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Paul Hoard DuPage County Clerk

DUPAGE AIRPORT AUTHORITY
WEST CHICAGO, ILLINOIS
(A COMPONENT UNIT OF DUPAGE COUNTY, ILLINOIS)

ANNUAL FINANCIAL REPORT

For the Year Ended
December 31, 2015

Prepared by the Finance Department
Patrick Hoard, Director of Finance



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WEST CHICAGO, ILLINOIS
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INTRODUCTORY SECTION

DUPAGE AIRPORT AUTHORITY

PRINCIPAL OFFICIALS

DECEMBER 31, 2015

BOARD OF COMMISSIONERS

Stephen L. Davis, Chairman
Juan E. Chavez, Vice Chairman
Peter H. Huizenga, Treasurer
Gina R. LaMantia, Secretary
Donald C. Sharp, Commissioner
Charles E. Donnelly, Commissioner
Gregory J. Posch, Commissioner
Daniel J. Wagner, Commissioner
Michael V. Ledonne, Commissioner

ADMINISTRATIVE

David Bird, Executive Director

FINANCIAL SECTION



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Members of American Institute of Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

Board of Commissioners
DuPage Airport Authority
West Chicago, Illinois

We have audited the accompanying financial statements of the DuPage Airport Authority, West Chicago, Illinois (the Authority), a component unit of DuPage County, Illinois, as of and for the year ended December 31, 2015, and the related notes to financial statements which collectively comprise the Authority's basic financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Authority's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the DuPage Airport Authority, West Chicago, Illinois, as of December 31, 2015, and the respective changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Change in Accounting Principle

As discussed in Note 13, the Authority adopted GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, which established standards for measuring and recognizing liabilities, deferred inflows and outflows of resources and expenses; modified certain disclosures in the notes to financial statements; and the required supplementary information. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the required supplementary information be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Authority's basic financial statements. The introductory section, supplemental data and other data are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The supplemental data is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplemental data is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory section and other data has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Sibach LLP

Naperville, Illinois
May 10, 2016

**GENERAL PURPOSE EXTERNAL
FINANCIAL STATEMENTS**

**DUPAGE AIRPORT AUTHORITY
WEST CHICAGO, ILLINOIS**

Management's Discussion and Analysis

As management of the DuPage Airport Authority ("Authority"), we offer readers of the Authority's financial statements this narrative overview and analysis of the financial activities of the Authority for the fiscal year ended December 31, 2015.

Basic Financial Statements

The Authority uses fund accounting to report on its financial position and the results of its operations. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Authority, like other local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. A fund is a separate accounting entity with a self-balancing set of accounts.

Proprietary funds are used to account for activities similar to those found in the private sector, where the determination of net income is necessary or useful to sound financial administration. The Authority uses one enterprise fund to account for those activities which include providing goods and services to outside parties. The Authority currently has three divisions within a single enterprise fund in order to appropriately account for its daily activities.

Under this method of accounting, revenue is recorded when earned and expenses are recorded when incurred. The basic financial statements include a statement of net position, a statement of revenues, expenses, and changes in net position, and a statement of cash flows.

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

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

The *Statement of Cash Flows* relates to the flows of cash and cash equivalents. Consequently, only transactions that affect the Authority's cash accounts are recorded in this statement. 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.

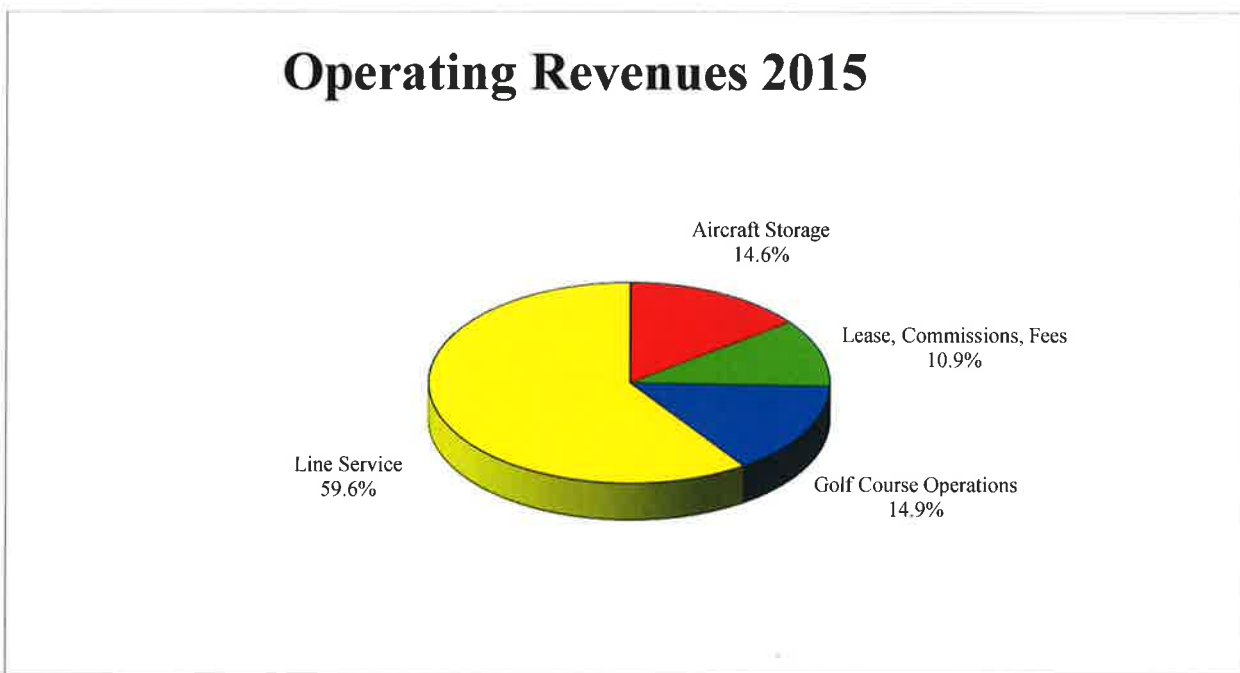
Financial Highlights

- ➔ The Authority's Total Net Position was \$169.9 million at December 31, 2015, a \$2.4 million increase from 2014.
- ➔ Operating income before depreciation and amortization was \$750,718. This compares to an operating loss of \$76,500 in the prior year. The main driver of this improvement was an increase in the volumes of fuel sold and the margins on the price of fuel.
- ➔ Operating revenues were down 9.6% from \$20 million to \$18 million. This decrease was almost entirely driven by lower Fueling Revenues in Line Service. The total volume of fuel sold in 2015 was up 5.3%. However, the average selling price of a gallon of fuel was down 19.3% (or \$0.94 per gallon).

- Operating expenses decreased 13.7% from \$20.1 million to \$17.3 million. Again, Line Service was the primary driver as fuel costs on average decreased by 36.5% (or \$1.16 per gallon).
- Net position increased by \$2.4 million compared to a \$1.5 million decrease the year prior. The largest factors relating to the improvement were:
 - Higher volume of fuel sold in 2015 at an increased profit margin. While the total revenues and expenses for fuel sold in 2015 was down, our profit margin on the average cost per gallon sold was up 13% and total gallons sold was up 5.3%.
 - Gain on disposal of assets increased \$1.4 million mostly due to sale of land at the Business Park.
 - Decreased depreciation of \$723,000 as a result of some assets becoming fully depreciated.
- The DuPage Airport Authority designates all property tax income to be used for capital and major maintenance projects. The Authority had \$4.3 million designated for these purposes at the end of 2014. The balance increased to \$7.2 million to end 2015. The Authority spent \$3.1 million in 2015 on capital and major maintenance projects. The majority of this was spent on widening the primary runway. New property tax revenues received were \$6 million.
- The DuPage Airport Authority received \$1.8 million in cash from land sales in 2015. These funds are restricted for aeronautical use per FAA grant assurance regulations.

Financial Information

Revenue - The chart below shows major sources of operating revenue for the year ending December 31, 2015.



