



**COMPREHENSIVE
ANNUAL
FINANCIAL
REPORT**

GREATER ROCKFORD AIRPORT AUTHORITY
ROCKFORD, ILLINOIS FOR THE FISCAL YEAR ENDING APRIL 30, 2008



COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the
Greater Rockford Airport Authority
Rockford, Illinois

For the fiscal year ended
April 30, 2008

Prepared by:
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Deputy Director of Administration and Finance

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Introductory Section



This section contains the following subsections:

- ◆ Letter of Transmittal
- ◆ Board of Commissioners
- ◆ Organizational Chart and Senior Management
- ◆ Certificate of Achievement for Excellence in Financial Reporting



July 30, 2008

To the Board of Commissioners:

This Comprehensive Annual Financial Report (CAFR) for the Greater Rockford Airport Authority (the Authority) (Chicago Rockford International Airport) for the fiscal year ended April 30, 2008, is proudly prepared and presented by your Finance Department and represents the Authority staff's commitment to provide accurate, concise and high-quality financial information to its Board of Commissioners and to the public 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 this report. To the best of our knowledge, these representations are accurate in all material respects. A narrative overview and analysis of the financial activities of the Authority, that occurred during the fiscal year ended April 30, 2008, are presented in the Management's Discussion and Analysis (MD&A) found at the beginning of the Financial Section.

This year's financial report 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). Subsequent to the approval of the Board, this CAFR will be submitted for consideration by the GFOA in meeting the high standards of disclosure and reporting.

→ 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 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 percent of Winnebago County's land area and over 79 percent of Winnebago County's 2007 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. Currently, the Mayor of the City of Rockford appoints three (3) members, the Winnebago County Board Chairman appoints two (2) members, and the Mayor of the City of Loves Park and the Village President of the

Village of Machesney Park appoint one member each. 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 second and fourth Thursdays at 5:30 pm. Meetings are open to the public.

→ FINANCIAL REPORTING ENTITY

The Authority's financial reporting entity has been defined in accordance with GASB Statement No. 14. 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.

→ ECONOMIC CONDITION

The information presented herein is perhaps best understood when it is considered with a broader perspective of the airline industry as a whole. Although the airport operates primarily as a cargo facility for three (3) major cargo airlines, it has had significant growth in passenger service, being ranked as one of the fastest growing passenger service airports in the United States. Even though Chicago Rockford International Airport is considered small, it is not immune to the influences of terrorist threats, war or the national economy.

The financial condition of the Authority is primarily dependent upon the amount of aircraft utilization at the Greater Rockford Airport. That utilization, in turn, is dependent upon several factors: the amount of cargo that is sorted at the United Parcel Service hub, DHL and BAX Global Facilities; 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.

The Authority continues to grow as a major cargo airport with three major cargo airlines. The most recent FAA cargo reports state RFD is the 22nd largest cargo airport in the United States. The annual total of gross landed weight for all cargo aircraft for the year was 1,487,894,013 lbs. This is a 4.81% increase from the prior year and a total estimated economic impact over \$800 million annually. Feeding off the cargo airlines are 60 motor freight carriers serving 37 terminals. In 2007, UPS opened a new 70,000 sq. ft building and with an estimated \$25 million improvement to the existing facility, activity at UPS has increased and is planned to increase in the future.

Chicago Rockford International Airport (RFD) is one of the fastest growing airports in the United States with a 19% increase over prior year number of passengers. Total enplanements for the year were 116,522. Airlines serving RFD through April 2008 include United to Denver twice daily (service ended June 2008); Allegiant Air to Las Vegas, Orlando, Clearwater/St Pete, Phoenix, and Fort Lauderdale between 4 and 7 times a week depending on seasonality, and Apple Vacations to Cancun on a limited seasonal basis. However, United service ended June 5th. As a result of the current economic conditions of the airline industry they have cut back many smaller airport operations. Beginning June 6th Southern Skyways airlines picked up the Denver route with three weekly flights on a 131 seat aircraft. Southern Skyways also started May 23rd with twice weekly flights to Myrtle Beach. Average load factors have been averaging greater than 80% for all destinations.

In the fall of 2006, the Authority acknowledged the growth and potential of the Foreign Trade Zone (FTZ) for the regional community. As grantee, the Authority hired a consultant to assist with expansion. An expansion/reorganization application was submitted to the FTZ Board in late 2007. It included 8 new partners. Both the activity level and fee within the FTZ are expected to grow dramatically with a goal for the volume of business in FY2009-10 projected to reach \$500 million. The FTZ program is an opportunity for American business to partner with the government to remain competitive and retain jobs here at home.

→ MAJOR INITIATIVES

- Passenger hold area expansion
- Two (2) jet bridges – one in main terminal and one in international arrival gate
- Master Planning Update
- Taxiway F & B Improvements
- 2nd floor Terminal TSA improvements
- Roadway signage
- Site work for NW Cargo development

→ 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; and (4) there is compliance with applicable laws and regulations. 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 herein.

One duty of the Manager of Finance is to perform internal and external auditing functions. In the course of this assignment, the Manager of Finance 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 finance plan. The budget is created using zero-based budgeting techniques where staff are required to estimate 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. Total expenditures are not to exceed total budgeted amounts without approval. 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 www.flyrfd.com/FinancialReports.asp.

→ CASH MANAGEMENT

The Authority utilizes a cash management and investment policy intended to achieve maximum financial return while minimizing the risk of loss on all available funds. The Authority currently invests funds in accordance with its Investment Policy adopted by Resolution #98-73 on November 12, 1998. The purpose of this policy is to direct the investment of funds into financial instruments that are foremost legal, safe and provide a maximum rate of return. Funds shall also be liquid and diversified.

Authority monies are deposited in checking and money market accounts, repurchase agreements and certificates of deposit. The maximum maturities on these deposits were 365 days and the range of yields on the investments was .35 percent to 4.03 percent.

In accordance with GASB criteria, much of the Authority's deposits are either FDIC insured or collateralized by securities held by the pledging financial institutions' trust departments or agents in the Authority's name. The procedure used to secure the Authority's deposits complies with state statutes.

→ INDEPENDENT AUDITOR

The Authority's independent accounting firm, McGladrey & Pullen, LLP has rendered an unqualified opinion on the Authority's financial statements as of April 30, 2007 and for the fiscal year then ended. The Auditor's report on the financial statements is included in the financial section of the report.

→ 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, 2007. 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 ten 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.

→ DISTINGUISHED BUDGET PRESENTATION AWARD

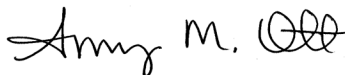
The Government Finance Officers Association awarded the Authority Management the Distinguished Budget Presentation Award for its fiscal year 2008 budget. This was the ninth consecutive year the Authority was presented with this award.

→ ACKNOWLEDGMENTS


The publication of this CAFR is a reflection of the level of excellence and professionalism the Authority's entire staff has attained. We wish to express our appreciation specifically to all members of the Finance Department, who contributed not only to the preparation of the CAFR, but also to the accomplishments that we are privileged to report.

We would 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. Your 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,



Amy M. Ott, CPA
Deputy Director of Administration
and Finance



Robert W. O'Brien, Jr., AAE
Executive Director

Board of Commissioners



Chair
Michael P. Dunn
Winnebago County



Vice Chair
Gwyn Gulley
Attorney
Greg Tuite & Associates
City of Rockford



Secretary
Bharat Puri
First Rockford Group
City of Rockford



Treasurer
Eugene H. Allen, CPA
Director, Internal Audit
The Boler Company
Winnebago County

Commissioners



Peter Provenzano
CEO
SupplyCore Inc.
City of Rockford

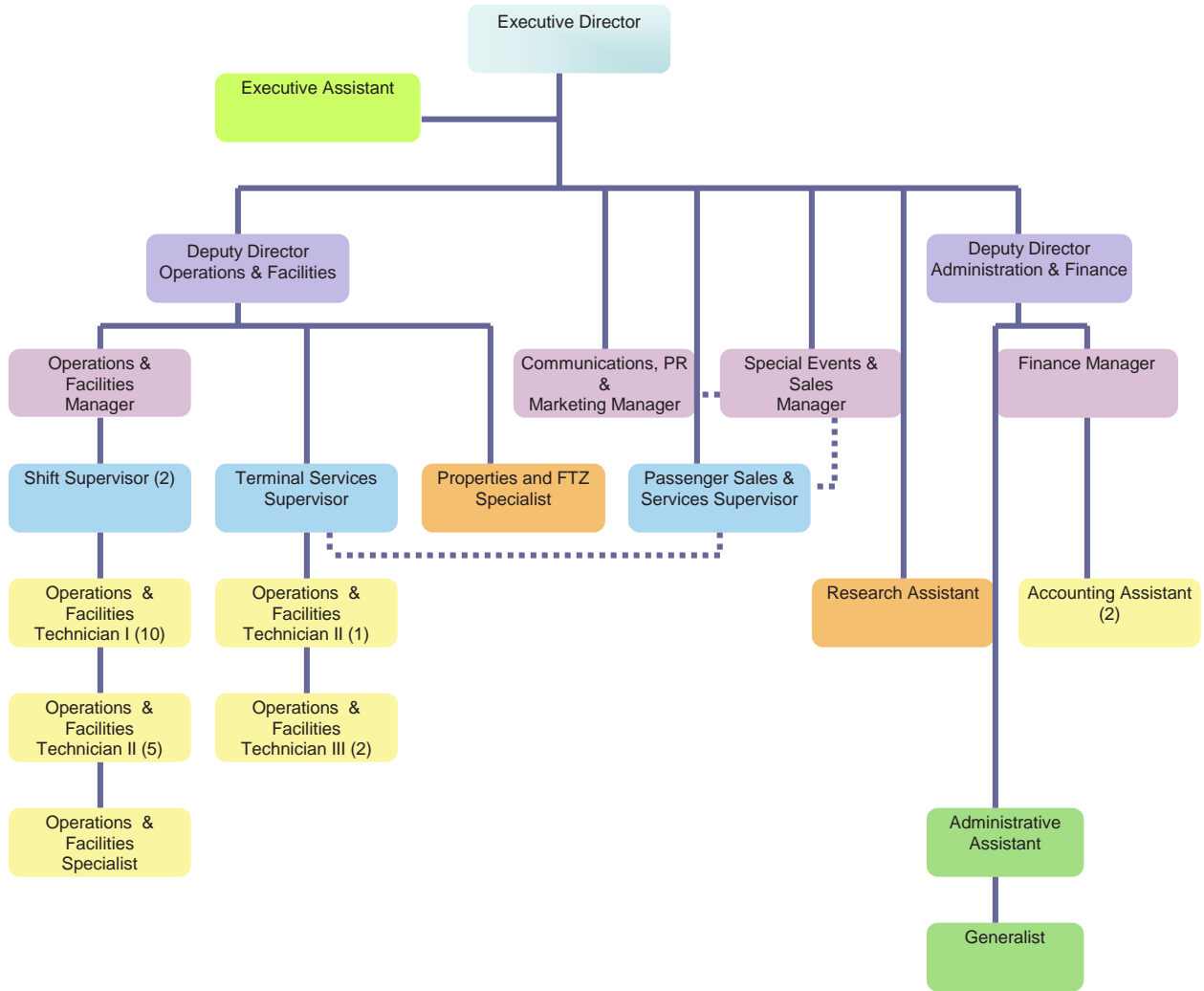


Brian Boyer
Brian Boyer Group
Village of Machesney Park



Mary Norman
Retired
City of Loves Park

Organizational Chart and Senior Management



Senior Management

Robert W. O'Brien, Jr., AAE
 Amy M. Ott, CPA
 Franz Olson
 Janette Benoit
 Thomas J. Lester

Executive Director
 Deputy Director of Administration and Finance
 Deputy Director of Operations and Facilities
 Manager of Finance
 Legal Counsel, Hinshaw & Culbertson LLP

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Greatford Rockford
Airport Authority, Illinois

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
April 30, 2007

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



Oliver S. Cox

President

Jeffrey R. Emery

Executive Director

Financial Section



This section contains the following subsections:

- ◆ Independent Auditor's Report
- ◆ Management's Discussion and Analysis
- ◆ Financial Statements
- ◆ Notes to Financial Statements
- ◆ Required Supplementary Information

McGladrey & Pullen

Certified Public Accountants

Independent Auditor's Report

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

We have audited the accompanying basic financial statements of the Greater Rockford Airport Authority (the Authority) as of and for the years ended April 30, 2008 and 2007 as listed in the table of contents. These financial statements are the responsibility of the Authority's management. 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 audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Authority as of April 30, 2008 and 2007, and the changes in its financial position and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated July 30, 2008, on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis on pages 3 – 10, and the Schedule of Pension Funding Progress on page 27 in the Financial Section are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying Schedule of Expenditures of Federal Awards as required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and the Other Supplementary Information are presented for purposes of additional analysis and are not a required part of the basic financial statements. The Schedule of Expenditures of Federal Awards and Other Supplementary Information has been subjected to the auditing procedures applied in the audits of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole. The accompanying Introductory and Statistical Sections as listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. This information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and accordingly, we express no opinion on them.

