of rents related to the lease agreement dated October 6, 2014 for property located at 40 Airport Drive.

On December 3, 2015, the Authority issued General Obligation Alternate Revenue Bonds, Series 2015A, in the principal amount of $8,000,000, in varying maturities for twenty years. This issue was sold at 3.19% fixed. An intergovernmental agreement was executed between the Authority and Winnebago County. The bonds are non-taxable and secured by landfill host fees revenue earned by the County.

On December 3, 2015, the Authority issued General Obligation Alternate Revenue Bonds, Series 2015B, in the principal amount of $5,000,000, in varying maturities for twenty years. This issue was sold at 3.19% fixed. An intergovernmental agreement was executed between the Authority and the City of Rockford. The bonds are non-taxable and secured by sales tax revenue collected by the City.

On December 3, 2015, the Authority issued General Obligation Alternate Revenue Bonds, Series 2015C, in the principal amount of $4,000,000, in varying maturities for twenty years. This issue was sold at 3.19% fixed. The bonds are non-taxable and secured by assignment of rents related to the lease agreement dated August 21, 2014 for property located at 6150 Cessna Drive.

On February 8, 2017, the Authority issued General Obligation Alternate Revenue Bonds, Series 2017, in the principal amount of $4,750,000 in varying maturities for twenty years. This issue was sold with a 10-year 4.00% fixed interest rate. The interest rate will change on the first day of year eleven to the 10-year treasury rate on that day plus 1.55% and will be fixed for the remaining ten years of the term. The bonds are non-taxable and secured by revenues derived from Passenger Facility Charges.

Note 7 – Long-Term Debt (continued)

Principal and interest payments on the bonds are due as follows:

Years		*Principal*	*Interest*	*Total*
FYE18		1,120,604	811,871	1,932,475
FYE19		1,445,891	771,015	2,216,907
FYE20		1,510,448	725,376	2,235,825
FYE21		1,579,880	675,983	2,255,864
FYE22		1,915,275	621,311	2,536,586
FYE23-FYE35		17,092,797	4,480,918	21,573,716
Total payments		24,664,896	8,086,475	32,751,373
Less current maturities		1,120,604	811,871	1,932,475
Long-term portion of the obligation	$	23,544,292	$ 7,274,605	$ 30,818,898

The Authority has pledged the Airport Improvement Program (AIP) Federal Grant money it expects to receive in the future as a government revenue source to repay $8.2 million in general obligation alternate revenue bonds issued December 2008. Proceeds from the bonds provided financing to implement certain improvements to the Airport through construction of the Northwest Quadrant Air Cargo Apron and Access Taxiway. The bonds are payable from the revenues derived from the grants to be received by the Authority from the United States of America pursuant to the AIP administered by the Federal Aviation Administration and are payable through fiscal 2022. AIP grant revenue is pledged to produce 125% of the debt service requirements over the life of the bonds. Annual principal and interest payments range from $339,962 to $940,594 with interest due semi-annually and principal due annually. Interest costs incurred in 2017 were $69,985 with $0 interest capitalized. Interest required to be paid in 2016 was $61,486 with $0 interest capitalized. AIP federal grant revenue was $2,560,804 for the year ended April 30, 2017.

The Authority has pledged future rents received as the revenue source to repay $400,000 in general obligation alternate bonds issued in November 2014. Annual principal and interest payments range from $55,910 - $77,692 with interest due semi-annually and principal due annually. Interest costs incurred in 2017 were $16,845 with $0 interest capitalized. Interest costs incurred in 2016 were $18,706 with $0 interest capitalized.

In December 2015, the Authority issued $17 million in general obligation alternate revenue bonds. Annual principal and interest payments are $1,189,503 with interest and principal payments due quarterly. Intergovernmental agreements with the City of Rockford and Winnebago County require the City and the County to make payments to the airport sufficient to pay the principal and interest on Revenue Bonds, Series 2015A and 2015B. Pledged revenues consist of future rents for the Authority, sales tax revenue for the City, and landfill host fees for the County. Interest costs in 2017 totaled $544,865 with $90,577 interest capitalized. Interest costs in 2016 totaled $227,513 with $227,513 interest capitalized.

During FY2016, state and federal budget issues resulted in funding shortages in the construction of the MRO facility. The Authority opened a line of credit in order to continue construction of the facility. The initial line of credit totaled $8 million and was fully drawn down for construction-related expenses. This line of credit was paid off with bond proceeds when the Series 2015 bonds were issued in December 2015.

Bond proceeds were exhausted in March 2016. Federal and state funding was still on hold. Several local banks collaborated to authorize a second line of credit totaling $17 million at a variable interest rate that is currently 5.25%. As of April 30, 2017, $16.8 million has been drawn from this line of credit. The line of credit matures in December 2017. It is expected that state and federal funds will be received prior to due date and will be utilized to pay off the line of credit.

Note 8 – Legal Debt Margin

Pursuant to the Airport Authorities Act, the Authority is given the right to issue tax secured bonds without the approval of voters within its boundaries for construction and development of an airport, provided that:

1. The total of the bonds previously issued or to be issued does not exceed three-quarters percent (0.75%) of the total assessed valuation of all taxable properties within the Authority's boundaries, and
2. The plans and specifications are submitted to the State of Illinois Department of Transportation, Division of Aeronautics for approval.

The Authority may issue additional bonds; however, voter approval is required. The total amount of the bonds may not exceed two and three tenths percent (2.3%) of the total assessed valuation. The 2.3% debt limit is calculated as of the time of issuance of the bonds and includes all Authority indebtedness. The Authority is also subject to a 2.875% debt limitation with respect to all outstanding indebtedness. This limit is calculated as of the date of issuance of any debt, except tax anticipation notes, tax anticipation warrants and revenue bonds.

The legal debt margins as of April 30, 2017 are summarized as follows:

	Without Voter Approval	*With Voter Approval*	*Total Debt Limitation*
Assessed valuation at April 30, 2017	$ 2,624,282,326	$ 2,624,282,326	$ 2,624,282,326
Debt limit percentages	0.75 %	2.3 %	2.875 %
	19,682,117	60,358,493	75,448,117
Total debt applicable to debt limit	-	24,664,894	24,664,894
Total	-	24,664,894	24,664,894
FYE17 Legal debt margins	$ 19,682,117	$ 35,693,599	$ 50,783,223

Note 9 – Pension Plan

Plan description. All employees must be enrolled in IMRF as participating members. IMRF has a two tier plan. Members who first participated in IMRF or an Illinois Reciprocal System prior to January 1, 2011 participate in Tier 1. All other members participate in Tier 2. For Tier 1 participants, pension benefits vest after 8 years of service. Participating members who retire at or after age 60 with 8 years of service are entitled to an annual retirement benefit, payable monthly for life in an amount equal to 1 2/3% of their final rate of earnings (average of the highest 48 consecutive months' earnings during the last 10 years) for credited service up to 15 years and 2% for each year thereafter.