Revenue (cont.) –

The following schedule is a summary of revenues for the fiscal years ended December 31, 2015 and 2014.

	2015	2014	Increase (Decrease)	% Increase -Decrease
Operating Revenues				
Aircraft Storage	\$2,644,702	\$2,437,304	207,398	8.51%
Leases, Commissions, Fees	1,959,818	2,448,750	(488,932)	-19.97%
Golf Course Operations	2,699,486	2,532,610	166,876	6.59%
Line Service	10,769,216	12,573,180	(1,803,964)	-14.35%
Total Operating Revenue	18,073,222	19,991,844	(1,918,622)	-9.60%
Non-operating Revenues				
Taxes - Property	6,044,405	5,532,310	512,095	9.26%
Taxes - Other	63,058	59,136	3,922	6.63%
Federal & State Grants	614,826	225,883	388,943	172.19%
Investment Income	51,727	215,354	(163,627)	-75.98%
Gain on Disposal of Assets	1,436,894	54,953	1,381,941	2514.77%
Other Income	147,187	75,506	71,681	94.93%
Total Non-operating Revenues	8,358,097	6,163,142	2,194,955	35.61%
Total Revenues	26,431,319	26,154,986	276,333	1.06%

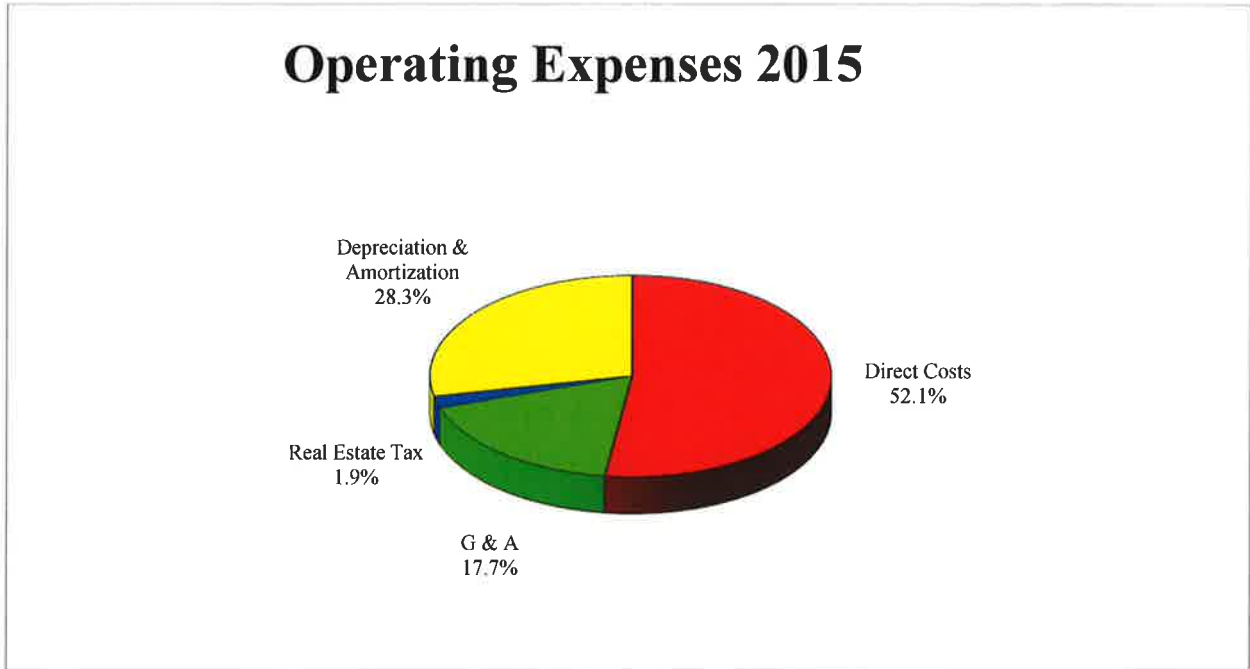
Total Revenues increased 1.06% from the previous year. The biggest factor is related to non-operating revenues, including a \$1.38 million increase in Gain on Disposal of Assets due to a sale of land at the Business Park, and an increase of \$389,000 in Grant Funding for capital projects. Total operating revenue is down 9.60% mainly due to the decrease in the price of fuel sold by line service. Total quantities of fuel sold increased 5.34% over 2014. However, the average selling price decreased more than 19%. This combination resulted in a 15% decrease in total fuel revenue (down \$1.87 million). The average selling price per gallon of Jet A fuel was only \$3.94 in 2015 compared to \$4.88 in 2014. Still, this operation continues to be a major revenue source for the Authority with over 62% of total operating revenues coming from fuel sales in the line service.

In 2015, the Golf Course saw an increase in operating revenues after undergoing a major bunker renovation project through most of 2014. Overall, Golf Operation rounds were up 16% and Golf Operation revenues were up 13.71%. Wedding and Banquet revenues were up 4.47% over 2014. The number of weddings performed in 2015 was up 36% from 2014. Food and Beverage increased 6.25%.

Aircraft Storage revenue increased \$207,000 (8.5%) over last year driven by an increasing utilization of our available storage and leasing space. Revenue from Leases, Commissions, and Fees had a decrease of \$489,000 (20%) due to the sale of land at the Business Park, which was previously leased, and also lease expirations and terminations.

The Airport reports its investments at market value. The investment gains for 2015 are down from the prior year due to a decrease in the total cash invested in the current year as well as lower market returns.

Expenses - The chart below shows major categories of expenses for the year ending December 31, 2015.



The following table presents a summary of expenses for the fiscal years ending December 31, 2015 and 2014.

	2015	2014	Increase (Decrease)	% Increase -Decrease
Operating Expenses				
Direct Costs	\$12,595,842	\$15,326,157	(2,730,315)	-17.81%
General & Administrative	4,271,438	4,164,045	107,393	2.58%
Real Estate Tax	455,224	578,142	(122,918)	-21.26%
Total Operating Expenses	17,322,504	20,068,344	(2,745,840)	-13.68%
Depreciation and Amortization	6,830,418	7,553,236	(722,818)	-9.57%
Total Expenses	24,152,922	27,621,580	(3,468,658)	-12.56%

Total expenses decreased 12.56%. Depreciation and Amortization decreased by 9.57%. This reduction is related to assets reaching the end of their expected values and becoming fully depreciated. The decrease in direct costs was due to the lower price of fuel purchased for sale by Line Service. General & Administrative costs increased 2.58% vs. 2014. The net increase in G&A costs was due to the implementation of GASB Statement No. 68, whereby the Authority is required to retroactively record the net pension liability for IMRF. The new GASB 68 requirement resulted in \$255,000 of additional costs recorded to G&A at the end of 2015. Without the GASB 68 adjustment, G&A costs were actually down 3.5% vs. 2014. The Real Estate Tax decrease was driven by a re-assessed value of property related to the Golf Course.

Capital Assets

Total Capital Assets put into service in 2015 was \$16.7 million, of which \$13.5 million was carried over from prior year "Construction in Progress" balances. Current year "Construction in Progress" ended 2015 at \$1.1 million. Depreciation expense in 2015 was \$6.83 million.

The major impacts to Capital Assets during the fiscal year were: Runways, Ramps & Parking projects that cost \$13.1 million were put into service in 2015, the largest of these projects was the widening of Runway 2L/20R at \$12.65 million. Land Improvements had \$2.27 million in projects put into service, \$1.77 million of which was for the Bunker Refinement project, \$141,000 for Flight Center Irrigation Pump & Controls, and \$101,600 for the Overlay of Keil Road. Building Improvements had \$1 million in projects placed into service the largest of which included \$532,000 for the Fuel Farm Rehabilitation, \$102,000 for Flight Center Railings Refinish, and \$94,000 for Clubhouse Carpeting. Machinery & Equipment purchases totaled \$210,000 and included a tractor, three mowers, and replacement of gate operators. Furniture & Office Equipment purchases totaled \$88,000 including US Customs office IT upgrades and copiers. And Vehicle purchases included a new pickup for \$27,000.

A summary of capital assets can be found in Note 4 of the Financial Statements.