The accompanying schedule of passenger facility charges is presented in the Compliance Section for purposes of additional analysis as specified in the *Passenger Facility Charge Audit Guide for Public Agencies*, issued by the Federal Aviation Administration, and is 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 express no opinion on it.

McGladrey & Pullen, LLP

Rockford, Illinois
July 30, 2008

Management's Discussion and Analysis

Management's Discussion and Analysis

The following Management's Discussion and Analysis (MD&A) of the Greater Rockford Airport Authority (Authority) provides an introduction to the financial statements for the fiscal years ended April 30, 2008 and 2007. 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 accounting principles generally accepted in the United States of America 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 contained therein. The Authority's basic financial statements are designed to provide readers with a broad overview of the Authority's finances.

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

The *Statement of Revenues, Expenses, and Changes in Net Assets* presents information showing how the Authority's net assets changed during the year. All changes in net assets 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. A 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 2008 is as follow:

The Authority's total assets decreased from the prior year by \$440,000. The decrease is related to the 2% decrease in capital assets as a result of depreciation for the current year being greater than the additions.

Total liabilities decreased 4.4% or \$370,000 decrease related to an overall decrease in all major liability accounts.

Operating revenues increased 22% from 2007. The increase is related to all areas of operation with an approximate increase in landing fees of \$210,000 due to increases from both cargo and passenger airlines. The remainder of the increase is from increases in lease rates and leasing previously vacant properties.

Operating expenses increased by 6.5% from the prior year. The increase is the result of the record snowfall received this year with increased snow removal expenses over the prior year in the amount of \$780,000.

Management's Discussion and Analysis

A summary of the Authority's financial highlights for the year 2007 is as follow:

The Authority's total assets decreased 4% or \$5.1 million from 2006. The reduction was the result of a decrease in taxes receivable. This \$5.4 million decrease was due to the general obligation tax levy ending during 2007 because the related debt has been paid off.

Total liabilities decreased 60% or \$12.7 million, all related to the reduction in debt and related unearned tax revenue. A smaller portion of the decrease was related to the Landfill closure of landfill number 2 during the year. As a result of this closure the related liability has reduced the estimated future postclosure care costs.

Operating revenues increased 5% or \$268,000 from 2006. The increase is related to all areas of operation with an approximate increase in landing fees of \$159,000 due to increases from both cargo and passenger airlines. The remainder of the increase is from increases in lease rates and leasing previously vacant properties.

Operating expenses decreased 7% or \$663,000 from 2006. The decrease is related to a \$930,000 reduction in contractual services which is due to revenue guarantees being less than the prior year. There were increases in other areas related to the addition of 8 new employees during the year.

→ Financial Position

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

	FYE08	FYE07	FYE06	% Change	
				2008	2007
Assets					
Current assets - unrestricted	\$ 16,603,310	\$ 14,938,735	\$ 18,007,886	11.1	(17.0)
Capital assets - net	101,879,621	103,942,544	105,934,450	(2.0)	(1.9)
Deferred charges	159,633	201,797	271,253	(20.9)	(25.6)
Total assets	\$ 118,642,564	\$ 119,083,076	\$ 124,213,589	(0.4)	(4.1)
Liabilities					
Current liabilities	\$ 7,885,660	\$ 8,159,594	\$ 20,742,849	(3.4)	(60.7)
Long-term liabilities, less current maturities	96,000	192,000	338,273	(50.0)	(43.2)
Total liabilities	7,981,660	8,351,594	21,081,122	(4.4)	(60.4)
Net assets					
Invested in capital assets, Net of related debt	101,687,621	103,654,544	99,296,247	(1.9)	4.4
Unrestricted net assets	8,973,283	7,076,938	3,836,220	26.8	84.5
Total net assets	110,660,904	110,731,482	103,132,467	(0.1)	7.4
Total liabilities and net assets	\$ 118,642,564	\$ 119,083,076	\$ 124,213,589	(0.4)	(4.1)

An analysis of significant changes in net assets for the year 2008 is as follows:

- The Authority's assets exceeded liabilities by \$110.7 million, a \$71,000 decrease over 2007. The largest portion of the Authority's net assets is the investment in capital assets net of related debt of \$102 million. The Authority uses these capital assets to provide services to the airlines, passengers and to service providers and users located on the Airport property. Consequently, these assets are not available for future spending. Although the Authority's investment in capital assets is net of related debt, the resources required to repay this debt annually are paid from operations, since it is unlikely that the capital assets will be liquidated to pay liabilities.

Management's Discussion and Analysis

- ➔ Unrestricted net assets total \$9.0 million and are available to meet any of the Authority's ongoing obligations. The Authority anticipates these funds will be needed to pay future capital expenditures and to maintain adequate levels of working capital.

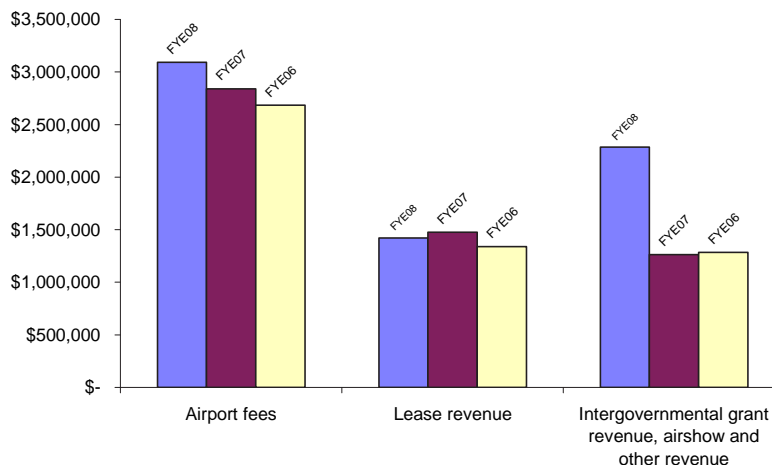
An analysis of significant changes in net assets for the year 2007 is as follows:

- ➔ The Authority's assets exceeded liabilities by \$111 million, a \$7.6 million increase over 2006. The largest portion of the Authority's net assets is the investment in capital assets net of related debt of \$104 million. The Authority uses these capital assets to provide services to the airlines, passengers and to service providers and users located on the Airport property. Consequently, these assets are not available for future spending. Although the Authority's investment in capital assets is net of related debt, the resources required to repay this debt annually are paid from operations, since it is unlikely that the capital assets will be liquidated to pay liabilities. The Authority's increase in net assets in 2007 can be attributed primarily to capital contributions of \$4.1 million and net income of \$3.5 million.
- ➔ Unrestricted net assets total \$7.1 million and are available to meet any of the Authority's ongoing obligations. The Authority anticipates these funds will be needed to pay future capital expenditures and to maintain adequate levels of working capital.

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

	FYE08	FYE07	FYE06	% Change	
				2008	2007
Operating revenues:					
Airport fees	\$ 3,090,427	\$ 2,838,180	\$ 2,685,962	8.9	5.7
Lease revenue	1,421,692	1,474,961	1,339,055	(3.6)	10.1
Intergovernmental grant revenue, airshow and other revenue	2,284,951	1,263,026	1,282,240	80.9	(1.5)
Total operating revenues	\$ 6,797,070	\$ 5,576,167	\$ 5,307,257	21.9	5.1

Operating Revenues



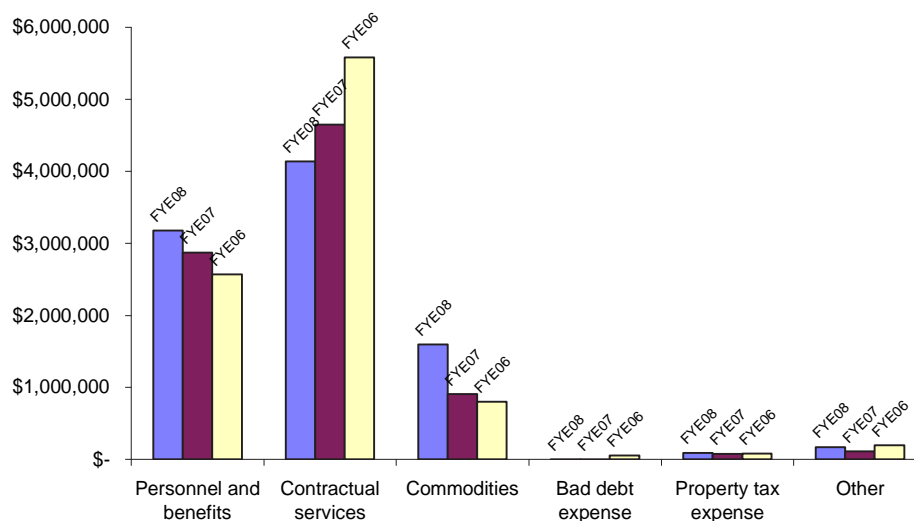
Management's Discussion and Analysis

- ➔ Airport fees are variable in nature and include on-airport fuel flowage and landing fees and rent-a-car commissions. These fees are directly attributable to the direct operation of the airport. The 2008 airport fees increased as a result of increase in activity at RFD related both to a 19% increase in passenger activity and a 4.8% increase in cargo traffic. This is shown by the increases in landing fees, fuel flowage fees and terminal usage. In 2007, airport fees increased 5.7%. This increase is related to additional landings related to the passenger travel as well as cargo. These revenues also include terminal usage fees that are based on the turn of the aircraft.
- ➔ Lease revenue, collected from the tenants for the use of real and improved property, decreased in 2008 by 3.6% primarily from the terminal expansion of the passenger hold area which required a tenant to be relocated to another property on the airport at significantly decreased lease payments. Additionally, some leases were terminated during the year. The increase in 2007 lease revenue was related to renegotiated leases at higher rates and previously vacant properties being leased.
- ➔ Intergovernmental grant revenues, airshow and other revenues consist of several revenues collected for operating the airport. 2008 revenues increased by 80.9% from a \$200,000 increase in AirFest revenues, and increases in intergovernmental grant revenues along with an increase in Foreign Trade Zone fees.