For Tier 2 participants, pension benefits vest after 10 years of service. Participating members who retire at or after age 67 with 10 years of service are entitled to an annual retirement benefit, payable monthly for life in an amount equal to 1 2/3% of their final rate of earnings (average of the highest 96 consecutive months' earnings during the last 10 years, capped at $106,800) for credited service up to 15 years and 2% for each year thereafter. However, an employee's total pension cannot exceed 75% of their final rate of earnings. If an employee retires after 10 years of service between the ages of 62 and 67, and has less than 30 years of service credit, the pension will be reduced by 1/2% for each month that the employee is under the age of 67. If an employee retires after 10 years of service between the ages of 62 and 67, and has between 30 and 35 years of service credit, the pension will be reduced by the lesser of 1/2% for each month that the employee is under the age of 67 or 1/2% for each month of service credit less than 35 years. IMRF also provides death and disability benefits. These benefit provisions and all other requirements are established by Illinois Compiled Statutes.

Note 9 – Pension Plan (continued)

Plan membership. At December 31, 2016, the measurement date, membership in the plan was as follows:

Retirees and beneficiaries	53
Inactive, non-retired members	22
Active members	35
Total	110

Contributions. As set by statute, Authority employees participating in IMRF are required to contribute 4.50% of their annual covered salary. The statute requires the Authority to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees. The Authority's actuarially determined contribution rate for calendar year 2016 was 10.33% percent of annual covered payroll. 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 Board of Trustees, while the supplemental retirement benefits rate is set by statute.

Net Pension Liability. The net pension liability was measured as of December 31, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

Summary of Significant Accounting Policies. For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of IMRF and additions to/deductions from IMRF fiduciary net position have been determined on the same basis as they are reported by IMRF. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Actuarial Assumptions. The assumptions used to measure the total pension liability at December 31, 2016 included a 7.50% investment rate of return, (b) projected salary increases of 3.75 to 14.50%, including inflation, and (c) inflation of 2.75%. The retirement age is based on experience-based table of rates that are specific to the type of eligibility condition. The tables were last updated for the 2014 valuation pursuant to an experience study of the period 2011-2013.

Actuarial cost method	Entry Age Normal
Asset valuation method	Market Value
Actuarial assumptions:	
Investment Rate of Return	7.50%
Salary Increases	3.75% to 14.50%, including inflation
Inflation	2.75%

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 the RP-2014 Disabled Retirees Mortality Table applying the same adjustment that was 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 experience.

Long-Term Expected Real Rate of Return. The long-term expected rate of return on pension plan investments was determined using an asset allocation study in which best-estimate ranges of expected future real rates of return (net of pension plan investment expense and inflation) were developed for each major asset class. These ranges were combined to produce

Note 9 – Pension Plan (continued)

long-term expected rate of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic and geometric real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Rate of Return
Domestic equity	38%	6.85%
International equity	17%	6.75%
Fixed income	27%	3.00%
Real estate	8%	5.75%
Alternative investments	9%	2.65-7.35%
Cash equivalents	1%	2.25%

Discount rate. The discount rate used to measure the total pension liability for IMRF was 7.50%. The discount rate calculated using the December 31, 2016 measurement date was 7.50%. The projection of cash flows used to determine the discount rate assumed that member contributions will be made at the current contribution rate and that Authority contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the fiduciary net position was projected not to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on investments of 7.50% was blended with the index rate of 3.78% for tax exempt municipal bonds to arrive at a discount rate of 7.50% used to determine the total pension liability. The year ending December 31, 2116 is the last year in the 2017 to 2116 projection period for which projected benefit payments are fully funded.

Discount rate sensitivity. The following is a sensitivity analysis of the net pension liability to changes in the discount rate. The table below presents the pension liability of the Authority calculated using the discount rate of 7.50% as well as what the net pension liability/(asset) would be if it were to be calculated using a discount rate that is 1 percentage point lower ((1.00)%) or 1 percentage point higher (-%) than the current rate:

	1% Decrease	Current Discount Rate	1% Increase
Authority:			
Total pension liability	$ 18,088,778	$ 16,188,948	$ 14,619,528
Plan fiduciary net pension	14,952,566	14,952,566	14,952,566
Net pension liability/(asset)	$ 3,136,212	$ 1,236,382	$ (333,038)

Changes in net pension liability. The Authority's changes in net pension liability for the calendar year ended December 31, 2016 was as follows:

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Authority:			
Balances at December 31, 2016	$16,188,948	$14,952,566	$1,236,382

Note 9 – Pension Plan (continued)

Pension expense and deferred outflows of resources and deferred inflows of resources related to pensions. For the year ended December 31, 2016, the Authority recognized pension expense of $250,643. The Authority reported deferred outflows and inflows of resources related to pension:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 52,151	$ 88,298
Changes of assumptions	7,133	12,622
Net difference between projected and actual investment earnings	79,817	-
Contributions subsequent to the measurement date	684,108	-
Total	$ 823,209	$ 100,920

The amount reported as deferred outflows resulting from contributions subsequent to the measurement date in the above table will be recognized as a reduction in the net pension liability/(asset) for the year ending April 30, 2018. The remaining amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

	Total
FY2017	$ 182,609
FY2018	212,678
FY2019	230,707
FY2020	16,478
FY2021	-
Thereafter	-
	$ 642,472

Note 10 – Property Leased to Others

The Authority is a lessor of land, buildings and office space both on and off airport property. Many of these leases provide for a periodic review and redetermination of the rental amounts. Minimum future rentals on non-cancellable operating leases to be received in each of the next five years and thereafter are as follows:

Minimum lease revenue	
FYE18	$ 1,271,325
FYE19	1,186,633
FYE20	1,124,416
FYE21	1,032,470
FYE22	948,342
Thereafter	4,445,405
Total	$ 10,008,590

Note 11 – Commitments and Contingencies

Landfill Closure Costs

The Authority operated two (2) landfill sites and both are considered physically closed. Landfill #1 was issued a Certification of Closure by the Illinois Environmental Protection Agency (Illinois EPA) on October 10, 2002. The 15 year post closure care period for Landfill #1 began on December 1, 2001. An October 24, 2004 significant modification to the permit will need to be approved by the Illinois EPA to obtain a Certification of Closure for Landfill #2. To receive approval of this Significant Modification to the permit, the unresolved groundwater concerns at Landfill #2 must be addressed. In May 2016, a response to comments was submitted to the Illinois EPA regarding Landfill #2 and its groundwater quality. State and Federal laws and regulations require the placement of a final cover and that the Authority perform certain maintenance and monitoring functions at the sites for a minimum of fifteen (15) years thereafter. The Authority has accrued the estimated cost of these future monitoring activities. The liability estimates are based upon engineering estimates and regulatory requirements at the respective dates. However, actual costs may be higher due to inflation, changes in technology, changes in regulations, or further interpretations and directives from regulatory agencies. It is unknown and unforeseen at this time if any funds will be paid in the next 12 months.

The Authority has created a trust to finance closure and post closure care costs. At April 30, 2017 and 2016, an investment of $1,154,767 and $1,145,564, respectively, is held for this purpose. Future annual contributions to this trust will be funded by excess funds, if any, after the year-end.