Requests for Information

This financial report is designed to provide a general overview of the DuPage Airport Authority's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Office of the Finance Director, DuPage Airport Authority, 2700 International Drive, Suite 200, West Chicago, IL 60185.

**DUPAGE AIRPORT AUTHORITY
WEST CHICAGO, ILLINOIS**

STATEMENT OF NET POSITION

December 31, 2015

CURRENT ASSETS

Cash and cash equivalents	\$ 8,218,825
Cash and cash equivalents - designated	7,053,191
Investments	2,315,224
Investments - restricted	4,329,631
Investments - designated	183,633
Receivables	
Property taxes	5,511,114
Accounts	377,559
Accrued interest	37,936
Long-term note receivable, current portion	47,400
Prepaid expenses	633,400
Inventories	<u>197,034</u>
 Total current assets	 <u>28,904,947</u>

NONCURRENT ASSETS

Long-term note receivable, net of current portion	<u>75,612</u>
 Capital assets	
Not being depreciated	61,039,654
Being depreciated	267,946,295
Less accumulated depreciation	<u>(178,149,755)</u>
 Net capital assets	 <u>150,836,194</u>

DEFERRED OUTFLOWS OF RESOURCES

Pension items - IMRF	<u>1,302,634</u>
 Total deferred outflows of resources	 <u>1,302,634</u>
 Total noncurrent assets	 <u>152,214,440</u>
 Total assets	 <u>181,119,387</u>

(This statement is continued on the following page.)

**DUPAGE AIRPORT AUTHORITY
WEST CHICAGO, ILLINOIS**

STATEMENT OF NET POSITION (Continued)

December 31, 2015

CURRENT LIABILITIES

Accounts payable	\$ 659,280
Retainage payable	12,557
Accrued liabilities	922,189
Compensated absences	85,484
Customer deposits and advances	252,727
Security deposits	187,416
Unearned revenue	<u>1,778,326</u>

Total current liabilities 3,897,979

NONCURRENT LIABILITIES

Net pension liability - IMRF	1,451,045
Compensated absences	<u>341,934</u>

Total noncurrent liabilities 1,792,979

Total liabilities 5,690,958

DEFERRED INFLOWS OF RESOURCES

Deferred revenue - property taxes	<u>5,511,114</u>
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Total deferred inflows of resources 5,511,114

Total liabilities and deferred inflows of resources 11,202,072

NET POSITION

Net investment in capital assets	150,836,194
Restricted for aeronautical purposes	4,329,631
Unrestricted	<u>14,751,490</u>

TOTAL NET POSITION \$ 169,917,315

See accompanying notes to financial statements.

**DUPAGE AIRPORT AUTHORITY
WEST CHICAGO, ILLINOIS**

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

For the Year Ended December 31, 2015

OPERATING REVENUES	
Aircraft storage	\$ 2,644,702
Leases, commissions and fees	1,959,818
Golf course operations	2,699,486
Line service	<u>10,769,216</u>
Total operating revenues	<u>18,073,222</u>
OPERATING EXPENSES	
Direct costs	
Airport operations	4,478,120
Golf course operations	2,097,960
Line service	6,019,762
General and administrative	
Salaries and benefits	2,903,727
Utilities	96,924
Office expense	223,050
Insurance	250,873
Professional services	343,394
Postage	10,712
Real estate tax	455,224
Advertising and promotions	216,128
Miscellaneous	<u>226,630</u>
Total operating expenses	<u>17,322,504</u>
OPERATING INCOME BEFORE DEPRECIATION	<u>750,718</u>
Depreciation	<u>6,830,418</u>
OPERATING INCOME (LOSS)	<u>(6,079,700)</u>
NON-OPERATING REVENUES (EXPENSES)	
Property taxes	6,044,405
Personal property replacement tax	63,058
Investment income	51,727
Miscellaneous income	147,187
Gain (loss) on disposal of capital assets	<u>1,436,894</u>
Total non-operating revenues (expenses)	<u>7,743,271</u>
CHANGE IN NET POSITION BEFORE CONTRIBUTIONS	<u>1,663,571</u>
Contributions	<u>614,826</u>
CHANGE IN NET POSITION	<u>2,278,397</u>
NET POSITION, JANUARY 1	167,532,192
Change in accounting principle	<u>106,726</u>
NET POSITION, JANUARY 1, RESTATED	<u>167,638,918</u>
NET POSITION, DECEMBER 31	<u><u>\$ 169,917,315</u></u>

See accompanying notes to financial statements.

**DUPAGE AIRPORT AUTHORITY
WEST CHICAGO, ILLINOIS**

STATEMENT OF CASH FLOWS

For the Year Ended December 31, 2015

CASH FLOWS FROM OPERATING ACTIVITIES

Receipts from customers and users	\$ 18,165,942
Payments to suppliers	(11,549,694)
Payments to and on behalf of employees	<u>(5,490,666)</u>

Net cash from operating activities 1,125,582

**CASH FLOWS FROM NONCAPITAL
FINANCING ACTIVITIES**

Non-operating revenues - property taxes	6,044,405
Non-operating revenues - replacement taxes	<u>63,058</u>

Net cash from noncapital financing activities 6,107,463

**CASH FLOWS FROM CAPITAL AND RELATED
FINANCING ACTIVITIES**

Grant monies received	327,778
Acquisition and construction of capital assets	(3,874,610)
Proceeds from sale of capital assets	<u>1,853,721</u>

Net cash from capital and related
financing activities (1,693,111)

CASH FLOWS FROM INVESTING ACTIVITIES

Net change in investments	2,481,631
Investment income	<u>37,740</u>

Net cash from investing activities 2,519,371

**NET INCREASE IN CASH AND
CASH EQUIVALENTS**

8,059,305

CASH AND CASH EQUIVALENTS, JANUARY 1

7,212,711

CASH AND CASH EQUIVALENTS, DECEMBER 31

\$ 15,272,016

PRESENTED AS

Cash and cash equivalents	\$ 8,218,825
Cash and cash equivalents - designated	<u>7,053,191</u>

Total cash and cash equivalents \$ 15,272,016

(This statement is continued on the following page.)

**DUPAGE AIRPORT AUTHORITY
WEST CHICAGO, ILLINOIS**

STATEMENT OF CASH FLOWS (Continued)

For the Year Ended December 31, 2015

**RECONCILIATION OF OPERATING INCOME (LOSS)
TO NET CASH FROM OPERATING ACTIVITIES**

Operating income (loss)	\$ (6,079,700)
Adjustments to reconcile operating income (loss) to net cash from operating activities	
Depreciation	6,830,418
Miscellaneous income	147,187
Changes in assets and liabilities	
Accounts receivable	585,515
Note receivable	51,225
Prepaid expenses	(295,117)
Inventories	50,761
Accounts payable	122,800
Accrued liabilities	150,035
Compensated absences	(1,472)
Net pension liability	1,557,771
Pension items - IMRF	(1,302,634)
Customer deposits and advances	36,918
Security deposits	(32,155)
Unearned revenue	(695,970)
	<hr/>
NET CASH FROM OPERATING ACTIVITIES	<u><u>\$ 1,125,582</u></u>

**NONCASH INVESTING, CAPITAL AND
FINANCING ACTIVITIES**

Contributions	\$ 287,048
Capital asset additions in accounts payable and retainage payable	(800,762)
Gain (loss) on investments	(17,810)

See accompanying notes to financial statements.

**DUPAGE AIRPORT AUTHORITY
WEST CHICAGO, ILLINOIS**

NOTES TO FINANCIAL STATEMENTS

December 31, 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the DuPage Airport Authority (the Authority) have been prepared in conformity with accounting principles generally accepted in the United States of America, as applied to government units (hereinafter referred to as generally accepted accounting principles (GAAP)). The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the Authority's accounting policies are described below.

a. Reporting Entity

The Authority was created subject to "An Act in Relation to Airport Authorities" (70 ILCS 5/0 et seq) to operate an airport facility in western DuPage County, Illinois.