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

	FYE08	FYE07	FYE06	% Change	
				2008	2007
Operating expenses:					
Personnel and benefits	\$ 3,179,660	\$ 2,873,950	\$ 2,571,514	10.6	11.8
Contractual services	4,138,791	4,648,696	5,582,762	(11.0)	(16.7)
Commodities	1,596,645	906,456	802,286	76.1	13.0
Bad debt expense	4,873	4,025	53,607	21.1	(92.5)
Property tax expense	90,312	78,453	80,045	15.1	(2.0)
Other	172,477	114,185	198,363	51.1	(42.4)
Total operating expenses	\$ 9,182,758	\$ 8,625,765	\$ 9,288,577	6.5	(7.1)

Operating Expenses



Management's Discussion and Analysis

- Personnel and benefits increased by 10.6% due to significant amounts of overtime required by the significant snowfalls for the season with approximately 67 inches and increases in health insurance and workers compensation insurance. 2007 increased by 11.8% as a result of the addition of eight new employees during the year and increased health insurance costs.
- Contractual services decreased by 11.0% as the prior year had \$850,000 more in revenue guarantees. 2007 had a 16.7% decrease as a result of a decrease in the revenue guarantee amount from the prior year, which was related to Northwest Airlines. The 2007 guarantee for United Airlines performed better.
- Commodities are materials the Authority purchases for maintaining the airport. 2008 has an increase of 76.1% related mainly to the record snowfall for the season. Increases are related to the chemical required to clean the runways, taxiways and ramps as well as the fuel costs associated with the plowing and brooming of the airport. Other costs are related to the supplies such as broom wafers. Commodities increased in 2007 by 13%. This increase was related to the cost of supplies for the AirFest. AirFest was included as the 2007 show was in June 2007 and some supplies were needed in advance of the show, which will then be included in this fiscal year.
- Other expenses are the costs associated with post closure care on the two landfills on airport property and costs related to the glycol ponds. Both saw increases for 2008 as more testing was required of the closed landfills and increased electricity costs related to operating the glycol ponds.

Management's Discussion and Analysis

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

	FYE08	FYE07	FYE06	% Change	
				2008	2007
Operating revenues					
Airport fees	\$ 3,090,427	\$ 2,838,180	\$ 2,685,962	8.9	5.7
Lease revenue	1,421,692	1,474,961	1,339,055	(3.6)	10.1
Intergovernmental grant revenue, airshow and other revenue	2,284,951	1,263,026	1,282,240	80.9	(1.5)
Total operating revenues	6,797,070	5,576,167	5,307,257	5.1	5.1
Other revenues					
Taxes - property and corporate	3,616,706	8,882,266	9,654,318	(59.3)	(8.0)
Intergovernmental grant revenue - capital	3,430,820	3,662,243	2,889,646	(6.3)	26.7
Annexation agreement	139,457	127,373	135,548	9.5	(6.0)
Interest income	468,102	502,678	334,787	(6.9)	50.1
Other income	4,324	-	7,979	100.0	(100.0)
Total other revenues	7,659,409	13,174,560	13,022,278	(41.9)	1.2
Total revenues	14,456,479	18,750,727	18,329,535	(22.9)	2.3
Operating expenses					
Personnel and benefits	3,179,660	2,873,950	2,571,514	10.6	11.8
Contractual services	4,138,791	4,648,696	5,582,762	(11.0)	(16.7)
Commodities	1,596,645	906,456	802,286	76.1	13.0
Bad debt expense	4,873	4,025	53,607	21.1	(92.5)
Property tax expense	90,312	78,453	80,045	15.1	(2.0)
Other	172,477	114,185	198,363	51.1	(42.4)
Depreciation and amortization	7,521,397	6,532,477	5,922,016	15.1	10.3
Total operating expenses	16,704,155	15,158,242	15,210,593	10.2	(0.3)
Other expenses					
Interest expense	13,312	130,904	370,053	(89.8)	(64.6)
Other expense	-	-	138,825	0.0	(100.0)
Total nonoperating revenues	13,312	130,904	508,878	(89.8)	(74.3)
Total expenses	16,717,467	15,289,146	15,719,471	9.3	(2.7)
Capital contributions	2,190,410	4,137,434	3,402,189	(47.1)	21.6
Change in net assets	\$ (70,578)	\$ 7,599,015	\$ 6,012,253	(100.9)	26.4
Net assets, beginning of year	\$ 110,731,482	\$ 103,132,467	\$ 97,120,214		
Net assets, end of year	\$ 110,660,904	\$ 110,731,482	\$ 103,132,467		

➔ Nonoperating revenue saw a significant decrease from the prior year as a result of no longer receiving tax levy dollars for the bond as all were paid off in the prior year. 2007 realized only a small increase related to an increase in intergovernmental grant revenues and interest income. Nonoperating expenses for 2008 were less than the prior year due in part to a majority of the debt being paid off during the prior year.

➔ 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, 2008 totaled \$101.9 million (net of accumulated depreciation). This was a decrease from the prior year as a result of net additions for the year (\$5.4 million) being less than the depreciation for the year (\$7.3 million.)

Management's Discussion and Analysis

Major capital projects in process and expenses incurred during 2008 included the following:

→ Passenger hold area expansion	\$ 269,315
→ Main terminal jet bridge (gate 1)	\$ 388,746
→ International arrival gate jet bridge and connection	\$ 730,965
→ Taxiway F & B improvements (phase 2)	\$ 1,802,005
→ Terminal 2 nd floor TSA Improvements	\$ 122,514
→ Roadway signage	\$ 67,349
→ Site work for NW Cargo expansion	\$ 1,516,076

Major capital projects in process and expenses incurred during 2007 included the following:

→ Renovations to terminal kitchen	\$ 30,000
→ Addition of terminal escalators	\$ 346,369
→ Terminal restroom renovations	\$ 60,299
→ Master plan update	\$ 8,000
→ Backhoe/Loader	\$ 64,283
→ Airshow equipment	\$ 79,912
→ Passenger seating	\$ 23,017
→ Rehab Taxiway F, Runway 1/19 RIA/RSA & Falcon	\$3,690,000
→ Northwest quadrant air cargo apron & entrance	\$1,648,000
→ Expand and rehab parking lots	\$1,961,000
→ Terminal improvements	\$ 339,000

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. Additional information on the Authority's capital assets can be found in Note 5 of the accompanying notes.

The Authority's capital assets as of April 30, 2007 totaled \$103.9 million (net of accumulated depreciation). This was a decrease from the prior year as a result of net additions for the year being only \$4.2 million and depreciation for the year at \$6.4 million.

→ Debt Administration

Revenue Bonds, Series 2003

On March 4, 2003, the Authority issued Revenue Bonds, Series 2003, in the principal amount of \$672,000, in \$96,000 denominations with maturities up to seven (7) years. This issue was sold at a fixed interest rate of 5.2%. The revenue bonds are taxable and secured by a pledge of amounts to be paid to the Authority pursuant to a ground and facility lease between the Authority and BAX Global, Inc. The Authority is not obligated to the payment of the bond in the absence of BAX Global, Inc. *Balance outstanding at April 30, 2008 - \$192,000, 2007 - \$288,000, 2006 - \$384,000.*

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.

→ 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 Authority's constituents 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 Deputy Director of Administration and Finance, Amy Ott, at the Greater Rockford Airport Authority, 60 Airport Drive, Rockford, Illinois 61109. A copy of this report as well as the last four years can be found on our website at www.flyrfd.com/FinancialReports.asp.

Financial Statements

Greater Rockford Airport Authority
Statements of Net Assets
April 30, 2008 and 2007

Assets	<i>FYE08</i>	<i>FYE07</i>
Current assets		
Cash and cash equivalents	\$ 5,690,727	\$ 5,383,111
Investments	6,742,822	5,738,117
Accounts receivable (net of allowances for uncollectibles of \$12,618 and \$7,836 in 2008 and 2007, respectively)	831,268	667,354
Taxes receivable (net of allowance for uncollectibles)	3,112,506	2,936,729
Prepaid expenses and other current assets	225,987	213,424
Total current assets	16,603,310	14,938,735
Non-current assets		
Land	16,518,536	17,448,163
Construction in progress	7,571,472	8,061,781
Capital assets net of accumulated depreciation	77,789,613	78,432,600
Total capital assets, net	101,879,621	103,942,544
Deferred charges (net of accumulated amortization of \$485,841 and \$857,567 in 2008 and 2007, respectively)	159,633	201,797
Total non-current assets	102,039,254	104,144,341
Total assets	\$ 118,642,564	\$ 119,083,076

See accompanying notes to financial statements.

Liabilities and Net Assets	<i>FYE08</i>	<i>FYE07</i>
Current liabilities		
Accounts payable	\$ 1,646,636	\$ 1,984,303
Interest payable	3,328	4,992
Security deposits	48,813	23,325
Accrued payroll	55,181	44,174
Compensated absences	131,766	122,360
Prepaid rent	194,709	178,123
Unearned tax revenue	3,112,506	2,936,729
Current maturities of long-term liabilities	96,000	96,000
Landfill closure and postclosure care	1,219,758	1,506,619
Stormwater retention	1,376,963	1,262,969
Total current liabilities	7,885,660	8,159,594
Long-term liabilities, less current maturities		
Revenue bond	96,000	192,000
Total long-term liabilities, less current maturities	96,000	192,000
Total liabilities	7,981,660	8,351,594
Net assets		
Invested in capital assets, net of related debt	101,687,621	103,654,544
Unrestricted net assets	8,973,283	7,076,938
Total net assets	110,660,904	110,731,482
Total liabilities and net assets	\$ 118,642,564	\$ 119,083,076

See accompanying notes to financial statements.

Greater Rockford Airport Authority
Statements of Revenues, Expenses and Changes in Net Assets
Years Ended April 30, 2008 and 2007

	<i>FYE08</i>	<i>FYE07</i>
Operating revenues		
Airport fees	\$ 3,090,427	\$ 2,838,180
Lease revenue	1,421,692	1,474,961
Intergovernmental grant revenue, airshow and other revenue	2,284,951	1,263,026
Total operating revenues	<u>6,797,070</u>	<u>5,576,167</u>
Operating expenses		
Personnel and benefits	3,179,660	2,873,950
Contractual services	4,138,791	4,648,696
Commodities	1,596,645	906,456
Bad debt expense	4,873	4,025
Property tax expense	90,312	78,453
Other	172,477	114,185
Total operating expenses	<u>9,182,758</u>	<u>8,625,765</u>
Operating loss before depreciation and amortization	(2,385,688)	(3,049,598)
Less: Depreciation and amortization	7,521,397	6,532,477
Operating loss	<u>(9,907,085)</u>	<u>(9,582,075)</u>
Nonoperating revenues (expenses)		
Taxes - property and corporate	3,616,706	8,882,266
Intergovernmental grant revenue - capital	3,430,820	3,662,243
Annexation agreement	139,457	127,373
Interest income	468,102	502,678
Other income	4,324	-
Interest expense	(13,312)	(130,904)
Total nonoperating revenues (expenses)	<u>7,646,097</u>	<u>13,043,656</u>
Income (loss) before capital contributions	(2,260,988)	3,461,581
Capital contributions	2,190,410	4,137,434
Change in net assets	(70,578)	7,599,015
Net assets, beginning of year	<u>110,731,482</u>	<u>103,132,467</u>
Net assets, end of year	<u>\$ 110,660,904</u>	<u>\$ 110,731,482</u>

See accompanying notes to financial statements.

Greater Rockford Airport Authority
Statements of Cash Flows
Years Ended April 30, 2008 and 2007

	FYE08	FYE07
Cash flows from operating activities		
Cash received from providing services	\$ 6,674,681	\$ 5,682,860
Cash paid to employees, including benefits	(3,159,247)	(2,874,755)
Cash paid to suppliers	(6,348,455)	(5,846,062)
Net cash used in operating activities	<u>(2,833,021)</u>	<u>(3,037,957)</u>
Cash flows from investing activities		
Interest received	582,096	513,363
Purchases of investments	(6,742,822)	(5,738,117)
Proceeds from maturities of investments	5,738,117	3,966,094
Net cash used in investing activities	<u>(422,609)</u>	<u>(1,258,660)</u>
Cash flows from noncapital financing activities		
Cash receipts from property taxes, general	2,970,528	2,808,305
Cash receipts from corporate replacement taxes	646,178	566,562
Cash receipts from annexation agreement	139,457	127,373
Net cash provided by noncapital financing activities	<u>3,756,163</u>	<u>3,502,240</u>
Cash flows from capital and related financing activities		
Cash receipts from property taxes, debt service	-	5,507,399
Cash receipts from federal grants for capital assets	3,430,820	3,662,241
Payments for landfill closure and postclosure care	(286,861)	(1,093,873)
Payments for capital acquisitions	(3,225,900)	(392,452)
Principal payments on general obligation bonds	-	(5,350,000)
Principal payments on revenue bond	(96,000)	(96,000)
Net proceeds (payments) from line of credit	-	(853,930)
Interest paid	(14,976)	(176,118)
Net cash provided by (used in) capital and related financing activities	<u>(192,917)</u>	<u>1,207,267</u>
Net increase in cash and cash equivalents	307,616	412,890
Cash and cash equivalents, beginning of year	<u>5,383,111</u>	<u>4,970,221</u>
Cash and cash equivalents, end of year	<u>\$ 5,690,727</u>	<u>\$ 5,383,111</u>
Reconciliation of operating loss to net cash used in operating activities:		
Operating loss	\$ (9,907,085)	\$ (9,582,075)
Adjustments to reconcile operating loss to net cash used in operating activities:		
Depreciation	7,287,734	6,471,794
Amortization	233,663	60,683
Other income	4,324	-
Increase (decrease) from changes in:		
Accounts receivable	(163,914)	(33,319)
Prepaid expenses and other current assets	(12,564)	(13,764)
Security deposits	25,488	(6,562)
Prepaid rent	16,586	150,599
Accrued payroll and compensated absences	20,413	(805)
Accounts payable	(337,667)	(84,508)
Net cash used in operating activities	<u>\$ (2,833,022)</u>	<u>\$ (3,037,957)</u>
Schedule of noncash capital and related financing activities:		
Contributions of capital assets	<u>\$ 2,190,410</u>	<u>\$ 4,137,434</u>

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 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.