A schedule of changes in the liability for landfill closure and post closure costs is as follows:

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
2017	$ 1,139,122	$ -	$ -	$ 1,139,122
2016	1,139,122	-	-	1,139,122
2015	1,139,122	-	-	1,139,122

Storm Water Treatment Plan

In accordance with the requirements of the Illinois EPA, the Authority has developed a Storm Water Treatment Plan (the Plan). To complete the Plan, the Authority has projected the estimated capital costs to be approximately $1,500,000. UPS made monthly payments through July 1999 to fund the obligation. In accordance with the agreement with UPS, interest earned on unspent funds is to be used for the capital needs related to the Storm Water Treatment Plan or returned to UPS. Unspent funding and the related earnings totaling $1,417,926 and $1,429,743 are included with investments for long-term purposes and as a liability on the balance sheet at April 30, 2017 and 2016, respectively. UPS currently pays $12,500 per month for the current operations of the treatment facility.

A schedule of changes for the liability for the Storm Water Treatment Plan is as follows:

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
2017	$ 1,417,926	$ 11,817	$ -	$ 1,429,743
2016	1,414,461	3,465	-	1,417,926
2015	1,423,894	4,567	14,000	1,414,461

Note 11 – Commitments and Contingencies (continued)

Federal and State Assisted Programs

The Authority participates in a number of programs that are fully or partially funded by grants received from other governmental units. Expenditures financed by grants are subject to audit by the appropriate grantor government. If expenditures are disallowed due to noncompliance with grant program regulations, the Authority may be required to reimburse the grantor government. As of April 30, 2017, significant amounts of grant expenditures have not been audited but the Authority believes that disallowed expenditures, if any, based on subsequent audits, will not have a material effect on the overall financial position of the Authority. The Authority reports constructed and contributions of capital assets received from the federal or state governments as capital contributions.

Other Post Employment Benefits

Plan Description. The Authority maintains group health, dental and life insurance programs for all employees in a single employer defined benefit healthcare plan. Retired employees, at the discretion of the Authority's Board, are included under this program. Membership in the plan consists of 25 retirees and beneficiaries and 35 active plan members for a total of 60 members.

Funding Policy. The Authority has a pay-as-you-go funding policy which means that contributions are made to the plan only to fund the amount of benefits paid each year. There are therefore no plan assets at April 30, 2017 and a separate GAAP basis audited postemployment benefit plan report is not available. During the years ended April 30, 2017 and 2016, the Authority contributed $106,005 and $107,395, respectively, to the plan.

Annual OPEB Cost and Net OPEB Asset. The Authority's annual OPEB cost (expense) is calculated based on the annual required contribution (ARC) of the employer, an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed fifteen years. The following table shows the components of the Authority's OPEB cost for the year, the amount actually contributed to the plan, and the changes in the Authority's net OPEB asset:

	2017	2016
Annual required contribution	$ (94,926)	$ (91,275)
Interest on net OPEB obligation	9,394	9,209
Adjustment to annual required contribution	(21,122)	(20,706)
Annual OPEB cost (expense)	(106,654)	(102,772)
Contributions made	106,005	107,395
Change in net OPEB asset	(649)	4,623
Net OPEB asset - beginning of year	234,841	230,218
NET OPEB asset - end of year	$ 234,192	$ 234,841

The Authority's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for April 30, 2017 and 2016 and the two preceding years are as follows:

Year Ended April 30,	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Asset
2017	$ 106,654	99.00%	$ 234,192
2016	102,772	104.00%	234,840
2015	99,411	96.98%	230,218
2014	80,472	133.07%	233,222

Note 11 – Commitments and Contingencies (continued)

Funding Status and Funding Progress. As of May 1, 2014, the most recent actuarial valuation date, the actuarial accrued liability for benefits was $975,784 and there were no plan assets (as the plan is unfunded), resulting in an unfunded actuarial accrued liability (UAAL) of $975,784. The covered payroll (annual payroll of active employees covered by the plan) was $2,795,558, and the ratio of UAAL to the covered payroll was 34.9%.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Actuarial Methods and Assumptions. Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the type of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and the plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the May 1, 2014, actuarial valuation, the entry age normal cost method was selected to value liabilities. The amortization of unfunded liabilities as a level percentage of pay over 15 years was selected to comply with the requirements for an open group.

The actuarial assumptions include a 4% rate of return (net of administrative expenses) and future payroll increases of 4%. The inflation rate used was 3.0%. The health care trend rate assumed increases of 5% with the continued long-term trend table increasing to 7.9%. Mortality, turnover, disability, and retirement ages are the same rates utilized for the Illinois Municipal Retirement Fund (IMRF). The UAAL is being amortized using a level percentage of pay over 15 years.

Risk Financing

The Authority purchases commercial insurance coverage for the various risks the Authority may encounter in its operations. Such risks of loss relate to torts; theft of, damage to and destruction of assets; errors and omissions; and workers compensation. The Authority has had no settlements in the past five years exceeding the insurance coverage purchased.

The Authority established a partial self-insurance program beginning January 1, 2008 to cover the risks of health claims and has retained the services of an outside agency to administer its self-insurance claims. The Authority does not assume unlimited liability for health claims as it maintains stop-loss coverage which covers medical expenses when they are incurred for amounts in excess of $3,500 annually for each participant.

The changes in claims and judgments are as follows:

	Balance Beginning of Year	Claims Incurred	Claims Paid	Balance End of Year
2017	$ 80,789	$ 80,372	$ (78,479)	$ 82,682
2016	71,820	66,416	(57,447)	80,789
2015	51,202	65,200	(44,582)	71,820
2014	39,333	89,514	(77,645)	51,202

Note 11 – Commitments and Contingencies (continued)

Aircraft Rescue and Firefighting Services Contract

In February 2014 the Authority entered into an agreement with Pro-Tec Fire Services Ltd for contract Aircraft Rescue and Firefighting Services. The contract was renewed in FY2017 for a period of three years expiring February 26, 2020. The agreement calls for twelve equal monthly installments of $52,083 in 2017.

Air Service Revenue Guarantee Contracts

During FY2017 the Authority entered into air service revenue guarantee contracts with Apple Vacations to provide expanded air service and a new destination. Revenue guarantee expenses incurred in FY2017 totaled $77,070.

Significant Tenants

The Authority has one tenant that provides more than 10% of operating revenues. United Parcel Service (UPS) contributes lease revenues as well as service fee revenue to the airport totaling $1,824,118 in FY2017 equaling 37.85% of total operating revenue.

Construction Projects

The Authority has active construction projects as of April 30, 2017. Work that has been completed on these projects but not yet paid for (including contract retainages) is reflected as accounts payable and expenditures.

Note 12 – Restatements

In connection with the implementation of GASB Statement No. 68, the Authority made the following adjustments for FY2016. On the statement of net position, beginning net position has been restated to reflect the beginning net pension liability and the deferred outflows of resources related to contributions made subsequent to the measurement date of the beginning net pension liability, but prior to the start of the Authority's fiscal year. As a result, FY2016 beginning net position was decreased by $158,829. There were no restatements for FY2017.