The Authority operates under the direction of the Board of Commissioners. As required by generally accepted accounting principles, these financial statements present the Authority. In evaluating how to define the reporting entity, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made based upon the significance of their operational or financial relationships with the primary government.

Based on these criteria, the Authority does not have any component units.

Effective September 1995, the DuPage County Board Chairman was given (by State statute) line item veto authority over the Authority's budget. The County Board Chairman also has the ability to appoint the nine Airport Authority Board members with the County Board's approval. Based on the circumstances defined above, the Authority is considered a component unit of DuPage County.

b. Measurement Focus and Basis of Accounting

The Authority's financial statements are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and deferred outflows of resources and all liabilities and deferred inflows of resources associated with the operation of these funds are included on the statement of net position. Proprietary fund operating statements present increases (e.g., revenues) and decreases (e.g., expenses) in net position.

The accounting policies for the Authority conform to GAAP applicable to proprietary funds of governmental units. The financial records of the Authority are maintained by utilizing the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded when the liability is incurred or economic asset used.

DUPAGE AIRPORT AUTHORITY
WEST CHICAGO, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

c. Basis of Accounting

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Authority are charges to customers for sales and services. Operating expenses for the Authority include the cost of sales and services, general and administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

The Authority reports unearned revenue and deferred revenue on its financial statements. Deferred revenues arise when property taxes have been levied but are intended to finance the next fiscal period. Unearned revenue arises when a revenue is measurable but not earned under the accrual basis of accounting. Unearned revenues also arise when resources are received by the Authority before it has a legal claim to them or prior to the provision of services, as when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the Authority has a legal claim to the resources, the liability and deferred inflows of resource for unearned and deferred revenue are removed from the financial statements and revenue is recognized.

d. Cash and Cash Equivalents

For purposes of the statement of cash flows, the Authority considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

e. Investments

Investments are stated at fair value.

f. Receivables

The Authority grants trade credit to its customers, primarily tenants and fuel purchasers. Receivables are valued at management's estimate of the amount that will ultimately be collected. The allowance for doubtful accounts, if any, is based on specific identification of uncollectible accounts and the Authority's historical collection experience. The allowance for bad debts at December 31, 2015 is \$33,763.

DUPAGE AIRPORT AUTHORITY
WEST CHICAGO, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

g. Inventories

Inventories are valued at lower of cost or market using the first-in/first-out (FIFO) method. Inventories are accounted for using the consumption method.

h. Prepaid Expenses

Payments made to vendors for services that will benefit periods beyond the date of this report are recorded as prepaid expenses.

i. Capital Assets

Capital assets comprising buildings, office equipment, software, vehicles and airport improvements are recorded at cost. Capital assets are defined by the Authority as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value or service capacity of the asset or materially extend asset lives are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related capital assets, as applicable. Depreciation is calculated using the straight-line method over the following estimated useful lives:

Assets	Years
Buildings	35
Building improvements	10-20
Land improvements	10-20
Equipment and vehicles	3-10
Runways, ramps and parking lots	20
Office and other equipment	3-8

j. Compensated Absences

Authority employees are granted vacation pay and sick leave in varying amounts. In the event of termination, an employee is reimbursed for accumulated vacation time. Accumulated unpaid sick leave is payable to an employee in the event of a voluntary termination of employment with the Authority or upon retirement from the Authority.

DUPAGE AIRPORT AUTHORITY
WEST CHICAGO, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

k. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net assets that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net assets that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

l. Net Position

In the government-wide financial statements, restricted net position is legally restricted by outside parties for a specific purpose (see note 7). Net investment in capital assets represents the book value of capital assets less any outstanding long-term debt issued to acquire or construct the capital assets.

None of the restricted net position results from enabling legislation adopted by the Authority. The Authority's flow of funds assumption prescribes that the funds with the highest level of constraint are expended first. If restricted or unrestricted funds are available for spending, the restricted funds are spent first.

m. Accounting Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows of resources, liabilities and deferred inflows of resources and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

2. DEPOSITS AND INVESTMENTS

a. Permitted Deposits and Investments

Statutes authorize the Authority to make deposits/invest in: insured commercial banks, savings and loan institutions, obligations of the U.S. Treasury and U.S. agencies, insured credit union shares, money market mutual funds with portfolios of securities issued or guaranteed by the United States Government or agreements to repurchase these same obligations, repurchase agreements, short-term commercial paper rated within the three highest classifications by at least two standard rating services, and Illinois Funds.

DUPAGE AIRPORT AUTHORITY
WEST CHICAGO, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

2. DEPOSITS AND INVESTMENTS (Continued)

a. Permitted Deposits and Investments (Continued)

Illinois Funds is an investment pool managed by the State of Illinois, Office of the Treasurer, which allows governments within the State to pool their funds for investment purposes. Illinois Funds is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in Illinois Funds are valued at Illinois Funds' share price, which is the price at which the investment could be sold.

It is the policy of the Authority to invest its funds in a manner which will provide the highest investment return with the maximum security while meeting the daily cash flow demands of the Authority and conforming to all state and local statutes governing the investment of public funds, using the "prudent person" standard for managing the overall portfolio. The primary objectives of the policy are safety of principal, liquidity and yield.

b. Deposits with Financial Institutions

Custodial credit risk for deposits with financial institutions is the risk that in the event of bank failure, the Authority's deposits may not be returned to it. The Authority's investment policy requires pledging of collateral for all bank balances in excess of federal depository insurance, at an amount not less than 110% of the fair market value of the funds secured, with the collateral held by the Authority, an independent third party, or the Federal Reserve Bank.

c. Investments

The following table presents the investments and maturities of the Authority's debt securities as of December 31, 2015:

Investment Type	Fair Value	Investment Maturities (in Years)			
		Less than 1	1-5	6-10	Greater than 10
U.S. Treasury obligations	\$ 4,946,200	\$ 260,010	\$ 3,827,403	\$ 858,787	\$ -
U.S. agency obligation	1,806,238	-	133,319	1,672,919	-
TOTAL	\$ 6,752,438	\$ 260,010	\$ 3,960,722	\$ 2,531,706	\$ -

DUPAGE AIRPORT AUTHORITY
WEST CHICAGO, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

2. DEPOSITS AND INVESTMENTS (Continued)

c. Investments (Continued)

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. In accordance with its investment policy, the Authority limits its exposure to interest rate risk by structuring the portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities on the open market prior to maturity and investing operating funds primarily in shorter-term securities, money market mutual funds, or similar investment pools. Unless matched to a specific cash flow, the Authority does not directly invest in securities maturing more than ten years from the date of purchase. The maturity/modified duration of the portfolio will be maintained at approximately three years and will range from two to seven years.

The Authority limits its exposure to credit risk, the risk that the issuer of a debt security will not pay its par value upon maturity, by primarily investing in obligations guaranteed by the United States Government (Treasury obligations) or securities issued by agencies of the United States Government that are explicitly guaranteed by the United States Government (Fannie Mae and Federal Home Loan Bank). The U.S. agency obligations are rated AAA by Moody's.

Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to the investment, the Authority will not be able to recover the value of its investments that are in possession of an outside party. To limit its exposure, the Authority's investment policy requires all security transactions that are exposed to custodial credit risk to be processed on a delivery versus payment (DVP) basis with the underlying investments held by a third party acting as the Authority's agent separate from where the investment was purchased.

Concentration of credit risk - The Authority's investment policy specifies the following preferred asset allocations by investment type:

Diversification by Instrument	Percent of Portfolio
Cash and equivalents	5%
U.S. Treasury/Agency Securities	95%

3. PROPERTY TAXES

The Authority's property tax becomes a lien on real property on January 1 of the year it is levied. The 2015 levy attached as an enforceable lien as of January 1, 2015. Property taxes are deposited with the County Treasurer who remits to the Authority its respective share of the collections. Taxes levied in one year become due and payable in two installments during the following year, on or about June 1 and September 1. The 2015 levy is intended to finance the 2016 fiscal year and, therefore, is reported as deferred revenue at December 31, 2015.