Pursuant to GASB Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Government Entities that Use Proprietary Fund Accounting*, the Authority follows GASB guidance as applicable to proprietary funds and FASB Statements and Interpretations, Accounting Principles Board Opinions and Accounting Research Bulletins issued on or before November 30, 1989 that do not conflict with or contradict GASB pronouncements.

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 Deputy Director of Finance & Administration 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, 2008 and 2007.

Note 2 – Summary of Significant Accounting Policies (Continued)

Operating Revenues and Expenses

The Authority distinguishes operating revenues and expenses from nonoperating 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 stormwater retention fees, fuel permits, quarry fees, airshow revenue 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 nonoperating 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, net of a one percent allowance for uncollectible amounts in 2007 and none in 2008, is fully deferred at year-end because the tax levy will be used to fund expenses of the following year.

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 is calculated by the straight-line method using the assets' useful life that is classified as follows:

	<u>Years</u>
Buildings	20
Infrastructure	20
Equipment, office equipment & vehicles	3 – 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.

Deferred Charges and Unamortized Premium on Bonds

All costs associated with the issuance of bonds and other long-term debt are capitalized. Amortization is calculated by the straight-line half-year ("bonds outstanding") method over the term of the debt. Bond premiums are amortized in the same manner. This method does not differ significantly from the bonds outstanding method. Deferred charges also include UPS organizational costs and engineering costs which are being amortized using the straight-line half-year method.

Compensated Absences

The Authority accrues vacation and sick pay benefits as earned by its employees.

Note 2 – Summary of Significant Accounting Policies (Continued)

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 Assets

The Authority classified its net assets in two categories as follows:

Invested in capital assets, net of related debt 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.

Unrestricted net assets consist of all other net assets that do not meet the criteria above.

Note 3 – Cash, Cash Equivalents and Investments

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

	2008	2007
Cash and cash equivalents		
Cash on hand	\$ 850	\$ 450
Deposits and money market accounts	187,209	65,613
Repurchase agreement	13,528	13,194
Certificates of deposit	1,363,434	1,249,775
Mutual funds:		
Treasury management investment fund	3,130,986	2,210,000
Federated treasury obligations fund	994,720	1,844,079
Total cash and cash equivalents	5,690,727	5,383,111
Investments		
Certificates of deposit	6,742,822	5,738,117
Total investments	6,742,822	5,738,117
Total cash, cash equivalents and investments	\$ 12,433,549	\$ 11,121,228

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 110 percent 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. The Authority was not exposed to custodial credit risk as of April 30, 2008 or 2007.

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

Interest Rate Risk - Investments: As of year-end, the Authority had the following investments:

Investment Type	2008		2007	
	Fair Value	Weighted Average Maturity (Days)	Fair Value	Weighted Average Maturity (Days)
Repurchase agreements	\$ 13,528	1	\$ 13,194	1
Mutual funds:				
Treasury management investment fund	3,130,986	27	2,210,000	34
Federal treasury obligations fund	994,720	6	1,844,079	15
	<u>\$ 4,139,234</u>		<u>\$ 4,067,273</u>	
Portfolio weighted average maturity		22		25

The Authority's Investment Policy limits the maturities of investments as a means of managing its exposure to fair value losses arising from increasing interest rates to a maximum maturity of 24 months.

Credit Risk

The State of Illinois and the Authority's approved Investment Policy allows the Authority to deposit monies in specified types of instruments. These instruments include the following:

- Securities issued or guaranteed by the United States of America,
- Interest bearing accounts of banks and savings and loans insured up to \$100,000 by the Federal Depository Insurance Corporation,
- Short-term obligations (less than 180 days) of U.S. corporations with assets over \$500 million rated in the highest classification by at least two rating agencies,
- Insured accounts of an Illinois credit union chartered under United States or Illinois law,
- Mutual funds,
- Money market mutual funds with portfolios of securities issued or guaranteed by the United States or agreements to repurchase these same types of obligations, and
- Illinois Funds.

As of April 30, 2008 and 2007, the Authority's investment in the Federal Treasury Obligation Fund was rated AAAM by Standard & Poor's and Aaa by Moody's Investors Service. As of April 30, 2008 and 2007, the Authority's investment in the Treasury Management Investment Fund was rated A1+/P1 by Standard & Poor's.

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*.

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 percent of the total investment portfolio, exclusive of U.S. Treasury securities held in safekeeping to be held at one financial institution.

Note 4 – Property Taxes

Property taxes are recognized as a receivable at the time they are levied. The taxes receivable at April 30, 2008 represent the 2007 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 unearned property tax revenue. Property tax revenues are recognized in the year following the levy.

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.

Note 5 – Capital Assets

Changes in capital assets are summarized as follows for the year ended April 30, 2008:

	<i>April 30, 2007</i>	<i>Additions</i>	<i>Transfers</i>	<i>Disposals</i>	<i>April 30, 2008</i>
Capital assets not being depreciated:					
Land	\$ 17,448,163	\$ -	\$ (738,127)	\$ (191,500)	\$ 16,518,536
Construction in progress - Grants	7,743,144	3,001,526	(5,679,497)	-	5,065,173
Construction in progress - GRAA	318,637	2,194,644	(6,982)	-	2,506,299
Total capital assets not being depreciated	25,509,944	5,196,170	(6,424,606)	(191,500)	24,090,008
Capital assets being depreciated:					
Buildings	20,243,418	26,472	-	-	20,269,890
Vehicles	495,756	56,289	-	(60,347)	491,698
Equipment	7,840,996	111,205	-	-	7,952,201
Infrastructure	109,611,154	5,810	6,417,624	(1,007,129)	115,027,459
Office equipment	210,672	20,364	6,982	-	238,018
Total capital assets being depreciated	138,401,996	220,140	6,424,606	(1,067,476)	143,979,266
Less accumulated depreciation					
Buildings	11,642,532	860,477	-	-	12,503,009
Vehicles	440,862	21,770	-	(60,347)	402,285
Equipment	5,841,765	353,644	-	-	6,195,409
Infrastructure	41,920,330	6,022,473	-	(1,007,129)	46,935,674
Office equipment	123,907	29,369	-	-	153,276
Total accumulated depreciation	59,969,396	7,287,733	-	(1,067,476)	66,189,653
Total capital assets being depreciated, net	78,432,600	(7,067,593)	6,424,606	-	77,789,613
Total capital assets, net	\$ 103,942,544	\$ (1,871,423)	\$ -	\$ (191,500)	\$ 101,879,621

Note 5 – Capital Assets (Continued)

Changes in capital assets are summarized as follows for the year ended April 30, 2007:

	<i>April 30, 2006</i>	<i>Additions</i>	<i>Transfers</i>	<i>Disposals</i>	<i>April 30, 2007</i>
Capital assets not being depreciated:					
Land	\$ 17,448,163	\$ -	\$ -	\$ -	\$ 17,448,163
Construction in progress - Grants	15,271,866	3,823,835	(11,302,557)	(50,000)	7,743,144
Construction in progress - GRAA	1,179,945	467,548	(1,328,856)	-	318,637
Total capital assets not being depreciated	33,899,974	4,291,383	(12,631,413)	(50,000)	25,509,944
Capital assets being depreciated:					
Buildings	14,945,743	6,552	5,291,123	-	20,243,418
Vehicles	469,739	26,017	-	-	495,756
Equipment	6,518,276	122,062	1,200,658	-	7,840,996
Infrastructure	103,427,929	68,973	6,114,252	-	109,611,154
Office equipment	177,741	14,900	25,380	(7,349)	210,672
Total capital assets being depreciated	125,539,428	238,504	12,631,413	(7,349)	138,401,996
Less accumulated depreciation					
Buildings	10,776,959	865,573	-	-	11,642,532
Vehicles	427,322	13,540	-	-	440,862
Equipment	5,527,114	314,651	-	-	5,841,765
Infrastructure	36,664,686	5,255,644	-	-	41,920,330
Office equipment	108,871	22,385	-	(7,349)	123,907
Total accumulated depreciation	53,504,952	6,471,793	-	(7,349)	59,969,396
Total capital assets being depreciated, net	72,034,476	(6,233,289)	12,631,413	-	78,432,600
Total capital assets, net	\$ 105,934,450	\$ (1,941,906)	\$ -	\$ (50,000)	\$ 103,942,544

Note 6 – Deferred Charges

Changes in deferred charges are summarized as follows for the year ended April 30, 2008:

	<i>April 30, 2007</i>	<i>Additions/ Deletions</i>	<i>April 30, 2008</i>
Deferred charges, cost	\$ 1,059,364	\$ (413,890)	\$ 645,474
Accumulated amortization	(857,567)	371,726	(485,841)
Deferred charges, net	\$ 201,797	\$ (42,164)	\$ 159,633

Changes in deferred charges are summarized as follows for the year ended April 30, 2007:

	<i>April 30, 2006</i>	<i>Additions/ Deletions</i>	<i>April 30, 2007</i>
Deferred charges, cost	\$ 1,009,364	\$ 50,000	\$ 1,059,364
Accumulated amortization	(738,111)	(119,456)	(857,567)
Deferred charges, net	\$ 271,253	\$ (69,456)	\$ 201,797

Note 7 – Long-Term Debt

Changes in long-term debt are summarized as follows for the year ended April 30, 2008:

	<i>April 30, 2007</i>	<i>Additions</i>	<i>Reductions</i>	<i>April 30, 2008</i>	<i>Amount Due in One Year</i>
Revenue bond	\$ 288,000	\$ -	\$ 96,000	\$ 192,000	\$ 96,000

Changes in long-term debt are summarized as follows for the year ended April 30, 2007:

	<i>April 30, 2006</i>	<i>Additions</i>	<i>Reductions</i>	<i>April 30, 2007</i>	<i>Amount Due in One Year</i>
General obligation bonds	\$ 5,350,000	\$ -	\$ 5,350,000	\$ -	\$ -
Unamortized bond premium	50,273	-	50,273	-	-
Revenue bond	384,000	-	96,000	288,000	96,000
	\$ 5,784,273	\$ -	\$ 5,496,273	\$ 288,000	\$ 96,000

Revenue Bond

The Authority has one outstanding revenue bond as follows:

<i>Series</i>	<i>Original Issuance</i>	<i>Bond Rating</i>	<i>Yield</i>	<i>Final Maturity</i>	<i>Balance</i>
Revenue 2003	\$ 672,000	NR	5.20%	January 1, 2010	\$ 192,000

Revenue bond interest is due semiannually while the bonds' principal is due serially in annual maturities as follows:

<i>Years</i>	<i>Principal</i>	<i>Interest</i>	<i>Total</i>
FYE09	\$ 96,000	\$ 9,984	\$ 105,984
FYE10	96,000	4,992	100,992
Total revenue bond payments	192,000	14,976	206,976
Less current maturities	96,000	9,984	105,984
Long-term portion of the obligations	\$ 96,000	\$ 4,992	\$ 100,992

The 2003 revenue bonds are payable from the Authority's lease revenues, until maturity in fiscal year 2010. The pledged portion of future lease revenues is approximately 7% of annual lease revenue.