Note 13 – Subsequent Events

In conjunction with ongoing construction projects, the Authority has commitments for federal and state grant funding. Due to state budget constraints, funds are currently being held by the state for the projects. The Authority has initiated a line of credit as bridge funding until the state funds are released.

The Authority has entered into a lease agreement with A.A.R. Corporation. A.A.R. will be leasing the newly constructed MRO facility for a period of ten years. As part of the agreement, the Authority will provide $3 million in equipment reimbursement to A.A.R. This commitment is contingent upon receipt of state and federal funding.

Note 14 – Pending Accounting Pronouncements

The Governmental Accounting Standards Board (GASB) has issued GASB Statement No. 73, Accounting and Financial Reporting for Pensions and Related Assets that are not within the Scope of GASB 68; GASB Statement No. 74, Financial Reporting for Postemployment Benefit Plans Other than Pension Plans; GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions; GASB Statement No. 80, Blending Requirements for Certain Component Units—an amendment of GASB Statement No. 14; GASB Statement No. 81, Irrevocable Split-Interest Agreements; GASB Statement No. 82, Pension Issues—an amendment of GASB Statements No. 67, No. 68, and No. 73; GASB Statement No. 83, Certain Asset Retirement Obligations; GASB Statement No. 84, Fiduciary Activities; GASB Statement No. 85, Omnibus 2017; GASB Statement No. 86, Certain Debt Extinguishment Issues; and GASB Statement No. 87, Leases. Application of these standards may restate portions of these financial statements.

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Required Supplementary Information

Greater Rockford Airport Authority

Schedule of Changes in the Net Pension Liability and Related Ratios

Illinois Mutual Retirement Fund

For the Year Ended April 30, 2017

Regular Plan		Calendar Year 2016		Calendar Year 2015
Total pension liability				
Service cost	$	269,855	$	272,656
Interest		1,147,485		1,128,206
Differences between expected and actual experience		72,842		(209,310)
Changes of assumptions		(17,630)		16,911
Benefit payments, including refunds of employee contributions		(937,817)		(921,344)
Net change in total pension liability	$	534,735	$	287,119
Total pension liability - beginning		15,654,213		15,367,094
Total pension liability - ending	$	16,188,948	$	15,654,213
Plan Fiduciary Net Position				
Contributions - Employer	$	265,201	$	271,796
Contributions - Employees		115,528		147,352
Net investment income		987,700		73,427
Benefit payments, including refunds of employee contributions		(937,817)		(921,344)
Other changes		(48,693)		62,947
Net change in plan fiduciary net position		381,919		(365,822)
Total plan fiduciary net position - beginning		14,570,647		14,936,469
Total plan fiduciary net position - ending	$	14,952,566	$	14,570,647
Net plan liability - ending	$	1,236,382	$	1,083,566
Plan fiduciary net position as a percentage of the total pension liability		92.36%		93.08%
Covered-employee payroll	$	2,567,293	$	2,649,088
Net pension liability as a percentage of covered-employee payroll		48.16%		40.90%

See Independent Auditors' Report and accompanying notes to required supplementary information

Note: The pension schedules are intednded to show information for ten years. Additional information will be shown as it becomes available.

Greater Rockford Airport Authority

Schedule of Employer Contributions

Illinois Mutual Retirement Fund

For the Year Ended April 30, 2017

Regular Plan	2016	2015
Actuarially determined contribution	$ 265,201	$ 271,796
Actual contribution	265,201	271,796
Contribution deficiency (excess)	$ -	$ -
Covered-employee payroll	$ 2,567,293	$ 2,649,088
Actual contribution as a percentage of covered-employee payroll	10.33%	10.26%

Notes to Schedule:

Valuation Date: 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 2016 Contribution Rates

Acturial Cost Method:	Aggregate entry age normal
Amortization Method:	Level percentage of payroll, closed
Remaining Amortization Period:	27-year closed period
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 Increases:	3.75% to 14.5% 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 for fully generational projection scale MP-2014(base year 2012). The IMRF specific rates were developed from the RP-2014 Disabled Retirees Mortality Table applying the same adjustment 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 experience.

Other Information:

Notes: There were no benefit changes during the year.

See Independent Auditors' Report.

Greater Rockford Airport Authority

Schedule of Funding Progress, Other Post Employment Benefits

April 30, 2017

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded (UAAL) (a-b)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((a-b)/c)
5/1/2014	$ -	975,784	(975,784)	0.00%	2,357,203	41.40%
4/30/2012	-	1,078,142	(1,078,142)	0.00%	2,469,730	43.65%
12/31/2008	-	1,366,881	(1,366,881)	0.00%	2,150,820	63.55%

The actuarial valuation for this plan is performed every three years with May 1, 2014 being the most recent valuation.

Statistical Section
(Unaudited)

CONTENTS

Statistical Section
The Statistical Section presents comparative data (when available) and differs from financial statements because they usually cover more than one fiscal year and may present non-accounting data.

Financial Trends and Revenue Capacity
These schedules contain trend information to help the reader understand how the Authority's financial performance and well-being have changed over time. Also contained in these schedules is information to help the reader understand the Authority's most significant revenue sources.

Debt Capacity
This schedule presents information to help the reader assess the affordability of the Authority's current levels of outstanding debt and also the ability of the Authority to issue additional debt in the future.

Operating Information
These schedules contain information to help the reader understand and to provide contact for the Authority's operations and how this relates to the financial position.

Economic and Demographic Information
These schedules offer demographic information and economic indicators to help the reader understand the environment within which the Authority's financial activities take place.