DUPAGE AIRPORT AUTHORITY
WEST CHICAGO, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

4. CAPITAL ASSETS

a. Summary of Changes in Capital Assets

The following is a summary of capital asset activity during the year ended December 31, 2015:

	Beginning Balances	Increases	Decreases	Ending Balances
Capital assets not being depreciated				
Land	\$ 60,350,728	\$ -	\$ 415,010	\$ 59,935,718
Construction in progress	14,458,801	2,925,687	16,280,552	1,103,936
Total capital assets not being depreciated	74,809,529	2,925,687	16,695,562	61,039,654
Capital assets being depreciated				
Land improvements	96,562,900	2,271,518	-	98,834,418
Buildings and improvements	81,743,494	1,032,382	-	82,775,876
Infrastructure	61,601,030	13,088,358	-	74,689,388
Software	206,380	-	-	206,380
Equipment and vehicles	11,875,479	323,503	758,749	11,440,233
Total capital assets being depreciated	251,989,283	16,715,761	758,749	267,946,295
Less accumulated depreciation for				
Land improvements	84,351,817	881,964	-	85,233,781
Buildings and improvements	41,373,878	2,818,480	-	44,192,358
Infrastructure	38,546,766	2,520,694	-	41,067,460
Software	59,979	54,175	-	114,154
Equipment and vehicles	7,743,829	555,105	756,932	7,542,002
Total accumulated depreciation	172,076,269	6,830,418	756,932	178,149,755
Total capital assets being depreciated, net	79,913,014	9,885,343	1,817	89,796,540
TOTAL CAPITAL ASSETS, NET	\$ 154,722,543	\$ 12,811,030	\$ 16,697,379	\$ 150,836,194

5. LONG-TERM LIABILITIES

Changes in Long-Term Liabilities

During the fiscal year the following changes occurred in long-term liabilities:

	Balances January 1, Restated	Increases	Decreases	Balances December 31	Current Portion
Net pension liability (asset) - IMRF	\$ (106,726)	\$ 1,557,771	\$ -	\$ 1,451,045	\$ -
Compensated absences payable	428,890	84,306	85,778	427,418	85,484
TOTAL	\$ 322,164	\$ 1,642,077	\$ 85,778	\$ 1,878,463	\$ 85,484

DUPAGE AIRPORT AUTHORITY
WEST CHICAGO, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

6. RISK MANAGEMENT

The Authority is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; illnesses of employees; and natural disasters. These risks are covered by commercial insurance purchased from independent third parties. Settled claims from these risks have not exceeded commercial insurance coverage for the past three fiscal years.

7. RESTRICTED NET POSITION

Per Federal Aviation Authority regulations, any cash received from the sale of land must be used for Aeronautical purposes, and are therefore presented as restricted net position. Restricted net position at December 31, 2015 was \$4,329,631.

8. MINIMUM LEASE RENTALS

The Authority has entered into long-term operating leases that expire on various dates within the next several years. Such lease revenue has been included in the Authority's financial statements to present the overall financial position and operations of the Authority. Future minimum lease revenues for the next five fiscal years and thereafter are as follows:

	2016	2017	2018	2019	2020
1525 Kautz Road, Lot 1	\$ 36,612	\$ 36,612	\$ 36,612	\$ 36,612	\$ 36,612
1955 North Aviation Avenue	165,895	167,127	168,398	169,706	174,805
2272 International Drive, Ground Lease	40,812	13,604	-	-	-
2715 International Drive, Bay #1	175,261	191,912	224,530	231,436	19,317
2727 Freedom Drive, Ground Lease	34,968	35,896	37,132	38,212	39,448
2735 International Drive, Bay #3	167,460	-	-	-	-
2750 North Aviation Avenue, Bay #2	44,422	7,428	-	-	-
2755 International Drive, Ground Lease	47,869	49,299	50,779	52,307	53,876
2760 International Drive, Ground Lease	28,161	29,007	29,877	30,771	31,698
3N060 Powis Road, Bay #2	132,600	132,600	132,600	110,500	-
32W731 Tower Road, Bay #1	73,342	12,280	-	-	-
Cash Farm Lease, 216 tillable acres	36,180	36,180	36,180	-	-
Cash Farm Lease, 339 tillable acres	130,330	-	-	-	-
DuPage Business Center, Ground Lease	629,697	472,273	-	-	-
Golf Driving Range, Ground Lease	24,150	-	-	-	-
Government Center Building #1	29,127	-	-	-	-
Government Center Building #2	14,490	-	-	-	-
Government Center Building, FSDO Office	108,828	-	-	-	-
TOTAL	\$ 1,920,204	\$ 1,184,218	\$ 716,108	\$ 669,544	\$ 355,756

DUPAGE AIRPORT AUTHORITY
WEST CHICAGO, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

8. MINIMUM LEASE RENTALS (Continued)

Future minimum lease revenues for the next five fiscal years and thereafter (continued):

	2021-2025	2026-2030	2031-2035	2036-2040
1525 Kautz Road, Lot 1	\$ 183,060	\$ 183,060	\$ 183,060	\$ 122,040
1955 North Aviation Avenue	904,090	803,098	-	-
2272 International Drive, Ground Lease	-	-	-	-
2715 International Drive, Bay #1	-	-	-	-
2727 Freedom Drive, Ground Lease	215,212	249,548	248,468	-
2735 International Drive, Bay #3	-	-	-	-
2750 North Aviation Avenue, Bay #2	-	-	-	-
2755 International Drive, Ground Lease	292,959	269,118	-	-
2760 International Drive, Ground Lease	173,319	200,928	147,324	-
3N060 Powis Road, Bay #2	-	-	-	-
32W731 Tower Road, Bay #1	-	-	-	-
Cash Farm Lease, 216 tillable acres	-	-	-	-
Cash Farm Lease, 339 tillable acres	-	-	-	-
DuPage Business Center, Ground Lease	-	-	-	-
Golf Driving Range, Ground Lease	-	-	-	-
Government Center Building #1	-	-	-	-
Government Center Building #2	-	-	-	-
Government Center Building, FSDO Office	-	-	-	-
TOTAL	\$ 1,768,640	\$ 1,705,752	\$ 578,852	\$ 122,040

9. DEFINED BENEFIT PENSION PLANS

The Authority contributes to the Illinois Municipal Retirement Fund (IMRF), an agent multiple-employer public employee retirement system. The benefits, benefit levels, employee contributions and employer contributions for all plans are governed by Illinois Compiled Statutes and can only be amended by the Illinois General Assembly. IMRF does issue a publicly available report that includes financial statements and supplementary information for the plan as a whole, but not for individual employers. That report can be obtained from IMRF, 2211 York Road, Suite 500, Oak Brook, Illinois 60523.

a. Plan Descriptions

Illinois Municipal Retirement Fund

Plan Administration

All employees hired in positions that meet or exceed the prescribed annual hourly standard must be enrolled in IMRF as participating members.

The plan is accounted for on the economic resources measurement focus and the accrual basis of accounting. Employer and employee contributions are recognized when earned in the year that the contributions are required, benefits and refunds are recognized as an expense and liability when due and payable.

DUPAGE AIRPORT AUTHORITY
WEST CHICAGO, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

9. DEFINED BENEFIT PENSION PLANS (Continued)

a. Plan Descriptions (Continued)

Illinois Municipal Retirement Fund (Continued)

Plan Membership

At December 31, 2015, IMRF membership consisted of:

Inactive employees or their beneficiaries	
currently receiving benefits	20
Inactive employees entitled to but not yet receiving benefits	63
Active employees	69
	<hr/>
TOTAL	<u>152</u>

Benefits Provided

IMRF provides two tiers of pension benefits. Employees hired prior to January 1, 2011 are eligible for Tier 1 benefits. For Tier 1 employees, pension benefits vest after eight years of service. Participating members who retire at age 55 (reduced benefits) or after age 60 (full benefits) with eight years of credited service are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 1 2/3% of their final rate of earnings, for each year of credited service up to 15 years, and 2% for each year thereafter. Employees hired on or after January 1, 2011 are eligible for Tier 2 benefits.