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, 2008 are summarized as follows:

	<i>Without</i>	<i>With</i>	<i>Total</i>
	<i>Voter Approval</i>	<i>Voter Approval</i>	<i>Debt Limitation</i>
Assessed valuation at April 30, 2008	\$ 3,580,844,671	\$ 3,580,844,671	\$ 3,580,844,671
Debt limit percentages	0.75 %	2.3 %	2.875 %
	26,856,335	82,359,427	102,949,284
Outstanding general obligation debt	-	-	-
Outstanding revenue bond debt	-	192,000	192,000
Total	-	192,000	192,000
FYE07 Legal debt margins	\$ 26,856,335	\$ 82,167,427	\$ 102,757,284

Note 9 – Pension Plan

The Authority's defined benefit pension plan, Illinois Municipal Retirement Fund (IMRF), provides retirement, disability, annual cost of living adjustments and death benefits to plan members and beneficiaries. IMRF is an agent multiple employer pension plan that acts as a common investment and administrative agent for local governments and school districts in Illinois. The Illinois Pension Code establishes the benefit provisions of the plan that can only be amended by the Illinois General Assembly.

IMRF issues a financial report that includes financial statements and required supplementary information. That report may be obtained at www.imrf.org/pubs/pubs_homepage.htm or by writing to the Illinois Municipal Retirement Fund, 2211 York Road, Suite 500, Oak Brook, Illinois, 60523.

Funding Policy:

Employees participating in IMRF are required to contribute 4.50% of their annual covered salary. The member rate is established by state statute. The Authority is required to contribute at an actuarially determined rate. The employer rate for the calendar years 2008, 2007 and 2006 was 6.70%, 6.89% and 6.59% of covered payroll, respectively. The employer contribution requirements are established and may be amended by the IMRF Board of Trustees.

Note 9 – Pension Plan (Continued)

Annual Pension Cost:

For the years ended April 30, 2008 and 2007, the Authority's annual pension cost of \$165,252 and \$143,793, respectively, was equal to the Authority's required and actual contributions. The required contributions were determined as part of the December 31, 2007, 2006 and 2005 actuarial valuations using the entry age actuarial cost method. The actuarial assumptions included (a) 7.50% investment rate of return (net of administrative expenses), (b) projected salary increases of 4.00% attributable to inflation, (c) 0.40% to 10.00% per year depending on age and service attributable to seniority/merit and (d) postretirement benefit increases of 3.00% annually. The actuarial value of IMRF assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a five-year period with a 15.00% corridor. IMRF's unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on a closed basis (overfunded liability amortized on open basis). The remaining amortization period at December 31, 2007 was 25 years.

Information related to the Authority's annual pension cost is on a fiscal year basis. The actuarial and trend information is on a calendar year basis, as that is the year used by IMRF.

Trend Information:

Actuarial Valuation Date	Annual Pension Cost (APC)	Percentage of APC Contribution	Net Pension Obligation
12/31/2007	\$ 142,506	100%	\$ -
12/31/2006	116,209	100%	-
12/31/2005	120,935	100%	-
12/31/2004	212,376	100%	-

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 noncancellable operating leases to be received in each of the next five years and thereafter are as follows:

<i>Minimum lease revenue</i>	
FYE09	\$ 999,308
FYE10	971,999
FYE11	928,689
FYE12	886,958
FYE13	704,116
Thereafter	3,487,986
Total	\$ 7,979,056

Note 11 – Commitments, Contingencies, and Subsequent Event

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) in 2003. In 2007, the final regulatory closure process for Landfill #2 was completed. State and Federal laws and regulations require the placement of a final cover and for the Authority to 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 activities. As of April 30, 2008 and 2007, the Authority reported a landfill closure and post closure care liability of \$1,219,758 and \$1,506,619, respectively, based upon engineering estimates and regulatory requirements at that date. However, actual costs may be higher due to inflation, changes in technology, changes in regulations, or further interpretations and directives from regulatory agencies.

The Authority has created a trust to finance closure and post closure care costs. At April 30, 2008 and 2007, an investment of \$1,526,921 and \$1,735,092, 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
2008	\$ 1,506,619	\$ -	\$ 286,861	\$ 1,219,758
2007	2,600,492	-	1,093,873	1,506,619

Storm Water Treatment Plan

In accordance with the requirements of the Illinois EPA, the Authority has developed a Storm Water Treatment Plan (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 \$1,376,963 and \$1,262,969 are included with cash and a current liability on the balance sheet at April 30, 2008 and 2007, 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
2008	\$ 1,262,969	\$ 113,994	\$ -	\$ 1,376,963
2007	1,252,284	10,685	-	1,262,969

Note 11 – Commitments, Contingencies, and Subsequent Event (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, 2008, 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 cash proceeds from the federal and state governments which are restricted to capital asset purchases as intergovernmental grant revenues – capital. Contributions of capital assets received from the federal or state governments are considered capital contributions.

Post Retirement Benefits

The Authority maintains group health, dental and life insurance programs for all employees. Retired employees, at the discretion of the Authority's Board, are included under this program. The Authority's contributions are financed on a pay as you go basis. During the years ended April 30, 2008 and 2007, the Authority paid \$103,180 and \$105,203, respectively, in benefits for seventeen (17) employees and fourteen (14) of their dependents.

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 worker's compensation. The Authority has had no settlements in the past four 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 \$1,500 annually for each participant. Incurred but not reported claims were not included in Long Term Obligation of the Authority as the amount was not significant to the financial statements.

The changes in claims and judgments are as follows:

	2008
Claims Payable, May 1,	\$ -
Add: Claims incurred	10,805
Less: Claims paid	3,960
Claims Payable, April 30	<u>\$ 6,845</u>

Aircraft Rescue and Firefighting Services Contract

In May, 2006, the Airport entered into an agreement with the City of Rockford for the City to provide the Airport Aircraft Rescue and Firefighting Services. The contract is for a five-year period after the date of initial training. The agreement calls for twelve equal monthly installments of \$60,417 with a 3.5% increase over the previous year for all future years of the contract until the agreement is terminated by either party.

Note 11 – Commitments, Contingencies, and Subsequent Event (Continued)

Revenue Guarantee

The Airport provided a revenue guarantee agreement to United Airlines through September 3, 2007. The agreement required that the Authority guarantee a minimum revenue of \$7,000 per flight prior to any fuel adjustments. At April 30, 2007, the Authority estimated the fair value of the guarantee agreement to be approximately \$1,830,000. The liability for the revenue guarantee is included in accounts payable on the balance sheet. The guarantee was paid in full during fiscal year 2008.

Effective June 2008, the Airport provided a revenue guarantee to Aviation Advantage, Inc. d/b/a Southern Skyway for one year. The agreement requires that the Authority guarantee utilization of 1000 block hours over twelve months at a cost of \$2,800 per block hour.

Note 12 – Pending Legislation

The Governmental Accounting Standards Board (GASB) has issued the following statements:

The GASB has issued Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. Other postemployment benefits (OPEB) include postemployment healthcare, as well as other forms of postemployment benefits when provided separately from a pension plan. This Statement establishes standards for the measurement, recognition, and display of OPEB expense and related liabilities (assets), note disclosures, and if applicable, required supplementary information in the financial reports. This Statement is effective for the Authority for the period ending April 30, 2009.

The GASB has issued Statement No. 49, *Accounting and Financial Reporting for Pollution Remediation Obligations*, which will be effective for the Airport with its year ending April 30, 2009. This statement addresses accounting and financial reporting for pollution (including contamination) remediation obligations, which are obligations to address the current or potential detrimental effects of existing pollution by participating in pollution remediation activities such as site assessment and cleanups.

The GASB has issued Statement No. 50, *Pension Disclosures – an amendment to GASB Statements No. 25 and No. 27*, which will be effective for the Airport beginning with its year ending April 30, 2009. This statement more closely aligns the financial reporting requirements for pensions with those for other postemployment benefits (OPEB) and, in doing so, enhances information disclosed in the notes to the financial statements or presented as required supplementary information (RSI) by pension plans and by employers that provide pension benefits.

The GASB has issued Statement No. 51, *Accounting and Financial Reporting for Intangible Assets*, which will be effective for the Airport beginning with its year ending April 30, 2011. The objective of this Statement is to establish accounting and financial reporting requirements for intangible assets to reduce these inconsistencies, thereby enhancing the comparability of the accounting and financial reporting of such assets among state and local governments.

The Authority has not yet determined what effect, if any, these statements will have on the financial statements.

Required Supplementary Information

Greater Rockford Airport Authority
Schedule of Pension Funding Progress
April 30, 2008

<i>Actuarial Valuation Date</i>	<i>Actuarial Value of Assets (a)</i>	<i>Actuarial Accrued Liability (AAL) Entry Age (b)</i>	<i>Over Funded AAL (a-b)</i>	<i>Funded Ratio (a/b)</i>	<i>Covered Payroll (c)</i>	<i>Over Funded as a Percentage of Covered Payroll ((a-b)/c)</i>
12/31/2007	\$ 6,283,316	\$ 5,598,293	\$ 685,023	112.24	\$ 2,068,301	33.12 %
12/31/2006	5,658,743	5,126,083	532,660	110.39	1,763,422	30.21
12/31/2005	5,096,267	4,638,443	457,824	109.87	1,614,620	28.38
12/31/2004	4,684,289	4,155,918	528,371	112.83	1,685,526	31.35

On a market value basis, the actuarial value of assets as of December 31, 2007 is \$6,773,169. On market basis, the funded ratio would be 120.99%.

Digest of Changes

The actuarial assumptions used to determine the actuarial accrued liability for 2007, 2006 and 2005 were changed due to the 2002-2004 experience study. The principal changes were:

- The 1994 Group Annuity Mortality implemented.
- For Regular members, fewer normal and more early retirements are expected to occur.

Statistical Section (Unaudited)



CONTENTS

Statistical Section (Unaudited)

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 Assets
Years Ended April 30, 1999 Through 2008

	<i>FYE08</i>	<i>FYE07</i>	<i>FYE06</i>	<i>FYE05</i>
Operating revenues				
Airport fees	\$ 3,090,427	\$ 2,838,180	\$ 2,685,962	\$ 2,669,598
Lease revenue	1,421,692	1,474,961	1,339,055	1,301,855
Intergovernmental grant revenue, airshow and other revenue	2,284,951	1,263,026	1,282,240	391,701
Total operating revenues	6,797,070	5,576,167	5,307,257	4,363,154
Other revenues				
Taxes - property and corporate	3,616,706	8,882,266	9,654,318	9,216,668
Intergovernmental grant revenue - capital	3,430,820	3,662,243	2,889,646	-
Annexation agreement	139,457	127,373	135,548	125,239
Interest income	468,102	502,678	334,787	179,239
Other income	4,324	-	7,979	475,727
Total other revenues	7,659,409	13,174,560	13,022,278	9,996,873
Total revenues	14,456,479	18,750,727	18,329,535	14,360,027
Operating expenses				
Personnel and benefits	3,179,660	2,873,950	2,571,514	2,456,818
Contractual services	4,138,791	4,648,696	5,582,762	4,410,660
Commodities	1,596,645	906,456	802,286	667,020
Bad debt expense	4,873	4,025	53,607	14,270
Property tax expense	90,312	78,453	80,045	57,902
Other	172,477	114,185	198,363	227,019
Depreciation and amortization	7,521,397	6,532,477	5,922,016	5,639,303
Landfill closing costs	-	-	-	-
Total operating expenses	16,704,155	15,158,242	15,210,593	13,472,992
Other expenses				
Interest expense	13,312	130,904	370,053	517,094
Other expense	-	-	138,825	8,573
Total nonoperating revenues	13,312	130,904	508,878	525,667
Total expenses	16,717,467	15,289,146	15,719,471	13,998,659
Capital contributions	2,190,410	4,137,434	3,402,189	6,426,441
Change in net assets	\$ (70,578)	\$ 7,599,015	\$ 6,012,253	\$ 6,787,809
Net assets at year end composed of:				
Investment in capital assets, net of related debt	\$ 101,687,621	\$ 103,654,543	\$ 99,296,247	\$ 92,762,987
Unrestricted	8,973,283	7,076,939	3,836,220	4,357,227
Total net assets	\$ 110,660,904	\$ 110,731,482	\$ 103,132,467	\$ 97,120,214