Greater Rockford Airport Authority

Schedule of Revenue, Expenses, and Changes in Net Position

Years Ended April 30, 2008 Through 2017

	FYE17	*FYE16*	*FYE15*	*FYE14*
Operating revenues				
Airport fees	$ 2,571,899	$ 2,121,537	$ 2,079,168	$ 2,034,860
Lease revenue	1,620,438	1,936,549	1,785,244	1,777,845
Charge for services, airshow and other revenue	627,136	1,080,769	1,094,545	670,126
Total operating revenues	4,819,473	5,138,855	4,958,957	4,482,831
Other revenues				
Taxes - property and corporate	3,385,292	3,469,200	3,490,444	3,719,117
Annexation agreement	-	-	-	-
Interest income	14,532	3,335	5,300	16,182
Intergovernmental revenue	525,365	-	-	-
Passenger facility charges	497,802	495,649	466,839	512,191
Other income	276,832	302,444	192,934	136,887
Total other revenues	4,699,823	4,270,628	4,155,517	4,384,377
Total revenues	9,519,296	9,409,483	9,114,474	8,867,208
Operating expenses				
Personnel and benefits	3,957,557	4,026,916	3,900,047	3,952,436
Contractual services	2,570,490	3,402,197	2,976,222	2,988,291
Commodities	692,246	678,855	947,332	1,148,389
Other	377,857	418,571	483,742	335,495
Depreciation	11,114,108	10,484,932	10,261,167	9,748,753
Total operating expenses	18,712,258	19,011,471	18,568,510	18,173,364
Other expenses				
Interest expense	974,449	111,194	103,512	90,201
Loss on asset disposal	10,966	503,044	-	-
Bond issuance expense	11,875	224,100	-	-
Total nonoperating expenses	997,290	838,338	103,512	90,201
Total expenses	19,709,548	19,849,809	18,672,022	18,263,565
Loss before capital contribution	(10,190,252)	(10,440,326)	(9,557,548)	(9,396,357)
Capital contributions	7,743,851	17,542,390	11,509,023	2,996,611
Change in net position	$ (2,446,401)	$ 7,102,064	$ 1,951,475	$ (6,399,746)
Net position year end composed of:				
Net investment in capital assets	$ 95,357,086	$ 104,161,337	$ 104,978,065	$ 102,196,797
Restricted	-	-	932,238	-
Unrestricted	16,378,130	10,020,280	1,328,079	3,090,110
Total net position	$ 111,735,216	$ 114,181,617	$ 107,238,382	$ 105,286,907

FYE13		FYE12		FYE11		FYE10		FYE09		FYE08
$ 2,075,411		$ 2,150,157		$ 2,307,163		$ 2,323,416		$ 2,942,200		$ 3,090,427
1,613,546		1,592,487		1,558,402		1,547,796		1,468,388		1,421,692
1,217,751		1,210,682		1,374,955		1,755,533		1,059,609		2,284,951
4,906,708		4,953,326		5,240,520		5,626,745		5,470,197		6,797,070
3,643,500		3,871,216		3,859,794		3,760,831		3,696,346		3,616,706
-		-		-		134,906		134,025		139,457
19,318		33,880		89,321		127,897		226,716		468,102
-		-		-		-		-		-
474,257		522,905		356,332		341,985		441,892		401,647
2,937		145,279		71,400		28,200		542,201		4,324
4,140,012		4,573,280		4,376,847		4,393,819		5,041,180		4,630,236
9,046,720		9,526,606		9,617,367		10,020,564		10,511,377		11,427,306
3,829,976		3,606,203		3,871,753		3,545,038		3,335,436		3,179,660
3,780,312		4,349,185		3,662,078		3,623,679		4,530,789		4,138,791
1,196,300		935,766		1,172,744		1,010,928		1,395,928		1,596,645
(13,424)		502,226		404,966		381,339		282,123		267,662
9,635,964		8,458,741		7,138,326		6,964,973		6,908,482		7,521,397
18,429,128		17,852,121		16,249,867		15,525,957		16,452,758		16,704,155
75,831		144,047		222,750		204,207		2,829		13,312
-		-		-		-		-		-
325,000		-		-		-		-		-
400,831		144,047		222,750		204,207		2,829		13,312
18,829,959		17,996,168		16,472,617		15,730,164		16,455,587		16,717,467
(9,783,239)		(8,469,562)		(6,855,250)		(5,709,600)		(5,944,210)		(5,290,161)
12,597,496		6,340,076		7,726,186		7,467,541		3,656,311		5,219,583
$ 2,814,257		$ (2,129,486)		$ 870,936		$ 1,757,941		$ (2,287,899)		$ (70,578)
$ 107,937,425		$ 103,205,716		$ 100,391,965		$ 99,372,787		$ 96,518,262		$ 101,687,621
-		-		-		-		-		-
3,749,228		5,666,680		10,609,917		10,758,159		11,854,743		8,973,283
$ 111,686,653		$ 108,872,396		$ 111,001,882		$ 110,130,946		$ 108,373,005		$ 110,660,904

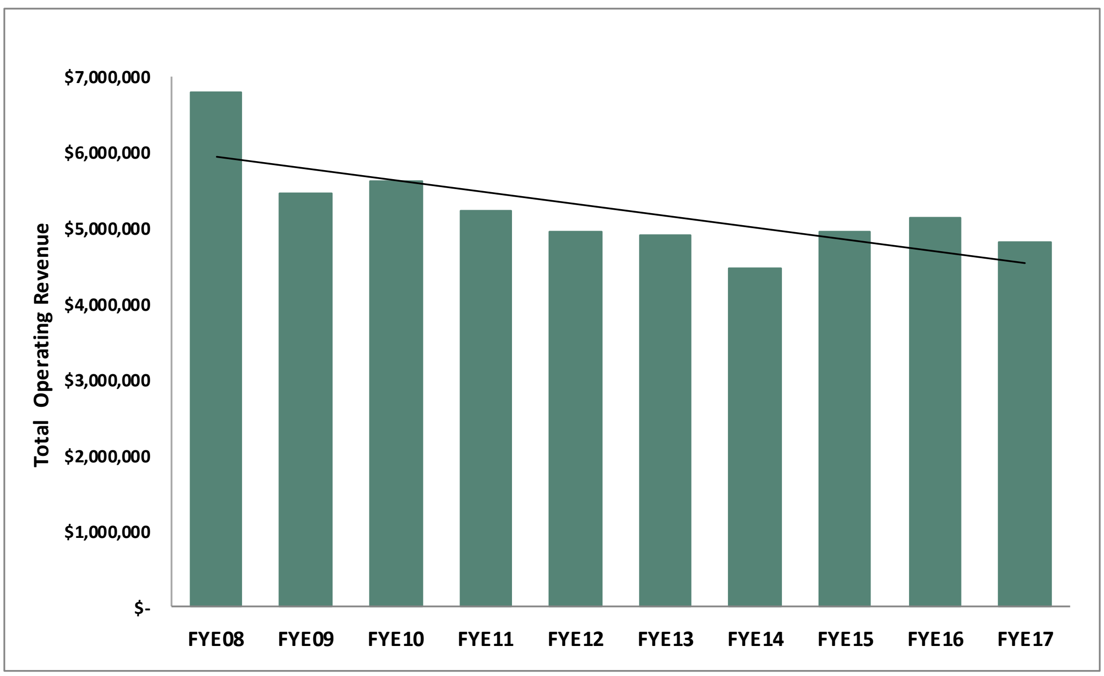
Greater Rockford Airport Authority

Schedule of Revenue by Sources

Years Ended April 30, 2008 Through 2017

	Airport Fees			*Lease Revenue*						
	Airside		*Landside*	*On Airport*			*Off Airport*			
	Fuel Flowage Fees	*Landing Fees*	*Rental Car Commission*	*Building*	*Land*	*Terminal*	*Building*	*Land*	*Other*	*Total Operating Income*
FYE08	64,943	2,821,852	203,631	556,981	355,060	59,948	139,352	310,352	2,284,951	6,797,070
FYE09	222,524	2,549,150	170,526	582,604	367,523	49,279	150,744	318,238	1,059,609	5,470,197
FYE10	152,393	2,042,878	128,145	595,061	442,006	46,802	145,570	318,357	1,755,533	5,626,745
FYE11	171,105	1,970,044	166,014	512,448	503,965	49,185	163,545	329,260	1,374,954	5,240,521
FYE12	81,605	1,886,284	182,268	590,802	427,183	75,750	156,095	342,656	1,210,683	4,953,327
FYE13	63,652	1,820,766	190,993	652,012	385,784	58,355	153,572	363,823	1,217,751	4,906,709
FYE14	39,680	1,807,066	188,114	774,906	374,624	66,320	155,374	406,621	670,126	4,482,832
FYE15	50,088	1,842,680	186,400	759,077	348,650	57,145	163,704	456,668	1,094,544	4,958,956
FYE16	43,988	1,872,817	204,732	850,454	365,012	66,636	168,440	459,623	1,107,152	5,138,854
FYE17	36,170	2,341,279	194,450	543,599	373,220	71,644	132,470	454,767	671,874	4,819,473

Source: The Authority Finance Department.