For Tier 2 employees, pension benefits vest after ten years of service. Participating members who retire at age 62 (reduced benefits) or after age 67 (full benefits) with ten years of credited service are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 1 2/3% of their final rate of earnings, for each year of credited service up to 15 years, and 2% for each year thereafter. IMRF also provides death and disability benefits. These benefit provisions and all other requirements are established by state statute.

Contributions

Participating members are required to contribute 4.5% of their annual salary to IMRF. The Authority is required to contribute the remaining amounts necessary to fund IMRF as specified by statute. The employer contribution rate for the calendar year ended 2015 was 9.02% of covered payroll.

DUPAGE AIRPORT AUTHORITY
WEST CHICAGO, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

9. DEFINED BENEFIT PENSION PLANS (Continued)

a. Plan Descriptions (Continued)

Illinois Municipal Retirement Fund (Continued)

Actuarial Assumptions

The Authority's net pension liability was measured as of December 31, 2015 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation performed as of the same date using the following actuarial methods and assumptions.

Actuarial cost method	Entry-age normal
Assumptions	
Inflation	2.75%
Salary increases	3.75% to 14.50%
Interest rate	7.50%
Asset valuation method	Market value

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

DUPAGE AIRPORT AUTHORITY
WEST CHICAGO, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

9. DEFINED BENEFIT PENSION PLANS (Continued)

a. Plan Descriptions (Continued)

Illinois Municipal Retirement Fund (Continued)

Discount Rate

The discount rate used to measure the total pension liability was 7.49%. The projection of cash flows used to determine the discount rate assumed that member contributions will be made at the current contribution rate and that the Authority contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the IMRF's fiduciary net position was projected to not be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments of 7.5% was blended with the index rate of 3.57% for tax exempt general obligation municipal bonds rated AA or better at December 31, 2015 to arrive at a discount rate of 7.49% used to determine the total pension liability.

Changes in the Net Pension Liability

	(a)	(b)	(a) - (b)
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability/(Asse t)
BALANCES AT JANUARY 1, 2015	\$ 14,611,907	\$ 14,718,633	\$ (106,726)
Changes for the period			
Service cost	441,871	-	441,871
Interest	1,099,927	-	1,099,927
Difference between expected and actual experience	119,893	-	119,893
Changes in assumptions	21,909	-	21,909
Employer contributions	-	367,196	(367,196)
Employee contributions	-	183,191	(183,191)
Net investment income	-	74,133	(74,133)
Benefit payments and refunds	(334,301)	(334,301)	-
Administrative expense	-	-	-
Other (net transfer)	-	(498,691)	498,691
Net changes	1,349,299	(208,472)	1,557,771
BALANCES AT DECEMBER 31, 2015	\$ 15,961,206	\$ 14,510,161	\$ 1,451,045

Changes in assumptions related to retirement age and mortality were made since the prior measurement date.

DUPAGE AIRPORT AUTHORITY
WEST CHICAGO, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

9. DEFINED BENEFIT PENSION PLANS (Continued)

a. Plan Descriptions (Continued)

Illinois Municipal Retirement Fund (Continued)

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources

For the fiscal year ended December 31, 2015, the Authority recognized pension expense of \$631,522. At December 31, 2015, the Authority reported deferred outflows of resources and deferred inflows of resources related to IMRF from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 121,259	\$ -
Changes in assumption	249,663	-
Net difference between projected and actual earnings on pension plan investments	931,712	-
TOTAL	\$ 1,302,634	\$ -

Amounts reported as deferred outflows of resources and deferred inflows of resources related to IMRF will be recognized in pension expense as follows:

<u>Year Ending December 31,</u>	
2016	\$ 366,160
2017	366,160
2018	343,904
2019	226,410
TOTAL	\$ 1,302,634

DUPAGE AIRPORT AUTHORITY
WEST CHICAGO, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

9. DEFINED BENEFIT PENSION PLANS (Continued)

a. Plan Descriptions (Continued)

Illinois Municipal Retirement Fund (Continued)

Discount Rate Sensitivity

The following is a sensitivity analysis of the net pension liability (asset) to changes in the discount rate. The table below presents the net pension liability (asset) of the Authority calculated using the discount rate of 7.49% as well as what the Authority's net pension liability (asset) would be if it were calculated using a discount rate that is 1 percentage point lower (6.49%) or 1 percentage point higher (8.49%) than the current rate:

	1% Decrease (6.49%)	Current Discount Rate (7.49%)	1% Increase (8.49%)
Net pension liability (asset)	\$ 3,833,177	\$ 1,451,045	\$ (482,800)

10. CONTINGENT LIABILITIES

Objections have been filed related to the Authority's tax levy for corporate purposes for the levy years 2010-2012. In the opinion of the Authority's attorney, the likelihood of a favorable outcome is very high. The Authority is not currently a defendant in any other lawsuits.

11. OTHER POSTEMPLOYMENT BENEFITS

The Authority has evaluated its potential other postemployment benefits liability. The Authority provides continued health insurance coverage at the active employer rate to all eligible employees in accordance with Illinois statues, which creates an implicit subsidy of retiree health insurance. Former employees who choose to retain their rights to health insurance through the Authority are required to pay 100% of the current premium. However, no former employees have chosen to stay in the Authority's health insurance plan. Therefore, there has been 0% utilization and, therefore, no implicit subsidy to calculate in accordance with GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. Additionally, the Authority had no former employees for whom the Authority was providing an explicit subsidy and no current employees with agreements for future explicit subsidies upon retirement. Therefore, the Authority has not recorded any postemployment benefit liability as of December 31, 2015.

DUPAGE AIRPORT AUTHORITY
WEST CHICAGO, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

12. NOTE RECEIVABLE

On April 1, 2013, the Authority entered into a note receivable with one tenant. The note receivable is non-interest-bearing and payable in 68 monthly installments of \$3,950 and a final payment of \$562 on August 1, 2018. The note receivable balance was \$123,012 as of December 31, 2015.

Payments due are as follows:

Fiscal Year Ending December 31,	Principal	Interest
2016	\$ 47,400	\$ -
2017	47,400	-
2018	28,212	-
TOTAL	\$ 123,012	\$ -

13. CHANGE IN ACCOUNTING PRINCIPLE

With the implementation of GASB Statement No. 68, the Authority is required to retroactively record the net pension liability. The Authority recorded the following change in accounting principle during the period ended December 31, 2015:

	Increase (Decrease)
CHANGE IN ACCOUNTING PRINCIPLE	
To record the IMRF net pension (asset)	\$ 106,726
TOTAL CHANGE IN ACCOUNTING PRINCIPLE	\$ 106,726

REQUIRED SUPPLEMENTARY INFORMATION

**DUPAGE AIRPORT AUTHORITY
WEST CHICAGO, ILLINOIS**

**SCHEDULE OF EMPLOYER CONTRIBUTIONS
ILLINOIS MUNICIPAL RETIREMENT FUND**

December 31, 2015

	<u>2015</u>
Actuarially determined contribution	\$ 367,197
Contributions in relation to the actuarially determined contribution	<u>367,196</u>
CONTRIBUTION DEFICIENCY (Excess)	<u><u>\$ 1</u></u>
Covered-employee payroll	\$ 4,070,917
Contributions as a percentage of covered-employee payroll	9.02%

Notes to Required Supplementary Information

The information presented was determined as part of the actuarial valuations as of January 1 of the prior fiscal year. Additional information as of the latest actuarial valuation presented is as follows: the actuarial cost method was entry-age normal; the amortization method was level percent of pay, closed and the amortization period was 28 years; the asset valuation method was 5-year smoothed market; and the significant actuarial assumptions were an investment rate of return at 7.5% annually, projected salary increases assumption of 4.4% to 16.0% compounded annually and postretirement benefit increases of 3% compounded annually.

(See independent auditor's report.)