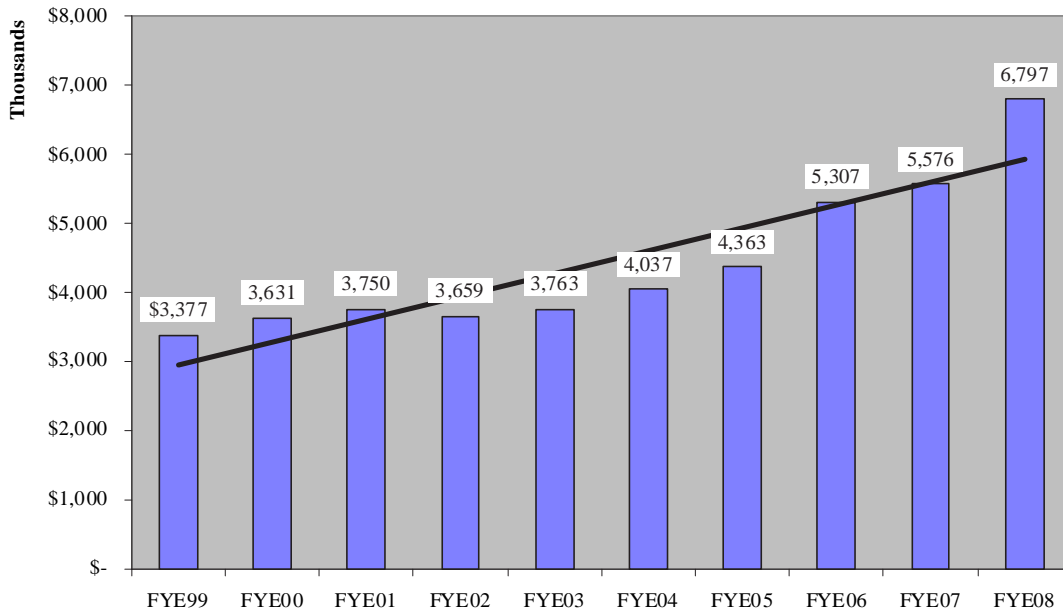
Source: The Authority Finance Department

<i>FYE04</i>	<i>FYE03</i>	<i>FYE02</i>	<i>FYE01</i>	<i>FYE00</i>	<i>FYE99</i>
\$ 2,416,935	\$ 2,294,770	\$ 2,379,467	\$ 2,500,870	\$ 2,397,796	\$ 2,274,971
1,255,751	1,125,679	956,229	902,846	901,501	802,792
364,661	342,667	323,430	346,305	331,848	299,234
<u>4,037,347</u>	<u>3,763,116</u>	<u>3,659,126</u>	<u>3,750,021</u>	<u>3,631,145</u>	<u>3,376,997</u>
8,815,937	8,387,573	8,242,768	8,323,179	8,203,023	7,975,582
-	-	-	-	-	-
127,975	130,214	130,417	160,916	77,185	113,989
93,680	123,094	200,728	415,286	367,949	388,157
261,066	55,154	15,756	828	2,500	86,284
<u>9,298,658</u>	<u>8,696,035</u>	<u>8,589,669</u>	<u>8,900,209</u>	<u>8,650,657</u>	<u>8,564,012</u>
<u>13,336,005</u>	<u>12,459,151</u>	<u>12,248,795</u>	<u>12,650,230</u>	<u>12,281,802</u>	<u>11,941,009</u>
2,552,998	2,459,002	2,379,398	2,719,647	2,710,721	2,616,093
1,734,859	882,576	829,691	838,948	916,412	914,075
646,699	466,069	571,364	855,404	781,930	962,501
2,920	4,513	3,943	-	60	12,531
100,650	57,137	(79,107)	129,198	18,659	111,608
256,670	286,353	251,473	334,966	377,070	415,051
5,607,612	5,559,913	5,450,284	5,689,086	4,361,338	2,895,695
-	-	808,511	200,000	500,000	800,000
<u>10,902,408</u>	<u>9,715,563</u>	<u>10,215,557</u>	<u>10,767,249</u>	<u>9,666,190</u>	<u>8,727,554</u>
857,214	1,241,663	1,744,834	2,198,999	2,551,261	2,978,438
471,246	7,702	291,828	6,294	3,142	203,260
<u>1,328,460</u>	<u>1,249,365</u>	<u>2,036,662</u>	<u>2,205,293</u>	<u>2,554,403</u>	<u>3,181,698</u>
<u>12,230,868</u>	<u>10,964,928</u>	<u>12,252,219</u>	<u>12,972,542</u>	<u>12,220,593</u>	<u>11,909,252</u>
<u>5,489,787</u>	<u>7,159,692</u>	<u>3,527,489</u>	<u>4,243,117</u>	<u>3,696,325</u>	<u>3,185,096</u>
<u>\$ 6,594,924</u>	<u>\$ 8,653,915</u>	<u>\$ 3,524,065</u>	<u>\$ 3,920,805</u>	<u>\$ 3,757,534</u>	<u>\$ 3,216,853</u>
\$ 85,627,825	\$ 79,062,904	\$ 71,793,160	\$ 68,576,178	\$ 65,199,269	\$ 60,161,141
4,704,580	4,674,577	3,290,406	2,983,323	2,439,427	3,781,230
<u>\$ 90,332,405</u>	<u>\$ 83,737,481</u>	<u>\$ 75,083,566</u>	<u>\$ 71,559,501</u>	<u>\$ 67,638,696</u>	<u>\$ 63,942,371</u>

Greater Rockford Airport Authority
Schedule of Revenue by Sources
Years Ended April 30, 1999 Through 2008

	Airport Fees				Lease Revenue						Total Operating Income
	Airside		Landside		On Airport			Off Airport			
	Fuel Flowage Fees	Landing Fees	Parking Fees	Rental Car Commissions	Building	Land	Terminal	Building	Land	Other	
FYE99	\$ 561,233	\$ 1,362,621	\$ 127,553	\$ 223,564	\$ 184,644	\$ 212,352	\$ 116,908	\$ 60,282	\$ 228,606	\$ 299,234	\$ 3,376,997
FYE00	692,290	1,366,736	128,653	210,117	204,946	221,056	117,750	77,522	280,227	331,848	3,631,145
FYE01	819,566	1,394,021	110,613	176,669	216,321	234,487	122,538	60,150	269,350	346,306	3,750,021
FYE02	827,650	1,404,969	9,451	137,397	255,335	243,387	114,804	89,967	252,736	323,430	3,659,126
FYE03	829,928	1,326,471	966	137,405	350,979	298,122	116,086	103,594	256,898	342,667	3,763,116
FYE04	882,759	1,415,100	310	118,766	440,069	295,629	120,852	107,510	291,691	364,661	4,037,347
FYE05	597,471	1,942,629	-	129,498	481,540	296,300	113,387	116,462	294,166	391,701	4,363,154
FYE06	61,289	2,424,015	-	200,658	516,103	315,068	83,224	126,294	298,366	1,282,240	5,307,257
FYE07	54,568	2,583,143	-	200,469	543,127	338,381	82,424	141,743	369,286	1,263,026	5,576,167
FYE08	64,943	2,821,852	-	203,631	556,981	355,060	59,948	139,352	310,352	2,284,951	6,797,070

Source: The Authority Finance Department.



Greater Rockford Airport Authority
Schedule of Certain Expenses by Function and Department
Years Ended April 30, 1999 Through 2008

	<i>FYE08</i>	%	<i>FYE07</i>	%	<i>FYE06</i>	%	<i>FYE05</i>	%	<i>FYE04</i>	%
Finance & Administration	\$ 1,761,459	19.4%	\$ 2,339,633	27.4%	\$ 2,248,367	24.6%	\$ 1,529,751	19.7%	\$ 1,700,229	32.8%
Operations & Facilities	4,448,655	49.0%	3,767,951	44.1%	3,487,151	38.1%	2,435,114	31.4%	2,250,962	43.4%
Operations	-	0.0%	-	0.0%	-	0.0%	892,969	11.5%	462,849	8.9%
Air Service Development	1,508,764	16.6%	2,435,703	28.5%	3,419,407	37.4%	2,903,683	37.4%	777,186	15.0%
Terminal Services	613,421	6.8%	-	0.0%	-	0.0%	-	0.0%	-	0.0%
AirFest	755,274	8.3%	-	0.0%	-	0.0%	-	0.0%	-	0.0%
Total	<u>\$9,087,573</u>		<u>\$8,543,287</u>		<u>\$9,154,925</u>		<u>\$7,761,517</u>		<u>\$5,191,226</u>	

	<i>FYE03</i>	%	<i>FYE02</i>	%	<i>FYE01</i>	%	<i>FYE00</i>	%	<i>FYE99</i>	%
Finance & Administration	\$ 1,559,714	38.1%	\$ 1,397,367	34.7%	\$ 1,352,033	28.5%	\$ 1,313,561	27.4%	\$ 1,407,867	28.7%
Operations & Facilities	1,859,609	45.4%	1,958,035	48.6%	2,407,741	50.7%	2,424,702	50.7%	2,489,258	50.7%
Operations	598,622	14.6%	676,524	16.8%	989,191	20.8%	1,047,870	21.9%	1,010,595	20.6%
Air Service Development	76,055	1.9%	-	0.0%	-	0.0%	-	0.0%	-	0.0%
Terminal Services	-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%
AirFest	-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%
Total	<u>\$4,094,000</u>		<u>\$4,031,926</u>		<u>\$4,748,965</u>		<u>\$4,786,133</u>		<u>\$4,907,720</u>	

Source: The Authority Finance Department.

Greater Rockford Airport Authority
Schedule of Major Tenants
Years Ended April 30, 2008 and 1999

	<i>FYE08</i>		<i>FYE99</i>	
	Revenue	% Total Operating Revenue	Revenue	% Total Operating Revenue
United Parcel Service	\$ 2,388,766	35.14%	\$ 1,551,599	45.95%
Air Transport Int'l (BAX Global)	368,455	5.42%		
Emery Air Charter	324,565	4.78%	84,937	2.52%
Allegiant Air	181,816	2.67%		
ABX Air, Inc	157,710	2.32%		
Rockford, Sand & Gravel	90,000	1.32%	75,000	2.22%
Pride Aircraft	71,246	1.05%		
Rock Road	68,799	1.01%		
Rubloff Aviation, LLC	67,966	1.00%		
Kaney Aviation	48,184	0.71%		
Crawford, Murphy & Tilly	28,587	0.42%	37,650	1.11%
Raytheon Services			149,439	4.43%
Mesaba/Northwest Airlines			91,039	2.70%
Aero-Taxi Rockford			48,143	1.43%
Tenant			43,407	1.29%
CNF, Emery Worldwide			36,438	1.08%
Parkside Warehouse			36,084	1.07%
Total	<u>\$ 3,796,094</u>	<u>55.85%</u>	<u>\$ 2,153,736</u>	<u>63.80%</u>

Source: The Authority Finance Department

Greater Rockford Airport Authority
Schedule of Debt Obligation Coverage
Years Ended April 30, 1999 Through 2008

	Gross Revenue (1)	Operating Expenses (2)	Net Revenue Available for Debt & Obligation Payment	Debt and Obligation Requirements			Coverage
				Principal	Interest	Total	
FYE99	\$ 11,941,009	\$ 4,907,720	\$ 7,033,289	\$ 3,915,000	\$ 1,543,709	\$ 5,458,709	1.29
FYE00	12,281,802	4,783,133	7,498,669	3,865,000	1,652,833	5,517,833	1.36
FYE01	12,650,230	4,748,965	7,901,265	3,955,000	1,695,855	5,650,855	1.40
FYE02	12,248,795	4,031,926	8,216,869	4,270,000	1,439,353	5,709,353	1.44
FYE03	12,434,537	4,094,000	8,340,537	4,896,000	1,203,052	6,099,052	1.37
FYE04	13,336,005	5,294,796	8,041,209	5,561,000	862,115	6,423,115	1.25
FYE05	14,360,027	7,833,689	6,526,338	6,026,000	569,431	6,595,431	0.99
FYE06	18,329,535	9,288,577	9,040,958	5,446,000	176,118	5,622,118	1.61
FYE07	18,750,727	8,625,765	10,124,962	96,000	14,976	110,976	91.24
FYE08	14,456,479	9,182,758	5,273,721	96,000	9,984	105,984	49.76

Source: The Authority Finance Department

(1) Gross revenue includes both operating and nonoperating revenue.