Greater Rockford Airport Authority

Schedule of Certain Expenses by Function and Department

Years Ended April 30, 2008 Through 2017

	FYE17	%	FYE16	%	FYE15	%	FYE14	%	FYE13	%
Finance & Administration	$ 1,905,796	25.1%	$ 1,736,000	20.4%	$ 1,761,923	21.2%	$ 1,742,428	20.7%	$ 1,539,630	17.5%
Facilities & Maintenance	3,035,463	40.0%	2,861,555	33.6%	3,216,946	38.7%	3,445,157	40.9%	2,964,152	33.7%
Operations	1,408,065	18.5%	1,341,597	15.7%	1,262,810	15.2%	1,804,597	21.4%	1,793,241	20.4%
Marketing	183,262	2.4%	370,267	4.3%	307,115	3.7%	319,744	3.8%	511,046	5.8%
Terminal Services	584,137	7.7%	596,200	7.0%	639,049	7.7%	568,735	6.8%	565,100	6.4%
AirFest	-	0.0%	657,142	7.7%	600,477	7.2%	9,799	0.1%	767,358	8.7%
Business Development	481,426	6.3%	963,778	11.3%	224,822	2.7%	201,643	2.4%	205,031	2.3%
Passenger Development	-	0.0%	-	0.0%	294,203	3.5%	332,508	3.9%	447,606	5.1%
Total	$ 7,598,149		$ 8,526,539		$ 8,307,343		$ 8,424,611		$ 8,793,164	

	FYE12	%	FYE11	%	FYE10	%	FYE09	%	FYE08	%
Finance & Administration	$ 1,819,927	19.4%	$ 1,945,085	21.3%	$ 1,920,384	22.4%	$ 1,881,679	19.9%	$ 1,761,459	19.4%
Facilities & Maintenance	4,730,042	50.4%	4,711,235	51.7%	4,249,149	49.6%	4,368,573	46.2%	4,448,655	49.0%
Operations	-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%
Marketing	1,333,872	14.2%	807,896	8.9%	821,391	9.6%	1,718,132	18.2%	1,508,764	16.6%
Terminal Services	770,415	8.2%	915,941	10.1%	891,356	10.4%	721,373	7.6%	613,421	6.8%
AirFest	739,124	7.9%	731,384	8.0%	678,704	7.9%	763,495	8.1%	755,274	8.3%
Total	$ 9,393,380		$ 9,111,541		$ 8,560,984		$ 9,453,252		$ 9,087,573	

Source: The Authority Finance Department.

Note: Total expenses for FYE09 and FYE08 do not include bad debt and property tax expenses.

Greater Rockford Airport Authority

Schedule of Major Tenants

Years Ended April 30, 2017 and 2008

	FYE17		FYE08	
	Revenue	*% Total Operating Revenue*	*Revenue*	*% Total Operating Revenue*
United Parcel Service	$ 1,824,118	37.85%	$ 2,388,766	35.14%
Emery Air Charter	395,051	8.20%	324,565	4.78%
Allegiant Air	249,449	5.18%	181,816	2.67%
ATI	228,803	4.75%	368,455	5.42%
LGSTX	124,697	2.59%		
ABX Air, Inc	109,603	2.27%	157,710	2.32%
Rock Road	106,731	2.21%	68,799	1.01%
Rockford, Sand & Gravel	90,000	1.87%	90,000	1.32%
Heritage Aero	62,240	1.29%		
OSF Aviation	54,648	1.13%		
Pride Aircraft			71,246	1.05%
Rubloff Aviation, LLC			67,966	1.00%
Kaney Aviation			48,184	0.71%
Total	$ 3,245,340	67.34%	$ 3,767,507	55.43%

Source: The Authority Finance Department

Greater Rockford Airport Authority

Schedule of Outstanding Debt

Years Ended April 30, 2008 Through 2017

	Outstanding Debt				*Percentage of Personal*	*Total Debt Per*
	G.O. Bonds	*Capital Leases*	*Lines of Credit*	*Total*	*Income*	*Capita*
FYE08	192,000	-	-	192,000	0.02	0.65
FYE09	8,200,000	-	-	8,200,000	0.86	27.74
FYE10	5,174,000	-	-	5,174,000	0.53	17.53
FYE11	4,907,100	-	-	4,907,100	0.49	16.69
FYE12	4,158,750	-	-	4,158,750	0.39	14.24
FYE13	3,925,000	-	-	3,925,000	0.36	13.50
FYE14	3,691,250	-	-	3,691,250	0.34	12.79
FYE15	3,843,313	1,066,195	-	4,909,508	0.36	14.41
FYE16	20,560,719	900,991	4,104,776	25,566,486	***	***
FYE17	24,664,894	730,980	16,762,190	42,158,064	***	***

Source: The Authority Finance Department

*** Population and personal income not available.

Greater Rockford Airport Authority

Schedule of Property Tax Levies and Collections

Calendar Years Ended December 31, 2007 Through 2016

	Tax Levy Year (Calendar Year)			
	2016	*2015*	*2014*	*2013*
Assessed valuations (in thousands):	$ 2,624,282	$ 2,593,502	$ 2,648,100	$ 2,806,901
Rate per $100 of assessed valuation:				
General - corporate	0.0750	0.0750	0.0750	0.0750
General - other	0.0353	0.0323	0.0313	0.0293
Bond retirement and interest	-	-	-	-
Total	0.1103	0.1073	0.1063	0.1043
Tax Levy:				
General purposes	2,894,611	2,782,827	2,814,930	2,927,598
Bond retirement and interest	-	-	-	-
Total tax levy	2,894,611	2,782,827	2,814,930	2,927,598
Collections: (See Notes (1) and (2))				
General purposes	-	2,763,791	2,787,502	2,909,105
Bond retirement and interest	-	-	-	-
Total collected	$ -	$ 2,763,791	$ 2,787,502	$ 2,909,105
Percent of tax levy extension collected	-	99.3%	99.0%	99.4%

Notes: (1) Current collections as shown above represent those collections made by Winnebago County on the current levy and all delinquent property taxes collected that are distributed to the Authority. Delinquent property taxes collected by the County Treasurer are distributed to the taxing units by use of the current tax rate and cannot be applied to specific years.