**DUPAGE AIRPORT AUTHORITY
WEST CHICAGO, ILLINOIS**

SCHEDULE OF CHANGES IN THE EMPLOYER'S NET PENSION LIABILITY
AND RELATED RATIOS
ILLINOIS MUNICIPAL RETIREMENT FUND

December 31, 2015

	2015
TOTAL PENSION LIABILITY	
Service cost	\$ 441,871
Interest	1,099,927
Changes of benefit terms	-
Differences between expected and actual experience	119,893
Changes of assumptions	21,909
Benefit payments, including refunds of member contributions	(334,301)
Net change in total pension liability	1,349,299
Total pension liability - beginning	14,611,907
TOTAL PENSION LIABILITY - ENDING	\$ 15,961,206
PLAN FIDUCIARY NET POSITION	
Contributions - employer	\$ 367,196
Contributions - member	183,191
Net investment income	74,133
Benefit payments, including refunds of member contributions	(334,301)
Administrative expense	(498,691)
Net change in plan fiduciary net position	(208,472)
Plan fiduciary net position - beginning	14,718,633
PLAN FIDUCIARY NET POSITION - ENDING	\$ 14,510,161
EMPLOYER'S NET PENSION LIABILITY	\$ 1,451,045
Plan fiduciary net position as a percentage of the total pension liability	90.91%
Covered-employee payroll	\$ 4,070,917
Employer's net pension liability as a percentage of covered-employee payroll	35.64%

Changes in assumptions related to retirement age and mortality were made since the prior measurement date.

(See independent auditor's report.)

SUPPLEMENTAL DATA

**DUPAGE AIRPORT AUTHORITY
WEST CHICAGO, ILLINOIS**

COMBINING SCHEDULE OF NET POSITION - BY SUBFUND

December 31, 2015

	Airport Operations	DuPage Flight Center	Prairie Landing Golf Course	Eliminations	Total
CURRENT ASSETS					
Cash and cash equivalents	\$ (288,232)	\$ 8,245,911	\$ 261,146	\$ -	\$ 8,218,825
Cash and cash equivalents - designated	7,053,191	-	-	-	7,053,191
Investments	2,315,224	-	-	-	2,315,224
Investments - restricted	4,329,631	-	-	-	4,329,631
Investments - designated	183,633	-	-	-	183,633
Receivables					
Property taxes	5,511,114	-	-	-	5,511,114
Accounts	126,002	251,365	192	-	377,559
Accrued interest	37,936	-	-	-	37,936
Long-term note receivable, current portion	47,400	-	-	-	47,400
Prepaid expenses	568,946	58,004	6,450	-	633,400
Inventories	23,168	110,385	63,481	-	197,034
Total current assets	19,908,013	8,665,665	331,269	-	28,904,947
NONCURRENT ASSETS					
Advance to other subfunds	1,263,217	-	-	(1,263,217)	-
Long-term note receivable, net of current portion	75,612	-	-	-	75,612
Total noncurrent assets	1,338,829	-	-	(1,263,217)	75,612
Capital assets					
Not being depreciated	61,039,654	-	-	-	61,039,654
Being depreciated	264,635,664	894,015	2,416,616	-	267,946,295
Less accumulated depreciation	(175,100,879)	(753,107)	(2,295,769)	-	(178,149,755)
Net capital assets	150,574,439	140,908	120,847	-	150,836,194
DEFERRED OUTFLOWS OF RESOURCES					
Pension items - IMRF	706,124	294,658	301,852	-	1,302,634
Total deferred outflows of resources	706,124	294,658	301,852	-	1,302,634
Total noncurrent assets	152,619,392	435,566	422,699	(1,263,217)	152,214,440
Total assets	172,527,405	9,101,231	753,968	(1,263,217)	181,119,387

(This schedule is continued on the following page.)

**DUPAGE AIRPORT AUTHORITY
WEST CHICAGO, ILLINOIS**

COMBINING SCHEDULE OF NET POSITION - BY SUBFUND (Continued)

December 31, 2015

	Airport Operations	DuPage Flight Center	Prairie Landing Golf Course	Eliminations	Total
CURRENT LIABILITIES					
Accounts payable	\$ 568,157	\$ 87,186	\$ 3,937	\$ -	\$ 659,280
Retainage payable	12,557	-	-	-	12,557
Accrued liabilities	598,483	7,723	315,983	-	922,189
Compensated absences	55,781	15,029	14,674	-	85,484
Customer deposits and advances	84,989	71,281	96,457	-	252,727
Security deposits	96,967	-	90,449	-	187,416
Unearned revenue	1,778,326	-	-	-	1,778,326
Total current liabilities	3,195,260	181,219	521,500	-	3,897,979
NONCURRENT LIABILITIES					
Advance from other subfunds	-	-	1,263,217	(1,263,217)	-
Net pension liability - IMRF	786,574	328,229	336,242	-	1,451,045
Compensated absences	223,123	60,115	58,696	-	341,934
Total noncurrent liabilities	1,009,697	388,344	1,658,155	(1,263,217)	1,792,979
Total liabilities	4,204,957	569,563	2,179,655	(1,263,217)	5,690,958
DEFERRED INFLOWS OF RESOURCES					
Deferred revenue - property taxes	5,511,114	-	-	-	5,511,114
Total deferred inflows of resources	5,511,114	-	-	-	5,511,114
Total liabilities and deferred inflows of resources	9,716,071	569,563	2,179,655	(1,263,217)	11,202,072
NET POSITION					
Net investment in capital assets	150,574,439	140,908	120,847	-	150,836,194
Restricted for aeronautical purposes	4,329,631	-	-	-	4,329,631
Unrestricted	7,907,264	8,390,760	(1,546,534)	-	14,751,490
TOTAL NET POSITION	\$ 162,811,334	\$ 8,531,668	\$ (1,425,687)	\$ -	\$ 169,917,315

(See independent auditor's report.)

**DUPAGE AIRPORT AUTHORITY
WEST CHICAGO, ILLINOIS**

COMBINING SCHEDULE OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION - BY SUBFUND

For the Year Ended December 31, 2015

	Airport Operations	DuPage Flight Center	Prairie Landing Golf Course	Total
OPERATING REVENUES				
Aircraft storage	\$ 2,416,986	\$ 227,716	\$ -	\$ 2,644,702
Leases, commissions, fees	1,959,818	-	-	1,959,818
Golf course operations	-	-	2,699,486	2,699,486
Line service	-	10,769,216	-	10,769,216
Total operating revenues	4,376,804	10,996,932	2,699,486	18,073,222
OPERATING EXPENSES				
Direct costs				
Airport operations	4,478,120	-	-	4,478,120
Golf course operations	-	-	2,097,960	2,097,960
Line service	-	6,019,762	-	6,019,762
General and administrative				
Salaries and benefits	1,430,444	1,274,722	198,561	2,903,727
Utilities	-	8,712	88,212	96,924
Office expense	51,067	78,922	93,061	223,050
Insurance	66,949	115,493	68,431	250,873
Professional services	323,970	-	19,424	343,394
Postage	7,576	-	3,136	10,712
Real estate tax	204,964	-	250,260	455,224
Advertising and promotions	118,329	37,777	60,022	216,128
Miscellaneous	208,346	18,284	-	226,630
Total operating expenses	6,889,765	7,553,672	2,879,067	17,322,504
OPERATING INCOME (LOSS) BEFORE DEPRECIATION	(2,512,961)	3,443,260	(179,581)	750,718
Depreciation	6,726,866	18,642	84,910	6,830,418
OPERATING INCOME (LOSS)	(9,239,827)	3,424,618	(264,491)	(6,079,700)
NON-OPERATING REVENUES (EXPENSES)				
Property taxes	6,044,405	-	-	6,044,405
Personal property replacement tax	63,058	-	-	63,058
Investment income	51,724	-	3	51,727
Miscellaneous income	35,120	8,634	103,433	147,187
Gain (loss) on disposal of capital assets	1,437,069	-	(175)	1,436,894
Total non-operating revenues (expenses)	7,631,376	8,634	103,261	7,743,271
INCOME (LOSS) BEFORE CONTRIBUTIONS	(1,608,451)	3,433,252	(161,230)	1,663,571
Contributions	614,826	-	-	614,826
CHANGE IN NET POSITION	(993,625)	3,433,252	(161,230)	2,278,397
NET POSITION, JANUARY 1	163,747,106	5,074,274	(1,289,188)	167,532,192
Change in accounting principle	57,853	24,142	24,731	106,726
NET POSITION, JANUARY 1, RESTATED	163,804,959	5,098,416	(1,264,457)	167,638,918
NET POSITION, DECEMBER 31	\$ 162,811,334	\$ 8,531,668	\$ (1,425,687)	\$ 169,917,315

(See independent auditor's report.)