(2) Operating expenses excluding depreciation and landfill costs.

Greater Rockford Airport Authority
Schedule of Property Tax Levies and Collections
Years Ended April 30, 1999 Through 2008

	<i>Tax Levy Year</i>			
	<i>2008</i>	<i>2007</i>	<i>2006</i>	<i>2005</i>
Assessed valuations (in thousands):	\$ 3,580,845	\$ 3,363,233	\$ 3,155,961	\$ 2,964,364
Rate per \$100 of assessed valuation:				
General - corporate	0.0750	0.0750	0.0750	0.0750
General - other	0.0134	0.0143	0.0150	0.0228
Bond retirement and interest	-	-	0.1765	0.2212
Total	0.0884	0.0893	0.2665	0.3190
<i>Tax Levy:</i>				
General purposes	3,112,506	2,966,393	2,810,123	2,663,076
Bond retirement and interest	-	-	5,510,964	6,480,445
Total tax levy	3,112,506	2,966,393	8,321,087	9,143,521
<i>Collections: (See Notes (1) and (2))</i>				
General purposes	-	2,970,528	2,808,305	2,659,987
Bond retirement and interest	-	-	5,507,399	6,472,922
Total collected	\$ -	\$ 2,970,528	\$ 8,315,704	\$ 9,132,909
<i>Percent of tax levy extension collected</i>	-	100.1%	99.9%	99.9%

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 2007 levy will be collected in the fiscal year ending April 30, 2009.

Tax Levy Year

	2004	2003	2002	2001	2000	1999
\$	2,911,791	\$ 2,754,388	\$ 2,643,547	\$ 2,515,587	\$ 2,463,730	\$ 2,436,224
	0.0739	0.0742	0.0736	0.0750	0.0750	0.0750
	0.0242	0.0148	0.0170	0.0176	0.0220	0.0231
	0.2185	0.2186	0.2164	0.2250	0.2254	0.2241
	0.3166	0.3076	0.3070	0.3176	0.3224	0.3222
	2,564,417	2,451,405	2,395,054	2,329,433	2,374,764	2,389,936
	6,295,788	6,021,091	5,720,637	5,660,070	5,518,265	5,459,579
	8,860,205	8,472,496	8,115,691	7,989,503	7,893,029	7,849,515
	2,549,793	2,447,314	2,379,440	2,302,754	2,362,702	2,358,560
	6,259,881	6,011,038	5,683,178	5,598,610	5,490,198	5,397,518
\$	8,809,674	\$ 8,458,352	\$ 8,062,618	\$ 7,901,364	\$ 7,852,900	\$ 7,756,078
	99.4%	99.8%	99.3%	98.9%	99.5%	98.8%

Greater Rockford Airport Authority
 Schedule of Assessed Value, Levies and Rates
 Years Ended April 30, 1999 Through 2008

<i>Levy Year</i>	<i>Assessed Valuations (in thousands)</i>	<i>Tax Levy</i>			<i>Tax Rates</i>		<i>GRAA % County</i>
		<i>Operating</i>	<i>Debt</i>	<i>Total</i>	<i>GRAA</i>	<i>County</i>	
1999	\$ 2,436,224	\$2,389,936	\$5,459,579	\$7,849,515	0.3222	11.4912	2.80%
2000	2,463,730	2,374,764	5,518,265	7,893,029	0.3224	10.4030	3.10%
2001	2,515,587	2,329,433	5,660,070	7,989,503	0.3176	10.7265	2.96%
2002	2,643,547	2,395,054	5,720,637	8,115,691	0.3070	10.7670	2.85%
2003	2,754,388	2,451,405	6,021,091	8,472,496	0.3076	10.6787	2.88%
2004	2,911,791	2,564,417	6,295,788	8,860,205	0.3166	10.7670	2.94%
2005	2,964,364	2,663,076	6,480,445	9,143,521	0.3190	10.8681	2.94%
2006	3,155,961	2,810,123	5,510,964	8,321,087	0.2665	10.7768	2.47%
2007	3,363,233	2,966,393	-	2,966,393	0.0893	10.4709	0.85%
2008	3,580,845	3,112,506	-	3,112,506	0.0884	10.2842	0.86%

Source: The Authority Finance Department.

Greater Rockford Airport Authority
 Schedule of Principal Property Taxpayers in Winnebago County
 Years Ended April 30, 2008 and 1999

<i>Taxpayer</i>	<i>Type of Business</i>	<i>2007 Assessed Valuation</i>	<i>Percentage of Total Assessed Valuation</i>	<i>1998 Assessed Valuation</i>	<i>Percentage of Total Assessed Valuation</i>
CBL/Cherryvale LLC	Shopping Mall	\$ 15,172,154	0.33%	\$ 12,462,313	0.51%
Lowe's Home Center Inc	Retail	14,776,374	0.32%		
Hamilton Sundstrand Corp	Hydraulic and Aerospace	7,294,782	0.16%	14,187,458	0.58%
Two Star Property Co., Inc.	Retail/Real Estate Holdings	5,889,082	0.13%		
United Parcel Service, Inc.	Parcel Delivery Services	5,584,632	0.12%		0.00%
Menard Inc.	Retail	5,413,557	0.12%		
Simon Property	Retail/Real Estate Holdings	5,078,555	0.11%	6,708,974	0.28%
Swedish American Hospital	Hospital	4,784,808	0.10%		
Edward Rose Associates, Inc	Real Estate Holdings	4,525,766	0.10%		
MB Rockford State LLC	Holdings	4,481,988	0.10%		
Sunil Puri	Holdings	3,998,712	0.09%	5,956,319	0.24%
Amcore	Bank and holding			34,530,772	1.42%
Bank one	Bank and holding			14,322,079	0.59%
Greater Rockford Airport	Airport			6,305,579	0.26%
Commonwealth Edison	Utilities			6,087,277	0.25%
Belvidere National Bank	Holdings			5,845,183	0.24%
Wal-Mart Stores, Inc	Retail			5,399,261	0.22%
Total		\$ 77,000,410	1.67%	\$ 111,805,215	4.59%

Total Assessed Valuation -
\$4,604,745,462

Total Assessed Valuation -
\$2,436,224,510

Source: Winnebago County Clerk

Greater Rockford Airport Authority
Chicago Rockford International Airport Information
Year Ended April 30, 2008

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	<u>7,714 sq. ft.</u>	
	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.	
	DHL Building	27,600 sq. ft.	
	BAX Global Building	21,000 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, 1999 Through 2008

	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>	<u>2000</u>	<u>1999</u>
Board of Commission	7	7	7	7	7	7	7	7	7	7
Administration/Finance	10	11	9	9	9	9	9	14	12	15
Air Service Development/Marketing	1	1	2	1	1	1	-	-	-	-
Operations/Facilities	20	25	16	20	20	21	25	21	23	23
Terminal Services	5	-	-	-	-	-	-	-	-	-
AirFest	1	-	-	-	-	-	-	-	-	-
Public Safety	-	-	-	-	5	7	9	18	24	24
	<u>44</u>	<u>44</u>	<u>34</u>	<u>37</u>	<u>42</u>	<u>45</u>	<u>50</u>	<u>60</u>	<u>66</u>	<u>69</u>

Source: The Authority Finance Department.

Greater Rockford Airport Authority
Schedule of Air Commerce
Years Ended April 30, 1999 Through 2008

	<i>FYE08</i>	<i>% of Change from Prior year</i>	<i>FYE07</i>	<i>FYE06</i>	<i>FYE05</i>
Passenger Enplanements					
Scheduled	113,498		93,821	41,283	-
Charter	3,024		4,495	41,562	53,459
Total	<u>116,522</u>	18.52%	<u>98,316</u>	<u>82,845</u>	<u>53,459</u>
Cargo					
Enplaned	252,458,047	3.79%	243,233,380	227,887,673	213,888,065
Deplaned	219,505,282	4.90%	209,245,612	191,562,665	186,951,177
Total	<u>471,963,329</u>	4.31%	<u>452,478,992</u>	<u>419,450,338</u>	<u>400,839,242</u>
Cargo Aircraft Landed Weight	1,487,894,013	4.81%	1,419,558,172	1,374,921,520	1,383,856,242
Fuel Flowage	23,257,844	9.65%	21,210,247	20,592,954	20,690,853
Aircraft Operations	71,422	-9.84%	79,220	71,745	71,796

Source: The Authority Finance Department

<i>FYE04</i>	<i>FYE03</i>	<i>FYE02</i>	<i>FYE01</i>	<i>FYE00</i>	<i>FYE99</i>
-	-	1,557	3,267	3,559	3,954
32,978	1,437	1,399	19,855	27,697	29,808
<u>32,978</u>	<u>1,437</u>	<u>2,956</u>	<u>23,122</u>	<u>31,256</u>	<u>33,762</u>
190,301,776	191,702,805	209,026,094	230,531,808	236,470,023	210,544,571
160,735,368	161,321,411	179,066,741	197,271,457	203,194,754	185,654,809
<u>351,037,144</u>	<u>353,024,216</u>	<u>388,092,835</u>	<u>427,803,265</u>	<u>439,664,777</u>	<u>396,199,380</u>
1,271,605,264	1,242,390,680	1,329,380,807	1,339,424,950	1,261,886,800	1,271,773,400
15,606,174	15,952,468	18,646,052	19,736,585	19,020,648	18,941,857
77,809	84,492	80,247	84,126	102,277	109,349

Greater Rockford Airport Authority
Schedule of Rates and Charges
Years Ended April 30, 1999 Through 2008

	<i>2008</i>	<i>2007</i>	<i>2006</i>	<i>2005</i>	<i>2004</i>	<i>2003</i>	<i>2002</i>	<i>2001</i>	<i>2000</i>	<i>1999</i>
Fuel										
Class A	\$ 0.60	\$ 0.60	\$ 0.60	\$ 0.60	\$ 0.06	\$ 0.06	\$ 0.06	\$ 0.06	\$ 0.06	\$ 0.06
Class B	\$ 0.08	\$ 0.08	\$ 0.08	\$ 0.08	\$ 0.08	\$ 0.08	\$ 0.08	\$ 0.08	\$ 0.08	\$ 0.08
Class C										
0-1 mil	\$ 0.08	\$ 0.08	\$ 0.08	\$ 0.08	\$ 0.1150	\$ 0.1150	\$ 0.1100	\$ 0.1050	\$ 0.1000	\$ 0.0950
1-10 mil					\$ 0.0450	\$ 0.0450	\$ 0.0400	\$ 0.0350	\$ 0.0300	\$ 0.0250
10-15 mil					\$ 0.0425	\$ 0.0425	\$ 0.0375	\$ 0.0325	\$ 0.0275	\$ 0.0225
15-20 mil					\$ 0.0400	\$ 0.0400	\$ 0.0350	\$ 0.0300	\$ 0.0250	\$ 0.0200
+ 20 mil					\$ 0.0350	\$ 0.0350	\$ 0.0300	\$ 0.0250	\$ 0.0200	\$ 0.0150
Landing Fee										
/1,000 lbs					\$ 1.0914	\$ 1.0914	\$ 1.0395	\$ 1.0395	\$ 0.99	\$ 0.99
Minimum					\$ 10.00	\$ 10.00	\$ 10.00	\$ 10.00	\$ 10.00	\$ 10.00
Over 120,000,000 lbs - Annual	\$ 1.641	\$ 1.641	\$ 1.641							
Under 120,000,000 lbs - Annual	\$ 1.964	\$ 1.964	\$ 1.964							
Terminal Usage										
Signatory & Charter Flights										
50 seats or less	\$ 106.40	\$ 106.40								
51 to 110 seats	\$ 169.60	\$ 169.60								
111 to 150 seats	\$ 275.20	\$ 275.20								
151 to 200 seats	\$ 370.40	\$ 370.40								
201 to 250 seats	\$ 476.00	\$ 476.00								
215 or more seats	\$ 634.40	\$ 634.40								
100 or more departures/month	\$ 50.00	\$ 50.00								
Non-signatory & Charter Flights										
50 seats or less	\$ 133.00	\$ 133.00								
51 to 110 seats	\$ 212.00	\$ 212.00								
111 to 150 seats	\$ 344.00	\$ 344.00								
151 to 200 seats	\$ 463.00	\$ 463.00								
201 to 250 seats	\$ 595.00	\$ 595.00								
215 or more seats	\$ 793.00	\$ 793.00								

Source: The Authority Finance Department.