(2) The 2016 levy will be collected in the fiscal year ending April 30, 2017.

	Tax Levy Year (Calendar Year)				
2012	*2011*	*2010*	*2009*	*2008*	*2007*
$ 3,064,894	$ 3,350,384	$ 3,525,363	$ 3,722,982	$ 3,722,189	$ 3,580,845
0.0750	0.0750	0.0750	0.0750	0.0750	0.0750
0.0274	0.0187	0.0204	0.0151	0.0140	0.0134
-	-	-	-	-	-
0.1024	0.0937	0.0954	0.0901	0.0890	0.0884
3,138,452	3,139,310	3,363,160	3,288,969	3,251,194	3,112,506
-	-	-	-	-	-
3,138,452	3,139,310	3,363,160	3,288,969	3,251,194	3,112,506
3,123,289	3,122,854	3,346,076	3,277,669	3,236,459	3,104,688
-	-	-	-	-	-
$ 3,123,289	$ 3,122,854	$ 3,346,076	$ 3,277,669	$ 3,236,459	$ 3,104,688
99.5%	99.5%	99.5%	99.7%	99.5%	99.7%

Greater Rockford Airport Authority

Schedule Assessed Values, Levies and Rates

Calendar Years Ended December 31, 2007 Through 2016

Levy Year	*Assessed Valuations (in thousands)*	*Tax Levy*			*Tax Rates*		*GRAA % County*
		Operating	*Debt*	*Total*	*GRAA*	*County*	
2007	3,580,845	3,112,506	-	3,112,506	0.0884	10.2842	0.86%
2008	3,722,189	3,251,194	-	3,251,194	0.0890	10.4536	0.85%
2009	3,722,982	3,288,969	-	3,288,969	0.0901	10.6380	0.85%
2010	3,525,363	3,363,160	-	3,363,160	0.0954	11.3239	0.84%
2011	3,350,384	3,139,310	-	3,139,310	0.0937	12.1825	0.77%
2012	3,064,894	3,138,452	-	3,138,452	0.1024	12.9016	0.79%
2013	2,806,901	2,927,598	-	2,927,598	0.1043	14.0023	0.74%
2014	2,648,100	2,814,930	-	2,814,930	0.1063	14.9820	0.71%
2015	2,593,502	2,782,827	-	2,782,827	0.1073	15.2963	0.70%
2016	2,624,282	2,894,611	-	2,894,611	0.1103	15.1059	0.73%

Source: The Authority Finance Department

Greater Rockford Airport Authority

Schedule of Principal Property Taxpayers in Winnebago County

Calendar Years Ended December 31, 2016 and 2007

Need to Complete Taxpayer	*Type of Business*	*2016 Assessed Valuation*	*Percentage of Total Assessed Valuation*	*2007 Assessed Valuation*	*Percentage of Total Assessed Valuation*
Lowes Home Center Inc	Retail	$ 11,335,913	0.31%		
Woodward, Inc.	Aerospace	9,609,484	0.27%		
CBL Cherryvale c/o JJ Gudin	Shopping Mall	8,273,584	0.23%		0.00%
Meier Stores Limited Partnership	Retail	8,075,635	0.22%		
Simon Property/Forest Plaza LLC	Retail/Real Estate Holdings	6,637,698	0.18%	4,799,277	0.11%
Greater Rockford Airport	Airport	6,016,926	0.17%		
CBL/Cherryvale LLC	Shopping Mall	4,658,969	0.13%	5,799,092	
Two Star Property Co., Inc.	Retail/Real Estate Holdings	4,604,767	0.13%		0.00%
Anderson Rockford Properties LLC	Auto Dealership	4,289,544	0.12%		
Edward Rose Associates, Inc	Real Estate Holdings	4,261,929	0.12%	4,304,782	
Menard Inc.	Retail	4,180,173	0.12%	4,895,231	0.12%
MB Rockford State LLC	Auto Dealership	3,881,798	0.11%		
Wesley Willows	Retirement/Real Estate	3,833,400	0.11%		
Jeffrey Petry	Real Estate Holdings	3,802,813	0.11%		
Hamilton Sundstrand Corp	Hydraulic and Aerospace	3,641,781	0.10%	7,048,920	0.16%
National Retail Properties	Real Estate Holdings	3,579,329	0.10%		
Total		$ 100,862,307	2.80%	$ 26,847,302	0.63%

Total Assessed Valuation - $3,608,566,720

Total Assessed Valuation - $4,288,758,436

Source: Winnebago County Clerk

Greater Rockford Airport Authority

Chicago Rockford International Airport Information

Year Ended April 30, 2017

Location:	4 miles south of downtown Rockford, IL.			
Area:	3,000 acres			
Elevation:	742 ft.			
Airport Code:	RFD			
Runways:	1/19	North/South	8,199x150 ft. ILS/GPS	
	7/25	East/West	10,004x150 ft. ILS/GPS	
Terminal:	Airlines			2,211 sq. ft.
	Tenants			4,443 sq. ft.
	Public/Common			30,433 sq. ft.
	Mechanical			7,714 sq. ft.
			Total	44,801 sq. ft.
	Number of Passenger Gates			5
	Number of Loading Bridges			5
	Number of Concessionaires in terminal			1
	Number of rental car agencies in terminal			3
Apron:	Commercial Airlines			
	Cargo Airlines			
	FBO			
Parking:	Spaces assigned:	Short-Term		1,477
		Rental Cars		190
		Employees		54
Cargo:	UPS Buildings		670,000 sq. ft.	
	International Cargo Facility		70,000 sq. ft.	
	Airside Crossdock Buildings		48,600 sq. ft.	
International:	Customs/Immigration Federal Inspection Service Facility			
Tower:	TRSA 24/7-365			
FBOs:	Emery Air, Inc., North American/Pride			

Greater Rockford Airport Authority

Schedule of Staffing

Years Ended April 30, 2008 Through 2017

	2017	*2016*	*2015*	*2014*	*2013*	*2012*	*2011*	*2010*	*2009*	*2008*
Board of Commission	7	7	7	7	7	7	7	7	7	7
Administration/Finance	8	8	8	8	8	10	11	11	11	10
Marketing	-	-	-	-	1	1	2	-	-	1
Facilties/Maintenance	17	16	16	16	17	21	21	21	19	20
Operations	8	8	8	7	8	-	-	-	-	-
Terminal Services	-	3	3	4	3	6	6	6	6	5
AirFest	-	1	1	-	-	-	-	1	1	1
Cargo Development	2	3	3	1	1	-	-	-	-	-
Passenger Development	-	-	-	2	2	-	-	-	-	-
	42	46	46	45	47	45	47	46	44	44