**DUPAGE AIRPORT AUTHORITY
WEST CHICAGO, ILLINOIS**

COMBINING SCHEDULE OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION - BUDGET AND ACTUAL - BY SUBFUND

For the Year Ended December 31, 2015

	Actual			Total	Budget
	Airport Operations	DuPage Flight Center	Prairie Landing Golf Course		
OPERATING REVENUES					
Aircraft storage	\$ 2,416,986	\$ 227,716	\$ -	\$ 2,644,702	\$ 2,622,340
Leases, commissions, fees	1,959,818	-	-	1,959,818	2,138,567
Golf course operations	-	-	2,699,486	2,699,486	2,705,366
Line service	-	10,769,216	-	10,769,216	11,982,873
Total operating revenues	4,376,804	10,996,932	2,699,486	18,073,222	19,449,146
OPERATING EXPENSES					
Direct costs					
Airport operations	4,478,120	-	-	4,478,120	4,528,223
Golf course operations	-	-	2,097,960	2,097,960	2,149,504
Line service	-	6,019,762	-	6,019,762	8,493,460
General and administrative					
Salaries and benefits	1,430,444	1,274,722	198,561	2,903,727	3,112,131
Utilities	-	8,712	88,212	96,924	80,750
Office expense	51,067	78,922	93,061	223,050	239,108
Insurance	66,949	115,493	68,431	250,873	256,080
Professional services	323,970	-	19,424	343,394	345,500
Postage	7,576	-	3,136	10,712	13,400
Real estate tax	204,964	-	250,260	455,224	522,000
Advertising and promotions	118,329	37,777	60,022	216,128	253,362
Miscellaneous	208,346	18,284	-	226,630	79,500
Total operating expenses	6,889,765	7,553,672	2,879,067	17,322,504	20,073,018
OPERATING INCOME (LOSS) BEFORE DEPRECIATION	(2,512,961)	3,443,260	(179,581)	750,718	(623,872)
Depreciation	6,726,866	18,642	84,910	6,830,418	7,521,294
OPERATING INCOME (LOSS)	(9,239,827)	3,424,618	(264,491)	(6,079,700)	(8,145,166)
NON-OPERATING REVENUES (EXPENSES)					
Property taxes	6,044,405	-	-	6,044,405	5,981,000
Personal property replacement tax	63,058	-	-	63,058	55,000
Investment income	51,724	-	3	51,727	43,000
Miscellaneous income	35,120	8,634	103,433	147,187	47,000
Gain (loss) on disposal of capital assets	1,437,069	-	(175)	1,436,894	30,000
Total non-operating revenues (expenses)	7,631,376	8,634	103,261	7,743,271	6,156,000
INCOME (LOSS) BEFORE CONTRIBUTIONS	(1,608,451)	3,433,252	(161,230)	1,663,571	(1,989,166)
Contributions	614,826	-	-	614,826	-
CHANGE IN NET POSITION	\$ (993,625)	\$ 3,433,252	\$ (161,230)	\$ 2,278,397	\$ (1,989,166)

(See independent auditor's report.)

**DUPAGE AIRPORT AUTHORITY
WEST CHICAGO, ILLINOIS**

SCHEDULE OF CAPITAL ASSETS AND DEPRECIATION

For the Year Ended December 31, 2015

	Airport Operations			
	Balance January 1	Additions	Retirements/ Reclassifications	Balance December 31
Land and land improvements	\$ 147,172,508	\$ 427,518	\$ 415,010	\$ 147,185,016
Runways, ramps, and parking lots	61,601,029	13,088,358	-	74,689,387
Buildings and improvements	75,903,872	921,193	-	76,825,065
Equipment and vehicles	7,934,085	135,606	67,390	8,002,301
Software	206,380	-	-	206,380
Office and other equipment	1,019,364	54,370	-	1,073,734
	<u>293,837,238</u>	<u>\$ 14,627,045</u>	<u>\$ 482,400</u>	307,981,883
Accumulated depreciation	156,072,574	<u>\$ 6,458,502</u>	<u>\$ 67,389</u>	162,463,687
	137,764,664			145,518,196
Construction in progress	14,458,801	<u>\$ 2,925,687</u>	<u>\$ 16,280,552</u>	1,103,936
Net asset value	<u>\$ 152,223,465</u>			<u>\$ 146,622,132</u>

	DuPage Flight Center			
	Balance January 1	Additions	Retirements/ Reclassifications	Balance December 31
Equipment and vehicles	\$ 894,015	<u>\$ -</u>	<u>\$ -</u>	\$ 894,015
Accumulated depreciation	734,465	<u>\$ 18,642</u>	<u>\$ -</u>	753,107
Net asset value	<u>\$ 159,550</u>			<u>\$ 140,908</u>

	Prairie Landing Golf Course			
	Balance January 1	Additions	Retirements/ Reclassifications	Balance December 31
Land and land improvements	\$ 10,403,865	\$ 1,843,999	\$ -	\$ 12,247,864
Buildings and improvements	5,064,916	111,189	-	5,176,105
Equipment and vehicles	1,893,819	100,095	645,950	1,347,964
Office and clubhouse equipment	246,158	33,433	45,409	234,182
	17,608,758	<u>\$ 2,088,716</u>	<u>\$ 691,359</u>	19,006,115
Accumulated depreciation	15,269,230	<u>\$ 353,274</u>	<u>\$ 689,543</u>	14,932,961
Net asset value	<u>\$ 2,339,528</u>			<u>\$ 4,073,154</u>

Depreciation of certain golf assets is charged to airport operations in supplemental schedules.

(See independent auditor's report.)

OTHER DATA

**DUPAGE AIRPORT AUTHORITY
WEST CHICAGO, ILLINOIS**

SCHEDULE OF INSURANCE IN FORCE

December 31, 2015

Line of Coverage	Insurance Company	Coverage Limits	Expiration Date
Airport General Liability	ACE USA	\$200 million	12/31/2016
War/Terrorism Coverage	ACE USA	\$100 million	12/31/2016
General Liability Employee Benefit	ACE USA	\$1 million/\$2 million	12/31/2016
Hangars Keepers Liability	ACE USA	\$1 million/\$2 million	12/31/2016
Personal Advertising Liability	ACE USA	\$1 million/\$2 million	12/31/2016
Golf Course Liability	Cincinnati	\$1 million/\$2 million	12/31/2016
Auto Liability	EMC	\$1 million	12/31/2016
Public Officials Liability	ACE	\$5 million	12/31/2015
Treasurers Bond	Liberty Mutual	\$2 million per position	12/31/2015
Employee Dishonesty/Crime	EMC		12/31/2015
Employee Dishonesty		\$100,000	
Forgery		\$25,000	
Money & Securities		\$30,000	
Workers' Compensation	Wesco	Statutory Limits	12/31/2015
Commercial Property	EMC		12/31/2015
Property Building		\$81,698,185	
Personal Property		\$1,124,302	
Business Income		\$7,500,000	
Flood		\$2,000,000	
Earthquake		\$50,000,000	
Boiler & Machinery		\$86,102,360	
Pollution Coverage	ACE	\$5 million	1/1/2019
Storage Tank Policy	Crum & Forster	\$1 million	9/16/2016
Prairie Landing	Selective		12/31/2015
Property - Building		\$5,238,944	
Property - Blanket		\$3,301,697	
General Liability		\$1 million/\$2 million	
Liquor Liability		\$1 million/\$2 million	
Business Income/Extra Expense		Actual loss sustained	

(See independent auditor's report.)