Greater Rockford Airport Authority
 Schedule of Largest Employers in the Greater Rockford Area
 Years Ended April 30, 2008 and 1999

<i>Employer</i>	<i>Product/Service</i>	<i>2008</i>	<i>1999</i>
Rockford Health System	Health Care	3,735	3,300
Daimler Chrysler Corporation	Automobiles	2,715	3,500
Swedish American Health System	Health Care	2,625	2,500
Hamilton Sundstrand Corporation	Aerospace Components	2,200	3,400
OSF St. Anthony Medical Center	Health Care	2,094	1,660
United Parcel Service	Parcel Sorting Hub	1,600	2,000
AMCORE Bank	Financial services	1,595	
Anderson Packaging	Pharmaceutical packaging	1,200	
NCO	Telemarketing	1,200	
Woodward Governor Co.	Aerospace, governors, equipment	1,071	
Ingersoll Milling Machine Co	Special Machine Tools		1,870
Textron	Power hand tools: industrial fasteners		1,600
Amerock Corporation	Hardware		1,250
ELCO Industries	Fasteners Manufacturing		850
Total of 10 largest employers		<u>20,035</u>	<u>21,930</u>

Source: Rockford Area Economic Development Council

Greater Rockford Airport Authority
 Schedule of Demographic Indicators for Winnebago County
 Years Ended April 30, 1999 Through 2008

<i>Year</i>	(1) Population	(2) Personal Income <i>(thousands of dollars)</i>	Per Capita Personal Income	(3) Unemployment Rate
1998	252,913	\$7,048,551	\$27,869	4.5%
1999	252,913	7,197,788	28,460	4.2%
2000	252,913	7,543,706	29,827	4.8%
2001	278,418	7,436,265	26,709	7.0%
2002	278,418	7,610,535	27,335	7.4%
2003	278,418	7,878,759	28,298	8.6%
2004	278,483	7,974,948	27,741	6.4%
2005	278,418	8,233,961	28,386	5.7%
2006	278,418	8,666,422	29,509	5.5%
2007	298,759	*	*	7.0%

(1) Source: U.S. Census Bureau, 2007 Population Estimates, Census 2000, 1990 Census

(2) Bureau of Economic Analysis an agency of the U.S. Department of Commerce

* Information not yet available

(3) Illinois Department of Employment Security

Compliance Section



This section contains the following subsections.

- ◆ Independent Auditor's Reports
- ◆ Schedule of Expenditures of Federal Awards
- ◆ Notes to Schedule of Expenditures of Federal Awards
- ◆ Schedule of Findings and Questioned Costs
- ◆ Summary Schedule of Prior Audit Findings
- ◆ Schedule of Passenger Facility Charges
- ◆ Summary of Audit Results

McGladrey & Pullen

Certified Public Accountants

Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

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

We have audited the basic financial statements of the Greater Rockford Airport Authority (Authority) as of and for the year ended April 30, 2008, and have issued our report thereon dated July 30, 2008. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of the control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the deficiency described in the accompanying schedule of findings and questioned costs (finding 08-01) to be a significant deficiency in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we believe that none of the significant deficiencies described above is a material weakness.

Compliance and Other Matters

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

The Authority's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. We did not audit the Authority's response, and accordingly, we express no opinion on it.

This report is intended solely for the information and use of the Board of Commissioners, management, federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

McGladrey & Pullen, LLP

Rockford, Illinois
July 30, 2008

McGladrey & Pullen

Certified Public Accountants

Independent Auditor's Report on Compliance with Requirements Applicable to Each Major Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133

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

Compliance

We have audited the compliance of the Greater Rockford Airport Authority (the Authority), with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133, Compliance Supplement* that are applicable to each of its major federal programs for the year ended April 30, 2008. The Authority's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the Authority's management. Our responsibility is to express an opinion on the Authority's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Nonprofit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Authority's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the Authority's compliance with those requirements.

In our opinion, the Authority complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended April 30, 2008.

Internal Control Over Compliance

The management of the Authority is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the Authority's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance but, not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control over compliance.

A *control deficiency* in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by any entity's internal control.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of the Board of Commissioners, management, federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

McGladrey & Pullen, LLP

Rockford, Illinois
July 30, 2008

Greater Rockford Airport Authority
 Schedule of Expenditures of Federal Awards
 Year Ended April 30, 2008

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-Through Grantor's Number	Federal Expenditures
U.S. Department of Transportation Passed through the Illinois Department of Transportation Airport Improvement Program	20.106	N/A	<u>\$ 3,430,345</u>
Total U.S. Department of Transportation			<u>3,430,345</u>
Total Expenditures of Federal Awards			<u><u>\$ 3,430,345</u></u>

N/A - Not applicable or not available.

See Note to Schedule of Expenditures of Federal Awards.

Note 1. Significant Accounting Policy

The schedule of expenditures of federal awards presents the amount of federal awards expended by the Greater Rockford Airport Authority (Authority) as required by OMB Circular A-133.

Basis of accounting: The schedule has been prepared using the accrual basis of accounting which is the same basis used in preparing the financial statements of the Airport.

Greater Rockford Airport Authority

Schedule of Findings and Questioned Costs Year Ended April 30, 2008

I. SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

Material weakness(es) identified? Yes No

Significant deficiency(ies) identified that are not considered to be material weaknesses? Yes None Reported

Noncompliance material to financial statements noted? Yes No

Federal Awards

Internal control over major programs:

Material weakness(es) identified? Yes No

Significant deficiency(ies) identified that are not considered to be material weakness(es)? Yes None Reported

Type of auditor's report issued on compliance for major programs: Unqualified

Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of Circular A-133? Yes No

(Continued)

Greater Rockford Airport Authority

Schedule of Findings and Questioned Costs (Continued)

Year Ended April 30, 2008

Identification of major programs:

CFDA Number	Name of Federal Program or Cluster
20.106	Airport Improvement Program
Dollar threshold used to distinguish between type A and B programs	\$300,000
Auditee qualified as low-risk auditee?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No

II. FINANCIAL STATEMENT FINDINGS

Finding 08-01: Capital Asset Classification

Criteria: Proper classification of fixed assets and the subsequent depreciation of the depreciable assets should be consistent to establish a strong overall control system.

Condition and Context: It was noted during the audit that two capital assets were incorrectly classified as land when they should have been classified in other depreciable fixed asset classifications and depreciated over the appropriate years.

Cause and Effect: It appears the capitalization policy is not specific regarding classification of assets. As a result of this deficiency, additional depreciation of \$456,060 and additional amortization of \$191,500 was expensed during the current year to properly classify the assets.

Recommendation: We recommend the capitalization policy be updated to provide guidance on asset classification and that capital asset additions are reviewed for reasonableness during the year.

Management Response and Planned Corrective Actions: The Authority has implemented procedures to ensure future assets are classified to the proper accounts. Additionally, the Authority has reviewed all existing fixed assets for proper classification.

III. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

For the year ended April 30, 2008, no matters were noted.

Greater Rockford Airport Authority

Summary Schedule of Prior Audit Findings

Year Ended April 30, 2008

Finding 07-01: Late filing of quarterly reports

The Small Community Air Service Development Program offered by the Department of Transportation (DOT), requires project reports be reported to the DOT on a quarterly basis, with reports due to the DOT on the fifteenth of the month following the end of each calendar quarter. We noted two out of four quarterly reports were filed late. There were no questioned costs identified.

Corrective Action Taken:

The Authority has implemented procedures to ensure reports are filed in a timely manner. Those procedures include adding grant reporting timelines to the annual financial calendar and for reminders to be placed in tasks section of our automated scheduler.

McGladrey & Pullen

Certified Public Accountants

Independent Auditor's Report on Compliance with Requirements Applicable to the Passenger Facility Charge Program and on Internal Control Over Compliance

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

Compliance

We have audited the compliance of the Greater Rockford Airport Authority ("Authority") with the compliance requirements described in the *Passenger Facility Charge Audit Guide for Public Agencies*, issued by the Federal Aviation Administration (Guide), for its passenger facility charge program for the year ended April 30, 2008. Compliance with the requirements of laws and regulations applicable to its passenger facility charge program is the responsibility of the Authority's management. Our responsibility is to express an opinion on the Authority's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the Guide. Those standards and the Guide require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the compliance requirements referred to above that could have a direct and material effect on the passenger facility charge program occurred. An audit includes examining, on a test basis, evidence about the Authority's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the Authority's compliance with those requirements.

In our opinion, the Authority complied, in all material respects, with the requirements referred to above that are applicable to its passenger facility charge program for the year ended April 30, 2008.

Internal Control Over Compliance

The management of the Authority is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws and regulations applicable to the passenger facility charge program. In planning and performing our audit, we considered the Authority's internal control over compliance with requirements that could have a direct and material effect on the passenger facility charge program in order to determine our auditing procedures for the purpose of expressing our opinion on the effectiveness of the Authority's internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control over compliance in accordance with the guide.

A *control deficiency* in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement in accordance with the guide for the passenger facility charge program on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer the passenger facility charge program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of the program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies that results in more than a remote likelihood that material noncompliance with applicable requirements of laws and regulations that would be material in relation to the passenger facility charge program will not be prevented or detected by any entity's internal control.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily disclose all matters in the internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses as defined above.

This report is intended solely for the information and use of the Board of Commissioners, management, and the Federal Aviation Administration of the U.S. Department of Transportation and is not intended to be and should not be used by anyone other than these specified parties.

McGladrey & Pullen, LLP

Rockford, Illinois
July 30, 2008

Greater Rockford Airport Authority
Schedule of Passenger Facility Charges (PFC)
Year Ended April 30, 2008

<i>Quarter Ended</i>	<i>PFC Charges Received</i>	<i>Interest Earned</i>	<i>Total Received</i>	<i>Expenditures On Approved Projects</i>	<i>Expenditures On Approved Projects Over PFC Charges Received</i>
Beginning Balance	\$ 2,007,100	\$ 117,350	\$ 2,124,450	\$ 7,476,945	\$ 5,352,495
07/01/07	59,490	-	59,490	-	-
10/01/07	86,650	-	86,650	-	-
01/01/08	82,949	-	82,949	-	-
04/01/08	130,859	-	130,859	-	-
Total FYE2008	359,948	-	359,948	-	-
Total Program to Date	\$ 2,367,048	\$ 117,350	\$ 2,484,398	\$ 7,476,945	\$ 4,992,547

Greater Rockford Airport Authority
Summary of Audit Results
Year Ended April 30, 2008

A. SUMMARY OF AUDIT RESULTS

1. No material weaknesses were identified during the audit of the passenger facility charge program.
2. The auditor's report on compliance for the passenger facility charge program expresses an unqualified opinion.
3. There were no audit findings related to the passenger facility charge program.

B. FINDINGS AND QUESTIONED COSTS

1. None



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