Source: The Authority Finance Department

Greater Rockford Airport Authority

Schedule of Air Commerce

Years Ended April 30, 2008 Through 2017

	FYE17	*% of Change from Prior year*	*FYE16*	*FYE15*	*FYE14*
Passenger Enplanements					
Scheduled	109,223		107,139	100,334	106,240
Charter	3,687		4,140	3,043	2,846
Total	112,910	1.47%	111,279	103,377	109,086
Cargo					
Enplaned	186,182,879	19.65%	155,612,074	141,181,977	136,392,407
Deplaned	134,230,657	22.51%	109,563,405	110,902,191	110,561,901
Total	320,413,536	20.83%	265,175,479	252,084,168	246,954,308
Cargo Aircraft Landed Weight	1,028,789,640	27.54%	806,624,170	788,127,660	779,424,820
Fuel Flowage	13,104,477	19.48%	10,967,938	9,799,912	9,744,711
Aircraft Operations	35,246	-2.51%	36,154	34,816	38,163

Source: The Authority Finance Department

FYE13	FYE12	FYE11	FYE10	FYE09	FYE08
99,448	98,343	88,814	85,014	74,024	113,498
4,941	7,604	14,377	15,908	14,718	3,024
104,389	105,947	103,191	100,922	88,742	116,522
148,693,661	161,346,553	148,964,090	163,889,607	209,461,204	252,458,047
121,188,890	129,877,286	110,148,207	135,751,221	179,066,129	219,505,282
269,882,551	291,223,839	259,112,297	299,640,828	388,527,333	471,963,329
806,893,740	884,405,380	902,395,080	1,021,396,570	1,327,827,612	1,487,894,013
12,917,749	15,223,883	17,242,721	17,502,695	14,755,983	19,246,193
39,981	47,241	44,449	48,301	58,484	71,422

Greater Rockford Airport Authority

Schedule of Rates and Charges

Years Ended April 30, 2008 Through 2017

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Fuel										
Class A	$ 0.06	$ 0.06	$ 0.06	$ 0.09	$ 0.06	$ 0.06	$ 0.06	$ 0.06	$ 0.06	$ 0.06
Class B	$ 0.08	$ 0.08	$ 0.08	$ 0.11	$ 0.08	$ 0.08	$ 0.08	$ 0.08	$ 0.08	$ 0.08
Class C										
0-1 mil	$ 0.08	$ 0.08	$ 0.08	$ 0.11	$ 0.08	$ 0.08	$ 0.08	$ 0.08	$ 0.08	$ 0.08
1-10 mil										
10-15 mil										
15-20 mil										
+ 20 mil										
Landing Fee										
/1,000 lbs										
Minimum										
Signatory										
Over 120,000,000 lbs - Annual	$ 1.934	$ 1.934	$ 1.934	$ 1.934	$ 1.842	$ 1.842	$ 1.842	$ 1.671	$ 1.641	$ 1.641
Under 120,000,000 lbs - Annual	$ 1.964	$ 1.964	$ 1.964	$ 1.964	$ 1.964	$ 1.964	$ 1.964	$ 1.964	$ 1.964	$ 1.964
Non-signatory	$ 2.455	$ 2.455	$ 2.455	$ 2.455						
Terminal Usage										
Signatory & Charter Flights	$ 65.00	$ 65.00	$ 65.00	$ 65.00	$ 55.00	$ 55.00	$ 55.00	$ 55.00	$ 55.00	
50 seats or less										$ 106.40
51 to 110 seats										$ 169.60
111 to 150 seats										$ 275.20
151 to 200 seats										$ 370.40
201 to 250 seats										$ 476.00
215 or more seats										$ 634.40
100 or more departures/month										$ 50.00
Non-signatory & Charter Flights	$ 130.00	$ 130.00	$ 130.00	$ 130.00	$ 110.00	$ 110.00	$ 110.00	$ 110.00	$ 110.00	
50 seats or less										$ 133.00
51 to 110 seats										$ 212.00
111 to 150 seats										$ 344.00
151 to 200 seats										$ 463.00
201 to 250 seats										$ 595.00
215 or more seats										$ 793.00
Ticket Counter/Computer Use fee per enplanement	$ 0.20	$ 0.20	$ 0.20	$ 0.20	$ 0.10	$ 0.10	$ 0.10	$ 0.10	$ 0.10	
International Rubbish Fee										
4x4 hopper (200 gallons)	$ 410.00	$ 410.00	$ 410.00	$ 410.00	$ 305.00	$ 305.00	$ 305.00	$ 305.00	$ 250.00	
black cart (60 gallons)	$ 105.00	$ 105.00	$ 105.00	$ 105.00	$ 105.00	$ 105.00	$ 105.00	$ 105.00	$ 105.00	
gray cart (40 gallons)	$ 85.00	$ 85.00	$ 85.00	$ 85.00	$ 85.00	$ 85.00	$ 85.00	$ 85.00	$ 85.00	

Source: The Authority Finance Department

Greater Rockford Airport Authority

Schedule of Largest Employers in the Greater Rockford Area

Years Ended April 30, 2017 and 2008

Employer	*Product/Service*	*2016*	*Percentage of MSA Employment*	*2008*	*Percentage of MSA Employment*
Fiat Chrysler Automobiles	Automobiles	4,323	2.81%	2,715	1.60%
Mercyhealth	Health Care	3,195	2.07%	3,735	2.20%
Swedish American Health System	Health Care	2,988	1.94%	2,625	1.55%
UTC Aerospace Systems	Aerospace Components	2,200	1.43%	2,200	1.30%
OSF Health Care	Health Care	2,800	1.82%	2,094	1.23%
Walmart	Retail	1,611	1.05%	-	0.00%
Woodward Governor Co.	Aerospace, governors, equipment	1,540	1.00%	1,071	0.63%
Lowe's	Distribution center, retail	900	0.58%	-	0.00%
Packaging Coordinators Inc	Pharmaceutical packaging	1,500	0.97%	1,200	0.71%
United Parcel Service	Parcel Sorting Hub	900	0.58%	1,600	0.94%
Total of 10 largest employers		21,957	14.26%	17,240	10.16%

Source: Rockford Area Economic Development Council and Bureau of Economic Analysis, updated July 2016

Note: Schedule does not include government employees in the Greater Rockford Area.

Greater Rockford Airport Authority

Schedule of Demographic Indicators for Rockford MSA

Years Ended December 31, 2007 through 2016

December 31,	*(1) Population of Rockford MSA*	*(1) Personal Income (thousands of dollars)*	*(1) Per Capita Personal Income*	*(2) Unemployment Rate*
2007	347,503	11,638,842	33,493	7.3%
2008	349,937	11,886,773	33,968	13.0%
2009	349,766	11,539,982	32,993	16.2%
2010	349,224	11,740,547	33,619	11.8%
2011	347,864	12,197,793	35,065	10.7%
2012	345,809	12,523,077	36,214	9.8%
2013	344,746	12,691,589	36,814	9.1%
2014	342,367	13,023,282	38,039	5.9%
2015	340,663	13,515,620	39,674	7.1%
2016	*	*	*	6.9%

(1) Source: Bureau of Economic Analysis, Regional Economic Information System, May 2017

(2) Illinois Department of Employment Security, Economic Information and Analysis, April 2017

* Information not yet available

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